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*The C.W. Obel Group is one of the largest Scandinavian suppliers of land-based technical installations and service and a significant supplier of technical systems, equipment, installations and service to the international maritime sector. The Group also has significant activities in properties and investments in associated companies.*

*The aim is to create continuously profitable, long-term and sustainable growth by strengthening the Group's know-how and competences. The key words are trustworthiness, professionalism and flexibility.*

*The skills and dedication of the employees are vital for achieving the goals. Therefore, the C.W. Obel Group must be an attractive workplace that offers versatile development opportunities.*

*Through its consolidated activities, the C.W. Obel Group will ensure continued stability and a competitive return on the Group's capital.*

## Summary and Key Figures of the Group

### Financial Highlights (DKK '000):

1998

1997

1996

1995

1994

|                                                    |         |         |          |         |         |
|----------------------------------------------------|---------|---------|----------|---------|---------|
| <b>Profit and Loss Account</b>                     |         |         |          |         |         |
| Net turnover, excluding rental income              | 4,457.5 | 3,901.3 | 2,612.6  | 84.8    | 81.2    |
| Rental income                                      | 100.6   | 94.5    | 81.1     | 80.9    | 72.0    |
| Operating profit                                   | 74.5    | -29.5   | 79.9     | 30.2    | 34.9    |
| Financial items, net                               | -51.3   | -38.9   | -13.6    | 25.2    | -27.2   |
| Share of profits, associated companies             | 279.5   | 244.0   | 274.9    | 174.1   | 205.6   |
| Profit on ordinary operations before taxation      | 302.6   | 175.7   | 350.9    | 229.5   | 213.3   |
| Profit for the year                                | 202.6   | 101.8   | 245.9    | 133.9   | 144.1   |
| <b>Assets</b>                                      |         |         |          |         |         |
| Tangible fixed assets                              | 1,355.2 | 1,310.1 | 1,235.2  | 719.0   | 684.6   |
| Financial fixed assets                             | 550.3   | 554.6   | 629.2    | 559.0   | 549.9   |
| Stocks, including work in progress                 | 414.1   | 369.5   | 324.7    | 17.2    | 16.4    |
| Debtors                                            | 897.3   | 789.0   | 682.0    | 22.8    | 30.9    |
| Cash and securities                                | 604.3   | 473.2   | 361.2    | 254.0   | 369.0   |
| Total assets                                       | 3,821.2 | 3,496.3 | 3,232.3  | 1,571.9 | 1,650.8 |
| <b>Liabilities</b>                                 |         |         |          |         |         |
| C.W. Obel's share of the equity capital            | 1,071.5 | 921.6   | 985.9    | 1,400.2 | 1,304.0 |
| Minority shareholders' share of the equity capital | 3.7     | 4.5     | 3.9      |         |         |
| The Group's combined equity capital                | 1,075.2 | 926.1   | 989.8    | 1,400.2 | 1,304.0 |
| Provisions                                         | 99.6    | 129.4   | 197.8    | 29.0    | 23.2    |
| Long-term creditors                                | 1,377.7 | 1,191.5 | 444.2    | 48.4    | 154.1   |
| Short-term creditors                               | 1,268.7 | 1,249.3 | 1,600.6  | 94.2    | 169.6   |
| Total liabilities                                  | 3,821.2 | 3,496.3 | 3,232.3  | 1,571.9 | 1,650.8 |
| <b>Cash Flow Statment</b>                          |         |         |          |         |         |
| Cash flow from operating activities                | 35.0    | -79.8   | -12.4    | 71.0    | 64.0    |
| Cash flow from investing activities                | 21.3    | -38.1   | -796.0   | 20.4    | -149.3  |
| Cash flow before financing activities              | 56.3    | -117.9  | -808.4   | 91.4    | -85.3   |
| Cash flow from financing activities                | 9.6     | 319.0   | 758.2    | -131.2  | -13.8   |
| Net change in cash and securities                  | 131.1   | 112.0   | 107.2    | -115.0  | 73.4    |
| Change in interest-yielding net cash               | 28.0    | -140.0  | -1,109.8 | 64.5    | -97.8   |
| Interest-yielding net debt, end of year            | 1,035.1 | 1,063.0 | 923.0    | -186.8  | -122.2  |
| <b>Key Figures</b>                                 |         |         |          |         |         |
| Average number of employees                        | 6,149   | 5,828   | 4,850    | 109     | 109     |
| Average number of shares ('000)                    | 2,075   | 2,075   | 2,075    | 2,075   | 1,660   |
| Earnings per share, DKK 100                        | 97.7    | 49.1    | 118.5    | 64.5    | 69.5    |
| Cash flow per share, DKK 100                       | 16.9    | -38.5   | -6.0     | 9.5     | 38.6    |
| Dividend per share, DKK 100                        | 18.0    | 15.0    | 15.0     | 15.0    | 15.0    |
| Net asset value per share DKK 100                  | 516     | 444     | 475      | 675     | 629     |
| Gross plant investments and purchase of activities | 182     | 211     | 996      | 60      | 160     |
| Equity ratio %                                     | 28.2    | 26.4    | 30.5     | 89.1    | 79.0    |
| Return on equity %                                 | 20.3    | 10.7    | 20.6     | 9.9     | 11.6    |

### Definitions according to the "Recommendations & Key Figures 1998" issued by the Danish Society of Financial Analysts:

Earnings per share  
Cash flow per share  
Net asset value  
Equity ratio  
Return on equity

Profit after taxation and minority interests/Average no. of shares  
Cash flow from operating activities/Average no. of shares  
Equity capital, excl. minority interests, end of year/No. of shares, end of year  
(Equity capital, excl. minority interests/Liabilities, end of year)\*100  
(Profit after taxation and minority interests/Average equity capital, excl. min. interests)\*100

# Annual Report for the Group and the Parent Company

**The 1998 turnover amounted to DKK 4,458m versus DKK 3,901m in 1997, equal to a 14% rise.**

**The Group's profit on ordinary operations before taxation grew by 72% from DKK 176m to DKK 303m.**

**The profit for the year amounted to DKK 203m, which is twice as much as that reported for 1997, when the profit amounted to DKK 102m.**

**Apart from the surge in turnover, the sharp growth in profits was due first and foremost to a turnaround in the Technical Installations and Service Sector and Other Companies. Thus the unsatisfactory operating profit of DKK -29m recorded in 1997 was converted into a positive operating profit of DKK 74m. The three problem areas that had a particularly adverse impact on the 1997 result - a project in Malaysia and the operating performances reported by a Swedish and a German company - are now under control.**

**In addition, the Group's share of the profit reported by Skandinavisk Tobakskompagni contributes significantly to the growth.**

**The Group's aggregate assets amounted to DKK 3,821m. At the end of the year, the Group's equity capital had grown to DKK 1,072m, equal to an equity ratio of 28% for the Group.**

**Cash flow before financing activities turned around to yield a positive flow of DKK 56m in 1998, compared to last year's negative flow of DKK 118m.**

**In addition to improving short-term earnings, focus in 1998 was on formulating a corporate vision and targets, restructuring activities including reinforcement of the management team, and improving the reporting and control systems and Corporate Identity.**

## **Development of the C.W. Obel Group**

In 1992, C.W. Obel resolved to adopt a strategy to develop its property holdings and to acquire a major industrial/trading business.

In the period from 1993-96, several prime properties were acquired in Aalborg and Copenhagen.

In April 1996, the listed group SN Holding A/S was acquired. This group was composed of Semco, SN System and LN Entreprise. At the end of 1996, the contracting company LN Entreprise was divested, as C.W. Obel wanted to focus on developing the technical installation companies Semco and SN System.

When taken over by C.W. Obel, Semco and SN System were in the process of acquiring several international companies, and they continued this strategy in 1996 under C.W. Obel's ownership.

In order to acquire a more horizontal corporate structure, SN Holding A/S merged with C.W. Obel A/S on 1 January 1997. At the same time, C.W. Obel's corporate management took over the reins of SN activities, and relocated to SN Holding's offices in Brøndby. Industrial, Engineering and Installation activities were split into six divisions on 1 July 1997, each with its own divisional manager. The object of divisionalization was to make the operational organization more horizontal and to group

existing business into cohesive activities. At the same time, divisionalization created greater organizational transparency.

The unsatisfactory performance reported subsequently at the end of 1997 led to a major reshuffling of the executive team. Thus, four out of six divisions now have new management, and a new Corporate Executive Vice President was appointed with special responsibility for Treasury, Finance and IT.

In addition, a corporate structure was established in 1998 with a corporate staff responsible for Treasury, Finance, IT and Human Resources. Management was also heavily reinforced at the business unit level in the divisions, especially the finance functions.

The Group focused on three major activities in 1998:

- Consolidation
- Corporate Identity
- Corporate Vision

## **Consolidation**

In 1998, efforts were focused on improving the Group's operating profit and consolidating core business with a view to ensuring long-term improvement of profitability and growth.

Considering development for the Group in 1997, the trend in profits recorded for 1998 can be deemed satisfactory, with a turnaround in the operating



profit from DKK -29m, to a DKK 74m profit in 1998. The performance is not satisfactory as such, but should be viewed in light of the Group's development in profits in the second half of 1997, in particular, and thus the starting point for 1998, and the fact that the 1998 profit includes costs connected with restructuring and consolidation activities.

Focus was primarily on improving loss-making activities. A major telecommunications project in El-Marin Service AB in Malaysia was brought to a halt, and both the project and the company were wound up in 1998. Project management and control was the aim for the Swedish company Backlunds El-Service AB, which is involved in major electrical installation projects, and the company reached break-even in 1998. The real problem child was the Group's German activities under Brockmeyer GmbH. The German company underwent dramatic restructuring with the appointment of new management and heavy support from Denmark. Three branches were closed down, leaving only the branches in Duisburg and Frohburg. More than 85 of the division's 457 employees left the company, and the department for major construction projects has been eliminated. Thus, the company was under control at the end of 1998, but the restructuring exercise was costly and had a major impact on the 1998 Financial Statements.

In addition, the spotlight was in 1998 turned on management, procedures, business routines and control/reporting systems. Focus was on developing project control and management skills throughout project-related divisions.

### Corporate Identity

In 1998, the Group adopted a new visual identity by introducing a new design manual and a new logo in the form of a blue oval containing the letters CWO, which will precede all the names of the companies in the corporation.

The new visual identity will signal closer cooperation, both within each division and among the divisions. One of the aims is to encourage employees to share their knowledge and experience and to focus on the Group's most important raw material - the employees in the Group.

### Corporate Vision and Objectives

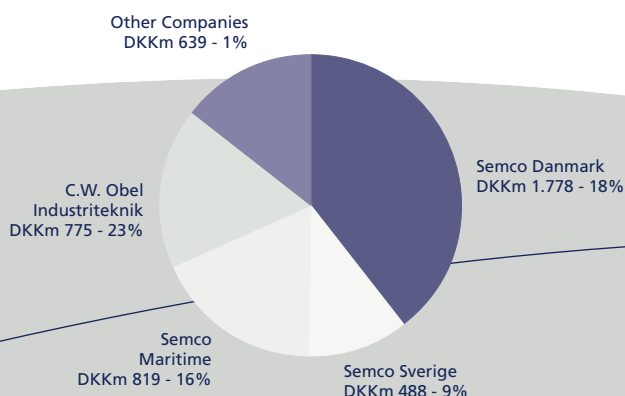
In autumn 1998, work on formulating the Group's vision and objectives was resumed. The goal is to create a focused business and to establish the platform for improving profitability and long-term growth.

The Group's efforts to formulate a strategy resulted in a reformulation of the C.W. Obel Group's vision, as follows:

"The C.W. Obel Group is one of the largest Scandinavian suppliers of land-based technical installations and service and a significant supplier of technical systems, equipment, installations and service to the international maritime sector. The Group also has significant activities in properties and investments in associated companies."

The focus on project-related activities means that the business sector Industrial, Engineering and Installation activities has been renamed Technical Installations and Service. The sector has been reduced from six divisions to four: Semco Danmark, Semco Sverige, Semco Maritime and C.W. Obel Industriteknik.

Companies falling outside the scope of the corporate vision in terms of geography, product range or skills and qualifications have been regrouped under Other Companies, which now include DGT\*Volmatic A/S, SGD-Bera A/S, Semco Vakuumteknik, Skandinavisk Miljø Service A/S and Brockmeyer GmbH. The



**Turnover in DKKm and growth in % compared to 1997 broken down on divisions**



companies will be sold when the right conditions can be obtained.

The divisions are now in the process of formulating their strategies. Divisional strategies are based on the corporate vision, with special focus on three interdisciplinary skills crucial to Group development: 1) control and management of projects from the initial identification of sales opportunities to handing-over and servicing individual projects, 2) focus on the customer's needs through active customer handling, market development and development of tailor-made solutions, 3) the exchange of knowledge and experience within the individual divisions, as well as across divisional and national lines. Divisional strategies are expected to be ready before the summer of 1999.

An analysis of the Group's business system has been initiated alongside the strategy-development process. The analysis comprises major business processes, including skills and qualifications and uniform IT application within the Group. The objective of the business system analysis is to support the corporate vision and objectives.

### 1998 - an Overview

In 1998, the Group's turnover amounted to DKK 4,458m versus DKK 3,901 the year before. The total advance of 14% in growth stems primarily from organic growth in Semco Danmark, Semco Maritime and C.W. Obel Industriteknik. Compared to 1997, the turnover and growth in % for the various divisions can be broken down as follows:

| DKKm                     | 1998  | Growth in % |
|--------------------------|-------|-------------|
| Semco Danmark            | 1,778 | 18          |
| Semco Sverige            | 488   | 9           |
| Semco Maritime           | 819   | 16          |
| C.W. Obel Industriteknik | 775   | 23          |
| Other Companies          | 639   | 1           |
| Intra-group turnover     | - 41  |             |
| Total                    | 4,458 | 14          |

The progress recorded by Semco Danmark is attributable to a number of major projects in Denmark and a few international projects, while growth in Semco Maritime and C.W. Obel Industriteknik is attributable particularly to the advance reported for the Norwegian activities.

The Group's 1998 operating profit amounts to DKK 74m versus a loss of DKK 29m the year before. This improvement derives from the Technical Installations and Service Sector, masking a turnaround from a loss of DKK 38m in 1997 to a DKK 46m profit in 1998. C.W. Obel Ejendomme (C.W. Obel Prop-

erties) reported a satisfactory operating profit of DKK 57m for 1998, which is, however, slightly lower than last year's DKK 61m profit. The loss in the German company had a heavy impact on Other Companies, but the operating profit managed to improve from a DKK 52m loss in 1997 to a DKK 29m loss in 1998.

Operating profit was influenced by last spring's labour strike to some extent, as the Group's production companies were the hardest hit.

The Group's operating profit before taxation amounted to DKK 303m in 1998, versus DKK 176m in 1997, equal to a 72% growth. This includes Associated Companies, which also reported respectable progress in the share of profits, from DKK 244m in 1997 to DKK 280m in 1998. The increase in the share of profits for Associated Companies is attributable to Skandinavisk Tobakskompagni exclusively, which turned in a fine performance for 1998, more than compensating for the setback recorded by Skandinavisk Industries and Motortramp. The performance of Skandinavisk Industries is affected by the liquidation of the French furniture company Vinco, while Motortramp's performance was affected by the writedown of the company's vessels.

The profit for the year after tax and the share attributable to minority shareholders amounted to DKK 203m, twice as much as the 1997 profit. Taxes for the year amount to DKK 103m, equal to



34% of the pre-tax profit, versus 41% in 1997. The overall tax payment is still high, due mainly to the fact that the losses recorded for certain Associated Companies, among others, can only be utilized when the same units record profits in future. Conversely, taxes for the year are affected positively by the use of accumulated tax losses by individual business units.

Considering that the profit after taxation and the share attributable to minority shareholders doubled, the return on equity amounted to 20.3% last year versus 10.7% for 1997.

The Group's total assets at 31 December 1998 amounted to DKK 3,821m, equal to a major increase compared to the balance-sheet total of DKK 3,496m at 31 December 1997. This increase is attributable to an increase in funds tied up in debtors and work in progress at an amount of DKK 171m, which corresponds to the progress in the activity level, and to growth in securities and cash by DKK 131m to DKK 604m at 31 December 1998. The latter is financed mainly through a corresponding growth in the interest-bearing debt. The equity capital at 31 December 1998 increased to DKK 1,071m, from DKK 922m at 31 December 1997, equal to an advance in the equity ratio to 28%, despite major growth in the balance-sheet total. Development in the equity capital was adversely affected by a writedown of goodwill, etc. amounting to DKK 16m.

The DKK 35m cash flow contribution also masks progress compared to 1997, when there was a negative contribution of DKK 80m. The substantial improvement in profits accounts for most of this advance. The cash flow before financing activities amounted to DKK 56m in 1998, versus last year's negative cash flow of DKK 118m. The purchase and sale of fixed assets amounted to DKK 139m in 1998, which is slightly higher than the DKK 115m recorded in 1997. In contrast, the acquisition of companies and activities amounted to as little as DKK 3m in 1998, versus DKK 59m in 1997. Skandinavisk Holding distributed an extraordinarily high dividend for 1998, with total dividends from Associated Companies amounting to DKK 159m in 1998, versus DKK 134m in 1997.

The order intake for 1998 aggregated DKK 4,126m, which corresponds to the order intake recorded in 1997. At end-1998, the Group's order book stood at DKK 1,726m, versus a slightly higher volume of DKK 2,058m at the end of 1997.

At 31 December 1998, the volume of work in progress amounted to DKK 1,717m at cost, versus DKK 1,299m at the same time a year earlier.

### Investment Activities

In the second half of 1998, the Group acquired the remaining 25% of the share capital in the two Swedish com-

panies GEMA AB and NVI Entreprenad AB. The companies then merged with Widholms Industri A/S, the latter being the continuing company. In the second half of 1998, the Fjeldstad Group obtained full ownership of the subsidiary Norstell AS. Apart from that, no major acquisitions of companies and activities were made in 1998.

The Group sold the company Sem-Consult A/S, an energy consultancy firm, plus the Group's interest in Special Waste System I/S. The total selling price amounted to DKK 3.5m.

DKK 54m of the total tangible fixed assets investments of DKK 139m were invested in properties under C.W. Obel Ejendomme. In addition, the scaffolding company SGD-Bera A/S invested just under DKK 10m in a property at Avedøre Holme, with a view to centralizing the company's management, sales staff and the Copenhagen leasing activities, financing and administration under one roof. The other investments include mainly small acquisitions, including service cars.

### Coordination of Electrical Installation Bids

At the end of 1998, the Danish Competition Authority issued a report showing that a number of Danish electrical installation companies were guilty of bid coordination. When it turned out that Semco had been party to agreements



on bidding for certain contracts, C.W. Obel along with several other major electrical installation companies contacted the Danish Competition Authority to offer their assistance. The unacceptable practice was stopped immediately at Semco.

It turned out subsequently that this practice has been going on for many years and has been widespread throughout the industry.

As the Competition Authority is still considering the matter, no provisions have been made in the 1998 Financial Statements.

### **The Year 2000 Problem**

In 1998, the Group began a centrally coordinated review of the Year 2000 Problem, or Y2K problem, as it is often called.

This project has been subdivided into the following three categories:

- The Group's customers and suppliers
- Plant installations and equipment
- IT systems

The bulk of the last two years' supplies have been examined in some of the individual business units in order to identify components that could cause Y2K problems. An analysis is being carried out in other business units in specific service areas, also in order to iden-

tify any elements that may be critical in connection with the millennium change. In addition, the Group has entered into a dialogue with all major suppliers. Management is confident that the Group is not at special risk or obligation in relation to services sold, and expects that the measures taken will ensure that no Year 2000-related problems will have a negative impact on the ability to supply the Group's customers.

Already at this time, most of the Group's production equipment has been analyzed to identify any Y2K problems, and an examination of the Group's buildings was initiated at the beginning of 1999. In the second half of 1998, Year 2000-related activities were initiated within the IT area, including telephone systems. The overall picture is that Year 2000 compliance will have been ensured in all material areas involving buildings, equipment and IT equipment by the end of the third quarter of 1999.

