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17 May 2006

Ref.: JSZ/til

## Interim Report for the period 1 October 2005 – 31 March 2006

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

### **Result of the first six months:**

- The interim result came to DKK 51 million before tax.
- Consolidated revenue reached DKK 1,820 million.
- Construction contributes a profit before interest at DKK 4 million.
- Pipe Technologies contributes a profit before interest at DKK 31 million.
- Piling contributes a profit before interest at DKK 23 million.
- Cash flows from operating activities with deduction of investments constitute DKK 17 million.

### **Outlook for the financial year 2005/2006:**

- The development of the first six months does not cause a change in the outlook for a profit for the year at DKK 106 million before tax as previously announced.

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

	January quarter		First six months	
	2006	2005	2005/2006	2004/2005
<b>Income statement</b>				
Net revenue, work performed	803	666	1,820	1,622
Of this figure, work performed abroad	305	268	665	578
Foreign activities including shares from associates	349	305	767	686
Profit on primary operations	7	-3	55	41
Profit on associates	2	-1	3	-4
Profit before interest	9	-4	58	37
Finance, net	-4	-2	-7	-4
Profit before tax	5	-6	51	33
Profit after tax	10	-5	44	22

	31/3 2006	30/9 2005	31/3 2005
<b>Balance sheet</b>			
Intangible assets	46	19	16
Property, plant and equipment	806	751	707
Other long-term assets	74	71	65
Short-term assets	1,190	1,152	980
Total assets	2,116	1,993	1,768
Equity	865	825	780
Non-current liabilities	277	186	210
Current liabilities	974	982	778
Total liabilities	2,116	1,993	1,768
Assets/Equity	2.4	2.4	2.3

	January quarter		First six months	
	2006	2005	2005/2006	2004/2005
<b>Cash flow statement</b>				
Operating activities	115	110	164	175
Investing activities	-35	-39	-147	-77
Financing activities	52	-39	80	-45
Change in liquidity for the period	132	32	97	53

The interim financial report for the first six months 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 the first six months of the financial year 2005/2006**

### **Financial development of the Aarsleff Group**

#### **Income statement**

Net revenue for the first six months of the financial year 2005/2006 grew by DKK 199 million compared to the first six months of the financial year 2004/2005. This increase is principally attributable to the Construction segment.

The figure for other operating income and expenses includes a DKK 7 million profit from the sale of land by a subsidiary.

The profit from associates has improved by DKK 6 million and finance, net has depreciated by DKK 3 million.

As such the profit before tax reaches DKK 51 million against DKK 33 million for the same period of last year, an improvement of DKK 18 million. Tax on the profit for the period amounts to DKK 7 million. The low tax rate is mainly due to a tax-related deductible loss concerning a previously written down debt in an associate.

#### **Balance sheet**

The consolidated balance sheet total came to DKK 2,116 million at 31 March 2006. This corresponds to an increase of DKK 123 million compared to the balance sheet total at 30 September 2005.

On the asset side DKK 82 million of the increase is attributable to intangible assets and property, plant and equipment as a consequence of investments made. Cash increased by DKK 67 million while accounts receivable decreased by DKK 30 million.

On the equity and liabilities side DKK 91 million of the increase is attributable to non-current liabilities resulting from borrowings. The current liabilities were reduced by DKK 8 million.

Equity amounts to DKK 865 million at 31 March 2006 against DKK 825 million at the end of September 2005.

#### **Cash flow statement**

Cash flows from operating activities amount to DKK 164 million against DKK 175 million in the first six months of the financial year 2004/2005.

Cash flows from investments reach DKK 147 million against last year's DKK 77 million. This is in accordance with the previously announced outlook for increased investment in project equipment, factories and the acquisition of companies.

Cash flows from financing activities amount to DKK 80 million which is primarily attributable to borrowings.



## 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	
	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
Net revenue, work performed	<b>1,114</b>	952	<b>383</b>	380	<b>323</b>	290	<b>1,820</b>	1,622
Of this figure, work performed abroad	<b>230</b>	160	<b>202</b>	223	<b>233</b>	195	<b>665</b>	578
Foreign activities, including shares from associates	<b>230</b>	163	<b>304</b>	328	<b>233</b>	195	<b>767</b>	686
Profit on primary operations	<b>4</b>	-2	<b>28</b>	30	<b>23</b>	13	<b>55</b>	41
Profit on associates	<b>0</b>	0	<b>3</b>	-4	<b>0</b>	0	<b>3</b>	-4
Profit before interest	<b>4</b>	-2	<b>31</b>	26	<b>23</b>	13	<b>58</b>	37
Finance, net							<b>-7</b>	-4
Profit before tax							<b>51</b>	33
Number of employees	<b>1,709</b>	1,617	<b>472</b>	417	<b>413</b>	343	<b>2,594</b>	2,377

### Construction – increasing revenue abroad and a profit not quite up to expectations

Revenue for the first six months came to DKK 1,114 million against DKK 952 million last year. Revenue abroad reached DKK 230 million compared to DKK 160 million last year.

