MONBERG & THORSEN A/S

Stock Exchange Announcement

03.04.07
Announcement No. 5, 2007

Dear Sirs,

Attached please find Monberg & Thorsen A/S's annual report for 2006.

Yours faithfully
Monberg & Thorsen A/S

Jørgen Nicolajsen
President and CEO

MONBERG & THORSEN A/S

Annual Report 2006

MONBERG & THORSEN A/S

ANNUAL REPORT 2006

DYRUP AND MT HØJGAARD

The activities of the Monberg & Thorsen Group consist of Dyrup, which is wholly-owned, and MT Højgaard, in which the ownership interest is 46%. Both companies are engaged in building-related activities, but with different representation in the market. MT Højgaard is owned together with Højgaard Holding and is a jointly controlled entity. It is therefore consolidated in Monberg & Thorsen's consolidated financial statements by proportionate consolidation.

The annual reports of Dyrup and MT Højgaard form an integral part of Monberg & Thorsen's annual report and are therefore enclosed in Monberg & Thorsen's annual report. Dyrup's and MT Højgaard's accounting policies follow the Group's accounting policies.

CONSOLIDATED FINANCIAL HIGHLIGHTS 2002-2006

DKKm	2002	2003	2004	2005	2006
	Pro forma*				
Income statement					
Revenue					
Dyrup	1,722	1,724	1,668	1,681	1,660
MT Højgaard (46%)	4,447	3,672	3,387	3,893	5,098
Total revenue	6,169	5,396	5,055	5,574	6,758
Operating profit (loss) (EBIT)	(39)	175	217	64	191
Net financing costs	(21)	(19)	0	(21)	(15)
Profit (loss) before tax	(60)	156	217	43	176
Profit (loss) after tax	(65)	119	188	62	191
Attributable to equity holders of the parent	(66)	116	187	59	187
Balance sheet					
Interest-bearing assets	499	366	377	347	824
Interest-bearing liabilities	858	614	511	589	565
Invested capital	1,575	1,550	1,584	1,695	1,344
Consolidated equity	1,135	1,212	1,362	1,365	1,515
Attributable to equity holders of the parent	1,132	1,204	1,355	1,356	1,504
Balance sheet total	3,666	3,179	3,110	3,520	4,066
Cash flows					
From operating activities	147	224	55	216	201
For investing activities**	(147)	67	169	(222)	(123)
From financing activities	(87)	(139)	(61)	(96)	(66)
Net increase (decrease) in cash and cash equivalents	(87)	152	163	(102)	11
** Portion relating to property, plant and equipment (gross)	(202)	(111)	(187)	(136)	(155)
Financial ratios (%)					
Operating margin (EBIT margin)	(0.8)	3.0	2.7	0.4	(0.4)
Return on invested capital (ROIC)	(2)	11	14	4	13
Return on equity (ROE)	(5)	10	15	5	13
Equity ratio	31	38	44	39	37
Share ratios (DKK per share)					
Earnings per share (EPS)	(11)	30	52	16	52
Cash flow from operations (CFFO)	40	63	15	60	56
Dividends	9	12	16	12	36
Book value	316	336	378	378	420
Market price	340	320	390	464	478
Market price/book value	1.1	1.0	1.0	1.2	1.1
Price earnings (P/E)	-	11	8	29	9
Payout ratio	-	37	31	73	69
Market capitalisation in DKKm	1,287	1,147	1,398	1,663	1,714
Number of employees					
Consolidated enterprises	4,050	3,705	3,389	3,469	3,673

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'. The ratios used are defined below. The financial highlights for 2004-2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

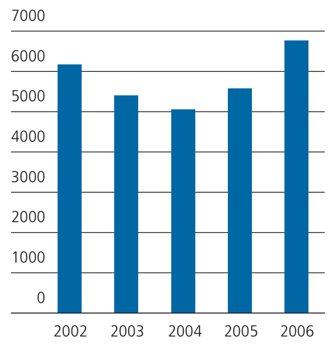
**The financial highlights for 2002-2003 are pro forma figures, with the existing financial highlights based on the Danish Financial Statements Act and Danish Accounting Standards having been restated, in all material respects, to comply with IFRS practice. Adjustment has been made in the income statement for the effect of the discontinuation of goodwill amortisation, foreign currency translation relating to foreign subsidiaries and derivative financial instruments, while the balance sheet has only been adjusted for the effect of the reclassifications relating to contract work in progress.*

DEFINITION OF FINANCIAL RATIOS

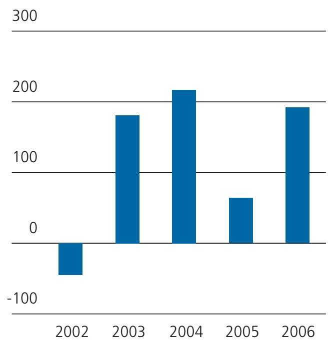
Operating margin (EBIT margin)	(Operating profit less share of profits of associates, etc.) x 100 / Revenue
Return on invested capital incl. goodwill (ROIC)	Operating profit (EBIT) x 100 / Average invested capital including goodwill
Return on equity (ROE)	Profit after tax x 100 / Average equity
Equity ratio	Equity at year end x 100 / Total liabilities at year end
Earnings per share (EPS)	Profit for the year attributable to parent / Average number of shares
Price earnings (P/E)	Market price at year end / Earnings per share
Payout ratio	Total dividend x 100 / Profit after tax

Consolidated financial highlights (DKKm)

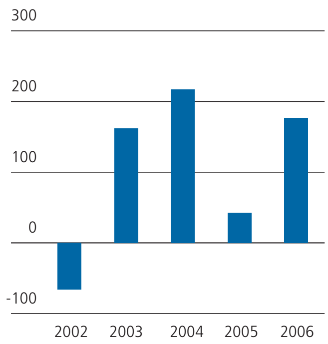
Revenue



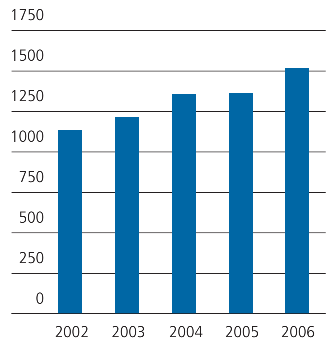
Operating profit (EBIT)



Profit (loss) before tax

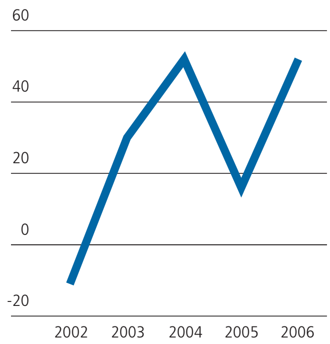


Equity at year end

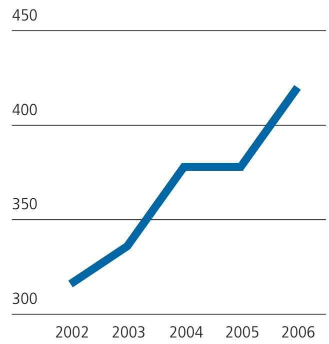


Share ratios (DKK per share)

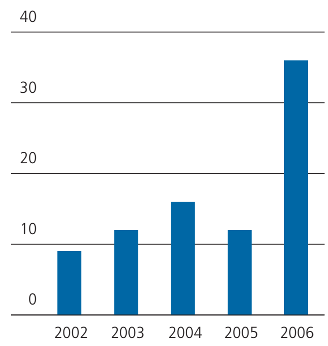
Profit (loss) after tax



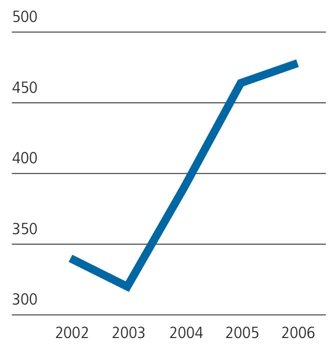
Book value at year end



Dividends



Market price at year end



THE GROUP, BUSINESS CONCEPT AND BUSINESS STRATEGY

MONBERG & THORSEN A/S
Share capital DKK 71.7 million

Dyrup A/S
Share capital DKK 100 million
(100%-owned)

MT Højgaard a/s
Share capital DKK 220 million
(46%-owned)

Other companies
Monberg & Thorsen Oil A/S
Saabye & Lerche A/S
(100%-owned)

Dyrup's subsidiaries are listed on page 33 of Dyrup's annual report. MT Højgaard's subsidiaries and associates are listed on page 64 of MT Højgaard' annual report.

BUSINESS CONCEPT

Creating value through long-term business development within building-related activities.

BUSINESS STRATEGY

Monberg & Thorsen is exercising active and significant influence on strategy, acquisition activities, management and finance within its business areas. It is doing so through representation on the Supervisory Boards of the consolidated enterprises and by setting financial requirements and targets. The parent company's functions are taken care of by a small organisation.

The core areas are characterised by a strong market position in their respective sectors. There are no plans to make any acquisitions in related sectors at present.

Dyrup
The strategic objective is for Dyrup to strengthen its market positions within wood care in general and within paints especially in Denmark and Portugal. Dyrup must be among the top three in each market measured in terms of market share.

The organic growth must be supplemented by strategic acquisitions in the local markets that can strengthen Dyrup's strategic position. Alternatively, relevant business partners are being considered.

MT Højgaard
The MT Højgaard Group's strategy features a Group revenue target in the order of DKK 12 billion by 2010 and a target of achieving a pre-tax margin of 2-2.5% within a few years. In pursuing the first target, the MT Højgaard Group's risk management guidelines must be observed.

The organic growth must be supplemented by strategic acquisitions that will broaden MT Højgaard's market coverage in Denmark.

Market conditions have been instrumental in MT Højgaard's revenue growing faster than expected, but earnings on a few large residential and refurbishment projects in Greater Copenhagen were highly unsatisfactory. The high level of activity has strained resources, both with respect to suppliers and employees, making it necessary to be highly selective when choosing new projects, with a reduction in the level of activity in the longer term as a possible and accepted consequence. Profitability is a priority in relation to growth, and each segment focuses critically on initiatives that can bring earnings up to the targeted pre-tax margin within a few years.

SUPERVISORY BOARD AND EXECUTIVE BOARD

SUPERVISORY BOARD

Mogens Granborg (1947)
Chairman
Executive Vice President, Danisco A/S
(CB) DSB
Joined the Supervisory Board in 1993

Hans Bennetzen (1947)
Deputy Chairman
Divisional President,
Group 4 Securicor
Joined the Supervisory Board in 1998

Magnus Bertelsen (1945)*
Production Assistant, Dyrup A/S
Joined the Supervisory Board in 2005

Anders Colding Friis (1963)
President, Skandinavisk
Tobakskompagni A/S
(MB) IC Companys A/S
Joined the Supervisory Board in 2004

Poul Lind (1952)
CEO, PowerSense A/S
(MB) MT Højgaard a/s
(CB) RTX Telecom A/S
Joined the Supervisory Board in 2006

Jan Munkholm (1959)*
Centre Manager, Dyrup A/S
Joined the Supervisory Board in 2001

Henrik Thorsen (1934)
MSc (Eng)
Joined the Supervisory Board in 1997

Gerrit Dirk Toet (1954)*
Production Worker, Dyrup A/S
Joined the Supervisory Board in 1998

Carsten Tvede-Møller (1935)
Lawyer, Plesner Svane Grønborg
Joined the Supervisory Board in 1971

EXECUTIVE BOARD

Jørgen Nicolajsen (1958)
President and CEO
(DCB) MT Højgaard a/s

CB: Chairman of the Supervisory Board
DCB: Deputy Chairman of the Supervisory Board
MB: Member of the Supervisory Board
* Elected by the employees

CONSOLIDATED RESULTS FOR THE YEAR

Monberg & Thorsen delivered consolidated revenue of DKK 6.8 billion, and profit after tax of DKK 191 million, matching the level projected most recently in the interim report for the third quarter of 2006. Profit for the year benefited from non-recurring income of DKK 171 million from the sale of the Group's oil interests.

Dyrup showed a loss after tax of DKK 45 million, primarily reflecting the fact that the result for the year was adversely affected, again in 2006, by special items in the region of DKK 47 million for implementation of the strategy and consequently the focusing of Dyrup. The costs related to staff reductions, winding up of loss-making activities, write-downs of fixed assets and selective write-downs of inventories.

MT Højgaard reported operating profit of DKK 59 million compared with DKK 138 million in 2005. The decline in profit primarily reflected a negative development on a few large residential and refurbishment projects in Greater Copenhagen.

The Group's oil interests contributed profit after tax of DKK 43 million as a result of the persistently high oil prices. To this should be added the DKK 171 million gain on sale of the shares in Denerco Oil.

Operating cash inflow was DKK 201 million, on a par with 2005.

Major highlights during the year

At the start of the year, consolidated revenue in the region of DKK 6 billion was projected. This outlook was raised to the DKK 6.5 billion level in connection with the interim report for the first half as a result of the increasing level of activity in MT Højgaard. At the start of the year, full-year profit after tax was expected to be in the region of DKK 90 million.

On 11 May, Monberg & Thorsen entered into an agreement on sale of the shares in Denerco Oil that was only subject to the necessary regulatory approvals being obtained. The outlook concerning full-year profit after tax was raised to the DKK 270 million level as a consequence of an expected gain on the sale. The sale of the shares was completed on 11 August 2006.

On 1 June, Erik Holm took up the post of new CEO of Dyrup. Erik Holm came from the post of CEO of Louis Poulsen Holding A/S.

On 13 November 2006, it was unfortunately necessary to revise the outlook concerning profit after tax downwards from the DKK 270 million level to the DKK 200 million level for both MT Højgaard and Dyrup.

MT Højgaard had to revise its outlook downwards as a result of the overheated construction market from profit before tax in the region of DKK 175 million to profit in the region of DKK 50 million. The main reasons for the negative development were the historically high level of activity in the industry, which is straining resources, with respect to materials and labour, and which is adversely affecting planning potential and the access to resources. To this should be added more onerous and more costly contracting with subcontractors than foreseen, leading to cost increases and delays.

In Dyrup, it was found that the implementation of the new strategy is taking longer than originally anticipated. The implementation costs will consequently be higher than originally anticipated, particularly the costs that relate to the focusing of Dyrup, i.e. scaling down of the activities in some markets, including the winding up of loss-making activities. In connection with the interim report for the third quarter it was stated that Dyrup expects a negative result after tax in the region of DKK 30 million.

At DKK 191 million, consolidated profit after tax was in line with the most recent expectations. MT Højgaard delivered the expected level after the downwards adjustment, whereas Dyrup's result, a loss of DKK 45 million after tax, was somewhat lower than expected in connection with the downwards adjustment. The deviation was due solely to significant write-downs of the assets. Dyrup's result was thus eroded by special items in the region of DKK 47 million.

The development within the Group's core activities

Like 2005, 2006 was a challenging year for **Dyrup** with stagnating sales and a decline in the result. The focusing of Dyrup commenced in 2005 continued in 2006 with a view to improving efficiency and earnings.

The new Executive Board that was put in place in mid-2006 found that the foundation for the strategy was weaker than assumed. The costs for implementation of the strategy are therefore higher than expected, and it has been necessary to make significant write-downs of both fixed assets and inventories.

Dyrup delivered revenue of just under DKK 1.7 billion, which is slightly down both on 2005 and on the outlook at the start of the year.

The development in revenue was affected by the difficult market conditions in the DIY area, where private label increased significantly more than the general market growth in 2006. Dyrup's accessible market was consequently reduced, especially within DIY, which accounts for more than 40% of revenue.

In Denmark, revenue was in line with the previous year, while, in France, it was DKK 30 million down, compared with an expected improvement. France, Dyrup's largest market, experienced sharpened competition in 2006, both on the supplier side and the customer side, leading to loss of market shares and lower earnings.

In Germany, recent years' negative trend turned around to a 4% increase in revenue. Dyrup also succeeded in reversing the trend in Portugal compared with 2005, with a small increase in revenue and a profit. The initiatives put in motion in 2005 and 2006 thus reversed the negative trend in both Germany and Portugal.

Persistent pressure on prices and increased raw material prices result in a decreasing gross margin. Conversely, efficiency improvement measures in the production area (Lean) meant that these costs were on a par with the previous year. The total distribution costs were slightly lower than in 2005, primarily reflecting the strategic measures, with formation of regions and the winding up of loss-making activities in several markets. Administrative expenses were cut by approx. 7%, partly as a consequence of the staff reductions in 2005.

Special items related primarily to costs for additional focusing of Dyrup, including staff reductions and termination of the activities within DIY and the professional area in Norway. In addition, additional write-downs of property, plant and equipment were necessary. Inventories were also written down selectively as a consequence of the strategic measures.

The full-year result after tax was consequently a loss of DKK 45 million.

At the start of 2006, Dyrup launched STRATEGY 2008 with the aim of focusing and creating profitable growth in the lead up to 2009. Acquisitions are an important element of the strategy, as organic growth in itself is not sufficient to secure the earnings targets that have been set. The basic elements of the strategy still stand, but it has been found that the financial targets cannot be met within the strategy period.

No acquisitions were made in 2006, but relevant acquisition candidates are being analysed to clarify whether it will be possible to implement any acquisitions in the course of 2007 that can strengthen Dyrup's strategic position. Alternatively, relevant business partners are being considered.

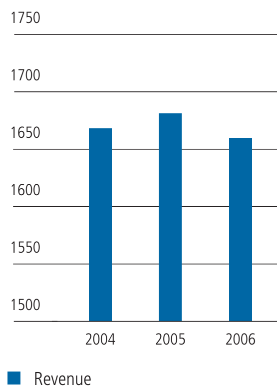
Until this has been clarified, Dyrup will work intensively, in accordance with STRATEGY 2008, on securing its basic business, where focusing of Dyrup's activities and strengthening of its foundation will still be required.

MT Højgaard reported revenue of DKK 11 billion in 2006, up 31% on 2005, predominantly reflecting organic growth to which all the Group's business segments contributed, and driven primarily by the very high level of activity in the Danish building and civil works market in 2006.

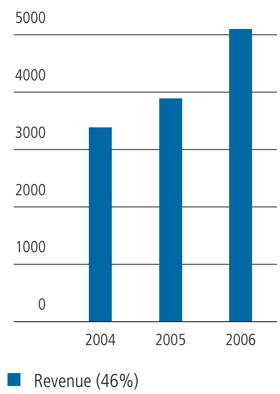
Operating profit was DKK 59 million compared with DKK 138 million in 2005. The decline in profit was due to the development in the Contracting business, particularly as a result of the losses on a few large residential and refurbishment projects referred to above. The subsidiaries reported profit ahead of expectations. The operating margin dropped to 0.5%, from 1.6% in 2005, as a result of the revenue growth and the decline in profit.

MT Højgaard's organisation, including the management structure within the problem areas, was modified in 2006 with a view to strength-

Dyrup (DKKm)



MT Højgaard (DKKm)



ening the management focus, and the requirements concerning risk profile and earnings on new projects were tightened still further. HR efforts focusing on organisational development will be intensified in the coming year.

On the Buxton project, there are no changes to report in relation to what was stated in the 2005 annual report. The claims for extra payments advanced by MT Højgaard are the subject of arbitration. In accordance with the company's policy, no income has been recognised in the financial statements in this respect.

The result before tax for 2006 was a profit of DKK 51 million compared with DKK 125 million in 2005. The Monberg & Thorsen Group's share of profit amounted to 46%, equivalent to DKK 23 million.

The order book stood at DKK 10.8 billion at the end of 2006, compared with DKK 8.4 billion at the end of 2005. The order book corresponds to on average about 12 months' production. The order book includes a number of orders extending over several years.

The high level of activity in the construction industry, which is straining resources and putting prices under pressure, means that it is necessary to be highly selective when choosing new projects, with a reduction in the level of activity in the longer term as a possible and accepted consequence.

MT Højgaard's strategy features a Group revenue target in the order of DKK 12 billion by 2010 and a target of achieving a pre-tax margin of 2.0-2.5% within a few years. In pursuing the first target, MT Højgaard's risk management guidelines must be observed.

Other consolidated enterprises

In August 2006, the Group sold its oil interests at an accounting gain of DKK 171 million, which is recognised in the consolidated operating profit. To this should be added the profit share up to the date of sale, DKK 43 million after amortisation of the premium paid for oil and gas rights in connection with the acquisition of shares in Denerco Oil in prior years. Profit benefited from the persistently high and increasing oil price up to the date of sale.

Knowledge resources and environment

The parent company is a holding company with only three employees. Descriptions of these points for Dyrup and MT Højgaard are given in the two companies' annual reports, to which reference is made.

THE FUTURE

Consolidated revenue in the region of DKK 6.8 billion is expected for 2007, with profit after tax in the region of DKK 50 million. This should be viewed against a loss after tax of DKK 24 million in 2006, excluding the effect on profit of the oil activities divested in 2006.

The projections concerning future financial performance are subject to uncertainties and risks that may cause the performance to differ from the projections.

The projections are based on stable interest rate and exchange rate levels and on the following assumptions for each company:

Dyrup

Dyrup expects modest market growth, with Spain and Portugal and the industrial area in general contributing the highest growth.

Dyrup expects, as a minimum, to hold its position in its principal markets and to expand its position in the industrial area, which is also expected to grow in 2007. Dyrup will thus be making a targeted effort to strengthen its position in wood care and to generate growth in the markets in which Dyrup currently enjoys a strong position. This will be achieved, among other things, through the launch of innovative products underpinned by increased marketing initiatives which will have a beneficial effect in the years ahead.

Dyrup will invest substantial resources again in 2007 in efficiency improvement and improvement of the company's infrastructure in order to enhance its competitiveness.

Overall, revenue in the region of DKK 1.7 billion is anticipated. Due to a deliberate increase in costs for market communications, product innovation and general skills development, the operating result is expected to show a small loss. The result after tax is consequently expected to be a loss in the region of DKK 20 million compared with a loss after tax of DKK 45 million in 2006.

MT Højgaard

The Danish building and civil works market is expected to stabilise in 2007 at the existing very high level, but with the possibility of a slight decline in the level of activity towards the end of the year as a result of a slowdown in market conditions.

The activities within construction are expected to stagnate, as the progress in the commercial area, particularly within administrative buildings, is not expected to be able to make up for the decline in residential construction, within which a small downturn is expected in both private and subsidised construction.

The refurbishment market will benefit from a high level of activity within conversion and upgrading projects again in 2007.

With a continued high level of investment within the transport sector, the civil works market in Denmark is expected to remain stable. The utility services market is on the increase again in the current year due to the continued high willingness to invest in telecommunications.

As far as concerns the international activities, an increasing level of activity is expected in 2007, with the focus on selective identification of project opportunities in relation to own competencies and resources.

The order book stood at DKK 10.8 billion at the start of 2007, with DKK 8 billion expected to be executed in 2007. With the strengthened order book compared with last year and an expectation of a high level of activity, with continued pressure on resources and prices, MT Højgaard will be highly selective when choosing new projects. Revenue is expected to reach approx. DKK 11 billion in 2007. The proportion accounted for by international revenue is expected to increase to just over 20% of total revenue in 2007, compared with 17% in 2006.

Selectivity and focusing are expected to lead to a significant improvement in earnings in the Contracting business. The progress will be realised successively during 2007 as the written-down projects with a low contribution margin are completed. The subsidiaries are expected to realise satisfactory results again in 2007, albeit at a lower level than in 2006. The MT Højgaard Group expects pre-tax profit in the region of DKK 225 million.

Management information

At the Annual General Meeting on 20 April 2006, Poul Lind, CEO, was elected to Monberg & Thorsen's Supervisory Board.

CORPORATE GOVERNANCE

In October 2005, the Copenhagen Stock Exchange published the new corporate governance recommendations, the basic rule of which is “comply or explain”. The new recommendations became effective for the 2006 financial year.

The Supervisory Board is still of the opinion that the key recommendations in the corporate governance report from August 2005 are being practised in the management of the Monberg & Thorsen Group.

In some areas, the principles are only being complied with in part, as the corporate governance recommendations are not all relevant in view of the company’s size and activities. These areas are:

- Proxies for General Meetings apply to the General Meeting in question only and constitute a general proxy to the Supervisory Board comprising all items on the agenda, as there are rarely special and/or many proposed resolutions for consideration.
- An annual profile of the individual Supervisory Board members and their special competencies that are relevant to the performance of their duties is not published. The background of each candidate is described in connection with their election to the Supervisory Board.
- An actual evaluation procedure for each Supervisory Board member is not in place, as the Supervisory Board discusses its overall work and collaboration on a continuous basis.

The overall management principles in the Monberg & Thorsen Group are set out in the separate section in the following, Management principles. Additional information about corporate governance is set out under the following sections:

- Supervisory Board and Executive Board, in which the age, election year and managerial posts of each Supervisory Board member are disclosed.
- Shareholder information, in which essential information about ownership and other matters of relevance to shareholders is disclosed.

Monberg & Thorsen has taken a position on all recommendations based on the "comply-or-explain" principle, which is described in further detail on www.monthor.dk, to which reference is made.

Management principles

In elections to the Supervisory Board in both the parent company and the subsidiaries efforts are made to ensure a professionally composed Supervisory Board that, collectively, possesses the necessary knowledge and experience of Board work as well as knowledge of social, commercial and cultural factors in the markets in which the Group has its primary business activities. Efforts are also made to achieve a balanced composition for the Board with respect to age.

In connection with the election of a new member to the Supervisory Board, the Chairman of the Supervisory Board interviews the selectively chosen candidate in order to ensure that his or her profile suits the vacant seat.

There are no formal requirements with respect to the number of other Supervisory Board seats the individual Board members may hold, but on election it is pointed out to new Board members that it is important for them to ensure that they have sufficient time for their duties and that they perform them diligently and conscientiously. In Monberg & Thorsen’s experience, Board members are rarely absent from Board meetings.

According to the Supervisory Board’s rules of procedure, Supervisory Board members must retire not later than at the first General Meeting following their 72nd birthday, except where special circumstances apply.

According to the company’s Articles of Association, two Board members retire by rotation each year. In practice, this means that Board members are up for election at least every three years. Retirement from the Board is not dependent on the term of office.

A total of seven Board meetings were held during the year under review. At the present time, seven Board meetings are planned for the coming year. In accordance with the Board’s rules of procedure a minimum of six Board meetings are held between Annual General Meetings.

The tasks, duties and responsibilities of the chairman and deputy chairman of the Supervisory Board are described in the rules of procedure, which are reviewed annually.

To assist in the Supervisory Board's supervision of the company's activities the Executive Board prepares a detailed report on the company's activities for each meeting of the Supervisory Board, which is sent to the members of the Supervisory Board together with the notice of meeting. The report includes information about essential developments in the company's cash flow, order book, guarantee commitments, significant transactions, financing and significant risks.

At each meeting of the Supervisory Board, the Executive Board reports, on the basis of the issued report, on the consolidated enterprises' operations since the last meeting of the Supervisory Board.

The Supervisory Board also ensures that the Executive Board presents at least once a year at a Supervisory Board meeting a report on the market situation and other special factors in the sectors in which the subsidiaries operate.

DYRUP AND MT HØJGAARD

Following the sale of the oil interests in 2006, the Group's activities consist of Dyrup, which is wholly-owned, and MT Højgaard, in which the ownership interest is 46%. Both companies are engaged in building-related activities, but with different representation in the market.

The annual reports of Dyrup and MT Højgaard form an integral part of Monberg & Thorsen's annual report and are therefore enclosed in Monberg & Thorsen's annual report. These companies' accounting policies follow the Group's accounting policies.

As in previous years, a segment overview is included on page 27. For detailed information about these two companies, reference is made to the enclosed annual reports.

OTHER CONSOLIDATED ENTERPRISES

MONBERG & THORSEN OIL A/S (100%)

In August 2006, Monberg & Thorsen Oil A/S sold its shares in Denerco Oil A/S. Profit for 2006 includes a profit share from Denerco Oil A/S up to the date of sale.

Since Denerco Oil's establishment in 1985, Monberg & Thorsen has been actively participating in the company's development and gradually increasing its ownership interest against the background of the opportunities for value creation. In April 2005, Monberg & Thorsen Oil thus increased its ownership interest in Denerco Oil from 12.5% to 21.6%.

The reason for Monberg & Thorsen's sale of the shares was due partly to the fact that Denerco Oil escalated its exploration activities in 2006 and, in 2005, commenced exploration outside the Danish sector of the North Sea to improve its chances of discovering more reserves. This entails substantial investment and a changed risk profile, and the company will be ensured the greatest chances of success if it is owned by an industrial player. The timing was therefore considered to be just right for both the buyer and the sellers. To this should be added the high oil price, coupled with demand for the competencies that Denerco Oil possesses.

The selling price for the shares was DKK 475 million, and the sale of the shares contributed DKK 171 million to profit for the year. To this should be added the fact that the profit share for Denerco Oil up to the date of sale was slightly higher than anticipated due to the high oil prices. Profit for the year after tax was DKK 216 million, and equity at 31.12.06 stood at DKK 313 million.

Overall, the investment in Denerco Oil has generated an annual return after tax for Monberg & Thorsen of just over 20% since 1985.

The company is not expected to be engaged in any actual activity in 2007. A small profit is therefore anticipated for 2007.

SAABYE & LERCHE A/S (100%)

The company's core activity is investment in engineering and contracting companies.

Profit for the year after tax was DKK 0.1 million, and equity at 31.12.06 was DKK 4 million.

The company is still not expected to be engaged in any actual activity in 2007. A small profit is therefore anticipated for 2007.

SHAREHOLDER INFORMATION

Ownership

The company has around 1,500 registered shareholders.

Shareholders according to Section 28(a) of the Danish Public Companies Act:
The Estate of Torben Monberg, Fredensborg
Ejnar og Meta Thorsens Fond, Copenhagen
Danish Labour Market Supplementary Pension Fund (ATP), Hillerød
LD Pensions (LD), Copenhagen

Ejnar og Meta Thorsens Fond holds all the company's A shares, which account for about 21% of the total share capital. Ejnar og Meta Thorsens Fond is a commercial foundation, the sole object of which is to work for the furtherance of socially beneficial objectives in Denmark or abroad. There are no constraints in the foundation instrument in relation to ownership of shares in Monberg & Thorsen A/S or its subsidiaries. The foundation has advised the Supervisory Board that it wants to be a stable shareholder in the company and does not wish to relinquish its voting rights.

The Supervisory Board considers the ownership structure to be appropriate in view of the Group's present size and market value, with the stable ownership structure securing the long-term value generation. The ownership structure does not prevent continued development of the Group.

Management shareholdings

At 31.12.06, the Supervisory Board's and Executive Board's shareholdings in the company totalled 98,372 shares, equivalent to 2.7% of the share capital and a market value of DKK 47 million.

The members of the Supervisory Board and Executive Board do not hold either options or warrants.

According to the Group's internal code of conduct relating to trading in securities issued by the company, the members of the company's Supervisory Board and Executive Board may buy and sell such securities only for a period of up to four weeks following the publication of the preliminary announcement of financial statements and interim financial reports.

Annual General Meeting

The Annual General Meeting will be held on 23 April 2007 at 5.00pm at Industriens Hus, H.C. Andersens Boulevard 18, Copenhagen V, Denmark. The Annual General Meeting will be convened with at least eight days' notice in accordance with the company's Articles of Association.

Dividends

Dividends on shares registered with the Danish Securities Centre will be paid automatically four banking days after the Annual General Meeting.

At the Annual General Meeting, the Supervisory Board will propose that a dividend of DKK 36 per DKK 20 share be paid.

Share capital

The company's share capital amounts to DKK 71,700,000 divided into

A shares:	
768,000 shares	
of DKK 20 each	DKK 15,360,000
B shares:	
2,817,000 shares	
of DKK 20 each	DKK 56,340,000

Each A share with a nominal value of DKK 20 entitles the holder to ten votes, and each B share with a nominal value of DKK 20 entitles the holder to one vote.

Treasury shares

At 31.12.06, the company's holding of treasury shares totalled 2,645 nos. The company did not buy back any treasury shares in 2006.

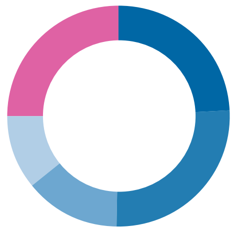
According to the company's rules for buying and selling treasury shares, the company may not buy or sell treasury shares in the three weeks preceding the publication of the preliminary announcement of financial statements and interim financial reports.

No subsidiary holds shares in Monberg & Thorsen.

The Monberg & Thorsen share

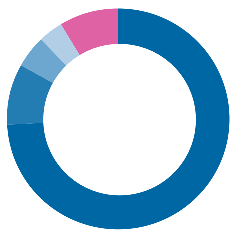
At the end of 2006, the share price was 478, up 3% on the previous year. A total of approx. 0.6 million shares were traded in 2006, compared with approx. 1.0 million in 2005. The share is in the MidCap+ Segment on the Copenhagen Stock Exchange.

Share capital by group of shareholders



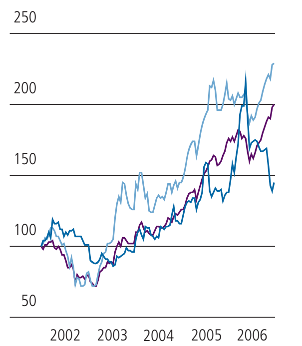
- Ejnar og Meta Thorsens Fond (24.4%)
- Founder families (26.1%)
- ATP (13.8%)
- LD (10.7%)
- Others (25.0%)

Votes by group of shareholders



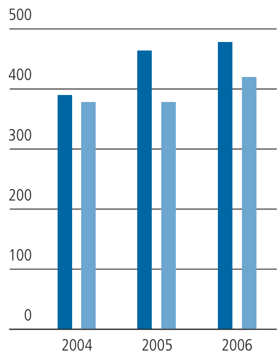
- Ejnar og Meta Thorsens Fond (74.2%)
- Founder families (8.9%)
- ATP (4.7%)
- LD (3.7%)
- Others (8.5%)

Share price 2002-2006
31.12.01 = Index 100



■ Index of MT share price history
■ OMXC20 Copenhagen Stock Exchange
■ OMXC Copenhagen Stock Exchange

Monberg & Thorsen Group
Market price and book value (DKK)



■ Market price per share
■ Book value per share

Announcements to the Copenhagen Stock Exchange

The following Stock Exchange announcements were issued in 2006:

1.	28.02.06	Denerco Oil's preliminary announcement for 2005
2.	16.03.06	MT Højgaard's preliminary announcement for 2005
3.	16.03.06	Monberg & Thorsen's preliminary announcement for 2005
4.	03.04.06	MT Højgaard's annual report 2005
5.	03.04.06	Dyrup's annual report 2005
6.	03.04.06	Monberg & Thorsen's annual report 2005
7.	04.04.06	Notice of Annual General Meeting of Monberg & Thorsen
8.	20.04.06	Monberg & Thorsen's Annual General Meeting 2006
9.	11.05.06	Monberg & Thorsen sells its shares in Denerco Oil
10.	31.05.06	MT Højgaard's interim report, Q1 2006
11.	31.05.06	Monberg & Thorsen's interim report, Q1 2006
12.	11.08.06	Closing of the sale of the shares in Denerco Oil
13.	23.08.06	MT Højgaard's interim report, H1 2006
14.	23.08.06	Monberg & Thorsen's interim report, H1 2006
15.	04.09.06	Management change in Dyrup
16.	13.11.06	Monberg & Thorsen revises 2006 profit outlook downwards
17.	21.11.06	MT Højgaard's interim report, Q3 2006
18.	21.11.06	Monberg & Thorsen's interim report, Q3 2006
19.	21.11.06	Financial calendar for 2007

Information policy

Monberg & Thorsen's information policy is for all stakeholders to receive all price-relevant information on the various companies in the Group at suitable intervals and in a timely and efficient manner within the framework of the Copenhagen Stock Exchange code of ethics. One of the ways in which this is achieved is by publication of interim reports, including webcasts, and the holding of meetings for investors and financial analysts.