Due to the complexity of the Y2K problem, including outside influences, it is impossible to guarantee that the operations will not be affected by the Y2K problem to any significant extent.

### **Management and Employees**

Birger Riisager, Managing Director, was elected as a new member of the Supervisory Board at the Annual General Meeting held on 4 May 1998.

Four divisions saw the appointment of new divisional managers in 1998. On 15 January 1998, Lars Christiansen took over the helm at C.W. Obel Industriteknik, and Poul Nørby was appointed head of Semco Maritime. At the same time, Poul Nørby was given responsibility for the Semco Tyskland division. Mogens Andersen took up the post of head of Semco Sverige on 1 July 1998, and on 1 August 1998 Ib Dybdahl Christoffersen joined C.W. Obel's Management as Corporate Executive Vice President, with special responsibility for Treasury, Finance and IT.

On average, the Group had 6,149 employees in 1998, versus 5,828 in 1997. The increase is attributable to the mounting activity level in Denmark and Norway, with 117 and 277 employees, respectively.

At 31 December 1998, Danish staff numbered 4,172, with 2,178 employees working abroad. Restructuring in Germany reduced the number of foreign employees by 85.

### **Development in the Sectors and Underlying Divisions**

A detailed review of the individual divisions can be found in this report on page 12 - 33.

C.W. Obel's activities are divided into three sectors: Technical Installations and Service, Properties and Associated Companies, and to this Other Companies are added.



Hans Werdelin  
Chairman



Frederik Chr. Obel  
Deputy Chairman



Morten Balling



Steen Engel

## Supervisory Board

### Technical Installations and Service

This sector reported an aggregate turnover of DKK 3,819m, versus DKK 3,271m in 1997.

The operating profit improved significantly from a DKK 38m loss in 1997 to a DKK 46m profit in 1998. Even though the profit was somewhat lower than the target for the sector, it lived up to expectations.

### The Properties Sector

Total rental income for 1998 amounted to DKK 101m, versus DKK 94m in 1997.

The operating profit amounted to DKK 57m in 1998, compared to DKK 61m a year earlier, an acceptable performance. The decline was attributable to increased maintenance costs.

### Associated Companies

The share of profits amounted to DKK 280m for Associated Companies, versus DKK 244m the year before. This advance is due to improved earnings reported by Skandinavisk Tobakskompagni, as both Skandinavisk Industries and the shipping company Motortramp reported highly unsatisfactory results.

### Other Companies

The total turnover reported by Other Companies in 1998 amounted to DKK 639m, equal to a slight improvement over 1997, when the corresponding figure was DKK 630m.

The operating profit improved from a DKK 52m loss in 1997 to a DKK 29m loss in 1998. The improvement is attributable exclusively to a reduction of the loss in Germany.

### Outlook for 1999

Focus this year will be on:

- additional consolidation and improvement of profitability
- continued development of the Group's Corporate Identity, including development of skills and qualifications
- implementation of the new corporate vision and targets, including the formulation of divisional strategies
- initiation of the implementation of business systems for long-term development of the Group.

A recession is expected for Danish shipyard and offshore industries, and Danish shore-based activities in technical installations and service are expected to decline. The latter will be due primarily

to fewer major projects, as well as to a projected decline for the construction sector.

Development on the Norwegian market is expected to continue on a positive note, with favourable earnings potential in 1999. However, Norway is also showing incipient signs of a downturn in shipyards and offshore activities, while slight growth is expected in Sweden in general, with the competitive environment expected to improve.

Overall, the Technical Installations and Service Sector is projected to show a combined fall in turnover, although with improvement of the operating profit.

The forecast for the Property Sector is a slight decline in operating profit, while some progress is projected for Associated Companies, breaking down into a slight decline for Skandinavisk Tobakskompagni and progress for Skandinavisk Industries and Motortramp.

The operating profit is expected to advance for Other Companies.

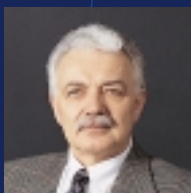
Consequently, for the Group as a whole, C.W. Obel forecast continued improvement in pre-tax profit.



Anders Obel



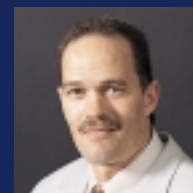
Birger Riisager



Erik Højby Hansen



Hans Chr. Mølau



Finn Sørensen

## Supervisory Board

### Hans Werdelin, Chairman

(Member of the Supervisory Board since 1993). President and CEO in Sophus Berendsen A/S. Chairman of the Supervisory Boards of Danske Trælast A/S and Damgaard A/S. Deputy Chairman of the Supervisory Boards of Skandinavisk Holding A/S, Skandinavisk Industrier A/S and Skandinavisk Tobakskompagni A/S. Member of the Supervisory Boards of Novo Nordisk A/S and Ratin A/S.

### Frederik Chr. Obel, Deputy Chairman

(Member of the Supervisory Board since 1991). Chairman of the Supervisory Board of Obelhus A/S. Deputy Chairman of the Supervisory Boards of Danske Obligationer A/S, Danske Obligationer II A/S, A/S Forsikringsselskabet Codan and Codan Liv, Torsana A/S and Carli Gry International A/S. Member of the Supervisory Boards of H. Hoffmann & Sønner A/S and A/S Det Alm. Danske Ejendoms Selskab.

### Morten Balling

(Member of the Supervisory Board since 1991). Member of the Supervisory Boards of Realkredit Danmark A/S, BG Kredit A/S and A/S Chr. Fabers Fabriker.

### Steen Engel

(Member of the Supervisory Board since 1997). Member of the Supervisory Boards of Chr. Hansen Holding A/S, A/S Forenede Faktors, Investeringsforeningen Danske Invest and Danske Invest Administration A/S.

### Anders Obel

(Member of the Supervisory Board since 1997).

### Birger Riisager

(Member of the Supervisory Board since 1998). President and CEO in FLS Industries A/S. Chairman of the Supervisory Board of Danfoss A/S.

### Erik Højby Hansen

(Employee representative since 1997)

### Hans Chr. Mølau

(Employee representative since 1997)

### Finn Sørensen

(Employee representative since 1997)

## Management

### President and CEO

#### Mogens Hugo Jørgensen

Chairman of the Supervisory Boards of A/S Motortramp and D/S "NORDEN" A/S. Member of the Supervisory Boards of Skandinavisk Holding A/S, Skandinavisk Tobakskompagni A/S, Skandinavisk Industrier A/S, GN Great Nordic Ltd. and Unidanmark A/S.

### Corporate Executive Vice President

#### Ib Dybdahl Christoffersen

Member of the Supervisory Board of Jens Andersen & Sønner A/S.



President and CEO  
Mogens Hugo Jørgensen



Corporate Executive  
Vice President  
Ib Dybdahl Christoffersen

## New Identity



### Technical Installations and Service



### Other Companies

### Properties

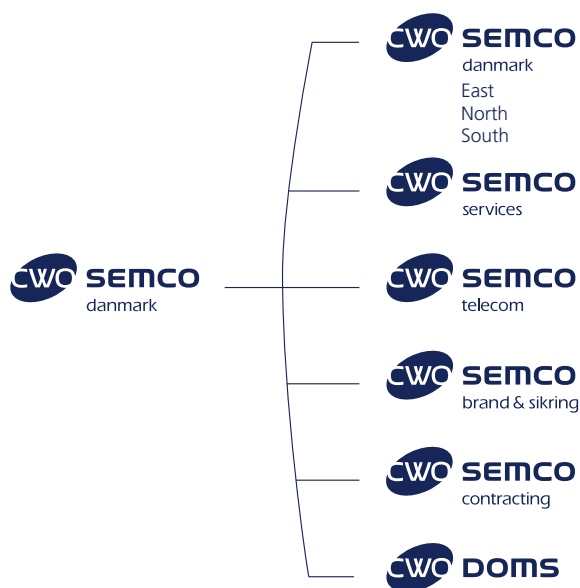
### Associated Companies



# Semco Danmark



## Business Units



## Core Business

Semco Danmark (Semco Denmark) is the largest supplier of technical installations in the country.

Core business includes electrical installations, plumbing & piping and HVAC. Semco Danmark's activities also include installing and servicing data/telecommunications systems, fire & security systems, petro-technology, cooling, combined heating and power systems and automation. Another large business area that is growing steadily is services related to the operation and maintenance of buildings and production plants, including facility management.

Semco Danmark assists its customers from the planning stage to delivery and servicing of the end-product. The principal activities are carried out in Denmark, where the division is represented by 38 branches throughout the country.

Semco Danmark's strengths lie in extensive, interdisciplinary expertise, local presence and a flexible organization and staff that ensure the fast, smooth transfer of skills and knowledge across the lines of trades and functions. This helps ensure that large and small projects alike are handled at a high professional level.

Semco Danmark's primary customers include end-users on the professional market, both private and public enterprises, organizations and institutions, plus housing societies. Many projects are carried out in close cooperation with architects and consulting engineers.



President  
Jens Otto Dagaard



"I THINK THAT SEMCO IS AN INCREDIBLY EXCITING PLACE TO WORK. JOINING FORCES HAS PUT HEAVY DEMANDS ON US AS EMPLOYEES - BUT IT HAS ALSO GIVEN US AN OPPORTUNITY FOR PERSONAL DEVELOPMENT AND NEW CHALLENGES. IN MY OPINION, THE RESULT OF OUR EFFORTS IS THE PLATFORM THAT GIVES SEMCO A UNIQUE POSITION ON THE DANISH MARKET."

*Helle Auken Rasmussen, Marketing Consultant, Semco Danmark*

With a few exceptions, **the regions** are responsible for the division's sales, installation and general management of the individual subsidiaries. The division has three regions: Semco East (Zealand), Semco South (Funen, Southern Jutland and the southern part of Mid-Jutland) and Semco North (the rest of Jutland).

**Semco Services** is responsible for conceptual development, management, sales and the division's activities involving operating and maintaining technical installations, including Facility Management of Buildings and Production Maintenance Management.

**Semco Telecom** handles the overall development of the division's onshore data/telecommunications activities.

**Semco Fire & Security** is in charge of the overall development of onshore fire fighting and security business.

**Semco Contracting** is responsible for major products. Main activities in 1998 included overall control of the contract for all mechanical and electrical works in the Sound Link tunnel (Øresund). The project is being carried out by SSB Øresund, which is a joint venture between Semco (65%) and the French Spie Energies (35%).

**Dansk Olie-Måler Services' (DOMS')** business activities include equipment for forecourt management and control at petrol stations, technical service and installation work at oil and petrol stations (petro-technology) and manage-

ment of building maintenance at petrol stations. DOMS' electronic systems for forecourt management are sold in Denmark and abroad. DOMS is one of only two companies in Denmark authorized to take control measurements of petrol and oil meters.

### Major Events in 1998

In 1998, Semco Danmark generated a turnover of DKK 1,778m, which is 18% more than in 1997.

Compared to 1997, the operating profit advanced nicely. The order intake for the year amounted to DKK 1,567m. At 31 December 1998, the order book stood at DKK 754m, equal to a DKK 211m decline compared to end-1997. The downturn in the volume of orders was due to fewer major projects at the end of 1998.

In 1998, the average number of employees was 2,409, and at 31 December 1998 the staff numbered 2,553.

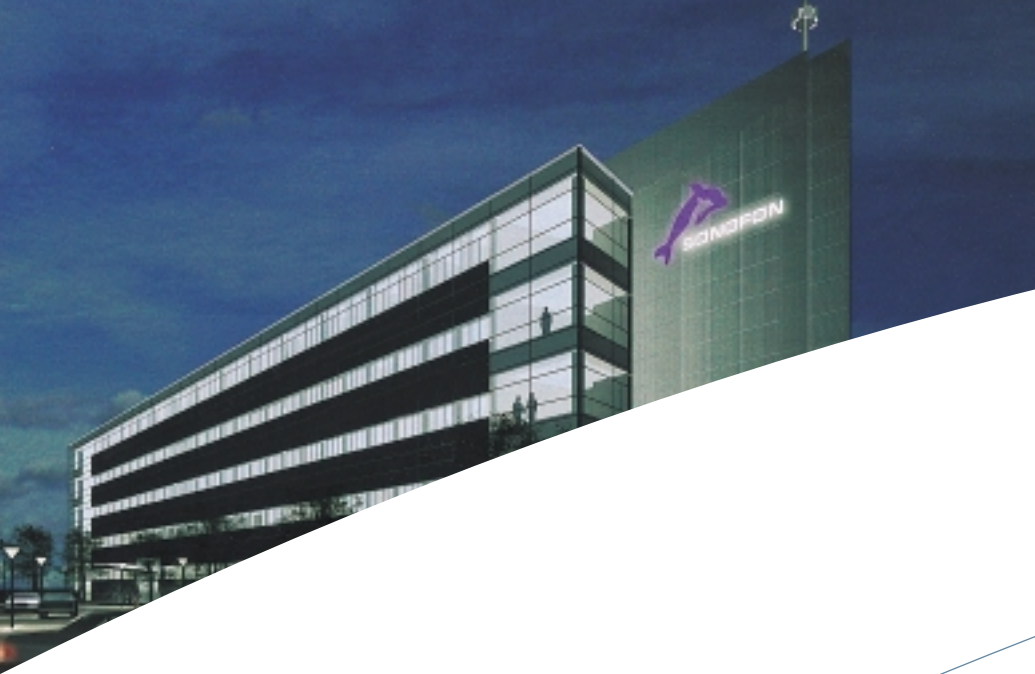
The Frontline Project initiated in 1997 targeted at human resource development proceeded to stage two in 1998. A new personnel policy was drafted and new initiatives taken, including the introduction of job performance interviews and middle management training.

The division's activities consist largely of projects. Consequently, project control is a significant success parameter. The objective is to offer customers a comprehensive

package that is competitive in price and quality, and handed over at the agreed-upon time. This calls for efficient coordination of the many diverse tasks during project execution. During the year, more than 250 employees took part in Semco's in-house project control courses, based on the project control handbook launched in autumn 1997. Employees were enthusiastic about both handbook and courses. The handbook, courses and support systems will be refined in the course of time.

The regions realized satisfactory progress in turnover and profit in a market characterized by a high activity level. Several major projects were completed, including:

- All technical installations at the Station Terminal (Terminal 3) in Copenhagen Airport.
- Contracts for electricity, HVAC systems, ventilation and security at an office building for I/S Landmark (Århus).
- Development of a nationwide comprehensive installation concept for Jensens Bøfhus, including a comprehensive installation contract at Jensens Bøfhus in Fredericia.
- Development of a nationwide comprehensive installation concept for Telecom Center, including contracts in three Danish cities.
- All technical installations for seven cinemas in 'Rosengårdcentret' (Odense).



- Subcontracts for ventilation, cooling and CTS systems at 'Ingeniørernes Hus' in Copenhagen.
- Environmental-friendly ejector cooling plant for Herning Cogeneration Plant.

The following new orders have been booked:

- Technical installations at Sonofon's and Philips' new headquarters in the southern harbour district of Copenhagen.
- Replacement of HVAC installations, including installation of stainless steel water mains in 821 flats for the housing company 'Århus & Omegn'.
- Sprinkler system for LEGO.
- Cogeneration plan for heating holiday houses in Grønhøj Holiday Centre.

Semco Denmark continued installing base stations for Telia's GSM1800 mobile telephone network. In June, Semco Denmark won an order for an additional 160 base stations. Once this order is completed, Semco Denmark will have set up a total of 524 base stations for Telia. Of these, about 480 were operational at the end of 1998.

In Mid-Jutland, Semco Denmark expanded its position by taking over the activities of 'Bjerringbro Elektro'.

Semco International, which is part of Region East, is responsible for the division's limited foreign activities, and in

1998 worked on three DANIDA-financed contracts in Burkina Faso. A water supply project at the Bobo Diallasso power plant was completed, while the electricity equipment for the power supply company Sonabel in Burkina Faso plus 14 generator plants are expected to be ready for handing over in 1999.

**Semco Services**, set up in 1997, took over operating responsibility for Semco Denmark's services as from 1 September 1998. In that connection, a nationwide service organization was established by transferring selected service departments from the Regions to Semco Services.

Throughout 1998, this business unit focused on launching new service concepts, developed on the basis of Semco Denmark's know-how in systematic maintenance, project management and the optimal operation of complex technical installations in terms of energy and the environment. These concepts include handling service assignments for professional customers, ranging from basic maintenance to outright management concepts, including the transfer of responsibility for overall operation of the installations, plus Facility Management and Production Maintenance Management with a view to taking over overall responsibility for the customer's operation and maintenance of buildings and production equipment.

Our customers have given these concepts a favourable reception, and several new nationwide contracts have been concluded, including:

- A contract with Post Danmark Service regarding servicing installations at all post offices in Denmark.
- A contract with The Royal Library regarding servicing technical installations at all the library's addresses, including the new building nicknamed "The Black Diamond".
- A contract for service and maintenance of Telia's base stations for the GSM 1800 network.

In November, **Semco Telecom** concluded an agreement for an integrated data/telecommunications network with the municipality of Fredericia. This project is expected to be completed at the end of 1999, and the municipality's administration, schools and institutions will then be linked up to their own network for the transmission of data and telephone calls. In addition, Semco Telecom has become the supplier of telephone equipment/systems to Post Danmark and Hovedstadens Trafikselskab (HT), and, in fact, supplied and installed telephone equipment throughout the entire postal district of Helsingør as well as HT headquarters in Copenhagen. Today, Semco Telecom is the second largest supplier of data/telecommunications solutions in Denmark.

**Semco Fire & Security** was in charge of the statutory replacement of several outdated halon fire fighting systems all over the country in 1998. Several orders were concluded, including the supply of equip-



ment for access control, fire alert and room extinguishing systems for Novo Nordisk, fire and burglary alarm systems for Holbæk Museum, fire alert and room extinguishing systems for Tele Danmark, room extinguishing systems for BG Bank, access control systems for Skejby Sygehus and Montana Møbler, burglary alarm systems for the Merlin shop chain, access control and burglary systems for 'Ergo-og Fysioterapeutsken' and comprehensive security installations (fire alert and burglary alarm systems, access control and internal television monitoring) for Cotas Computer Technology.

**Semco Contracting**, which has been in charge of technical installations at the Great Belt Link's East and West bridge and in the tunnel, handed over the last technical contract works in time for the inauguration of the bridge in June 1998.

The contract for the electrical and mechanical installations in the Sound tunnel was executed according to plan. Planning and purchases were almost completed in 1998, and the offshore installations initiated. The installation works will continue until the year 2000.

In 1998, **Dansk Olie-Måler Service** (DOMS) felt the squeeze from the oil market, which meant cutbacks for the company. The introduction of several incentive measures made it possible to retain an unchanged profit level compared to 1997. In the course of the year, DOMS entered into long-term service and verification contracts with several leading oil companies in

Denmark. One of the agreements forms part of a comprehensive Scandinavian agreement based on cooperation with Swedish and Norwegian partners.

In 1998, exports of forecourt management systems amounted to about 30% of DOMS' total turnover, and as in earlier years, the area contributed to stable earnings. Product and market development of the area was intensified in 1998, and the work will continue in 1999.

### Outlook for 1999

A general downturn for the building sector is forecast for 1999, which will hit the new construction of commercial buildings as well as housing. However, the impending recession in the building sector is not expected to have as heavy an impact on Semco Danmark's primary market segments as on the market as a whole.

In 1999, a major but foreseeable downturn is expected in public works, compared to 1998, chiefly caused by the completion of several major infrastructure projects.

In traditional areas, the market is characterized by ever keener competition due to an oversupply of lighting engineers. It must be assumed that prices will continue to decline in 1999.

The increasing trend among companies and the public sector to outsource ser-

vice functions is expected to continue for building service and production maintenance.

The market for data/telecommunications solutions and for fire & security solutions is expected to continue to develop on a positive note.

A marginal increase is expected for petro-technology on the Danish market.

In 1999, major investments will be made in the ongoing development of Semco Services, and a major increase in the activity level is projected, based on the great interest shown in Semco's service concepts. In addition, large investments will be made to expand Semco Telecom and develop a new generation of DOMS' electronic forecourt management system.

