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Quarterly Report for 1 October 2003 – 30 June 2004

Today the Board of Per Aarsleff A/S has discussed and approved the Quarterly Report of the Company covering the first nine months of the financial year 2003/2004.

Summary

The result of the first nine months came to DKK 50.4 million before tax compared to DKK 0 million over the same period of last year.

This is better than forecasted at the beginning of the financial year. The Company expects a profit for the year 2003/2004 at approx. DKK 60 million before tax, which is DKK 10 million more than forecasted in the Interim Report.

Group revenue was DKK 2,125 million against DKK 2,333 million last year. Exports including shares from associates amount to DKK 851 million against DKK 791 million last year.

This tendency substantiates the outlook for a slightly decreasing level of activity in Denmark compared to the previous financial year.

Construction contributes a profit before interest at DKK 5 million against a negative DKK 3 million last year, where provisions made for a completed foreign project, among other things, influenced the result. The outcome corresponds to expectations.

Pipe Technologies contributes a profit before interest at DKK 26 million against DKK 8 million over the same period of last year. This year activities within sewer rehabilitation in Denmark developed positively compared to the low level seen last year. The steady growth in the European markets continues. The result is better than forecasted.

Piling contributes a profit before interest at DKK 30 million compared to DKK 8 million for the same period of last year. The profit generated by the English subsidiary is considerably larger than expected. Market conditions in Germany are still difficult but we have reduced our loss significantly compared to last year. As expected, Poland



contributes a positive result which is an improvement compared to last year. In total the result is better than forecasted.

Major investments and increased binding of liquidity in works in progress resulted in cash flows from operating activities with deduction of investments arriving at a negative DKK 16 million for the first nine months of the financial year. Net interest payments amount to DKK 11 million for the first nine months of the financial year compared to DKK 13 million last year.

The report discloses the income from each of the Company's three business areas. Segment information appears from page 6.

Palle Svejstrup
Chairman of the Board

Ebbe Malte Iversen
General Manager

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1. Highlights and financial ratios for the Group (DKK million)

	<i>April quarter</i>		<i>Period 1/10 – 30/6</i>	
	<i>2004</i>	<i>2003</i>	<i>2003/2004</i>	<i>2002/2003</i>
Income statement				
Net revenue, work performed	752	793	2,125	2,333
Of this figure, work performed abroad	240	205	696	614
Foreign activities, including shares from associates	286	262	851	791
Profit on primary operations	27	-9	53	7
Profit on associates	2	1	8	5
Profit before interest	29	-8	61	13
Finance, net	-4	-2	-11	-13
Profit before tax	25	-10	50	0
Profit after tax	16	-7	33	-2
Number of employees			2,216	2,239
			<i>30/6 2004</i>	<i>30/9 2003</i>
				<i>30/6 2003</i>
Balance sheet				
Intangible assets		18	22	25
Property, plant and equipment		641	641	660
Investments		62	60	68
Current assets		1,014	1,000	945
Total assets		1,735	1,723	1,698
Equity		762	736	733
Provisions		124	120	118
Liabilities other than provision		849	867	847
Total liabilities and equity		1,735	1,723	1,698
Solvency ratio, %		44	43	43
			<i>April quarter</i>	<i>Period 1/10 – 30/6</i>
			<i>2004</i>	<i>2003</i>
			<i>2003/2004</i>	<i>2002/2003</i>
Cash flow statement				
Operating activities	-33	26	59	75
Investment in property, plant and equipment	-27	-26	-76	-41
Other investing activities	0	1	1	-3
Financing activities	-25	-2	-32	-16
Change in liquidity for the period	-85	-1	-48	15

For the preparation of the Quarterly Report the same accounting policies as for the Annual Report 2002/2003 have been applied.



2. Comments to the developments of the first nine months

Revenue came to DKK 2,125 million compared to DKK 2,333 million last year. This is mainly due to a reduced amount of Danish civil engineering activities. The profit before tax was DKK 50.4 million against DKK 0 million last year. Exports including shares from associates amount to DKK 851 million compared to DKK 791 million last year.

The Group contribution margin increased from 9.9% last year to 12.3% this year and the administrative expenses decreased from DKK 223 million to DKK 207 million. The result of capital participation in subsidiaries reached DKK 48.1 million for the first nine months of the financial year against DKK 13.6 million last year.