In order to ensure compliance with the Copenhagen Stock Exchange rules, it has been decided that, for a period of three weeks before a planned interim financial report, Monberg & Thorsen:

- will not comment on analyst reports
- will not discuss the Group's financial position with investors and analysts
- will not participate in meetings with investors and financial analysts

Financial calendar for 2007

Annual General Meeting	23.04.07
Payment of dividend	27.04.07

Expected dates of announcement of interim financial reports:

Q1 2007	25.05.07
Q2 2007	29.08.07
Q3 2007	21.11.07

RISK FACTORS

The Monberg & Thorsen Group's activities entail various commercial and financial risks that may affect the Group's development, financial position and operations.

It is considered a critical part of the strategy to continuously minimise the current risks, which are not generally deemed to differ from the normal risks within the market segments in which the subsidiaries operate.

Commercial risks

In addition to generally depending on the market trend within the building sector, each subsidiary is exposed to other specific commercial risks. Detailed information about Dyrup's and MT Højgaard's commercial and financial risks is given in their annual reports. This section focuses solely on the Group's financial risks.

Financial risks

The Monberg & Thorsen Group's main financial risks can be divided into currency risk and interest rate risk. These risks are hedged locally by the individual subsidiaries.

The Group's total credit risks are not regarded as unusual. Credit risks are generally managed by regular assessment of major customers and business partners. Risks related to dealings with other counterparties than banks are minimised, to some extent, by means of guarantees based on individual assessment of each counterparty. Likewise, the Group's cash flow risks are regarded as insignificant, as cash funds and securities are placed on short-term fixed-term deposit and in Danish bonds. To this should be added sufficient undrawn committed credit facilities and continuous dialogue with the Group's financing sources.

Currency risk

The companies make limited use of options and forward contracts as the only financial instruments to hedge currency risks. Such instruments are used solely for hedging operating activities. The use of such instruments is limited, as the Group operates predominantly in the euro zone.

The Group aims to avoid major losses on exchange rate fluctuations. Both realised and budgeted positions are hedged, although depending on the reliability of the budgets. The Group normally uses forward contracts and currency loans/deposits as a hedge.

Investments in foreign subsidiaries and associates are not normally hedged. Most of the foreign subsidiaries are based in European countries that have joined the European Monetary Union.

Interest rate risk

In 2006, the Group's net cash was placed in bonds and on short-term fixed-term deposit with major banks. The interest rate risk is therefore closely linked to the development in the Danish interest rate level.

The bond portfolio consists solely of Danish mortgage credit bonds and government bonds listed on the Copenhagen Stock Exchange. Bonds are recognised at market value at year end. Realised and unrealised gains and losses are recognised in the income statement. Details of the bond portfolio are disclosed in note 24.

Long-term loans, including mortgage debt on the Group's properties, are closely monitored with a view to continuous improvement. Details of interest-bearing liabilities are disclosed in note 26.

FINANCIAL REVIEW AND DIVIDEND

The 2006 annual report has been prepared in continuity of previous years in accordance with the accounting policies set out on pages 23-26. The annual report has been prepared in accordance with the requirements in International Financial Reporting Standards (IFRS) and applying the same accounting policies as last year.

The activities of Monberg & Thorsen consist of Dyrup, which is wholly-owned, and a 46% ownership interest in the jointly controlled entity MT Højgaard. As in previous years, this interest has been accounted for in the consolidated financial statements by applying proportionate consolidation. To these should be added the ownership interest in Denerco Oil, which was sold in August 2006. Denerco Oil was an associate, and the share of its profit after tax is therefore recognised as separate item of income in the consolidated financial statements.

In this section the development in the consolidated financial statements is analysed at Group level. Detailed information about Dyrup and MT Højgaard is given in their respective annual reports, which are enclosed in and form an integral part of Monberg & Thorsen's annual report. These companies' accounting policies follow the Group's accounting policies.

Consolidated income statement

Consolidated revenue amounted to DKK 6.8 billion, up 21% on 2005. The change in revenue can be broken down as follows:

	Change %	Revenue DKKm	Share %
Dyrup	-1	1,660	25
MT Højgaard (46%)	31	5,098	75
Total	21	6,758	100

Dyrup delivered revenue slightly down on last year, primarily reflecting decline in France.

MT Højgaard's revenue was up 31% due to a considerably higher level of activity within all the Group's business segments. The increase was predominantly organic.

International consolidated revenue totalled approx. DKK 2.1 billion, equivalent to just under one third of revenue. International activities contributed approx. 16% of MT Højgaard's revenue, and approx. 75% of Dyrup's revenue, corresponding to the 2005 level.

Operating profit (EBIT) can be broken down as follows:

Operating profit (loss) (DKKm)	2005	2006
Dyrup	16	5
MT Højgaard (46%)	62	27
Oil interests after tax	43	43
Parent company, etc.	(8)	(8)
Operating profit before special items, etc.	113	67
Special items in Dyrup	(49)	(47)
Gain on sale of Denerco Oil	-	171
Operating profit (EBIT)	64	191

Operating profit before special items, etc., was in the region of DKK 67 million, considerably down on 2005, reflecting significantly lower earnings in both Dyrup and MT Højgaard.

Dyrup's result was adversely affected, again in 2006, by special items in the region of DKK 47 million. These items related primarily to unusual and significant items in connection with the restructuring and focusing of Dyrup that commenced in 2005.

In MT Højgaard, the decline in profit was due to the development in the Contracting business, where significant losses were incurred on, in particular, a few large residential and refurbishment projects in Greater Copenhagen. The main reasons for this were the historically high level of activity in the industry, which is straining resources, resulting in higher prices and delays.

The Group's oil interests yielded substantially higher profit than expected at the start of the year due to the persistently high oil prices. Operating profit after tax was DKK 43 million in the period up to the sale of the shares in August 2006. The sale generated non-recurring income of DKK 171 million, and the oil interests thus contributed DKK 214 million, overall, to operating profit.

Consolidated profit before tax amounted to DKK 176 million, and can be broken down as follows:

Profit (loss) before tax (DKKm)	2005	2006
Dyrup	(6)	(19)
MT Højgaard (46%)	57	23
Oil interests (after tax)	39	46
Parent company, etc.	2	2
Profit before special items, etc.	92	52
Special items in Dyrup	(49)	(47)
Gain on sale of Denerco Oil	-	171
Profit before tax	43	176

Dyrup's result was considerably lower than expected due to lower revenue, particularly in France, and significantly higher costs in connection with the implementation of the strategy, especially the winding up of loss-making activities, etc.

Profit for MT Højgaard was also lower than expected despite the significant increase in the level of activity. This was due primarily to the loss on a few large residential and refurbishment projects in Greater Copenhagen, as already mentioned.

Profit after tax from the oil interests up to the date of sale were higher than anticipated at the start of 2006 due to the high and increasing oil prices up to the sale in August.

Monberg & Thorsen delivered consolidated profit after tax of DKK 191 million, after crediting DKK 15 million in income tax. The effective tax rate was (8)%, due primarily to the fact that no income tax crystallises on the sale of the shares in Denerco Oil, and that the tax on the profit shares from Denerco Oil has been deducted from the profit share.

For 2007, the Group's effective tax rate is expected to be on a par with the Danish tax rate.

Consolidated balance sheet

The balance sheet total increased to the DKK 4.1 billion level, equivalent to a 16% increase compared with the end of 2005. The increase was due solely to the high level of activity in MT Højgaard.

Consolidated equity stood at approx. DKK 1.5 billion, equivalent to an equity ratio of 37% versus 39% at the end of 2005.

Consolidated cash flow statements

Operating cash inflow amounted to DKK 201 million compared with DKK 216 million in 2005. The decline was due primarily to MT Højgaard. Dyrup's operating cash flows were on a par with 2005 as a result of an improvement in the cash operating result.

Investing activities absorbed DKK 123 million net, relating primarily to the increase in property, plant and equipment in MT Højgaard. The DKK 475 million gain on sale of the shares in Denerco Oil was placed in bonds in 2006.

Financing activities generated a cash outflow again in 2006, consisting primarily of DKK 43 million paid in dividends for 2005 and a DKK 21 million decrease in non-current loans. Monberg & Thorsen did not buy back any treasury shares in 2006.

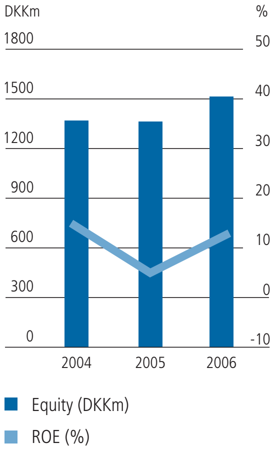
The Group's total cash and cash equivalents at 31.12.06 amounted to DKK 79 million, to which should be added the securities portfolio and undrawn credit facilities. The cash resources are deemed to be at a satisfactory level in view of the existing strategies for the consolidated enterprises and for the Group as a whole.

Financial instruments

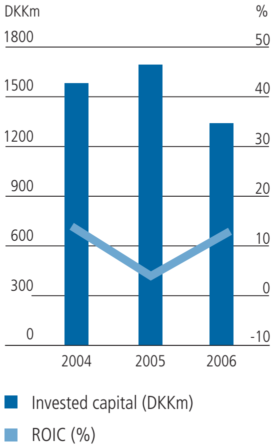
The Monberg & Thorsen Group's activities entail the use of financial instruments in both Danish kroner and foreign currencies, comprising receivables and payables, securities, and deposits, credit and loans with banks.

The primary financial instruments included in the balance sheet are basically measured at fair value. The Group makes limited use of secondary financial instruments, and these are, as a rule, limited to options and forward contracts.

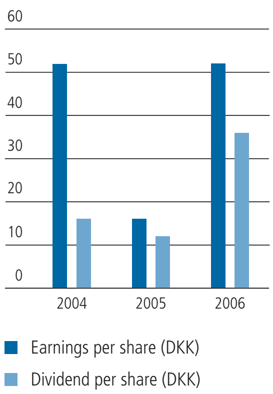
Monberg & Thorsen Group
Equity and ROE



Monberg & Thorsen Group
Invested capital and ROIC



Monberg & Thorsen Group
Earnings and dividend per share



Financial ratios

The operating margin amounted to (0.4)% as a result of the loss in Dyrup, due in part to the special items, and the significantly lower profit in MT Højgaard than anticipated at the start of the year.

The other financial ratios showed an improvement, as the gain on sale of the shares in Denerco Oil more than offset the development in Dyrup and MT Højgaard.

Parent company financial statements

The parent company measures investments in subsidiaries and jointly controlled entities at cost. The Group's and the parent company's profit and equity are consequently not identical.

The parent company's primary activity is its ownership of Dyrup, MT Højgaard and other consolidated enterprises. Profit primarily reflects dividends from these investments. As the dividends vary considerably from year to year, the parent company's financial statements are considered to be immaterial in relation to the consolidated financial statements, and a five-year summary of financial highlights for the parent company is therefore not included.

The parent company delivered profit in line with expectations.

The parent company's balance sheet total stood at DKK 1.5 billion, with the cost of investments in the owned companies accounting for 58%. The cost of these investments has not been written down.

The parent company's equity amounted to approx. DKK 1.1 billion, giving an equity ratio of 76%.

Dividends

A dividend to the shareholders of DKK 36 per DKK 20 share is proposed for 2006, corresponding to DKK 129 million in total, which will be reserved under proposed dividends under equity. Like last year, no provision has been made in respect of dividends payable on the holding of treasury shares.

The dividend is equivalent to the ordinary part of dividend for 2006 of DKK 12 per share, corresponding to DKK 43 million in total, plus extraordinary dividend of DKK 24 per share, or DKK 86 million in total, largely corresponding to half the gain on sale of Denerco Oil.

After payment of the proposed dividend, the parent company will have cash resources of just under DKK 500 million, to which should be added undrawn credit facilities. In view of the current situation, with clarification in 2007 of whether it will be possible for Dyrup to identify relevant acquisition candidates that can underpin Dyrup's strategic development, it is necessary to maintain relatively high cash resources.

The dividend payment corresponds to approx. 69% in total of profit for the year after tax. The dividend payment provides a direct return of 7.2% based on the current market price of approx. 500.

Monberg & Thorsen will continue to endeavour to pay dividend of 30-50% of profit after tax. Dividend distributions will be made with due consideration for the Group's financial position, investment opportunities and cash flow.

Again this year, the Supervisory Board will request the usual authority from the shareholders to purchase up to 10% of the share capital, and will also request an extension of the authority to increase the share capital by nominal DKK 20 million B shares.

MANAGEMENT STATEMENT AND AUDITORS' REPORT

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards of Monberg & Thorsen A/S have today discussed and approved the annual report for the financial year 2006.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2006.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 21 March 2007

Executive Board

Jørgen Nicolajsen
President and CEO

Supervisory Board

Mogens Granborg *Chairman*	Hans Bennetzen *Deputy Chairman*	Magnus Bertelsen
Anders Colding Friis	Poul Lind	Jan Munkholm
Henrik Thorsen	Gerrit Dirk Toet	Carsten Tvede-Møller

INDEPENDENT AUDITORS' REPORT

To the shareholders of Monberg & Thorsen A/S

We have audited the annual report of Monberg & Thorsen A/S for the financial year 1 January - 31 December 2006, which comprises management's review, the statement by the Executive and Supervisory Boards, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 21 March 2007

KPMG C.Jespersen *Statsautoriseret Revisionsinteressentskab*	Ernst & Young *Statsautoriseret Revisionsaktieselskab*
Finn L. Meyer *State Authorised Public Accountant*	Søren Strøm *State Authorised Public Accountant*

ACCOUNTING POLICIES

Basis of preparation

The Group's and the parent company's annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, see the Copenhagen Stock Exchange disclosure requirements for annual reports of listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the annual report has been prepared in compliance with the International Financial Reporting Standards issued by the IASB.

The annual report is presented in Danish kroner.

The accounting policies are unchanged from those set out in the 2005 annual report, although a few editorial changes have been made.

The amendments to IAS 19 "Employee Benefits", IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 39 "Financial Instruments, Recognition and Measurement", all of which became operative on 1 January 2006, have no effect on the financial reporting.

Basis of consolidation

The consolidated financial statements comprise the parent company Monberg & Thorsen A/S and subsidiaries in which the Group holds, directly or indirectly, more than 50% of the voting rights or which it controls in some other way.

Other enterprises in which the Group holds between 20% and 50% of the voting rights and over which it has significant influence, but not control, are accounted for as associates.
These enterprises are not consolidated. Enterprises controlled jointly by Monberg & Thorsen A/S and one or more other enterprises are recognised in the consolidated financial statements using proportionate consolidation – including MT Højgaard a/s.

The consolidated financial statements are prepared on the basis of the parent company's and the individual consolidated enterprises' audited financial statements determined in accordance with the Group's accounting policies.

On consolidation, identical items are aggregated and intragroup income and expenses, shareholdings, balances and dividends are eliminated. Unrealised gains and losses arising from intragroup transactions are also eliminated.

Newly acquired or newly formed enterprises are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated for newly acquired enterprises or enterprises disposed of.

Gains and losses on disposal of subsidiaries and jointly controlled entities/associates are reported by deducting from the proceeds on disposal the carrying amount of net assets including goodwill at the date of disposal and related selling expenses.

Presentation of discontinued operations

A discontinued operation is a component of an entity the operations and cash flows of which can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity and that has either been disposed of or is classified as held for sale and expected to be disposed of within one year according to a formal plan.

Post-tax profit and value adjustments of discontinued operations and operations classified as held for sale are presented as a separate line item in the income statement with comparative figures. Assets and related liabilities are reported as separate line items in the balance sheet.

Business combinations

Acquisitions of enterprises over which the parent company obtains control are accounted for applying the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right and the fair value can be measured reliably. The tax effect of the restatements performed is taken into account.

Any excess of the cost of the acquisition over the fair value of the assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Any excess of the fair value over the cost of the acquisition (negative goodwill) is credited to the income statement at the acquisition date.

If there is any uncertainty at the acquisition date concerning the measurement of identifiable assets acquired or liabilities or contingent liabilities assumed, initial recognition is based on provisional fair values. If it is subsequently found that identifiable assets, liabilities and contingent liabilities had a different fair value at the acquisition date than initially assumed, goodwill is adjusted within twelve months of the acquisition date.

Minority interests

Minority interests are recognised initially on the basis of the fair values of the acquiree's assets, liabilities and contingent liabilities at the acquisition date.

Subsidiaries' items are fully consolidated in the consolidated financial statements. The minority interests' proportionate share of profit for the year appears from the income statement. In the balance sheet, minority interests are recognised as a separate component of equity, separate from equity attributable to equity holders of the parent.

Joint ventures

A joint venture is a jointly controlled operation or a jointly controlled entity over which none of the joint venturers has control.

Investments in jointly controlled operations and entities are recognised in the consolidated financial statements on a proportionate basis in accordance with the contractual arrangement, whereby the proportionate share of assets, liabilities, income and expenses from the jointly controlled operations is recognised in the corresponding items in the financial statements.

Foreign currency translation

The individual business unit's functional currency is determined as the primary currency in the market in which the business unit operates. The predominant functional currency for the Group is Danish kroner.

Transactions denominated in all currencies other than the individual business unit's functional currency are accounted for as transactions in foreign currencies that are translated into the functional currency using the exchange rates at the transaction date. Receivables and payables in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange differences arising between the exchange rate at the transaction date or the balance sheet date and the date of settlement are recognised in the income statement as financial income and expenses.

On recognition of foreign subsidiaries and associates the income statement items determined in the individual enterprises' functional currencies are translated into Danish kroner at average exchange rates that do not deviate significantly from the exchange rates at the transaction date, while the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statement items from average exchange rates to the exchange rates at the balance sheet date are taken directly to a separate translation reserve under equity.

Foreign exchange gains and losses on the portion of loans designated as hedges of foreign enterprises with a different functional currency than the parent company are also taken directly to equity.

On acquisition or disposal of foreign entities, their assets and liabilities are translated at the exchange rates ruling at the acquisition date or the date of disposal.

Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts and similar instruments to hedge financial risks arising from operating activities.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses as they occur.

Derivative financial instruments are recognised initially in the balance sheet at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Gains and losses on remeasurement to fair value are recognised as other receivables and other payables, respectively.

Changes in the part of the fair value of derivative financial instruments that is classified as and satisfies the criteria for hedges of future cash flows are recognised in equity. Income and expenses relating to such hedging transactions are transferred from equity on realisation of the hedged item and recognised in the same item as the hedged item.

Leases

Leases relating to fixed assets in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet as assets. The assets are recognised initially at cost, equivalent to the lower of their fair value and the present value of the future lease payments.

The present value is measured using the interest rate implicit in the lease or an approximation thereof as the discount rate.

The capitalised residual lease commitment on finance leases is recognised as a liability.

All other leases are accounted for as operating leases. Lease payments under operating leases are recognised in the income statement over the lease term. Information on the residual lease commitment is disclosed in the notes under lease commitments.

Government grants

Government grants include grants for projects, investments, etc.

Grants that compensate the Group for expenses incurred or for the purchase of assets are set up in the balance sheet as deferred income or deducted in arriving at the carrying amount of the assets and recognised in the income statement in the same periods in which the expenses are incurred or over the periods and in the proportions in which depreciation on the assets is charged.

Income statement

Revenue

In Dyrup, revenue represents goods sold and services rendered. In MT Højgaard revenue comprises completed contract work and contract work in progress as well as services rendered.

Contract work in progress is recognised as revenue in step with completion so that revenue corresponds to the selling price of the work performed during the year (the percentage-of-completion method).

Revenue relating to goods sold and services rendered is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and the income can be measured reliably and its payment is probable.

Revenue is measured net of value added and similar sales-based taxes and trade discounts and rebates.

Production costs

Production costs comprise both direct and indirect costs incurred in generating the revenue for the year, and expected losses on contract work in progress.

Production costs include the cost of raw materials and consumables, wages and salaries, depreciation and impairment losses, etc.

Dividends from investments in the parent company's financial statements

Dividends from investments in subsidiaries and jointly controlled entities are credited to the parent company's income statement in the financial year in which they are declared; however, dividends are offset against the cost of the investment to the extent that distributed dividends exceed the accumulated earnings after the acquisition date. Dividends are recognised under operating profit, as Monberg & Thorsen is a holding company.

The Group's share of profit after tax of associates

The proportionate share of profit of associates is recognised in the consolidated income statement net of tax and after elimination of the proportionate share of profits/losses resulting from intragroup transactions and after deduction of goodwill impairment losses. The profit share is recognised under operating profit, as Monberg & Thorsen is a holding company.

Distribution costs

Distribution costs comprise freight, tendering, advertising and marketing costs as well as salaries, etc., relating to the sales and marketing departments, and amortisation and impairment losses on trade marks and distribution rights.

Administrative expenses

Administrative expenses comprise expenses for administrative staff and management, including salaries, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and expenses comprise rental income and expenses and other items of a non-recurring nature, which are recognised under operating profit, as Monberg & Thorsen is a holding company.

Financial income and expenses

Financial income and expenses comprise interest income and expense, dividends from other equity investments, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, as well as finance lease costs and income tax surcharges and refunds.

Financial income and expenses also include realised and unrealised gains and losses on derivative financial instruments that do not qualify for hedge accounting.

Income tax

Income tax expense, which consists of current tax and changes in deferred tax, is recognised in the income statement except to the extent that it relates to income and expenses recognised directly in equity, in which case it is recognised directly in equity.

Current tax comprises both Danish and foreign income taxes as well as adjustments relating to prior year taxes.

The parent company Monberg & Thorsen A/S is taxed jointly with its Danish subsidiaries (national joint taxation). Current Danish taxes for the year are allocated between the Danish jointly taxed companies. The jointly taxed companies are taxed under the on-account tax scheme.

Monberg & Thorsen A/S is the management company and consequently settles all income tax payments to the Danish tax authorities.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Goodwill is measured initially at cost as described in the section on business combinations. The carrying amount of goodwill is reviewed, at least annually, and written down via the income statement to the recoverable amount if this is lower than the carrying amount.

Development costs relating to clearly defined and identifiable products are recognised as development projects to the extent that it is probable that products or processes will generate future economic benefits exceeding cost. Other development costs are recognised in the income statement as an expense as incurred.

Goodwill is not amortised. Trade marks, distribution rights and completed development projects are amortised over their expected useful lives, which are 5-20 years.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect cost of materials, components, subsuppliers and labour. Interest expense and other borrowing costs on loans to finance the production of assets and which relate to the production period are recognised directly in the income statement.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life to the expected residual value. The useful lives of major assets are determined on an individual basis, while the useful lives of other assets are determined for groups of uniform assets.

The expected useful lives are 10-50 years for buildings, 3-20 years for plant and machinery, and 3-10 years for fixtures and fittings, tools and equipment and leasehold improvements.

Land is not depreciated. Nor is depreciation charged if the residual value of an asset exceeds its carrying amount. The residual value is determined at the date of acquisition and reviewed annually.

Gains and losses on disposal of property, plant and equipment are recognised in the income statement as production costs or administrative expenses and are measured as the difference between the selling price less costs to sell and the carrying amount at the date of disposal.

Investments in associates in the consolidated financial statements
The Group measures investments in associates using the equity method. Accordingly, investments in associates are measured at the proportionate share of the associates' net assets, applying the Group's accounting policies, plus or minus unrealised intragroup profits/losses, and plus goodwill.

Associates with negative carrying amount are recognised at nil. If the Group has a legal or constructive obligation to cover an associate's negative balance, the negative balance is offset against the Group's receivables from the associate. Any balance is recognised under provisions.

Investments in the parent company's financial statements
The parent company measures investments in subsidiaries and jointly controlled entities at cost. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Cost is reduced to the extent that distributed dividends exceed accumulated earnings.

Subsidiaries and jointly controlled entities with a negative carrying amount are recognised at nil. If the parent company has a legal or constructive obligation to cover a subsidiary's or jointly controlled entity's negative balance, the negative balance is offset against the parent company's receivables from the subsidiary or jointly controlled entity. Any balance is recognised under provisions.

Other investments
Other non-current receivables are measured at amortised cost less impairment losses.

Other investments are measured at fair value at the balance sheet date.

Impairment of fixed assets
The carrying amounts of intangible assets, property, plant and equipment and investments are reviewed, at least annually, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated; however, the recoverable amount of goodwill is always reviewed annually.

The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use, which is the discounted value of the expected future cash flows from the cash-generating unit.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that the assumptions and estimates that led to recognition of the impairment loss have changed.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than the cost, inventories are written down to this lower value.

The cost of raw materials and consumables comprises purchase price plus expenses incurred in bringing them to their existing location and condition.

The cost of finished goods comprises the cost of raw materials, consumables, direct labour and indirect production overheads.

Properties and undeveloped sites that are not classified as held for continued future ownership or use are carried as properties held for resale and measured at the lower of cost and net realisable value.

Receivables
Receivables are measured at amortised cost less impairment losses.

Contract work in progress
Contract work in progress is measured at the selling price of the work performed. The selling price is measured in proportion to the stage of completion at the balance sheet date and total expected income from each contract in progress. The stage of completion is determined on the basis of the costs incurred and the total expected costs.

When it is probable that the total costs on a contract in progress will exceed total contract revenue, the total expected loss on the contract is recognised as an expense immediately.

Where the selling price cannot be measured reliably, it is recognised at the lower of costs incurred and net realisable value.

The individual contract in progress is recognised in the balance sheet under receivables or current liabilities, depending on the net value of the selling price less progress billings and recognised losses.

Costs in connection with sales work and tendering to secure contracts are recognised as a cost in the income statement under distribution costs in the financial year in which they are incurred.

Prepayments and deferred income
Prepayments are recognised under receivables, and deferred income is recognised under current liabilities. Prepayments and deferred

income include costs incurred or income received during the year in respect of subsequent financial years, apart from items relating to contract work in progress.

Securities
Listed securities recognised as current assets are measured at fair value at the balance sheet date. Changes in fair value are recognised in the income statement as financial income or expenses in the period in which they occur.

Equity
Dividends
Proposed dividends are recognised as a liability at the date of adoption at the Annual General Meeting. The expected dividend payment for the year is disclosed as a separate item under equity.

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences after 1 January 2004 that have arisen from the translation of the financial statements of foreign enterprises from their functional currencies to Danish kroner.

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Income tax and deferred tax
Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account, etc.

Deferred tax liabilities and deferred tax assets are measured using the balance sheet liability method, providing for all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The following temporary differences are not provided for: goodwill not deductible for tax purposes and office premises. The measurement is based on the planned use of the asset or settlement of the liability, and on the relevant tax rules.

Deferred tax is provided for retaxation of previously deducted losses of jointly taxed and previously jointly taxed foreign subsidiaries in the event of the subsidiaries' being disposed of or withdrawing from the international joint taxation for the MT Højgaard Group.

Deferred tax assets, including tax loss carryforwards, are recognised at the value at which it is expected that they can be utilised by set-off against deferred tax liabilities or by elimination against tax on the future earnings of the subsidiary or the parent company and the other jointly taxed subsidiaries in the same country. Deferred tax assets are entered as a separate line item under investments.

Deferred tax is measured on the basis of the tax rules and the tax rates effective in the respective countries at the time the deferred tax is expected to crystallise as current tax. The effect of changes in deferred tax due to changed tax rates is recognised in the income statement, unless the items in question were previously taken to equity.

Pension obligations
The Group's pension plans are insured (defined contribution). Contributions to defined contribution plans are recognised in the income statement in the period to which they relate, and any costs payable are recognised in the balance sheet as other payables.

Provisions
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when the amount can be measured reliably.

Financial liabilities
Bank loans, etc. are recognised at inception at the proceeds received net of transaction costs incurred. Subsequent to initial recognition, financial liabilities are measured at amortised cost, equivalent to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, comprising trade payables, payables to subsidiaries and associates, and other payables, are measured at amortised cost.

Cash flow statement

The cash flow statement shows the Group's cash flows for the year, broken down by operating, investing and financing activities, and the effects of these cash flows on the Group's cash and cash equivalents.

The cash flow effect of acquisitions and disposals of enterprises is shown separately under cash flows from investing activities. Cash flows from acquisitions are recognised in the cash flow statement from the date of acquisition and cash flows from disposals are recognised up to the date of disposal.

Cash flows from operating activities
Cash flows from operating activities are determined using the indirect method, whereby operating profit is adjusted for the effects of non-cash operating items, changes in working capital, and net financing costs and income taxes paid.

Cash flows for investing activities
Cash flows for investing activities comprise payments in connection with acquisition and disposal of enterprises and activities and purchase and sale of intangible assets, property, plant and equipment and investments as well as purchase and sale of securities.

Cash flows from financing activities
Cash flows from financing activities comprise payments to and from shareholders, including payment of dividends and increases and decreases in non-current borrowings.

Cash and cash equivalents
Cash and cash equivalents comprise cash and cash equivalents less current portion of bank loans, etc.

Segment information

The activities of the Monberg & Thorsen Group consist of Dyrup, which is wholly-owned, and MT Højgaard, in which the ownership interest is 46%. Both companies are engaged in building-related activities, but with different representation in the market.

The annual reports of Dyrup and MT Højgaard form an integral part of Monberg & Thorsen's annual report and are therefore enclosed in Monberg & Thorsen's annual report. These companies' accounting policy follows the Group's accounting policy.

As in previous years, a segment overview is included on page 27. For detailed information about these two companies, reference is made to the enclosed annual reports which are considered an integral part of Monberg & Thorsen's annual report.

Financial ratios

Financial ratios have been prepared in conformity with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'.

Financial ratios are defined on page 4 of the annual report.

SEGMENT INFORMATION (DKKm)

	DYRUP		MTHøjgaard*		Others, etc.**		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Income statement								
Revenue	1,660	1,681	5,098	3,893	-	-	6,758	5,574
Gross profit	680	703	203	224	-	-	883	927
Operating profit before special items	5	16	27	62	35	35	67	113
Special items, etc.	(47)	(49)	-	-	171	-	124	(49)
Operating profit (loss) (EBIT)	(42)	(33)	27	62	206	35	191	64
Financial income	4	7	11	9	12	5	27	21
Financial expenses	(28)	(29)	(14)	(14)	-	1	(42)	(42)
Profit (loss) before tax	(66)	(55)	24	57	218	41	176	43
Income tax expense	21	29	(7)	(11)	1	1	15	19
Profit (loss) after tax	(45)	(26)	17	46	219	42	191	62
Balance sheet								
Intangible assets	103	117	34	32	-	-	137	149
Property, plant and equipment	438	488	418	381	-	-	856	869
Investments	39	33	113	76	-	256	152	365
Total fixed assets	580	638	565	489	-	256	1,145	1,383
Properties for development and resale	-	-	103	139	-	-	103	139
Inventories	249	250	25	24	-	-	274	274
Receivables	347	351	1,369	1,032	5	(6)	1,721	1,377
Cash and cash equivalents and securities	51	35	161	122	611	190	823	347
Total current assets	647	636	1,658	1,317	616	184	2,921	2,137
Total assets	**1,227**	**1,274**	**2,223**	**1,806**	**616**	**440**	**4,066**	**3,520**
Share capital	100	100	101	101	(129)	(129)	72	72
Reserves, etc.	342	387	381	366	720	540	1,443	1,293
Total equity	442	487	482	467	591	411	1,515	1,365
Non-current liabilities	239	278	120	134	18	19	372	431
Current liabilities	551	509	1,621	1,205	7	10	2,179	1,724
Total equity and liabilities	**1,232**	**1,274**	**2,223**	**1,806**	**616**	**440**	**4,066**	**3,520**
Cash flows, etc.								
From operating activities	65	64	146	157	(10)	(5)	201	216
For investing activities	(27)	(58)	(110)	(78)	14	(86)	(123)	(222)
From financing activities	(20)	(88)	(3)	(22)	(43)	14	(66)	(96)
Net increase (decrease) in cash and cash equivalents	19	(82)	33	57	(40)	(77)	11	(102)
Portion relating to property, plant and equipment	(23)	(38)	(132)	(98)	-	-	(155)	(136)
Financial ratios (%)								
Operating margin	0	1	1	2	-	-	0	0
Return on invested capital (ROIC)	1	2	6	13	-	-	13	4
Return on equity (ROE)	(10)	(5)	4	10	-	-	13	5
Equity ratio	36	38	22	26	-	-	37	39

* Comprises 46% of MT Højgaard's figures.

