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Quarterly Report for 1 October – 31 December 2005

Today the Board of Per Aarsleff A/S has discussed and adopted the Quarterly Report for Q1 of the financial year 2005/2006. The Quarterly Report has not been audited or reviewed by the company's auditors.

Result of Q1:

- The quarterly result came to DKK 46.5 million before tax.
- Consolidated revenue reached DKK 1,017 million.
- Construction contributes a profit before interest at DKK 7 million.
- Pipe Technologies contributes a profit before interest at DKK 33 million.
- Piling contributes a profit before interest at DKK 9 million.
- Cash flows from operating activities with deduction of investments constitute a liquidity drain of DKK 63 million.

Outlook for the financial year 2005/2006:

- The outlook for 2005/2006 is for a profit before tax at DKK 106 million against a previously announced DKK 100 million. The change is the effect of applying the new IFRS accounting rules as well as changed accounting estimates relating to depreciation.

Palle Svejstrup
Chairman of the Board

Ebbe Malte Iversen
General Manager

Further information:

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



Highlights and financial ratios for the Group

Amount in DKK million

	October quarter	
	2005	2004
Income statement		
Net revenue, work performed	1,017	956
Of this figure, work performed abroad	360	310
Foreign activities including shares from associates	418	381
Profit on primary operations	48	44
Profit on associates	1	-3
Profit before interest	49	41
Finance, net	-3	-2
Profit before tax	46	39
Profit after tax	34	27

	31/12 2005	30/9 2005	31/12 2004
Balance sheet			
Intangible assets	47	19	16
Property, plant and equipment	795	751	695
Other long-term assets	73	71	65
Short-term assets	1,209	1,152	1,214
Total assets	2,124	1,993	1,990
Equity	860	825	792
Non-current liabilities	226	186	240
Current liabilities	1,038	982	958
Total liabilities	2,124	1,993	1,990
Assets/Equity	2.5	2.4	2.5

	October quarter	
	2005	2004
Cash flow statement		
Operating activities	49	65
Investing activities	-112	-38
Financing activities	28	-6
Change in liquidity for the period	-35	21

The interim financial report for Q1 of the financial year 2005/2006 is prepared in accordance with the regulations on recognition and measurement in the International Financial Reporting Standards, IFRS, and Danish reporting requirements for the interim financial reporting of listed companies.

As of 1 October 2005, the applied accounting policies have been changed in accordance with the provisions in the international financial reporting standards IFRS. The comparative figures have been changed correspondingly.



Management's review concerning Q1 of the financial year 2005/2006

Financial development of the Aarsleff Group

Income statement

Consolidated net revenue for the first quarter of the financial year 2005/2006 grew by DKK 61 million compared to the first quarter of the financial year 2004/2005. This increase principally relates to foreign activities.

The result of associates has improved by DKK 4.1 million and finance, net grew from a negative DKK 2.2 to a negative DKK 2.7 million.

As such, the profit before tax is DKK 46.5 million against DKK 39.2 million for Q1 of the previous year, an improvement of DKK 7.3 million.

Balance sheet

The consolidated balance sheet total amounts to DKK 2,124 million as per 31 December 2005. This corresponds to an increase of DKK 131 million compared to the balance sheet total as per 30 September 2005.

On the asset side DKK 72 million of the increase is related to long-term intangible assets and property, plant and equipment as a consequence of increased investments. In addition stocks and receivables increased by DKK 117 million while cash was reduced by DKK 60 million.

On the equity and liabilities side the consolidated non-current liabilities increased by DKK 39 million mainly as a consequence of borrowings. The current liabilities grew by DKK 56 million.

Equity amounts to DKK 860 million on 31 December 2005 against DKK 825 million at the end of September 2005.

Cash flow statement

Cash flows from operating activities amount to DKK 49 million against DKK 65 million in Q1 of the financial year 2004/2005.

Cash flows from investing activities reached DKK 112 million compared to DKK 38 million last year. This corresponds to the previously announced outlook for increased investments in project equipment, factories as well as the acquisition of companies.

In relation to financing, raised loans with deduction of repayments influenced the cash flows positively by DKK 28 million.

Liquidity for the period thus depreciated by DKK 35 million.



Segment results

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 the estimated drain on the staff and joint functions.

