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## **Interim report for the period 1 October 2002– 31 March 2003**

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 2002/2003.

### ***Summary***

The interim result of the company before tax amounts to DKK10.1 million compared to DKK21.4 million last year.

The DKK10.1 million result is less than expected. In the quarterly report for the period 1 October – 31 December 2002, published 27 February 2003, the company expected the second quarter of the financial year to produce a loss. The result before tax was a negative DKK24.0 million. For this quarter Construction, Piling and Pipe Technologies all contribute results smaller than expected.

On 8 May 2003 the company published a notification to the Stock Exchange on readjustment of the outlook for the profit for the financial year 2002/2003. At the beginning of the year and after the first quarter the outlook for the year was for a profit after tax at DKK80 million. The outlook was readjusted to a profit before tax at DKK40 to DKK50 million. The changed outlook is caused by our activities within pipe rehabilitation and piling being affected by adverse market conditions, and by the wind turbine foundation project at Rødsand contributing less than expected.

Group turnover was DKK1,540 million compared to DKK1,347 million last year. Exports including shares from associated companies amount to DKK529 million compared to DKK510 million last year.

Construction has contributed an improvement of the result compared to last year. However, in spite of a high level of activity the result falls short of expectations. This is caused by the division's biggest ongoing project, an offshore wind farm that is being established for client Energi E2 at Rødsand in Denmark. The foundation contract for this project amounts to DKK300 million. The project, which contributes a profit although smaller than expected, has reached the final stage and we expect to complete the project ahead of schedule.



Pipe Technologies has contributed an improvement of the result compared to last year. However, Pipe Technologies' result for the first six months of the current financial year falls short of expectations. Activities within trenchless sewer renovation within the Danish municipal sector do not live up to the growth of previous years. The general outlook for the current financial year is for a considerable decline in activities which will affect the result negatively until the effect of initiated adjustments start showing.

For the first six months Piling contributes a smaller result than last year, which is a consequence of continued difficult market conditions in Germany and Poland. The Danish market conditions are difficult but Piling has been able to maintain the sound development from the previous two financial years. Activities in England are developing positively.

According to expectations the Group interest payments indicate a downward trend. However, net financing income is influenced negatively by capital losses.

In the first six months cash flows from operating activities less investments amounted to a positive DKK30 million. Naturally, the readjustment of the profit for the year to DKK40-50 million will reduce the previously expected improvement in liquidity. However, the improvement remains material.

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

*For further information:*

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



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

	<i>January quarter</i>		<i>First six months</i>		
	<i>2002/2003</i>	<i>2001/2002</i>	<i>2002/2003</i>	<i>2001/2002</i>	
<b>Profit and loss account</b>					
Net turnover, work performed	679	632	1,540	1,347	
Of this figure, exports	202	185	409	409	
Exports (incl. shares from associated companies)	261	231	529	510	
Profit on primary operations	-18	2	17	23	
Profit on associated companies	1	0	4	5	
Profit before interest	-17	2	21	28	
Net financing income	-7	-4	-11	-7	
Profit before tax	-24	-2	10	21	
Profit after tax	-18	-3	5	12	
Number of employees			2,207	2,035	
		<i>31/3 2003</i>	<i>30/9 2002</i>	<i>31/3 2002</i>	
<b>Balance sheet</b>					
Intangible fixed assets		27	29	32	
Tangible fixed assets		663	699	691	
Financial fixed assets		67	64	67	
Current assets		880	1,045	794	
Total assets		1,637	1,837	1,584	
Equity		743	744	723	
Provisions		117	119	113	
Debt		777	974	748	
Total liabilities and shareholder's equity		1,637	1,837	1,584	
Solvency ratio, %		45	41	46	
		<i>January quarter</i>		<i>First six months</i>	
		<i>2002/2003</i>	<i>2001/2002</i>	<i>2002/2003</i>	<i>2001/2002</i>
<b>Cash flows</b>					
From operating activities	65	48	49	135	
From investment activities	-39	-33	-19	-71	
From financing activities	-13	8	-14	7	
Change in liquidity for the year	13	23	16	71	

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



## 2. Comments to the developments of the first six months

Turnover for the first six months was DKK1,540 million compared to DKK1,347 million last year. The profit before tax was DKK10.1 million against DKK21.4 million last year. The first quarter of the financial year produced a turnover at DKK861 million and a result before tax at DKK34.1 million, while the second quarter contributed DKK679 million in turnover and a DKK24.0 million loss. The result of the second quarter last year was a negative DKK2.4 million.

The DKK10.1 million result is lower than expected. In the quarterly report for the period 1 October – 31 December 2002, published 27 February 2003, the company expected the second quarter of the financial year to produce a loss. The second quarter of the financial year is typically influenced by the winter period. The result before tax was a negative DKK24.0 million. Seeing that, for this quarter, Construction, Piling and Pipe Technologies all contribute results that are smaller than forecasted, other conditions than the winter weather have affected the result.