** Others, etc., comprises the parent company, Other consolidated enterprises and eliminations.

CASH FLOW STATEMENT (DKKm)

PARENT COMPANY 2005	PARENT COMPANY 2006		GROUP 2006	GROUP 2005
		Operating activities		
89.8	(7.2)	Operating profit (loss)	190.9	63.9
		Adjustment for non-cash operating items		
0.2	0.2	Depreciation, amortisation and impairment losses	162.8	138.0
-	-	Share of profit (loss) of associates	(43.4)	(41.8)
-	-	Other adjustments	(161.6)	11.2
90.0	**(7.0)**	**Cash flows from operating activities before working capital changes**	**148.7**	171.3
		Working capital changes		
-	-	Inventories	35.5	54.2
(73.7)	152.8	Receivables excluding work in progress	(289.3)	(142.2)
-	-	Work in progress	171.1	(68.6)
(44.7)	310.0	Trade payables and other current payables	169.4	243.9
(28.4)	**455.8**	**Cash flows from operations (operating activities)**	**235.4**	258.6
10.3	14.7	Interest received, etc.	26.1	19.8
(1.2)	(4.2)	Interest paid, etc.	(42.2)	(42.3)
(19.3)	**466.3**	**Cash flows from operations (ordinary activities)**	**219.3**	236.1
(1.1)	(2.1)	Income taxes paid, net	(18.6)	(20.5)
(20.4)	**464.2**	**Cash flows from operating activities**	**200.7**	215.6
		Investing activities		
-	-	Purchase of intangible assets	(6.4)	(25.3)
(0.6)	-	Purchase of property, plant and equipment	(154.7)	(135.9)
0.3	-	Sale of property, plant and equipment	33.7	26.5
-	-	Acquisition/disposal of enterprises and activities	476.7	(125.1)
56.5	-	Dividends from subsidiaries and associates	2.3	-
13.4	(461.1)	Purchase/sale of securities	(475.0)	37.5
69.6	**(461.1)**	**Cash flows for investing activities**	**(123.4)**	(222.3)
49.2	**3.1**	**Cash flows before financing activities**	**77.3**	(6.7)
		Financing activities		
(57.3)	(43.0)	Dividends paid to shareholders	(43.0)	(57.3)
-	-	Minority interests	(2.1)	(0.7)
-	-	Increase in non-current bank loans, etc.	-	-
-	-	Decrease in non-current bank loans, etc.	(20.8)	(37.5)
(57.3)	**(43.0)**	**Cash flows from financing activities**	**(65.9)**	(95.5)
(8.1)	**(39.9)**	**Net increase (decrease) in cash and cash equivalents**	**11.4**	(102.2)
184.0	175.9	Cash and cash equivalents at 01.01.	67.6	169.7
-	-	Unrealised value adjustments	0.2	0.1
175.9	**136.0**	**Cash and cash equivalents at 31.12.**	**79.2**	67.6
		consisting of:		
175.9	136.0	Cash and cash equivalents	308.6	306.2
-	-	Current bank loans	(229.4)	(238.6)
175.9	**136.0**		**79.2**	67.6

The figures in the cash flow statement cannot be derived from the published records alone.

INCOME STATEMENT (DKKm)

PARENT COMPANY 2005	PARENT COMPANY 2006	Note		GROUP 2006	GROUP 2005
		1	**Revenue**	**6,757.9**	**5,573.5**
		2	Production costs	5,874.8	4,647.0
			Gross profit	**883.1**	926.5
98.3	1.0		Dividends from subsidiaries and jointly controlled entities	-	-
-	-	3	Share of profit (loss) after tax of associates	43.4	41.8
-	-	2	Distribution costs	605.0	603.0
8.5	8.2	2	Administrative expenses	258.3	257.5
-	-	4	Other operating income and expenses	127.7	(43.9)
89.8	**(7.2)**		**Operating profit (loss)**	**190.9**	63.9
10.3	14.7	5	Financial income	26.9	20.7
0.5	4.2	6	Financial expenses	41.8	41.6
99.6	**3.3**		**Profit (loss) before tax**	**176.0**	43.0
0.4	0.2	7	Income tax	(14.5)	(18.6)
99.2	**3.1**		**Profit (loss) for the year**	**190.5**	61.6
		8	**Employee information**		
			Distribution of profit		
-	-		Attributable to minority interests	**3.9**	2.9
99.2	3.1		Attributable to equity holders of the parent	**186.6**	58.7
99.2	3.1			**190.5**	61.6
		9	**Earnings and diluted earnings per share (EPS) DKK**	**52**	16

The Supervisory Board will recommend a dividend for the year of DKK 36 per share for adoption at the Annual General Meeting on 23 April 2007.

BALANCE SHEET AT 31 DECEMBER (DKKm)
ASSETS

PARENT COMPANY 2005	PARENT COMPANY **2006**	Note		GROUP **2006**	GROUP 2005
			Fixed assets		
			Intangible assets		
		10	Goodwill	89.4	87.5
		11	Trade marks and distribution rights	38.5	54.8
		12	Development projects in progress	9.2	6.7
			Total intangible assets	**137.1**	149.0
			Property, plant and equipment		
-	-	13	Land and buildings	401.7	385.9
-	-	14	Plant and machinery	340.7	359.9
0.5	0.3	15	Fixtures and fittings, tools and equipment	99.8	115.9
-	-	16	Prepayments and assets in the course of construction	13.5	7.6
0.5	**0.3**		**Total property, plant and equipment**	**855.7**	869.3
			Investments		
416.7	416.7	17	Investments in subsidiaries	-	-
427.0	427.0	18	Investments in jointly controlled entities/associates	0.3	257.8
-	-	19	Receivables from associates	2.6	2.5
0	0	20	Other securities and equity investments	0.4	0.4
-	-	27	Deferred tax assets	148.9	103.8
843.7	**843.7**		**Total investments**	**152.2**	364.5
844.2	**844.0**		**Total fixed assets**	**1,145.0**	1,382.8
			Current assets		
			Inventories		
		21	Inventories	274.3	273.8
		22	Properties for resale	102.6	139.1
			Total inventories	**376.9**	412.9
			Receivables		
-	-		Trade receivables	1,298.1	1,028.9
-	-	29	Contract work in progress	277.7	216.8
163.0	-		Receivables from subsidiaries	-	-
-	-		Receivables from associates	2.9	2.7
0.2	10.5		Other receivables	93.2	70.1
-	-		Income tax	4.6	13.3
0.1	-		Prepayments	44.2	45.7
163.3	**10.5**	23	**Total receivables**	**1,720.7**	1,377.5
12.8	**473.9**	24	**Securities**	**514.5**	40.4
175.9	**136.0**		**Cash and cash equivalents**	**308.6**	306.2
352.0	**620.4**		**Total current assets**	**2,920.7**	2,137.0
1,196.2	**1,464.4**		**Total assets**	**4,065.7**	3,519.8

BALANCE SHEET AS AT 31 DECEMBER (DKKm)
EQUITY AND LIABILITIES

PARENT COMPANY 2005	PARENT COMPANY 2006	Note		GROUP 2006	GROUP 2005
			Equity		
71.7	71.7	25	Share capital	71.7	71.7
-	-		Translation reserve	11.5	10.9
1,041.4	915.5		Retained earnings	1,291.5	1,230.3
43.0	129.0		Proposed dividends	129.0	43.0
1,156.1	**1,116.2**		**Equity attributable to equity holders of the parent**	**1,503.7**	1,355.9
			Equity attributable to minority interests	**10.8**	9.2
			Total equity	**1,514.5**	1,365.1
			Non-current liabilities		
-	-	26	Bank loans, etc.	282.2	317.6
18.6	18.6	27	Deferred tax liabilities	61.3	86.6
-	-	28	Provisions	28.7	26.4
18.6	**18.6**		**Total non-current liabilities**	**372.2**	430.6
			Current liabilities		
-	-	26	Current portion of non-current financial liabilities	53.8	32.5
-	-	26	Bank loans	229.4	238.6
-	-	29	Contract work in progress	559.7	316.6
-	-		Prepayments received from customers	63.5	47.0
0.7	0.6		Trade payables	760.9	617.1
4.1	317.9		Payables to subsidiaries	-	-
-	-		Payables to associates	0.2	1.9
7.5	5.6		Income tax	21.5	4.7
9.2	5.5		Other payables	460.1	433.1
-	-		Deferred income	28.7	31.6
-	-	28	Provisions	1.2	1.0
21.5	**329.6**		**Total current liabilities**	**2,179.0**	1,724.1
40.1	**348.2**		**Total liabilities**	**2,551.2**	2,154.7
1,196.2	**1,464.4**		**Total equity and liabilities**	**4,065.7**	3,519.8

Notes without reference

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STATEMENT OF CHANGES IN EQUITY (DKKm)

	Share capital	Retained earnings	Proposed dividends	Total
Parent company				
Equity at 01.01.05	71.7	985.2	57.3	1,114.2
Profit for the year		99.2		99.2
Total income and expense for the year		99.2		99.2
Dividends paid			(57.3)	(57.3)
Transfer to proposed dividends		(43.0)	43.0	0
Total changes in equity		56.2	(14.3)	41.9
Equity at 01.01.06	71.7	1,041.4	43.0	1,156.1
Profit for the year		3.1		3.1
Total income and expense for the year		3.1		3.1
Dividends paid			(43.0)	(43.0)
Transfer to proposed dividends		(129.0)	129.0	0
Total changes in equity		(125.9)	86.0	(39.9)
Equity at 31.12.06	71.7	915.5	129.0	1,116.2

	Share capital	Translation reserve	Retained earnings	Proposed dividends	Total equity attributable to Monberg & Thorsen	Attributable to minority interests	Total
Group							
Equity at 01.01.05	71.7	6.3	1,220.1	57.3	1,355.4	6.9	1,362.3
Profit for the year			58.7		58.7	2.9	61.6
Foreign exchange adjustments		4.6			4.6	0.1	4.7
Other adjustments			(5.5)		(5.5)		(5.5)
Total income and expense for the year		4.6	53.2		57.8	3.0	60.8
Dividends paid				(57.3)	(57.3)	(0.7)	(58.0)
Transfer to proposed dividends			(43.0)	43.0	0		0
Total changes in equity		4.6	10.2	(14.3)	0.5	2.3	2.8
Equity at 01.01.06	71.7	10.9	1,230.3	43.0	1,355.9	9.2	1,365.1
Profit for the year			186.6		186.6	3.9	190.5
Foreign exchange adjustments		0.6			0.6	(0.2)	0.4
Other adjustments			3.6		3.6		3.6
Total income and expense for the year		0.6	190.2		190.8	3.7	194.5
Dividends paid				(43.0)	(43.0)	(2.1)	(45.1)
Transfer to proposed dividends			(129.0)	129.0	0		
Total changes in equity		0.6	61.2	86.0	147.8	1.6	149.4
Equity at 31.12.06	71.7	11.5	1,291.5	129.0	1,503.7	10.8	1,514.5

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NOTES TO THE FINANCIAL STATEMENTS (DKKm)

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Note 1				
Consolidated revenue by geographical area:				
Denmark			4,664.9	3,697.1
Rest of world			2,093.0	1,876.4
			6,757.9	5,573.5
Note 2				
Depreciation, amortisation and impairment losses				
Intangible assets	-	-	18.6	14.8
Property, plant and equipment	0.2	0.2	144.2	123.2
Total depreciation, amortisation and impairment losses	0.2	0.2	162.8	138.0
Depreciation, amortisation and impairment losses are included in:				
Production costs	-	-	84.1	81.7
Distribution costs	-	-	39.9	38.1
Administrative expenses	0.2	0.2	20.5	18.2
Other operating expenses – impairment losses	-	-	18.3	-
	0.2	0.2	162.8	138.0
Fees paid to auditors appointed at the Annual General Meeting				
Total fees to the auditors appointed by the shareholders in Annual General Meeting for the financial year under review				
KPMG C.Jespersen	0.4	0.2	3.4	3.4
Ernst & Young	0.1	0.1	4.0	3.9
	0.5	0.3	7.4	7.3
of which non-audit fees				
KPMG C.Jespersen	0.1	-	1.3	1.3
Ernst & Young	-	-	0.7	0.6
	0.1	-	2.0	1.9
Note 3				
Associates				
Share of profit (loss) after tax of associates:				
Denerco Oil A/S			43.4	43.1
Others			-	(1.3)
			43.4	41.8

Further details of these amounts are disclosed in note 18 on investments in associates.

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Note 4				
Other operating income				
Gain on sale of Denerco Oil			170.8	-
Dyrup's sale of trade mark rights			16.4	-
Other income			4.2	5.3
			191.4	5.3
Other operating expenses				
Restructuring costs in Dyrup			63.7	49.2
Total other operating income and expenses			127.7	(43.9)

Other operating income relates primarily to rental income from Dyrup's activities. The restructuring costs in Dyrup relate to redundancy costs and winding-up costs as well as impairment losses in respect of fixed assets and inventories in connection with implementation of Dyrup's strategy.

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Note 5				
Financial income				
Securities	1.2	6.0	6.3	2.2
Cash and cash equivalents	3.8	5.5	19.3	13.0
Subsidiaries	5.3	3.2	-	-
Miscellaneous	-	-	1.3	5.5
	10.3	14.7	26.9	20.7
Note 6				
Financial expenses				
Non-current liabilities	-	-	16.9	18.6
Current liabilities	0.5	4.2	15.6	12.1
Miscellaneous	-	-	9.3	10.9
	0.5	4.2	41.8	41.6
Portion relating to subsidiaries	0.5	4.2	-	-
Note 7				
Income tax				
Current tax in the consolidated enterprises	0.4	0.2	43.7	15.6
Change in deferred tax	-	-	(63.3)	(39.7)
Prior year adjustments	-	-	5.1	5.5
	0.4	0.2	(14.5)	(18.6)
Reconciliation of tax rate				
Danish tax rate	28%	28%	28%	28%
Deviations in foreign enterprises' tax rates			(3)%	(14)%
Deviations from associates			(7)%	(28)%
Non-taxable items, etc.	(28)%	(27)%	(28)%	0 %
Other, including prior year adjustments	0%	0%	2%	(29)%
Effective tax rate	0%	1%	(8)%	(43)%
Note 8				
Employee information				
Wages, salaries and remuneration	4.2	6.0	1,383.7	1,248.2
Pension contributions	0.1	0.1	89.9	71.1
Other social security costs	-	-	98.0	86.0
	4.3	6.1	1,571.6	1,405.3
Including salaries and remuneration to the parent company's:				
Supervisory Board	1.7	1.8	2.6	2.5
Executive Board	1.7	1.5	3.3	1.9
Average number of employees	4	3	3,673	3,469

	PARENT COMPANY		GROUP	
	2005	**2006**	**2006**	2005

Monberg & Thorsen has not introduced performance-related pay for the Supervisory Board or the Executive Board. Besides the amounts referred to above the Executive Board performed special tasks in 2005 and 2006 for which they were paid remuneration in 2006 corresponding to one year's salary in 2005. The pensionable age for members of the Executive Board is 65, and no special termination benefit plan has been agreed. The Group enterprises have introduced bonus pay for the top management tiers.

The remuneration for ordinary members of the Supervisory Board was DKK 150,000, as in 2005, with a supplement for the Chairman and Deputy Chairman. Besides their normal remuneration, the Chairman or members may be paid a fee for special tasks undertaken by them, although no Supervisory Board member may receive a total fee of more than twice his or her ordinary remuneration. No permanent Supervisory Board committees have been appointed at the present time.

Note 9

Earnings per share (EPS)

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Profit for the year attributable to equity holders of the parent			186.6	58.7
Average number of shares			3,585,000	3,585,000
Average number of treasury shares			2,645	2,645
			3,582,355	3,582,355
Earnings and diluted earnings per share (EPS) DKK			52	16

Note 10

Goodwill

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.			87.5	74.7
Value adjustments			1.2	0.1
Additions			2.0	12.7
Cost at 31.12.			90.7	87.5
Impairment losses at 01.01.			-	-
Impairment losses			1.3	-
Impairment losses at 31.12.			1.3	-
Balance sheet value at 31.12.			89.4	87.5

On transition to IFRS the exemption provisions on business combinations in IFRS 1 have been applied. The carrying amount of goodwill at 01.01.04 has thus not been changed.

The carrying amount of goodwill was tested for impairment at 31.12.06. Details of the impairment tests are disclosed in note 10 on page 26 of Dyrup's financial statements and note 12 on page 44 of MT Højgaard's financial statements, to which reference is made.

In Dyrup, the impairment tests gave rise to write-downs of goodwill to recoverable amount by DKK 1.3 million.

Note 11

Trade marks and distribution rights, etc.

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.			155.8	138.3
Value adjustments			(0.1)	0.3
Additions			1.5	17.2
Disposals			(48.3)	-
Cost at 31.12.			108.9	155.8
Amortisation at 01.01.			101.0	86.0
Value adjustments			(0.1)	0.2
Amortisation, disposals			(47.8)	-
Amortisation			17.3	14.8
Amortisation at 31.12.			70.4	101.0
Balance sheet value at 31.12.			38.5	54.8

The amounts relate to Dyrup's activities only.

Note 12

Development projects in progress

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.			6.7	-
Additions			3.7	6.7
Disposals			(1.2)	-
Balance sheet value at 31.12.			9.2	6.7

The amounts relate to Dyrup's activities only.

Note 13

Land and buildings

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.			516.1	499.4
Value adjustments			-	0.8
Additions			30.2	20.8
Disposals			(20.3)	(4.9)
Cost at 31.12.			526.0	516.1
Depreciation and impairment losses at 01.01.			130.2	121.9
Value adjustments			-	0.8
Depreciation, disposals			(14.5)	(0.8)
Depreciation and impairment losses, etc.			8.6	8.3
Depreciation and impairment losses at 31.12.			124.3	130.2
Balance sheet value at 31.12.			401.7	385.9
Mortgaged properties:				
Carrying amount			208.3	211.1
Year-end balance, loans			110.9	115.5
Danish properties subject to public land assessment:				
Carrying amount			292.6	276.5
Public land assessment value at 01.01.			288.5	283.2

NOTES TO THE FINANCIAL STATEMENTS (DKKm)

Note 14

Plant and machinery

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.			851.4	755.6
Reclassification			(9.4)	-
Value adjustments			0.4	3.1
Additions			77.5	132.0
Disposals			(36.7)	(39.3)
Cost at 31.12.			883.2	851.4
Depreciation at 01.01.			491.5	445.8
Reclassification			(1.7)	-
Value adjustments			-	1.4
Depreciation, disposals			(31.6)	(32.5)
Depreciation and impairment losses			84.3	76.8
Depreciation and impairment losses at 31.12.			542.5	491.5
Balance sheet value at 31.12.			340.7	359.9

Impairment losses for the year amounted to DKK 7.7 million, and relate to Dyrup's activities.

Carrying amount of assets held under finance leases			48.4	40.6

Note 15

Fixtures and fittings, tools and equipment

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.	1.2	1.4	300.8	289.7
Reclassification	-	-	9.4	-
Value adjustments	-	-	0	0.8
Additions	0.6	-	34.5	31.0
Disposals	(0.4)	(0.5)	(37.6)	(20.7)
Cost at 31.12.	1.4	0.9	307.1	300.8
Depreciation at 01.01.	0.8	0.9	184.9	169.7
Reclassification	-	-	1.7	-
Value adjustments	-	-	0	0.7
Depreciation, disposals	(0.1)	(0.5)	(31.5)	(24.0)
Depreciation and impairment losses	0.2	0.2	52.2	38.5
Depreciation and impairment losses at 31.12.	0.9	0.6	207.3	184.9
Balance sheet value at 31.12.	0.5	0.3	99.8	115.9

Impairment losses for the year amounted to DKK 10.6 million, and relate to Dyrup's activities.

Carrying amount of assets held under finance leases			7.1	7.3

Note 16

Prepayments for and assets in the course of construction

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.			7.6	53.3
Additions			14.4	7.6
Disposals			(8.5)	(53.3)
Balance sheet value at 31.12.			13.5	7.6

Note 17

Investments in subsidiaries

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.	473.2	416.7		
Dividends received	(56.5)	-		
Balance sheet value at 31.12.	416.7	416.7		

Investments in subsidiaries at 31.12.06 consisted of:

Subsidiary	Registered office	Ownership interest	Share capital DKKm
Dyrup A/S	Søborg	100%	100.0
Saabye & Lerche A/S	Copenhagen	100%	3.7
Monberg & Thorsen Oil A/S	Copenhagen	100%	5.0

An overview of the amounts recognised in respect of Dyrup and the other consolidated enterprises in the consolidated financial statements is given in the segment overview on page 27. Reference is also made to the enclosed annual report for Dyrup, which is regarded as an integral part of Monberg & Thorsen's annual report.

Note 18

Investments in jointly controlled entities and associates

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.	427.0	427.0	181.9	81.6
Additions	-		(4.1)	100.3
Disposals	-		(177.0)	-
Cost at 31.12.	427.0	427.0	0.8	181.9
Revaluation/impairment losses at 01.01.	-		75.9	39.7
From income statement	-		43.4	41.8
Dividends	-		(2.3)	-
Other adjustments	-		7.7	(5.6)
Disposals	-		(125.2)	-
Revaluation/impairment losses at 31.12.	-	-	(0.5)	75.9
Balance sheet value at 31.12.	427.0	427.0	0.3	257.8

The jointly controlled entity in the parent company consists of the 46% ownership interest in MT Højgaard a/s, which has its registered office in Søborg. The share capital amounts to DKK 220 million.

MT Højgaard is a jointly controlled entity according to an agreement entered into between the shareholders. MT Højgaard is therefore consolidated in the consolidated financial statements by proportionate consolidation. A detailed overview of the amounts recognised on a proportionate basis is given in the segment overview on page 27. Reference is also made to the enclosed annual report for MT Højgaard, which is regarded as an integral part of Monberg & Thorsen's annual report.

The proportionate share of MT Højgaard's share of associates is also included. The accounting information for these companies is given in note 14 in MT Højgaard's annual report.

The share of contingent liabilities in associates for which the Group is liable, jointly and severally and on a proportionate basis, stood at DKK 0 million at 31.12. in both years.

Note 19
Receivables from associates

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.			2.5	0
Additions			0.1	2.5
Balance sheet value at 31.12.			2.6	2.5

Note 20
Other securities and equity investments

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01 and 31.12.	0	0	1.2	1.2
Revaluation/impairment losses at 01.01.	-	-	(0.8)	(0.8)
Revaluation/impairment losses	-	-	-	-
Revaluation/impairment losses at 31.12.	0	0	(0.8)	(0.8)
Balance sheet value at 31.12.	0	0	0.4	0.4

Note 21
Inventories

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Raw materials and consumables			81.0	73.0
Work in progress			7.9	7.7
Finished goods			185.4	193.1
Balance sheet value at 31.12.			274.3	273.8
Changes for the year:				
Cost at 01.01.			309.8	306.4
Value adjustments			-	1.2
Additions and disposals, net			31.6	2.2
Cost at 31.12.			341.4	309.8
Adjustments at 01.01.			(36.0)	(27.7)
Value adjustments			-	(0.1)
Impairment losses			(39.8)	(12.6)
Reversal of impairment losses			8.7	4.4
Adjustments at 31.12.			(67.1)	(36.0)
Balance sheet value at 31.12.			274.3	273.8
Value of inventories recognised at net realisable value			2.3	17.6

The inventories relate primarily to Dyrup's activities.

Note 22
Properties for resale

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Cost at 01.01.			135.5	177.1
Additions			13.3	12.9
Disposals			(50.4)	(54.5)
Cost at 31.12.			98.4	135.5
Adjustments at 01.01.			3.6	2.9
Reversal of impairment losses			0.6	0.7
Other adjustments			-	-
Adjustments at 31.12.			4.2	3.6
Balance sheet value at 31.12.			102.6	139.1
Value of properties recognised at net realisable value			4.1	6.1
Mortgaged properties:				
Carrying amount			2.6	22.8
Year-end balance, loans			1.0	17.2

Properties for resale, consisting primarily of undeveloped sites, are held with a view to project development activities in MT Højgaard.

Note 23
Receivables

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Receivables falling due more than one year after the balance sheet date	0	0	3.1	3.8

Receivables falling due more than one year after the balance sheet date relate to rent deposits.

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Write-downs included in receivables	0	0	57.9	63.9

The fair value of receivables is deemed to correspond to the carrying amount.

Note 24
Securities

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Bonds	12.8	473.9	514.5	36.1
Mortgages	-	-	-	4.3
Balance sheet value at 31.12.	12.8	473.9	514.5	40.4
Nominal holding	12.6	475.3	516.0	35.9
Bonds maturing more than one year after the balance sheet date (market value)	12.8	473.9	491.6	13.6
Maturity of bond portfolio (years)	1.2	1.5	1.6	0.2
Effective interest rate on bond portfolio	2.6%	3.7%	3.8%	2.5%
Price sensitivity of bond portfolio in case of a one percentage point interest rate change	0.2	7.3	8.1	0.2
Bonds deposited as security (market value)	-	-	9.7	-

The parent company and the Group measure the bond portfolio at fair value in accordance with IAS 39, as the portfolio functions as cash flow reserve, in accordance with the Group's financial policy. The bond portfolio consists of listed Danish bonds that are regularly monitored and reported at fair value.

Note 25
The share capital

The share capital and changes in the share capital in 2006 and the previous four years can be broken down as follows

	A shares	B shares	Total
Share capital at 01.01.2002 and 31.12.2002	15.4	60.3	75.7
Reduction adopted on 30.04.2003	0	(4.0)	(4.0)
Share capital at 31.12.2003, 31.12.2004 31.12.2005 and 31.12.2006	15.4	56.3	71.7
Number of shares of DKK 20 each	768,000	2,817,000	3,585,000

NOTES TO THE FINANCIAL STATEMENTS (DKKm)

Note 26

Interest-bearing liabilities

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Total interest-bearing liabilities can be broken down by commitment type as follows:				
Bank loans, etc.	-	-	511.3	543.5
Lease commitments (assets held under finance leases)	-	-	54.0	45.2
Consolidated enterprises	4.1	317.9	-	
Total	4.1	317.9	565.3	588.7
Total interest-bearing liabilities can be broken down by currency as follows:				
DKK	4.1	317.9	297.9	348.6
EUR	-	-	260.9	234.8
Others	-	-	6.5	5.3
Total	4.1	317.9	565.3	588.7
Total interest-bearing liabilities can be broken down by fixed-rate and floating-rate debt as follows:				
Fixed-rate debt	-	-	310.0	323.7
Floating-rate debt	4.1	317.9	255.3	265.0
Total	4.1	317.9	565.3	588.7
Total interest-bearing liabilities can be broken down by effective interest rate as follows:				
Less than 5%	4.1	317.9	484.2	500.4
Between 5% and 7%	-	-	81.1	88.3
Total	4.1	317.9	565.3	588.7
Weighted average effective interest rate	4.0%	4.0%	4.4%	3.8%
Weighted average remaining term (years)	0.5	0.2	3.8	3.7
Interest-bearing liabilities are recognised in the balance sheet as follows:				
Non-current liabilities	-	-	282.2	317.6
Current liabilities	4.1	317.9	283.1	271.1
Total	4.1	317.9	565.3	588.7
The maturity profile for the interest-bearing liabilities can be broken down as follows:				
Less than one year	4.1	317.9	283.2	271.1
Between one and two years	-	-	91.9	81.8
Between two and five years	-	-	137.7	160.0
More than five years	-	-	52.5	75.8
Total	4.1	317.9	565.3	588.7

The fair value of the interest-bearing liabilities corresponds largely to the carrying amount of the debt outstanding at the balance sheet date.

Note 27

Deferred tax

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Deferred tax net, at 01.01.	15.3	18.6	(17.2)	19.4
Change concerning profit (loss) for the year	-	-	-	(36.6)
Change concerning retaxation balances abroad	3.3	-	-	-
Others	-	-	(0.8)	-
Adjustment for the year via income statement		-	(69.6)	-
Deferred tax, net, at 31.12.	18.6	18.6	(87.6)	(17.2)

Deferred tax in the parent company relates solely to the retaxation balance for previously deducted tax losses in Dyrup's foreign subsidiaries.

Deferred tax can be broken down as follows:

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Deferred tax assets				
Intangible assets			-	0.6
Property, plant and equipment			70.2	38.4
Current assets			43.7	19.0
Non-current liabilities			5.8	4.4
Current liabilities			5.0	7.5
Tax loss carryforwards			99.1	106.3
Non-capitalised portion			(30.1)	(33.6)
Deferred tax assets at 31.12. before set-off			193.7	142.6
Set-off within legal entities and jurisdictions (countries)			44.8	38.8
Balance sheet value at 31.12.	-	-	148.9	103.8
Deferred tax liabilities				
Intangible assets			12.0	10.9
Property, plant and equipment			48.9	65.5
Investments	18.6	18.6	18.6	18.6
Current assets			19.8	24.5
Non-current liabilities			-	1.6
Current liabilities			6.8	4.3
Deferred tax liabilities at 31.12. before set-off	18.6	18.6	106.1	125.4
Set-off within legal entities and jurisdictions (countries)	-	-	44.8	38.8
Balance sheet value at 31.12.	18.6	18.6	61.3	86.6
Deferred tax net, at 31.12.	18.6	18.6	(87.6)	(17.2)

Deferred tax is recognised on the basis of the regulatory tax rules and tax rates effective in the respective countries. For Danish companies, deferred tax has been calculated applying the current Danish tax rate of 28%.

The portion of tax loss carryforwards that is expected to be utilised by set-off against future earnings has been capitalised based on a conservative estimate.

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005

Note 28

Provisions

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Provisions at 01.01.			27.4	18.1
Provided in the year			3.5	11.3
Utilised in the year			(0.7)	(1.2)
Reversal of unutilised provisions			(0.3)	(0.8)
Balance sheet value at 31.12.			29.9	27.4
Provisions are recognised in the balance sheet as follows:				
Non-current liabilities			28.7	26.4
Current liabilities			1.2	1.0
Total			29.9	27.4
Expected maturity dates:				
Less than one year			1.2	1.0
Between one and two years			3.6	3.1
Between two and five years			12.9	11.6
More than five years			12.2	11.7
Total			29.9	27.4

Provisions relate to MT Højgaard and comprise mainly provisions for 1-year and 5-year guarantee works in respect of completed contracts.

Note 29

Contract work in progress

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Progress billings			3,254.9	2,394.4
Contracts at selling price			(2,972.9)	(2,294.6)
Net balance sheet value at 31.12.			282.0	99.8
Work in progress is recognised in the balance sheet as follows:				
Current liabilities			559.7	316.6
Receivables			(277.7)	(216.8)
Total			282.0	99.8

Contract work in progress relates solely to MT Højgaard's activities.

Note 30

Security

Guarantees have been provided in respect of:

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Customers			0.8	0.8
Bid bonds			10.0	5.2
Contracts and supplies in progress			789.9	626.3
Completed contracts and supplies			565.8	553.5
Total guarantees provided			1,366.5	1,185.8

The guarantees relate mainly to MT Højgaard's activities, where normal security has also been provided in the form of bank guarantees, guarantee insurances and bond deposits as security for contracts and supplies.

In addition, land and buildings have been lodged as security for mortgage debt, bank loans, etc., see note 13.

Until 2008, Monberg & Thorsen guarantees MT Højgaard's fulfilment of its obligations on the Great Belt tunnel within the normal 20-year guarantee period for civil engineering works.

Note 31

Lease commitments

Finance leases:
Finance leases relate to MT Højgaard only.

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Total future minimum lease payments:				
Due within one year			19.7	12.8
Due between two and five years			35.7	29.0
Due after more than five years			7.2	9.8
Total			62.6	51.6
Carrying amount (present value)				
Due within one year			5.9	11.3
Due between two and five years			28.7	25.6
Due after more than five years			19.4	9.1
Total			54.0	46.0
Financial expenses			8.6	5.6

Financial expenses, determined as the difference between the total future lease payments and the carrying amount (present value) of finance leases, are recognised in the income statement over the lease term.

Operating leases:
Operating leases relate to both Dyrup and MT Højgaard.

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Total future minimum lease payments:				
Due within one year			37.4	28.7
Due between two and five years			91.6	71.5
Due after more than five years			37.0	61.6
Total			166.0	161.8
Lease payments relating to operating leases recognised in the income statement			35.4	34.3

The Group's finance and operating leases relate primarily to vehicles, operating equipment, mobile cranes and leased premises.

Note 32

Contingent liabilities

	PARENT COMPANY 2005	PARENT COMPANY 2006	GROUP 2006	GROUP 2005
Other contingent liabilities			0	2.8

Litigation:
Both the Dyrup Group and the MT Højgaard Group are involved in various legal and arbitration proceedings. In management's opinion, the outcome of these proceedings is not expected to have any adverse impact on the Group's financial position.

Monberg & Thorsen is not involved in any litigation.

Note 33

Related parties

The company has a controlling related party relationship with Ejnar og Meta Thorsens Fond.

Related parties with significant influence comprise the members of the companies' Supervisory Board and Executive Board.

The parent company's related parties also include subsidiaries and jointly controlled entities in which Monberg & Thorsen has control or significant influence. An overview of the consolidated enterprises is given on page 6.

Apart from intragroup transactions that have been eliminated in the consolidated financial statements, and normal management remuneration, no transactions have been effected during the year with major shareholders, members of the Supervisory Board or Executive Board or other related parties. Management remuneration is disclosed in note 8.

The parent company's balances with subsidiaries and jointly controlled entities at 31.12.06 are disclosed in the balance sheet and relate solely to financial balances on which interest is paid on an arm's length basis.

The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 5 and 6.

The parent company's dividends from subsidiaries and jointly controlled entities are disclosed in the income statement.

Note 34

Joint ventures

Monberg & Thorsen A/S owns 46 % of MT Højgaard a/s, which is a jointly controlled entity. Furthermore, the Group participates, via MT Højgaard a/s, in the latter group's jointly controlled operations and jointly controlled entities. For further details, reference is made to note 26 in the enclosed annual report for MT Højgaard a/s.

Investments in jointly controlled entities are recognised in the consolidated financial statements by proportionate consolidation. The parent company measures investments in the jointly controlled entity at cost. .

A detailed segment specification of the amounts recognised in the consolidated financial statements in respect of MT Højgaard a/s is given on page 27, to which reference is made.

Note 35

Financial instruments

For a general description of financial risks, including foreign currency, interest rate and credit risks as well as the Group's policy in these areas, reference is made to Risk factors in the management's review on page 17.

Derivative financial instruments

The Group primarily uses forward exchange contracts to hedge contractual and budgeted cash flows. Changes in the value of derivative financial instruments in Dyrup and MT Højgaard are recognised in the income statement under financial income and expenses as they arise, as they do not qualify for hedge accounting.

The open forward exchange contracts at 31.12.06 had a remaining term of up to one year.

Open forward exchange contracts at 31.12.06 were in GBP and had a fair value of DKK 15.1 million compared with DKK 39.2 million at the end of 2005.

Note 36

Accounting estimates and judgements

Estimation uncertainty

Determining the carrying amounts of some assets and liabilities requires estimation of the events of future events on the carrying amounts of those assets and liabilities at the balance sheet date. Estimates that are material for the financial reporting relate primarily to the selling price of contract work in progress.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates.

Special risks for the Group are referred to on page 17 of the management's review.

Basis for management's judgements

As part of the application of the Group's accounting policies, management makes assessments, in addition to estimates, that may have a material effect on the amounts recognised in the financial statements.

The judgements that have the greatest impact on the amounts recognised in the financial statements relate primarily to contract work in progress.

In management's opinion, no judgements have been made in connection with the accounting policies in the financial reporting for 2006 with comparative figures for 2005, apart from the accounting estimates referred to above, that have a material effect on the financial reporting.