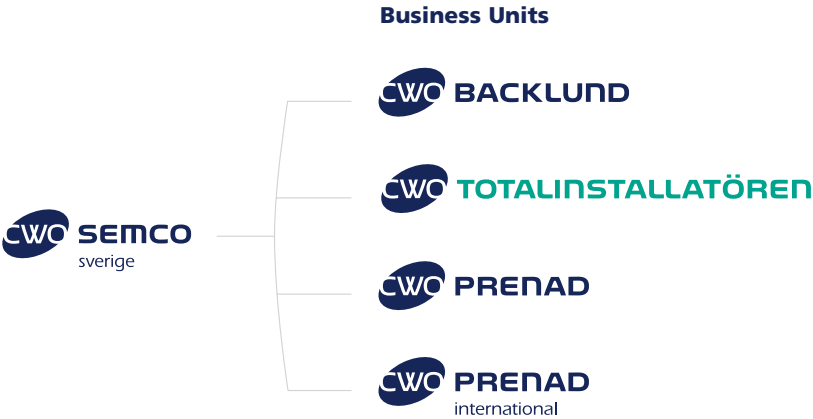
The regions will focus on comprehensive technical contracts, sales, process development and organizational and human resource development, with the object of expanding market shares and increasing productivity.

Semco Danmark as a whole budgets for a lower turnover level than in 1998, primarily because a few large projects are now completed and no comparable projects have been booked in their place.

Despite the lower turnover level and the above-mentioned expansion of the activities of the business units, Semco Danmark forecasts a profit in line with that recorded in 1998.



# Semco Sverige



## Core Business

Semco Sverige (Semco Sweden) supplies and services technical installations locally and regionally in Sweden and Poland. The division's most significant geographical markets are southern Sweden, the Stockholm region and selected areas in Poland.

Semco Sverige is highly skilled in planning and installing electrical systems, data/telecommunications, fire/security, HVAC, and tailoring planning and service to the needs of the individual customer.

Work is primarily focused on the professional market, comprising both major property holding companies, utilities and the construction sector in general. The objective is to become a market leader by focusing on the customer and to supply services that always meet or exceed the customer's expectations.



President  
Mogens Andersen



"I THINK IT'S GREAT THAT I HAVE BEEN GIVEN THE OPPORTUNITY TO TAKE PART IN MY FIRST INTERNATIONAL PROJECT IN COOPERATION WITH SEMCO DANMARK. WORKING ON THE SOUND LINK HAS DEMANDED A LOT FROM ME AND MY SKILLS. HOWEVER, IT HAS ALSO GIVEN ME AND MY COLLEAGUES A LOT OF EXPERIENCE, WHICH WILL DEFINITELY ENABLE MY COMPANY TO PARTICIPATE IN MAJOR PROJECTS IN THE SOUND REGION."

*Palle Berg, Supervisor, Totalinstallatören*

### Major Events in 1998

In 1998, Semco Sverige realized a turnover of DKK 488m, up 9% on the previous year. The operating profit improved significantly compared to 1997, when the profit was very unsatisfactory due to a major loss reported by Backlunds Elservice.

The total order intake for the year amounted to DKK 508m, and at year-end the division had an order book total of DKK 136m versus 117m at the end of 1997.

The average staff numbered 550, and at end-1998 the number of employees was 553.

In general, the Swedish construction sector has been under heavy pressure for the past few years, which also affected installation companies adversely, particularly concerning installations in new buildings. Despite keen price competition, some progress was ascertained on the market in 1998.

Major parts of the division's activities concern repairing, converting and servicing equipment owned by public as well as private customers. This means that the division has been less vulnerable to business trend fluctuations in the construction sector.

In 1998, Semco Sverige aimed at strengthening the division's skills and know-how. Special targets were data/telecommunications, project management and project execution.

**Prenad** is a major player in the Sound region in electrical systems, data/telecommunications and HVAC. Through its elaborate branch network and quality-conscious service organization, the company has managed to increase the volume of service activities that are already significant.

1998 was characterized by a number of major new building projects, of which Malmö Högskola should be singled out. In addition, a number of major renovation projects were completed for leading housing companies in the region.

**Totalinstallatören** is one of the largest ventilation companies in southern Sweden. The company reported a satisfactory activity level despite heavy price competition in the second half of the year.

In 1998, the company executed major ventilation contracts for Malmö Högskola and Ikea, among others. In autumn 1998, the company also began installing the ventilation plant to be used in the Sound tunnel.

**Backlunds Elservice**, a well-known operator for major electricity and data/telecommunications projects in the Stockholm region, almost reached break-even for the year as a whole, following a highly unsatisfactory performance in 1997 and a weak start in terms of earnings in 1998. The improved performance is due to the efforts of all employees, supported by changes to bolster project management and execution.

In conjunction with Stockholm's reign as Cultural Capital '98, the company completed some major projects such as the new 'Moderna Museet' in downtown Stockholm. Other significant major projects include activities in connection with the construction of a 23,000 m<sup>2</sup> large complex consisting of headquarters and a warehouse for Elfa, one of the leading electrical component enterprises in Scandinavia.

In 1998, **Prenad International** continued its strategy in Poland by supplying all-in solutions in the field of technical installations for hotels, etc. The most significant project included the renovation of the five-star Hotel Victoria in Warsaw.

### Outlook for 1999

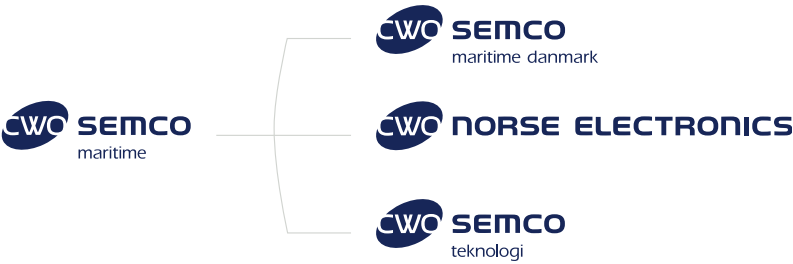
Focus will remain on improving the business systems of the individual companies, and initiatives will be taken to strengthen interdisciplinary cooperation, including coordinating market initiatives.

In 1999, Semco Sverige as a whole forecasts growth in turnover and an improved profit reported by the business units through increased profitability. In this connection, the major activities planned for the Sound region will have a positive impact on the business units in Skåne.



# Semco Maritime

### Business Units



### Core Business

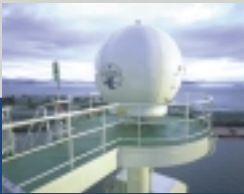
Semco Maritime is a major supplier of complete technical solutions for the international marine and offshore market. Business activities focus on the design, manufacture, implementation and servicing of systems and concepts within the following business areas: Telecommunications, mechanical systems, hydraulic systems, fire fighting systems, switchboards, marine installations and shipyard, marine and offshoreservice.

The division is represented worldwide, either through subsidiaries or via agents. The customer base includes Scandinavian and international oil companies, operators and contractors within the offshore sector and shipping companies, plus shipyards.

A major restructuring of the division's Danish business was implemented during the financial year, with the marine



President  
Poul Nørby



“THE CHANGES MADE IN 1998 REALLY MOTIVATED ME IN MY WORK, ORGANIZATIONALLY AND PROFESSIONALLY. THEY CREATED A WORKING ENVIRONMENT WITH FOCUS ON ADAPTING OUR SERVICES TO THE CUSTOMERS’ PREFERENCES AND NEEDS. WE HAVE COME A LONG WAY WITH OPEN, DIRECT DIALOGUE, BOTH IN-HOUSE AND WITH OUR CUSTOMERS.”

*Finn Pedersen, Shop Steward, Semco Maritime*

activities in Odense and the offshore activities in Esbjerg now merged into one unit under the name **Semco Maritime Denmark**.

The unit has now been divided into a number of product-related sectors with budget responsibility and joint management, together comprising the combined activity in Denmark.

The unit is headquartered in Esbjerg, with branches in Odense, Frederikshavn, Aalborg, Århus, Fredericia and Svendborg. The business unit is represented abroad in the USA, Qatar and St. Petersburg, Russia.

Core business is the design, manufacture and installation of systems and equipment for communication, fire fighting, hydraulics, switchboards, marine installations and service within the shipyard, marine and offshore sector.

Synergy was the primary motivating force behind the restructuring of the Danish activities, but visibility and specific strategic initiatives for the sectors individually were secondary aims.

**Norse Electronics** is a leading supplier of telecommunications and satellite solutions and offshore personnel to the Norwegian offshore market, and electrical installation solutions onshore in southwest Norway.

The company has offices in Tananger and Kristiansund in Norway.

**Semco Teknologi** is a major supplier of topside and subsea hydraulic control systems for drilling rigs, as well as fire fighting systems for the Norwegian offshore market. The business unit is located in Forus in Norway.

#### Major Events in 1998

In 1998, Semco Maritime generated a turnover of DKK 819m, up 16% compared to 1997. Operating profits are much healthier than last year, although still not satisfactory in view of the division’s activity level and total turnover.

The division’s Norwegian companies reported major advances in profits compared to budgeted forecasts and last year’s performance. The reason that the performance for the year is still unsatisfactory is the weak earnings reported by the Danish business unit, due mainly to heavy restructuring costs and phasing out a number of loss-making activities.

The division’s Swedish telecommunications company, El Marin Service AB, was closed in mid-1998.

The order intake for the year amounted to DKK 743m. At the beginning of 1999, orders on hand aggregated DKK 168m, versus an order book total of DKK 244m at 31 December 1997.

The average number of employees was 1,044, and the division had a staff of 1,094 at 31 December 1998.

1998 was a less satisfactory year for **Semco Maritime Denmark**, as stagnation and uncertainty held sway over the Danish offshore and shipyard industries – the division’s primary markets – with a subsequent decline in turnover for the year.

In mid-year, Semco Maritime’s Danish marine and offshore activities therefore merged into one organization under joint management. The associated synergy, coupled with a continuation of the internationalization strategy, is equipping the division well for the future.

Major projects include the completion of a comprehensive communication package for the Sea Launch project, and subsequent installation in St. Petersburg, Russia and Long Beach, California. A branch was opened in Long Beach, California, charged with responsibility for the service and maintenance contract. Over the past ten years, Sea Launch has proved to be Semco Maritime’s most successful project in terms of product development and quality as well as volume.



Other significant events include the following:

- Delivery of a telecommunications package, methanol injection system and a generator package for Brown & Root's South Arne project.
- Order for a four-year service and maintenance contract covering Statoil's Siri platform.
- Takeover of the distribution of Skanti's product range. Skanti is one of the largest European manufacturers of HFSSB marine radio telephones.
- Delivery of switchboards for the Lindø Shipyard. Twelve of a series of 15 vessels of the K- and S-type, the largest container vessels in the world, have now been delivered.
- Sem-Safe®, a water-mist-based fire fighting system, was marketed aggressively in the second half of the year, and results followed quickly in the form of orders placed by Daewoo Industries and Meyer-Werft, for example.

1998 was very satisfactory for **Norse Electronics**, which noted heavy activity and excellent, stable earnings.

In 1998, Norse Electronics completed its largest project to date: delivery of a total telecommunications and satellite communications package to Statoil's FPSO production vessel Aasgaard A. The

contract was already signed in February 1996, and since then the partners have been Maritime Tentech (contractor), Statoil (owner) and Hitachi Zosen (shipyard). The total package includes the following disciplines:

Telecommunications and satellite communications systems, navigation systems, monitoring systems, field equipment, designing and testing.

Other significant projects include the following:

- Telecommunications, data and navigation packages for: Berge Hugin, Berge Munin and Jotun Wellhead.
- Delivery of PA system for Byford Dolphin.
- Carrying out process work for Esso.
- Launch and good sales of a new product for the reception of TV broadcasts onboard vessels.

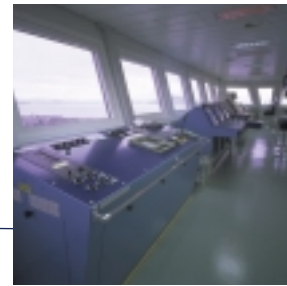
In addition, Norse Electronics won a major order including delivery of electro installations for Halliburton's newly built service centre in Stavanger.

1998 was a satisfactory year for **Semco Teknolog**, which witnessed business consolidation, product development and a high activity level in both hydraulics and fire fighting. In total, this resulted in satisfactory earnings development for the year.

In 1998, Semco Teknolog entered into a three-year cooperation agreement with Kongsberg Offshore AS, comprising hydraulic control systems worth NOK 150m. The agreement means close, team-oriented cooperation intended to increase competitiveness for both parties.

Several additional projects were completed, mainly in the subsea area in the North Sea, for Libya, Canada and Angola.

During 1998, Semco Teknolog focused heavily on the fire fighting area, culminating in the delivery of the fire fighting system for Esso Norway's JOTUN FPSO production vessel. Kværner Olje & Gas was the customer.



### Outlook for 1999

The merger of the offshore and marine units in the Danish organization will improve internal synergy and thus market potential, yielding positive and stable earnings already in 1999.

The internationalization strategy will continue in the years ahead. In the offshore area, the international segment of turnover tripled compared to 1996 and now amounts to 35%. This development will continue on the marine side as well.

The general strategic areas of focus for the division over the next few years:

- Increased earnings
- Internationalization of selected business areas: Communications, fire fighting equipment, hydraulics and switchboards
- Expansion of the customer base, both nationally and internationally
- Attracting and maintaining skilled employees.

**Semco Maritime Denmark** forecasts a major downturn in supplies to the Danish offshore industry due to the low price of oil, which has meant major cut-backs in Danish offshore activities. The uncertainty clouding the Danish shipyard industry is expected to result in stagnating/declining turnover for Danish shipyards as well.

In contrast, sales of the Sem-Safe® fire fighting system are expected to increase sharply. Customers will include international shipyards building cruise-liners.

**Norse Electronics** forecasts that the subdued oil price will result in a low investment rate for the Norwegian shelf in 1999 as well. This will have a rubbing-off effect on the Norwegian 'onshore economy'. The business unit expects to win orders for several small projects. In addition, increased activity is forecast for service and maintenance and the operation of drilling rigs to some extent.

Norse Electronics expects to be able to maintain a satisfactory profit level despite the general market recession.

For **Semco Teknologi**, low oil prices combined with a series of cost overruns on ongoing projects in the Norwegian offshore sector will make Norwegian offshore operators very cautious. Thus, a large number of planned field expansions and new investments may be postponed.

Semco Teknologi activities will be affected by postponed investments to some extent, and increased competition must be expected, along with a subsequent reduction in prices.

Consequently, Semco Teknologi will turn to the international market in 1999, including the possibility of setting up in the hydraulic area in the UK and focusing more on fire fighting systems.

The operating profit is expected to advance noticeably in 1999 thanks to the ongoing internationalization strategy, a sustained favourable Norwegian market, and new concepts and systems.



# C.W. Obel Industriteknik



## Business Units

CWO INDUSTRITEKNIK

CWO INDUSTRISERVICE

CWO SIS  
industriservice

CWO WIAB  
industriservice

CWO FJELDSTAD  
industriservice

CWO NORISOL  
isoleringsteknik

CWO NORISOL  
danmark

CWO NORISOL  
sverige

CWO NORISOL  
norge

## Core Business

C.W. Obel Industriteknik focuses on technical and mechanical installations for the process industry, combined heat and power plants and other major industrial groups. Activities include engineering and production for fitting and subsequent service and maintenance.

The division has two business units, Industrial Services and Insulation Services, each with its own speciality.

The activities of both sectors are based on extensive technical know-how, with many years of tradition in professional workmanship and a high quality level. Additional strong points are service orientation and resource flexibility. The benefits of synergy across national boundaries and throughout business units make it possible to handle large projects.

**Industrial Services** takes on a wide range of projects for the petro-chemical industry, the process industry and combined heat and power plants in the



President  
Lars Christiansen



“COOPERATION AMONG THE THREE COMPANIES FJELDSTAD, WIAB AND SIS HAS FORMED THE PLATFORM FOR IMPORTANT SYNERGIES AT MANAGEMENT AND ORGANIZATIONAL LEVELS. THIS WILL GENERATE BETTER RESULTS FOR C.W. OBEL AND OUR CUSTOMERS. I PERSONALLY SEE THIS COOPERATION AS AN OPPORTUNITY FOR MAJOR PROJECTS IN SCANDINAVIA.”

*John Hansen, Project Manager, C.W. Obel Industriteknik*

three Scandinavian countries. The most important services include engineering, manufacturing and assembling steel structures, process pipe systems, furnaces, pressure tanks and industrial scaffolding.

This business unit is also one of the leading suppliers of shutdown services for the process industry, in which dead-lines and manning are crucial. Using know-how, special equipment and tools, Industrial Services helps companies solve particularly complex projects and maintenance work, including hydraulic tightening of bolts, on-site machinery milling and re-tubing of heat exchangers and condensers.

At the end of the year, C.W. Obel Industriservice was composed of Skandinavisk Industriservice in Denmark, the Fjeldstad Group in Norway, comprising one wholly-owned and two partly-owned companies plus the WIAB Group in Sweden, composed of two wholly-owned companies.

**Insulation Services** focuses on energy conservation, and safety and environmental protection by offering technical insulation solutions for the process industry, the offshore sector, combined heat and power plants, the shipyard industry and major construction projects.

This sector has professional skills and know-how in heat/cold insulation, tank systems, production plants, turbine insulation, sound insulation, noise

attenuation, water and ventilation installations, asbestos clearance and fire insulation. In addition to the new installations, the business unit also offers renovation and maintenance concepts. Project complexity results in the continued new development of insulation methods and components.

Examples are Isocap, intended for flexible insulation of valves and flanges; InsuFlex®, lightweight cassettes for fire insulation in the offshore and marine area, and Norisol Turbine System, a reusable cushion panel for turbines.

At the end of the year, Norisol Isoleringsteknik was composed of Norisol in Denmark, including IKAS in Copenhagen, Norisol Norway and CWO Norisol Sweden (formerly Pifab). A number of regional offices are located near the industrial centres in all three Scandinavian countries.

#### Major Events in 1998

In 1998, C.W. Obel Industriteknik reported a DKK 775m turnover, up 23% on 1997, with the Swedish and Norwegian activities in Industrial Services included as from March 1997. The division's operating profit must still be termed unsatisfactory, although at the same level as in 1997. At the beginning of 1999, the order book stood at DKK 373m, versus DKK 292m at end-1997. The order intake for the year amounted to DKK 856m.

The average number of employees amounted to DKK 1,391 for 1998, and at 31 December 1998, the division's business units had a combined staff of 1,375.

The company 'Sem-Consult Energi-ledelseskonsulent AVS' was divested at the end of 1998. In addition, the division sold a small shareholding in the company Special Waste System I/S.

In the second half of 1998, **C.W. Obel Industriservice** acquired the remaining 25% of the capital of the Widholm Group (WIAB) in Sweden. In addition, Fjeldstad AS bought the remaining 10% of the share capital in Norstell AS. At the same time, Normek AS merged with Norstell AS, and all the activities of the Fjeldstad Group were adapted to the new organizational structure. 1998 was the first full operating year with the existing companies. During 1998, the companies cooperated in a large number of projects.

In addition, all three business units implemented uniform financial management systems, and the Group's new design concept made joint marketing in Scandinavia feasible.

In 1998, WIAB completed a major assembly project on behalf of Nynäs AB. The project comprised more than 100,000 fitting hours and was completed on time and with excellent quality results. The project's financial results were unsatisfactory, however, and had a negative effect on profit for the year.



This led to a reorganization of the company, including its management.

At the beginning of 1998, WIAB handed over two pallet cranes to Marseilles harbour, specially designed by the company to handle shipments of bananas and citrus fruit. This crane type has subsequently been the object of interest from potential customers.

In step with the expanding Norwegian market, the Fjeldstad Group made major progress for both profits and turnover in 1998.

Skandinavisk Industriservice reported progress in both profits and turnover in 1998.