According to expectations the Group interest payments indicate a downward trend. However, net financing income is influenced negatively by capital losses.

On 8 May 2003 the company published a notification to the Stock Exchange on readjustment of the outlook for the profit for the financial year 2002/2003. At the beginning of the year and after the first quarter the outlook for the year was for a profit after tax at DKK80 million. The outlook was readjusted to a profit before tax at DKK40 to DKK50 million. The changed outlook is caused by our activities within pipe rehabilitation and piling being affected by adverse market conditions, and by the wind turbine foundation project at Rødsand contributing less than expected.

### **Construction – high level of activity but smaller earnings than forecasted for offshore wind turbine foundations**

The result achieved by Construction is influenced by provisions made for a single project. The profit before tax was DKK14 million against DKK13 million last year. In spite of a high level of activity the result falls short of expectations.

The main part of activities within the first six months of the financial year was implemented in Denmark. Exports including shares from associated companies were DKK34 million compared to DKK111 million last year.

At Rødsand in Denmark, we are constructing an offshore wind farm for client Energi E2, and the foundation contract amounts to DKK300 million. The special concept applied for this project involves production of the foundations in Poland. Technically and as regards time, execution of the contract has progressed well. We have been forced to speed up certain parts of the work in order to catch up with delays over the winter period and facilitate for succeeding contractors the use of the positive drive. We expect to be able to hand over the project ahead of the originally fixed deadlines. We are currently discussing part payment of certain price increases with the client, but since no agreement has yet been reached we find it necessary to make provisions. The project does yield a profit, but a smaller one than forecasted.

The remaining projects have been implemented as expected and primarily comprise a number of infrastructure jobs in the Copenhagen and Ørestad area, i.e. harbour construction works and land development works.

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



In the second quarter Construction has been awarded a number of contracts within harbour construction. An outer breakwater in Hirtshals, a marina in Lundeborg, 100m quay in Middelfart, ferry berths for the Holbæk-Orø crossing, 500m quay in Halmstad and 600m quay in Malmö. Jobs that typically exploit the synergy potential between the competencies of Construction and Piling.

For the financial year 2002/2003 as a whole Construction expects an increase in activities compared to last year and a result before tax at the level of approx. 1.0% of turnover.

### **Pipe Technologies – low level of activity within the Danish municipal sector**

The profit before tax in Pipe Technologies was DKK4 million for the first six months of the financial year, compared to DKK2 million in the corresponding period of the previous financial year. The interim accounts last year were affected by low activity within the municipal sector in the second quarter and unprofitable project-related activities. The result of the first six months does not live up to expectations.

For a number of years the market for cured-in-place pipe lining in Denmark has been growing. However, we expect to see a 10-15% drop in the current year which will influence our activities negatively until the result of initiated adjustments start showing. The drop is caused by a very reluctant municipal sector. It is too early to determine whether this new level shall be understood as the basis for future developments or it is merely a question of investments having been postponed to future years.

Exports including shares from associated companies amount to DKK370 million in the first six months compared to DKK284 million in the same period last year. The foreign subsidiaries contribute as expected to the result from Pipe Technologies. Rehabilitation of sewers in Mumbai in India will be completed satisfactorily and according to the plan in June. The contract price of this project is approx. DKK140 million.

In the second quarter Pipe Technologies has been awarded new project-related contracts in Vietnam, in Manila in the Philippines and in Riga, Latvia.

Pipe Technologies' expectations to the profit for the financial year 2002/2003 is affected by the recession within the Danish municipal sector. As such, Pipe Technologies expects a result before tax for the entire financial year corresponding to approx. 4% of turnover.

### **Piling – difficult market conditions not least in Germany and Poland**

Piling's result before tax of DKK2 million is considerably lower than the DKK13 million result achieved in the corresponding period of the previous financial year.

Our activities in Germany are very difficult. For a period of seven years this market has experienced a downturn, and at present all players on the German market seem to lose money.

Market conditions are also difficult in Poland and have been affected by bad debts in the first quarter.

In recent years our English subsidiary has produced a positive growth in turnover and results. This development has continued in the first six months of the financial year 2002/2003.

Piling's expectations to the result before tax for the entire financial year 2002/2003 are influenced by the difficult market conditions in Germany and Poland. Piling expects a result before tax corresponding to approx. 3-4% of turnover.



### 3. The future

At the beginning of the year and after the first quarter, the outlook for the result for the year was for a profit before tax at DKK40 to DKK50 million. The changed outlook is caused by our activities within pipe rehabilitation and piling being affected by adverse market conditions, and by the wind turbine foundation project at Rødsand contributing less than expected.

The outlook for the financial year 2002/2003 as a whole is still for a positive cash flow impact.