Amount in DKK million	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	630	586	226	224	161	146	1,017	956
Of this figure, work performed abroad	118	80	120	136	122	94	360	310
Foreign activities, including shares from associates	118	82	178	205	122	94	418	381
Profit on primary operations	7	11	32	24	9	9	48	44
Profit on associates	0	0	1	-3	0	0	1	-3
Profit before interest	7	11	33	21	9	9	49	41
Finance, net							-3	-2
Profit before tax							46	39
Number of employees	1,724	1,700	453	427	366	343	2,543	2,470

Construction – increasing revenue abroad and profit as expected

Revenue for Q1 came to DKK 630 million against DKK 586 million in the previous financial year. Revenue from abroad is larger than last year while revenue from the Danish construction market is at the same level as last year.

The profit was DKK 7 million before interest against DKK 11 million in the previous financial year which corresponds to the outlook expressed at the beginning of the financial year.

The results obtained by the subsidiaries Dan Jord A/S and Wicotec A/S are above expectations while the result obtained by Petri & Haugsted as is as forecasted.

The activities on the domestic market comprise the establishment of a number of underground reservoirs, major sewer works, marine construction works, cable works, site development works and railway works.

In December 2005 a consortium consisting of Pihl and Aarsleff entered into a DKK 389 million general contract for renovation of the Copenhagen Central Station. The work is presently in the initial stages.

The activities abroad comprise a water treatment plant in the Dominican Republic and sewer rehabilitation works in Sri Lanka. In Malmö the work on the Citytunnel is well underway just as the activities related to a mountain tunnel project at Falkenberg.

For the financial year as a whole, we maintain the outlook for a profit before interest at almost 2% of revenue.

Pipe Technologies – profit slightly better than forecasted

Revenue for Q1 reached DKK 226 million against DKK 224 million last year. Revenue from abroad decreased compared to the previous financial year as a consequence of completing a number of isolated projects. This is compensated by increased revenue for Denmark.



The profit came to DKK 33 million against DKK 21 million in the previous financial year. The result is slightly better than forecasted at the beginning of the financial year, also when considering the positive net effect of changed depreciation periods, cf. the section below on the change in the applied accounting policies and accounting estimates.

In recent years Pipe Technologies has entered into a number of framework agreements with Danish municipalities for trenchless pipe rehabilitation. These agreements typically run for three or four years and have a positive effect on revenue. Within the segments Housing and Industry activities are on the increase as forecasted at the beginning of the financial year.

The results attained in the subsidiaries in Poland and Sweden are better than expected.

For the financial year as a whole, we maintain the outlook for a profit before interest at approx. 6% of revenue.

Piling – increasing activities abroad and profit as forecasted

Revenue for the first quarter reached DKK 161 million against DKK 146 million last year. Revenue abroad was DKK 122 million compared to DKK 94 million last year.

The result was DKK 9 million before interest as in the previous year. This is as forecasted at the beginning of the financial year.

The level of activity on the Danish market corresponds to the outlook expressed at the beginning of the financial year. In Denmark Piling executed major cofferdams, among other things, in the quarter.

Abroad the division executes foundation works for large harbour projects, for example, and on the Malmö Citytunnel project Piling carried out considerable activities within groundwater lowering.

The subsidiaries of Piling contribute as expected to the result of the quarter.

For the financial year as a whole, we still expect a profit before interest at the level of 5% of revenue.

Applied accounting policies and change in accounting estimates relating to depreciation

As per 1 October 2005 the applied accounting policies were changed to comply with the regulations on recognition and measurement in the International Financial Reporting Standards, IFRS.

The interim financial report is prepared in accordance with the regulations on the Danish reporting requirements for the interim financial reporting of listed companies. All comparative figures in the interim financial report for the financial year 2004/2005 have been adjusted according to the regulations of the IFRS 1.

The effect for the entire financial year 2004/2005 is shown in appendix 1 to the interim financial report, which also gives a more detailed statement of the changes in the accounting policies and the format.

In connection with the transfer to the IFRS the company has carried out a reassessment of the periods of depreciation for buildings in general as well as a number of equipment in the Pipe Technologies segment of the Group.

This implies that the periods of depreciation on production and administration buildings have been changed from 33 years to respectively 20 and 50 years. The depreciation period for the stated operating equipment has been changed from 5 to 8 years.

The overall effect of the changes is positive and amounts to DKK 6 million for the entire financial year.

Outlook for the financial year 2005/2006

In connection with the publication of the profit for the year 2004/2005 a forecasted profit before tax at DKK 100 million was announced for the financial year 2005/2006. As a consequence of the above changes concerning the IFRS and the change in the accounting estimates relating to depreciation, the forecasted profit before tax for 2005/2006 is changed to DKK 106 million.



Statement by the Management and Board of Directors

Toady the Management and the Board of Directors have discussed and approved the interim financial report of Per Aarsleff A/S covering the period 1 October to 31 December 2005.

