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Quarterly report for the period 1 October 2002 – 30 June 2003

Today, the Board of Per Aarsleff A/S has discussed and approved the company's report for the first nine months of the financial year 2002/2003.

Summary:

The company's profit for the first nine months was DKK0 million before tax compared to DKK40.3 million for the same period last year. The third quarter of the financial year contributed a loss at DKK10 million before tax.

The result of the third quarter is marked by our decision, for precautionary reasons, to make a provision for a completed, foreign project.

In the interim report of the company dated 28 May 2003 the outlook for the year was for a profit before tax at DKK40 to DKK50 million. Based on the results achieved in the first quarters combined with a forecast for the fourth quarter, we now have to adjust the outlook to a profit for the year at DKK15 million before tax.

Group turnover for the period was DKK2,333 million against DKK2,130 million last year. Exports including shares from associated companies amount to DKK791 million against DKK797 million last year.

Construction's result for the period is especially marked by the above-mentioned provision for a foreign road project. Construction has carried on the high level of activity from the first six months of the financial year and operations are otherwise progressing as expected.

The result obtained by Pipe Technologies in this quarter largely corresponds to the result obtained in the corresponding period of last year. The low level of activity within the local government sector concerning trenchless sewer rehabilitation projects continued in the third quarter of the financial year.



Piling contributed a considerably smaller result than for the same period last year. This is due to difficult market conditions in Germany and Poland.

Group interest expenditure is developing as expected. Net financing income for the third quarter is affected positively by exchange rate gains. Cash flows from operating activities less investments amounted to a positive DKK31 million in the first nine months of the financial year.

The report discloses earnings for each of the company's three fields of activity. Segment information appears from page 7.

Palle Svejstrup
Chairman of the Board

Ebbe Malte Iversen
General Manager

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1. Highlights and key figures for the Group (DKK million)

	<i>April quarter</i>		<i>1 October – 30 June</i>	
	<i>2002/2003</i>	<i>2001/2002</i>	<i>2002/2003</i>	<i>2001/2002</i>
Profit and loss account				
Net turnover, work performed	793	783	2,333	2,130
Of this figure, exports	205	235	614	644
Exports (incl. shares from associated companies)	262	287	791	797
Profit on primary operations	-9	22	7	45
Profit on associated companies	1	3	6	8
Profit before interest	-8	25	13	53
Net financing income	-2	-6	-13	-13
Profit before tax	-10	19	0	40
Profit after tax	-7	15	-2	27
Number of employees			2,239	2,107
			<i>30/6 2003</i>	<i>30/9 2002</i>
			<i>30/6 2002</i>	
Balance sheet				
Intangible fixed assets		25	29	31
Tangible fixed assets		662	699	694
Financial fixed assets		68	64	67
Current assets		945	1,045	896
Total assets		1,700	1,837	1,688
Equity		735	744	735
Provisions		111	119	111
Debt		854	974	842
Total liabilities and shareholder's equity		1,700	1,837	1,688
Solvency ratio, %		43	41	44

	<i>April quarter</i>		<i>1 October – 30 June</i>	
	<i>2002/2003</i>	<i>2001/2002</i>	<i>2002/2003</i>	<i>2001/2002</i>
Cash flows				
From operating activities	26	-19	75	116
From investment activities	-25	-31	-44	-102
From financing activities	-2	19	-16	26
Change in liquidity for the period	-1	-31	15	40

The accounting policies applied for the preparation of the quarterly report are the same as those applied in the Annual Report 2001/2002.



2. Comments to the developments of the first nine months

The company's profit for the first nine months was DKK0 million before tax compared to DKK40.3 million for the same period last year. The negative result of the third quarter at DKK10 million before tax is especially marked by our decision, for precautionary reasons, to make a provision for a completed, foreign project.

In the interim report of the company dated 28 May 2003 the outlook for the year was for a profit before tax at DKK40 to DKK50 million. Based on the results achieved in the first quarters combined with a forecast for the fourth quarter, we have to reduce the outlook to DKK15 million before tax.

Group interest expenditure is developing as expected. Net financing income for the third quarter is affected positively by exchange rate gains. Cash flows from operating activities less investments amounted to a positive DKK31 million in the first nine months of the financial year.

Group turnover for the period was DKK2,333 million against DKK2,130 million last year. Exports including shares from associated companies amount to DKK791 million against DKK797 million last year.

Construction – high level of activity but marked by provision for completed project

The profit before interest came to a negative DKK3 million compared to a positive DKK22 million for the same period of the previous financial year.

In this period we have decided, for precautionary reasons, to make a provision for a claim made by DANIDA concerning a completed project.

