



Københavns Fondsbørs
Nikolaj Plads 6

1067 København K

Per Aarsleff A/S
Hovedkontor · Main Office
Lokesvej 15
DK-8230 Åbyhøj
Denmark

Tel +45 8744 2222
Fax +45 8744 2249

CVR-nr. 24 25 77 97

Kontor Øst · Office Copenhagen
Industriholmen 2
DK-2650 Hvidovre
Denmark

Tel +45 3679 3333
Fax +45 3679 3300

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Quarterly Report for 1 October – 31 December 2003

Today the Board of Per Aarsleff A/S has discussed and approved the Quarterly Report of the Company covering the first quarter of the financial year 2003/2004.

Summary:

The quarterly result before tax came to DKK 19.3 million compared to DKK 34.1 million over the same period last year.

This corresponds to expectations and supports the forecast expressed by the management regarding a profit for the year at DKK 40 million before tax.

Group revenue was DKK 754 million against DKK 861 million last year. Exports including shares from associates amount to DKK 314 million compared to DKK 268 million last year.

This tendency substantiates the outlook for a slightly decreasing level of activity in this financial year compared to the previous financial year.

Construction contributes a quarterly result at DKK 4 million before interest against DKK 17 million last year. Revenue for the quarter came to DKK 446 million compared to DKK 570 million last year. As expected the market is characterised by a lack of major projects and thus a lower level of activity. The result lives up to expectations.

Pipe Technologies contributes a result before interest at DKK 12 million against DKK 16 million in the same period of the previous year. The result is marked by a high level of activity within the municipal sector in Denmark and a steady growth on the rest of the European market. The export of projects is somewhat smaller than for the corresponding period of last year. In total, Pipe Technologies contributes a quarterly result slightly more positive than forecasted.



Piling produced a quarterly result before interest at DKK 7 million against DKK 5 million for the corresponding quarter of last year.

A Danish market characterised by some reluctance and continuously difficult conditions on the German market are counterbalanced by the income from a major export project in Kazakhstan, improved results in Poland and a continued positive profit development in our English subsidiary. The total result obtained by Piling is as expected.

The cash flows from operating activities with deduction of investments reached a positive DKK 49 million for the first quarter of the financial year, which is above expectations.

The report discloses the income from 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)

Income statement	<i>First quarter</i>	
	2003	2002
Net revenue, work performed	754	861
Of this figure, work performed abroad	246	207
Foreign activities, including shares from associates	314	268
Profit on primary operations	21	35
Profit on associates	2	3
Profit before interest	23	38
Finance, net	-4	-4
Profit before tax	19	34
Profit after tax	12	23
Number of employees	2,250	2,273

Balance sheet	31/12 2003	30/9 2003	31/12 2002
Intangible assets	21	22	28
Property, plant and equipment	632	641	650
Investments	60	60	68
Current assets	934	1,000	960
Total assets	1,647	1,723	1,706
Equity	746	736	770
Provisions	125	120	130
Liabilities other than provision	776	867	806
Total liabilities and equity	1,647	1,723	1,706
Solvency ratio, %	45	43	45

Cash flow statement	<i>First quarter</i>	
	2003	2002
Operating activities	66	-16
Investment in property, plant and equipment	-17	22
Other investing activities	0	-2
Financing activities	-1	-1
Change in liquidity for the period	48	3

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 quarter

Revenue for the quarter reached DKK 754 million compared to DKK 861 million last year. The profit before tax was DKK 19.3 million against DKK 34.1 million last year. Exports including shares from associates amount to DKK 314 million against DKK 268 million last year.

This tendency substantiates the outlook for a slightly decreasing level of activity in this financial year compared to the previous financial year. The period is marked by less major, isolated contracts than normally.

The cash flows from operating activities with deduction of investments reached a positive DKK 49 million for the first quarter of the financial year. This amount is larger than expected which is due to random fluctuations at the time of settlement. However, it supports the outlook for a continuance of the positive liquidity effect established in the two preceding financial years.