During the year under review, Industrial Services handled a wide range of projects, the most significant being the following:

- Shutdown at Statoil, Mongstad
- Shutdown at Scanraf, Lysekil
- Mounting of Visbreaker plant, Statoil at Kalundborg
- Piping project at Shell, Fredericia
- Piping project at Esso, Tønsberg
- Scaffolding projects at Umo, Haugesund

**Insulation Services's** Danish companies A/S IKAS and Norisol A/S merged at the end of 1998, with the latter being the continuing company. However, in the Greater Copenhagen area, the company will continue marketing under the IKAS name. The previous managing director of IKAS will continue in Norisol, with responsibility for sales and product development.

In 1998, the Norwegian company reported decisive progress in terms of both turnover and profits. For this reason, it was natural to strengthen corporate management and to enlarge the project organization.

In Sweden, the former Pifab reported progress in profits and turnover, and assisted the Norwegian company with recruiting in several cases.

During 1998, the company changed its name to CWO Norisol Sverige, and will be marketed under the joint Norisol name and logo in future.

Aggregate turnover for the Danish company declined in 1998, and in some regions it was not possible to generate a satisfactory profit.

Over the year, Insulation Services performed and completed a number of major projects, including the following:

- Modular offshore projects for Kværner in Egersund and Stavanger
- Turnaround project for the nuclear power plant at Oskarshamn
- Major shipping projects in Denmark and Norway
- Cement factory on Gotland
- New process plant at Statoil in Kalundborg
- Gas processing plant, Kårstø
- Conversion of Danisco's sugar factories in Denmark and Sweden
- New process plant at Norsk Hydro in Porsgrun



### Outlook for 1999

At the beginning of 1999, cooperation among the companies in the Industrial Services sector proved its worth, since common agreements regarding new major projects were concluded in both Norway and Sweden. The projects are valued at about DKK 50m in both countries, and will be supplied to Norsk Hydro and Borealis as end-users. In addition to continued managerial responsibility for Industrial Services, Peter Tolstrup Nissen took over the helm at Skandinavisk Industriservice A/S at 1 January 1999.

At 1 March 1999, Skandinavisk Industriservice acquired the activities of 'Per Petersens Rør- og Industrimontage A/S', Fredericia, which will reinforce the company's position on the Jutland/Funen markets. In Sweden, an agreement has been made regarding the appointment of a new managing director for 'Widholm Industri AB' (WIAB), who will take over the helm in mid-1999 with a view to strengthening corporate management. The business sector forecasts combined turnover in line with the 1998 figure, although profits are projected to improve significantly.

Progress is expected to continue for Insulation Services in Norway, while growth will be more restrained in Sweden and Denmark. The profit will edge up marginally for the year as a whole. Efforts will increasingly focus on fire-retardation and noise insulation through new development of products and processes.



# Other Companies

**Companies reporting to  
Lars Christiansen, President**



**Company reporting to  
Poul Nørby, President**



**DGT\*Volmatic**

**Core Business**

DGT\*Volmatic is one of the leading companies of the world in technology for controlled indoor and outdoor vegetation. Customers include greenhouse contractors, market gardens, plantations and golf clubs plus properties and equipment that require climate and watering control.

The company develops, manufactures and supplies climate control plants, including gear motors and racks for controlling ventilation and shadow systems plus watering and fertilization systems.

In addition to its Danish headquarters, the company has its own sales and service offices in Germany, France and the USA. In addition, the company has distributors worldwide, who generate a major part of turnover.

**Major Events in 1998**

In 1998, DGT\*Volmatic realized a DKK 82m turnover, which is slightly less than last year. The underlying reasons were the economic crisis in the Far East and Eastern Europe and last spring's strikes in Denmark in connection with the collective bargaining round. However, the company performed satisfactorily in general.

In the course of the year, the company launched a number of its own newly developed products, which were



President  
Lars Christiansen



President  
Poul Nørby



“INCREASING PROFESSIONALISM IN A NUMBER OF INTERNAL MANAGEMENT PROCESSES IS ONE RESULT OF THE ORGANIZATIONAL CHANGES THE COMPANY UNDERWENT IN 1998. ONE HIGHLY VISIBLE EXAMPLE IS OUR HANDLING OF THE Y2K PROBLEM, WHICH PROVIDED THE PLATFORM FOR A PROFESSIONAL APPROACH TO OUR CUSTOMERS.”

*Duncan J. Hooper, Technical Design and Quality Manager, Semco Vakuumtechnik*

received with great interest. The new communication program for climate control, as well as the combined hand-held instrument to measure conductivity and pH value were particularly successful.

The average number of staff members was 93 in 1998, and at the end of 1998, the number of employees was 97.

#### **Outlook for 1999**

DGT\*Volmatic forecasts a slight increase in turnover and profit in step with the launching of several new products. The managing director left the company at the beginning of the year, and the controller has been appointed managing director in the interim.

#### **Semco Vakuumtechnik**

##### **Core Business**

Semco Vakuumtechnik is a leader in the manufacture of closed sanitary systems for railway carriage manufacturers. Carriages are mainly produced by a small number of companies, primarily in Central Europe, all of which buy the company's products. Once a heavily specialized company, Semco Vakuumtechnik has developed its expertise into the production and delivery of complete toilet compartments and receiver tanks for carriage constructors and railway companies. The company is located on the Danish island of Funen, but operates internationally through a network of distributors in Europe as well as North America.

#### **Major Events in 1998**

In 1998, Semco Vakuumtechnik generated a turnover of DKK 93m, equal to an 18% advance compared to 1997.

From the beginning of 1998, Semco Vakuumtechnik has operated as an independent business, and in this connection the day-to-day manager was appointed managing director.

The company's deliveries of complete toilet compartments turned out to be more comprehensive and demanding than envisaged, which resulted in an unsatisfactory performance for the business unit.

During 1998, Semco Vakuumtechnik reorganized production. In consultation with various sub-contractors, the company drew up new and more competitive concepts for toilet compartments for carriages.

In 1998, the average number of employees amounted to 61, which was also the number of staff at the end of the year.

#### **Outlook for 1999**

At the beginning of the year, Semco Vakuumtechnik was converted into a public limited company, with unchanged day-to-day management. The company's turnover and profit are expected to be in line with the 1998 performance.

#### **SGD-Bera**

SGD-Bera is one of the largest companies in Denmark for the production, sale and rental of scaffolds. Activities are carried out in Denmark primarily, with exports to Sweden and the UK as well.

SGD-Bera has a number of regional offices in Denmark and a subsidiary in Oslo, which handles scaffold rentals for the region.

A major part of production is carried out by the Polish subsidiary, which also rents scaffolds on the Polish market.

Due to the flexible “+8” scaffold design, SGD-Bera has become increasingly popular with contractors involved in complex construction projects, where the great flexibility of the scaffolding system is in heavy demand.

#### **Major Events in 1998**

In 1998, SGD-Bera generated a turnover of DKK 78m, but the profit is still not satisfactory.

In the course of the year, SGD-Bera relocated the remainder of its metal production to Poland, and in autumn the entire accounting department was relocated from Aalborg to Copenhagen. These changes have not yet had an impact on profit.

At the end of the year, the company acquired a property next to the already existing activities at Avedøre Holme in



order to combine the company's management, sale and the Copenhagen rentals at one address. In addition, the Norwegian subsidiary relocated to new premises in September.

In 1998, the average number of employees was 175, and the staff totalled 183 at the end of the year.

#### **Outlook for 1999**

SGD-Bera forecasts a marginal increase in turnover and an improved profit as the company's ongoing restructuring has an impact on profits.

### **Skandinavisk Miljø Service**

#### **Core Business**

Skandinavisk Miljø Service specializes in flue gas purification, both particle purification and desulphurization.

This business unit supplies complete plants for particle purification in the form of electro-filters, bag filters, ventilators, dust processing plants and control equipment. Through its cooperation with Lurgi Umwelt GmbH in Germany, the company also has an opportunity to supply complete desulphurization plants. Buyers include chiefly power plants, steel plants, incinerator plants, the chemical industry and cement factories.

Skandinavisk Miljø Service is headquartered in Denmark and has a subsidiary in Poland. The latter was set up as a natural consequence of the many major

environmental projects in Poland, some of which have been completed.

#### **Major Events in 1998**

In 1998, Skandinavisk Miljø Service generated a turnover of DKK 67m, versus DKK 80m in 1997. The operating profit was unsatisfactory, primarily as a result of the loss sustained on one single project.

The profit from the desulphurization plant for Cementa on Gotland, which was completed and handed over in the second half of 1998, was unsatisfactory.

In 1998, the company was heavily involved in a major project at the Polish combined heat and power plant Dolna Odra, where the company is cooperating with the German company Saarberg-Hölter-Lurgi on building a major desulphurization plant. The project is progressing according to schedule.

The intake of new orders and thus an increase in staff necessitated a move to new and larger premises in Albertslund in July 1998.

The average number of employees was 26 in 1998, with the same number of staff at the end of the year.

#### **Outlook for 1999**

Around the turn of the year, Skandinavisk Miljø Service booked several orders that mean an increase in activities, and thus an improved profit.

Skandinavisk Miljø Service has great expectations as to an additional order intake during 1999.

### **Brockmeyer GmbH**

#### **Core Business**

Brockmeyer GmbH has branches in Duisburg and Froburg in Germany.

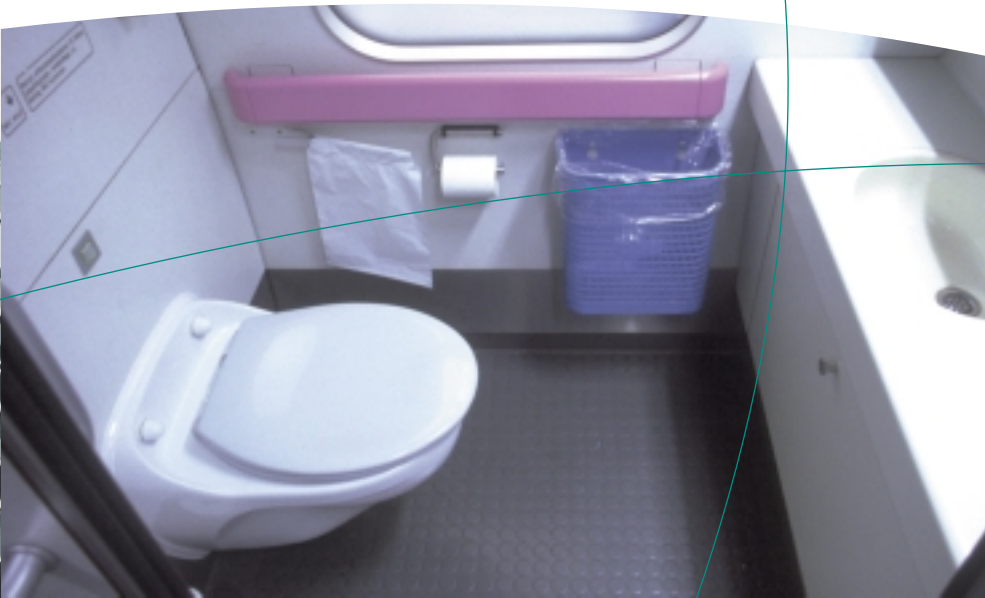
Following a major restructuring, the company's business base is now confined to electrical installations, alarm and security installations for the housing, institutional and energy sector and local service and maintenance jobs.

The company's customers include a few of Germany's major industrial groups and a number of small public and private companies.

#### **Major Events in 1998**

Brockmeyer generated a turnover of DKK 320m in 1998, which is in line with the 1997 performance.

The profit is still highly unsatisfactory, but more than 80% of the operating profit can be traced to losses on a few major projects/losses from previous years, plus major non-recurrent costs connected with closing down companies and the associated staff cutbacks.



Due to the entirely unsatisfactory profits reported for Germany over the past few years, a major restructuring of the entire Brockmeyer Group was carried out in the course of the financial year.

The departments in Schwerin and Kirchheim were closed down, and the remaining operational companies merged into Brockmeyer AG, which was then converted into Brockmeyer GmbH.

Restructuring meant appointing a new Board of Management, closing down companies and departments and making major changes in the company's previous business base.

Closing companies and the branch for major construction projects in Duisburg incurred heavy extraordinary costs during the financial year. Staff trimming meant that 85 employees left the company during 1998.

At the end of the financial year, the corporate structure was made more horizontal and more market-oriented, and the associated reduction of total overheads has a major positive impact on the profit level in 1999.

After closing down the department for major projects in Duisburg, the company is now divided into several business sectors, each with budget responsibility. Operational marketing concepts have been prepared for each business sector, and already at this stage, it seems as if the concept of installation, service and

preventive maintenance marketed to the hospital sector and selected housing areas may be Brockmeyer's future core business areas.

In 1998, the company's IT systems were adapted and upgraded along with the associated operational equipment with a view to preparing for Year 2000 compliance, as well as to improve existing project management tools.

Major projects completed by the company in 1998 include a large hospital construction project in Weimar, where Brockmeyer was responsible for all electricity, alarm, computer and emergency power supply installations.

The staff averaged 384 in 1998, with 372 employees at year end.

#### **Outlook for 1999**

The more horizontal and market-oriented organization, with focus on local service and maintenance work, has already had a favourable impact on performance. This development is expected to continue throughout 1999 following several years of heavy losses.

Due to the closure of the project department in Duisburg, the company's turnover is expected to decline substantially in 1999. In contrast, the gross profit ratio is expected to increase substantially in the continuing business areas. Teamed with the trimming of the company's overheads, this means that the company will reach break-even in 1999.



# C.W. Obel Ejendomme

## Business Units



## Core Business

C.W. Obel Ejendomme (C.W. Obel Properties) invests in and lets properties, chiefly for commercial lessees and particularly for office use.

All of the rental properties are situated in Aalborg or in Copenhagen. The properties are let to public institutions and private enterprises.

The strategy of C.W. Obel Ejendomme is to invest in quality properties, that is, properties of high standard in terms of architecture, construction and layout, with an attractive location relative to the urban development anticipated in Copenhagen and Aalborg.

## Major Events in 1998

1998 was a good year for the Danish property market. C.W. Obel Ejendomme recorded rental income from external lessees of DKK 101m, an increase of 7% compared to the previous year. The operating profit amounted to DKK 57m versus DKK 61m for 1997. The pre-tax profit amounted to DKK 25m, versus DKK 29m in 1997.

The average number of employees was 21 during the year, with the same number of staff at 31 December 1998.

In 1998, C.W. Obel Ejendomme focused on improving and modernizing the property portfolio. Holding properties of

a consistently high standard makes it possible to attract well-reputed lessees interested in entering into long-term lease agreements, thus ensuring a stable rental ratio and steadily increasing earnings.

In 1998, the C.W. Obel Ejendomme's investments amounted to DKK 54m versus DKK 30m in 1997. In Aalborg, DKK 10m was invested in a new building project at Møllegade, and a corner property located at Algade/Møllegade was acquired. In addition, major investments were made in Copenhagen to improve and furnish existing properties in connection with the conclusion of long-term lease agreements. The largest investments were made in the properties on Vordingborggade (DKK 20m) and at Vestergade 2 (DKK 4m).

At end-1998, the Division's property portfolio included a floorage of 83,133 m<sup>2</sup> in Copenhagen and 75,492 m<sup>2</sup> in Aalborg.

The letting rate was 96% at the end of year.

## Aalborg

The last vacant premises in Aalborg were let during 1998, and the letting rate in Aalborg is now 100%. Conditions in the shopping centre, Mølleå Arcade, have developed on a particularly positive note, and the last vacant premises were let by a furniture shop.



President  
Søren Hofman Laursen



"I FEEL THAT THERE IS BETTER CONNECTION BETWEEN THE UNITS IN THE GROUP, NOT ONLY PROFESSIONALLY, BUT ALSO IN TERMS OF PEOPLE. THIS HAS MEANT NEW CHALLENGES FOR ME PERSONALLY, WHICH HAVE SUPPORTED MY DAILY WORK IN THE PROPERTY DIVISION AND THUS IMPROVED THE SERVICE OFFERED TO OUR LESSEES." *Kim Freilev, Technical Manager, C.W. Obel Ejendomme*

Aalborg municipal authorities have decided to change the layout of Mølle square, making it "greener" and with greater popular appeal. At the same time, Mølle square, Møllegade and Mølleå Arcade will now become an integral part of Aalborg City's pedestrian street network. C.W. Obel Ejendomme estimates that these improvements will affect developments positively for the entire neighbourhood near the Mølleå Arcade.

In 1998, C.W. Obel Ejendomme made additional investments in the neighbourhood, acquiring the property at the corner of Algade and Møllegade at the end of 1998. The property contains three shops, of which Kronen, which has sold tea and coffee for generations, is the best known. The property also contains five housing units.

The construction project at Møllegade 8-10 is progressing according to plan, and is expected to be completed and let at the beginning of May 1999. The newly built property will contain two shops, one office and six housing units for lease. With the Møllegade 8-10 project and the acquisition of the property at the corner of Algade/Møllegade, the C.W. Obel Ejendomme will own a complex stretching from Algade to Danmarksgade, ending at the Mølleå Arcade complex.

The two other large complexes in Aalborg have developed as expected. The former tobacco factory at Badehusvej

and the former textile factory at Kastetvej/Dannebrogsgade are still let, primarily to public lessees under long-term lease agreements. The buildings are used primarily by educational institutions and for office purposes.

### Copenhagen

The Copenhagen property market also developed on a favourable note in 1998. The large property on Vordingborggade has been converted and modernized and is now fully let. The rental rate in Copenhagen is 93%, as a couple of large premises at Christianshavn remained vacant for some time at the end of 1998. The area near the Christianshavn property has been subject to major construction. Activities include the erection of Unibank's new headquarters and the building of about 300 luxury flats, plus the ongoing work on the Mini Metro, with a station underneath Christianshavn Square.

Extensive construction activities will affect the area until year 2001. The Property Division estimates that once the area has been built up and the Metro station taken into use, it will spur development in the area and thus enhance the C.W. Obel Ejendomme's investments on Christianshavn.

### Outlook for 1999

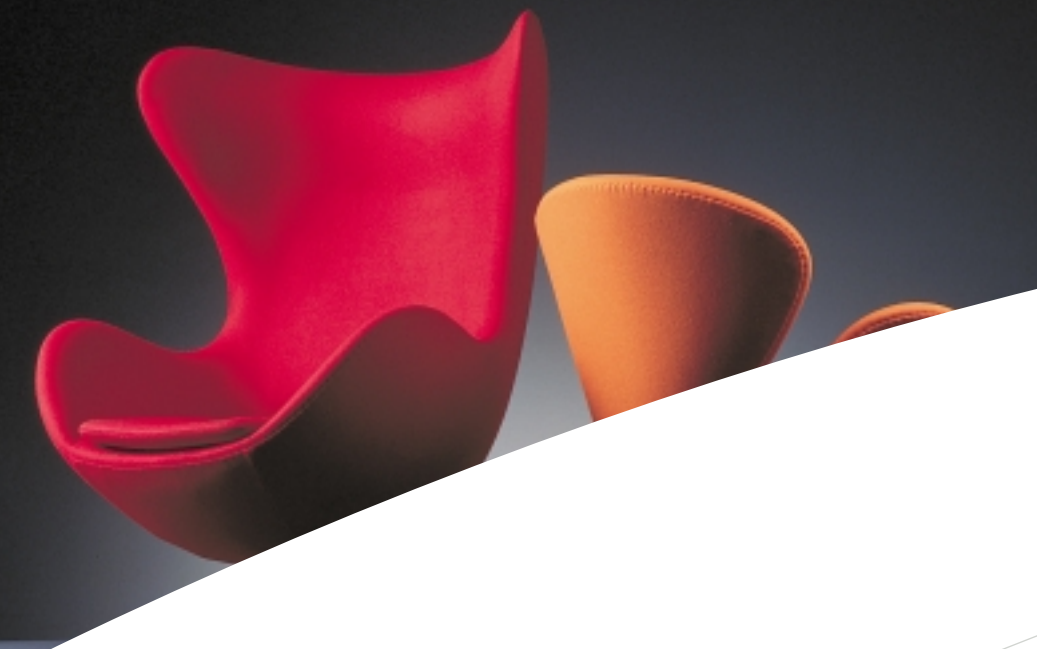
C.W. Obel Ejendomme still has an attractive building option at the Aalborg waterfront. However, the low rental level for newly built offices in Aalborg makes the commencement of any building activities on the site in 1999 doubtful.