The profit was DKK 4 million before interest compared to a negative DKK 2 million last year. This is not quite up to the outlook expressed at the beginning of the financial year. The January quarter was influenced negatively by the long winter period of frosty weather.

The profit of the subsidiaries Dan Jord A/S and Wicotec A/S is better than forecasted while the profit of Petri & Haugsted as is as expected. The profit of Dan Jord A/S includes income from the sale of land.

Activities on the domestic market comprise the establishment of a number of underground reservoirs, major sewer jobs, harbour construction, cable work, site development and railway work. The work of renovating the Copenhagen Central Station in a consortium with Pihl has now begun.

Activities abroad include water treatment plants in the Dominican Republic and sewer rehabilitation in Sri Lanka. In Malmö the work on the Citytunneln is well underway just as the activities in connection with a mountain tunnel project at Falkenberg.

As mentioned earlier Danida has presented a claim concerning a completed road project in Nicaragua. The claim has now been quantified to DKK 156 million. The claim is partly directed towards a consortium of contractors of which Aarsleff owns 50% and partly towards a firm of consulting engineers. The quantified claim does not give rise to change the provisions already made.

For the financial year as a whole a profit before interest in the order of 1.5% of revenue is expected.



### **Pipe Technologies – profit slightly above expectations**

Revenue for the first six months came to DKK 383 million against DKK 380 million last year. Revenue abroad decreased compared to the previous financial year as a consequence of completing isolated projects. This is counterbalanced by increased revenue for Denmark.

The profit before interest reached DKK 31 million against DKK 26 million last year. This is slightly better than forecasted at the beginning of the financial year.

In recent years Pipe Technologies in Denmark has entered into a number of framework agreements with municipalities concerning trenchless pipe rehabilitation. These agreements typically run for 3 to 4 years, having a positive influence on revenue.

Export projects within water treatment and trenchless pipe rehabilitation in the Eastern European markets contribute positively to the result.

The profits of the subsidiaries in Poland and Russia are better than forecasted. In Finland the result does not live up to expectations.

For the financial year as a whole the outlook for a profit in the order of 6% of revenue is maintained.

### **Piling – increasing activity abroad and a profit as expected**

Revenue for the first six months reached 323 million against DKK 290 million last year. Revenue abroad was DKK 233 million compared to DKK 195 million in the previous financial year.

The profit before interest came to DKK 23 million against last year's DKK 13 million. The profit is as forecasted at the beginning of the financial year.

The level of activity on the Danish market is as forecasted at the beginning of the year. In Denmark Piling has been engaged in the construction of large cofferdams, among other things, in the first six months.

Abroad Piling is executing foundation work for major harbour projects as well as considerable activities within groundwater lowering on the Malmö Citytunneln project.

The subsidiaries of Piling contribute as forecasted to the result of the first six months.

For the financial year as a whole the outlook for a profit in the order of 5% of revenue is maintained.

### **Applied accounting policies**

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.

### **Outlook for the financial year 2005/2006**

The development of the first six months does not cause a change in the outlook for a profit for the year at DKK 106 million before tax, as previously announced in the notification to the Stock Exchange on 24 February 2006.



## 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 2005 to 31 March 2006.

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 March 2006 and of the Group activities and cash flows for the accounting period 1 October 2005 to 31 March 2006.

Aarhus, 17 May 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

	First six months	
	2005/2006	2004/2005
Net revenue, work performed	1,820,092	1,621,581
Production costs	-1,603,065	-1,428,675
<b>Gross profit</b>	<b>217,027</b>	<b>192,906</b>
Administrative expenses and selling costs	-169,372	-152,664
Other operating income and expenses	7,483	451
<b>Profit on primary operations</b>	<b>55,138</b>	<b>40,693</b>
Profit on associates	2,750	-3,480
<b>Profit before interest</b>	<b>57,888</b>	<b>37,213</b>
Finance, net	-6,884	-3,971
<b>Profit before tax</b>	<b>51,004</b>	<b>33,242</b>
Corporation tax	-6,593	-10,940
<b>Profit for the period</b>	<b>44,411</b>	<b>22,302</b>

