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## **Interim report for the period 1 October 2003 – 31 March 2004**

Today the Board of Per Aarsleff A/S has discussed and approved the company's report for the first six months of the financial year 2003/2004.

### ***Summary***

The interim result of the company came to DKK 25.2 million before tax compared to DKK 10.1 million over the same period of last year.

This is slightly better than forecasted at the beginning of the financial year.

The outlook for the year is for a profit before tax at DKK 50 million, which is DKK 10 million more than forecasted in the quarterly report for the first quarter of the financial year.

Group revenue was DKK 1,373 million against DKK 1,540 million last year. Exports including shares from associates amount to DKK 565 million compared to DKK 529 million last year.

This trend supports the outlook for a slightly falling level of activity in this financial year compared to the previous financial year.

The result generated by Construction was a negative DKK 5 million compared to a positive DKK 15 million last year. Revenue came to DKK 779 million compared to DKK 967 million last year. The market is characterised by a lack of major projects and thus a lower level of activity. The result is less than forecasted.

Pipe Technologies contributes a result before interest at DKK 18 million against DKK 4 million over the same period of last year. After experiencing a weak market in the previous year, the level of activity is back to normal for sewer rehabilitation within the municipal sector in Denmark. Following the recent, positive developments of the first six months, and as a consequence of the Danish municipalities having realised their need for sewer rehabilitation, the management expects the present level of activity to continue in



the coming six months. The steady growth experienced on the European markets continues. In total, Pipe Technologies contributes an interim result better than expected.

Piling contributes a result before interest at DKK 19 million against DKK 2 million over the same period of last year. An isolated DKK 65 million contract in Kazakhstan has been completed and earnings from the project were satisfactory. The result produced in the English subsidiary is better than expected. In Germany market conditions continue to be difficult while the result generated in Poland is positive, as expected, thus having improved compared to last year. In total, Piling contributes a result better than expected.

The cash flows from operating activities with deduction of investments reached a positive DKK 44 million for the first six months. This supports the outlook for a continuance of the positive cash flow effect of the two previous financial years. The net interest payable for the period was DKK 7 million against DKK 11 million last year.

The report discloses earnings for 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)

	<i>January quarter</i>		<i>First six months</i>	
	<i>2004</i>	<i>2003</i>	<i>2003/2004</i>	<i>2002/2003</i>
<b>Income statement</b>				
Net revenue, work performed	619	679	1,373	1,540
Of this figure, work performed abroad	209	202	455	409
Foreign activities, including shares from associates	251	261	565	529
Profit on primary operations	5	-18	26	17
Profit on associates	4	1	6	4
Profit before interest	9	-17	32	21
Finance, net	-3	-7	-7	-11
Profit before tax	6	-24	25	10
Profit after tax	5	-18	17	5
Number of employees			2,164	2,207
			<i>31/3 2004</i>	<i>30/9 2003</i>
				<i>31/3 2003</i>
<b>Balance sheet</b>				
Intangible assets		20	22	27
Property, plant and equipment		638	641	661
Investments		62	60	67
Current assets		912	1,000	880
Total assets		1,632	1,723	1,635
Equity		745	736	741
Provisions		120	120	124
Liabilities other than provision		767	867	770
Total liabilities and equity		1,632	1,723	1,635
Solvency ratio, %		46	43	45
			<i>January quarter</i>	<i>First six months</i>
			<i>2004</i>	<i>2003</i>
			<i>2003/2004</i>	<i>2002/2003</i>
<b>Cash flow statement</b>				
Operating activities	26	65	92	49
Investment in property, plant and equipment	-32	-37	-49	-15
Other investing activities	1	-2	1	-4
Financing activities	-6	-13	-7	-14
Change in liquidity for the period	-11	13	37	16

*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 six months**

Revenue for the first six months reached DKK 1,373 million compared to DKK 1,540 million last year. The profit before tax came to DKK 25.2 million against DKK 10.1 million last year. Exports including shares from associates amount to DKK 565 million compared to DKK 529 million last year.

The cash flows from operating activities with deduction of investments reached a positive DKK 44 million for the first six months. This supports the outlook for a continuance of the positive cash flow effect of the two previous financial years. The net interest payable for the period was DKK 7 million against DKK 11 million last year.