In Copenhagen, C.W. Obel Ejendomme has followed developments in the South Harbour with great interest. Development projects have now been made for the entire Frederikskaj area, and the Property Division has subsequently begun developing C.W. Obel's sites in Sydhavnsgade, located in immediate continuation of Frederikskaj.

In addition, in 1999 C.W. Obel Ejendomme will carefully monitor the property market to spot attractive investment options, both in central Aalborg and in Copenhagen.

The rental outlook for 1999 is expected to remain unchanged compared to 1998.

A slight decline in the operating profit is forecast for 1999, plus an advance in the pre-tax profit.



## Associated Companies

The business sector "Associated Companies" comprises C.W. Obel's ownership of major shareholdings, ranging from 20-50% in several leading companies, including Skandinavisk Holding A/S, of which C.W. Obel owns 35%, and A/S Motortramp, where C.W. Obel's interest amounts to 27.2%.

**The Skandinavisk Holding A/S Group** is composed to two sub-groups, viz. Skandinavisk Tobakskompagni A/S and Skandinavisk Industries A/S.

**Skandinavisk Tobakskompagni's** primary focus is to manufacture and sell tobacco products through the companies House of Prince (cigarettes), Nobel Holding (cigars) and Orlik Tobacco Company (smoking tobacco). In addition, the group sells and distributes consumer goods through the sub-group Dagrofa A/S.

In the 1997/98 financial year, the Skandinavisk Tobakskompagni Group generated a highly satisfactory profit before tax and the share attributable to minority shareholders of DKK 1,473m versus DKK 1,246m the previous year. The post-tax profit aggregated DKK 916m versus DKK 790m in 1996/97.

The positive development derives from all the companies in the Group, and earnings from foreign activities are gaining increasingly greater importance for the Group.

Prince, the largest cigarette brand in Scandinavia, once more increased its market share, ending the year at 45.7% versus 44% the year before.

Thus, sales in Denmark rose 2.9% in a total market that grew by 3.2%, and House of Prince successfully maintained its market share at almost 97% despite intensified competition. Sales of Prince rose by 7.6% in markets outside Scandinavia, reaching an all time high.

Cigar products from Nobel Holding are sold worldwide, and the Group's most important trademarks are the Café Crème and Nobel Petit products. The Dutch cigar manufacturer Henry Wintermans, acquired two years ago, is growing on a positive note, and Nobel Holding sold a total of 989m units of cigar products compared to 952m units a year earlier. Today, Nobel Holding is one of the largest cigar products manufacturers in Europe.

Orlik Tobacco Company, one of the largest players worldwide on the pipe tobacco market, could once more report favourable developments in turnover as well as profits.

Dagrofa, the largest consumer goods wholesaler in Denmark, reported a respectable upturn in turnover in all its group companies and divisions.

On average, the Skandinavisk Tobakskompagni Group employed 5,053 persons in the 1997/98 financial year.

On 1 July 1998, the owners of J.L. Tiedemanns Tobaksfabrik AS in Norway converted their activities into a new subsidiary in return for a private placement of new shares, which gave it a 17% interest in Skandinavisk Tobakskompagni A/S. J.L.

Tiedemanns Tobaksfabrik has manufactured and sold Prince in Norway under a licence agreement with Skandinavisk Tobakskompagni since 1975. As the company is now a subsidiary, Skandinavisk Tobakskompagni Group will be reacquiring the Prince brand in Norway. Apart from the Prince family, J.L. Tiedemanns Tobaksfabrik manufactures its own cigarette brands and has a substantial production of tobacco for roll-your-own cigarettes, plus a major market share in this area. J.L. Tiedemanns Tobaksfabrik reports a turnover of about NOK 7,000m annually, and the company has a staff of almost 500.

**Skandinavisk Industries** is one of the largest office and industrial groups in Europe. It is composed of the companies Fritz Hansen and Labofa in Denmark, Gispen in Holland, Arenson in the UK and Vario and Labofa Büromöbel in Germany.

The Group reported a pre-tax loss of DKK 146m. Financial performance is affected by extraordinary expenses in connection with winding up the French subsidiary Vinco. In addition, performance is affected by a DKK 47m writedown of fixed assets in response to a decision to divest and phase out the activities not considered core business. In the continuing activities, excl. writedowns of fixed assets, the Group generated a pre-tax profit of DKK 5m, versus a DKK 14m loss the previous year.

The Arenson Group in the UK reported an excellent year, with increasing turnover and profit, and, as forecast, the Gispen Group in the Netherlands per-



formed extremely well, reporting satisfactory earnings. Due to production difficulties and capacity shortage, the Fritz Hansen Group in Denmark recorded a profit that was down compared to last year. A decision was made to allocate substantial funds to relocate part of the existing production facilities in Allerød to new ones in Vassingerød in order to remedy capacity problems.

Labofa suffered from supply problems in the first half of the year and reported a loss. The German Vario Group reported a profit that was up on the previous year. The Group's two chair companies, Steifensand and Labofa Büromöbel, merged. Due to non-recurrent costs connected with marketing, the new company recorded a loss.

During the past year the Group successfully launched two new chair series with a good result.

In December 1998, Skandinavisk Industries received a capital injection of DKK 350m.

On average, the Skandinavisk Industries Group had a staff of 1,791 employees during the 1997/98 financial year.

The **A/S Motortramp Group** carries on shipping activities and its vessels are owned by the subsidiary D/S "Norden" A/S, which serves as the operating company proper.

The shipping company operates in tramp trade worldwide in both dry and wet bulk.

The change in tanker activities in 1998 led to an expansion of the Aframax area, a reduction in chartered tonnage, and sales of some small product tonnage units.

The dry bulk sector saw a marked expansion of chartered Handymax tonnage in particular, and a general/overall increase in contract volume.

At the beginning of 1999, the shipping company controlled 21 units totalling approx. 1,348,000 tdw, of which 14 are dry bulk vessels (approx. 954,000 tdw) and 7 are tankers (approx. 394,000 tdw). Nine of these units are wholly or partly owned, corresponding to approx. 708,000 tdw or about 53% of the total tonnage.

In addition, the shipping company has concluded a long-term charter party on market terms for two 51,000 tdw Handymax units in the year 2000, with an option to buy. The product tanker MT "Nordamerika" was sold in February 1998 at a substantial profit. In August, the shipping company took delivery of a 105,000 tdw crude oil tanker from Hyundai Heavy Industries in Korea, which was christened MT "Nordasia", and a 10-year timecharter was concluded.

In November the shipping company bought a 49% minority interest in the crude oil tanker MT "Skaunord". At the end of the year, a conditional agreement was made for the sale of the product tanker m.t. "Nordholt". This agreement was performed in early 1999 with delivery in March 1999.

The average age of the shipping company's own tonnage is now seven years.

Owing to the mounting crises in Asia and the resulting general uncertainty in the market, 1998 turned out to be an extremely difficult year for the dry bulk market, with freight rates and ship values declining. Freight rates deteriorated throughout the year. The company neither bought nor sold dry bulk tonnage, but continued to expand its chartering activities, and in the course of the year, entered into major cargo contracts for both 1998 and 1999.

The tanker market was hit by dwindling crude oil prices and swelling oil stocks worldwide, which had a particularly adverse effect on the product tanker market. This market weakened progressively over the year.

Consequently, Motortramp ended the year with a highly unsatisfactory net loss of DKK 71m, versus a DKK 31m profit the previous year. This performance is heavily affected by a DKK 150m write-down in the D/S "Norden" subsidiary of vessel values and extraordinary income in the amount of DKK 31.7m.

There have been no signs of improvement in the first months of 1999, and if market conditions continue to worsen compared to the present all-time low an additional writedown of the value of the shipping company's vessels could be the result.

# Shareholder Information

## C.W. Obel's Share 1998

1 January 1998 = index 100.



## List of Stock Exchange Announcements

| Announcement no. | Date    | Topic                                                           |
|------------------|---------|-----------------------------------------------------------------|
| 98-01            | 12 Jan. | C.W. Obel Group organization                                    |
| 98-02            | 26 Feb. | Announcement from Skandinavisk Tobakskompagni A/S               |
| 98-03            | 27 Feb. | Change in Board of Management                                   |
| 98-04            | 13 Mar. | Date for circulation of the summary of the Financial Statements |
| 98-05            | 30 Mar. | Announcement of the Financial Statements                        |
| 98-06            | 20 Apr. | Notice of Annual General Meeting                                |
| 98-07            | 24 Apr. | Printed version of Financial Statements                         |
| 98-08            | 24 Apr. | Announcement from Skandinavisk Industries A/S                   |
| 98-09            | 04 May  | Annual General Meeting                                          |
| 98-10            | 05 May  | Change in Board of Management                                   |
| 98-11            | 15 Jun. | Announcement from Skandinavisk Tobakskompagni A/S               |
| 98-12            | 04 Aug. | Date for circulation of semi-annual report for 1998             |
| 98-13            | 26 Aug. | Semi-annual report for 1998                                     |
| 98-14            | 06 Nov. | Announcement from Skandinavisk Tobakskompagni A/S               |
| 98-15            | 06 Nov. | Announcement from Skandinavisk Industries A/S                   |
| 98-16            | 09 Dec. | Unlawful agreements coordinating electrical installation bids   |

## Appropriation of Profits

The Board of Directors proposes the distribution of an 18% dividend versus 15% in 1997.

Profit appropriation breaks down as follows:

|                      | (DKK million) |
|----------------------|---------------|
| 18% dividend         | 37.3          |
| Transfer to reserves | 165.3         |
|                      | 202.6         |

This proposal has been incorporated into the accounting figures, yielding an equity capital at 31 December 1998 of DKK 1,071.5m.

## Share Capital

C.W. Obel's share capital is composed of:

|                    |             |
|--------------------|-------------|
| A-shares, nom. DKK | 20,205,000  |
| B-shares, nom. DKK | 187,248,700 |
| Total, nom. DKK    | 207,453,700 |

A-shares: 202,050 shares of DKK 100 each  
B-shares: 1,872,487 shares of DKK 100 each

The voting ratio of A- and B-shares is 10:1.

## Auditors

PricewaterhouseCoopers  
State-authorized Audit Company

KPMG C. Jespersen  
State-authorized Public Accountants

## Annual General Meeting

C.W. Obel's annual general meeting will be held on Monday, 3 May 1999 at 2 p.m. in Aalborg Kongres & Kultur Center in Aalborg.

## Ownership

Pursuant to the requirements of the Danish Companies Act we wish to disclose that the following shareholders are registered as owners of at least 5% of the share capital or hold shares representing at least 5% of the total number of votes:

The Labour Market Supplementary Pension Fund (ATP), Hillerød

Det Obelske Familiefond, Aalborg

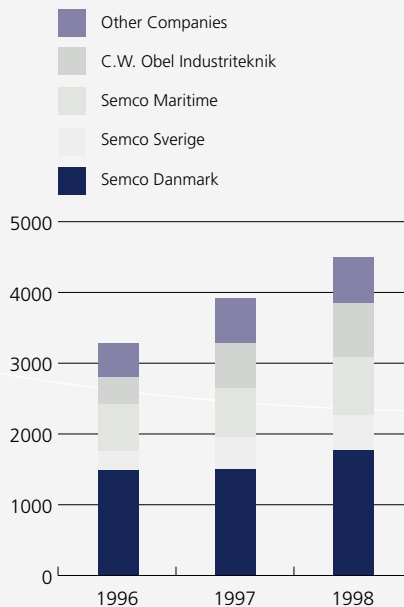
C.W. Obel A/S does not own shares, and no subsidiaries own shares in C.W. Obel A/S.

# Accounting Report and General Financial Analysis

## Turnover

In 1998, the Group's turnover amounted to DKK 4,458m, equal to a 14% rise on 1997. The advance stems largely from the Norwegian companies in Semco Maritime and C.W. Obel Industriteknik, whose reported combined turnover of DKK 609m represents 55% growth, and from Semco Danmark, whose DKK 1,778m turnover marked an 18% advance.

Graph for trends in divisional turnover 1996, 1997 and 1998



As concerns the Norwegian companies, Semco Teknologi reported an 18% advance in turnover, the Fjeldstad Group 71%, and Norse Electronics 47%, while Norisol, Norway, almost doubled its turnover. This hike has been provoked by the favourable market development in Norway.

Semco Danmark reported overall growth in building and construction in 1998, coupled with a number of large projects, primarily in Denmark, but also a few abroad.

Semco Sverige generated a DKK 488m turnover, equal to 9% growth, while turnover in Germany amounted to DKK 320m, up 6%, despite the restructuring of German activities on the completion of a series of major projects.

Semco Maritime's Danish activities aggregating a DKK 524m turnover edged up marginally by 7% compared to 1997. This small rise should be viewed against the backdrop of the incipient recession in the offshore and shipyard industry in Denmark.

1998 was a year characterized by organic growth, apart from Fjeldstad, Norway, and the Wiab Group in Sweden, which did not become part of the Group until 1 March 1997. Conversely, the activities in El-Marin Service AB stopped in mid-1998 without any turnover for that year, versus DKK 23m in 1997.

Rent revenues recorded by C.W. Obel Ejendomme increased from DKK 94m in 1997 to DKK 101m in 1998.

The Group's total order intake for 1998 amounted to DKK 4,126m, versus an order intake of DKK 4,242m the previous year. The volume of orders (at end-1998) amounted to DKK 1,726m versus DKK 2,058m at the end of 1997. The slimmer order book at the end of 1998 is attributable to a reduction in the number of major projects.

## Operating Profit

Development in the operating profit from 1997 to 1998 is shown in the following table, broken down into business sectors and other companies:

| DKK million                                          | 1998 | 1997 |
|------------------------------------------------------|------|------|
| Business sector: Technical Installations and Service | 46   | -38  |
| Business sector: Properties                          | 57   | 61   |
| Other companies                                      | -29  | -52  |
| Operating profit                                     | 74   | -29  |

Positive and negative factors have affected profit trends for Technical Installations and Service. First and foremost focus on the problem areas has had a positive effect on the development in the results. In particular, a considerably higher activity level with

a DKK 547m increase in turnover to DKK 3,819m had a significant positive impact on profit trends. In contrast, overall project costs have been affected by the following circumstances:

- Several major projects with a projected and realized low contribution margin.
- The order book and work in progress at the beginning of the year had a negative impact on the contribution margin.
- A couple of unsuccessful projects, with particularly one project in the Wiab Group having a major impact on the operating profit due to miscalculation, lack of planning and poor project management.

In addition, the 1998 financial statements include costs connected with restructuring, including the replacement of a number of executive staff members and the establishment of a corporate staff.

C.W. Obel Ejendomme reported a slight decline in operating profit, despite the small advance in overall rent revenues. This reduction relates to increased maintenance costs.

The combined loss recorded by Other Companies was almost halved in 1998 compared to the previous year. This improvement is due to a considerable reduction of the loss deriving from the German activities, which nevertheless still had a major impact on performance, and conversely a decline in the overall profit was reported by the former division C.W. Obel Production and Skandinavisk Miljø Service. 1998 was characterized by extensive restructuring in Germany, with the appointment of a new management, the closing down of a number of branches and departments and the winding up of a large number of contracts with low negative contribution margins. Turnover remained almost unchanged for the production companies, while it proved impossible to retain the cost level, and for Skandinavisk Miljø Service a single project meant that the company's overall profit performance was negative.

## Financial Items

Financial net costs aggregated DKK 51m in 1998, versus DKK 39m the previous year. Disregarding realized market value gains on shares and bonds in 1997 of almost DKK 10m, the overall net cost was in line with the 1997 performance.

The combined financial net costs of DKK 51m should be seen in relation to total interest-bearing net liquidity, i.e. cash and securities less deduction for interest-bearing short- and long-term debt, constituting a net debt of almost DKK 1bn at the beginning and end of 1998. Based on the average interest-bearing net debt over the year, total net interest amounted to about 4.5% in aggregate.

## Associated Companies

The profit shares from Associated Companies rose from DKK 244m in 1997 to DKK 280m in 1998. This profit improvement derives exclusively from the profit trends in ordinary operations reported by Skandinavisk Tobakskompagni, reflected by a profit for the period 1 July 1997 to 30 June 1998 of DKK 916m. In the same period, Skandinavisk Industries realized a loss of DKK 146m, a disappointing performance attributable largely to a loss incurred from the closure of the French furniture company Vinco. Motortramp likewise recorded a loss on ordinary operations before tax of DKK 71m last year. This loss is attributable largely to a downturn in the operating result stemming from lower freight rates and the low dollar rate, and to some extent the subsequent write-down of the fleet.

## Profit on Ordinary Operations Before tax

Profit on ordinary operations before tax amounts to DKK 303m, equal to a 72% advance on the 1997 profit of DKK 176m.

## Taxes for the Year

Total taxes for 1998 amount to DKK 103m, equal to 34% of the profit on ordinary operations before tax. Compared to 1997, when total taxes stood at 41% of the pre-tax profit on ordinary operations, this represents a definite easing of the overall relative tax burden, which nevertheless remains high. Because Group policy aims not to capitalize deferred tax on losses recorded by partly owned companies, the tax impact recorded by Skandinavisk Industries, Motortramp and the Wiab Group will not be reflected until these companies set off their losses against future taxable profits. Conversely, taxes for the year were also positively affected by the application of accumulated tax losses in the Norwegian business units and a reduction of deferred tax of DKK 3m for the Danish units as a result of the change of the Danish corporate tax rate to 32%.

## Profit for the Year

The post-tax profit for 1998, after deduction of the minority shareholders' share of the loss (DKK 3m), thus amounts to DKK 203m, which is double the profit reported for 1997.

## Balance Sheet

The balance sheet total at 31 December 1998 was DKK 3,821m versus DKK 3,496m the previous year. The balance sheet total breaks down as follows into the individual main items:

|                                             | 1998  | Share of<br>balance<br>sheet | 1997  | Share of<br>balance<br>sheet |
|---------------------------------------------|-------|------------------------------|-------|------------------------------|
| <b>Assets (DKK m)</b>                       |       |                              |       |                              |
| Tangible fixed assets                       | 1,355 | 35                           | 1,310 | 37                           |
| Financial fixed assets                      | 550   | 14                           | 555   | 16                           |
| Stocks, etc.                                | 415   | 11                           | 369   | 11                           |
| Receivables                                 | 897   | 23                           | 789   | 23                           |
| Cash and securities                         | 604   | 17                           | 473   | 13                           |
|                                             | 3,821 | 100                          | 3,496 | 100                          |
| <b>Liabilities</b>                          |       | Share of<br>balance<br>sheet |       | Share of<br>balance<br>sheet |
|                                             | 1998  |                              | 1997  |                              |
| Equity capital, incl. minority shareholders | 1,075 | 28                           | 926   | 26                           |
| Provisions                                  | 100   | 3                            | 129   | 4                            |
| Interest-bearing short- and long-term debt  | 1,640 | 43                           | 1,537 | 44                           |
| Short-term non-interest-bearing debt        | 1,006 | 26                           | 904   | 26                           |
|                                             | 3,821 | 100                          | 3,496 | 100                          |

The relative shares of the individual balance-sheet categories on the liabilities side show little changes; however, the equity ratio has been improved to 28 despite the substantial growth in the balance-sheet total. Equity capital trends were adversely affected by the writedown of goodwill totalling DKK 8m in connection with the acquisition of additional shares in wholly owned companies and adjustments in Associated Companies in the amount of DKK 6m and foreign exchange adjustments of subsidiaries amounting to DKK 1m.

Conversely, the asset side shows a significant shift from tangible and financial fixed assets to cash and securities, with the combined share of the balance sheet total up from 13% at 31 December 1997 to 17% on the same day in 1998.