The wind turbine foundation project at Rødsand, Denmark, has been completed, and technically and as regards time the contract was successful. We handed over the contract ahead of the fixed deadlines but practically without gaining any financial contribution from the project.

The primary operations of Construction are otherwise progressing as expected.

The subsidiaries Petri & Haugsted as and Wicotec A/S contribute positively and as expected to the result produced by Construction.

For a couple of years now, Construction has executed projects in Sweden, based in our office in Limhamn. There has been a limited but steadily rising level of activity compared to the situation in Copenhagen. In this quarter the work has mainly been concentrated on harbour construction projects in Gothenburg, Halmstad and Malmö.

In Denmark the third quarter was marked by the completion of many medium-sized infrastructure projects involving harbour construction, motorway works as well as land development and service tasks. The majority of the activities are carried out in the Greater Copenhagen area. However, a growing number of jobs are being implemented in the so-called triangular area, comprising Fredericia, Vejle and Kolding in Jutland, and in the area around Århus.

In June the company Biogen called off a contract that we had expected to execute. The contract was part of a project running into billions, but we expect to sign several minor contracts in the Copenhagen area in replacement of the Biogen contract.



Pipe Technologies – continuously low activity in the local government sector in Denmark

The profit before interest came to DKK8 million against DKK7 million for the corresponding period of the previous financial year.

The low level of activity experienced in the first six months within trenchless sewer rehabilitation in the local government sector, continued in the third quarter of the financial year. We expect this year, as a whole, to show a considerable decline. In return our activities within other segments in Denmark, housing and industry, for instance, have increased. However, in total this change has had a negative influence.

Pipe Technologies' foreign projects mainly consist of grant-aided development projects, which as a whole were not up to expectations. In the future our approach within this area will be of a more selective kind, and geographically we will concentrate more on the East European area.

Turnover for Pipe Technologies came to DKK558 million against DKK472 million last year. Exports including shares from associated companies amounted to DKK552 million in the first nine months, compared to DKK441 million for the same period last year.

Piling – difficult market conditions in Germany and Poland

The profit before interest amounted to DKK8 million and as such is considerably below the profit at DKK24 million for the corresponding period of last year.

Market conditions in Germany and Poland remain difficult. Especially in Germany where we experienced an unusually low level of activity in the third quarter. However, in the months of July and August the inflow of orders has been increasing.

In England, recent years' positive development in turnover and profit continue.

Piling has signed a contract with the British company Parson Flour Daniel concerning a major piling assignment in Kazakhstan. For the construction of an oil refinery 22,000 locally produced concrete piles are to be installed. The work was recently commenced and is scheduled for completion in the summer of 2004. The contract has a value of DKK65 million. We have worked for client Parson before, viz. in connection with an extension of a Statoil refinery in Kalundborg, Denmark, 10 years ago. Behind the project in Kazakhstan are the oil companies Chevron-Texaco and Exxon-Mobile together with the state of Kazakhstan.

In cooperation with Ed. Züblin AG, Hamburg, Germany, we have signed a contract worth approx. EUR7 million with Wasser- und Schifffahrtsamt Lübeck concerning a wharf at Marinehafen Warnemünde. In this connection we will mainly be executing comprehensive sheet piling works.

As a supplement to our services within foundation engineering, cofferdams and soil improvement Piling has decided to enter into a cooperative agreement with German specialists Brückner Grundbau for specific foundation structures. In the future Aarsleff-Brückner JV will offer and execute special foundation structures in Denmark and Sweden, e.g. injection works, bored piles, land ties and diaphragm walls.



3. Prospects for the future

For the financial year 2002/2003 we expect a profit of DKK15 million before tax and a positive cash flow impact.

Construction expects to see a minor rise in the level of activity compared to the previous financial year and a profit before interest at the level of approx. 0% of the turnover.

The outlook for the profit produced by Pipe Technologies for the entire financial year 2002/2003 is influenced by the decline within the local government sector in Denmark. Pipe Technologies expects a profit before interest corresponding to approx. 3% of the turnover.

Piling's expectations for the year's profit before interest are influenced by the difficult market conditions in Germany and Poland. Piling expects a profit before interest corresponding to approx. 3 to 4% of the turnover.

4. Changes in capital and reserves (DKK million)

	1/10 2002 – 30/6 2003	1/10 2001 – 30/6 2002
Balance as at 1 October	744	710
Purchase of own shares	-6	0
Currency adjustments	-1	-1
Exercise of share option agreements	0	-1
Profit after tax for the period	-2	27
Balance as at 30 June	735	735



5. Segment information on the first nine months of 2002/2003 (DKK million)

The following table shows the three segments of the Group: Construction, Pipe Technologies and Piling. The information in the table comprises the parent company divisions, all subsidiaries and associated companies as well as shares in consortia.