Major investments and increased binding of liquidity in works in progress resulted in cash flows from operating activities with deduction of investments arriving at a negative DKK 16 million for the first nine months of the financial year. Net interest payments amount to DKK 11 million for the first nine months of the financial year compared to DKK 13 million last year.

Construction – outlook for a lower level of activity and results as forecasted

Construction contributes a profit before interest at DKK 5 million against a negative DKK 3 million last year, where provisions made for a completed foreign project, among other things, influenced the result. The outcome corresponds to expectations.

Revenue was DKK 1,236 million compared to DKK 1,466 million last year, which saw an extremely high level of activity. Our volume of orders is characterised by a lack of major projects and the level of activity is somewhat lower than last year. Over the winter we have had idle capacity. In the third quarter of the financial year the employment situation has returned to normal, a level of activity that is expected to continue in the fourth quarter.

Exports including shares from associates amount to DKK 122 million against DKK 43 million last year. As such, exports constitute a growing, although still modest, share of Construction's activities. The division holds an increased volume of orders for foreign projects, however this will not affect considerably the result generated in the present financial year.

The results produced by the subsidiaries Petri & Haugsted as and Wicotec A/S are better than forecasted at the beginning of the financial year.

In total Construction contributes a result for the first nine months that corresponds to the outlook expressed at the beginning of the year.

Pipe Technologies – improved result

Pipe Technologies contributes a profit before interest at DKK 26 million against DKK 8 million over the same period of last year, which saw a low level of activity within the municipal sector in Denmark. Activities are now back to normal. Following the recent, positive developments within the market, and as a consequence of the Danish municipalities realising their need for sewer rehabilitation works, we expect to continue the positive level of activity in the fourth quarter.

Activities within the housing and industry sectors in Denmark continue their positive development from the first six months of the financial year.



The European companies under Pipe Technologies are developing as expected.

Export revenue constitutes DKK 288 million against DKK 383 million last year. Our order intake is cautious and selective, focusing on the East European market where activities and earnings are growing. The completion of two export projects in Vietnam influences Pipe Technologies' profit negatively.

In total Pipe Technologies contributes a result above expectations.

Piling – very satisfactory developments in England

Piling contributes a profit before interest at DKK 30 million compared to DKK 8 million for the same period of last year, which was affected by reluctance on the Danish market and difficult market conditions in Germany and Poland.

The profit generated by the English subsidiary is very satisfactory and above expectations.

In Kazakhstan we have completed a DKK 65 million contract, generating a satisfactory income.

Market conditions in Germany continue to be difficult but the deficit has been reduced considerably compared to last year. As forecasted Poland now contributes a positive result, which is an improvement compared to last year.

In total Piling contributes a result above expectations.

3. The future

The Company expects a profit for the year 2003/2004 at approx. DKK 60 million before tax. This is an upward adjustment of the outlook for the profit for the year, which was set at DKK 50 million before tax in the Interim Report. At the beginning of the financial year the outlook was for a profit before tax at DKK 40 million.

Construction expects a continuously lower level of activity compared to last year and a result before interest at the level of approx. 0.5%.

The positive tendency on Pipe Technologies' Danish market is expected to continue in the fourth quarter of the financial year. On the whole Pipe Technologies expects a level of activities similar to that of the previous financial year and a result before interest at the level of approx. 5% of revenue.

Piling expects to be able to maintain the very satisfactory developments in England. In general Piling forecasts a slightly increasing level of activity compared to the previous financial year and a result before interest at the level of approx. 6% of revenue.

The general activities related to infrastructure projects will adjust to the conditions on the Danish market, and abroad our order intake will be selective.

Pipe Technologies and Piling are market leaders in the majority of the markets where they are represented. The core activities in this connection are steadily growing. Efforts are continuously made to mature new markets. The production and installation processes connected to the industrial activities are continuously being developed.



4. Changes in equity (DKK million)

	1/10 2003 – 30/6 2004	1/10 2002 – 30/6 2003
Balance at beginning of period	736	747
Dividend paid	-5	-5
Purchase of own shares	0	-6
Currency adjustments concerning derivative financial instruments	-3	0
Other currency adjustments	1	-1
Profit after tax for the period	33	-2
Balance at end of period	762	733

5. Segment information for the period (DKK million)

The following table shows the three business areas of the Group: Construction, Pipe Technologies and Piling. The information in the table comprises the divisions of the Parent Company, all subsidiaries and shares of consortia. Associates are shown separately.