Cash and securities rose by DKK 131m to DKK 604m. If the interest-bearing short- and long-term debt is reduced by cash, then the interest-bearing net debt amounts to 32% of the balance sheet total thus reduced, while the adjusted equity ratio was up from 31% in 1997 to 34% at the end of 1998. The growth in funds tied up in debtors and the portfolio of work in progress (net) from DKK 1,158m at end-1997 to DKK 1,312m at end-1998 equals 13%, which is the same as the realized growth in the activity level.

## Portfolio of Work in Progress

The portfolio of work in progress calculated at cost showed a pleasing increase from DKK 1,299m at end-1997 to DKK 1,717m at 31 December 1998.

The profit on account carried to income at the end of 1998 amounts to DKK 287m, equal to 14.3%, versus DKK 249m or 16.1% at the end of 1997.

Despite the fact that the portfolio of work in progress at 31 December 1998 includes major projects with a recognized lower earnings potential, the Group is well prepared for 1999.

## Cash Flow Before Financing Activities

The cash flow for 1997 and 1998 broken down into main items:

|                                                                                    | 1998 | 1997  |
|------------------------------------------------------------------------------------|------|-------|
| Cash flow from operating activities                                                | 35   | - 80  |
| Purchase and sale of tangible and financial fixed assets, companies and activities | -138 | - 172 |
| Dividend                                                                           | 159  | 134   |
| Cash outflow before financing activities                                           | 56   | - 118 |

The cash flow before financing activities for 1998 amounts to DKK 56m, versus a negative cash flow from 1997 of DKK 118m. The DKK 174m improvement for 1998 compared to 1997 can be broken down into the following main items:

| DKK million                                                                                       |     |
|---------------------------------------------------------------------------------------------------|-----|
| Improvement in profit before depreciation and tax                                                 | 105 |
| Taxes paid and provisions                                                                         | 70  |
| Decline in investments in tangible fixed assets and purchase and sale of companies and activities | 34  |
| Increased distribution from Associated Companies                                                  | 25  |
| Total                                                                                             | 234 |
| Increased funds tied up in operating capital                                                      | -60 |
| Total improvement                                                                                 | 174 |

Cash flow as well as profits improved in 1998. Cash flow was substantially affected by the adjusted tax payments and provi-

sions, which improved by DKK 60m and DKK 10m respectively. A tax refund of DKK 9m in 1998 is composed of a DKK 16m overpayment of tax on account for 1997, DKK 3m taxes paid on account regarding 1998, and taxes paid by foreign subsidiaries in the amount of DKK 4m.

In addition, no major purchases were made in 1998 of companies and activities, and Skandinavisk Holding A/S distributed an extraordinarily high dividend of DKK 157m prior to the merger of Skandinavisk Tobakskompagni A/S and J.L. Tiedemanns Tobaksfabrik AS, Norway.

The increase in funds tied up in receivables and stocks, etc. of DKK 171m corresponds to the advance in activities and is to some extent offset by growth in non-interest-bearing short-term debt.

## Financial Comments

### General

The result of C.W. Obel's financing activities was satisfactory in 1998 owing to the general fall in the interest level. This resulted in a respectable return on the financial portfolio and, at the same time, low interest costs; see above.

C.W. Obel's policy for the Group's financial activities is to minimize the impact of non-operational risks as far as possible, with due regard to the size and likelihood of risk compared with the costs of hedging such risk.

C.W. Obel's central finance function handles this task. Work continued in 1998 to streamline and simplify the Group's financial structure.

### Portfolio

In 1998, the Danish interest level showed a general decline, with the yield curve between short- and long-term interest rates flattening out. However, developments were on occasion turbulent, primarily in the short segment.

The Group's general principle for the portfolio is that the interest risk must be limited; consequently, C.W. Obel's portfolio of DKK 382m consists of short-term government bonds and mortgage-credit bonds. The weighted adjusted term of maturity of

the overall bond portfolio amounted to 2.0 years at the end of 1998. In connection with the unrest affecting interest-rate developments in 1998, a number of conversions have been made to adapt the portfolio to the Group's risk profile.

The Group's liquid funds at 31 December 1998 of DKK 216m are spread over a wide range of business units. Except from partly-owned activities, all the Group's business units are taking part in interest netting agreements.

## Bank Facilities and Mortgage-Credit Loans

Throughout 1998, C.W. Obel continued work to achieve synergies by streamlining financial activities and needs coupled with exploitation of the Group's overall financial strength. At the same time, efforts have been made to exploit the Group's overall financial strength by combining credit facility needs and activities in two Danish banks. The two banks are extensively represented in the geographical areas in which the C.W. Obel Group companies are located and operate.

In addition, a number of initiatives were taken in 1998 to ensure that the Group's companies make use of efficient cash management routines, such as electronic payments transfer systems fully integrated with their general ledger systems. In addition, now that Danish banks have introduced uniform systems for the entire Scandinavian market, interest netting arrangements for several currencies have been established for the Group companies.

The combined borrowing needs of the finance function are based on the Group's bilateral loan agreement spanning several years, with short loans in Danish currency based on the CIBOR rate and loans in a foreign currency based on the LIBOR rate.

At the end of the 1998 financial year, the bulk of the Group's short-term debt was converted into fixed-interest loans. Loans totalling DKK 600m have been converted into 3½ or 5½-year fixed-interest loans.

The Group's financing of operating properties and letting properties amounts to DKK 422m and is based on 10- and 20-year mortgage-credit loans; the term to maturity is determined on the basis of an assessment of a number of factors, including the intended use and the term of the relevant lease agreement. In connection with the generally positive interest trends in 1998, remortgaging was carried out for several existing loans. The capital needed as a cushion and the net debt can be broken down as follows:

|                                 | Period    | Facility of<br>DKK million | Of which utilized<br>DKK million |
|---------------------------------|-----------|----------------------------|----------------------------------|
| Bank credits                    | < 3 years | 634                        | 223                              |
| Bank credits                    | > 3 years | 1,029                      | 971                              |
| Mortgage credits                | 20 years  | 422                        | 422                              |
|                                 |           | 2,085                      | 1,616                            |
| Securities and capital holdings | 388       |                            |                                  |
| Liquid funds                    | 216       |                            |                                  |
| Unutilized credit facility      | 469       | 1,073                      |                                  |
| Net debt at 31 December 1998    |           | 1,012                      |                                  |

The Group's long-term loans exceed the overall net debt amounting to DKK 1,012m by DKK 439m. In addition, the Group had liquid funds and unutilized credit facilities totalling DKK 1,073m at 31 December 1998.

#### Guarantees

In connection with the Group's operating activities, various types of guarantees need to be issued. The C.W. Obel Group has achieved a number of synergies by establishing two international guarantee programmes and ensured that the Group's combined financial strength gives the individual group companies a comparative advantage.

The Group's guarantee programmes aggregate DKK 894m, of which DKK 570m has been utilized.

#### Foreign exchange

The overall strategy of the Group is to limit and hedge foreign exchange risks. In general, the C.W. Obel Group's activities are based on local turnover, and consequently the need basically is limited to a few business units, primarily in Semco Maritime and in Other Companies. Steps are constantly being taken to limit foreign exchange risks; if these efforts are insufficient, the risk is hedged or forward contracts concluded. The risk associated with major bids is hedged by options, for two reasons: to be in position to hedge the risk and also to know the price of the foreign-exchange risk during the negotiation round.

At 31 December 1998, C.W. Obel had a portfolio of forward contracts totalling DKK 45m, equal to the market value at 31 December 1998. This represents a major decline from DKK 184m at the end of 1998, and derives primarily from the use of a major DEM forward contract.

The Group's general principle is to limit the impact of fluctuating foreign exchange rates on the Group's equity capital by matching net investments in foreign subsidiaries with financing in the same currency.

The establishment of Euroland heralds changes for a few of the Group's exporting companies and the Group's German activities, and, consequently, a number of initiatives have been taken to ensure that the Group will benefit from any advantages.

In addition, several companies have adapted their general ledger system to ensure that customers can be offered the option of price denomination in EURO. In general, the introduction of the EURO will have limited impact on the C.W. Obel Group's foreign exchange risk, since the bulk of the Group's limited trade in foreign currency is not based on currencies in the EURO cooperation.

#### Insurance program

When projects are initiated, C.W. Obel wants to ensure that the necessary measures to cover insurable risks attaching to the project have been taken. Thus, to ensure uniform coverage of other risks in all the group companies, an international group insurance programme is in the implementation stage.

#### Pension program

As part of the Group's personnel policy, C.W. Obel established a compulsory pension program in 1998 for all of its employees who are not already, or will not be, comprised by pensions under collective agreements.

In addition to pension savings, the pension programme incorporates social insurance coverage; thus, the Group's employees are insured against accidents and loss of earnings while also being covered by the Group's accident policy.

# Accounting Policies

## General

The consolidated accounts and the annual accounts of the Parent Company for 1998 have been prepared in accordance with the Danish Company Accounts Act and the guidelines issued by the Copenhagen Stock Exchange on the financial reporting of listed companies.

The accounting policies are unchanged from last year.

## Consolidation

The consolidated accounts comprise the Parent Company C.W. Obel A/S and all companies in which the parent company holds more than 50 per cent of the share capital or in any other way has a controlling interest.

The consolidated accounts have been prepared on the basis of the individual companies' accounts by adding items of a uniform nature and subsequently eliminating intercompany turnover, profits, interest, dividends, accounts and shareholdings.

Holdings in associated companies are stated at the proportionate share of the equity value of such companies with a proportional deduction of unrealised intercompany profits. Joint ventures which are comparable to associated companies are proportionally consolidated.

Associated companies are undertakings in which the Group holds between 20 and 50 per cent of the capital without having a controlling interest.

Immaterial associated companies are included in the consolidated accounts separately at historical costs.

Newly acquired undertakings are included in the consolidated accounts and the accounts of the Parent Company from the date of acquisition.

Undertakings which have been sold or discontinued are included in the profit and loss account up to the date of sale or discontinuation. Comparative figures and key figures have not been adjusted for newly acquired undertakings or undertakings which have been sold.

At the date of acquisition the difference between acquisition price and equity value of the acquired undertaking is calculated after an adjustment of the individual assets and liabilities to values which reflect

the values of both assets and liabilities to C.W. Obel A/S.

In situations where the acquisition price exceeds the calculated net asset value at the date of acquisition, the difference will be written off against reserves in the year of acquisition as goodwill on consolidation. Any negative difference (badwill), which can be attributed to future operating losses, is recorded under provisions.

## Minority interests

The calculation of the consolidated profit or loss and capital and reserves should include a separate description of the proportionate share of the subsidiaries' profit or loss and capital and reserves which is attributable to minority interests.

## Foreign currency

Assets and liabilities expressed in foreign currencies are translated into Danish kroner (DKK) at the exchange rates ruling at the balance sheet date or at the rate at which they have been hedged. Realised and unrealised exchange rate gains are included in the profit and loss account except in the situations listed below.

The profit and loss accounts of foreign subsidiaries are translated into Danish kroner at the exchange rate at the transaction date, whereas the balance sheet is translated at the rates ruling at the balance sheet date. Any exchange adjustments of the net worth of the subsidiaries at the beginning of the year and long-term accounts with subsidiaries are taken directly to capital and reserves. Differences between the subsidiaries' net income at the exchange rate at the transaction date and the balance sheet date are also taken directly to capital and reserves.

Unrealised exchange adjustments on forward contracts which are entered into for the purpose of hedging income and expenses in the coming years are postponed until the sale which the contracts are hedging is invoiced. Other exchange adjustments are included in the profit and loss account.

## Profit and Loss Account

### Net turnover

The percentage-of-completion method has been applied for subsidiary undertakings which have entered into long-term contracts, and the value of the output of the

year, including a prudently calculated profit, is thus recognised in the profit and loss account as the work progresses. Expected losses on unfinished long-term contracts are charged to the profit and loss account.

The stage of completion of long-term contracts is determined as the proportion of costs incurred to date as compared to the total budgeted costs for the completion of the contract.

Other income from the sale of goods and services is recognised in the profit and loss account if delivery has been made before the end of the year.

## Result of holdings in subsidiary/ associated companies

The result of holdings in subsidiary/ associated companies comprises the proportionate shares of the profits or losses before taxation in subsidiary/associated companies, cf. last year's annual accounts. The proportionate share of tax in subsidiary/associated companies is included in taxation in the profit and loss account.

## Interest income and interest expenses

Dividends are recorded as income in the year in which dividend is declared and distributed. The interest income and interest expenses which relate to the financial year are included in the profit and loss account. Realised capital gains and losses on securities are included in the profit and loss account together with unrealised losses in relation to the purchase price. Unrealised gains on securities are posted to the revaluation reserve under capital and reserves after deducting deferred taxation.

## Depreciation

Tangible fixed assets are depreciated over their estimated useful lives. Based on the purchase prices, depreciation charges are pro-rated per month, as follows:

|                                                           |                           |
|-----------------------------------------------------------|---------------------------|
| Industrial properties:                                    | Not exceeding 50 years    |
| Leasing properties:                                       | Not exceeding 100 years   |
| Fixtures in buildings:                                    | Not exceeding 10-25 years |
| Leasehold improvements:                                   | Not exceeding 10 years    |
| Technical plant and machinery:                            | 5 years                   |
| Other plant, operating equipment, furniture and fittings: | 3 to 5 years              |
| Motorcars:                                                | 7 years                   |
| Rental equipment:                                         | 10 years                  |

Capitalized market value losses in connection with the conversion of mortgage-credit loans are depreciated over the shorter of the term of the new loan and the term to maturity of the loan redeemed.

Assets with a cost of less than DKK 8,900 per unit are charged to the profit and loss account in the year of acquisition.

### **Maintenance of properties**

Costs paid in connection with maintaining the standard of the properties are charged to the profit and loss account after the completion of the maintenance work. No provisions are made for future maintenance costs.

### **Taxation**

Provisions for corporation tax payable in the following year are made on the basis of the expected taxable income.

Furthermore, provisions for deferred tax liabilities are made to meet the tax that may become payable as a result of differences between the result according to the annual accounts and the taxable income, and to meet any tax which may accrue in connection with the sale of assets at their book value. However, no provisions are made for deferred taxation on industrial properties. Nor do provisions for deferred tax liabilities include contingent tax on holdings in subsidiary and associated companies. Deferred tax is calculated in accordance with the current tax rules, based on a corporate tax rate of 32%.

The Parent Company is taxed jointly with a number of wholly-owned Danish subsidiaries. Both current and deferred Danish corporation taxes for the jointly-taxed Danish companies are fully provided for in the Parent Company because the Parent Company pays the corporation tax for the jointly-taxed companies. The Group's Danish jointly-taxed subsidiaries are therefore not subject to Danish corporation tax.

### **Sale/lease back**

Profit on sale/lease-back contracts entered into is included as a provision in the balance sheet and is taken to income as the leasing instalments are received.

### **Development costs**

Development costs and expenses for license rights are charged to the profit and loss account when incurred.

## **Balance Sheet**

### **Tangible fixed assets**

Tangible fixed assets are stated at historical cost less depreciation charges and, for specific properties, plus revaluations made in previous years.

Expenses paid for the purpose of improving the property compared to the standard at the date of acquisition are capitalised and amortised as additions to the historical cost of the property. Similarly, expenses paid for major improvement of large leasehold premises when signing new leasing contracts are capitalised and amortised.

### **Subsidiary/associated companies**

Holdings in subsidiaries and associated companies are valued according to the equity method, i.e. at a value corresponding to the proportionate share of such companies' capital and reserves less unrealised intercompany profits.

Subsidiaries with a negative equity value are stated at DKK 0. In addition, amounts owed by such subsidiaries are written down by the Parent Company's share of the negative equity value. Any remaining commitment is included in the balance sheet under short-term creditors.

### **Other financial fixed assets**

Listed bonds and shares included under current assets are recorded at the officially quoted prices at the end of the year. However, convertible bonds bought below par value are included at prices that do not exceed par value.

### **Stocks**

Stocks are stated at the lower of historical cost in accordance with the FIFO method and net realisable value.

The cost of work in progress and finished goods includes direct costs of materials and labour. Finished goods of own production also include a charge for production overheads.

Obsolete or slow-moving items are written down.

Work in progress on behalf of third parties is stated at direct production costs plus the profit calculated for each individual job. Progress billings and provisions relating to potential losses are not included.

Progress billings in excess of the completed share of the contracts are recorded separately and stated as prepayments under short-term creditors.

### **Debtors**

Debtors are stated at nominal value less provisions for bad debts. The provisions are based on an individual evaluation of the debtors.

### **Cash flow statement**

The consolidated cash flow statement is drawn up according to the indirect method of presentation. The cash flow is classified by the three activities, operating, investing and financing activities, and it shows the group's cash and cash equivalents at the beginning of the year and at year end.

The consolidated cash flow statement is adjusted for additions and disposals of assets and liabilities in connection with the acquisition and disposal of undertakings.

### **Cash flows arising from operating activities**

- are calculated on the basis of the profit or loss before depreciation and are adjusted for non-cash items and changes in the operating capital. Adjustments are made for taxes paid.

### **Cash flows from investing activities**

- comprise payments generated from acquisition and sale of fixed assets and securities included in investing activities. Cash flows from investing activities also include dividends received from associated companies and net investments in respect of acquisition and disposal of undertakings.

### **Cash flows from financing activities**

- comprise payments to and receipts from shareholders and raising and repayment of mortgage loans and other long-term loans.

### **Cash and cash equivalents**

- include cash at bank and in hand and other items included in the group's short-term cash management, including listed securities and bank debt.