All of the directly attributable earnings and expenditure have been allocated to the respective segments. As the segments are supported by staff and joint functions in the parent company, including Group management, administration, project and IT support, the costs of these functions have been allocated to the segments on the basis of the drain that the segments make on the staff and joint functions.

	Construction		Pipe Technologies		Piling		Total	
	2002/2003	2001/2002	2002/2003	2001/2002	2002/2003	2001/2002	2002/2003	2001/2002
Turnover	1,466	1,363	558	472	309	295	2,333	2,130
Of this figure, exports	43	172	383	300	188	172	614	644
Exports, incl. shares from associated companies	51	184	552	441	188	172	791	797
Profit on primary operations	-4	21	3	0	8	24	7	45
Profit on associated companies	1	1	5	7	0	0	6	8
Profit before interest	-3	22	8	7	8	24	13	53
Net financing income							-13	-13
Profit before tax							0	40
Number of employees	1,547	1,423	428	415	264	269	2,239	2,107



Profit and loss account for the period 1 October 2002 – 30 June 2003 (DKK '000)

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PARENT COMPANY			GROUP	
First nine months			First nine months	
2001/2002	2002/2003		2002/2003	2001/2002
1,457,505	1,591,044	Net turnover work performed	2,333,447	2,130,008
<u>-1,277,641</u>	<u>-1,425,900</u>	Direct production costs	<u>-1,995,080</u>	<u>-1,751,420</u>
179,864	165,144	Contribution margin	338,367	378,588
-3,486	-7,178	Other production costs	-34,799	-32,153
-50,887	-46,901	Depreciation, production plant	-72,021	-74,046
<u>2,076</u>	<u>3,100</u>	Gain on sale of fixed assets	<u>3,440</u>	<u>3,840</u>
127,567	114,165	Gross profit	234,987	276,229
-112,320	-118,124	Administration and other overheads	-213,593	-216,611
<u>-5,804</u>	<u>-6,424</u>	Depreciation, administrative equipment, etc.	<u>-14,123</u>	<u>-14,314</u>
9,443	-10,383	Profit on primary operations	7,271	45,304
657	435	Other operating income	558	849
-317	-290	Other operating expenses	-309	-482
		Result of capital participation in affiliated companies before tax:		
34,752	13,616	Subsidiaries		
7,269	5,345	Associated companies	5,303	7,658
<u>-11,460</u>	<u>-8,795</u>	Net financing income	<u>-12,895</u>	<u>-12,985</u>
40,344	-72	Profit before tax	-72	40,344
<u>-13,714</u>	<u>-2,022</u>	Company tax	<u>-2,022</u>	<u>-13,714</u>
<u>26,630</u>	<u>-2,094</u>	PROFIT FOR THE PERIOD	<u>-2,094</u>	<u>26,630</u>



Balance sheet as at 30 June 2003 (DKK '000)

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PARENT COMPANY		ASSETS	GROUP	
30/9 2002	30/6 2003		30/6 2003	30/9 2002
4,167	3,012	Goodwill	22,714	27,413
1,162	996	Patents and similar rights	2,616	1,752
<u>5,329</u>	<u>4,008</u>	Intangible fixed assets	<u>25,330</u>	<u>29,165</u>
176,578	176,639	Land and buildings	279,893	281,270
246,690	202,679	Technical plant and machinery	350,647	386,016
11,857	10,733	Cars, furniture and fittings	31,508	31,587
<u>435,125</u>	<u>390,051</u>	Tangible fixed assets	<u>662,048</u>	<u>698,873</u>
334,356	327,281	Shares in subsidiaries	0	0
58,003	64,665	Shares in associated companies	64,886	58,269
29,372	27,876	Loans to subsidiaries	0	0
4,900	1,732	Loans to associated companies	1,732	4,900
529	451	Other securities and shares	856	931
<u>427,160</u>	<u>422,005</u>	Financial fixed assets	<u>67,474</u>	<u>64,100</u>
<u>867,614</u>	<u>816,064</u>	TOTAL FIXED ASSETS	<u>754,852</u>	<u>792,138</u>
<u>43,270</u>	<u>44,011</u>	Stocks	<u>76,566</u>	<u>70,844</u>
408,780	381,201	Contracting debtors	566,419	630,575
134,290	105,090	Work in progress less interim invoicing	165,549	193,988
72,342	53,686	Accounts receivable from subsidiaries	0	0
19,211	19,442	Accounts receivable from associated companies	19,472	19,248
23,291	12,174	Other debtors	29,179	29,854
13,137	19,462	Tax receivable	25,447	16,569
1,222	3,166	Prepayments	9,615	11,065
<u>672,273</u>	<u>594,221</u>	Debtors	<u>815,681</u>	<u>901,299</u>
<u>290</u>	<u>196</u>	Securities	<u>1,873</u>	<u>2,562</u>
<u>43,061</u>	<u>25,100</u>	Cash funds	<u>51,378</u>	<u>70,550</u>
<u>758,894</u>	<u>663,528</u>	TOTAL CURRENT ASSETS	<u>945,498</u>	<u>1,045,255</u>
<u>1,626,508</u>	<u>1,479,592</u>	TOTAL ASSETS	<u>1,700,350</u>	<u>1,837,393</u>