The interim financial report is prepared in accordance with the regulations on recognition and measurement in the International Financial Reporting Standards, IFRS, and Danish reporting requirements for the interim financial reporting of listed companies.

We consider the chosen accounting policies appropriate. The interim financial report thus gives a fair presentation of the Group assets, liabilities and financial position as at 31 December 2005 and of the Group activities and cash flows for the accounting period 1 October to 31 December 2005.

Aarhus, 24 February 2006

Management

Ebbe Malte Iversen
General Manager

Lars M. Carlsen

Board of Directors

Palle Svejstrup
Chairman of the Board

Niels S. Møller

Jens Bigum

Carsten Fode

Boris Andersen
Elected by the Employees

Leif Endersen
Elected by the Employees

Jens. M. Jørgensen
Elected by the Employees



Consolidated income statement

Amount in DKK '000

	October quarter	
	2005	2004
Net revenue, work performed	1,017,354	955,624
Production costs	-822,890	-834,366
Gross profit	134,464	121,258
Administrative expenses and selling costs	-86,798	-77,329
Other operating income and expenses	123	151
Profit on primary operations	47,789	44,080
Profit on associates	1,409	-2,712
Profit before interest	49,198	41,368
Finance, net	-2,702	-2,198
Profit before tax	46,496	39,170
Corporation tax	-12,272	-12,306
Profit for the period	34,224	26,864

Consolidated balance sheet

Amount in DKK '000

	31/12 2005	30/9 2005
Assets		
Intangible assets	46,732	18,902
Property, plant and equipment	794,549	750,641
Other long-term assets	73,131	71,578
Long-term assets	914,412	841,121
Stocks	99,029	94,184
Receivables	1,042,736	930,083
Securities	544	597
Cash	66,843	126,936
Short-term assets	1,209,152	1,151,800
Total assets	2,123,564	1,992,921
Liabilities and equity		
Equity	860,202	825,399
Non-current liabilities	225,759	186,263
Current liabilities	1,037,603	981,259
Total liabilities	1,263,362	1,167,522
Total liabilities and equity	2,123,564	1,992,921

Statement of changes in equity

Amount in DKK '000

	October quarter	
	2005	2004
Balance at the beginning of the quarter	825,399	769,827
Foreign currency translation adjustment	579	1,207
Exercise of share option agreements	0	-5,872
Profit after tax for the period	34,224	26,864
Balance at the end of the quarter	860,202	792,026



Consolidated cash flow statement

Amount in DKK '000

	October quarter	
	2005	2004
Cash flow from operating activities		
Profit before interest	46,496	39,170
Depreciation	31,828	29,815
Other adjustments	-25,202	-1,572
Corporation tax paid	-3,980	-1,860
Cash flow from operating activities	49,142	65,553
Cash flow from investing activities		
Net investments in long-term assets	-56,260	-40,588
Investments in companies	-55,569	2,211
Cash flow from investing activities	-111,829	-38,377
Cash flow from financing activities		
Non-current liabilities	27,449	15
Exercise of share option agreements		-5,872
Cash flow from financing activities	27,449	-5,857
Change in liquidity for the period	-35,238	21,319
Opening liquidity	-130,522	-115,387
Change in liquidity for the period	-35,238	21,319
Closing liquidity	-165,760	-94,068



Changes in applied accounting policies

As of 1 October 2005 the applied accounting policies were changed to comply with the regulations on recognition and measurement in the International Financial Reporting Standards, IFRS.

The interim financial report has been prepared in accordance with the Danish reporting requirements for the interim financial reporting of listed companies. All comparative figures in the interim financial report for the financial year 2004/2005 have been restated in accordance with the regulations of the IFRS 1 concerning the first-time adoption of IFRSs.

This implies:

- that no restatement is made retroactively of business combinations made before 1 October 2004. This means that the carrying amounts of assets and liabilities, including goodwill, as per 30 September 2004 will be applied.
- that exchange differences arising from translation of foreign entities are reset on the opening day, 1 October 2004.
- that no restatement is made retroactively of share option agreements (cash-settled share-based payment arrangements), where settlement took place prior to 1 January 2005.

The transition to the IFRSs will influence the following areas of Aarsleff's consolidated financial statements:

Consortia

So far proportionate consolidation of a proportionate share of the consolidated income statement and balance sheet items has been carried out in the financial statements. In the future consolidation takes place by full elimination.

Employee shares and share options

Up to the present the Group's expenses related to employee share agreements and share option agreements (cash-settled share-based payment agreements) have been recognised directly in equity. In the future the expenses will be recognised in the income statement.