Construction – lower level of activity as expected

Construction contributes a quarterly result before interest at DKK 4 million against DKK 17 million last year.

The revenue generated in the first quarter came to DKK 446 million compared to DKK 570 million last year which saw an extraordinarily high level of activity. The market is characterised by a lack of major contracts resulting in a lower level of activity as expected.

Exports including shares from associates amount to DKK 42 million compared to DKK 16 million last year. As such, exports remain a modest part of Construction's activities. We hold a growing volume of orders for foreign projects, which, however, will not affect the level of activity considerably until in the next financial year.

The quarterly result of Construction lives up to expectations.

The subsidiaries Petri & Haugsted as, Wicotec A/S and Dan Jord A/S continue the sound development and contribute positively and as expected to the profit.

Pipe Technologies – high level of activity within the municipal sector in Denmark

Pipe Technologies contributes a result before interest at DKK 12 million against DKK 16 million for the same period of last year.

The result is characterised by a high level of activity within the municipal sector in Denmark, following the low level of activity experienced during large parts of the previous financial year.

Considering the low level of activity seen in three successive quarters, it seems that the municipalities have been trying to make up for lost time in the final quarter of 2003. The management expects activities within the municipal sector to find a more normal level in the remaining three quarters of the financial year.

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



Revenue from exports amounts to DKK 107 million in this quarter, compared to DKK 132 million for the first quarter of last year. A number of export projects have been completed and our order intake is now of a more cautious and selective nature.

In total Pipe Technologies' contribution to the quarterly result is slightly above expectations.

Piling – reluctance on the Danish market but a high level of activity abroad

Pilings quarterly result before interest was DKK 7 million against DKK 5 million for the corresponding quarter of the previous financial year.

The Danish market is characterised by reluctance, and the low level of activity within the building and construction industry affects Piling.

During the quarter under review Aarsleff has been very busy in Kazakhstan, driving approx. 22,000 concrete piles for a new oil treatment plant. The contract price is DKK 65 million. The work is now in its final phase and income generated from the project is satisfactory.

Market conditions in Germany continue to be difficult while the results in Poland, as expected, have improved considerably compared to last year. The profit development generated by our English subsidiary continues the positive trend seen in the previous three financial years.

In total the quarterly result of Piling is at the level of expectations.

3. The future

The outlook for the financial year 2003/2004 is for an unchanged, slightly decreasing level of activity and a profit before tax at DKK 40 million.

The quarterly result supports the management's forecasted profit for the year at DKK 40 million before tax.

The construction market is characterised by insecure and difficult market conditions.

The income generated in the second quarter is normally influenced by the winter period, and therefore the remaining part of the income is expected in the third and fourth quarters of the financial year.

Cash flows from operating activities with deduction of investments are expected to come to a considerably positive figure as they did in the two preceding financial years.

The subsidiaries are experiencing sound growth.

Pipe Technologies and Piling are market leaders in the majority of the markets where they are represented. The core activities in this connection are steadily growing. Efforts are continuously made to mature new markets. The production and installation processes connected to the industrial activities are continuously being developed.

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



4. Changes in equity (DKK million)

	1/10 – 31/12 2003	1/10 – 31/12 2002
Balance at beginning of quarter	736	747
Currency adjustments concerning derivative financial instruments	-2	0
Profit after tax for the period	12	23
Balance at end of quarter	746	770

5. Segment information on first quarter of 2002/2003 (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	446	570	180	196	128	95	754	861
Of this figure, work performed abroad	40	14	107	132	99	61	246	207
Foreign activities, including shares from associates	42	16	173	191	99	61	314	268
Profit on primary operations	2	17	12	13	7	5	21	35
Profit on associates	2	0	0	3	0	0	2	3
Profit before interest	4	17	12	16	7	5	23	38
Finance, net							-4	-4
Profit before tax							19	34
Number of employees	1,560	1,562	407	432	283	279	2,250	2,273