### **Construction – lower level of activity as expected**

The result generated by Construction was a negative DKK 5 million compared to a positive DKK 15 million last year.

Revenue came to DKK 779 million compared to DKK 967 million last year, which saw an extraordinary high level of activity. The market is characterised by a lack of major projects and thus, as expected, a lower level of activity. Over the winter there has been a considerable amount of idle capacity. At the beginning of the second half of the year the employment situation is more normal. Particularly Jutland and Funen hold satisfactory volumes of orders, while Sealand hold a low volume of orders considering the time of year.

Exports including shares from associates amount to DKK 72 million against DKK 34 million last year. As such, exports make up an increasing, although still modest, share of activities in Construction. Our volume of orders for foreign projects has increased, however this will not affect the result generated in the present financial year.

The subsidiaries Petri & Haugsted as and Wicotec A/S contribute interim results at the level of expectations.

In total, Construction contributes a little less than expected to the interim result.

### **Pipe Technologies – improved result**

Pipe Technologies contributes a result before interest at DKK 18 million against DKK 4 million for the same period of last year, which saw large periods of low activity in the municipal sector in Denmark.

The level of activity is now back to normal within the municipal sector in Denmark. A number of framework agreements with a typical duration of three to four years are being signed. The agreements concern sewer rehabilitation works which are implemented in close cooperation between the municipality and the contractor. Over the past six months Pipe Technologies has proven its competitiveness by being awarded a number of these contracts. Following the recent, positive developments of the first six months, and as a consequence of the Danish municipalities having realised their need for sewer rehabilitation, the management expects the present level of activity to continue in the coming six months.

Activities within the housing and industry sectors continue the positive development.



The European companies in Pipe Technologies are developing as expected. They all contribute positive results, except Italy and Poland. A positive development is expected for both companies in the second half of the year.

Revenue from exports amount to DKK 185 million compared to DKK 256 million for the first half of the previous year. Projects are acquired carefully and selectively, focusing on the East European market.

In total Pipe Technologies contributes an interim result above expectations.

### **Piling – very satisfactory profit development in England**

Piling contributes a result before interest at DKK 19 million against DKK 2 million over the same period of last year, which was marked by reluctance on the Danish market and difficult market conditions in Germany and Poland.

A DKK 65 million contract in Kazakhstan has been completed and earnings from the project were satisfactory.

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

In Germany market conditions continue to be difficult while the result generated in Poland is positive, as expected, thus having improved compared to last year.

In total, Piling contributes an interim result that is better than expected.



### **3. The future**

The company forecasts a profit for the financial year at DKK 50 million before tax. As such, the outlook for the profit for the year is adjusted upwards from the DKK 40 million before tax expressed in the quarterly report for the first quarter of the financial year.

The construction market continues to be characterised by insecure and difficult market conditions. Construction still forecasts a decreasing level of activity and a result before interest around 0.5% of revenue.

Pipe Technologies expects the positive trends on the Danish market to continue in the second half of the financial year and as such forecasts an overall level of activity approximately at the same level as in the previous financial year. The result before interest is expected to reach around 4.5% of revenue.

Piling expects to be able to maintain the extremely satisfactory development in England. As a whole the division forecasts a slightly increasing level of activity compared to last year and a result before interest at approx. 5% of revenue.

As in the previous two financial years, the cash flows from operating activities with deduction of investments are expected to come to a considerably positive amount.

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

The specialised areas of Pipe Technologies and Piling are market leaders in most of the markets where they are represented. The core activities in this connection are steadily growing. We still make an effort 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 – 31/3 2004	1/10 2002 – 31/3 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
Profit after tax for the period	17	5
<b>Balance at end of period</b>	<b>745</b>	<b>741</b>

#### 5. Segment information on first six months of 2003/2004 (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	779	967	337	373	257	200	1,373	1,540
Of this figure, work performed abroad	68	28	185	256	202	125	455	409
Foreign activities, including	72	34	291	370	202	125	565	529
Profit on primary operations	-8	14	15	1	19	2	26	17
Profit on associates	3	1	3	3	0	0	6	4
Profit before interest	-5	15	18	4	19	2	32	21
Finance, net							-7	-11
Profit before tax							25	10
Number of employees	1,475	1,500	402	432	287	275	2,164	2,207