All directly attributable income and expenditure have been allocated to the respective business areas. As the areas are supported by staff and joint functions in the Parent Company, comprising group management, administration, project development and design, and IT support, the costs connected to these functions have been allocated to the areas on the basis of their drain on the staff and joint functions.

	Construction		Pipe Technologies		Piling		Total	
	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003
Net revenue, work performed	1,236	1,466	502	558	387	309	2,125	2,333
Of this figure, work performed abroad	122	43	288	383	286	188	696	614
Foreign activities, including shares from associates	130	51	435	552	286	188	851	791
Profit on primary operations	2	-4	21	3	30	8	53	7
Profit on associates	3	1	5	5	0	0	8	6
Profit before interest	5	-3	26	8	30	8	61	13
Finance, net							-11	-13
Profit before tax							50	0
Number of employees	1,534	1,547	394	428	288	264	2,216	2,239


Income statement for 1/10 2003 – 30/6 2004 (DKK '000) Appendix 1 – page 1

PARENT COMPANY			GROUP	
Period 1/10 – 30/6			Period 1/10 – 30/6	
2002/2003	2003/2004		2003/2004	2002/2003
1,591,044	1,259,884	Net revenue, work performed	2,124,530	2,333,447
-1,478,034	-1,147,713	Production costs	-1,864,001	-2,103,160
113,010	112,171	Gross profit	260,529	230,287
-123,393	-111,038	Administrative expenses	-207,420	-223,016
-10,383	1,133	Profit on primary operations	53,109	7,271
145	329	Other operating income and expenses	704	249
		Result of capital participation in affiliated companies before tax:		
13,616	48,132	Subsidiaries		
5,345	7,338	Associates	7,207	5,303
8,723	56,932	Profit before interest	61,020	12,823
-8,795	-6,516	Finance, net	-10,604	-12,895
-72	50,416	Profit before tax	50,416	-72
-2,022	-17,224	Corporation tax	-17,224	-2,022
<u>-2,094</u>	<u>33,192</u>	PROFIT FOR THE PERIOD	<u>33,192</u>	<u>-2,094</u>



Balance sheet as per 30/6 2004 (DKK '000)

Appendix 1 – page 2

PARENT COMPANY		ASSETS	GROUP	
30/9 2003	30/6 2004		30/6 2004	30/9 2003
2,627	1,532	Goodwill	16,681	20,981
941	775	Patents and similar rights	1,180	1,108
<u>3,568</u>	<u>2,307</u>	Intangible assets	<u>17,861</u>	<u>22,089</u>
173,416	171,219	Land and buildings	271,464	273,256
192,552	195,210	Technical plant and machinery	343,711	339,910
9,907	7,958	Cars, furniture and fittings	25,732	27,926
<u>375,875</u>	<u>374,387</u>	Property, plant and equipment	<u>640,907</u>	<u>641,092</u>
338,326	350,428	Shares in subsidiaries		
58,705	61,223	Shares in associates	61,485	59,098
26,783	17,945	Loans to subsidiaries		
47	408	Loans to associates	408	47
699	656	Other securities and shares	946	989
<u>424,560</u>	<u>430,660</u>	Investments	<u>62,839</u>	<u>60,134</u>
<u>804,003</u>	<u>807,354</u>	TOTAL FIXED ASSETS	<u>721,607</u>	<u>723,315</u>
<u>43,363</u>	<u>40,031</u>	Stocks	<u>84,035</u>	<u>74,716</u>
401,805	335,314	Contracting debtors	584,945	674,339
57,985	99,962	Work in progress less invoicing on account	156,767	112,652
56,662	64,380	Accounts receivable from subsidiaries		
21,147	22,180	Accounts receivable from associates	22,210	21,696
9,606	9,241	Other debtors	19,544	20,560
7,232	11,109	Corporation tax	16,396	10,195
0	0	Deferred tax assets	5,190	5,912
320	3,929	Prepayments	11,718	6,751
<u>554,757</u>	<u>546,115</u>	Debtors	<u>816,770</u>	<u>852,105</u>
<u>204</u>	<u>49,211</u>	Securities	<u>50,401</u>	<u>1,883</u>
<u>41,242</u>	<u>38,678</u>	Cash funds	<u>62,473</u>	<u>71,433</u>
<u>639,566</u>	<u>674,035</u>	TOTAL CURRENT ASSETS	<u>1,013,679</u>	<u>1,000,137</u>
<u>1,443,569</u>	<u>1,481,389</u>	TOTAL ASSETS	<u>1,735,286</u>	<u>1,723,452</u>