Note 37

New accounting standards

The IASB and the EU have adopted the following new accounting standards and interpretations that are not mandatory for Monberg & Thorsen in connection with the preparation of the annual report for 2006:

IFRS 7	"Financial Instruments
IFRS 8	"Operating Segments" (yet to be adopted by the EU)
IFRIC 7	"Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies"
IFRIC 8	"Scope of IFRS 2"
IFRIC 9	"Reassessment of Embedded Derivaties"
IFRIC 10	"Interim Financial Reporting and Impairment" (yet to be adopted by the EU)
IFRIC 11	"Group and Treasury Share Transactions" (yet to be adopted by the EU)
IFRIC 12	"Service Concession Arrangements" (yet to be adopted by the EU)

None of the new accounting standards and interpretations listed above is expected to have any effect on the Monberg & Thorsen Group's financial reporting in or after 2007, apart from the fact that additional supplementary information may have to be provided in the financial statements.

Note 38

Events after the balance sheet date

So far as management is aware, no events have occurred between 31 December 2006 and the date of signing of the annual report which will have a material effect on the Monberg & Thorsen Group's financial position at 31.12.06, other than the effects that are recognised and referred to in the annual report.

Note 39

Segment information

A detailed segment breakdown of the consolidated figures in the consolidated financial statements is given on page 27, and the integrated annual reports of Dyrup A/S and MT Højgaard a/s include detailed information about their operations and development.

CONSOLIDATED FINANCIAL STATEMENTS IN EURO (EURm)

The conversion rate is the official exchange rate at 31.12.

INCOME STATEMENT	2006	2005
Revenue	**906.4**	729.5
Production costs	788.0	608.2
Gross profit	**118.4**	121.3
Share of profit after tax of associates	5.8	5.5
Distribution costs	81.1	78.9
Administrative expenses	34.6	33.7
Other operating income and expenses	17.1	(5.8)
Operating profit	**25.6**	8.4
Financial income	3.6	2.7
Financial expenses	3.6	5.4
Profit before tax	**23.6**	5.7
Income tax expense	(1.9)	(2.4)
Consolidated profit	**25.5**	8.1

CASH FLOW STATEMENT	2006	2005
Cash flows from operating activities	**26.9**	28.9
Investing activities		
Intangible assets	(0.9)	(3.4)
Property, plant and equipment	(16.3)	(14.6)
Investments	63.9	(13.3)
Acquisition/disposal of enterprises and activities	0.4	(3.4)
Securities	(63.7)	4.9
Cash flows for investing activities	**(16.6)**	(29.8)
Cash flows before financing activities	**10.3**	(0.9)
Financing activities		
Dividends paid to shareholders	(5.8)	(7.7)
Minority interests	(0.2)	(0.1)
Change in non-current loans, etc.	(2.8)	(5.0)
Cash flows from financing activities	**(8.8)**	(12.8)
Net increase (decrease) in cash and cash equivalents	1.5	(13.7)
Cash and cash equivalents at 01.01.	9.1	22.8
Cash and cash equivalents at 31.12.	**10.6**	9.1

BALANCE SHEET AT 31 DECEMBER	2006	2005
ASSETS		
Fixed assets		
Intangible assets anlægsaktiver		
Goodwill	12.0	11.7
Trade marks and distribution rights	5.2	7.3
Development projects in progress	1.2	1.0
	18.4	20.0
Property, plant and equipment		
Land and buildings	53.9	51.7
Plant and machinery	45.7	48.2
Fixtures and fittings, tools and equipment	13.4	15.6
Prepayments and assets in the course of construction	1.8	1.0
	114.8	116.5
Investments		
Investments in associates	-	34.6
Other securities and equity investments	0.4	0.4
Deferred tax	20.0	13.9
	20.4	48.9
Total fixed assets	**153.6**	185.4
Current assets		
Inventories	50.5	55.3
Receivables	230.8	184.6
Securities	69.0	5.4
Cash and cash equivalents	41.4	41.0
Total current assets	**391.7**	286.3
Total assets	**545.3**	471.7
EQUITY AND LIABILITIES		
Equity		
Share capital	9.6	9.6
Translation reserve	1.5	1.5
Retained earnings	173.2	164.9
Proposed dividends	17.3	5.8
Attributable to minority interests	1.5	1.2
Total equity	**203.1**	183.0
Non-current liabilities	**49.9**	57.6
Current liabilities	**292.3**	231.1
Total equity and liabilities	**545.3**	471.7

THE COMPANY’S FOUNDERS

Axel Monberg
1893 - 1971

Ejnar Thorsen
1890 - 1965

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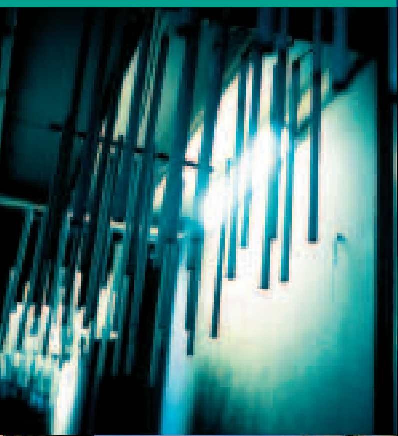
Registered office	Copenhagen
Reg. No.	12 61 79 17

MONBERG & THORSEN A/S

DYRUP

DYRUP A/S • Annual Report 2006



A member of the Monberg & Thorsen A/S Group

Contents

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Denmark
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Reg-No. 18 99 86 96

Group profile

Dyrup develops and markets innovative quality products in wood care and paints that protect, preserve and beautify homes and buildings.

The Group's activities focus on Europe, where Dyrup has a presence in a number of markets. Dyrup enjoys a particularly strong position within wood care, where the Group's largest markets are France, Germany and Denmark. Within paints, the principal market areas are Denmark and the Iberian Peninsula, where Portugal is the largest market.

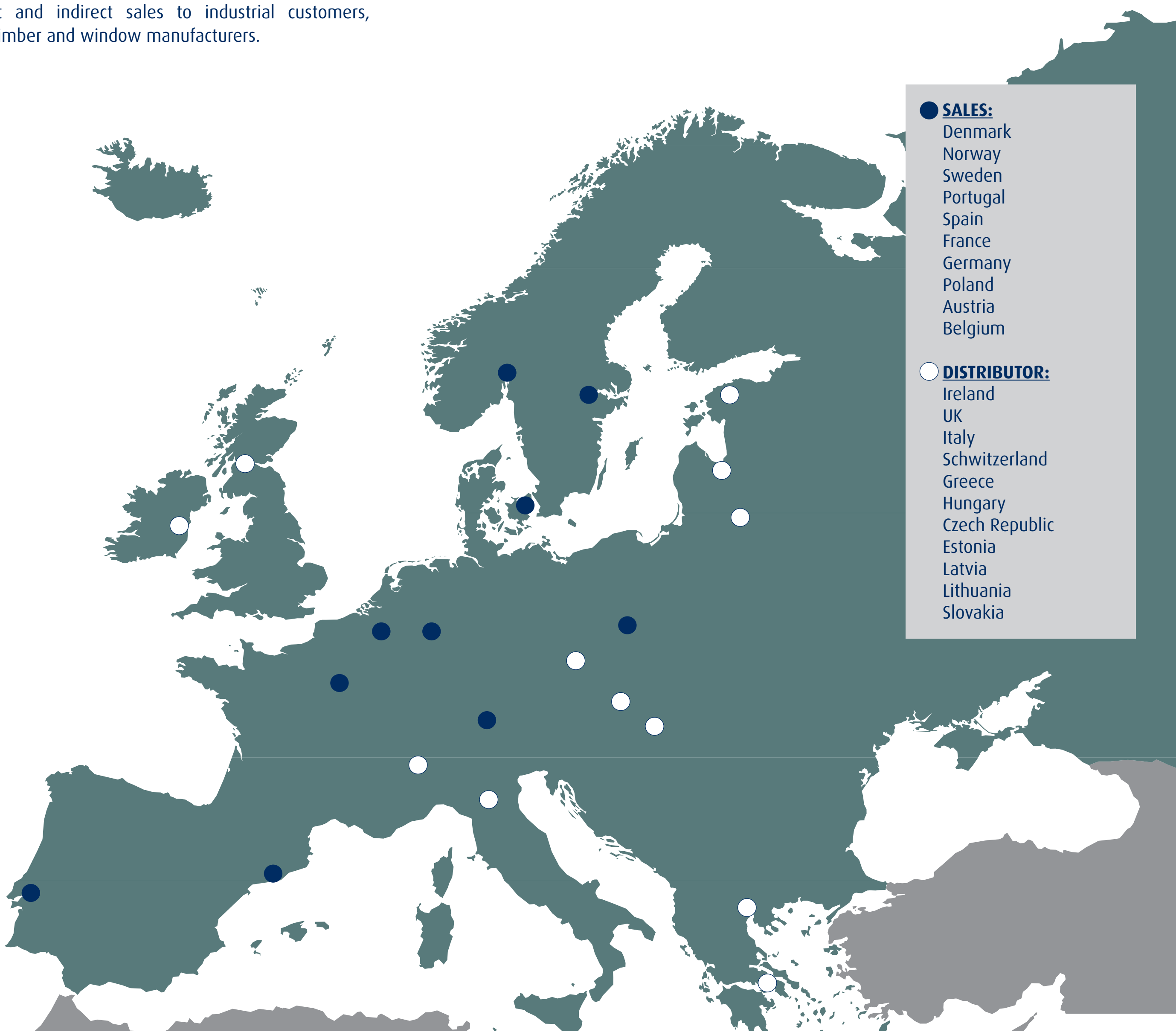
Dyrup's four largest markets generate almost 80% of Dyrup's revenue. The remaining revenue comes primarily from the other European markets, where Dyrup markets its products and services through own companies or distributors.

Dyrup's principal sales channels are: the DIY retail trade, the professional trade (wholesalers and professional decorators) and direct and indirect sales to industrial customers, primarily timber and window manufacturers.

DIY accounts for 43% of revenue, the professional trade for 39% and industrial customers for 18%. Sales of wood care and other solutions for outdoor applications account for more than 60% of revenue.

Dyrup's position and reputation in various markets are linked to the Group's recognised, international brands, BONDEX and GORI, which are supplemented by a few strong, local brands, including, of course, Dyrup.

The demand in the market is met primarily through in-house production and, to a lesser extent, by bought-in, mainly non-paint-related goods for resale. Dyrup has production facilities in Denmark, France, Portugal, Spain and Poland.



Financial highlights for the years 2002 – 2006 *DKKm*

Group	Pro forma* 2002	Pro forma* 2003	2004	2005	2006
Income statement					
Revenue	1,722	1,724	1,668	1,681	1,660
Gross profit	781	777	748	703	680
Operating profit before special items (EBIT)	147	142	101	16	5
Net financing costs	(23)	(22)	(14)	(23)	(24)
Profit (loss) before tax	123	120	87	(55)	(66)
Profit (loss) for the year	91	90	61	(26)	(45)
Balance sheet					
Share capital	100	100	100	100	100
Equity	573	581	579	487	442
Balance sheet total	1,289	1,228	1,312	1,274	1,227
Interest-bearing assets	106	58	42	35	51
Interest-bearing liabilities	379	304	392	449	427
Invested capital	921	906	1,008	980	897
Cash flows statement					
From operating activities	108	154	64	64	65
For investing activities **)	(49)	(56)	(97)	(58)	(27)
From financing activities	(124)	(130)	(90)	(88)	(20)
Net increase (decrease) in cash and cash equivalents	(65)	(32)	(123)	(82)	19
**) portion relating to property, plant and equipment (gross)	(51)	(56)	(86)	(38)	(23)
Financial ratios (%)					
Gross margin	45.4	45.1	44.8	41.8	41.0
Operating margin (EBIT margin)	8.5	8.3	6.0	1.0	0.3
Pre-tax margin	7.2	7.0	5.2	(3.3)	(4.0)
Return on invested capital (ROIC)	16	16	11	2	1
Return on equity (ROE)	16	16	10	(5)	(10)
Equity ratio	44	47	44	38	36
Earnings per DKK 20 share (EPS), DKK	18	18	12	(5)	(9)
Other information					
Average number of employees	1,178	1,152	1,107	1,045	961

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2005". Financial ratios are defined on page 24 of the annual report.

The financial highlights for 2004-2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

*The financial highlights for 2002-2003 are pro forma figures, with the existing financial highlights based on the Danish Financial Statements Act and Danish Accounting Standards having been restated, in all material respects, to comply with IFRS practice. Adjustment has been made in the income statement for the effect of the discontinuation of goodwill amortisation, while no restatements have been made in the balance sheet.

Vision, Mission and Values

VISION

We want to be the European market leader in wood care.

We want to be the enthusiastic and responsive partner in our fields providing strong brands, innovative products and trusted solutions.

MISSION

We provide protective and decorative products and solutions with superior benefits for homes and buildings via a lean and innovative value chain.

Excelling in our field we want to generate growth and create value for our customers and shareholders.

We will build a winning culture where passionate employees work as a team.

VALUES

- **WE DARE**
  We don't accept not trying, but we do accept mistakes
- **WE KEEP OUR PROMISES**
  We commit and deliver
- **WE DELIGHT OUR CUSTOMERS**
  We exceed customers` expectations
- **WE ARE OPEN TO CHANGE**
  We are curious, flexible and adaptable
- **WE EXECUTE OUR DECISIONS**
  We turn words into action
- **WE ARE OPEN MINDED AND HONEST**
  What we think is what we say and what we do

Management's review

Like 2005, 2006 was a challenging year for Dyrup with stagnating sales and a declining result. The focusing of Dyrup commenced in 2005 continued in 2006 with a view to improving efficiency and earnings.

The new Executive Board that was put in place in mid-2006 found that the foundation for the strategy was weaker than assumed. The costs for implementation of the strategy are therefore higher than expected, and it has been necessary to make significant write-downs of both fixed assets and inventories.

At DKK 1,660 million, revenue was slightly down on 2005 and the outlook at the start of the year. Like 2005, the result for the year was affected by special items in the region of DKK 47 million, which meant that the consolidated result after tax was a loss of DKK 45 million.

INCOME STATEMENT

The development in revenue was affected by the difficult market conditions in the DIY area, where private label increased significantly more than the general market growth in 2006. Dyrup's accessible market was consequently reduced, especially within DIY, which accounts for more than 40% of revenue.

In Denmark, revenue was in line with the previous year, while, in France, it was DKK 30 million down, compared with an expected improvement. France, Dyrup's largest market, experienced sharpened competition in 2006, both on the supplier side and the customer side, leading to loss of market shares and lower earnings.

In Germany, recent years' negative trend turned around to a 4% increase in revenue. Dyrup also succeeded in reversing the trend in Portugal to a small increase in revenue and a profit compared with 2005. Despite a first half in which the negative trend from 2005 continued, the trend was reversed to an improvement in the second half. The initiatives put in motion in 2005 and 2006 thus reversed the negative trend in both Germany and Portugal.

Persistent pressure on prices and increased raw material prices result in a decreasing gross margin. Conversely, efficiency improvement measures in the production area (Lean) meant that these costs could be kept on a par with the previous year. Overall, gross profit was DKK 680 million compared with DKK 703 million in 2005. The gross margin thus fell from 41.8% to 41.0%.

The total distribution costs were slightly lower than in 2005, primarily reflecting the strategic measures, with formation of regions and the winding up of loss-making activities in several markets. Administrative expenses were cut by approx. 7%, partly as a consequence of the staff reductions in 2005.

The operating result before special items was consequently a profit of DKK 5 million compared with DKK 16 million the previous year. It has thus not been possible to fully reduce costs in step with the fall in revenue and gross profit.

The special items in 2006 amounted to DKK 47 million after set-off of non-recurring income of DKK 16 million from the sale of trade mark rights in Egypt. These items related primarily to unusual and significant items in connection with the restructuring of Dyrup that commenced in 2005. During 2006 it was found that the implementation of the strategy and the focusing of Dyrup are more time-consuming and the costs involved significantly higher than first assumed. This applies, first and foremost, to costs for winding up of loss-making activities.

The special items include costs for additional focusing of Dyrup, including staff reductions and termination of the activities within DIY and the professional area in Norway. In addition, additional write-downs of property, plant and equipment were necessary. Inventories were also written down selectively as a consequence of the strategic measures. The full-year result after tax was consequently a loss of DKK 42 million.

Net financing costs increased to DKK 24 million. The result before tax was consequently a loss of DKK 66 million, and the result after tax a loss of DKK 45 million.

BALANCE SHEET

The consolidated balance sheet total closed the year in the region of DKK 1.2 billion compared with DKK 1.3 billion in 2005. The decline was due primarily to the fixed assets, where capital expenditure was only DKK 23 million, at the same time as depreciation and impairment losses rose to DKK 90 million, with impairment losses accounting for DKK 18 million.

Inventories were at the same level as the previous year. Total receivables showed a small decrease.

Equity stood at DKK 442 billion, equivalent to an equity ratio of 36%, up from 38% at the end of 2005.

Net interest-bearing debt stood at DKK 376 million at the end of 2006 compared with DKK 414 million at the end of 2005. In view of the result for the year, the development in operating cash flows was satisfactory.

CASH FLOWS

Operating cash inflow was DKK 65 million, on a par with 2005. Total investments and capital expenditure were down by DKK 30 million on 2005 to DKK 27 million, overall. Property, plant and equipment accounted for most of capital expenditure in 2006.

In 2006, cash flows for financing activities related solely to a DKK 20 million decrease in non-current financial liabilities.

The net cash flow for the year was an inflow of DKK 19 million, largely corresponding to the increase in cash and cash equivalents. Net cash and cash equivalents consequently amounted to DKK (157) million.

The financial resources are considered satisfactory to underpin Dyrup's continued development, which will entail major investments in the coming years.

OUTLOOK FOR 2007

Dyrup expects modest market growth in its markets in 2007, with Spain and Portugal and the industrial area in general contributing the highest growth.

Dyrup expects, as a minimum, to hold its position in its principal markets and to expand its position in the industrial area, which is also expected to grow in 2007. Dyrup will thus be making a targeted effort to strengthen its position in wood care and to generate growth in the markets in which Dyrup currently enjoys a strong position. This will be achieved, among other things, through the launch of innovative products underpinned by increased marketing, which have a beneficial effect in the years ahead.

Dyrup will invest substantial resources again in 2007 in efficiency improvement and improvement of the company's infrastructure in order to enhance its competitiveness.

Overall, revenue in the region of DKK 1.7 billion is anticipated. Due to the deliberate increase in costs for market communications, product innovation and general skills development, the operating result is expected to show a small loss. The result after tax is consequently expected to be a loss in the region of DKK 20 million compared with a loss after tax of DKK 45 million in 2006.

ACCOUNTING POLICIES

The accounting policies follow the accounting policies applied by the parent company Monberg & Thorsen, which is listed. The annual report has been prepared in accordance with IFRS and applying the same policies as in 2005.

CORPORATE GOVERNANCE

Dyrup is not listed, but wholly-owned by the listed Monberg & Thorsen. Dyrup's Corporate Governance principles are essentially identical to those applied by Monberg & Thorsen. The current principles are described at www.monthor.dk and in the parent company's annual report, to which reference is made.

MANAGEMENT INFORMATION

On 1 June 2006, Erik Holm took up the post of new CEO of Dyrup. Erik Holm came from the post of CEO of Louis Poulsen Holding A/S.

Hanne Lund, Executive Vice President, Finance, stepped down from the Executive Board on 4 September 2006.

MARKET DEVELOPMENT 2006

The markets in which Dyrup is represented with paints and wood care showed a small improvement in 2006, overall. The general market trend was thus slightly more positive than anticipated at the start of the year.

The general market growth is driven primarily by the industrial market and also by the professional market. Good market conditions and growth in construction have a positive effect on both of these market areas.

The overall DIY market increased only marginally, whereas the share accounted for by private label is still increasing to the effect that the market for branded products is diminishing year on year. The increase in private label in 2006 was significantly higher than the market growth, especially in the DIY area, which accounts for more than 40% of Dyrup's revenue. This increasing trend was most pronounced in France, to which should be added intensified competition between the manufacturers, which has been instrumental in reducing earnings. Progress was made in both the professional and the industrial areas.

Denmark

Dyrup's revenue in Denmark was in line with 2005. A sustained high level of activity in the construction sector generated progress in excess of 8% in the professional trade, which is estimated to be on a par with the market growth. The DIY market is considered to be flat. Here, Dyrup realised revenue below the previous year's level. Dyrup retained its market share within the industrial area in Denmark.

France

In France, Dyrup experienced a substantial fall in sales due to a very difficult market situation. A falling and price-sensitive DIY market, coupled with extremely fierce competition between the large chains of builders merchants, led to an overall decline and a loss of market shares, partly due a steep increase in private label. In the professional and industrial markets, Dyrup delivered revenue in line with the previous year. Revenue was thus down on the general market development.

Germany

In the stagnating German market, Dyrup recorded a sales increase of just under 4%, overall. The increase was attributable to the DIY market, where Dyrup focused its efforts on wood care, strengthening its market leading position significantly during year, so that Dyrup is now again No. 1 in DIY wood care. Efforts in the professional area were reorganised during the year, and there is a sound basis for an improvement in 2007 compared with the decline in revenue experienced in 2006. The growth in the industrial area was satisfactory in a falling market.

Portugal

After several years of a negative market trend in the professional market, it was a positive sign that the decline in 2006 was limited. However, Dyrup lost some ground at the start of the year in a slightly falling market, although recent years' decline was reversed in the second half, especially on the earnings front. The DIY market is increasing its share of the overall market, but is still somewhat smaller than the professional market. In the DIY market, Dyrup's sales development significantly outperformed the general market growth, primarily reflecting the launch of several innovative products and concepts. Overall, Dyrup's sales were slightly ahead of the previous year.

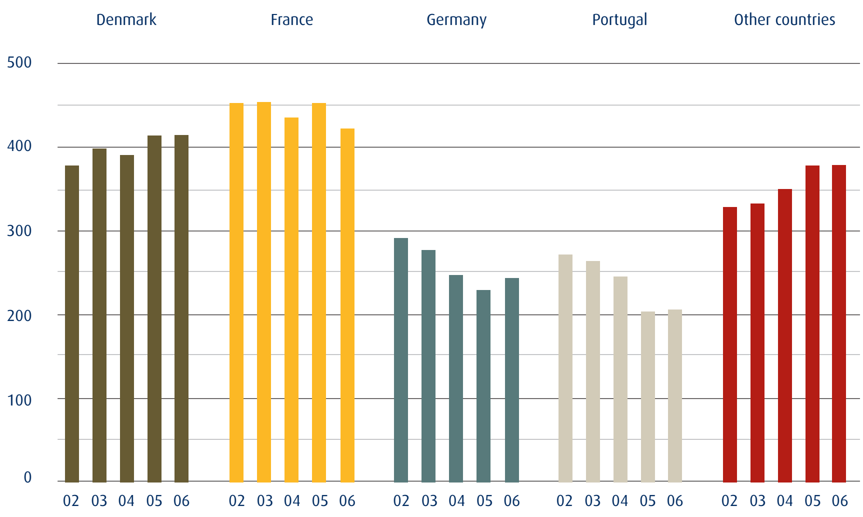
Spain

Dyrup is primarily a supplier to the professional market, but with a good position within the growing, but still restricted DIY market. Dyrup has made good progress in the DIY market thanks to a number of product launches within paints. At the same time, the development in the professional market was satisfactory and ahead of the market development. Overall, Dyrup recorded a 5% increase in sales in the Spanish market.

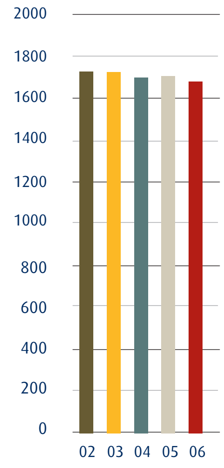
Poland

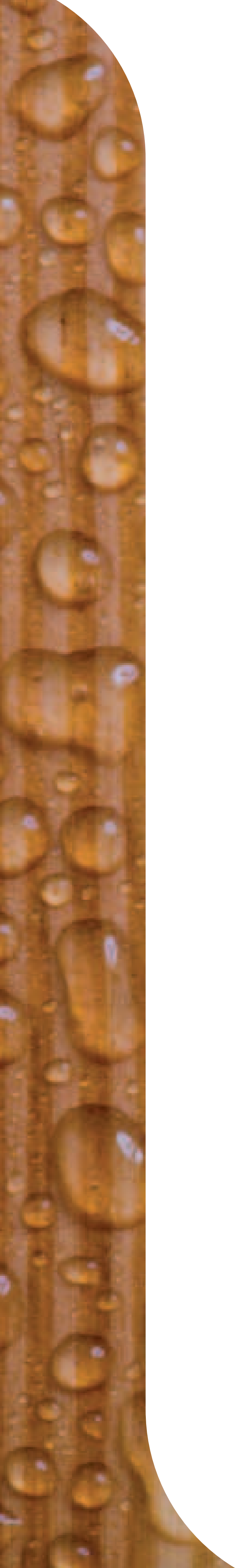
Dyrup's sales to industrial customers again considerably outperformed the still growing industrial market. Dyrup's growth in the industrial market thus secured overall growth in the Polish business, despite the decline in sales to DIY and the professional market being higher than the decline in the general market.

DEVELOPMENT IN REVENUE BY MARKET 2002- 2006 *DKKm*



DEVELOPMENT IN CONSOLIDATED REVENUE 2002- 2006 *DKKm*





STRATEGY DELIBERATIONS

At the start of 2006, Dyrup launched STRATEGY 2008 with the aim of focusing Dyrup and creating profitable growth in the lead up to 2009.

The basic elements of the strategy still stand. However, the development in 2006 has shown that the implementation of the strategy is taking longer, and that the costs will be significantly higher than expected, especially in connection with the winding up of loss-making activities. To this should be added the fact that the market development in 2006, with persistent severe competition and intensified price pressure, has generally led to lower earnings in several of Dyrup's principal markets, particularly France, where the proportion accounted for by private label has also been rising steeply.

It must thus be concluded that the financial targets in STRATEGY 2008 cannot be achieved within the strategy period.

Acquisitions are an important element of the strategy, as organic growth in itself is not sufficient to secure the earnings targets that have been set. No acquisitions were made in 2006, but relevant acquisition candidates are being analysed to clarify whether it will be possible to implement any acquisitions in 2007 that can strengthen Dyrup's strategic position. Alternatively, relevant business partners are being considered.

Until this has been clarified, Dyrup will work intensively, in accordance with STRATEGY 2008, on securing its basic business, where a focusing of Dyrup's activities and strengthening of its foundation will still be required.

A revised strategy for the coming three years will then be prepared in which new financial targets will be set. The main strategic elements of STRATEGY 2008 will still apply for the current core business.

STRATEGY 2008

The strategy focuses on development and strengthening of Dyrup's strong positions within selected product categories and geographical market areas. The overall theme is to grow business areas that can be made profitable by the end of the strategy period, for example by exploiting the edge Dyrup has by virtue of the significant position it already enjoys in wood care.

The key elements of the strategy are as follows:

Developing market position

The strategic objective is for Dyrup to be among the top three in the markets in which the company markets its products measured in terms of market share. One of the keys for strengthening the relationship with customers and end users is Dyrup's well-known and recognised brands, and the investment in these will be stepped up.

Dyrup must strengthen its market positions within wood care in its existing principal markets and within paints in Denmark and the Iberian Peninsula.

Considerable organic growth must be ensured in the industrial area, where Dyrup wishes to strengthen its position as market leader within outdoor wood care for the wood-working industry in Europe.

Strengthening distribution

Dyrup will strengthen its position and invest within the professional area. The distribution will be strengthened through own paint centres, through wholesalers and through alliances with other suppliers in the market.

The strong European market position within the DIY area must, as a minimum, be maintained in builders' merchants and supermarket chains. Furthermore, the distributor networks in Denmark and Portugal will be strengthened and upgraded.

Technology leader and innovation

Dyrup will strengthen its development activities to secure a position among the technological market leaders within wood care. Innovative solutions must be launched on a regular basis at European level in response to customer and consumer wishes.

Optimisation and efficiency improvement

Dyrup will create efficiency improvements throughout its value chain, including supply chain, administration, sales, marketing and development. The efficiency improvements will emanate from the heightened focus on specific business areas and the introduction of Lean principles in the supply chain and parts of the administration.

As a consequence of the focus on key areas, the complexity must be reduced throughout the business through targeted process improvements.

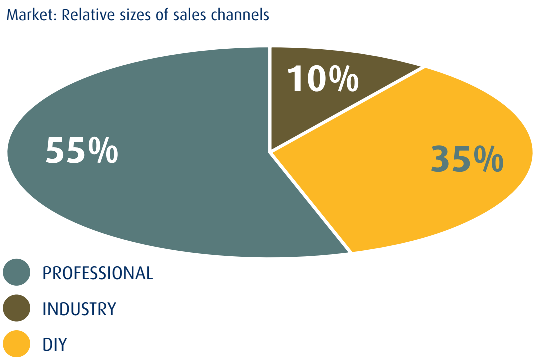
Dyrup will strengthen its employees' skills to equip them to undertake the demanding tasks and ensure the organisational foundation required to underpin the strategic changes.

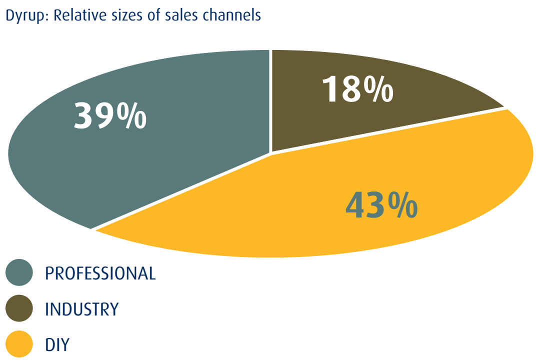
THE DIY MARKET

Dyrup's customers in the DIY market are paint shops and builders' merchants, whose main customers are private individuals. The share of the total market accounted for by DIY varies substantially from market to market in Europe, and the proportion is the lowest, but growing, in Southern Europe.

Dyrup's sales to the DIY market, which account for 43% of consolidated revenue, declined in 2006, while it is estimated that the general market showed a slightly upward trend.

In future, Dyrup will, as a minimum, hold its positions in the DIY area in its principal markets. One of the prerequisites for this remains strong branded products supported by the roll-out of innovative products and concepts that supplement and renew the existing portfolio of quality products. Increased marketing and continued launches of innovative products feature among Dyrup's focus areas for 2007.





THE PROFESSIONAL MARKET

Dyrup caters for the professional market through own dealers, independent wholesalers specialising in paints and professional builders' merchants. The end users are primarily professional decorators.

In 2006, the professional market accounted for 39% of Dyrup's revenue.

The professional market is, to a great extent, driven by the development in construction, which has shown growth of approx. 2% in Dyrup's markets in 2006. It is estimated that the professional market had slightly lower growth, corresponding to Dyrup's sales growth, driven by good sales progress in Denmark.

A strengthening of Dyrup's position is in focus for 2007.

THE INDUSTRIAL MARKET

Dyrup serves two customer types in the industrial market.

One group, which accounts for approx. 70% of revenue, consists of manufacturers of wood products for outdoor applications such as windows, doors, wood cladding, garden furniture and fencing, where it is necessary to apply surface protection to the wood product to preserve and beautify it. The products for this customer group are developed and manufactured in Kolding, Denmark, and are marketed under the GORI brand name.

Typical customers in the other customer group are sawmills using products for impregnating wood used in building structures. The products are marketed and sold primarily in France, under the Xylophene brand name. In the French industrial market, Dyrup also sells aftercare products for existing timber structures and products to prevent and treat termite infestation. The products for these customers are developed and manufactured in Albi, France.

Overall, the industrial market in Europe showed a slightly upward trend, and Dyrup strengthened its position. Within outdoor surface protection, in particular, Dyrup succeeded in expanding its market position still further despite cut-throat price competition and an already strong market position. Sales of surface protection products, in particular, rose in 2006, and this growth is expected to continue in 2007, partly driven by the Polish and German markets. A strengthened distribution structure, primarily in the Baltic States – but also the distribution agreements in Hungary, the Ukraine, Italy, the Czech Republic and, especially, the UK – will also contribute to the continued positive development in Dyrup's industrial area.

PRODUCT INNOVATION

Development of new, innovative products is one of Dyrup's key competitive parameters. Dyrup's innovative efforts in 2006 concentrated on outdoor wood care, in keeping with the strategy.

In the French and German DIY markets, Dyrup launched a new wood care product incorporating nanotechnology. Nanotechnology enhances the product's ability to block UV rays and repel water. In the Danish market, the product "GORI 99 Extreme" was rolled out. "Extreme" refers to the fact that, by applying a new technology, an extended life of as much as 15 years has been achieved.

In the Spanish and Portuguese markets, Dyrup's collaboration with the Spanish designer Agatha Ruiz De La Prada led to the launch of a range of paints in the Spanish designer's striking colours and patterns, which is marketed under the name "Agatha by Bondex". The concept was met with a very positive reception in both markets and will therefore also be launched in France in 2007.

In the coming years, much of Dyrup's product development will be aimed at meeting EU requirements. Even though it is a highly resource-intensive development task, Dyrup still views sharpened EU requirements as an opportunity to enhance its competitiveness. Dyrup is consequently reformulating its strategically important wood care products. The reformulation is proceeding to plan.

In 2007, Dyrup will continue its development activities with focus on wood care products incorporating nanotechnology. Dyrup also expects to launch a product in Denmark, "GORI 99 Extreme Transparent", that embodies this technology. At the same time, Dyrup expects to introduce products that ensure easier and faster application. One such example is "GORI 2 in 1", a wood care product incorporating both primer and surface protection in one product.

THE SUPPLY CHAIN

The supply chain covers the activities from the minute the customer's order is received through to delivery of the agreed products and services.

Today, Dyrup has production facilities in Denmark, France, Spain, Portugal and Poland, and warehousing facilities in several of the European countries in which the products are marketed. The Group regularly aligns and optimises its supply chain to create a competitive infrastructure.

Lean as production concept is being implemented at all Dyrup's factories. Implementation is in the form of a roll-out based on best practice. In this context, the Søborg factory functions as a pilot factory. The activities under the Lean umbrella have resulted in significant increases in productivity and a substantial reduction in waste from the production processes.

The Lean concept requires new and different skills among the employees and greater flexibility. The employees are consequently undergoing training, throughout the process, to enable them to meet these requirements.

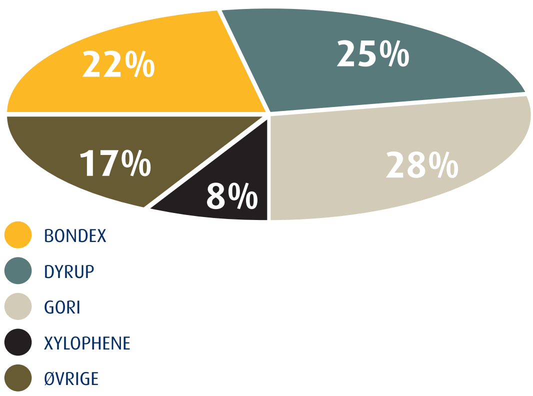
The centralisation of warehousing facilities continued in 2006. In Portugal and Spain, the number of warehousing locations was reduced. In 2007, it will be considered whether additional central warehousing solutions can underpin a future service concept and improve efficiency within selected areas. In 2007, as part of these efforts, Dyrup will be launching a VMI concept (Vendor Managed Inventories) targeting Dyrup's large customers.

