



The Copenhagen Stock Exchange
Nikolaj Plads 6

1067 København K

Per Aarsleff A/S
Hovedkontor · Main Office
Lokesvej 15
DK-8230 Åbyhøj
Denmark

Tel +45 8744 2222
Fax +45 8744 2249

CVR-nr. 24 25 77 97

Kontor Øst · Office Copenhagen
Industriholmen 2
DK-2650 Hvidovre
Denmark

Tel +45 3679 3333
Fax +45 3679 3300

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Quarterly Report for 1 October – 31 December 2004

Today the Board of Per Aarsleff A/S has discussed and approved the Quarterly Report of the Company covering the first quarter of the financial year 2004/2005.

Summary:

The quarterly result of the company came to DKK 38.7 million against DKK 19.3 million for the same period of last year.

The result is above expectations, and the developments of the first quarter support the previously announced outlook for a profit for the year at DKK 80 million before tax.

Group revenue came to DKK 967 million compared to DKK 754 million in the previous financial year. Foreign activities, including shares from associates, amount to DKK 388 million against DKK 314 million last year.

The tendency in the first quarter is for a growing level of activity in the Danish construction market, which by the way is stable.

As regards foreign activities, including shares from associates, the developments of the first quarter support the outlook for a growing level of activity as expressed by the management.

Compared to the same quarter of last year, the improved result was achieved by a 28% increase in revenue, without administrative expenses growing materially.

Construction contributes a profit before interest at DKK 11 million against DKK 4 million last year. Revenue was DKK 595 million against DKK 446 million last year. A higher level of activity than forecasted at the beginning of the financial year influences the quarterly result.



Pipe Technologies contribute a profit before interest at DKK 21 million against DKK 12 million for the same period of the previous financial year. The level of activity has been stable in the European markets, and the Polish subsidiary experienced an extraordinarily positive first quarter. The result obtained by Pipe Technologies is better than forecasted.

Piling contributes a profit before interest at DKK 9 million against DKK 7 million in the same quarter of last year. This is slightly above expectations.

Cash flows from operations with deduction of investments amount to DKK 27 million.

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

Further information can be obtained from:

General Manager Ebbe Malte Iversen, Per Aarsleff A/S, tel. +45 8744 2222.



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

Income statement	<i>First quarter</i>	
	<i>2004</i>	<i>2003</i>
Net revenue, work performed	967	754
Of this figure, work performed abroad	317	246
Foreign activities, including shares from associates	388	314
Profit on primary operations	44	21
Profit on associates	-3	2
Profit before interest	41	23
Finance, net	-2	-4
Profit before tax	39	19
Profit after tax	27	12
Number of employees	2,470	2,250

Balance sheet	<i>31/12 2004</i>	<i>30/9 2004</i>	<i>31/12 2003</i>
Intangible assets	14	16	21
Property, plant and equipment	695	681	632
Investments	61	67	60
Current assets	1,219	1,095	934
Total assets	1,989	1,859	1,647
Equity	795	772	746
Provisions	127	120	125
Liabilities other than provision	1,067	967	776
Total liabilities and equity	1,989	1,859	1,647
Solvency ratio, %	40	42	45

Cash flow statement	<i>First quarter</i>	
	<i>2004</i>	<i>2003</i>
Operating activities	66	66
Investment in property, plant and equipment, net	-42	-17
Other investing activities	3	0
Financing activities	-6	-1
Change in liquidity for the period	21	48

For the preparation of the Quarterly Report the same accounting policies as for the Annual Report 2003/2004 have been applied.



2. Comments to the developments of the first quarter

Revenue for the quarter came to DKK 967 million compared to DKK 754 million last year. The profit before tax reached DKK 38.7 million against DKK 19.3 million last year. Foreign activities, including shares from associates, amount to DKK 388 million compared to DKK 314 million in the previous financial year.

The tendency in the first quarter is for a growing level of activity in the Danish construction market, which by the way is stable. At the beginning of the financial year the outlook was for an unchanged level compared to the previous financial year. Revenue from the Danish market arrives at DKK 650 million in the first quarter against DKK 508 million in the same period of last year.