Balance sheet as per 30/6 2004 (DKK '000)

Appendix 1 – page 3

PARENT COMPANY		LIABILITIES AND EQUITY	GROUP	
30/9 2003	30/6 2004		30/6 2004	30/9 2003
45,300	45,300	Share capital	45,300	45,300
177,835	177,835	Share premium account	177,835	177,835
143,007	158,654	Reserve for net revaluation under the equity method		
365,102	380,585	Carried forward to the next period	539,239	508,109
4,892	0	Proposed dividend	0	4,892
<u>736,136</u>	<u>762,374</u>	Total equity	<u>762,374</u>	<u>736,136</u>
66,417	65,717	Provision for deferred tax	109,265	105,410
12,523	12,082	Warranties	14,532	14,973
<u>78,940</u>	<u>77,799</u>	Total provisions	<u>123,797</u>	<u>120,383</u>
74,079	47,305	Mortgage debt	64,225	91,661
51,979	52,034	Financial institutions	66,934	66,879
0	0	Corporation tax	0	4,567
<u>126,058</u>	<u>99,339</u>	Total long-term debt	<u>131,159</u>	<u>163,107</u>
4,675	4,675	Mortgage debt	5,696	5,923
56,846	143,160	Financial institutions	175,633	88,268
70,359	91,267	Prepayments regarding work in progress	107,717	95,605
220,791	178,361	Trade creditors	265,299	337,155
65,101	43,885	Accounts payable to subsidiaries		
2,009	1,395	Accounts payable to associates	1,554	2,009
0	0	Corporation tax	9,849	3,939
82,654	79,134	Other creditors	152,208	170,927
<u>502,435</u>	<u>541,877</u>	Total short-term debt	<u>717,956</u>	<u>703,826</u>
<u>628,493</u>	<u>641,216</u>	Total liabilities other than provisions	<u>849,115</u>	<u>866,933</u>
<u>1,443,569</u>	<u>1,481,389</u>	TOTAL LIABILITIES AND EQUITY	<u>1,735,286</u>	<u>1,723,452</u>



Cash flow statement for 1/10 2003 – 30/6 2004 (DKK '000)

Appendix 2

PARENT COMPANY			GROUP	
Period 1/10 – 30/6			Period 1/10 – 30/6	
2002/2003	2003/2004		2003/2004	2002/2003
CASH FLOWS FROM OPERATING ACTIVITIES				
8,723	56,932	Profit before interest	61,020	12,823
55,557	51,901	Depreciation	83,979	86,362
-24,118	-60,133	Other adjustments	-11,133	-8,788
17,809	-25,082	Change in operating capital	-50,297	17,257
Cash flows from operating activities				
57,971	23,618	before financial items and tax	83,569	107,654
-8,795	-6,516	Finance, net	-10,604	-12,895
49,176	17,102	Cash flows from ordinary operations	72,965	94,759
-6,325	-3,877	Corporation tax paid	-13,905	-19,559
42,851	13,225	Cash flows from operating activities	59,060	75,200
CASH FLOWS FROM INVESTING ACTIVITIES				
166	166	Patents and similar rights	-158	-1,104
-2,559	-1,792	Land and buildings	-6,183	-2,949
303	-42,166	Technical plant and machinery	-63,555	-29,893
-1,915	-1,018	Cars, furniture and fittings	-6,065	-8,273
-276	-62	Investment in companies	0	0
15,045	22,989	Dividend received	1,221	0
-813	398	Investment in other financial assets	146	-2,308
9,951	-21,485	Cash flows from investing activities	-74,594	-44,527
CASH FLOWS FROM FINANCING ACTIVITIES				
-4,305	-26,719	Long-term liabilities	-27,381	-4,955
-4,892	-4,892	Paid dividend	-4,892	-4,892
-6,014	0	Own shares	0	-6,014
-15,211	-31,611	Cash flows from financing activities	-32,273	-15,861
TOTAL CHANGE IN LIQUIDITY FOR THE PERIOD				
37,591	-39,871		-47,807	14,812
-122,844	-15,400	Opening liquidity	-14,952	-106,792
37,591	-39,871	Change in liquidity for the period	-47,807	14,812
-85,253	-55,271	Closing liquidity	-62,759	-91,980