For the financial year 2002/2003 as a whole Construction expects an increase in activities compared to last year and a result before tax at the level of approx. 1.0% of turnover.

Pipe Technologies' expectations to the profit for the financial year 2002/2003 is affected by the recession within the Danish municipal sector. As such, Pipe Technologies expects a result before tax for the entire financial year corresponding to approx. 4% of turnover.

Piling's expectations to the result before tax for the entire financial year 2002/2003 are influenced by the difficult market conditions in Germany and Poland. Piling expects a result before tax corresponding to approx. 3-4% of turnover.



#### 4. Changes in capital and reserves (DKK million)

	1/10 2002 – 31/3 2003	1/10 2001 – 31/3 2002
Balance as at 1 October 2002	744	710
Purchase of own shares	-6	0
Currency adjustments	0	1
Profit after tax for the period	5	12
<b>Balance as at 31 March 2003</b>	<b>743</b>	<b>723</b>

#### 5. Segment information on first six 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	967	861	373	306	200	180	1,540	1,347
Of this figure, exports	28	100	256	194	125	115	409	409
Exports, incl. shares from associated companies	34	111	370	284	125	115	529	510
Profit on primary operations	14	13	1	-3	2	13	17	23
Profit on associated companies	1	0	3	5	0	0	4	5
Profit before interest	15	13	4	2	2	13	21	28
Net financing income							-11	-7
Profit before tax							10	21
Number of employees	1,500	1,385	432	408	275	242	2,207	2,035



## Profit and loss account for the period 1 October 2002 – 31 March 2003 (DKK '000)

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PARENT COMPANY			GROUP	
First six months			First six months	
2001/2002	2002/2003		2002/2003	2001/2002
917,082	1,075,120	<b>Net turnover work performed</b>	1,540,049	1,347,013
-802,743	-951,552	Direct production costs	-1,300,275	-1,102,401
114,339	123,568	<b>Contribution margin</b>	239,774	244,612
-3,517	-6,752	Other production costs	-26,107	-24,182
-32,333	-28,445	Depreciation, production plant	-44,772	-45,724
78,489	88,371	<b>Gross profit</b>	168,895	174,706
-73,502	-76,190	Administration and other overheads	-142,795	-142,419
-3,509	-4,318	Depreciation, administrative equipment, etc.	-9,417	-9,311
1,478	7,863	<b>Profit on primary operations</b>	16,683	22,976
435	277	Other operating income	332	568
-190	-238	Other operating expenses	-255	-319
		Result of capital participation in affiliated companies before tax:		
21,219	5,916	Subsidiaries		
5,402	4,141	Associated companies	4,027	5,424
-6,988	-7,860	Net financing income	-10,688	-7,293
21,356	10,099	<b>Profit before tax</b>	10,099	21,356
-9,147	-4,726	Company tax	-4,726	-9,147
<u>12,209</u>	<u>5,373</u>	<b>PROFIT FOR THE PERIOD</b>	<u>5,373</u>	<u>12,209</u>



## Balance sheet as at 31 March 2003 (DKK '000)

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PARENT COMPANY		ASSETS	GROUP	
30/9 2002	31/3 2003		31/3 2003	30/9 2002
4,167	3,396	Goodwill	24,278	27,413
1,162	1,051	Patents and similar rights	2,759	1,752
5,329	4,447	<b>Intangible fixed assets</b>	27,037	29,165
176,578	173,529	Land and buildings	277,397	281,270
246,690	206,687	Technical plant and machinery	355,324	386,016
11,857	10,957	Cars, furniture and fittings	30,074	31,587
435,125	391,173	<b>Tangible fixed assets</b>	662,795	698,873
334,356	322,101	Shares in subsidiaries	0	0
58,003	64,867	Shares in associated companies	65,016	58,269
29,372	24,256	Loans to subsidiaries	0	0
4,900	1,925	Loans to associated companies	1,925	4,900
529	469	Other securities and shares	874	931
427,160	413,618	<b>Financial fixed assets</b>	67,815	64,100
867,614	809,238	<b>TOTAL FIXED ASSETS</b>	757,647	792,138
43,270	43,708	<b>Stocks</b>	77,499	70,844
408,780	345,266	Contracting debtors	509,348	630,575
134,290	100,292	Work in progress less interim invoicing	154,040	193,988
72,342	54,427	Accounts receivable from subsidiaries	0	0
19,211	23,502	Accounts receivable from associated companies	23,532	19,248
23,291	15,235	Other debtors	28,300	29,854
13,137	17,620	Tax receivable	23,200	16,569
1,222	6,506	Prepayments	13,149	11,065
672,273	562,848	<b>Debtors</b>	751,569	901,299
290	267	<b>Securities</b>	2,238	2,562
43,061	20,720	<b>Cash funds</b>	48,384	70,550
758,894	627,543	<b>TOTAL CURRENT ASSETS</b>	879,690	1,045,255
1,626,508	1,436,781	<b>TOTAL ASSETS</b>	1,637,337	1,837,393