# Consolidated Profit and Loss Account

| Note | (DKK '000)                                       | Group            |                  | Parent Company  |                |
|------|--------------------------------------------------|------------------|------------------|-----------------|----------------|
|      |                                                  | 1998             | 1997             | 1998            | 1997           |
| 1    | Net turnover                                     | 4,457,548        | 3,901,291        |                 |                |
|      | Cost of sales                                    | (2,001,824)      | (1,761,780)      |                 |                |
|      | <b>Gross profit</b>                              | <b>2,455,724</b> | <b>2,139,511</b> |                 |                |
|      | Rental and other operating income                | 121,726          | 116,186          | 45,321          | 41,620         |
| 2    | Staff costs                                      | (1,969,299)      | (1,765,268)      | (12,545)        | (11,561)       |
| 3    | Other external expenses                          | (449,661)        | (443,992)        | (37,931)        | (28,012)       |
|      | <b>Profit before depreciation</b>                | <b>158,490</b>   | <b>46,437</b>    | <b>(5,155)</b>  | <b>2,047</b>   |
| 10   | Depreciation on fixed assets                     | (84,033)         | (75,902)         | (5,342)         | (4,866)        |
|      | <b>Operating profit</b>                          | <b>74,457</b>    | <b>(29,465)</b>  | <b>(10,497)</b> | <b>(2,819)</b> |
| 4    | Income from other investments                    | 162              | 487              | -               | -              |
| 5    | Financing income                                 | 54,600           | 66,065           | 34,747          | 35,337         |
| 5    | Financing expenses                               | (106,097)        | (105,404)        | (52,854)        | (36,782)       |
| 11   | Share of profits of affiliated companies         |                  |                  | 55,919          | (61,153)       |
| 6    | Share of profits of associated companies         | 279,519          | 243,974          | 278,516         | 240,348        |
|      | <b>Profit on ordinary operations before tax</b>  | <b>302,641</b>   | <b>175,657</b>   | <b>305,831</b>  | <b>174,931</b> |
| 7    | Tax on profit for the year, group companies      | 10,452           | 18,969           | 10,171          | 19,167         |
|      | Tax on profit for the year, associated companies | (113,646)        | (92,330)         | (113,365)       | (92,330)       |
|      | <b>Consolidated profit</b>                       | <b>199,447</b>   | <b>102,296</b>   | <b>202,637</b>  | <b>101,768</b> |
|      | Attributable to minority interests               | 3,190            | (528)            |                 |                |
|      | <b>Profit for the year</b>                       | <b>202,637</b>   | <b>101,768</b>   | <b>202,637</b>  | <b>101,768</b> |

# Assets

| Balance at 31 December 1998 |                                                      | Group            |                  | Parent Company   |                  |
|-----------------------------|------------------------------------------------------|------------------|------------------|------------------|------------------|
| Note                        | (DKK '000)                                           | 1998             | 1997             | 1998             | 1997             |
|                             | <b>Fixed assets:</b>                                 |                  |                  |                  |                  |
| 10                          | Tangible fixed assets:                               |                  |                  |                  |                  |
|                             | Land and buildings                                   | 1,117,327        | 1,086,515        | 340,339          | 319,779          |
|                             | Plant and machinery                                  | 44,912           | 45,160           | -                | -                |
|                             | Other plant, operating equipment, fixtures, fittings | 150,570          | 148,617          | 4,339            | 2,881            |
|                             | Equipment for lease                                  | 23,864           | 23,242           | -                | -                |
|                             | Assets in course of construction                     | 18,538           | 6,531            | 5,249            | 5,536            |
|                             |                                                      | <b>1,355,211</b> | <b>1,310,065</b> | <b>349,927</b>   | <b>328,196</b>   |
| 11                          | Investments:                                         |                  |                  |                  |                  |
| 6                           | Holdings in affiliated companies                     |                  |                  | 633,187          | 619,470          |
|                             | Holdings in associated companies                     | 547,825          | 547,785          | 544,543          | 544,420          |
|                             | Other securities and holdings                        | 2,428            | 6,778            | -                | -                |
|                             |                                                      | <b>550,253</b>   | <b>554,563</b>   | <b>1,177,730</b> | <b>1,163,890</b> |
|                             | <b>Total fixed assets</b>                            | <b>1,905,464</b> | <b>1,864,628</b> | <b>1,527,657</b> | <b>1,492,086</b> |
|                             | <b>Current assets:</b>                               |                  |                  |                  |                  |
| 8                           | Stocks etc.:                                         |                  |                  |                  |                  |
|                             | Stocks                                               | 192,403          | 177,239          | -                | -                |
| 9                           | Work in progress on behalf of third parties          | 221,686          | 192,217          | -                | -                |
|                             |                                                      | 414,089          | 369,456          | -                | -                |
|                             | Debtors:                                             |                  |                  |                  |                  |
|                             | Trade debtors                                        | 803,626          | 675,257          | 654              | -                |
|                             | Amounts owed by affiliated companies                 |                  |                  | 358,886          | 393,580          |
| 7                           | Corporation tax                                      | -                | 17,742           | 5,938            | 19,264           |
|                             | Other debtors                                        | 78,410           | 75,541           | 15,021           | 16,668           |
|                             | Prepayments and accrued income                       | 15,219           | 20,459           | -                | -                |
|                             |                                                      | 897,255          | 788,999          | 380,499          | 429,512          |
|                             | Securities and holdings:                             |                  |                  |                  |                  |
|                             | Bonds                                                | 382,484          | 346,515          | 227,888          | 188,287          |
|                             | Shares                                               | 5,480            | 6,544            | 5,100            | 5,082            |
|                             |                                                      | 387,964          | 353,059          | 232,988          | 193,369          |
|                             | Cash                                                 | 216,387          | 120,183          | 164,515          | 113,968          |
|                             | <b>Total current assets</b>                          | <b>1,915,695</b> | <b>1,631,697</b> | <b>778,002</b>   | <b>736,849</b>   |
|                             | <b>Total assets</b>                                  | <b>3,821,159</b> | <b>3,496,325</b> | <b>2,305,659</b> | <b>2,228,935</b> |

# Liabilities

| Balance at 31 December 1998 |                                           | Group            |                  | Parent Company   |                  |
|-----------------------------|-------------------------------------------|------------------|------------------|------------------|------------------|
| Note                        | (DKK '000)                                | 1998             | 1997             | 1998             | 1997             |
| 12                          | <b>Shareholders' equity</b>               |                  |                  |                  |                  |
|                             | Share capital                             | 207,454          | 207,454          | 207,454          | 207,454          |
|                             | Revaluation reserves                      | 12,490           | 11,610           | 5,783            | 4,903            |
|                             | Other reserves and retained profit        | 851,532          | 702,531          | 858,239          | 709,238          |
|                             | <b>Total shareholders' equity</b>         | <b>1,071,476</b> | <b>921,595</b>   | <b>1,071,476</b> | <b>921,595</b>   |
|                             | <b>Minority interests</b>                 | <b>3,692</b>     | <b>4,549</b>     |                  |                  |
|                             | Provisions:                               |                  |                  |                  |                  |
| 7                           | Deferred tax                              | 26,187           | 46,745           | 21,745           | 42,312           |
|                             | Guarantee obligations                     | 35,451           | 25,380           | 3,000            | -                |
| 13                          | Other provisions                          | 37,958           | 57,278           | 9,477            | 11,219           |
|                             | <b>Total provisions</b>                   | <b>99,596</b>    | <b>129,403</b>   | <b>34,222</b>    | <b>53,531</b>    |
|                             | <b>Creditors:</b>                         |                  |                  |                  |                  |
|                             | Long-term creditors:                      |                  |                  |                  |                  |
| 14                          | Mortgage debt                             | 383,698          | 398,673          | 71,947           | 76,701           |
|                             | Bank loans                                | 970,851          | 744,400          | 970,851          | 744,400          |
|                             | Other long-term creditors                 | 23,115           | 48,451           | 6,651            | 5,786            |
|                             |                                           | 1,377,664        | 1,191,524        | 1,049,449        | 826,887          |
|                             | Short-term creditors:                     |                  |                  |                  |                  |
|                             | Short-term portion of long-term creditors | 38,589           | 33,995           | 6,943            | 7,330            |
|                             | Bank debt                                 | 223,188          | 310,767          | 13,791           | 112,466          |
|                             | Prepayment from customers                 | 193,625          | 178,621          | -                | -                |
|                             | Trade creditors                           | 295,423          | 306,003          | 2,303            | 2,385            |
|                             | Amounts owed to affiliated companies      |                  |                  | 82,124           | 256,920          |
| 7                           | Corporation tax                           | 1,072            | -                | -                | -                |
|                             | Other short-term creditors                | 441,692          | 358,615          | 7,962            | 16,703           |
|                             | Accruals and deferred income              | 37,445           | 29,561           | 47               | -                |
|                             | Dividend for the financial year           | 37,697           | 31,692           | 37,342           | 31,118           |
|                             |                                           | 1,268,731        | 1,249,254        | 150,512          | 426,922          |
|                             | <b>Total creditors</b>                    | <b>2,646,395</b> | <b>2,440,778</b> | <b>1,199,961</b> | <b>1,253,809</b> |
|                             | <b>Total liabilities</b>                  | <b>3,821,159</b> | <b>3,496,325</b> | <b>2,305,659</b> | <b>2,228,935</b> |
| 15                          | <b>Securities pledged</b>                 |                  |                  |                  |                  |
| 16                          | <b>Contingent liabilities</b>             |                  |                  |                  |                  |

# Cash Flow Statement for the Group

## Note

| (DKK '000)                                                                                                      | 1998            | 1997             |
|-----------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| <b>Cash flow from operating activities:</b>                                                                     |                 |                  |
| Profit for the year before depreciation                                                                         | 158,490         | 46,437           |
| Financial items, net                                                                                            | (51,740)        | (44,525)         |
| Change in provisions                                                                                            | (9,249)         | (18,957)         |
| Taxation paid                                                                                                   | 8,990           | (50,530)         |
| <b>Cash flow before change in operating capital</b>                                                             | <b>106,491</b>  | <b>(67,575)</b>  |
| Change in stocks and work in progress                                                                           | (44,633)        | (34,279)         |
| Change in short-term debtors                                                                                    | (125,735)       | (53,540)         |
| Change in short-term creditors, etc.                                                                            | 98,887          | 75,561           |
| <b>Change in operating capital</b>                                                                              | <b>(71,481)</b> | <b>(12,258)</b>  |
| <b>Total cash flow from operating activities</b>                                                                | <b>35,010</b>   | <b>(79,833)</b>  |
| <b>Cash flow from investing activities:</b>                                                                     |                 |                  |
| Dividend from associated companies                                                                              | 158,788         | 133,745          |
| Acquisition and sale of companies and activities                                                                | (2,707)         | (59,263)         |
| Acquisition and sale of tangible fixed assets                                                                   | (138,855)       | (115,376)        |
| Net investments in financial fixed assets                                                                       | 4,082           | 2,806            |
| <b>Total cash flow from investing activities</b>                                                                | <b>21,308</b>   | <b>(38,088)</b>  |
| <b>Total cash flow before investing activities</b>                                                              | <b>56,318</b>   | <b>(117,921)</b> |
| <b>Cash flow from financing activities:</b>                                                                     |                 |                  |
| Dividend paid to shareholders                                                                                   | (31,692)        | (31,118)         |
| Raising of long-term loans                                                                                      | 226,451         | 744,400          |
| Raising of loans from company acquisition                                                                       | (144,850)       | (356,730)        |
| Repayment of long-term loans                                                                                    | (40,311)        | (37,585)         |
| <b>Total cash flow from financing activities</b>                                                                | <b>9,598</b>    | <b>318,967</b>   |
| <b>Total cash flow</b>                                                                                          | <b>65,916</b>   | <b>201,046</b>   |
| Cash and cash equivalents at the beginning of the year                                                          | 311,919         | 95,768           |
| Regulations of cash and cash equivalents at the beginning of the year and cash from acquired and sold companies | 3,328           | 15,105           |
| <b>Cash and cash equivalents, end of year</b>                                                                   | <b>381,163</b>  | <b>311,919</b>   |
| comprising:                                                                                                     |                 |                  |
| Cash                                                                                                            | 216,387         | 120,183          |
| Listed securities                                                                                               | 387,964         | 353,059          |
| Bank debt for financing of operations                                                                           | (223,188)       | (161,323)        |
| <b>Total</b>                                                                                                    | <b>381,163</b>  | <b>311,919</b>   |

# Signatures and Auditors' Report

Copenhagen, 19 March 1999

## Management

Mogens Hugo Jørgensen  
(Managing Director)

Ib Dybdahl Christoffersen

## Supervisory

Hans Werdelin  
(Chairman)

Frederik Chr. Obel  
(Deputy Chairman)

Morten Balling

Steen Engel

Erik Højby Hansen  
(Employee Representative)

Hans Chr. Mølau  
(Employee Representative)

Anders Obel

Birger Riisager

Finn Sørensen  
(Employee Representative)

## Auditors' Report

We have audited the consolidated accounts and annual accounts of C.W. Obel A/S for 1998 as presented by management.

### Basis of Opinion

We planned and performed our audit in accordance with generally accepted auditing standards to obtain reasonable assurance that the accounts are free of material errors or omissions. Our audit

included, based on an assessment of materiality and risk, an examination of the basis and evidence supporting the amounts and other disclosures in the accounts. Furthermore, we assessed the accounting policies used and estimates made by management as well as evaluated the overall adequacy of the presentation of information in the accounts.

Our audit did not give rise to any qualifications.

### Opinion

In our opinion, the consolidated accounts and annual accounts have been prepared in accordance with the accounting requirements of Danish legislation and give a true and fair view of the assets and liabilities, financial position and result for the year of the Group and the Parent Company.

Copenhagen, 19 March 1999

PricewaterhouseCoopers  
State Authorised Audit Company

KPMG C. Jespersen  
State Authorised Public Accountants

Jørgen Cramon  
State Authorised Auditor

Jørgen Antonsen  
State Authorised Auditor

Arne Nielsen  
State Authorised Auditor

Per Ejning Olsen  
State Authorised Auditor

# Notes

|                                                                  | Group       |             | Parent Company |          |
|------------------------------------------------------------------|-------------|-------------|----------------|----------|
| (DKK '000)                                                       | 1998        | 1997        | 1998           | 1997     |
| <b>1. Net turnover</b>                                           |             |             |                |          |
| Market value of completed contracts                              | 3,774,136   | 3,986,425   |                |          |
| Market value of work in progress, year-end                       | 2,003,892   | 1,547,576   |                |          |
| Market value of work in progress, beginning of year              | (1,547,576) | (1,750,862) |                |          |
| Exchange rate adjustments                                        | 35,390      | 633         |                |          |
| Market value of work in progress, acquisition                    | -           | (19,121)    |                |          |
| Turnover in respect of contracts                                 | 4,265,842   | 3,764,651   |                |          |
| Other turnover                                                   | 191,706     | 136,640     |                |          |
| Total net turnover                                               | 4,457,548   | 3,901,291   |                |          |
| Net turnover broken down by markets:                             |             |             |                |          |
| Denmark                                                          | 2,323,022   | 2,234,330   |                |          |
| Abroad                                                           | 2,134,526   | 1,666,961   |                |          |
|                                                                  | 4,457,548   | 3,901,291   |                |          |
| <b>2. Staff costs</b>                                            |             |             |                |          |
| Wages and salaries                                               | (1,769,279) | (1,530,895) | (12,282)       | (11,424) |
| Pensions and pension contributions                               | (40,396)    | (29,622)    | (164)          | (71)     |
| Social security costs                                            | (159,624)   | (204,751)   | (99)           | (66)     |
|                                                                  | (1,969,299) | (1,765,268) | (12,545)       | (11,561) |
| Total remuneration in the Group of:                              |             |             |                |          |
| The Supervisory Board of the Parent Company                      | (1,313)     | (969)       | (1,313)        | (969)    |
| The Management of the Parent Company                             | (3,928)     | (4,185)     | (3,928)        | (4,185)  |
| Average number of full-time employees                            | 6,149       | 5,828       | 14             | 24       |
| <b>3. Fees for the auditors appointed at the General Meeting</b> |             |             |                |          |
| Fees for statutory audit:                                        |             |             |                |          |
| PricewaterhouseCoopers                                           |             |             | 205            | 206      |
| KPMG C. Jespersen                                                |             |             | 175            | 170      |
| Services other than audit:                                       |             |             |                |          |
| PricewaterhouseCoopers                                           |             |             | 403            | 1.965    |
| KPMG C. Jespersen                                                |             |             |                | 305      |
| <b>4. Income from other investments</b>                          |             |             |                |          |
| Interests received                                               |             |             |                |          |
| Capital gains and dividends                                      | 162         | 487         | -              | -        |
|                                                                  | 162         | 487         | 0              | 0        |

|                                                    |           | Group                             |               | Parent Company                    |               |
|----------------------------------------------------|-----------|-----------------------------------|---------------|-----------------------------------|---------------|
| (DKK '000)                                         |           | 1998                              | 1997          | 1998                              | 1997          |
| <b>5. Financing income and expenses</b>            |           |                                   |               |                                   |               |
| Interests received                                 |           | 41,003                            | 46,754        | 32,972                            | 22,593        |
| Capital gains and dividends                        |           | 13,597                            | 19,311        | 1,775                             | 12,744        |
|                                                    |           | 54,600                            | 66,065        | 34,747                            | 35,337        |
| concerning subsidiaries                            |           |                                   |               | 15,308                            | 5,841         |
| Interests paid                                     |           | (94,955)                          | (96,569)      | (50,983)                          | (33,582)      |
| Capital losses and writedowns                      |           | (11,142)                          | (8,835)       | (1,871)                           | (3,200)       |
|                                                    |           | (106,097)                         | (105,404)     | (52,854)                          | (36,782)      |
| concerning subsidiaries                            |           |                                   |               | (3,485)                           | (2,506)       |
| <b>6. Share of profits of associated companies</b> |           |                                   |               |                                   |               |
|                                                    | Ownership | Profit for the<br>year before tax | Book<br>value | Profit for the<br>year before tax | Book<br>value |
| Skandinavisk Holding A/S, Søllerød                 | 35.0%     | 297,825                           | 471,260       | 297,825                           | 471,260       |
| A/S Motortramp, Stensved                           | 27.2%     | (19,309)                          | 73,283        | (19,309)                          | 73,283        |
| Other associated companies                         |           | 1,003                             | 3,282         | -                                 | -             |
|                                                    |           | 279,519                           | 547,825       | 278,516                           | 544,543       |

|                                                                                                                                                                                                                                                                                                                                      | Group       |             | Parent Company |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|----------------|----------|
| (DKK '000)                                                                                                                                                                                                                                                                                                                           | 1998        | 1997        | 1998           | 1997     |
| <b>7. Taxation</b>                                                                                                                                                                                                                                                                                                                   |             |             |                |          |
| In the profit and loss account income, tax is expensed as follows:                                                                                                                                                                                                                                                                   |             |             |                |          |
| Tax expensed in subsidiaries                                                                                                                                                                                                                                                                                                         |             |             | (6,858)        | (4,087)  |
| Adjustment, prior years                                                                                                                                                                                                                                                                                                              | 399         | -           | (1,148)        | -        |
| Adjustment of taxation rates                                                                                                                                                                                                                                                                                                         | 2,601       | -           | 2,515          | -        |
| Provisions for accrued tax                                                                                                                                                                                                                                                                                                           | (7,099)     | (24,891)    | -              | (21,318) |
| Adjustment for deferred tax                                                                                                                                                                                                                                                                                                          | 14,551      | 43,860      | 15,662         | 44,572   |
|                                                                                                                                                                                                                                                                                                                                      | 10,452      | 18,969      | 10,171         | 19,167   |
| Provisions for deferred tax in the balance sheet:                                                                                                                                                                                                                                                                                    |             |             |                |          |
| Balance, beginning of year                                                                                                                                                                                                                                                                                                           | 46,475      | 96,621      | 42,312         | 15,971   |
| Adjustment, prior years                                                                                                                                                                                                                                                                                                              | (3,124)     | (6,092)     | (2,378)        | (1,711)  |
| Adjustment of taxation rates                                                                                                                                                                                                                                                                                                         | (2,601)     | -           | (2,515)        | -        |
| Additions from acquisition of companies                                                                                                                                                                                                                                                                                              |             |             | -              | 72,624   |
| Adjustment for sales of companies                                                                                                                                                                                                                                                                                                    | (12)        | -           | (12)           | -        |
| Additions from acquisition of companies                                                                                                                                                                                                                                                                                              | -           | 76          | -              | -        |
| Transferred from the profit and loss account                                                                                                                                                                                                                                                                                         | (14,551)    | (43,860)    | (15,662)       | (44,572) |
|                                                                                                                                                                                                                                                                                                                                      | 26,187      | 46,745      | 21,745         | 42,312   |
| Corporation tax recorded as creditor/debtor:                                                                                                                                                                                                                                                                                         |             |             |                |          |
| Balance, beginning of year                                                                                                                                                                                                                                                                                                           | (17,742)    | (446)       | (19,264)       | (18,607) |
| Adjustment, prior year                                                                                                                                                                                                                                                                                                               | 2,725       | 6,092       | 1,022          | 1,711    |
| Additions from acquisition of companies                                                                                                                                                                                                                                                                                              | -           | 2,251       | -              | -        |
| Tax paid in 1998                                                                                                                                                                                                                                                                                                                     | 8,990       | (50,530)    | 12,304         | (23,686) |
| Transferred from the profit and loss account                                                                                                                                                                                                                                                                                         | 7,099       | 24,891      | -              | 21,318   |
|                                                                                                                                                                                                                                                                                                                                      | 1,072       | (17,742)    | (5,938)        | (19,264) |
| Deferred tax on buildings as a result of higher depreciation for tax purposes than for accounting purposes amounts to DKK 29.0 m. No provision has been made for this amount in the balance sheet. Sale of Land and Buildings at book value will generate additional taxation, and no provision has been made for this item, either. |             |             |                |          |
| <b>8. Stocks</b>                                                                                                                                                                                                                                                                                                                     |             |             |                |          |
| Raw materials and consumables                                                                                                                                                                                                                                                                                                        | 162,391     | 161,013     | -              | -        |
| Finished goods and goods for resale                                                                                                                                                                                                                                                                                                  | 30,012      | 16,226      | -              | -        |
|                                                                                                                                                                                                                                                                                                                                      | 192,403     | 177,239     | 0              | 0        |
| <b>9. Work in progress on behalf of third parties</b>                                                                                                                                                                                                                                                                                |             |             |                |          |
| Cost of materials and payroll cost                                                                                                                                                                                                                                                                                                   | 1,717,045   | 1,298,928   | -              | -        |
| Share of expected profit                                                                                                                                                                                                                                                                                                             | 286,847     | 248,648     | -              | -        |
| On account invoicing to customers                                                                                                                                                                                                                                                                                                    | (1,782,206) | (1,355,359) | -              | -        |
|                                                                                                                                                                                                                                                                                                                                      | 221,686     | 192,217     | 0              | 0        |