As regards foreign activities, including shares from associates, the developments of the first quarter support the outlook for a growing level of activity as expressed by the management.

Compared to the same quarter of last year, the improved result was the outcome of a 28% increase in revenue, without administrative expenses growing materially. The latter reached DKK 75.4 million in the first quarter against DKK 72.7 million last year. This corresponds to a 4% increase.

Cash flows from operating activities with deduction of investments amount to DKK 27 million.

Construction – high level of activity in a stable market

Construction contributes a profit for the quarter at DKK 11 million before interest against DKK 4 million last year. Revenue for the quarter was DKK 595 million against DKK 446 million last year. A higher level of activity in Denmark as well as abroad influences the result.

Revenue for Denmark was DKK 510 million in the quarter under review against DKK 406 million in the previous financial year. In the first quarter Construction increased activities more than forecasted. This is partly due to a number of one-off contracts that had to be completed before Christmas and partly to a general upward trend.

Foreign activities, including shares from associates, came to DKK 87 million against DKK 42 million last year. This item comprises general civil engineering activities in Southern Sweden and one-off contracts executed overseas. As expected, foreign activities are on the increase. The volume of orders is also growing and the order intake is selective.

The subsidiaries Petri & Haugsted as, Wicotec A/S and Dan Jord A/S are all soundly growing and contribute positive results as expected.

Pipe Technologies – high level of activity in Denmark and a positive development of the foreign subsidiaries

Pipe Technologies contribute a profit before interest at DKK 21 million against DKK 12 million in the same period of the previous financial year. As usual the level of activity was high in Denmark in the final quarter of the calendar year. Furthermore, our Polish subsidiary experienced an extraordinarily positive first quarter. The result obtained by Pipe Technologies is better than forecasted at the beginning of the financial year.



Revenue in Denmark came to DKK 88 million in the quarter against DKK 73 million last year. The level of activity within the municipal sector is stable, and within the housing and industry sectors activities are growing.

Foreign activities, including shares from associates, amount to DKK 205 million against DKK 173 million last year. The European subsidiaries are largely developing as expected, and the project-orientated activities are concentrated on the East European market. In addition to this Pipe Technologies execute one-off pipe rehabilitation contracts overseas. In Sri Lanka we recently obtained a large order, and test jobs have been executed in Shanghai.

In total the foreign activities of Pipe Technologies contribute a quarterly result above expectations.

Piling – high level of activity in Denmark and first major piling project in Sweden

Piling contributes a profit before interest at DKK 9 million against DKK 7 million for the same quarter of last year. This is slightly above expectations.

Revenue came to DKK 148 million against DKK 128 million last year. Foreign activities, including shares from associates, amount to DKK 96 million against DKK 99 million in the previous financial year, which was characterised by an isolated project in Kazakhstan. The subsidiaries in England and Poland are developing soundly, and activities in Germany are improving according to plan. A large piling contract for an industrial building project was executed in Gothenburg.

Revenue in Denmark came to DKK 52 million compared to DKK 29 million last year, which saw a low level of activity in the building and construction industry. In the current financial year there seems to be an extremely high level of activity especially within piling projects.

3. The future

The development of the first quarter supports the previously announced outlook for a profit for the year at DKK 80 million before tax.

At the beginning of the financial year the company expected a slightly increasing level of activity. The developments of the first quarter and the actual volume of orders support this upward trend. However, we are currently in the winter quarter and as usual at this time of the year the volume of orders far from covers the entire estimated production. Therefore it is too early to assess the degree to which this will affect the development in revenue for the year.