BRANDS

Dyrup markets itself using a number of powerful, international brands. The most important of these are BONDEX and GORI. Dyrup's strategy for its branded products, with BONDEX being used for the DIY market, and GORI being Dyrup's brand for the professional and industrial markets, has been implemented in the markets in which this is relevant. In Denmark, GORI is still used within DIY. The Dyrup name is used as a brand name for paints in Denmark and Portugal. At the same time, Dyrup uses strong, local brand names such as Xylophene in France.

A strengthening of Dyrup's brands is a key element of Dyrup's strategy. Particularly in the DIY market for wood care, Dyrup will intensify its marketing with a view to further strengthening and developing its already significant positions.

Breakdown of Dyrup's revenue by brand 2006



ENVIRONMENT

It is paramount for Dyrup to be environmentally responsible in all its activities and to continually comply with current environmental legislation.

External environment
Dyrup's factories in France and Portugal have ISO 14001 certification, and the Group's other factories apply procedures that ensure a high level of environmental responsibility. Dyrup applies rigid procedures to check that it complies with the statutory limit values for each country.

The two Danish factories in Søborg and Kolding present green accounts in accordance with current legislation.

At the end of 2006, the Søborg factory began testing a new method for soil treatment based on introducing heat to the soil, thereby removing the contamination faster than by use of existing methods. The results will be evaluated during 2007.

It is judged that there are no new environmental challenges at Dyrup's manufacturing sites or known environmental laws or regulations affecting Dyrup's manufacturing sites that Dyrup is not complying with or could comply with when they become effective.

Product environment
The environmental legislation in Europe is regularly adjusted and expanded. This has implications for Dyrup and the Group's products.

REACH
The REACH regulation was adopted by the EU at the end of 2006 and becomes effective on 1 June 2007. The regulation introduces a series of new requirements concerning documentation and application of chemical substances and risk assessment of the effect of the chemical substances on humans and the environment.

The chemical substances that are comprised by REACH must be tested and recorded. In that connection, Dyrup, as a user of chemicals (so-called downstream user), may potentially be faced with demands concerning necessary adjustment and development of its products. Dyrup has been preparing for the new legislation for a number of years.

Labelling
An adjustment of the EU labelling rules was introduced in 2006. The new rules entail tightened requirements for labelling where products are hazardous to the aquatic environment, and relate to the active substances, especially the biocides. Dyrup geared itself for these changes in the course of 2006. In some instances, this led to product adjustments, while, in other instances, it led to labelling changes. The new labelling rules become effective in the EU on 1 March 2007.

VOC
The VOC Directive concerning reduction of the content of organic solvents in products reached the first milestone on 1 January 2007. Dyrup has aligned all the relevant products to the new limit values and is continuing the planning and implementation of the next phase, where the limits for VOC content will become even more stringent.

With its long-standing experience in water-based products, Dyrup has a number of advantages in the cost-intensive process of change facing the industry. We therefore expect that the increased environmental requirements may offer opportunities for competitive advantages for Dyrup.

BPD
The rules from the BPD Directive, an EU harmonisation for approvals of active substances in products, have moved a step closer. Dyrup is concentrating on developing and testing recipes within relevant product areas with a view to continually adapting its products.

SKILLS

Being innovative is a competitive parameter for Dyrup. Dyrup needs to be increasingly flexible and efficient in order to meet the requirements for change and adaptation. Production methods, distribution networks, IT systems, communications systems and employee knowledge and skills therefore need to be continually improved.

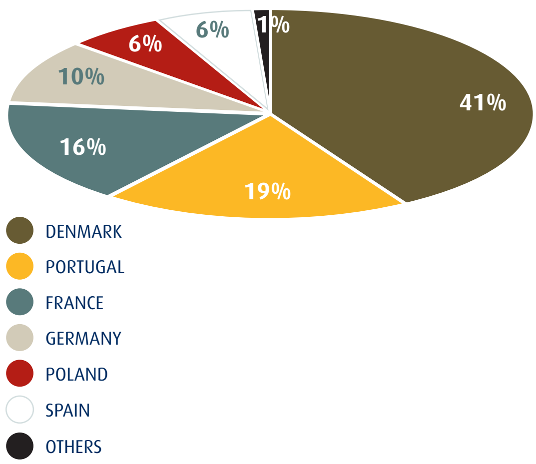
Action areas for skills development were identified during the year. As a consequence, the focus in 2007 will be on attracting and developing employees and skills with the long-term perspective of creating a stable platform for the future development of the business. For example, an extensive Leadership Development Programme is underway.

Competition for the scarce labour resources in the Danish market also affected Dyrup in 2006. One of the consequences was a higher employee turnover than normal, at the same time as recruitment of new employees has become more difficult as a result of the growing shortage of suitable candidates. This challenge is expected to persist for some years to come.

Dyrup's competitiveness and positive development rely on bringing new products and services to the market quickly. Dyrup therefore seeks to tighten its market focus during the development process by increasingly bringing the development functions and the sales and marketing functions closer together.

In 2006, Dyrup's staff number averaged 961, down 8% on 2005. Dyrup had 954 employees at the end of the year. A breakdown of employees by country is given to the right.

Breakdown of employees by Dyrup market



RISK FACTORS

Cyclical fluctuations, political intervention and changing weather conditions can result in fluctuations in demand from one year to the next.

Effective risk management at all levels of the organisation is instrumental in protecting Dyrup's values and achieving planned results.

Commercial factors
Some of the raw materials used by Dyrup are only available from a handful of suppliers. Wherever possible, Dyrup seeks to obtain guarantees with respect to agreed supply capacity and stable price formation.

The price formation of some raw materials depends, directly or indirectly, on the oil price, a market force which is outside Dyrup's control.

Consolidation among Dyrup's large customers in the DIY market puts pressure on prices, and this may impact on Dyrup's earnings.

Dyrup pursues a tight credit policy, with trade receivables being continually monitored and, in a few markets, partly insured. These measures help to keep losses on bad debts down, although these efforts are being inhibited by the tradition of extended credit periods in some markets.

Financial factors
Dyrup's financial transactions are mainly in euro or currencies linked to the euro. The currency exposure is therefore limited, and is hedged using conventional financial instruments where deemed necessary.

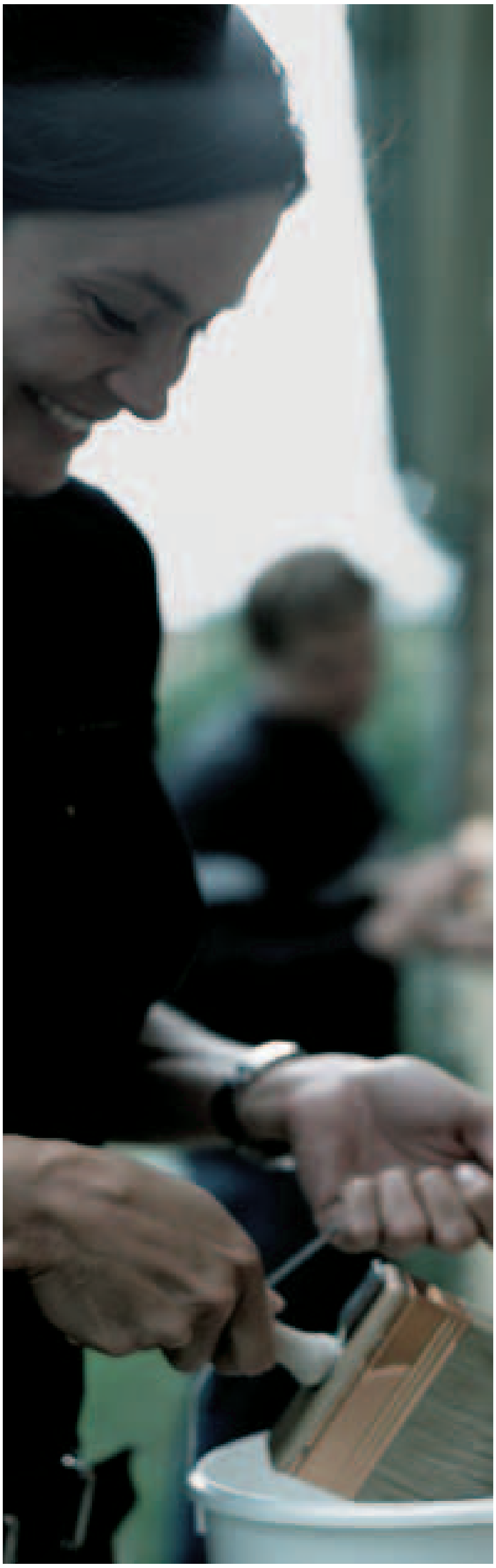
Dyrup's non-current debt consists of fixed-interest loans, and the credit costs correspond to the current level. The interest rate on cash and short-term bank loans is variable.

Dyrup's cash resources and credit facilities are adequate to secure its operations and planned capital expenditure.

Other factors
Insurable risks are insured to ensure that the Group's financial position will not be jeopardised by any damage, injuries or any acts that give rise to liability. Besides statutory insurances, the Group has taken out business interruption and product liability insurance.

Through risk management based on mapping of the Group's risks, preventive action is taken that assists in containing the Group's risk costs.

All Dyrup's strategic trade marks are registered and monitored through international trademark agents.



Supervisory Board

Mogens Granborg
- Executive Vice President, Danisco A/S
- (CB) Monberg & Thorsen A/S
- (CB) DSB

Jørgen Nicolajsen
- President, Monberg & Thorsen A/S
- (MB) MT Højgaard A/S

Hans Bennetzen
- Divisional President, Group 4 Securicor
- (MB) Monberg & Thorsen A/S

Anders Colding Friis
- President, Skandinavisk Tobakskompagni A/S
- (MB) Monberg & Thorsen A/S
- (MB) IC Companys A/S

Søren Ladegaard*
- Service Mechanic

Michael Nielsen*
- Sales Manager

Henriette Holmgreen Thorsen
- Managing Director Belvédère Scandinavia A/S

Carsten Tvede-Møller
- Lawyer, Plesner Svane Grønborg
- (MB) Monberg & Thorsen A/S

Allan Wolder*
- Specialist Worker

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards of Dyrup A/S have today discussed and approved the annual report for the financial year 2006.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements for annual reports. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2006.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 21 March 2007

Supervisory Board

Mogens Granborg *Chairman*	Jørgen Nicolajsen *Deputy Chairman*	Hans Bennetzen	Anders Colding Friis	
Søren Ladegaard	Michael Nielsen	Henriette H. Thorsen	Carsten Tvede-Møller	Allan Wolder

Executive Board
Erik Holm

INDEPENDENT AUDITORS' REPORT

To the shareholder of Dyrup A/S
We have audited the annual report of Dyrup A/S for the financial year 1 January - 31 December 2006, which comprises management's review, the statement by the Executive and Supervisory Boards, accounting policies, cash flow statement, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Management's responsibility for the annual report
Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Copenhagen, 21 March 2007

Ernst & Young
Statsautoriseret Revisionsaktieselskab

Søren Strøm *State Authorised Public Accountant*	Bent Jensen *State Authorised Public Accountant*

Executive Board

Erik Holm
- (MB) SP Group A/S
- (MB) Arvid Nilsson A/S
- (MB) Arvid Nilsson Fond
- (MB) Investeringskomiteen LD Equity 1 K/S

Market holders
François Corda, General Manager, France, Belgium
Sten Chrisdam, General Manager, Nordic
Jürgen David, General Manager, Germany, Austria
Ireneusz Struk, General Manager, Poland
Eduardo Cevasco, General Manager, Spain, Portugal
Thomas Kjellker, Manager, Industri

Other senior executives
Henrik D. S. Nielsen, Corporate Supply Chain
Allan Dehn Søgaard, Corporate IT
Ulrik Mikkelsen, Corporate Finance
Lars Østerby, Corporate Marketing
Jan Kongerslev, Corporate HR

(CB) Chairman of the Supervisory Board
(MB) Member of the Supervisory Board
** Employee representatives*

ACCOUNTING POLICIES

BASIS OF PREPARATION

The Group's and the parent company's annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the annual report has been prepared in compliance with International Financial Reporting Standards issued by the IASB.

The annual report is presented in Danish kroner.

The accounting policies are unchanged from those set out in the 2005 annual report.

The amendments to IAS 19 "Employee Benefits", IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 39 "Financial Instruments, Recognition and Measurement", all of which became operative on 1 January 2006, have no effect on the financial reporting.

Basis of consolidation
The consolidated financial statements comprise the parent company Dyrup A/S and subsidiaries in which the Group holds, directly or indirectly, more than 50% of the voting rights or which it controls in some other way.

The consolidated financial statements are prepared on the basis of the parent company's and the individual subsidiaries' audited financial statements determined in accordance with the Group's accounting policies.

On consolidation, identical items are aggregated and intragroup income and expenses, shareholdings, balances and dividends are eliminated. Unrealised gains and losses arising from intragroup transactions are also eliminated.

Newly acquired or newly formed enterprises are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated for newly acquired enterprises or enterprises disposed of.

Gains and losses on disposal of subsidiaries are reported by deducting from the proceeds on disposal the carrying amount of net assets including goodwill at the date of disposal and related selling expenses.

Business combinations
Acquisitions of enterprises over which the parent company obtains control are accounted for applying the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right and the fair value can be measured reliably. The tax effect of the restatements performed is taken into account.

Any excess of the cost of the acquisition over the fair value of the assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Any excess of the fair value over the cost of the acquisition (negative goodwill) is credited to the income statement at the acquisition date.

If there is any uncertainty at the acquisition date concerning the measurement of identifiable assets acquired or liabilities or contingent liabilities assumed, initial recognition is based on provisional fair values. If it is subsequently found that identifiable assets, liabilities and contingent liabilities had a different fair value at the acquisition date than initially assumed, goodwill is adjusted within twelve months of the acquisition date.

Foreign currency translation
The individual business unit's functional currency is determined as the primary currency in the market in which the business unit operates. The predominant functional currency for the Group is euro.

Transactions denominated in all currencies other than the individual business unit's functional currency are accounted for as transactions in foreign currencies that are translated into the functional currency using the exchange rates at the transaction date. Receivables and payables in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange differences arising between the exchange rate at the transaction date or the balance sheet date and the date of settlement are recognised in the income statement as financial income and expenses.

On recognition of foreign subsidiaries the income statement items determined in the individual enterprises' functional currencies are translated into Danish kroner at average exchange rates that do not deviate significantly from the exchange rates at the transaction date, while the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statement items from average exchange rates to the exchange rates at the balance sheet date are taken directly to a separate translation reserve under equity.

Foreign exchange gains and losses on the portion of loans designated as hedges of foreign enterprises with a different functional currency than the parent company are also taken directly to equity.

On acquisition or disposal of foreign entities, their assets and liabilities are translated at the exchange rates ruling at the acquisition date or the date of disposal.

Derivative financial instruments
The Group uses derivative financial instruments such as forward exchange contracts and similar instruments to hedge financial risks arising from operating activities. The present use of derivative financial instruments does not qualify for hedge accounting.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses as they occur.

Derivative financial instruments are recognised initially in the balance sheet at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Gains and losses on remeasurement to fair value are recognised as other receivables and other payables, respectively.

Leases
Leases relating to fixed assets in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet as assets. The assets are recognised initially at cost, equivalent to the lower of their fair value and the present value of the future lease payments.

The present value is measured using the interest rate implicit in the lease or an approximation thereof as the discount rate.

The capitalised residual lease commitment on finance leases is recognised as a liability.

All other leases are accounted for as operating leases. Lease payments under operating leases are recognised in the income statement over the lease term. Information on the residual lease commitment is disclosed in the notes under lease commitments.

Government grants
Government grants include grants for projects, investments, etc.

Grants that compensate the Group for expenses incurred or for the purchase of assets are set up in the balance sheet as deferred income or deducted in arriving at the carrying amount of the assets and recognised in the income statement in the same periods in which the expenses are incurred or over the periods and in the proportions in which depreciation on the assets is charged.

INCOME STATEMENT

Revenue
Revenue represents goods sold and services rendered.

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and the income can be measured reliably and its payment is probable.

Revenue is measured net of value added and similar salesbased taxes and trade discounts and rebates.

Production costs
Production costs comprise both direct and indirect costs incurred in generating the revenue for the year.

Production costs include the cost of raw materials and consumables, wages and salaries, depreciation and impairment losses, etc.

Distribution costs
Distribution costs comprise freight, tendering, advertising and marketing costs as well as salaries, etc., relating to the sales and marketing departments, and amortisation and impairment losses on trade marks and distribution rights.

Administrative expenses
Administrative expenses comprise expenses for administrative staff and management, including salaries, office expenses, depreciation, etc.

Other operating income
Other operating income comprises primarily rental income.

Financial income and expenses
Financial income and expenses comprise interest income and expense, dividends from other equity investments, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies, as well as income tax surcharges and refunds.

Dividends from investments in subsidiaries are credited to the parent company's income statement in the financial year in which they are declared; however, dividends are offset against the cost of the investment to the extent that distributed dividends exceed the accumulated earnings after the acquisition date. Writedowns of subsidiaries to recoverable amount are also recognised.

Financial income and expenses also include realised and unrealised gains and losses on derivative financial instruments that do not qualify for hedge accounting.

Income tax
Income tax expense, which consists of current tax and changes in deferred tax, is recognised in the income statement except to the extent that it relates to income and expenses recognised directly in equity, in which case it is recognised directly in equity.

Current tax comprises both Danish and foreign income taxes as well as adjustments relating to prior year taxes.

Dyrup A/S is taxed jointly with its parent company Monberg & Thorsen A/S (management company) and the other Danish subsidiaries.

Current taxes for the year are allocated between the jointly taxed companies. The jointly taxed companies are taxed under the on-account tax scheme.

BALANCE SHEET

Intangible assets
Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Goodwill is measured initially at cost as described in the section on business combinations.

Goodwill is not amortised. The carrying amount of goodwill is reviewed, at least annually, and written down via the income statement to the recoverable amount if this is lower than the carrying amount.

Development costs relating to clearly defined and identifiable products are recognised as development projects to the extent that it is probable that products will generate future economic benefits exceeding cost. Other development costs are recognised in the income statement as an expense as incurred.

Trade marks, distribution rights and completed development projects are amortised over their expected useful lives, which are 5-20 years.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect cost of materials, components, subsuppliers and labour. Interest expense and other borrowing costs on loans to finance the production of assets and which relate to the production period are recognised directly in the income statement.

Property, plant and equipment are depreciated on a straightline basis over the expected useful life to the expected residual value. The useful lives of major assets are determined on an individual basis, while the useful lives of other assets are determined for groups of uniform assets.

The expected useful lives are 10-50 years for buildings, 3-20 years for plant and machinery, and 3-10 years for fixtures and fittings, tools and equipment and leasehold improvements.

Land is not depreciated. Nor is depreciation charged if the residual value of an asset exceeds its carrying amount. The residual value is determined at the date of acquisition and reviewed annually.

Gains and losses on disposal of property, plant and equipment are recognised in the income statement as production costs, distribution costs or administrative expenses and are measured as the difference between the selling price less costs to sell and the carrying amount at the date of disposal.

Investments in the parent company's financial statements
The parent company measures investments in subsidiaries at cost. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Cost is reduced to the extent that distributed dividends exceed accumulated earnings.

Subsidiaries with a negative carrying amount are recognised at nil. If the parent company has a legal or constructive obligation to cover a subsidiary's negative balance, the negative balance is offset against the parent company's receivables from the subsidiary. Any balance is recognised under provisions.

Other investments
Other non-current receivables are measured at amortised cost less impairment losses.

Impairment of fixed assets
The carrying amounts of intangible assets, property, plant and equipment and investments are reviewed, at least annually, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated; however, the recoverable amount of goodwill is always reviewed annually.

The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use, which is the discounted value of the expected future cash flows from the cash-generating unit.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that the assumptions and estimates that led to recognition of the impairment loss have changed.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than the cost, inventories are written down to this lower value.

The cost of raw materials and consumables comprises purchase price plus expenses incurred in bringing them to their existing location and condition.

The cost of finished goods comprises the cost of raw materials, consumables, direct labour and indirect production overheads.

Receivables
Receivables are measured at amortised cost less impairment losses.

Prepayments and deferred income
Prepayments are recognised under receivables, and deferred income is recognised under current liabilities. Prepayments and deferred income include costs incurred or income received during the year in respect of subsequent financial years.

Equity

Dividends
Proposed dividends are recognised as a liability at the date of adoption at the Annual General Meeting. The expected dividend payment for the year is disclosed as a separate item under equity.

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences after 1 January 2004 that have arisen from the translation of the financial statements of foreign enterprises from their functional currencies to Danish kroner.

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Income tax and deferred tax
Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account, etc.

Deferred tax liabilities and deferred tax assets are measured using the balance sheet liability method, providing for all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. No provision is made for deferred tax on temporary differences relating to goodwill not deductible for tax purposes. The measurement is based on the planned use of the asset or settlement of the liability, and on the relevant tax rules.

Deferred tax assets, including tax loss carryforwards, are recognised at the value at which it is expected that they can be utilised by set-off against deferred tax liabilities or by elimination against tax on the future earnings of the subsidiary or the parent company and the other jointly taxed subsidiaries in the same country. Deferred tax assets are entered as a separate line item under investments.

Deferred tax is measured on the basis of the tax rules and the tax rates effective in the respective countries at the time the deferred tax is expected to crystallise as current tax. The effect of changes in deferred tax due to changed tax rates is recognised in the income statement, unless the items in question were previously taken to equity.

Pension obligations
The Group's pension plans are insured (defined contribution). Contributions to defined contribution plans are recognised in the income statement in the period to which they relate, and any costs payable are recognised in the balance sheet as other payables.

Provisions
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when the amount can be measured reliably.

Financial liabilities
Bank loans, etc. are recognised at inception at the proceeds received net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, comprising trade payables, payables to subsidiaries, and other payables, are measured at amortised cost.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows for the year, broken down by operating, investing and financing activities, and the effects of these cash flows on the Group's cash and cash equivalents.

The cash flow effect of acquisitions and disposals of enterprises is shown separately under cash flows from investing activities. Cash flows from acquisitions are recognised in the cash flow statement from the date of acquisition and cash flows from disposals are recognised up to the date of disposal.

Cash flows from operating activities
Cash flows from operating activities are determined using the indirect method, whereby operating profit is adjusted for the effects of non-cash operating items, changes in working capital, and net financing costs and income taxes paid.

Cash flows for investing activities
Cash flows for investing activities comprise payments in connection with acquisition and disposal of enterprises and activities and purchase and sale of intangible assets, property, plant and equipment and investments as well as purchase and sale of securities.

Cash flows from financing activities
Cash flows from financing activities comprise payments to and from shareholders, including payment of dividends and increases and decreases in non-current borrowings.

Cash and cash equivalents
Cash and cash equivalents comprise cash and cash equivalents less current portion of bank loans, etc.

SEGMENT INFORMATION

Dyrup A/S's operations are all within a single segment, and no segment information is therefore provided.

FINANCIAL RATIOS

Financial ratios have been prepared in conformity with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'.

Financial ratios are defined on page 24 of the annual report.

N.B. In case of incongruity between the Danish and the English version of the accounting policies, the Danish version shall be regarded as the valid one.

Income statement for the year ended 31 December 2006 *DKKm*

Note		Parent company 2005	Parent company 2006	Group 2006	Group 2005
1	Revenue	811.5	827.2	1,660.0	1,680.6
2	Production costs	554.3	561.0	980.1	977.6
	Gross profit	257.2	**266.2**	**679.9**	703.0
2	Distribution costs	175.5	190.4	545.7	549.3
2	Administrative expenses	74.6	69.4	133.0	142.5
3	Other operating income	2.3	2.1	4.0	5.2
	Operating profit before special items (EBIT)	9.4	**8.5**	**5.2**	16.4
4	Special items	(7.8)	(10.0)	(47.3)	(49.2)
	Operating profit (loss)	1.6	**(1.5)**	**(42.1)**	(32.8)
5	Financial income	19.9	22.2	3.8	6.7
6	Financial expenses	12.3	35.5	28.0	29.2
	Profit (loss) before tax	9.2	**(14.8)**	**(66.3)**	(55.3)
7	Income tax expense	(6.3)	(7.5)	(20.9)	(29.2)
	Profit (loss) for the year	15.5	**(7.3)**	**(45.4)**	(26.1)
8	Employee information				
9	**Earnings per share of DKK 20 (EPS), DKK**				
	Earnings per share			(9)	(5)
	Diluted earnings per share			(9)	(5)
	Attributable to:				
	Equity holders of the parent			(45.4)	(26.1)
				(45.4)	(26.1)

Cash flow statement 2006 *DKKm*

	Parent company		Group	
	2005	2006	2006	2005
Operating activities				
Operating profit (loss)	1.6	(1.5)	(42.1)	(32.8)
Adjustment for non-cash operating items				
Depreciation, amortisation and impairment losses	32.9	48.3	90.3	70.7
Cash flows from operations (operating activities) before working capital changes	34.5	**46.8**	**48.2**	37.9
Working capital changes				
Inventories	10.0	13.3	0.2	14.4
Trade receivables	9.1	17.7	(18.8)	36.7
Other receivables	1.0	5.7	4.8	(1.4)
Intragroup balance	3.3	(9.4)	-	-
Prepayments and deferred income	(0.4)	0.8	8.9	8.7
Trade payables	(19.1)	29.6	38.4	(26.3)
Other current liabilities	32.0	(26.2)	4.9	27.6
Cash flows from operations (operating activities)	70.4	**78.3**	**86.6**	97.6
Interest received, etc.	5.0	3.6	3.8	6.7
Interest paid, etc.	(12.3)	(14.6)	(28.0)	(29.2)
Cash flows from operations (ordinary activities)	63.1	**67.3**	**62.4**	75.1
Income taxes paid, net	(1.4)	6.2	2.9	(11.2)
Cash flows from operating activities	61.7	**73.5**	**65.3**	63.9
Investing activities				
Purchase of intangible assets	(11.7)	(4.7)	(6.4)	(25.3)
Purchase of property, plant and equipment	(17.5)	(12.4)	(22.5)	(38.1)
Investment in financial assets	(54.1)	(25.8)	-	-
Dividends from subsidiaries	14.9	18.6	-	-
Sale of property, plant and equipment	2.8	0.2	2.2	5.7
Cash flows for investing activities	(65.6)	**(24.1)**	**(26.7)**	(57.7)
Cash flows before financing activities	(3.9)	**49.4**	**38.6**	6.2
Financing activities				
Decrease in non-current financial liabilities	(0.5)	(0.7)	(19.5)	(17.8)
Dividends paid	(70.0)	-	-	(70.0)
Cash flows from financing activities	(70.5)	**(0.7)**	**(19.5)**	(87.8)
Net increase (decrease) in cash and cash equivalents	(74.4)	**48.7**	**19.1**	(81.6)
Net cash and cash equivalents at 1.1.	(93.5)	(167.9)	(176.3)	(94.8)
Value adjustments of cash and cash equivalents at 1.1.	-	-	0.2	0.1
Net cash and cash equivalents at 31.12.	(167.9)	**(119.2)**	**(157.0)**	(176.3)
consisting of:				
Cash and cash equivalents	0.2	0.2	51.1	35.3
Current bank loans	(168.1)	(119.4)	(208.1)	(211.6)
	(167.9)	(119.2)	(157.0)	(176.3)

The figures in the cash flow statement cannot be derived from the other accounting records alone.

Balance sheet at 31 December 2006 *DKKm*

ASSETS

Note		Parent company 2005	Parent company 2006	Group 2006	Group 2005
	Fixed assets				
10	Goodwill	2.6	2.5	55.5	55.7
10	Trade marks and distribution rights	26.3	21.9	38.5	54.8
10	In-process development projects	2.6	3.9	9.2	6.7
	Intangible assets	31.5	**28.3**	**103.2**	117.2
11	Land and buildings	167.2	168.9	237.3	237.4
11	Plant and machinery	100.9	83.8	135.9	167.2
11	Fixtures and fittings, tools and equipment	40.5	27.0	63.5	82.6
11	Property, plant and equipment under construction	-	-	0.8	0.7
	Property, plant and equipment	308.6	**279.7**	**437.5**	487.9
12	Investments in subsidiaries	136.7	151.4	-	-
12	Receivables from subsidiaries	23.9	13.5	-	-
15	Deferred tax	-	0.4	39.0	33.3
	Investments	160.6	**165.3**	**39.0**	33.3
	Total fixed assets	500.7	**473.3**	**579.7**	638.4
	Current assets				
	Raw materials and consumables	26.4	27.1	56.0	48.7
	Work in progress	4.8	4.3	7.9	7.7
	Finished goods and goods for resale	87.3	73.8	185.4	193.1
13	**Inventories**	118.5	**105.2**	**249.3**	249.5
14	Trade receivables	60.4	42.7	289.8	271.0
	Receivables from subsidiaries	60.6	78.2	-	-
	Other receivables	18.1	12.4	38.6	43.4
	Income tax	13.5	1.1	10.2	19.1
	Prepayments	5.3	4.5	8.5	17.7
	Receivables	157.9	**138.9**	**347.1**	351.2
	Cash and cash equivalents	0.2	**0.2**	**51.1**	35.3
	Total current assets	276.6	**244.3**	**647.5**	636.0
	ASSETS	777.3	**717.6**	**1,227.2**	1,274.4

EQUITY AND LIABILITIES

Note		Parent company 2005	Parent company 2006	Group 2006	Group 2005
	Equity				
	Share capital	100.0	100.0	100.0	100.0
	Translation reserve	-	-	12.8	12.1
	Retained earnings	267.3	260.0	329.5	374.9
	Total equity	367.3	**360.0**	**442.3**	487.0
	Non-current liabilities				
16	Bank loans	67.1	66.4	202.0	220.9
15	Deferred tax	45.0	31.6	31.6	57.1
	Total non-current liabilities	112.1	**98.0**	**233.6**	278.0
	Current liabilities				
16	Current portion of non-current financial liabilities	0.6	0.6	16.6	16.9
16	Bank loans	168.1	119.4	208.1	211.6
	Trade payables	48.0	77.6	170.3	131.9
	Payables to consolidated enterprises	15.4	23.6	-	-
	Income tax	-	-	4.9	0.6
	Other payables	65.8	38.4	150.0	146.7
	Deferred income	-	-	1.4	1.7
	Total current liabilities	297.9	**259.6**	**551.3**	509.4
	Total liabilities	410.0	**357.6**	**784.9**	787.4
	EQUITY AND LIABILITIES	777.3	**717.6**	**1,227.2**	1,274.4

Notes:

16 Interest-bearing liabilities

17 Security

18 Lease commitments

19 Contingent liabilities

20 Related parties

21 Financial instruments

22 Non-cash operating items

23 Accounting estimates and judgements

24 New accounting standards

25 Events after the balance sheet date

Statement of changes in equity *DKKm*

	Share capital	Translation reserve	Retained earnings	Proposed dividends	Total
Parent company					
Balance at 1.1.2005	100.0	-	251.8	70.0	421.8
Profit for the year	-	-	15.5	-	15.5
Total income and expense for the year	-	-	15.5	-	15.5
Proposed dividends	-	-	-	-	-
Dividends paid	-	-	-	(70.0)	(70.0)
Total changes in equity	-	-	15.5	(70.0)	(54.5)
Balance at 1.1.2006	100.0	-	267.3	-	367.3
Profit (loss) for the year	-	-	(7.3)	-	(7.3)
Total income and expense for the year	-	-	(7.3)	-	(7.3)
Proposed dividends	-	-	-	-	-
Dividends paid	-	-	-	-	-
Total changes in equity	-	-	(7.3)	-	(7.3)
Balance at 31.12.2006	100.0	-	260.0	-	360.0
Group					
Balance at 1.1.2005	100.0	7.8	401.0	70.0	578.8
Profit (loss) for the year	-	-	(26.1)	-	(26.1)
Foreign exchange adjustments of subsidiaries	-	4.3	-	-	4.3
Total income and expense for the year	-	4.3	(26.1)	-	(21.8)
Proposed dividends	-	-	-	-	-
Dividends paid	-	-	-	(70.0)	(70.0)
Total changes in equity	-	4.3	(26.1)	(70.0)	(91.8)
Balance at 1.1.2006	100.0	12.1	374.9	-	487.0
Profit (loss) for the year	-	-	(45.4)	-	(45.4)
Foreign exchange adjustments of subsidiaries	-	0.7	-	-	0.7
Total income and expense for the year	-	0.7	(45.4)	-	(44.7)
Proposed dividends	-	-	-	-	-
Dividends paid	-	-	-	-	-
Total changes in equity	-	0.7	(45.4)	-	(44.7)
Balance at 31.12.2006	100.0	12.8	329.5	-	442.3

The company's share capital of DKK 100 million is divided into: 500,000 A shares of DKK 100 each and 500,000 B shares of DKK 100 each.

The whole of the share capital is held by Monberg & Thorsen A/S, Copenhagen.
Dyrup A/S and its subsidiaries are included in Monberg & Thorsen A/S's consolidated financial statements.

The financial ratios have been calculated as follows:

Gross margin
Gross profit x 100 / Revenue

Operating margin (EBIT margin)
Operating profit before special items x 100 / Revenue

Pre-tax margin
Profit before tax x 100 / Revenue

Return on invested capital (ROIC)
Operating profit before special items x 100 / Invested capital

Return on equity (ROE)
Profit after tax x 100 / Average equity

Equity ratio
Equity x 100 / Total liabilities

Earnings per share (EPS)
Profit for the year x 100 / Average number of shares of nominally DKK 20

Invested capital
Equity plus interest-bearing debt and goodwill less interest-bearing assets.