Balance sheet as at 30 June 2003 (DKK '000)

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PARENT COMPANY		LIABILITIES AND SHAREHOLDERS' EQUITY	GROUP	
30/9 2002	30/6 2003		30/6 2003	30/9 2002
45,300	45,300	Share capital	45,300	45,300
177,835	177,835	Share premium account	177,835	177,835
		Reserve for write-up of investments		
147,701	134,329	to equity		
<u>373,555</u>	<u>377,661</u>	Profit carried forward	<u>511,990</u>	<u>521,256</u>
<u>744,391</u>	<u>735,125</u>	Total equity	<u>735,125</u>	<u>744,391</u>
71,467	64,567	Deferred tax	102,586	110,855
5,600	5,600	Warranties	8,400	8,400
<u>77,067</u>	<u>70,167</u>	Total provisions	<u>110,986</u>	<u>119,255</u>
79,481	75,199	Mortgage debt	93,322	98,254
51,992	51,969	Financial institutions	66,869	66,892
0	0	Company tax	3,880	5,872
<u>131,473</u>	<u>127,168</u>	Total long-term debt	<u>164,071</u>	<u>171,018</u>
4,692	4,692	Mortgage debt	5,688	5,883
166,195	110,549	Financial institutions	145,230	179,904
69,182	58,516	Prepayments regarding work in progress	86,559	87,238
267,376	221,598	Trade creditors	296,095	356,377
70,338	69,716	Accounts payable to subsidiaries	0	0
5,094	2,323	Accounts payable to associated companies	2,564	5,335
0	0	Company tax	8,775	10,173
85,728	79,738	Other creditors	145,257	152,847
4,972	0	Dividend for the year	0	4,972
<u>673,577</u>	<u>547,132</u>	Total short-term debt	<u>690,168</u>	<u>802,729</u>
<u>805,050</u>	<u>674,300</u>	Total debts	<u>854,239</u>	<u>973,747</u>
<u>1,626,508</u>	<u>1,479,592</u>	TOTAL LIABILITIES	<u>1,700,350</u>	<u>1,837,393</u>



Cash flow statement for the period 1 October 2002– 30 June 2003 (DKK '000)

Appendix 2

PARENT COMPANY			GROUP	
First nine months			First nine months	
2001/2002	2002/2003		2002/2003	2001/2002
		CASH FLOW FROM OPERATING ACTIVITIES		
51,804	8,723	Profit before interest	12,823	53,330
58,976	55,557	Depreciation	86,362	88,633
-46,154	-24,118	Other adjustments	-8,788	-11,592
10,145	17,809	Change in operating capital	17,257	116
		Cash flow from operating activities before financial items and tax	107,654	130,255
-11,460	-8,795	Net financing income	-12,895	-12,985
63,311	49,176	Cash flow from ordinary operations	94,759	117,270
9,414	-6,325	Company tax paid	-19,559	-1,278
72,725	42,851	Cash flow from operating activities	75,200	115,992
		CASH FLOW FROM INVESTMENT ACTIVITIES		
-1,217	166	Patents and similar rights	-1,104	198
-33,264	-2,559	Land and buildings	-2,949	-41,627
-26,467	303	Technical plant and machinery	-29,893	-54,414
-908	-1,915	Cars, furniture and fittings	-8,273	-6,428
16,082	14,769	Investment in companies	0	0
-2,495	-813	Investment in other financial assets	-2,307	45
-48,269	9,951	Cash flow from investment activities	-44,526	-102,226
		CASH FLOW FROM FINANCING ACTIVITIES		
18,201	-4,305	Long-term liabilities	-4,955	32,612
-4,972	-4,892	Dividend paid	-4,892	-4,972
0	-6,014	Own shares	-6,014	0
-1,290	0	Exercise of share option agreements	0	-1,290
11,939	-15,211	Cash flow from financing activities	-15,861	26,350
36,395	37,591	TOTAL CHANGE IN LIQUIDITY FOR THE PERIOD	14,813	40,116
-190,840	-122,844	Opening liquidity	-106,792	-185,748
36,395	37,591	Change in liquidity for the period	14,813	40,116
-154,445	-85,253	Liquidity at end of period	-91,979	-145,632