Income statement for 1/10 – 31/12 2003 (DKK '000)

Appendix 1 – page 1

PARENT COMPANY			GROUP	
First quarter			First quarter	
2002	2003		2003	2002
597,966	451,056	Net revenue, work performed	754,314	860,847
-536,147	-405,942	Production costs	-660,405	-747,583
61,819	45,114	Gross profit	93,909	113,264
-42,797	-40,138	Administrative expenses	-72,747	-78,580
19,022	4,976	Profit on primary operations	21,161	34,684
34	75	Other operating income and expenses	114	58
		Result of capital participation in affiliated companies before tax:		
15,207	14,876	Subsidiaries		
3,561	2,081	Associates	2,064	3,395
37,824	22,008	Profit before interest	23,339	38,137
-3,691	-2,713	Finance, net	-4,044	-4,004
34,133	19,295	Profit before tax	19,295	34,133
-11,482	-6,969	Corporation tax	-6,969	-11,482
<u>22,651</u>	<u>12,326</u>	PROFIT FOR THE PERIOD	<u>12,326</u>	<u>22,651</u>



Balance sheet as per 31/12 2003 (DKK '000)

Appendix 1 – page 2

PARENT COMPANY		ASSETS	GROUP	
30/9 2003	31/12 2003		31/12 2003	30/9 2003
2,627	2,241	Goodwill	19,526	20,981
941	885	Patents and similar rights	1,523	1,108
<u>3,568</u>	<u>3,126</u>	Intangible assets	<u>21,049</u>	<u>22,089</u>
173,416	172,132	Land and buildings	271,379	273,256
192,552	188,713	Technical plant and machinery	333,106	339,910
9,907	9,342	Cars, furniture and fittings	27,294	27,926
<u>375,875</u>	<u>370,187</u>	Property, plant and equipment	<u>631,779</u>	<u>641,092</u>
338,326	346,462	Shares in subsidiaries		
58,705	59,087	Shares in associates	59,463	59,098
26,783	26,815	Loans to subsidiaries		
47	110	Loans to associates	110	47
699	688	Other securities and shares	978	989
<u>424,560</u>	<u>433,162</u>	Investments	<u>60,551</u>	<u>60,134</u>
<u>804,003</u>	<u>806,475</u>	TOTAL FIXED ASSETS	<u>713,379</u>	<u>723,315</u>
<u>43,363</u>	<u>44,002</u>	Stocks	<u>79,214</u>	<u>74,716</u>
401,805	376,587	Contracting debtors	625,385	674,339
57,985	28,992	Work in progress less invoicing on account	68,497	112,652
56,662	62,866	Accounts receivable from subsidiaries		
21,147	14,283	Accounts receivable from associates	14,328	21,696
9,606	7,803	Other debtors	17,214	20,560
7,232	8,257	Corporation tax	13,409	10,195
0	0	Deferred tax assets	5,912	5,912
320	3,566	Prepayments	11,970	6,751
<u>554,757</u>	<u>502,354</u>	Debtors	<u>756,715</u>	<u>852,105</u>
<u>204</u>	<u>171</u>	Securities	<u>1,606</u>	<u>1,883</u>
<u>41,242</u>	<u>63,305</u>	Cash funds	<u>96,458</u>	<u>71,433</u>
<u>639,566</u>	<u>609,832</u>	TOTAL CURRENT ASSETS	<u>933,993</u>	<u>1,000,137</u>
<u>1,443,569</u>	<u>1,416,307</u>	TOTAL ASSETS	<u>1,647,372</u>	<u>1,723,452</u>



Balance sheet as per 31/12 2003 (DKK '000)