Notes *DKKm*

		Parent company		Group	
		2005	2006	2006	2005
1	**Revenue**				
	Denmark	415.6	414.6	414.6	415.6
	France	66.7	58.0	423.4	452.7
	Germany	149.6	161.8	242.6	233.7
	Portugal	13.5	16.6	205.1	204.2
	Other markets	166.1	176.2	374.3	374.4
	Total revenue	811.5	827.2	1,660.0	1,680.6
2	**Depreciation, amortisation and impairment losses**				
	Intangible assets	5.0	7.1	18.6	14.8
	Property, plant and equipment	27.2	41.3	72.6	56.3
	Total depreciation and amortisation	32.2	48.4	91.2	71.1
	Losses and gains on replacement	0.7	(0.1)	(0.9)	(0.4)
	Total deprec., amortisation and impairment losses	32.9	48.3	90.3	70.7
	Depreciation, amortisation and impairment losses are included in:				
	Production costs	11.2	10.5	18.1	21.2
	Distribution costs	13.4	12.6	39.9	38.1
	Administrative expenses	8.3	11.3	14.0	11.4
	Special items - impairment losses	-	13.9	18.3	-
	Total effect on profit for the year	32.9	48.3	90.3	70.7

Fees paid to auditors appointed at the Annual Genereal Meeting

	Parent 2005	Parent 2006	Group 2006	Group 2005
Total fees to auditors for the financial year under review:				
Ernst & Young	1.3	2.0	4.0	3.8
of which non-audit fees:	0.1	0.1	0.6	0.6

		Parent company		Group	
		2005	2006	2006	2005
3	**Other operating income**				
	Rental income	1.8	2.1	3.3	3.1
	Miscellaneous	0.5	-	0.7	2.1
	Total other operating income	2.3	2.1	4.0	5.2
4	**Special items**				
	Sale of trade mark rights in Egypt	-	16.4	16.4	-
	Total special income	-	16.4	16.4	-
	Restructuring costs:				
	Termination benefits	5.2	7.5	18.1	26.8
	Costs in connection with formation of regions and restructuring of market activities	1.6	-	6.0	20.6
	Impairment losses in respect of inventories	-	-	16.3	-
	Impairment losses in respect of fixed assets	-	13.9	18.3	-
	Miscellaneous	1.0	5.0	5.0	1.8
	Total special expenses	7.8	26.4	63.7	49.2
	Total special items	(7.8)	(10.0)	(47.3)	(49.2)
5	**Financial income**				
	Dividends from subsidiaries	14.9	18.6	-	-
	Interest, subsidiaries	2.1	1.1	-	-
	Interest on cash and cash equivalents, etc.	1.5	2.5	3.4	1.9
	Foreign exchange gains	1.4	-	0.4	4.8
	Total financial income	19.9	22.2	3.8	6.7

		Parent company		Group	
		2005	2006	2006	2005
6	**Financial expenses**				
	Impairment losses in respect of investments in subsidiaries	-	20.9	-	-
	Interest, consolidated enterprises	1.6	0.5	-	1.2
	Interest on loans and overdrafts	8.5	11.4	24.7	21.9
	Foreign exchange losses	2.2	2.7	3.3	6.1
	Total financial expenses	12.3	35.5	28.0	29.2
7	**Income tax expense**				
	Current tax on profit for the year	1.2	(0.6)	(1.1)	5.5
	Change in Danish tax rate	(3.1)	-	-	(4.3)
	Change for the year in deferred tax	(5.1)	(7.5)	(24.9)	(36.2)
	Tax reimbursement under joint taxation	(4.6)	-	-	-
	Adjustment of tax for prior years	5.3	0.6	5.1	5.8
	Income tax expense total	(6.3)	(7.5)	(20.9)	(29.2)
	Taxes paid for the year	1.4	(6.2)	(2.9)	11.2

Most companies paid on-account tax during the year.

	Parent 2005	Parent 2006	Group 2006	Group 2005
Effective tax rate				
Danish tax rate	28%	28%	28%	28%
Change in Danish tax rate	(34%)	-	-	8%
Deviations in foreign enterprises' tax rates	-	-	7%	7%
Non-taxable income and deductible costs	(48%)	(62%)	-	-
Prior year adjustments	(29%)	(11%)	(3%)	6%
Miscellaneous	14%	(6%)	-	4%
Effective tax rate	(69%)	(51%)	32%	53%

		Parent 2005	Parent 2006	Group 2006	Group 2005
8	**Staff costs**				
	Wages and salaries	152.1	142.6	283.2	299.7
	Pension contributions	10.1	10.5	11.8	11.7
	Social security costs	2.9	2.7	57.1	54.4
	Remuneration to the Executive Board	8.0	2.7	3.3	8.4
	Remuneration to the Supervisory Board	1.0	1.1	1.1	1.0
	Total staff costs	174.1	159.6	356.5	375.2
	Average number of employees	415	388	961	1,045

The company has no pension obligations to the Executive Board. Remuneration to the Executive Board for 2005 includes termination benefit to the former CEO.

		2006	2005
9	**Earnings per share (EPS)**		
	Profit for the year attributable to equity holders of the parent	(45.4)	(26.1)
	Average number of shares of nominally DKK 20	5,000,000	5,000,000
	Earnings per share (EPS), DKK	(9)	(5)
	Diluted earnings per share, DKK	(9)	(5)

The share capital of Dyrup A/S is divided into shares of DKK 100; however, the determination of earnings per share is based on a share denomination of nominally DKK 20, as in the parent company Monberg & Thorsen A/S.

Notes DKKm

10 Intangible assets

	Parent company				Group			
	Goodwill	Trade marks and distribution rights	In-process development projects	Total	Goodwill	Trade marks and distribution rights	In-process development projects	Total
Cost at 1.1.2005	1.3	64.1	-	65.4	54.3	138.3	-	192.6
Value adjustments	-	-	-	-	0.1	0.3	-	0.4
Additions and improvements	1.3	7.7	2.6	11.6	1.3	17.2	6.7	25.2
Cost at 31.12.2005	2.6	71.8	2.6	77.0	55.7	155.8	6.7	218.2
Amortisation and impairment losses at 1.1.2005	-	40.5	-	40.5	-	86.0	-	86.0
Value adjustments	-	-	-	-	-	0.2	-	0.2
	-	40.5	-	40.5	-	86.2	-	86.2
Amortisation and impairment losses	-	5.0	-	5.0	-	14.8	-	14.8
Amortisation and impairment losses at 31.12.2005	-	45.5	-	45.5	-	101.0	-	101.0
Balance sheet value at 31.12.2005	2.6	26.3	2.6	31.5	55.7	54.8	6.7	117.2
Cost at 1.1.2006	2.6	71.8	2.6	77.0	55.7	155.8	6.7	218.2
Value adjustments	-	-	-	-	(0.1)	(0.1)	-	(0.2)
Additions and improvements	1.2	1.4	2.1	4.7	1.2	1.5	3.7	6.4
Disposals	-	-	0.8	0.8	-	48.3	1.2	49.5
Cost at 31.12.2006	3.8	73.2	3.9	80.9	56.8	108.9	9.2	174.9
Amortisation and impairment losses at 1.1.2006	-	45.5	-	45.5	-	101.0	-	101.0
Value adjustments	-	-	-	-	-	(0.1)	-	(0.1)
Adjustments, additions and disposals	-	-	-	-	-	(47.8)	-	(47.8)
	-	45.5	-	45.5	-	53.1	-	53.1
Amortisation and impairment losses	1.3	5.8	-	7.1	1.3	17.3	-	18.6
Amortisation and impairment losses at 31.12.2006	1.3	51.3	-	52.6	1.3	70.4	-	71.7
Balance sheet value at 31.12.2006	2.5	21.9	3.9	28.3	55.5	38.5	9.2	103.2

The carrying amounts of goodwill and trade marks were tested for impairment at 31 December 2006. The recoverable amount has been determined as the value in use, which is calculated as the present value of the expected future net cash flows from the enterprise and/or the cash-generating units. The net cash flows are calculated on the basis of the approved budget for 2007 and estimates for the years 2008-2011. A discount factor of 7% before tax has been used for calculating the present value. For financial years after the budget period, the cash flows in the latest budget period restated for a growth factor of 0-1.5% in the terminal period have been extrapolated, assuming an expected inflation rate of 2.5%. The growth rate applied does not exceed the average expected long-term growth rate for the markets in question.

The impairment test to recoverable amount of goodwill and trade marks gave rise to impairment losses of DKK 1.3 million.

In-process development projects relate solely to direct expenses for recipe changes, testing, recording and documentation necessitated by the implementation of the VOC and BPD directives. For further details, reference is made to the section on environmental matters on page 12.

11 Property, plant and equipment

	Parent company				
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1.1.2005	216.8	126.2	112.2	51.2	506.4
Additions and improvements	9.6	49.0	10.0	-	68.6
Disposals	0.4	4.8	10.0	51.2	66.4
Cost at 31.12.2005	226.0	170.4	112.2	-	508.6
Depreciation and impairment losses at 1.1.2005	57.4	64.0	63.2	-	184.6
Adjustments, disposals	(0.2)	(5.3)	(6.3)	-	(11.8)
	57.2	58.7	56.9	-	172.8
Depreciation and impairment losses	1.6	10.8	14.8	-	27.2
Depreciation and impairment losses at 31.12.2005	58.8	69.5	71.7	-	200.0
Balance sheet value at 31.12.2005	167.2	100.9	40.5	-	308.6
Cost at 1.1.2006	226.0	170.4	112.2	-	508.6
Additions and improvements	3.5	1.4	7.5	-	12.4
Disposals	-	-	18.7	-	18.7
Cost at 31.12.2006	229.5	171.8	101.0	-	502.3
Depreciation and impairment losses at 1.1.2006	58.8	69.5	71.7	-	200.0
Adjustments, disposals	-	-	(18.7)	-	(18.7)
	58.8	69.5	53.0	-	181.3
Depreciation and impairment losses	1.8	18.5	21.0	-	41.3
Depreciation and impairment losses at 31.12.2006	60.6	88.0	74.0	-	222.6
Balance sheet value at 31.12.2006	168.9	83.8	27.0	-	279.7

The carrying amount of mortgaged properties was DKK 118.7 million (2005: DKK 118.5 million), and the year-end balance amounts to DKK 67.1 million (2005: DKK 67.7 million).

The carrying amount of Danish properties subject to public land assessment amounted to DKK 138.4 million, and the public land assessment value at 1.1. was DKK 144.3 million (2005: carrying amount DKK 136.4 million and public land assessment DKK 141.0 million).

The carrying amount of properties abroad was DKK 30.5 million (2005: DKK 30.8 million).

Notes DKKm

11 Property, plant and equipment
- continued

	Group				
	Land and buildings	**Plant and machinery**	**Fixtures and fittings, tools and equipment**	**Property, plant and equipment under construction**	**Total**
Cost at 1.1.2005	300.2	291.7	228.4	53.3	873.6
Value adjustments	0.8	3.0	0.8	-	4.6
Additions and improvements	12.5	58.3	13.2	0.7	84.7
Disposals	0.5	10.0	15.5	53.3	79.3
Cost at 31.12.2005	313.0	343.0	226.9	0.7	883.6
Depreciation/impairment losses at 1.1.2005	71.7	159.5	133.8	-	365.0
Value adjustments	0.8	1.4	0.7	-	2.9
Adjustments, disposals	(0.1)	(10.9)	(17.5)	-	(28.5)
	72.4	150.0	117.0	-	339.4
Depreciation and impairment losses	3.2	25.8	27.3	-	56.3
Depreciation/impairment losses at 31.12.2005	75.6	175.8	144.3	-	395.7
Balance sheet value at 31.12.2005	237.4	167.2	82.6	0.7	487.9
Cost at 1.1.2006	313.0	343.0	226.9	0.7	883.6
Value adjustments	-	0.2	(0.1)	-	0.1
Reclassifications	-	(9.4)	9.4	-	-
Additions and improvements	3.8	6.1	13.2	0.1	23.2
Disposals	-	5.3	24.4	-	29.7
Cost at 31.12.2006	316.8	334.6	225.0	0.8	877.2
Depreciation and impairment losses at 1.1.2006	75.6	175.8	144.3	-	395.7
Value adjustments	-	-	(0.1)	-	(0.1)
Reclassifications	-	(1.7)	1.7	-	-
Adjustments, disposals	-	(4.7)	(23.8)	-	(28.5)
	75.6	169.4	122.1	-	367.1
Depreciation and impairment losses	3.9	29.3	39.4	-	72.6
Depreciation/impairment losses at 31.12.2006	79.5	198.7	161.5	-	439.7
Balance sheet value at 31.12.2006	237.3	135.9	63.5	0.8	437.5

Reclassifications have been made between the various asset groups. This has not had any effect on the financial statements. In addition, the carrying amounts of the fixed assets has been reviewed, including especially the tinting machines. This has led to the recognition of impairment losses totalling approx. DKK 18 million in respect of the fixed assets.

For Danish properties subject to public land assessment the carrying amount was DKK 138.4 million and the public land assessment value at 1.1. was DKK 144.3 million (2005: carrying amount DKK 136.4 million and public land assessment value DKK 141.0 million).

The carrying amount of properties abroad was DKK 98.9 million (2005: DKK 101.0 million).

12 Investments

	Parent company		
	Investments in subsidiaries	Receivables from subsidiaries	Total
Cost at 1.1.2005	89.9	25.8	115.7
Additions	49.0	7.3	56.3
Disposals	2.2	-	2.2
Cost at 31.12.2005	136.7	33.1	169.8
Revaluation and impairment losses at 1.1.2005	-	9.2	9.2
Revaluation/impairment losses at 31.12.2005	-	9.2	9.2
Balance sheet value at 31.12.2005	136.7	23.9	160.6
Cost at 1.1.2006	136.7	33.1	169.8
Additions	35.6	-	35.6
Disposals	-	10.4	10.4
Cost at 31.12.2006	172.3	22.7	195.0
Impairment losses at 1.1.2006	-	9.2	9.2
Impairment losses	20.9	-	20.9
Revaluation/impairment losses at 31.12.2006	20.9	9.2	30.1
Balance sheet value at 31.12.2006	151.4	13.5	164.9

Investments in subsidiaries were written down by DKK 20.9 million to recoverable amount in 2006. Impairment losses for the year are recognised under financial expenses, cf. note 6.

The impairment loss relates to Dyrup NV, Belgium; Dyrup Färg AB, Sweden; and Dyrup GmbH, Austria.

A list of the consolidated enterprises is given on page 33.

Notes DKKm

	Parent company 2005	Parent company 2006	Group 2006	Group 2005
13 Inventories				
Cost at 1.1.	135.9	126.5	285.5	291.4
Value adjustments at 1.1./31.12.	-	-	-	1.2
Additions and disposals, net	(9.4)	1.1	30.9	(7.1)
Cost at 31.12	126.5	127.6	316.4	285.5
Adjustments at 1.1.	4.2	8.0	36.0	27.5
Value adjustments at 1.1./31.12.	-	-	-	0.1
Impairment losses	3.8	14.4	39.8	12.6
Reversal of impairment losses	-	-	(8.7)	(4.2)
Adjustments at 31.12.	8.0	22.4	67.1	36.0
Balance sheet value at 31.12	118.5	105.2	249.3	249.5
Value of inventories determined at net realisable value	0.6	-	2.2	7.2

The increase in impairment losses in both the parent company and the Group reflects, among other things, winding up of loss-making activities, primarily paint products in the DIY markets in France and Germany. To this should be added the effect of an initiated product rationalisation.

14 Receivables

No receivable fall due more than one year after the balance sheet date

	Parent company 2005	Parent company 2006	Group 2006	Group 2005
Impairment losses recognised in receivables	14.5	13.8	56.9	62.7

The fair value of receivables is deemed to correspond to the carrying amount.

	Parent company 2005	Parent company 2006	Group 2006	Group 2005
15 Deferred tax liabilities and assets				
Deferred tax at 1.1.	53.2	45.0	23.8	64.3
Change in deferred tax relating to profit for the year	(8.2)	(13.8)	(31.2)	(40.5)
Deferred tax at 31.12.	45.0	31.2	(7.4)	23.8

Breakdown of deferred tax

Parent company	Deferred tax assets	Deferred tax liabilities	Deferred tax, net
Deferred tax at 31.12.2005			
Intangible assets	-	4.9	4.9
Property, plant and equipment	-	39.4	39.4
Current assets	-	0.7	0.7
Balance sheet value at 31.12.2005	-	45.0	45.0
Deferred tax at 31.12.2006			
Intangible assets	-	4.2	4.2
Property, plant and equipment	-	27.4	27.4
Current assets	0.4	-	(0.4)
Balance sheet value at 31.12.2006	0.4	31.6	31.2

Group	Deferred tax assets	Deferred tax liabilities	Deferred tax, net
Deferred tax at 31.12.2005			
Intangible assets	-	10.9	10.9
Property, plant and equipment	5.5	54.7	49.2
Current assets	18.2	6.7	(11.5)
Tax base of tax losses, net	51.5	-	(51.5)
Non-capitalised tax assets	(26.7)	-	26.7
Deferred tax liabilities and assets	48.5	72.3	23.8
Set-off within legal tax entities and jurisdictions	(15.2)	(15.2)	-
Balance sheet value at 31.12.2005	33.3	57.1	23.8
Deferred tax at 31.12.2006			
Intangible assets	-	9.9	9.9
Property, plant and equipment	10.9	38.2	27.3
Current assets	12.5	0.1	(12.4)
Tax base of tax losses, net	62.3	-	(62.3)
Non-capitalised tax assets	(30.1)	-	30.1
Deferred tax liabilities and assets	55.6	48.2	(7.4)
Set-off within legal tax entities and jurisdictions	(16.6)	(16.6)	-
Balance sheet value at 31.12.2006	39.0	31.6	(7.4)

	Parent company		Group	
	2005	2006	2006	2005

16 Interest-bearing liabilities

Total interest-bearing liabilities can be broken down by commitment type as follows:

	2005	2006	2006	2005
Bank loans, etc.	235.8	186.4	426.7	449.4
Consolidated enterprises	13.5	12.2	-	-
Total	249.3	198.6	426.7	449.4

Total interest-bearing liabilities can be broken down by the following currencies:

	2005	2006	2006	2005
DKK	227.9	178.4	166.3	215.0
NOK	-	-	0.7	-
EUR	21.4	20.2	259.7	234.4
Total	249.3	198.6	426.7	449.4

Total interest-bearing liabilities can be broken down by fixed-rate and floating-rate debt as follows:

	2005	2006	2006	2005
Fixed-rate debt	67.7	67.0	218.6	237.8
Floating-rate debt	181.6	131.6	208.1	211.6
Total	249.3	198.6	426.7	449.4

Total interest-bearing liabilities can be broken down by effective interest rate as follows:

	2005	2006	2006	2005
Less than 5%	202.4	151.7	379.8	402.5
Between 5 and 7%	46.9	46.9	46.9	46.9
Carrying amount	249.3	198.6	426.7	449.4
Weighted average effective interest rate (%)	3.5	4.6	4.4	4.5
Weighted average remaining term (years)	2.2	3.2	2.5	3.1

Interest-bearing liabilities are recognised in the balance sheet as follows:

	2005	2006	2006	2005
Non-current liabilities	67.1	66.4	202.0	220.9
Current liabilities	182.2	132.2	224.7	228.5
Total	249.3	198.6	426.7	449.4

The maturity profile can be broken down as follows:

	2005	2006	2006	2005
Less than one year	182.2	132.2	224.7	228.5
Between one and two years	47.5	0.7	84.6	63.9
Between two and five years	2.1	49.0	100.7	138.7
More than five years	17.5	16.7	16.7	18.3
Total	249.3	198.6	426.7	449.4

The fair value of the interest-bearing liabilities corresponds largely to the carrying amount of the year-end balance.

17 Security

Guarantees have been provided relating to:

	2005	2006	2006	2005
Subsidiaries	114.8	114.8	-	-
Customers	0.8	0.8	0.8	0.8
Total	115.6	115.6	0.8	0.8

In addition, land and buildings have been lodged as security for mortgage loans, bank loans, etc., see note 11.

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	Parent company		Group	
	2005	2006	2006	2005

18 Lease commitments

Operating leases

Total future minimum lease payments:

	2005	2006	2006	2005
Due within one year	7.6	8.3	11.8	13.6
Due between two and five years	8.3	10.7	22.5	21.2
Due after more than five years	-	2.5	2.5	-
Total	15.9	21.5	36.8	34.8
Lease payments under operating leases recognised in the income statement:	11.1	11.9	15.9	16.0

The Group's operating leases relate primarily to vehicles, operatingequipment and leased premises.

19 Contingent liabilities

Indemnities

In accordance with normal practice, the parent company has issued indemnities in respect of a few subsidiaries.

Litigation

The Dyrup Group is involved in various legal and arbitration proceedings. In management's opinion, the outcome of these proceedings is not expected to have any adverse impact on the Group's financial position.

20 Related parties

The Group has a controlling related party relationship with the parent company Monberg & Thorsen A/S.

Related parties with significant influence comprise the members of the company's Supervisory Board and Executive Board.

Related parties also include subsidiaries in which Dyrup A/S has control or significant influence. A list of consolidated enterprises is given on page 33.

Apart from intragroup transactions that have been eliminated in the consolidated financial statements, and normal management remuneration, no transactions have been effected during the year with major shareholders, members of the Supervisory Board or Executive Board or other related parties. Remuneration to the Supervisory Board and Executive Board is disclosed in note 8. In addition to this, remuneration of DKK 0.2 million was paid to the Deputy Chairman of the Supervisory Board.

Transactions with related parties are based on arm's length terms.

Intragroup transactions between the parent company and the other consolidated enterprises can be broken down as follows:

	2005	2006
Sale of goods and services with group enterprises	319.7	332.9

Transactions between consolidated enterprises have been eliminated in the consolidated financial statements.

The parent company's balances with subsidiaries at 31 December are disclosed in the balance sheet and relate primarily to ordinary business-related balances concerning purchases and sales of goods and services. The balances are non-interest bearing and are entered into on the same terms as apply to the parent company's other customers and suppliers.

The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 5 and 6.

Notes *DKKm*

21 Financial instruments

For a general description of financial risks, including currency, interest rate and credit risks as well as the Group's policy in these areas, reference is made to Risk factors in the management's review on page 14.

Derivative financial instruments

The Group makes limited use of forward exchange contracts to hedge contractual and budgeted cash flows. Changes in the value of derivative financial instruments are recognised in the income statement under financial income and expenses as they arise, as they do not qualify for hedge accounting.

At 31.12.2006 and at 31.12.2005 the Group had not entered into any forward contracts or other derivative financial instruments.

	Parent company		Group	
	2005	2006	2006	2005
22 Non-cash operating items				
Depreciation and impairment losses, property, plant and equipment	32.2	48.4	91.2	71.1
Adjustments of deferred tax	(8.2)	(13.8)	(31.2)	(46.5)
Other adjustments	3.8	18.9	30.4	8.5
Total	27.8	53.5	90.4	33.1

23 Accounting estimates and judgements

Estimation uncertainty

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of future eventson the carrying amounts of those assets and liabilities at the balance sheet date. Estimates that are material for the financial reporting relate primarily to measurement of intangible assets, property, plant and equipment, inventories and deferred tax assets.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates. Special risks for the Group are disclosed in the management's review under the section on Risk factors on page 14.

Basis for management's judgements

As part of the application of the Group's accounting policies, management makes assessments, in addition to estimates, that may have material effect on the amounts recognised in the financial statements.

The judgements that have the greatest effect on the amounts recognised in the financial statements relate primarily to intangible assets, property, plant and equipment, inventories and deferred tax assets.

In management's opinion, no judgements have been made in connection with the accounting policies in the financial reporting for 2006 with comparative figures for 2005, apart from the accounting estimates referred to above, that have a material effect on the financial reporting.

24 New accounting standards

The IASB and the EU have adopted the following new accounting standards and interpretations that are not mandatory for Dyrup in connection with the preparation of the annual report for 2006:

IFRS 7 "Financial Instruments"
IFRS 8 "Operating Segments" (yet to be approved by the EU)
IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies"
IFRIC 8 "Scope of IFRS 2"
IFRIC 9 "Reassessment of Embedded Derivatives"
IFRIC 10 "Interim Financial Reporting and Impairment" (yet to be adopted by the EU)
IFRIC 11 "Group and Treasury Share Transactions" (yet to be adopted the EU)

IFRIC 12 "Service Concession Arrangements" (yet to be adopted by the EU)

None of these new accounting standards and interpretations is expected to have any effect on the financial reporting of Dyrup A/S in or after 2007, apart from the fact that additional supplementary information may have to be given in the financial statements.

25 Events after the balance sheet date

So far as management is aware, no events have occurred between 31 December 2006 and the date of signing of the annual report which will have a material effect on the Dyrup Group's financial position at 31.12.06, apart from what is included and mentioned in the annual report.

Group diagram

Dyrup A/S
Capital: DKK 100,0 milion.

Dyrup S.A.S., France
Capital: EUR 4,0 milion. Ownership: 100%

Tintas Dyrup, S.A., Portugal
Capital: EUR 2,6 milion. Ownership: 100%

Dyrup GmbH, Germany
Capital: EUR 0,5 milion. Ownership: 100%

Pinturas Dyrup, S.A., Spain
Capital: EUR 0,3 milion. Ownership: 100%

Dyrup NV, Belgium
Capital: EUR 0,8 milion. Ownership: 100%

Dyrup GmbH, Austria
Capital: EUR 0,2 milion. Ownership: 100%

Dyrup Sp. z o.o., Poland
Capital: PLN 4,9 milion. Ownership: 100%

Dyrup AS, Norway
Capital: NOK 0,7 milion. Ownership: 100%

Dyrup Färg AB, Sweden
Capital: SEK 0,6 milion. Ownership: 100%

Various small or dormant public and private limited companies
Ownership: 100%

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DYRUP

ANNUAL REPORT 06

MTHøjgaard

WE KNOW HOW

Summary

Result as projected in the interim report for the third quarter of 2006

- Profit before tax was an unsatisfactory profit ofDKK 51 million compared with DKK 125 million in 2005.

- Revenue for 2006 wasDKK 11,083 million, up from DKK 8,463 million in 2005. The level of activity increased in both the Contracting business and the subsidiaries.

- The result primarily reflected a negative development on a few large residential and refurbishment projects in Greater Copenhagen. The main reasons were the historically high level of activity in the industry, which is adversely affecting planning potential and the access to resources, and more onerous and more costly contracting with trade contractors than foreseen.

- The subsidiaries are still developing favourably, delivering operating profit of DKK 243 million in 2006.

- Income tax expense was a net charge ofDKK 14 million, giving an effective tax rate of 28% compared with 20% in 2005.

- Equity including minority interests stood atDKK 1,048 million at the end of 2006, equivalent to an equity ratio of 22% compared with 26% in 2005.

- Return on invested capital increased was 5.6% in 2006 compared with 12.8% in 2005.

- Cash inflow from operating activities wasDKK 317 million compared with DKK 341 million in 2005.

Outlook for 2007

- The order book stood at DKK 10,752 million at the end of 2006, equivalent to approx. 12 months' production.

- Market conditions are expected to be stable in 2007, when revenue is expected to amount to approx. DKK 11 billion. International revenue for 2007 is expected to increase to just over 20% of total revenue, compared with 17% in 2006.

- Pre-tax profit in the region of DKK 225 million is anticipated for 2007.

Denmark's leading building and construction company

We create space for people's activities. We set our stamp all over Denmark, building bridges and harbours, roads and railways, commercial and industrial buildings, housing and institutions.

We were founded at the beginning of the previous century by four enterprising entrepreneurs. Even back then, we were ahead of the field, both in what we built and where we built it.

Today, we are still developing some of the industry's most efficient construction techniques and methods. We are developing new working processes, forms of collaboration and better ways of creating value – for our customers and the many people that move in, above and below the structures that we build. Because we have a wealth of experience and boast almost every single skill in the industry, we can undertake any building and civil works project. That is why we are able to say: We know how. It is our ambition to do such a good job that we are recognised as Denmark's leading building and construction company. To be known for listening, adding value and creating individual solutions, so that we are consulted from the very start of a project in complete confidence that the final result will come up to everyone's expectations.

You can read more about our organisation and competencies on mth.dk.

Vision

Denmark's leading building and construction company

Mission

We create space for people's activities and achieve building and construction visions by systematising and combining knowledge and craftsmanship.

Values

- Customer-minded
- Trustworthy
- Innovative
- Value-adding
- Sound financial base
- Good employer

Contents

Consolidated financial highlights

Amounts in DKKm	Pro forma* 2002	Pro forma* 2003	2004	2005	2006
Income statement					
Revenue	9,668	7,982	7,363	8,463	11,083
Operating profit (loss) (EBIT)	(419)	42	97	138	59
Net financing costs and profit (loss) of associates	(15)	(1)	(16)	(13)	(8)
Profit (loss) before tax	(434)	40	81	125	51
Profit (loss) for the year	(364)	26	81	100	37
Balance sheet					
Share capital	200	220	220	220	220
Equity attributable to equity holders of the parent	502	828	902	996	1,024
Equity incl. minority interests	509	847	917	1,016	1,048
Balance sheet total	4,148	3,560	3,216	3,926	4,833
Interest-bearing assets	332	436	267	265	354
Interest-bearing liabilities	838	592	411	303	301
Invested capital	1,028	1,025	1,080	1,074	1,015
Cash flows					
Cash flows from operating activities	(9)	107	3	341	317
Cash flows for investing activities**	(132)	(112)	(21)	(169)	(240)
Cash flows from financing activities	107	328	4	(47)	(7)
Net increase (decrease) in cash and cash equivalents	(34)	323	(14)	125	70
** Portion relating to property, plant and equipment (gross)	(319)	(118)	(220)	(230)	(288)
Financial ratios (%)					
Gross margin	0.0	5.5	5.9	5.7	4.0
Operating margin (EBIT margin)	(4.3)	0.5	1.3	1.6	0.5
Pre-tax margin	(4.5)	0.5	1.1	1.5	0.5
Return on invested capital (ROIC)	(37.3)	4.1	9.2	12.8	5.6
Return on equity (ROE)	(52.8)	3.6	9.2	10.3	3.6
Equity ratio	12.3	23.8	28.5	25.9	21.7
Earnings per share (EPS), DKK	(33.3)	1.7	7.2	8.5	2.6
Other information					
Order book, end of year	5,327	4,797	5,398	8,352	10,752
Average number of employees	6,225	5,535	4,950	5,260	5,889

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'. Financial ratios are defined on the back cover of the annual report.

The financial highlights for 2004-2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

* The financial highlights for 2002-2003 are pro forma figures, with the existing financial highlights based on the Danish Financial Statements Act and Danish Accounting Standards having been restated, in all material respects, to comply with IFRS practice. Adjustment has been made in the income statement for the effect of the discontinuation of goodwill amortisation, foreign currency translation relating to foreign subsidiaries and derivative financial instruments, while the balance sheet has only been adjusted for the effect of the reclassifications relating to contract work in progress.

Preface

2006 was an eventful year for MT Højgaard, in many ways.

We started out with a good result in the first quarter and expectations that 2006 could be the break-through year in relation to our financial targets.

Unfortunately, events turned out differently. Towards the middle of 2006 we seriously began to feel the effects of the overheated construction market, primarily on a few large residential and refurbishment projects in Copenhagen, with increasing prices for materials, supply problems, problems with trade contractors, etc. A very demanding and difficult situation for MT Højgaard, with the unfortunate consequence that, in the fourth quarter, we had to adjust our profit outlook for 2006 downwards to profit in the region of DKK 50 million before tax.

We have now met these expectations, with full-year pre-tax profit of DKK 51 million, which can only be described as disappointing based on the record revenue of DKK 11 billion.

We have, however, learnt from 2006, and we have put various measures in place that are intended to prevent the recurrence of a similar situation. For example, we have been critically analysing, area by area, the project opportunities and initiatives that will be required to ensure, first and foremost, that earnings reach the targeted level.

MT Højgaard is a company with significant potential. In 2006, we saw many positive signs that the development is also moving in the right direction. The earnings performance for both subsidiaries and business units has been significantly positive and in accordance with the strategy plans.

We opened four new offices in 2006, so that we now have offices in 17 locations in Denmark. This is in accordance with our strategy to be countrywide and local, and we have been incredibly well received in the locations in which we have opened new offices. That applies to both customers that would like to collaborate with us and potential employees.

At the start of the year we introduced the Housing Concept, which was met with much approval. The Housing Concept represents innovative thinking, and we are delighted that both customers and employees can see the idea behind the concept. We are exploring the possibilities for developing other concepts as a means of meeting our customers' needs.

In 2006, we developed our organisation so that the structure is now completely unambiguous, with countrywide construction, civil works and utility services activities. We are convinced that we can develop MT Højgaard from this platform, delivering satisfactory financial results in the years ahead.

Most important of all, in MT Højgaard we have employees that display commitment and enthusiasm. On balance, I consequently believe that there are grounds for being optimistic in relation to achieving the strategic earnings targets we have set ourselves.

Kristian May
President and CEO

Group diagram

- MT Højgaard a/s
  - Administrative Service
  - Business Development, Business Systems and Communications
  - Purchasing, Health, Safety & Quality
  - Marketing
  - Business Areas
    - Civil Works
    - Construction
    - Utility Services
    - Refurbishment (Copenhagen)
    - International
  - Business Units
    - Ajos (Plant & Equipment)
    - A.V. Andersen (Masonry)
    - MT Højgaard Joiners/Carpenters
    - Design
    - Project Development
  - Subsidiaries
    - Composite Limited
    - Enemærke & Petersen a/s
    - Lindpro a/s
    - Promecon a/s
    - Scandi Byg a/s
    - Seth S.A. (75%)
    - BMS A/S (50%)
    - Greenland Contractors I/S (67%)

The MT Højgaard Group undertakes all forms of contracting work and operates in a number of specialist areas nationally and internationally.

The core activities of the building and construction company in Denmark are organised into four business areas (Civil Works, Construction, Utility Services and Refurbishment) and five business units (Ajos, A.V. Andersen, MT Højgaard Joiners/Carpenters, Design and Project Development). The international activities, primarily comprising civil works projects, are taken care of by the business area International.

The capabilities and activities that are not directly related to the countrywide construction and civil works activities are placed in subsidiaries with separately profiled competencies in relation to the customers and market areas they serve.

The Group's development

The MT Højgaard Group delivered pre-tax profit of DKK 51 million for 2006 compared with DKK 125 million in 2005.

The result was in line with the projections in the interim report for the third quarter of 2006 of pre-tax profit in the region of DKK 50 million. At the start of the year, pre-tax profit was projected to be in the region of DKK 175 million.

The unsatisfactory result primarily reflected losses on a few large residential and refurbishment projects in Greater Copenhagen. The main reasons for the negative development were:

- the historically high level of activity in the industry, which is straining resources, both with respect to materials and labour, and which is adversely affecting planning potential and the access to resources;

- more onerous and more costly contracting with trade contractors than foreseen, leading to cost increases and delays.

The organisation, including the management structure within the problem areas, was modified in 2006 with a view to strengthening the management focus, and the requirements concerning risk profile and earnings on new projects were tightened still further. HR efforts focusing on organisational development will be intensified in the coming year.

The high level of activity in the construction industry, which is straining resources and putting prices under pressure, means that it is necessary to be highly selective when choosing new projects, with a reduction in the level of activity in the longer term as a possible and accepted consequence.