**Income statement for 1/10 2003 – 31/3 2004 (DKK '000)** Appendix 1 – page 1

PARENT COMPANY			GROUP	
First quarter			First quarter	
2002/2003	2003/2004		2003/2004	2002/2003
1,075,120	823,405	<b>Net revenue, work performed</b>	1,372,826	1,540,049
-987,519	-745,718	Production costs	-1,210,004	-1,374,287
87,601	77,687	<b>Gross profit</b>	162,822	165,762
-79,738	-73,019	Administrative expenses	-137,145	-149,079
7,863	4,668	<b>Profit on primary operations</b>	25,677	16,683
39	210	Other operating income and expenses	478	77
		Result of capital participation in affiliated companies before tax:		
5,916	18,275	Subsidiaries		
4,141	5,839	Associates	5,766	4,027
17,959	28,992	<b>Profit before interest</b>	31,921	20,787
-7,860	-3,796	Finance, net	-6,725	-10,688
10,099	25,196	<b>Profit before tax</b>	25,196	10,099
-4,726	-8,582	Corporation tax	-8,582	-4,726
<u>5,373</u>	<u>16,614</u>	<b>PROFIT FOR THE PERIOD</b>	<u>16,614</u>	<u>5,373</u>



## Balance sheet as per 31/3 2004 (DKK '000)

Appendix 1 – page 2

PARENT COMPANY		ASSETS	GROUP	
30/9 2003	31/3 2004		31/3 2004	30/9 2003
2,627	1,947	Goodwill	18,163	20,981
941	830	Patents and similar rights	1,412	1,108
<u>3,568</u>	<u>2,777</u>	<b>Intangible assets</b>	<u>19,575</u>	<u>22,089</u>
173,416	171,186	Land and buildings	270,021	273,256
192,552	190,610	Technical plant and machinery	342,548	339,910
9,907	8,919	Cars, furniture and fittings	25,306	27,926
<u>375,875</u>	<u>370,715</u>	<b>Property, plant and equipment</b>	<u>637,875</u>	<u>641,092</u>
338,326	329,651	Shares in subsidiaries		
58,705	60,823	Shares in associates	61,142	59,098
26,783	26,601	Loans to subsidiaries		
47	511	Loans to associates	511	47
699	676	Other securities and shares	966	989
<u>424,560</u>	<u>418,262</u>	<b>Investments</b>	<u>62,619</u>	<u>60,134</u>
<u>804,003</u>	<u>791,754</u>	<b>TOTAL FIXED ASSETS</b>	<u>720,069</u>	<u>723,315</u>
<u>43,363</u>	<u>40,605</u>	<b>Stocks</b>	<u>82,106</u>	<u>74,716</u>
401,805	276,667	Contracting debtors	467,988	674,339
57,985	91,159	Work in progress less invoicing on account	150,397	112,652
56,662	59,948	Accounts receivable from subsidiaries		
21,147	19,895	Accounts receivable from associates	19,925	21,696
9,606	9,495	Other debtors	32,189	20,560
7,232	8,498	Corporation tax	13,591	10,195
0	0	Deferred tax assets	5,631	5,912
320	7,356	Prepayments	15,910	6,751
<u>554,757</u>	<u>473,018</u>	<b>Debtors</b>	<u>705,631</u>	<u>852,105</u>
<u>204</u>	<u>49,211</u>	<b>Securities</b>	<u>50,516</u>	<u>1,883</u>
<u>41,242</u>	<u>59,199</u>	<b>Cash funds</b>	<u>74,079</u>	<u>71,433</u>
<u>639,566</u>	<u>622,033</u>	<b>TOTAL CURRENT ASSETS</b>	<u>912,332</u>	<u>1,000,137</u>
<u>1,443,569</u>	<u>1,413,787</u>	<b>TOTAL ASSETS</b>	<u>1,632,401</u>	<u>1,723,452</u>