4. Changes in equity (DKK million)

	1/10 – 31/12 2004	1/10 – 31/12 2003
Balance at beginning of quarter	772	736
Currency adjustments concerning derivative financial instruments	2	-2
Exercise of share option agreements	-6	0
Profit after tax for the period	27	12
Balance at end of quarter	795	746

5. Segment information on first quarter of 2004/2005 (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	
	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004
Net revenue, work performed	595	446	224	180	148	128	967	754
Of this figure, work performed abroad	85	40	136	107	96	99	317	246
Foreign activities, including shares from associates	87	42	205	173	96	99	388	314
Profit on primary operations	11	2	24	12	9	7	44	21
Profit on associates	0	2	-3	0	0	0	-3	2
Profit before interest	11	4	21	12	9	7	41	23
Finance, net							-2	-4
Profit before tax							39	19
Number of employees	1,700	1,560	427	407	343	283	2,470	2,250


Income statement for 1/10 – 31/12 2004 (DKK '000)

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PARENT COMPANY			GROUP	
1 October – 31 December			1 October – 31 December	
2003	2004		2004	2003
451,056	597,879	Net revenue, work performed	966,837	754,314
-405,942	-534,668	Production costs	-847,061	-660,406
45,114	68,211	Gross profit	119,776	93,908
-40,138	-41,447	Administrative expenses	-75,353	-72,747
4,976	21,764	Profit on primary operations	44,423	21,161
75	94	Other operating income and expenses	151	114
		Result of capital participation in affiliated companies before tax:		
14,876	22,112	Subsidiaries		
2,081	-3,689	Associates	-3,712	2,064
22,008	40,281	Profit before interest	40,862	23,339
-2,713	-1,617	Finance, net	-2,198	-4,044
19,295	38,664	Profit before tax	38,664	19,295
-6,969	-11,655	Corporation tax	-11,655	-6,969
12,326	27,009	PROFIT FOR THE PERIOD	27,009	12,326



Balance sheet as per 31/12 2004 (DKK '000)

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PARENT COMPANY		ASSETS	GROUP	
30/9 2004	31/12 2004		31/12 2004	30/9 2004
1,115	700	Goodwill	13,707	15,189
719	664	Patents and similar rights	770	795
<u>1,834</u>	<u>1,364</u>	Intangible assets	<u>14,477</u>	<u>15,984</u>
167,581	166,597	Land and buildings	271,708	270,059
231,361	246,488	Technical plant and machinery	395,088	382,481
9,807	9,018	Cars, furniture and fittings	27,762	28,159
<u>408,749</u>	<u>422,103</u>	Property, plant and equipment	<u>694,558</u>	<u>680,699</u>
380,292	394,309	Shares in subsidiaries		
64,796	58,549	Shares in associates	58,678	64,948
15,124	15,811	Loans to subsidiaries		
773	706	Loans to associates	706	773
672	1,072	Other securities and shares	1,600	1,200
<u>461,657</u>	<u>470,447</u>	Investments	<u>60,984</u>	<u>66,921</u>
<u>872,240</u>	<u>893,914</u>	TOTAL FIXED ASSETS	<u>770,019</u>	<u>763,604</u>
<u>40,360</u>	<u>40,733</u>	Stocks	<u>92,402</u>	<u>85,687</u>
374,811	530,961	Contracting debtors	837,017	689,078
59,644	35,544	Work in progress less invoicing on account	94,630	116,060
35,615	46,884	Accounts receivable from subsidiaries		
14,064	4,150	Accounts receivable from associates	4,807	14,681
12,484	13,352	Other debtors	22,252	18,095
8,495	11,262	Corporation tax	13,976	12,393
0	0	Deferred tax assets	4,394	4,394
513	11,689	Prepayments	19,991	15,113
<u>505,626</u>	<u>653,842</u>	Debtors	<u>997,067</u>	<u>869,814</u>
<u>49,439</u>	<u>49,410</u>	Securities	<u>50,180</u>	<u>50,298</u>
<u>58,387</u>	<u>60,219</u>	Cash funds	<u>79,227</u>	<u>89,370</u>
<u>653,812</u>	<u>804,204</u>	TOTAL CURRENT ASSETS	<u>1,218,876</u>	<u>1,095,169</u>
<u>1,526,052</u>	<u>1,698,118</u>	TOTAL ASSETS	<u>1,988,895</u>	<u>1,858,773</u>