| (DKK '000)                                                                                                                                                                                                                                                                                                                                                                                              | Group              |                     |                                                         |                      |                                  | Parent Company     |                                                         |                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|---------------------------------------------------------|----------------------|----------------------------------|--------------------|---------------------------------------------------------|----------------------------------|
| 10. Tangible fixed assets                                                                                                                                                                                                                                                                                                                                                                               | Land and buildings | Plant and machinery | Other plant, operating equipment, fixtures and fittings | Equipment for leases | Assets in course of construction | Land and buildings | Other plant, operating equipment, fixtures and fittings | Assets in course of construction |
| Cost at 1 January 1998                                                                                                                                                                                                                                                                                                                                                                                  | 1,282,718          | 121,902             | 328,663                                                 | 41,860               | 6,531                            | 387,279            | 6,795                                                   | 5,536                            |
| Exchange rate adjustment                                                                                                                                                                                                                                                                                                                                                                                | (4,412)            | (7,208)             | (4,209)                                                 | (757)                | -                                | -                  | -                                                       | -                                |
| Additions/disposals from acquisition/sale of companies                                                                                                                                                                                                                                                                                                                                                  | -                  | -                   | (374)                                                   | -                    | -                                | -                  | -                                                       | -                                |
| Reclassification                                                                                                                                                                                                                                                                                                                                                                                        | 15                 | 1,051               | (3,491)                                                 | -                    | -                                | -                  | -                                                       | -                                |
| Additions during the year                                                                                                                                                                                                                                                                                                                                                                               | 62,366             | 12,709              | 78,321                                                  | 5,279                | 17,241                           | 25,005             | 3,522                                                   | 4,867                            |
| Disposals during the year                                                                                                                                                                                                                                                                                                                                                                               | (10,669)           | (2,849)             | (54,218)                                                | (318)                | (5,234)                          | -                  | (3,185)                                                 | (5,154)                          |
| Cost at 31 December 1998                                                                                                                                                                                                                                                                                                                                                                                | 1,330,018          | 125,605             | 344,692                                                 | 46,064               | 18,538                           | 412,284            | 7,132                                                   | 5,249                            |
| Revaluations at 1 January 1998                                                                                                                                                                                                                                                                                                                                                                          | 6,707              | -                   | -                                                       | -                    | -                                | -                  | -                                                       | -                                |
| Revaluations for the year                                                                                                                                                                                                                                                                                                                                                                               | -                  | -                   | -                                                       | -                    | -                                | -                  | -                                                       | -                                |
| Disposal for the year                                                                                                                                                                                                                                                                                                                                                                                   | -                  | -                   | -                                                       | -                    | -                                | -                  | -                                                       | -                                |
| Revaluations at 31 December 1998                                                                                                                                                                                                                                                                                                                                                                        | 6,707              | 0                   | 0                                                       | 0                    | 0                                | 0                  | 0                                                       | 0                                |
| Depreciation at 1 January 1998                                                                                                                                                                                                                                                                                                                                                                          | 202,910            | 76,741              | 180,045                                                 | 18,618               | -                                | 67,500             | 3,914                                                   | -                                |
| Exchange rate adjustment                                                                                                                                                                                                                                                                                                                                                                                | (505)              | (3,629)             | (1,999)                                                 | (366)                | -                                | -                  | -                                                       | -                                |
| Additions/disposal from acquisition/sale of companies                                                                                                                                                                                                                                                                                                                                                   | -                  | -                   | (41)                                                    | -                    | -                                | -                  | -                                                       | -                                |
| Reclassification                                                                                                                                                                                                                                                                                                                                                                                        | -                  | 449                 | (2,248)                                                 | -                    | -                                | -                  | -                                                       | -                                |
| Depreciation for the year                                                                                                                                                                                                                                                                                                                                                                               | 23,643             | 9,750               | 45,038                                                  | 4,234                | -                                | 4,445              | 892                                                     | -                                |
| Reversed depreciation, etc.                                                                                                                                                                                                                                                                                                                                                                             | (6,650)            | (2,618)             | (26,673)                                                | (286)                | -                                | -                  | (2,013)                                                 | -                                |
| Depreciation at 31 December 1998                                                                                                                                                                                                                                                                                                                                                                        | 219,398            | 80,693              | 194,122                                                 | 22,200               | 0                                | 71,945             | 2,793                                                   | 0                                |
| Net book value at 31 December 1998                                                                                                                                                                                                                                                                                                                                                                      | 1,117,327          | 44,912              | 150,570                                                 | 23,864               | 18,538                           | 340,339            | 4,339                                                   | 5,249                            |
| The public valuation of the Group's properties amounts to DKK 1,018,825 at 1 January 1998 and DKK 392,523 for the Parent Company's properties, to which should be added a book value of DKK 70,637 regarding land and buildings in the Group without public valuations. Of the total book value of land and buildings as at 31 December 1998, the capitalized market value losses amount to DKK 10,583. |                    |                     |                                                         |                      |                                  |                    |                                                         |                                  |

| (DKK '000)                         | Group                            |                               | Parent Company                   |                                  |
|------------------------------------|----------------------------------|-------------------------------|----------------------------------|----------------------------------|
| <b>11. Investments</b>             | Holdings in associated companies | Other securities and holdings | Holdings in affiliated companies | Holdings in associated companies |
| Cost at 1 January 1998             | 72,729                           | 8,826                         | 1,355,658                        | 68,983                           |
| Exchange rate adjustment           | (343)                            | 236                           | -                                | -                                |
| Additions during the year          | 2,221                            | 72                            | -                                | -                                |
| Disposals during the year          | (11)                             | (4,841)                       | -                                | -                                |
| Cost at 31 December 1998           | 74,596                           | 4,293                         | 1,355,658                        | 68,983                           |
| Revaluation at 1 January 1998      | 476,769                          | -                             | 76,028                           | 475,437                          |
| Exchange rate adjustment           | (135)                            | -                             | -                                | -                                |
| Adjustment during the year         | 806                              | -                             | 16,197                           | 123                              |
| Revaluation at 31 December 1998    | 477,440                          | 0                             | 92,225                           | 475,560                          |
| Writedowns at 1 January 1998       | 1,713                            | 2,048                         | 812,216                          | -                                |
| Exchange rate adjustment           | (167)                            | (2)                           | -                                | -                                |
| Additions during the year          | 2,665                            | 506                           | 2,480                            | -                                |
| Disposals during the year          | -                                | (687)                         | -                                | -                                |
| Writedowns at 31 December 1998     | 4,211                            | 1,865                         | 814,696                          | 0                                |
| Net book value at 31 December 1998 | 547,825                          | 2,428                         | 633,187                          | 544,543                          |

| (DKK '000)                                                                  |                |                      |                 |                  |
|-----------------------------------------------------------------------------|----------------|----------------------|-----------------|------------------|
| <b>12. Shareholders' equity</b>                                             | Share capital  | Revaluation reserves | Retained profit | Total            |
| Parent company's equity at 1 January 1998                                   | 207,454        | 4,903                | 709,238         | 921,595          |
| Adjustment of securities                                                    |                | 880                  |                 | 880              |
| Exchange adjustment of subsidiaries                                         |                |                      | (1,491)         | (1,491)          |
| Adjustment of subsidiaries                                                  |                |                      | (285)           | (285)            |
| Added value from acquisition of subsidiaries, etc., in associated companies |                |                      | (6,240)         | (6,240)          |
| Added value from acquisition of subsidiaries                                |                |                      | (8,278)         | (8,278)          |
| Profit for the year                                                         |                |                      | 202,637         | 202,637          |
| Dividend for the financial year                                             |                |                      | (37,342)        | (37,342)         |
| <b>Parent Company's equity at 31 December 1998</b>                          | <b>207,454</b> | <b>5,783</b>         | <b>858,239</b>  | <b>1,071,476</b> |
| Transferred to revaluation reserves                                         |                | 6,707                | (6,707)         | 0                |
| <b>Total shareholders' equity at 31 December 1998</b>                       | <b>207,454</b> | <b>12,490</b>        | <b>851,532</b>  | <b>1,071,476</b> |
| The share capital comprises:                                                |                |                      |                 |                  |
| <b>A-shares (unlisted)</b><br>202,050 shares of DKK 100 each                | 20,205.0       |                      |                 |                  |
| <b>B-shares</b><br>1,872,487 shares of DKK 100 each                         | 187,248.7      |                      |                 |                  |
| Total share capital                                                         | 207,453.7      |                      |                 |                  |

|                                                                                                                                                                                                 | Group   |         | Parent Company |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|----------------|---------|
| (DKK '000)                                                                                                                                                                                      | 1998    | 1997    | 1998           | 1997    |
| <b>13. Other provisions</b>                                                                                                                                                                     |         |         |                |         |
| Allocated gain from sale/lease back                                                                                                                                                             | 8,643   | 15,094  | -              | -       |
| Pension obligations                                                                                                                                                                             | 8,777   | 11,622  | -              | 1,742   |
| Other provisions                                                                                                                                                                                | 20,538  | 30,562  | 9,477          | 9,477   |
|                                                                                                                                                                                                 | 37,958  | 57,278  | 9,477          | 11,219  |
| <b>14. Long-term creditors</b>                                                                                                                                                                  |         |         |                |         |
| creditors maturing more than 5 years after the balance sheet date amount to                                                                                                                     | 254,395 | 271,098 | 41,462         | 542,425 |
| <b>15. Securities pledged</b>                                                                                                                                                                   |         |         |                |         |
| Owner's mortgage on properties                                                                                                                                                                  |         | 3,265   |                |         |
| Book value of assets amounts to                                                                                                                                                                 |         | 13,706  |                |         |
| Foreign bank acquisition of security                                                                                                                                                            | 2,123   | 2,593   |                |         |
| has been provided in current assets with a book value of                                                                                                                                        | 13,968  | 7,615   |                |         |
| In security for mortgage loan                                                                                                                                                                   | 405,518 | 410,378 | 78,890         | 84,031  |
| properties have been mortgaged with a book value of                                                                                                                                             | 525,660 | 617,247 | 82,837         | 76,629  |
| <b>16. Contingent liabilities</b>                                                                                                                                                               |         |         |                |         |
| The Group companies have undertaken contractual obligations customary to the line of business. These obligations have been partially covered by guarantees from credit insurance companies etc. |         |         |                |         |
| Guarantees for work performed usually cover a period from 1 to 5 years.                                                                                                                         |         |         |                |         |
| Guarantees for subsidiaries' commitments towards credit insurance companies for up to DKK 763 m                                                                                                 |         |         | 533,385        | 859,313 |
| Guarantees for the commitments of subsidiaries towards customers for up to DKK 120m.                                                                                                            |         |         | 35,326         |         |
| Guarantees for bank debt in subsidiaries, maximum                                                                                                                                               |         |         | 30,468         | 112,494 |
| Other guarantees                                                                                                                                                                                | 3,908   | 6,042   |                |         |
| Leasing obligations:                                                                                                                                                                            |         |         |                |         |
| Leasing installments for payment 1999-2005                                                                                                                                                      | 63,226  | 76,754  |                |         |
| Participation in joint ventures with joint and several liability                                                                                                                                | 79,000  | 35,000  |                |         |
| Financial instruments:                                                                                                                                                                          |         |         |                |         |
| In order to secure debt and loans in foreign exchange forward transactions have been entered into DEM, USD, GBP, NGL and NOK at 31 December 1998                                                | 44,947  | 183,778 |                |         |

# List of Rental Properties

| Address                                    | Floorage m <sup>2</sup> | Type                       |
|--------------------------------------------|-------------------------|----------------------------|
| Teglholmsgade 2 and                        |                         |                            |
| • Scandiagade 13-17, Copenhagen SV         | 18,586                  | Commercial                 |
| Sydhavnsgade 15, Copenhagen SV             |                         | Site                       |
| Vestergade 1, Copenhagen K                 | 907                     | Commercial and Residential |
| Vestergade 2, Copenhagen K                 | 4,911                   | Commercial                 |
| Pilestræde 40 and                          |                         |                            |
| • Sværtegade 1, Copenhagen K               | 1,183                   | Commercial and Residential |
| Gl. Mønt 8,                                |                         |                            |
| • Chr. IX's Gade 2-6,                      |                         |                            |
| • Store Regnegade 1-5 and                  |                         |                            |
| • Østergade 21-25, Copenhagen K            | 10,777                  | Commercial and Residential |
| Vordingborggade 18-22,                     |                         |                            |
| • Korsørgade 1-3 and                       |                         |                            |
| • Randersgade 60, Copenhagen Ø             | 10,463                  | Commercial and Residential |
| Strandgade 4-4C, Copenhagen K              | 9,099                   | Commercial and Residential |
| Overgaden neden Vandet 7, Copenhagen K     | 6,770                   | Commercial                 |
| Overgaden neden Vandet 9 A-C,              |                         |                            |
| • Wildersgade 10B, Copenhagen K            | 7,330                   | Commercial                 |
| Brøstes Gaard,                             |                         |                            |
| • Overgaden oven Vandet 8-10 and           |                         |                            |
| • Store Søndervoldstræde 3-9, Copenhagen K | 2,523                   | Commercial                 |
| Halfdansgade 8, Copenhagen S               | 4,280                   | Commercial                 |
| Øverødvej 5, Holte                         | 2,020                   | Commercial                 |
| Rugmarken 35, Farum                        | 4,284                   | Commercial                 |
| Badehusvej 5, Aalborg                      | 30,360                  | Commercial                 |
| Badehusvej 10, Aalborg                     | 336                     | Residential                |
| Badehusvej 16, Aalborg                     | 1,761                   | Commercial                 |
| Badehusvej 18, Aalborg                     | 2,196                   | Commercial                 |
| Kastetvej 2, Aalborg                       | 704                     | Commercial                 |
| Kastetvej 4, Aalborg                       | 1,151                   | Commercial                 |
| Kastetvej 26, Aalborg                      | 20,853                  | Commercial                 |
| Kastetvej 28-30, Aalborg                   | 1,449                   | Residential                |
| Møllegade 19/Rantzausgade 1A, Aalborg      | 747                     | Commercial and Residential |
| Rantzausgade 1B, Aalborg                   | 426                     | Commercial and Residential |
| Rantzausgade 3-5, Aalborg                  | 606                     | Commercial and Residential |
| Rantzausgade 7, Aalborg                    | 309                     | Commercial and Residential |
| Danmarksgade 25, Aalborg                   | 864                     | Commercial and Residential |
| Danmarksgade 27B, Aalborg                  | 1,278                   | Commercial and Residential |
| Mølleå-Arkaden,                            |                         |                            |
| • Møllegade 13-17,                         |                         |                            |
| • Mølleå 1-7 and 2-16, Aalborg             | 8,063                   | Commercial and Residential |
| Algade 17 and                              |                         |                            |
| • Møllegade 2                              | 710                     | Commercial and Residential |
| Algade 19,                                 |                         |                            |
| • Møllegade 4 and 6 A-B, Aalborg           | 3,679                   | Commercial and Residential |
| Møllegade 8-10, Aalborg                    |                         | Construction Project       |
| <b>Total at the end of 1998</b>            | <b>158,625</b>          |                            |

# Group Subsidiaries as of 31 December 1998

| Companies                                         | Ownership | Location             |
|---------------------------------------------------|-----------|----------------------|
| C.W. Obel A/S (Parent Company)                    |           | Copenhagen           |
| • Algade 19 ApS                                   |           | Copenhagen           |
| • Arcadian-Invest A/S                             |           | Copenhagen           |
| • A/S Motortramp                                  | (27.2%)   | Stensved             |
| • C.W. Obel Ejendomme A/S                         |           | Copenhagen           |
| • C.W. Obel Inc.                                  |           | Connecticut, USA     |
| • DGT*Volmatic A/S                                |           | Vallensbæk           |
| •• DGT*Volmatic France, S.A.R.L                   |           | Quatremare, France   |
| • Ejendomsaktieselskabet af 2. januar 1990        |           | Copenhagen           |
| • Skandinavisk Holding A/S                        | (35%)     | Søllerød             |
| • Semco A/S                                       |           | Brøndby              |
| •• A/S Brdr. Jeppesen VVS-Entreprise              |           | Gentofte             |
| •• Brockmeyer GmbH                                |           | Duisburg, Germany    |
| ••• Brockmeyer Technische Anlagengesellschaft mbH |           | Kirchheim, Germany   |
| ••• EFA GmbH                                      |           | Schwerin, Germany    |
| ••• REAC GmbH                                     |           | Erfurt, Germany      |
| •• Dansk Olie-Måler Service A/S                   |           | Glostrup             |
| •• I/S Landmark                                   | (50%)     | Århus                |
| •• Semco Marine Inc.                              |           | Ft. Lauderdale, USA  |
| •• Semco Norge AS                                 |           | Stavanger, Norway    |
| ••• Norse Electronics AS                          |           | Stavanger, Norway    |
| ••• Norse Electronics Kristiansund AS             |           | Kristiansund, Norway |
| ••• OIS Contracting AS                            | (33%)     | Kristiansund, Norway |
| ••• Semco Teknologi AS                            |           | Stavanger, Norway    |
| •• Semco South Carolina Inc.                      |           | South Carolina, USA  |
| •• Semco Contracting/C.G. Jensen I/S              | (50%)     | Ghana                |
| •• SSB Storebælt I/S                              | (65%)     | Odense               |
| •• SSB Øresund I/S                                | (65%)     | Brøndby              |
| •• Svend Erik Laursen A/S                         |           | Århus                |
| •• Unit Industri A/S                              |           | Hørsholm             |
| • Semco Ejendomsselskab ApS                       |           | Brøndby              |
| • Semco Sverige (division)                        |           | Brøndby              |
| •• Backlunds Elservice AB                         |           | Stockholm, Sweden    |
| •• Prenad AB                                      |           | Malmö, Sweden        |
| •• Prenad International AB                        |           | Stockholm, Sweden    |
| •• Semco Polska S.A.                              |           | Warszaw, Poland      |
| ••• Prenad Polska Sp.z.o.o                        |           | Warszaw, Poland      |
| •• Totalinstallatören AB                          |           | Malmö, Sweden        |
| • C.W. Obel Finans A/S                            |           | Brøndby              |
| • C.W. Obel Industriteknik A/S                    |           | Brøndby              |
| •• Widholms Industri AB                           |           | Lysekil, Sweden      |
| ••• GEMA AB                                       |           | Lysekil, Sweden      |
| ••• NVI Entreprenad AB                            |           | Lysekil, Sweden      |
| •••• Hallmek AB                                   |           | Lysekil, Sweden      |
| •• Norisol A/S                                    |           | Skælskør             |
| ••• A/S IKAS Teknisk Isolering                    |           | Herlev               |
| ••• Norisol Norge AS                              |           | Porsgrunn, Norway    |
| ••• CWO Norisol Sverige AB                        |           | Stenungsund, Sweden  |
| •• Fjeldstad AS                                   |           | Melsomvik, Norway    |
| ••• Nopicon AS                                    | (51%)     | Tønsberg, Norway     |
| ••• Norstell AS                                   |           | Stavanger, Norway    |
| ••••Visman AS                                     | (50%)     | Stavanger, Norway    |
| •• Skandinavisk Industriservice A/S               |           | Ringsted             |
| •• Skandinavisk Miljø Service A/S                 |           | Tåstrup              |
| ••• SMS Polska Sp.z.o.o                           |           | Warszaw, Poland      |
| •• SGD-Bera A/S                                   |           | Aalborg              |
| ••• Isopol Sp.z.o.o                               |           | Katowice, Poland     |
| ••• Skandinavisk Bygg-Industriservice AS          |           | Oslo, Norway         |

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# C.W. Obel

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