Appendix 1 – page 3

PARENT COMPANY		LIABILITIES AND EQUITY	GROUP	
30/9 2003	31/12 2003		31/12 2003	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	151,532	the equity method		
365,102	366,676	Carried forward to the next period	518,208	508,109
4,892	4,892	Proposed dividend	4,892	4,892
<u>736,136</u>	<u>746,235</u>	Total equity	<u>746,235</u>	<u>736,136</u>
66,417	67,417	Provision for deferred tax	107,563	105,410
12,523	14,707	Warranties	17,157	14,973
<u>78,940</u>	<u>82,124</u>	Total provisions	<u>124,720</u>	<u>120,383</u>
74,079	73,056	Mortgage debt	90,364	91,661
51,979	52,095	Financial institutions	66,995	66,879
0	0	Corporation tax	725	4,567
<u>126,058</u>	<u>125,151</u>	Total long-term debt	<u>158,084</u>	<u>163,107</u>
4,675	4,675	Mortgage debt	5,904	5,923
56,846	36,296	Financial institutions	64,565	88,268
70,359	101,035	Prepayments regarding work in progress	139,425	95,605
220,791	185,135	Trade creditors	246,728	337,155
65,101	50,722	Accounts payable to subsidiaries		
2,009	2,221	Accounts payable to associates	2,338	2,009
0	0	Corporation tax	7,271	3,939
82,654	82,713	Other creditors	152,102	170,927
<u>502,435</u>	<u>462,797</u>	Total short-term debt	<u>618,333</u>	<u>703,826</u>
<u>628,493</u>	<u>587,948</u>	Total liabilities other than provisions	<u>776,417</u>	<u>866,933</u>
<u>1,443,569</u>	<u>1,416,307</u>	TOTAL LIABILITIES AND EQUITY	<u>1,647,372</u>	<u>1,723,452</u>



Cash flow statement for 1/10 – 31/12 2003 (DKK '000)

Appendix 2

PARENT COMPANY			GROUP	
First quarter			First quarter	
2002	2003		2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES				
37,824	22,008	Profit before interest	23,339	38,137
18,585	17,595	Depreciation	27,745	28,418
-22,352	-16,314	Other adjustments	-856	-6,315
<u>-78,690</u>	<u>31,478</u>	Change in operating capital	<u>26,761</u>	<u>-65,884</u>
Cash flows from operating activities				
-44,633	54,767	before financial items and tax	76,989	-5,644
<u>-3,691</u>	<u>-2,713</u>	Finance, net	<u>-4,044</u>	<u>-4,044</u>
-48,324	52,054	Cash flows from ordinary operations	72,945	-9,648
<u>2,379</u>	<u>-1,025</u>	Corporation tax paid	<u>-6,840</u>	<u>-6,800</u>
<u>-45,945</u>	<u>51,029</u>	Cash flows from operating activities	<u>66,105</u>	<u>-16,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
55	56	Patents and similar rights	-443	4
3,428	-130	Land and buildings	-869	3,026
31,822	-9,437	Technical plant and machinery	-12,989	24,223
-776	-414	Cars, furniture and fittings	-2,116	4,501
0	0	Investment in companies	0	0
2,044	2,471	Dividend received	0	0
<u>3,372</u>	<u>-88</u>	Investment in other financial assets	<u>-56</u>	<u>-1,988</u>
<u>39,945</u>	<u>-7,542</u>	Cash flows from investing activities	<u>-16,473</u>	<u>20,774</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
<u>-1,172</u>	<u>-907</u>	Long-term liabilities	<u>-1,181</u>	<u>-1,353</u>
<u>-1,172</u>	<u>-907</u>	Cash flows from financing activities	<u>-1,181</u>	<u>-1,353</u>
<u>-7,172</u>	<u>42,580</u>	TOTAL CHANGE IN LIQUIDITY FOR THE PERIOD	<u>48,451</u>	<u>2,973</u>
-122,844	-15,400	Opening liquidity	-14,952	-106,792
<u>-7,172</u>	<u>42,580</u>	Change in liquidity for the period	<u>48,451</u>	<u>2,973</u>
<u>-130,016</u>	<u>27,180</u>	Closing liquidity	<u>33,499</u>	<u>-103,819</u>