Balance sheet as per 31/12 2004 (DKK '000)

Appendix 1 – page 3

PARENT COMPANY		LIABILITIES AND EQUITY	GROUP	
30/9 2004	31/12 2004		31/12 2004	30/9 2004
45,300	45,300	Share capital	45,300	45,300
		Reserve for net revaluation under		
171,288	182,155	the equity method		
550,680	562,157	Carried forward to the next period	744,312	721,968
4,892	4,892	Proposed dividend	4,892	4,892
<u>772,160</u>	<u>794,504</u>	Total equity	<u>794,504</u>	<u>772,160</u>
60,110	66,410	Provision for deferred tax	106,862	101,471
16,284	18,046	Warranties	20,536	18,734
<u>76,394</u>	<u>84,496</u>	Total provisions	<u>127,398</u>	<u>120,205</u>
51,610	51,509	Mortgage debt	67,984	67,935
52,080	52,046	Financial institutions	66,946	66,980
0	0	Corporation tax	0	2,639
<u>103,690</u>	<u>103,555</u>	Total long-term debt	<u>134,930</u>	<u>137,554</u>
325	325	Mortgage debt	1,179	1,636
139,436	121,476	Financial institutions	173,295	204,757
93,659	181,930	Prepayments regarding work in progress	212,850	112,929
203,662	245,582	Trade creditors	346,398	331,250
50,500	64,831	Accounts payable to subsidiaries		
1,629	1,021	Accounts payable to associates	1,021	1,629
0	0	Corporation tax	20,117	10,490
84,597	100,398	Other creditors	177,203	166,163
<u>573,808</u>	<u>715,563</u>	Total short-term debt	<u>932,063</u>	<u>828,854</u>
<u>677,498</u>	<u>819,118</u>	Total liabilities other than provisions	<u>1,066,993</u>	<u>966,408</u>
<u>1,526,052</u>	<u>1,698,118</u>	TOTAL LIABILITIES AND EQUITY	<u>1,988,895</u>	<u>1,858,773</u>



Cash flow statement for 1/10 – 31/12 2004 (DKK '000)

Appendix 2

PARENT COMPANY			GROUP	
1 October – 31 December			1 October – 31 December	
2003	2004		2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
22,008	40,281	Profit before interest	40,862	23,339
17,595	20,259	Depreciation	31,297	27,745
-16,314	-18,612	Other adjustments	4,071	-856
31,478	14,614	Change in operating capital	-6,618	26,761
Cash flows from operating activities				
54,767	56,542	before financial items and tax	69,612	76,989
-2,713	-1,617	Finance, net	-2,198	-4,044
52,054	54,925	Cash flows from ordinary operations	67,414	72,945
-1,025	-2,767	Corporation tax paid	-1,860	-6,840
51,029	52,158	Cash flows from operating activities	65,554	66,105
CASH FLOWS FROM INVESTING ACTIVITIES				
56	55	Patents and similar rights	18	-443
-130	-469	Land and buildings	-3,596	-869
-9,437	-30,350	Technical plant and machinery, net	-36,332	-12,989
-414	-388	Cars, furniture and fittings, net	-2,297	-2,116
0	0	Capital increases in subsidiaries	0	0
2,471	2,687	Dividend received	947	0
-88	2,077	Investment in other financial assets	2,764	-56
-7,542	-26,388	Cash flows from investing activities	-38,496	-16,473
CASH FLOWS FROM FINANCING ACTIVITIES				
-907	-135	Long-term liabilities	15	-1,181
0	-5,872	Exercise of share option agreements	-5,872	0
-907	-6,007	Cash flows from financing activities	-5,857	-1,181
42,580	19,763	TOTAL CHANGE IN LIQUIDITY FOR THE PERIOD	21,201	48,451
-15,400	-31,610	Opening liquidity	-65,089	-14,952
42,580	19,763	Change in liquidity for the period	21,201	48,451
27,180	-11,847	Closing liquidity	-43,888	33,499