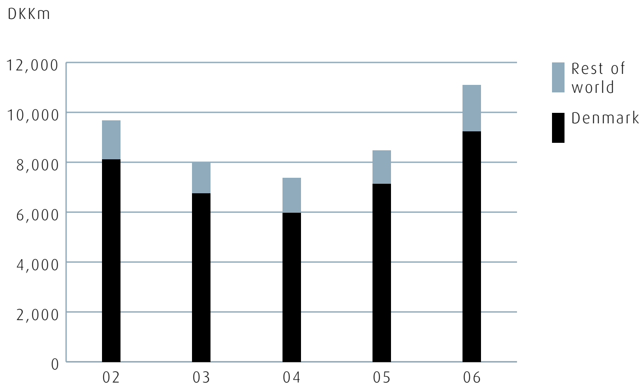
Income statement

Revenue for 2006 totalled DKK 11,083 million, up 31% on 2005, predominantly reflecting organic growth.

The revenue growth, to which all the Group's business segments contributed, was driven primarily by the very high level of activity in the Danish building and civil works market in 2006. International activities accounted for 16.6% of revenue compared with 15.7% in 2005.

The MT Højgaard Group reported operating profit (EBIT) of DKK 59 million in 2006 compared with DKK 138 million in 2005. The decline in profit was due to the development in the Contracting business, particularly as a result of the losses on a few large residential and refurbishment projects referred to above. The subsidiaries reported profit ahead of expectations. The operating margin (EBIT margin) dropped to 0.5%,

REVENUE



from 1.6% in 2005, as a result of the revenue growth and the decline in profit.

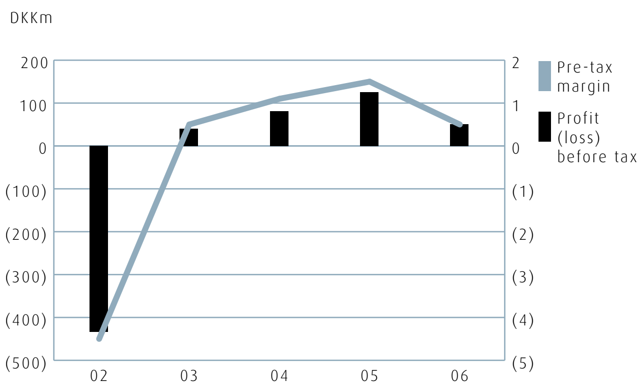
The share of the results of associates contributed DKK 0 million compared with DKK (3) million in 2005.

Net financing costs amounted to a net charge of DKK 8 million compared with DKK 10 million in 2005. The favourable development was due predominantly to a reduction in the Group's average net interest-bearing debt and a stable, low interest rate level.

The result before tax for 2006 was a profit of DKK 51 million compared with DKK 125 million in 2005, giving a pre-tax margin of 0.5% compared with 1.5% in 2005.

Income tax expense was a net charge of DKK 14 million, giving an effective tax rate of 28% versus 20% in 2005. Income tax expense was made up of a current tax charge of DKK 98 million and tax income of DKK 84 million due to a change in the Group's deferred taxes. The

PROFIT (LOSS) BEFORE TAX AND PRE-TAX MARGIN



Group's deferred net tax asset amounted to DKK 215 million at the end of 2006 compared with DKK 130 million in 2005.

Consequently, the result after tax was a profit of DKK 37 million compared with DKK 100 million in 2005.

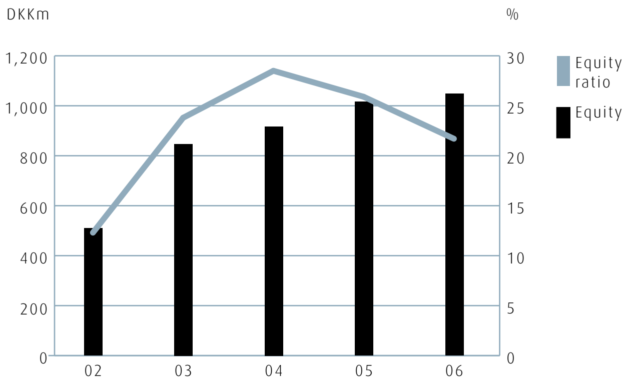
On the Buxton project, there are no changes to report in relation to what was stated in the 2005 annual report. The claims for extra payments advanced by MT Højgaard are the subject of arbitration. In accordance with the company's policy, no income has been recognised in the financial statements in this respect.

Balance sheet

The Group's balance sheet total increased by 23% in 2006, standing at DKK 4,833 million at 31 December 2006 compared with DKK 3,926 million at the end of 2005. The development reflected the increase in the level of activity in 2006.

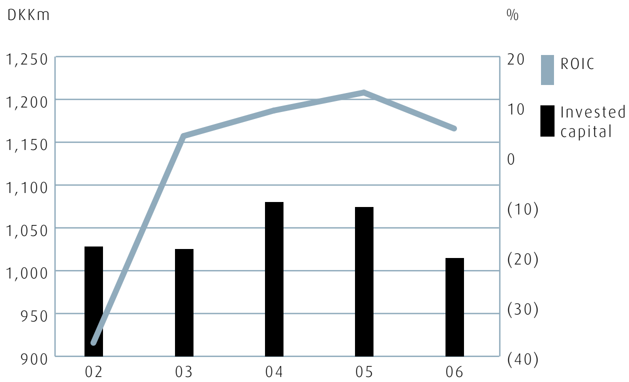
Equity including minority interests increased by DKK 32 million, standing at DKK 1,048 million at the end of 2006, corresponding to an equity ratio of 22% versus 26% in 2005. Besides profit for the year, equity was affected by a dividend of DKK 5 million to minority shareholders.

EQUITY AND EQUITY RATIO



Net interest-bearing debt decreased by DKK 91 million, amounting to a net deposit of DKK 53 million at the end of 2006. The development essentially reflected a reduction in funds tied up in working capital as a result of improved cash flow on work in progress, more than offsetting the reduction in the cash operating result, and a higher level of investment and capital expenditure than in 2005.

INVESTED CAPITAL AND ROIC



Invested capital amounted to DKK 1,015 million at the end of 2006 compared with DKK 1,074 million in 2005, and the return on invested capital was 5.6% versus 12.8% in 2005.

Cash flows and financial resources

Operating cash inflow was DKK 317 million compared with DKK 341 million in 2005.

Cash flows for investing activities amounted to DKK 240 million net versus DKK 169 million in 2005. Of this figure, DKK 219 million related to net capital expenditure on property, plant and equipment; DKK 32 million to purchase of securities; DKK (6) millio+n to net investments in enterprises; and DKK (5) million to dividends from associates. Capital expenditure on property, plant and equipment, which increased by DKK 52 million in 2006, related primarily to replacement of and new investment in contractors' plant and equipment and operating buildings.

Cash flows from financing activities amounted to DKK (7) million, compared with DKK (47) million in 2005, relating to decreases in non-current bank loans, etc.

There was a net cash inflow of DKK 70 million compared with an inflow of DKK 125 million last year. The net cash balance, calculated as cash less the current portion of bank loans, etc., amounted to DKK 217 million compared with DKK 148 million at the end of 2005.

The Group's financial resources at 31 December 2006 amounted to DKK 942 million compared with DKK 714 million in 2005, which is satisfactory. Financial resources are calculated as cash, including cash and cash equivalents in joint ventures, and securities and undrawn credit facilities.

The financial resources include cash and cash equivalents in joint ventures of DKK 185 million that are available exclusively to the joint ventures, compared with DKK 89 million in 2005.

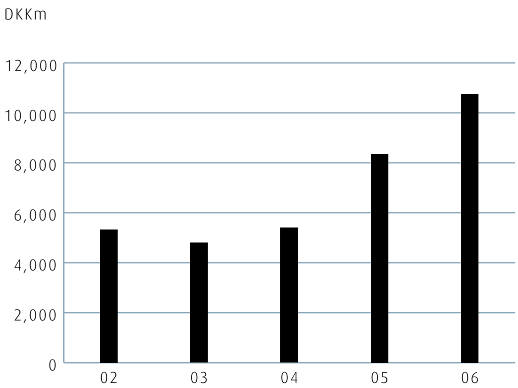
Order book

The order book increased by 29% in 2006, standing at DKK 10,752 million at the end of 2006.

DKKm	2006	2005
Order book at start of year	8,352	5,398
Order intake during year	13,483	11,417
Production during year	(11,083)	(8,463)
Order book at year end	10,752	8,352

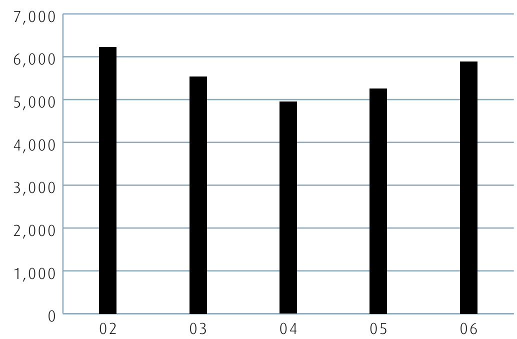
The order book corresponds to on average about 12 months' production based on the outlook concerning the level of activity in 2007. The order book includes a number of large orders extending over several years.

ORDER BOOK



Employees

AVERAGE NUMBER OF EMPLOYEES



The average number of people employed by the MT Højgaard Group in 2006 was 5,889 compared with 5,260 in 2005. The number of employees increased steadily during the year, closing 2006 at 6,245, up 653 on the same time last year. The development reflects the increase in the level of activity.

Acquisition and disposal of enterprises

In March 2006, MT Højgaard strengthened its position in the concrete renovation market in East Denmark by acquiring the activities of Otto Christensen & Kaj Sørensen, including its staff of 47.

As part of the restructuring of the Group, the operations of the subsidiary Marius Hansen Facader a/s were sold to Facade Systemer A/S in Viborg in October 2006. Marius Hansen Facader's 60 employees were transferred to the buyer.

The acquisition and disposal of these operations were in line with MT Højgaard's strategy and did not have any significant effect on the Group's revenue and profit for 2006.

Knowledge resources

Skills development, knowledge sharing and development of products and methods are systematised in MT Højgaard.

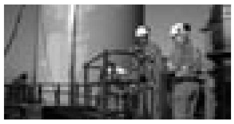
Skills development and knowledge sharing

MT Højgaard is a knowledge-intensive enterprise, and the key to the Group's continued development is therefore the employees with their skills and motivation.

Recruitment, skills development and initiatives to retain employees are consequently areas that are given high priority in MT Højgaard.

In 2006, the spotlight was on management development and training. This included the preparation of information material for existing and future managers on the conduct that is essential for managers in MT Højgaard, and leadership is a key element of the newly developed "Basic course for new managers".

A new employee appraisal system, featuring mutual evaluation of employees and managers, was also put in place in 2006. The employees are judged on their professional and personal skills, and the managers on their leadership abilities. MT Højgaard participates in a management development programme with seven other large Danish companies in collaboration with a professional course provider. The programme



centres on leadership and specific action plans, and the participating companies exchange leadership experience to mutual benefit.

MT Højgaard also has an in-house project manager programme for development of project managers and other project employees, along with various employee training courses that are also adapted to eLearning so that they can be completed as self-study courses. The programme includes the mandatory induction course for salaried employees, ”Welcome to MT Højgaard”. From 2007, an induction course for hourly paid staff will also be introduced.

Recruitment and retention of employees is a major challenge for the construction industry these days. MT Højgaard offers young engineers and construction designers a rotation scheme, giving them the opportunity to gain an insight into many different professional areas over a period of about 3.5 years. Newly qualified engineers and construction designers can choose between two schemes - the targeted rotation scheme and the exploratory rotation scheme. In both schemes, the young graduates move between several departments in MT Højgaard. The targeted rota scheme is for new graduates that are clear about their interests. The exploratory scheme gives young graduates an opportunity to find out which areas are of particular interest to them with a view to later specialisation.

In order to ensure sufficient manpower in future, MT Højgaard has established a knowledge centre for foreign labour. The purpose is to attract tradesmen, project managers and trade contractors from abroad. MT Højgaard has good experience of using tradesmen from Germany and Poland, in particular. The knowledge centre offers assistance with all practical aspects related to insourcing of foreign labour. MT Højgaard expects to increase its recruitment of foreign labour in the years ahead and to step up its collaboration with foreign trade contractors.

Work is continuously in progress on knowledge sharing, and all information has been gathered in MT Højgaard's knowledge system. Here employees can obtain information about different aspects of the building process at any time – from the latest news about occupational health and safety regulations and quality assurance to information about collaboration with clients, authorities and colleagues.

Development of products and methods

MT Højgaard continuously strives to develop new processes and forms of collaboration, both those that are directly aimed at clients, consultants and end users, and those that relate to optimisation of our building processes.

Against the background of an extensive survey of the lifestyles and housing requirements and wishes of different types of Danes, MT Højgaard developed and marketed ”the Housing Concept” in 2006, which comprises three concept models within residential construction that are tailored to the needs of the various target groups.

The concept, which comprises the basic models BasisBo, NærBo and IdealBo, is based on experience from earlier building projects, and production has thus been optimised to ensure profitable and efficient execution. A more detailed description of the concept is given on the website ”boligkonceptet.dk”.

Partnering is a form of collaboration in which the partners: client, contractor and consultants, work together on a building project by adopting common objectives and common incentives. With this form of collaboration the best results are achieved if the partnering collaboration is initiated before start-up of the project. Partnering offers the advantage that all relevant competencies are present during the project definition phase. At this stage, the partners involved, including the contractor's competencies, can be exploited to the full for the purpose of establishing clear-cut guidelines in all phases and optimising planning, constructability and the use of resources. The concept is conducive to countering and handling potential conflicts in the collaboration. Experience shows that building projects conducted as partnering are more effective, in terms of both time and money. MT Højgaard has set up the website ”partnerskab.dk”, which describes how it is possible to collaborate with MT Højgaard on a partnering basis.

Learning supply teams are a variation on the partnering concept, where the partnership is between MT Højgaard and the suppliers. Agreeing on regular collaboration over a lengthy period of time provides scope for developing and enhancing the procedures associated with supplies. For the learning supply teams the aim is to create a collective experience and thus achieve a more flexible process and greater efficiency.

The TrimBuild® production concept is a process management tool that creates a more efficient and seamless building process. In a joint rolling planning scheme, the system coordinates activities between the players on the building site, allowing for efficient responses to any deviations from a planned course of action. Experience shows that TrimBuild is instrumental in reducing the number of errors, increasing safety at the building site and creating a more efficient and flexible building process.

Public Private Partnership (PPP) is a collaboration model for handling public sector projects that require long-term investments. The gist of

the concept is, based on an overall financial assessment, to offer design, financing, building, operation, maintenance and services over a lengthy period as one project. MT Højgaard has completed the first PPP contract in Denmark in collaboration with Dan-Ejendomme and the Norwegian/German Bank DnB NORD. The joint venture completed the construction of Vildbjerg School in the Municipality of Trehøje in 2006. The contract includes operation and maintenance of the school for 30 years.

Environmental issues

MT Højgaard is aware of its responsibility in relation to the external environment, and takes environmental considerations into account in connection with all its activities.

Compliance with current legislation and other environmental requirements forms the basis for the environmental action that is designed to ensure that activities are carried out in such a way that the environmental impact is minimised as much as is technically and financially feasible.

MT Højgaard strives to anticipate the potential environmental impacts of its activities. Based on its environmental management system and in collaboration with clients and business partners, MT Højgaard identifies the environmental factors and risks associated with each project to ensure that appropriate environmental action can be taken.

Employees are trained to routinely carry out assignments in an environmentally safe manner and in accordance with the guidelines and procedures set out in the environmental management system, which is based on the ISO standards.

On the health and safety front, MT Højgaard wishes to promote a corporate culture that focuses on employee health and safety and on avoiding occupational accidents. MT Højgaard has gained health and safety accreditation. This implies a duty to continuously focus on health and safety and on achieving improvements in this area. MT Højgaard strives to continually improve health and safety at the individual workplace by means of information, instruction, risk assessment and inspection visits to the individual workplaces, coupled with investigation of occupational accidents and assessment of near-misses. As a result of this action, the number of accidents resulting in long-term absence has fallen, although the target of reducing the accident frequency rate, i.e. the number of occupational accidents per one million hours worked, to 35 has yet to be met. In 2006, the accident frequency rate was 40.7 compared with 42.9 in 2005. Besides the overall target, the action plan for the current year features sub-targets relating to attitude-shaping as far as concerns the health and safety culture.

Organisation

In mid-2006, MT Højgaard restructured the Contracting business so that, overall, the business areas are based on competencies and are countrywide, although Refurbishment in Greater Copenhagen has been retained as a separate business area. The purpose is to underpin the strategy of profitable growth by strengthening the regional focus and optimising the exploitation of competencies and resources.

At the same time, the masonry and joinery/carpentry activities have been spun off from Refurbishment in Greater Copenhagen, so that they are now separate business units. The Housing Concept, which has so far been a business unit, is now part of business area Construction.

Strategic platform

The strategic work for the period 2005-2010 is headed "Profitable growth".

The MT Højgaard Group's strategy features a Group revenue target in the order of DKK 12 billion by 2010 and a target of achieving a pre-tax margin of 2-2.5% within a few years. In pursuing the first target, the MT Højgaard Group's risk management guidelines must be observed.

The main elements of the strategy are as follows:

- Organic growth, which is not expected to exceed 10% a year in the business areas
- Strengthening of the project development activities
- Broadening of the geographical coverage in Denmark
- Further development of the international activities within MT Højgaard's core competencies
- Development of concepts and conceptualisation of existing activities
- Development of the subsidiaries with focus on further consolidation
- Strategic acquisitions that will broaden MT Højgaard's market coverage in Denmark.

Market conditions have been instrumental in MT Højgaard's revenue growing faster than expected, but earnings on a few large residential and refurbishment projects in Greater Copenhagen were highly unsatisfactory. The high level of activity has strained resources, both with respect to suppliers and employees, making it necessary to be highly selective when choosing new projects, with a reduction in the level of activity in the longer term as a possible and accepted consequence. Profitability is a priority in relation to growth, and each segment focuses critically on initiatives that can bring earnings up to the targeted pre-tax margin within a few years.

The work on implementation of the strategy continued in 2006, with the following results in the other areas:

- The organisation has been developed so that its structure is unambiguous, with countrywide construction, civil works and utility services activities. This platform forms the basis for the development of MT Højgaard, including the delivery of a satisfactory financial performance in the years ahead
- Project development activities were at a high level in 2006. A total of 425 dwellings and a multi-storey car park were either handed over, in progress or at tender stage
- The geographical coverage was strengthened in 2006, with the opening of new offices in Svendborg, Slagelse, Thisted and Holstebro, so that MT Højgaard now has offices in 17 locations in Denmark
- The international activities reported profitable growth, almost doubling the level of activity
- The Housing Concept, which reflects innovative thinking, was introduced to the market at the start of the year. MT Højgaard is also developing concepts within other types of building
- In the subsidiaries and business units, the development of the strategic platform continued to plan. The market position was generally strengthened, and the earnings trend was positive.

Corporate Governance

In 2005, the Copenhagen Stock Exchange Committee on Corporate Governance adopted revised recommendations, which listed companies must take a position on in their annual reports from and including 2006 based on the "comply-or-explain" principle, in accordance with Disclosure obligations for issuers of shares listed on the Copenhagen Stock Exchange (Section 36).

MT Højgaard is not a listed company, but is owned by Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%), both of which are listed on the Copenhagen Stock Exchange. MT Højgaard's annual report consequently does not include a separate section on Corporate Governance. Reference is made to the respective owner companies' annual reports for details of their Corporate Governance principles.

The future

The Danish building and civil works market is expected to stabilise in 2007 at the existing very high level, but with the possibility of a slight decline in the level of activity towards the end of the year as a result of a slowdown in market conditions. It is estimated that about DKK 115 billion of the total market volume of about DKK 190 billion in 2007 will lie within MT Højgaard's spheres of interest.

The activities within construction are expected to stagnate, as the progress in the commercial area, particularly within administrative buildings, is not expected to be able to make up for the decline in residential construction, within which a small downturn is expected in both private and subsidised construction.

The refurbishment market will benefit from a high level of activity within conversion and upgrading projects again in 2007.

With a continued high level of investment within the transport sector, the civil works market in Denmark is expected to remain stable. The utility services market is on the increase again in the current year due to the continued high willingness to invest in telecommunications.

As far as concerns the international activities, an increasing level of activity is expected in 2007, with the focus on selective identification of project opportunities in relation to own competencies and resources.

The order book stood at DKK 10.8 billion at the start of 2007, with DKK 8 billion expected to be executed in 2007. With the strengthened order book compared with last year and an expectation of a high level of activity, with continued pressure on resources and prices, MT Højgaard will be highly selective when choosing new projects. Revenue for 2007 is expected to reach approx. DKK 11 billion. The proportion accounted for by international revenue is expected to increase to just over 20% of total revenue in 2007, compared with 17% in 2006.

Selectivity and focusing are expected to lead to a significant improvement in earnings in the Contracting business. The progress will be realised successively during 2007 as the written-down projects with a low contribution margin are completed. The subsidiaries are expected to realise satisfactory results again in 2007, albeit at a lower level than in 2006. Consolidated pre-tax profit is expected to be in the region of DKK 225 million.

The Group's effective tax rate is expected to be on a par with the Danish tax rate.

The Government is considering tabling a bill in 2007 on amendment of the income tax legislation. A reduction of the income tax rate in 2007 would affect the tax base of the MT Højgaard Group's deferred net tax asset.

The projections concerning future financial performance are subject to uncertainties and risks that may cause the performance to differ from the projections expressed in this report.

The segments

The MT Højgaard Group's primary format for reporting segment information, as can be seen from the financial statements, follows the overall internal business organisation of the activities on 1 July 2006, cf. the group diagram on page 3, and comprises the Contracting business, Other activities (subsidiaries) and Corporate functions, etc.

The Contracting business

The Contracting business is organised into five business areas and five business units. The business areas Civil Works, Construction and Utility Services are countrywide, while Refurbishment operates in Greater Copenhagen. The international activities, primarily comprising civil works projects, are taken care of by the business area International.

The business units Ajos, A.V. Andersen, MT Højgaard Joiners/Carpenters, Design and Project Development undertake projects for external clients and for the five business areas.

The Contracting business delivered total revenue of DKK 7,770 million in 2006, up 36% on 2005.

Contracting business – DKKm	2006	2005
Revenue	7,770	5,705
Operating profit (loss)	(132)	78
Average number of employees	3,223	2,764
Order book at year end	8,195	6,078

Revenue can be broken down by activity as illustrated in the table below.

Revenue – DKKm	2006	2005
Civil Works (Civil Works, Utility Services and International)	2,875	2,182
Construction (Construction and Refurbishment)	4,489	3,387
Business units	1,393	1,050
Eliminations/others	(987)	(914)
Contracting business	7,770	5,705

The operating result was a loss of DKK 132 million in 2006, compared with a profit of DKK 78 million in 2005. As already mentioned, the decline compared with last year primarily reflected a loss on a few large residential and refurbishment projects in Greater Copenhagen.

At the end of 2006, the order book stood at DKK 8,195 million, up DKK 2,117 million on last year. Slightly lower revenue and significantly improved earnings are anticipated for 2007.

Civil Works activities

The civil works activities (Civil Works, Utility Services and International) reported revenue surpassing expectations, overall, but profit below expectations.

Civil Works

Civil Works undertakes traditional civil works projects, with the main emphasis on earthworks, sewers, concrete and marine works. Project types include construction of roads, bridges, harbours, shell structures, steel structures, prefabricated construction and concrete renovation. Customers come from the public sector as well as the private sector

Although the year was characterised by a high level of activity, earnings were lower than anticipated due to a few highly complex, loss-making projects. A number of challenging projects led to an extra burden on Civil Works' resources in 2006. Despite reasonable market conditions, the projects were won against fierce price competition, which also put pressure on earnings.

The firm of Otto Christensen & Kaj Sørensen, which became part of Civil Works in 2006, won the Danish Concrete Association's Concrete Prize 2006 in recognition of its long-standing contribution in the field of concrete repairs at a high professional level.

Civil Works signed a contract with a foreign partner specialising in space-saving parking systems based on an automated lift system, where cars are parked without the driver's assistance.

Foreign business partners are increasingly important to the execution of projects, both in terms of staffing and supplies of building materials, which are increasingly procured from abroad. This trend looks set to continue in 2007.

A sustained high level of activity is projected for 2007, with focus on optimisation of profitability on current projects and selective contracting of new projects.

Projects in Civil Works

Concert hall, Danish Broadcasting Corporation, Ørestaden – 26,000 m^2, seating 1,800. Large parts of the project were designed in parallel with construction, making extensive demands on applied engineering, engineering knowledge and collaboration

Road widening, Danish Road Directorate, Motorring 3 motorway ring road and Køge Bugt motorway – Widening of Motorring 3 by one lane in each direction on the section between Klausdalsbrovej and Jægersborg Allé. Widening of Køge Bugt motorway to eight and ten lanes and various bridge works. Both projects are being carried out in collaboration with MJ Eriksson

District heating tunnel, Copenhagen Energy, Copenhagen – 4 km long tunnel with a diameter of 4.2 m at a depth of 35 m from Amager Power Station via Ny Adelgade to Fredens Plads. In 2006, three shafts were sunk, and drilling from Amager under the Port of Copenhagen towards Ny Adelgade commenced. The project is being carried out in joint venture with the German contracting firm of Hochtief AG

Motorway, Danish Road Directorate, Århus – Phase involving a new 4-lane motorway from Søften to Skødstrup north-west of Århus

Quay facility, Port of Århus – Enlargement of Port of Århus with establishment of new quay facility. The marine works department is currently working on various contracts at Ensted Power Station and the Port of Esbjerg

Bridge work, Rail Net Denmark, Oslo Plads, Copenhagen – Insulation of bridge and establishment of new, broad pavements and platforms on either side of the bridge for use by buses

Refurbishment of Christiansborg Palace Tower, Palaces and Properties Agency – Extensive refurbishment of the palace tower, which is built in copper-clad concrete. The tower has 11 storeys. Lindpro is assisting in the rewiring and renewal of the electrical installations

Overflow basin, Copenhagen Energy, Skt. Annæ Plads – 8,000 m^3 overflow basin for safeguarding the water quality in the Port of Copenhagen

Utility Services

Utility Services was set up as a separate business area on 1 July 2006. The activities include burying and installation of electrical cables, optical fibre network and broadband cables for data transmission, water supply, sewers and gas pipes. Part of the installation work and electrical work is being carried out in collaboration with the electrical installations company Lindpro a/s.

A long period of frost at the start of 2006 resulted in a shorter production year than normal. The excavation work did not get seriously underway until April, and the rest of the year was characterised by a very high level of activity on Zealand.

The level of activity was higher, throughout the year, than anticipated, predominantly as a result of client wishes to accelerate the pace, especially as far as concerns the underground installation of overhead lines and optical fibre cables in residential districts.

In order to maintain the high level of activity, Utility Services contracted with foreign trade contractors from Poland and Germany. Utility Services also participated in retraining of 50 former abattoir employees that had been made redundant following the closure of the facility, but are now part of the workforce in Utility Services.

In 2006, Utility Services worked mainly on Zealand, although, at the end of the year, it commenced collaboration with electrical companies on Funen and in Jutland.

A growing level of activity is projected for 2007 as a result of the enlargement of the geographical area to include other parts of Denmark. The increased production is expected to be covered by foreign contractors, as it is still proving difficult to procure sufficient Danish labour for this area.

Projects in Utility Services

Copenhagen Energy's electricity activities (now DONG Energy) – Power supply work in connection with the new districts of Ørestaden, Sluseholmen and Havneholmen, and supply cable for the new playhouse in Copenhagen

Frederiksberg Forsyning (now DONG Energy) – A number of small projects within district heat, gas, water, drainage and electricity

SEAS-NVE – Underground installation of about 200 km of high-voltage, low-voltage and optical fibre networks in several small towns in South Zealand and various fibre links. The work has been completed in eight towns, and work is progressing in a similar number of towns

NESA (now DONG Energy) – Establishment of about 200 km of high-voltage, low-voltage and optical fibre networks in large towns in NESA's supply area and dismantling of the old supply network and refurbishment of transformer stations

International

This business area focuses primarily on four geographical areas: the Faroe Islands, Greenland, South-West Asia and the Middle East. International also boasts core competencies within the construction of foundations for offshore wind farms and lighthouses.

Of these geographical areas, the main focus is on the Faroe Islands and Greenland, where both residential construction and civil works are being undertaken, and South-West Asia, where the main emphasis is on civil works.

Projects in International

Shopping centre, Tórshavn, Faroe Islands – This project comprised modification and refurbishment of a shopping centre, which remained in operation throughout the construction period

Mine, Fiskefjorden, Greenland – The establishment of a mine for extraction of the mineral olivine continued. A harbour facility and permanent crushing plant were established in 2006. In parallel with this work, just over 100,000 tonnes of olivine were extracted, crushed and shipped out. The establishment in Fiskefjorden will be completed in 2007, followed by operation of the mine for five years

Apartments, Jagtvej, Nuuk, Greenland – 60 apartments in a 12-storey block, built under the company's own auspices, were all sold and handed over. The housing block, which is Greenland's tallest tower block, is now a landmark building in the centre of Nuuk

Europort, Gibraltar – The conversion and fitting-out of apartments for Europort Five Limited in a hotel building continued

Clean drinking water, Sri Lanka – South of the town of Kandy a large project involving treatment and distribution of drinking water in a pipeline system commenced. Danida is funding this project, which will be completed in 2009, and is intended to ensure clean drinking water for about 20,000 households

Harbour construction projects, the Maldives – Construction of several small harbours for the Maldives Government

Offshore wind turbine foundations, UK – 25 offshore wind turbines were established and installed for the Burbo Bank offshore wind farm off Liverpool on the west coast of the UK for the DONG-owned company SeaScape Energy Ltd.

Offshore wind turbine foundations, UK. - A contract has been signed for 54 foundations for construction in 2007 for the Lynn & Inner Dowsing offshore wind farm that is under construction off the east coast of the UK

Overall, 2006 was a good year for business area International. Revenue was slightly ahead of expectations, at almost twice the 2005 level, and the results exceeded expectations, overall.

The very high level of activity in business area International was reflected in an extremely satisfactory order book for execution in 2007. There is still a large untapped potential within the market areas and the market segments within which International operates, and the focus is on selective identification of project opportunities in relation to own competencies and resources. In view of the healthy order book at the end of the year, a growing level of activity is anticipated for 2007.

Construction activities

The construction activities (Construction and Refurbishment) realised revenue ahead of expectations, but a very unsatisfactory financial result overall.

With a view to improving earnings, the business areas Residential Construction, Commercial Construction and Jutland/Funen were brought together in a single countrywide business area, Construction, on 1 July 2006, following a major restructuring.

Construction

Business area Construction undertakes all forms of construction across Denmark. This area has strong competencies within both large multi-storey housing blocks and family dwellings, commercial buildings, institutions and sports facilities. This business area's project managers focus on new forms of construction in close collaboration with clients, consultants and other partners. Projects completed in 2006 included dwellings, manufacturing facilities, head offices, hotels, warehouse facilities and a large multi-storey car park.

Geographically, the business area is divided into five divisions: Greater Copenhagen, Funen & Zealand, South Jutland, Central Jutland and North Jutland. The local presence plays a crucial role to the divisions' competitiveness. Consequently, a further four local offices were opened, in Holstebro, Slagelse, Svendborg and Thisted. The business area's revenue still comes predominantly from small, locally anchored building and refurbishment projects, where local knowledge and specialist competencies are combined with the Group's countrywide competencies. In-house production is being undertaken within all types of joinery/carpentry, masonry and concrete works. The business area often collaborates with subsidiaries specialising in, for example, steel structures, electrical installations and lightweight wooden modular buildings.

2006 was a busy year for the new business area due to increased demand for new building, in particular, and revenue exceeded expectations, although earnings for the year were unsatisfactory due to substantial losses on a few large residential projects in Greater Copenhagen.

In 2006, Construction embarked on the first construction project based on the Housing Concept: at Blegkilde Allé in Aalborg, Construction is building 69 rental dwellings based on the Basisbo model. The Housing Concept consists of three models that have been tailored to the Danes' preferred way of living: Basisbo, Nærbo and Idealbo. They are all tailored quality dwellings at highly competitive prices. In 2007, another two concept projects will be built: another Basisbo project in Aalborg and a Nærbo project in Odense.

In December, Construction handed over Denmark's first OPP project, Vildbjerg School in the Municipality of Trehøje. As this form of project factors operation and maintenance into the building from the outset,

Projects in Construction

Multi-storey car park, Teglholmen – Sophisticated multi-storey car park in Copenhagen South Port, where the architecture respects the area's history by retaining three striking and characteristic brick-faced gables in the modern multi-storey car park

DONG Energy, Gentofte – New extension to DONG's existing office building in Gentofte. This building covers a total area of 6,900 m^2 incl. basement

Svendborg Gymnasium, Funen – Construction of upper-secondary school with classrooms, fitness rooms, changing facilities and club rooms. The sports hall is built on an incline so that one enters the building at the top, gaining a view of the sports hall, which has seating for 500

The Marina Houses, Vordingborg – Design-build contractor on the construction of 30 luxury apartments directly overlooking Vordingborg marina in a protected harbour area with a view of Masnedsund and the Faroe Bridges

Arresøparken, Frederiksværk – 60 sheltered housing units situated in Arresøparken near the town of Vinderød. The sheltered housing consists of six residential units each featuring ten sheltered dwellings, gathered round a central corridor with associated common areas, staff and service facilities. On the southern part of the site, 25 handicap-friendly dwellings for the elderly are also being built

Vildbjerg School, Municipality of Trehøje – Construction of a state-of-the-art school for 700 pupils, including electronic whiteboards and operation and maintenance for the next 30 years through the OPP company behind the school (Denmark's first OPP project)

Tranbjergparken, Århus – Refurbishment of deteriorating fibre cement roofs on 304 dwellings in Tranbjerg that were fitted with completely new, pitched roofs, giving more light. The project included new surfacing of the paths on the housing associations' grounds

Frederikshavn Handelsskole – Extension of commercial college, including new classrooms, facade refurbishment and new storage facilities. Conversion of existing library into new auditorium. Establishment of bay windows, giving additional light to basement classrooms. Extension and modification of kitchen facilities

The Royal School of Library and Information Science, Aalborg – 3-storey building with partial basement that is used as a school building. The building is being clad in natural stone to match the other buildings in the area, and areas with large glass facades are being added. The layout features offices, classrooms and common areas

Fyrholm – Residential development in Copenhagen's new canal village at Sluseholmen. A total of 196 dwellings distributed on 9 canal houses, 12 quay houses and 5 port houses, each with its own unique architectural idiom. This design-build project was designed by five different architectural practices

Horisonten I – Phase I of a 30,000 m^2 residential development on C.F. Møllers Allé in Ørestaden, with a magnificent view of Amager Fælled and the new golf course. The apartments were originally intended to be private rental apartments, but some were changed to owner-occupied apartments along the way. Hand-over in March 2007

Rødbo – Construction of secure, homely residential environment for residents suffering from aphasia. Besides a common house that includes training facilities and administration, Rødbo features four housing groups with each ten spacious, handicap-friendly dwellings with two rooms, a bathroom, a kitchenette and a terrace

Universitetshaven – Construction of two apartment blocks in Ørestaden for Kuben under a design-build contract. The 40 co-operative housing units and 134 owner-occupier apartments feature different layouts, ranging from 70 to 111 m^2, all with large, attractive balconies

The flexible dwelling – Construction of 126 unconventional dwellings in Ørestad City for Kuben under a design-build contract. Apartments in the "flex zones" have been designed with a basic layout that can be varied, adjusted or expanded according to individual wishes. All apartments will feature balconies the full width of the apartment

Construction was able to hand over a school of a very high quality. At the same time, Vildbjerg School is a good example of successful application of TrimBuild. Despite the hard winter, the school was handed over after only 12 months. Using TrimBuild ensures both a smooth workflow, a better working environment, fewer defects, optimised production and economy, and handing-over on time. This project proves that TrimBuild is an efficient tool for improving efficiency in the building process.