## Balance sheet as per 31/3 2004 (DKK '000)

Appendix 1 – page 3

PARENT COMPANY		LIABILITIES AND EQUITY	GROUP	
30/9 2003	31/3 2004		31/3 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
		Reserve for net revaluation under		
143,007	137,171	the equity method		
365,102	384,645	Carried forward to the next period	521,816	508,109
4,892	0	Proposed dividend	0	4,892
<u>736,136</u>	<u>744,951</u>	<b>Total equity</b>	<u>744,951</u>	<u>736,136</u>
66,417	67,317	Provision for deferred tax	105,930	105,410
12,523	12,162	Warranties	14,612	14,973
<u>78,940</u>	<u>79,479</u>	<b>Total provisions</b>	<u>120,542</u>	<u>120,383</u>
74,079	71,918	Mortgage debt	89,033	91,661
51,979	52,132	Financial institutions	67,032	66,879
0	0	Corporation tax	0	4,567
<u>126,058</u>	<u>124,050</u>	<b>Total long-term debt</b>	<u>156,065</u>	<u>163,107</u>
4,675	4,675	Mortgage debt	5,801	5,923
56,846	71,361	Financial institutions	102,400	88,268
70,359	99,923	Prepayments regarding work in progress	122,055	95,605
220,791	162,539	Trade creditors	224,025	337,155
65,101	51,521	Accounts payable to subsidiaries		
2,009	1,623	Accounts payable to associates	1,782	2,009
0	0	Corporation tax	9,477	3,939
82,654	73,665	Other creditors	145,303	170,927
<u>502,435</u>	<u>465,307</u>	<b>Total short-term debt</b>	<u>610,843</u>	<u>703,826</u>
<u>628,493</u>	<u>589,357</u>	<b>Total liabilities other than provisions</b>	<u>766,908</u>	<u>866,933</u>
<u>1,443,569</u>	<u>1,413,787</u>	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>1,632,401</u>	<u>1,723,452</u>



## Cash flow statement for 1/10 2003 – 31/3 2004 (DKK '000)

Appendix 2

PARENT COMPANY			GROUP	
First six months			First six months	
2002/2003	2003/2004		2003/2004	2002/2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
17,959	28,992	Profit before interest	31,921	20,787
37,300	35,289	Depreciation	56,569	57,435
-14,472	-27,881	Other adjustments	-8,769	-7,151
<u>-23,414</u>	<u>30,893</u>	Change in operating capital	<u>26,320</u>	<u>5,274</u>
<b>Cash flows from operating activities</b>				
17,373	67,293	<b>before financial items and tax</b>	106,041	76,345
<u>-7,860</u>	<u>-3,796</u>	Finance, net	<u>-6,725</u>	<u>-10,688</u>
9,513	63,497	<b>Cash flows from ordinary operations</b>	99,316	65,657
<u>-4,483</u>	<u>-1,266</u>	Corporation tax paid	<u>-7,707</u>	<u>-16,892</u>
<u>5,030</u>	<u>62,231</u>	<b>Cash flows from operating activities</b>	<u>91,609</u>	<u>48,765</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
111	111	Patents and similar rights	-361	-1,167
1,954	-329	Land and buildings	-1,995	1,565
11,044	-24,612	Technical plant and machinery	-42,846	-12,451
-1,161	-982	Cars, furniture and fittings	-2,876	-4,054
0	0	Investment in companies	0	0
15,045	22,989	Dividend received	1,221	0
<u>2,782</u>	<u>-59</u>	Investment in other financial assets	<u>-238</u>	<u>-2,333</u>
<u>29,775</u>	<u>-2,882</u>	<b>Cash flows from investing activities</b>	<u>-47,095</u>	<u>-18,440</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
-3,127	-2,008	Long-term liabilities	-2,475	-3,491
-4,892	-4,892	Dividend paid	-4,892	-4,892
<u>-6,014</u>	<u>0</u>	Own shares	<u>0</u>	<u>-6,014</u>
<u>-14,033</u>	<u>-6,900</u>	<b>Cash flows from financing activities</b>	<u>-7,367</u>	<u>-14,397</u>
<b>TOTAL CHANGE IN LIQUIDITY FOR THE PERIOD</b>				
<u>20,772</u>	<u>52,449</u>		<u>37,147</u>	<u>15,928</u>
-122,844	-15,400	Opening liquidity	-14,952	-106,792
<u>20,772</u>	<u>52,449</u>	Change in liquidity for the period	<u>37,147</u>	<u>15,928</u>
<u>-102,072</u>	<u>37,049</u>	<b>Closing liquidity</b>	<u>22,195</u>	<u>-90,864</u>