Result of investments in associates

In the future the proportionate share of the result of the associates will be reduced by their share of tax for the year. After this, tax concerning associates is no longer included in the item "Tax on the profit for the year".

Goodwill

Goodwill acquired from acquisitions is no longer amortised. Previously goodwill was amortised over the useful life. In the future goodwill will be tested annually to ensure that the value of the asset does not exceed the recoverable amount.

Securities

Securities classified as short-term assets will only be included in cash and cash equivalents in the cash flow statement if they have a life shorter than three months. Cash flow from securities that have a life of more than three months will be included in the cash flow from investing activities.

Provisions etc.

The principal item "Provisions", which so far has included Provision for deferred tax and Warranty commitments, is abolished. Deferred tax liabilities will be entered in non-current liabilities, and deferred tax assets which up to the present have been entered in current assets will be entered in long-term assets in the future. Warranty commitments will be classified as respectively non-current and current liabilities, depending on the estimated maturity.



Changes in applied accounting policies

Consolidated income statement for 2004/2005

Amount in DKK '000

	Prior to adjustment 2004/2005	IFRS adjustment	IFRS 2004/2005
Net revenue, work performed	3,464,226	-48,202	3,416,024
Production costs	-3,068,462	44,635	-3,023,827
Gross profit	395,764	-3,567	392,197
Administrative expenses and selling costs	-308,257	-17,666	-325,923
Other operating income and expenses	516		516
Profit on primary operations	88,023	-21,233	66,790
Profit on associates	6,965	-4,621	2,344
Profit before interest	94,988	-25,854	69,134
Finance, net	-9,379		-9,379
Profit before tax	85,609	-25,854	59,755
Corporation tax	-26,429	11,404	-15,025
Profit for the year	59,180	-14,450 *	44,730

* Adjustments in the income statement are specified as follows:

Employee shares	-13,416
Exercised share options	-13,194
Goodwill, amortisation discontinued	5,377
Tax, associates	-4,621
Tax effect of adjustments	11,404
Adjustments in total	-14,450



Changes in applied accounting policies

Consolidated balance sheet

Amount in DKK '000

	Prior to adjustment 2004/2005	IFRS adjustment	IFRS 2004/2005
Assets			
Intangible assets	13,525	5,377	18,902
Property, plant and equipment	750,641		750,641
Other long-term assets	69,109	2,469	71,578
Long-term assets	833,275	7,846	841,121
Stocks	94,184		94,184
Receivables	932,552	-2,469	930,083
Securities	597		597
Cash funds	126,936		126,936
Short-term assets	1,154,269	-2,469	1,151,800
Total assets	1,987,544	5,377	1,992,921
Liabilities and equity			
Equity	832,523	-7,124*	825,399
Provisions	113,713	-113,713	0
Non-current liabilities	93,171	93,092	186,263
Current liabilities	948,137	33,122	981,259
Total liabilities	1,041,308	126,214	1,167,522
Total liabilities and equity	1,987,544	5,377	1,992,921

* Adjustments in equity are specified as follows:

Amortisation of goodwill	5,377
Amounts due concerning share options	-16,435
Tax effect of adjustments	3,934
Adjustments in total	-7,124

Statement of changes in equity

Amount in DKK '000

	2004/2005
Balance 1 October 2004	769,827
Distributed dividends	-4,892
Exercise of share option agreements	-8,523
Treasury shares used for employee shares	14,060
Translation adjustments of derivative financial instruments	1,030
Translation adjustments of foreign subsidiaries and associates	7,127
Transferred from the profit for the year	44,730
Tax on equity items	2,040
Balance 30 September 2005	825,399



Changes in applied accounting policies

Consolidated cash flow statement for 2004/2005

Amount in DKK '000

	Prior to adjustment 2004/2005	IFRS adjustment	IFRS 2004/2005
Cash flow from operating activities			
Profit before tax	85,609	-25,854	59,755
Depreciation	131,871	-5,377	126,494
Other adjustments	-34,855	17,815	-17,040
Corporation tax paid	-14,446		-14,446
Cash flow from operating activities	168,179	-13,416	154,763
Cash flow from investing activities			
Net investments in long-term assets	-177,829		-177,829
Net disposals relating to securities		49,701	49,701
Cash flow from investing activities	-177,829	49,701	-128,128
Cash flow from financing activities			
Non-current liabilities	-55,186	13,416	-41,770
Cash flow from financing activities	-55,186	13,416	-41,770
Change in liquidity for the year	-64,836	49,701	-15,135
Opening liquidity	-65,089	-50,298	-115,387
Change in liquidity for the year	-64,836	49,701	-15,135
Closing liquidity	-129,925	-597	-130,522