## Balance sheet as at 31 March 2003 (DKK '000)

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PARENT COMPANY		LIABILITIES AND SHAREHOLDERS' EQUITY	GROUP	
30/9 2002	31/3 2003		31/3 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	136,302	to equity		
<u>373,555</u>	<u>383,646</u>	Profit carried forward	<u>519,948</u>	<u>521,256</u>
<u>744,391</u>	<u>743,083</u>	<b>Total equity</b>	<u>743,083</u>	<u>744,391</u>
71,467	71,167	Deferred tax	108,982	110,855
5,600	5,600	Warranties	8,400	8,400
<u>77,067</u>	<u>76,767</u>	<b>Total provisions</b>	<u>117,382</u>	<u>119,255</u>
79,481	76,344	Mortgage debt	94,753	98,254
51,992	52,002	Financial institutions	66,902	66,892
0	0	Company tax	2,891	5,872
<u>131,473</u>	<u>128,346</u>	<b>Total long-term debt</b>	<u>164,546</u>	<u>171,018</u>
4,692	4,692	Mortgage debt	5,688	5,883
166,195	123,059	Financial institutions	141,486	179,904
69,182	56,996	Prepayments regarding work in progress	74,873	87,238
267,376	186,296	Trade creditors	250,448	356,377
70,338	48,851	Accounts payable to subsidiaries	0	0
5,094	2,753	Accounts payable to associated companies	3,746	5,335
0	0	Company tax	7,591	10,173
85,728	65,938	Other creditors	128,494	152,847
4,972	0	Dividend for the year	0	4,972
<u>673,577</u>	<u>488,585</u>	<b>Total short-term debt</b>	<u>612,326</u>	<u>802,729</u>
<u>805,050</u>	<u>616,931</u>	<b>Total debts</b>	<u>776,872</u>	<u>973,747</u>
<u>1,626,508</u>	<u>1,436,781</u>	<b>TOTAL LIABILITIES</b>	<u>1,637,337</u>	<u>1,837,393</u>



## Cash flow statement for the period 1 October 2002– 31 March 2003 (DKK '000)

Appendix 2

PARENT COMPANY			GROUP	
First six months			First six months	
2001/2002	2002/2003		2002/2003	2001/2002
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
28,344	17,959	Profit before interest	20,787	28,649
39,272	37,300	Depreciation	57,435	58,736
-29,899	-14,472	Other adjustments	-7,151	-8,973
<u>60,460</u>	<u>-23,414</u>	Change in operating capital	<u>5,274</u>	<u>63,062</u>
<b>Cash flow from operating activities</b>				
98,177	17,373	<b>before financial items and tax</b>	76,345	141,474
<u>-6,988</u>	<u>-7,860</u>	Net financing income	<u>-10,688</u>	<u>-7,293</u>
91,189	9,513	<b>Cash flow from ordinary operations</b>	65,657	134,181
<u>11,206</u>	<u>-4,483</u>	Company tax paid	<u>-16,892</u>	<u>709</u>
<u>102,395</u>	<u>5,030</u>	<b>Cash flow from operating activities</b>	<u>48,765</u>	<u>134,890</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
-1,273	111	Patents and similar rights	-1,167	270
-27,494	1,954	Land and buildings	1,565	-34,465
-15,249	11,044	Technical plant and machinery	-12,451	-31,697
-812	-1,161	Cars, furniture and fittings	-4,054	-5,131
16,082	15,045	Investment in companies	0	0
<u>375</u>	<u>2,782</u>	Investment in other financial assets	<u>-2,333</u>	<u>-58</u>
<u>-28,371</u>	<u>29,775</u>	<b>Cash flow from investment activities</b>	<u>-18,440</u>	<u>-71,081</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
-2,259	-3,127	Long-term liabilities	-3,491	12,317
-4,972	-4,892	Dividend paid	-4,892	-4,972
<u>0</u>	<u>-6,014</u>	Own shares	<u>-6,014</u>	<u>0</u>
<u>-7,231</u>	<u>-14,033</u>	<b>Cash flow from financing activities</b>	<u>-14,397</u>	<u>7,345</u>
<u>66,793</u>	<u>20,772</u>	<b>TOTAL CHANGE IN LIQUIDITY</b>	<u>15,928</u>	<u>71,154</u>
<b>FOR THE YEAR</b>				
-190,840	-122,844		-106,792	-185,748
<u>66,793</u>	<u>20,772</u>	Opening liquidity	<u>15,928</u>	<u>71,154</u>
<u>-124,047</u>	<u>-102,072</u>	Change in liquidity for the year	<u>-90,864</u>	<u>-114,594</u>