## Consolidated balance sheet

Amount in DKK '000

	31/3 2006	30/9 2005
<b>Assets</b>		
Intangible assets	45,739	18,902
Property, plant and equipment	806,123	750,641
Other long-term assets	74,331	71,578
<b>Long-term assets</b>	<b>926,193</b>	<b>841,121</b>
Stocks	95,303	94,184
Receivables	900,237	930,083
Securities	516	597
Cash	193,344	126,936
<b>Short-term assets</b>	<b>1,189,400</b>	<b>1,151,800</b>
<b>Total assets</b>	<b>2,115,593</b>	<b>1,992,921</b>
<b>Liabilities and equity</b>		
<b>Equity</b>	<b>865,011</b>	<b>825,399</b>
Non-current liabilities	276,906	186,263
Current liabilities	973,676	981,259
<b>Total liabilities</b>	<b>1,250,582</b>	<b>1,167,522</b>
<b>Total liabilities and equity</b>	<b>2,115,593</b>	<b>1,992,921</b>

## Statement of changes in equity

Amount in DKK '000

	First six months	
	2005/2006	2004/2005
Balance at the beginning of the period	825,399	769,827
Dividends distributed	-4,966	-4,892
Foreign currency translation adjustment	167	1,466
Exercise of share option agreements	0	-8,215
Profit after tax for the period	44,411	22,302
<b>Balance at the end of the first six months</b>	<b>865,011</b>	<b>780,488</b>



## Consolidated cash flow statement

Amount in DKK '000

	First six months	
	2005/2006	2004/2005
<b>Cash flow from operating activities</b>		
Profit before tax	51,004	33,342
Depreciation	64,581	59,357
Other adjustments	57,508	88,264
Corporation tax paid	-8,560	-6,131
<b>Cash flow from operating activities</b>	<b>164,533</b>	<b>174,732</b>
<b>Cash flow from investing activities</b>		
Net investments in long-term assets	-91,637	-79,471
Investments in companies	-55,569	2,254
<b>Cash flow from investing activities</b>	<b>-147,206</b>	<b>-77,217</b>
<b>Cash flow from financing activities</b>	<b>79,767</b>	<b>-44,131</b>
<b>Cash flow from financing activities</b>	<b>79,767</b>	<b>-44,131</b>
<b>Change in liquidity for the period</b>	<b>97,094</b>	<b>53,384</b>
Opening liquidity	-130,522	-115,387
Change in liquidity for the period	97,094	53,384
<b>Closing liquidity</b>	<b>-33,428</b>	<b>-62,003</b>



## 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
<b>Gross profit</b>	<b>395,764</b>	<b>-3,567</b>	<b>392,197</b>
Administrative expenses and selling costs	-308,257	-17,666	-325,923
Other operating income and expenses	516		516
<b>Profit on primary operations</b>	<b>88,023</b>	<b>-21,233</b>	<b>66,790</b>
Profit on associates	6,965	-4,621	2,344
<b>Profit before interest</b>	<b>94,988</b>	<b>-25,854</b>	<b>69,134</b>
Finance, net	-9,379		-9,379
<b>Profit before tax</b>	<b>85,609</b>	<b>-25,854</b>	<b>59,755</b>
Corporation tax	-26,429	11,404	-15,025
<b>Profit for the year</b>	<b>59,180</b>	<b>-14,450 *</b>	<b>44,730</b>

\* 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
<b>Adjustments in total</b>	<b>-14,450</b>



## Changes in applied accounting policies

### Consolidated balance sheet

Amount in DKK '000

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

\* 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
<b>Adjustments in total</b>	<b>-7,124</b>

### 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
<b>Balance 30 September 2005</b>	<b>825,399</b>



## 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
<b>Cash flow from operating activities</b>			
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
<b>Cash flow from operating activities</b>	<b>168,179</b>	<b>-13,416</b>	<b>154,763</b>
<b>Cash flow from investing activities</b>			
Net investments in long-term assets	-177,829		-177,829
Net disposals relating to securities		49,701	49,701
<b>Cash flow from investing activities</b>	<b>-177,829</b>	<b>49,701</b>	<b>-128,128</b>
<b>Cash flow from financing activities</b>	<b>-55,186</b>	<b>13,416</b>	<b>-41,770</b>
<b>Cash flow from financing activities</b>	<b>-55,186</b>	<b>13,416</b>	<b>-41,770</b>
<b>Change in liquidity for the year</b>	<b>-64,836</b>	<b>49,701</b>	<b>-15,135</b>
Opening liquidity	-65,089	-50,298	-115,387
Change in liquidity for the year	-64,836	49,701	-15,135
<b>Closing liquidity</b>	<b>-129,925</b>	<b>-597</b>	<b>-130,522</b>