A sustained high level of activity is projected for 2007, albeit lower than in 2006, with focus on optimisation of profitability on current projects and selective contracting of new projects.

Refurbishment (Copenhagen)

This business area undertakes large and small building projects in existing buildings, ranging from replacement or repair of individual building parts such as windows and balconies, to complete refurbishment, where the existing building is extensively renewed and refurbished.

Refurbishment specialises in project management and has accumulated extensive building expertise within most types of property. Often, the work has to be carried out while parts of the building are still in use as offices, shops or dwellings. This means that the refurbishment must be carried out in close collaboration between residents, client and own employees. Projects are normally undertaken on a main contract basis and often as partnering, which has proved particularly appropriate to refurbishment and conversion projects. Besides expertise and manpower from the rest of the Group, Refurbishment uses the same business partners on most refurbishment projects.

Although revenue showed an upward trend in 2006, earnings were unsatisfactory due to a combination of complex projects won against fierce price competition, increased costs and lack of resources among the trade contractors.

The outlook for 2007 is a fall in revenue due to a heightened focus on the solution of existing projects and selective contracting of new projects.

Projects in Refurbishment

Urban renewal, Håndværkerforeningens Fond Alderstrøst, Nørre Allé, Copenhagen – Total conversion of 12,000 m² from corridor apartments into modern family dwellings. The project draws on all refurbishment competencies and makes heavy demands in terms of project management

Apartments, Projektudvikling 3XM ApS, Spaniensgade, Copenhagen – Total conversion of 4,400 m² student residences into owner-occupied apartments and addition of penthouse floor. The existing building will be demolished down to the load-bearing structures and then rebuilt from there

Head office, GN Store Nord, Ballerup – Fitting out and conversion of 12,000 m² existing office building into head office for GN Store Nord and covering of atrium in concrete, steel and glass

Shops and offices, Keops, Copenhagen – Total conversion of Gallery K (previously the City Arcade) into 12,000 m² offices and retail space. Extensive structural alterations and complex modification of one of the most heavily trafficked areas in Copenhagen

Office property, MP Pension, Teglholmen, Copenhagen – Conversion of existing 7,000 m² office building into offices and studios for TV2 Denmark

Factory building, Novo Nordisk/NNE, Gentofte – Conversion of 600 m² factory building into laboratories, including extensive installation work

Business units

The business units comprise Project Development, Ajos, Design, MT Højgaard Joiners/Carpenters and A.V. Andersen.

Overall, the business units generated revenue and profit significantly ahead of expectations. Profit benefited from the increased level of activity within plant and equipment hire (Ajos) and project development.

Project Development develops projects for clients and investors and generates building projects for the Contracting business. Projects are undertaken on the sites to which MT Højgaard holds the title as well as on clients' own development sites.

In 2006, activities centred particularly on a number of residential projects. Teglholms Have, a residential project in Copenhagen South Port comprising 135 apartments, was completed and handed over to the buyer. Also on Teglholmen in Copenhagen South Port, a multi-storey car park with just over 650 spaces was completed and handed over to the buyer, Zeta Invest A/S. In the same area, the owner-occupier project Frederikskaj was developed. This project, comprising 152 units, commenced in autumn 2006. In Høje Tåstrup, the Hallands Enge project, comprising 55 two-storey terraced houses and apartments, was sold, and construction has commenced. The Dageløkke Ege project, comprising 70 owner-occupier dwellings/terraced houses and situated near Humlebæk in North Zealand was developed and has been put up for sale. In Nivå, the Teglsøhuse project comprising several phases of terraced houses and apartments was developed. Phase I comprising 25 units has been put up for sale.

Residential construction on the outer fringes of Greater Copenhagen is still attracting interest, and several projects are in the pipeline in the commercial area, which is growing. Access to new project opportunities is being continuously explored through acquisition, options and development collaboration. MT Højgaard expects to market new self-generated housing projects again in 2007.

Ajos takes care of MT Højgaard's plant and equipment hire activities for internal use and for external customers. Ajos has Denmark's largest fleet of contracting machinery, cranes, construction lighting, workmen's cabins, site generators and other building site equipment. The concept of being an all-in supplier in relation to the individual building project is developing favourably, and the activities, which are carried on from a countrywide network of plant hire centres, showed significant progress in 2006.

Design is MT Højgaard's integrated skills centre within consulting engineering and design services relating to civil works, buildings, concrete, installations, steel structures for heavy industrial plants, and environmental consultancy. In 2006, the focus was on outsourcing parts of the activities to low-wage countries. In future, Design will be involved more actively in the business areas' projects with a view to optimal handling of the design risk.

MT Højgaard Carpentry/Joinery was spun off as a separately profiled business unit on 1 July 2006. The activities comprise all forms of carpentry and joinery work and are primarily undertaken in Greater Copenhagen on both self-generated projects and projects for external clients. The principal market area in 2006 was new building of housing.

The masonry company **A.V. Andersen** was also spun off as a separately profiled business unit on 1 July 2006. These activities, which are undertaken for both internal and external clients, comprise brick-facing of new residential and commercial buildings, restoration and refurbishment projects and insulation work. A.V. Andersen operated with a high level of activity in 2006.

Other activities – subsidiaries, etc.

This segment comprises the MT Højgaard Group's subsidiaries and jointly controlled enterprises with separately profiled competencies.

DKKm	2006	2005
Revenue	3,312	2,758
Operating profit	243	128
Average number of employees	2,535	2,371
Order book at year end	2,557	2,274

The subsidiaries and the jointly controlled enterprises realised revenue in line with expectations. Operating profit increased by DKK 115 million to DKK 243 million in 2006, exceeding expectations. The improvement was due, to some extent, to non-recurring factors.

Greenland Contractors, the electrical installations company Lindpro, the contracting companies Seth and Enemærke & Petersen, and the crane business BMS outperformed expectations. The other subsidiaries performed in line with expectations.

At the end of 2006, the order book totalled DKK 2,557 million compared with DKK 2,274 million in 2005, and revenue at a slightly higher level than in 2006 is projected for 2007.

Composite Limited

Composite Limited operates in the UK market, specialising in precast concrete frames. Its expertise lies within design and project management.

Revenue and earnings for 2006 were in line with 2005, as expected.

In view of the order book at the end of the year, a level of activity on a par with 2006 is expected for 2007.

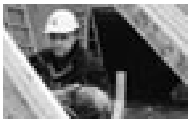
Enemærke & Petersen a/s

Enemærke & Petersen undertakes refurbishment and new building projects on Zealand and in Greater Copenhagen, specialising in roofs, facades and penthouses. Its activities span from partnering projects and design-build and main contracts to small specialised projects, and comprise mainly housing, schools, institutions and commercial buildings.

In 2006, the building maintenance activities were spun off into a separate division with a view to accommodating the growing market for building maintenance.

2006 was characterised by a high level of activity. Both revenue and earnings developed very satisfactorily, surpassing expectations.

The level of activity within the company's core areas is expected to continue to be high in the coming year. The order situation was satisfactory at the end of 2006, and revenue in line with 2006 is anticipated for 2007.



Lindpro a/s

In 2006, Lindpro cemented its position as the largest and leading company in the electrical installations market in Denmark and Greenland. The traditional electrical installations business is still the key core area, although composite supplies to the customer segments within, for example, the telecommunications sector, security and transport solutions are becoming increasingly important.

Lindpro thus markets a range of specialist competencies within the areas intelligent building installations, fire alarm systems, intruder alarm systems, access control systems, CCTV, patient call systems, industrial installations and instrumentation, parking systems and electromechanical work.

The activities in Denmark are organised into a head office in Glostrup and a network of local departments across Denmark that combine the organisation's technical capabilities with sound local knowledge and a fast service response. In Greenland, the Lindpro subsidiary Arssarnerit is the largest electrical installations company, with a head office in Nuuk and departments in South and West Greenland.

Lindpro delivered a particularly satisfactory financial performance in 2006. Revenue showed a significant increase, up approx. 40% on 2005, and earnings kept pace with revenue. The significant progress was due to many new projects from the entire geographical market and within all product areas. The progress primarily reflected the growth strategy that was put in motion a year ago and has thus proved sustainable. In 2006, Lindpro strengthened its sales and marketing organisation, taking on approx. 250 new employees to enable it to handle the many new customers and assignments.

Continued revenue growth is projected for 2007, when Lindpro will implement a new, simplified organisational structure, with larger regions that collaborate closely on the implementation of projects, with well-defined new skills centres within, for example, the telecommunications and security areas. Lindpro will continue focusing on simplifying and improving the efficiency of its work processes to optimise profitability.

Promecon a/s

Promecon is one of Denmark's leading companies within steel structures and industrial service, with departments in Fredericia, Esbjerg, Kalundborg, Aalborg and Valby. Its activities comprise solutions for buildings and bridges, tanks, piping and process plant, and solutions within industrial service and offshore.

The steel market was characterised by sharp fluctuations in steel prices again in 2006. The level of activity was in line with expectations.

Like 2005, profit was eroded by costs relating to an initiated strategy project the aim of which is to develop and expand the level of activity within the core areas, contracting and industrial service.

It is expected that the strategy project will be fully implemented in 2007 and that it will have a positive impact on earnings in the years ahead. Based on a satisfactory order book at the end of 2006, higher revenue is forecast for 2007.

Scandi Byg a/s

Scandi Byg is a market leader within the manufacture of prefabricated wooden modular buildings. Applications for the modules include housing, child care institutions, schools and offices across Denmark. Scandi Byg also manufactures and markets customised and standardised workmen's cabins for the construction industry.

Scandi Byg delivered revenue exceeding expectations within all segments in 2006. However, profit did not entirely match expectations, primarily reflecting insufficient earnings on a few residential projects. The production facilities were expanded during the year to enable the company to meet the growing demand for its product programme.

A continued high level of activity is anticipated for 2007 within the segments in which Scandi Byg has elected, via its Growth Plan 2010, to prioritise its action, i.e. within residential construction, office construction, construction of schools and institutions, and sale of workmen's cabins.

Scandi Byg entered 2007 with a reasonable order book, and a general increase in revenue is expected for 2007 compared with 2006.

Seth S.A. (75%)

Seth operates in the Portuguese market, specialising in three core areas: marine works, industrial construction and building for the US Air Force and the US Navy, including dwellings on the Azores.

Seth reported higher revenue in 2006 than in 2005, along with very satisfactory earnings.

In 2007, a slight increase is expected in the level of activity in the Portuguese building and civil works market, which continues to be characterised by a low level of public expenditure. Seth succeeded in making up

for the weak domestic market by increasing its level of activity in Africa, where Seth has signed several contracts within its core competencies.

A satisfactory order intake in the second half of 2006 will ensure Seth a stable level of activity in 2007.

Jointly controlled entities

BMS A/S (50%)

With more than 1,000 mobile units, BMS A/S is Scandinavia's largest company within hire of mobile, belt and lorry cranes and within lifts. BMS undertakes complex assignments at power stations, refineries and other industrial enterprises within erection/dismantling of plant and machinery. BMS also erects and services wind turbines.

BMS operates from ten depots located in Rødovre, Slagelse, Odense, Kolding, Esbjerg, Århus, Holstebro and Nørre Sundby, and in Malmö and Helsingborg in Sweden, the two latter cities through the wholly-owned subsidiary TP Kranar AB.

With a level of activity within the building and civil works sector in both Demark and Southern Sweden that exceeded expectations, BMS succeeded, through high utilisation of its equipment fleet, in generating revenue and earnings slightly ahead of expectations.

A continued high and unchanged level of activity is anticipated for 2007.

Greenland Contractors I/S (67%)

Greenland Contractors carries out operating, service and maintenance assignments and minor construction assignments at Thule Air Base in Greenland. For many years, the company's principal client has been the US Air Force, although the company also performs assignments for the Greenland authorities and for private companies and organisations.

Revenue for 2006 was on a par with 2005, while profit was up on 2005.

Revenue in line with 2006 is projected for 2007, but lower profit.

Corporate functions

The corporate staff functions in MT Højgaard, comprising Administrative Service; Purchasing, Health, Safety & Quality; Business Development, Business Systems and Communications; and Marketing, feature, together with other non-allocated corporate items, under Corporate functions, etc., in the segment information in the financial statements.

In 2006, the staff functions were strengthened within Administrative Service by the addition of a legal department that contributes legal expertise through all the phases of a building and civil works project, helping to prevent and contain conflicts on the projects being undertaken.

In 2006, MT Højgaard prepared for meeting the requirements for "Digital Construction". The requirements, which will be introduced at the start of 2007, apply to all construction projects for the State, and enable all parties in the construction process to gather and exchange construction documents digitally.

In the IT area, a platform for a cohesive corporate system for digitalising MT Højgaard's core processes was established in 2006. The digitalisation project is one of the key elements of the target to continuously improve efficiency.

As part of the focus on a stronger market orientation, a corporate brand project was initiated in 2006 that is to contribute to making MT Højgaard the preferred supplier for customers and the preferred workplace for employees. This action is based on the company's values.

In the purchasing area, MT Højgaard continued working on placing a growing proportion of its project purchases with strategic business partners and increasing the proportion of foreign purchases.

Risk factors

MT Højgaard's activities entail various commercial and financial risks that may affect the Group's development, financial position and operations.

It is considered a critical part of the strategy to continuously minimise the current risks, which are not generally deemed to differ from the normal risks facing contractors.

The overall framework for managing the risks that are judged to be critical for the company is laid down in the business concept and the associated policies. In view of the development in 2006, a number of internal processes were tightened, particularly the processes related to contracting. These measures are also intended to ensure that management at all levels follow guidelines by actively considering significant risks so that MT Højgaard does not assume atypical or unnecessary risks.

The Group endeavours to cover, as far as possible, significant risks beyond MT Højgaard's control by taking out relevant insurance policies.

Market conditions

Market conditions have a major impact on the contracting industry, and the building sector is periodically used as a regulating factor in fiscal policy. Fiscal policy initiatives may include both tightening and expansionist measures in the form of subsidy schemes and grants.

MT Højgaard's position in the Danish market, coupled with its spread on markets, customers and areas of expertise, helps to balance risks under fluctuating market conditions.

The market trend within the various business areas and segments often differs under varying economic framework conditions.

Projects

Project management is crucial to ensure satisfactory value creation in the company.

MT Højgaard's knowledge management system features all the procedures and paradigms required to handle the individual project from sale and tendering to hand-over to the client.

Prior to bidding for major tenders, MT Højgaard carries out a systematic, structured review of the projects to ensure that risk areas are identified and unforeseen events minimised.

Process management during the construction phase is paramount to ensure that building site activities are efficiently coordinated and optimised. The project management tool TrimBuild is used on many projects to enhance quality and productivity on the individual project, reducing the risk of delays and budget overruns on individual projects.

Partnering is a form of collaboration under which a larger part of the responsibility lies with the contractor through his participation in design and planning. This concept, which is becoming increasingly popular, improves the possibilities for optimising risk identification on the individual project.

On major projects, joint venture cooperation is often used as a further means of minimising risks.

The Group provides standard performance and payment bonds in the form of bank guarantees, guarantee insurances and bond deposits as security for contracts and supplies. At the end of 2006, performance and payment bonds, etc., totalled DKK 2,969 million compared with DKK 2,576 million in 2005.

Project development

The project development activities in 2006 again centred on residential construction. The risk attaching to this activity relates primarily to the development in the market for residential construction and the extent to which dwellings sell prior to start-up of the project.

The start-up of self-generated housing projects is subject to the sale of at least 75-80% of the project having been secured. The development in the housing market is being monitored closely. Where several projects are started up at the same time, the focus is on balancing the overall risk.

Currency risks

Currency risks are managed centrally in MT Højgaard, and the Group endeavours to minimise currency risks by seeking to match income to expenditure on each project so that they balance with respect to currency.

Consolidated revenue denominated in foreign currency amounted to DKK 0.5 billion in 2006, with revenue in EUR accounting for DKK 0.3 billion.

Where major currency positions arise in currencies outside the euro zone, these are normally hedged using forward exchange contracts. The currency exposure therefore mainly relates to the value of foreign investments, which are not normally hedged.

Interest rate risks

Interest rate risks relate primarily to interest-bearing debt items, as cash is mainly placed on short-term, fixed-term deposit and in bonds with a maturity of 2.0 years at the end of 2006. The Group's interest-bearing debt, which is mainly denominated in Danish kroner, amounted to DKK 301 million at the end of 2006, with short-term borrowings making up 42% of this figure. About 66% of the interest-bearing debt is fixed-interest.

A cash pool agreement has been established for the parent company and most of the Group's subsidiaries.

Credit risks

Credit risks are generally managed by regular credit rating of major clients and business partners. No client accounted for more than 5% of revenue or 10% of trade receivables and contract work in progress at the end of 2006.

Risks relating to dealings with counterparties other than banks are minimised, to a great extent, by means of guarantees based on individual assessment of each counterparty.

Political credit risks on international projects are hedged through export credit insurance based on individual assessment.

Cash flow risks are managed through established, appropriate credit lines and committed facilities that match the need for financing planned operating activities and expected capital expenditure.

Management statement and Auditors' report

Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of MT Højgaard a/s for the financial year 2006.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2006.

We recommend that the annual report be approved at the Annual General Meeting.

Søborg, 21 March 2007

Executive Board

Kristian May
President and CEO

Jens Bak-Nyhus

Allan H. Christensen

Peter Kofoed

Supervisory Board

Per Møller
Chairman

Jørgen Nicolajsen
Deputy Chairman

Irene Chabior
Employee representative

Jette Grabow
Employee representative

Stefan Hansen
Employee representative

Morten Iversen

Erik D. Jensen

Poul Lind

Bent Pedersen

Independent auditors' report

To the shareholders of MT Højgaard a/s

We have audited the annual report of MT Højgaard a/s for the financial year 1 January - 31 December 2006, which comprises management's review, the statement by the Executive and Supervisory Boards, accounting policies, cash flow statement, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Copenhagen, 21 March 2007

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Finn L. Meyer	**Niels Erik Borgbo**
State Authorised Public Accountant	State Authorised Public Accountant

Executive Board

Jens Bak-Nyhus

Kristian May
President and CEO

Peter Kofoed

Allan H. Christensen

Supervisory Board

Per Møller
(Chairman)

Member of the Supervisory Board of
Atrium Partners A/S (CB)
RTX Telecom A/S (DCB)
Glunz & Jensen A/S (DCB)
Det Danske Klasselotteri A/S (CB)
Højgaard Holding a/s (CB)
BioMar Holding a/s (DCB)

Jørgen Nicolajsen
(Deputy Chairman)
President, Monberg & Thorsen A/S

Member of the Supervisory Board of
Dyrup A/S (DCB)

Irene Chabior*
Education and Training Consultant

Jette Grabow*
Financial Manager

Stefan Hansen*
Specialist Worker

Morten Iversen
State Authorised Public Accountant (licence deposited)

Member of the Supervisory Board of
Højgaard Holding a/s

Erik D. Jensen
CEO, Royal Scandinavia A/S

Member of the Supervisory Board of
Seven subsidiaries of Royal Scandinavia A/S (CB/DCB)
Artium Skandinavisk Design Center ApS
Ejnar og Meta Thorsens Fond
PBI-Holding, Ringsted A/S and various subsidiaries (CB)
PBInge A/S (CB)
CENS A/S (CB)

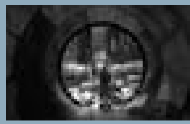
Poul Lind
CEO, PowerSense A/S

Member of the Supervisory Board of
RTX Telecom A/S (CB)
Monberg & Thorsen A/S

Bent Pedersen

Member of the Supervisory Board of
Eksport Kredit Fonden (CB)
Eksport Kredit Finansiering A/S (CB)
Axcel Management A/S (CB)
Axcel IndustriInvestor a.s. (DCB)
Højgaard Holding a/s (DCB)
BankInvest's venture funds
DnB Nor Bank ASA, Norway (DCB)
DnB Nor ASA, Norway

*) Employee representative
(CB) Chairman of the Supervisory Board
(DCB) Deputy Chairman of the Supervisory Board



Financial statements

Accounting policies

The Group's and the parent company's annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act. In addition, the annual report has been prepared in compliance with IFRS issued by the IASB.

The annual report is presented in Danish kroner.

The accounting policies are unchanged from those set out in the 2005 annual report.

The amendments to IAS 19 "Employee Benefits", IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 39 "Financial Instruments, Recognition and Measurement", all of which became operative on 1 January 2006, have no effect on the MT Højgaard Group's financial reporting.

BASIS OF PREPARATION

Basis of consolidation

The consolidated financial statements include the parent company MT Højgaard a/s and subsidiaries in which the Group holds, directly or indirectly, more than 50% of the voting rights or which it controls in some other way.

Other enterprises in which the Group holds between 20% and 50% of the voting rights and over which it has significant influence, but not control, are accounted for as associates. These enterprises are not consolidated; however, enterprises controlled jointly by MT Højgaard a/s and one or more other enterprises are recognised in the consolidated financial statements using proportionate consolidation.

The consolidated financial statements are prepared on the basis of the parent company's and the individual enterprises' audited financial statements determined in accordance with the accounting policies of the MT Højgaard Group.

On consolidation, identical items are aggregated and intragroup income and expenses, shareholdings, balances and dividends are eliminated. Unrealised gains and losses arising from intragroup transactions are also eliminated.

Newly acquired or newly formed enterprises are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated for newly acquired enterprises or enterprises disposed of.

Gains and losses on disposal of subsidiaries and associates are reported by deducting from the proceeds on disposal the carrying amount of net assets including goodwill at the date of disposal and related selling expenses.

Presentation of discontinued operations

A discontinued operation is a component of an entity the operations and cash flows of which can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity and that has either been disposed of or is classified as held for sale and expected to be disposed of within one year according to a formal plan.

Post-tax profit and value adjustments of discontinued operations and operations classified as held for sale are presented as a separate line item in the income statement with comparative figures. Revenue, expenses and tax of discontinued operations are disclosed in the notes. Assets and related liabilities are reported as separate line items in the balance sheet.

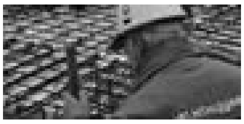
The cash flows attributable to the operating, investing and financing activities of discontinued operations are disclosed in a note.

Business combinations

Acquisitions of enterprises over which the parent company obtains control are accounted for applying the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right and the fair value can be measured reliably. The tax effect of the restatements performed is taken into account.

Any excess of the cost of the acquisition over the fair value of the assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Any excess of the fair value over the cost of the acquisition (negative goodwill) is credited to the income statement at the acquisition date.

If there is any uncertainty at the acquisition date concerning the measurement of identifiable assets acquired or liabilities or contingent liabilities assumed, initial recognition is based on provisional fair values. If it is subsequently found that identifiable assets, liabilities and contingent liabilities had a different fair value at the acquisition date than initially



assumed, goodwill is adjusted within twelve months of the acquisition date.

Minority interests

Minority interests are recognised initially on the basis of the fair values of the acquiree's assets, liabilities and contingent liabilities at the acquisition date.

Subsidiaries' items are fully consolidated in the consolidated financial statements. The minority interests' proportionate share of profit for the year appears from the income statement. In the balance sheet minority interests are recognised as a separate component of equity, separate from equity attributable to equity holders of the parent.

Joint ventures

A joint venture is a jointly controlled operation or a jointly controlled entity over which none of the joint venturers has control.

Investments in jointly controlled operations are recognised in the parent company and consolidated financial statements on a proportionate basis in accordance with the contractual arrangement, whereby the proportionate share of assets, liabilities, income and expenses from the jointly controlled operations is recognised in the corresponding items in the financial statements.

Investments in jointly controlled entities are recognised in the consolidated financial statements by proportionate consolidation. The parent company measures investments in jointly controlled entities at cost. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Foreign currency translation

The individual business unit's functional currency is determined as the primary currency in the market in which the business unit operates. The predominant functional currency for the Group is Danish kroner.

Transactions denominated in all currencies other than the individual business unit's functional currency are accounted for as transactions in foreign currencies that are translated into the functional currency using the exchange rates at the transaction date. Receivables and payables in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange differences arising between the exchange rate at the transaction date or the balance sheet date and the date of settlement are recognised in the income statement as financial income and expenses.

On recognition of foreign subsidiaries and associates the income statement items determined in the individual enterprises' functional currencies are translated into Danish kroner at average exchange rates that do not deviate significantly from the exchange rates at the transaction date, while the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statement items from average exchange rates to the exchange rates at the balance sheet date are taken directly to a separate translation reserve under equity.

On acquisition or disposal of foreign entities, their assets and liabilities are translated at the exchange rates ruling at the acquisition date or the date of disposal.

Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts and similar instruments to hedge financial risks arising from operating activities. The present use of derivative financial instruments does not qualify for hedge accounting.

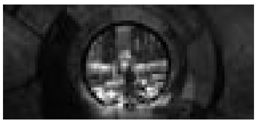
For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses as they occur.

Derivative financial instruments are recognised initially in the balance sheet at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Gains and losses on remeasurement to fair value are recognised as other receivables and other payables, respectively.

Leases

Leases relating to fixed assets in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet as assets. The assets are recognised initially at cost, equivalent to the lower of their fair value and the present value of the future lease payments.

The present value is measured using the interest rate implicit in the lease or an approximation thereof as the discount rate.



The capitalised residual lease commitment on finance leases is recognised as a liability.

All other leases are accounted for as operating leases. Lease payments under operating leases are recognised in the income statement over the lease term. Information on the residual lease commitment is disclosed in the notes under lease commitments.

Government grants

Government grants include grants for projects, investments, etc.

Grants that compensate the Group for expenses incurred or for the purchase of assets are set up in the balance sheet as deferred income or deducted in arriving at the carrying amount of the assets and recognised in the income statement in the same periods in which the expenses are incurred or over the periods and in the proportions in which depreciation on the assets is charged.

INCOME STATEMENT

Revenue

Revenue comprises completed contract work and contract work in progress as well as services rendered.

Contract work in progress is recognised as revenue in step with completion so that revenue corresponds to the selling price of the work performed during the year (the percentage-of-completion method).

Revenue relating to services is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and the income can be measured reliably and its payment is probable.

Revenue is measured net of value added and similar sales-based taxes and trade discounts and rebates.

Production costs

Production costs comprise both direct and indirect costs incurred in generating the revenue for the year, and expected losses on contract work in progress.

Production costs include the cost of raw materials and consumables, wages and salaries, depreciation and impairment losses, etc.

Distribution costs

Distribution costs comprise tendering, advertising and marketing costs as well as salaries, etc., relating to the sales and marketing departments.

Administrative expenses

Administrative expenses comprise expenses for administrative staff and management, including salaries, office expenses, depreciation, etc.

The Group's share of profit of associates

The proportionate share of profit of associates is recognised in the consolidated income statement net of tax and after elimination of the proportionate share of profits/losses resulting from intragroup transactions and after deduction of goodwill impairment losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, dividends from other equity investments, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, as well as finance lease costs and income tax surcharges and refunds.

Dividends from investments in subsidiaries and associates are credited to the parent company's income statement in the financial year in which they are declared; however, dividends are offset against the cost of the investment to the extent that distributed dividends exceed the accumulated earnings after the acquisition date.

Financial income and expenses also include realised and unrealised gains and losses on derivative financial instruments that do not qualify for hedge accounting.

Income tax

Income tax expense, which consists of current tax and changes in deferred tax, is recognised in the income statement except to the extent that it relates to income and expenses recognised directly in equity, in which case it is recognised directly in equity.

Current tax comprises both Danish and foreign income taxes as well as adjustments relating to prior year taxes.

MT Højgaard a/s is taxed jointly with its Danish and foreign subsidiaries (international joint taxation). Subsidiaries are included in the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements, and up to the date on which they are no longer included in the consolidation.

The parent company MT Højgaard a/s is the management company for the Danish joint taxation and consequently settles all income tax payments to the tax authorities.

BALANCE SHEET

Intangible assets

Goodwill is measured initially at cost as described in the section on business combinations.

Goodwill is not amortised. The carrying amount of goodwill is reviewed, at least annually, and written down via the income statement to the recoverable amount if this is lower than the carrying amount.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Depreciation is charged on a straight-line basis over the estimated useful life. Intangible assets with indefinite useful lives are not amortised, but tested for impairment annually.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect cost of materials, components, subsuppliers and labour. Interest expense and other borrowing costs on loans to finance the production of assets and which relate to the production period are recognised directly in the income statement.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life to the expected residual value. The useful lives of major assets are determined on an individual basis, while the useful lives of other assets are determined for groups of uniform assets.

Expected useful lives:	
Buildings	10-50 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

Land is not depreciated. Nor is depreciation charged if the residual value of an asset exceeds its carrying amount. The residual value is determined at the date of acquisition and reviewed annually.

Gains and losses on disposal of property, plant and equipment are recognised in the income statement as production costs or administrative expenses and are measured as the difference between the selling price less costs to sell and the carrying amount at the date of disposal.

Investments in associates in the consolidated financial statements

The Group measures investments in associates using the equity method. Accordingly, investments in associates are measured at the proportionate share of the associates' net assets, applying the Group's accounting policies, plus or minus unrealised intragroup profits/losses, and plus goodwill.

Associates with a negative carrying amount are recognised at nil. If the Group has a legal or constructive obligation to cover an associate's negative balance, the negative balance is offset against the Group's receivables from the associate. Any balance is recognised under provisions.

Investments in the parent company's financial statements

The parent company measures investments in subsidiaries and associates at cost. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Cost is reduced to the extent that distributed dividends exceed accumulated earnings.

Subsidiaries and associates with a negative carrying amount are recognised at nil. If the parent company has a legal or constructive obligation to cover a subsidiary's or associate's negative balance, the negative

balance is offset against the parent company's receivables from the subsidiary or associate. Any balance is recognised under provisions.

Other investments

Other non-current receivables are measured at amortised cost less impairment losses.

Other equity investments are measured at fair value at the balance sheet date.

Impairment of fixed assets

The carrying amounts of intangible assets, property, plant and equipment and investments are reviewed, at least annually, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated; however, the recoverable amount of goodwill is always reviewed annually.

The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use, which is the discounted value of the expected future cash flows from the cash-generating unit.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that the assumptions and estimates that led to recognition of the impairment loss have changed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than the cost, inventories are written down to this lower value.

The cost of raw materials and consumables comprises purchase price plus expenses incurred in bringing them to their existing location and condition.

Properties and undeveloped sites that are not classified as held for continued future ownership or use are carried as properties held for resale and measured at the lower of cost and net realisable value.

Receivables

Receivables are measured at amortised cost less impairment losses.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured in proportion to the stage of completion at the balance sheet date and total expected income from each contract in progress. The stage of completion is determined on the basis of the costs incurred and the total expected costs.

When it is probable that the total costs on a contract in progress will exceed total contract revenue, the total expected loss on the contract is recognised as an expense immediately.

Where the selling price cannot be measured reliably, it is recognised at the lower of costs incurred and net realisable value.

The individual contract in progress is recognised in the balance sheet under receivables or current liabilities, depending on the net value of the selling price less progress billings and recognised losses.

Costs in connection with sales work and tendering to secure contracts are recognised as a cost in the income statement under distribution costs in the financial year in which they are incurred.

Prepayments and deferred income

Prepayments are recognised under receivables, and deferred income is recognised under current liabilities. Prepayments and deferred income include costs incurred or income received during the year in respect of subsequent financial years, apart from items relating to contract work in progress.

Securities

Listed securities recognised as current assets are measured at fair value at the balance sheet date. Changes in fair value are recognised in the income statement as financial income or expenses in the period in which they occur.

Equity

Dividends

Proposed dividends are recognised as a liability at the date of adoption at the Annual General Meeting. The expected dividend payment for the year is disclosed as a separate item under equity.

Translation reserve

The translation reserve in the consolidated financial statements comprises foreign exchange differences after 1 January 2004 that have arisen from the translation of the financial statements of foreign enterprises from their functional currencies to Danish kroner.

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Tax payable and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account, etc.

Deferred tax liabilities and deferred tax assets are measured using the balance sheet liability method, providing for all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The following temporary differences are not provided for: goodwill not deductible for tax purposes and office premises and other items – apart from business combinations – where temporary differences arise at the date of acquisition that affect neither profit/loss for the year nor taxable income. The measurement is based on the planned use of the asset or settlement of the liability, and on the relevant tax rules.

Deferred tax is provided for retaxation of previously deducted losses of jointly taxed foreign subsidiaries in the event of the subsidiaries being disposed of or withdrawing from the international joint taxation scheme.

Deferred tax assets, including tax loss carryforwards, are recognised at the value at which it is expected that they can be utilised by set-off against deferred tax liabilities or by elimination against tax on the future earnings of the subsidiary or the parent company and the other jointly taxed subsidiaries in the same country. Deferred tax assets are entered as a separate line item under investments.

Deferred tax is measured on the basis of the tax rules and the tax rates effective in the respective countries at the time the deferred tax is expected to crystallise as current tax. The effect of changes in deferred tax due to changed tax rates is recognised in the income statement, unless the items in question were previously taken to equity.

Pension obligations

The Group's pension plans are insured (defined contribution). Contributions to defined contribution plans are recognised in the income statement in the period to which they relate, and any costs payable are recognised in the balance sheet as other payables.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when the amount can be measured reliably.

Financial liabilities

Bank loans, etc. are recognised at inception at the proceeds received net of transaction costs incurred. Subsequent to initial recognition, financial liabilities are measured at amortised cost, equivalent to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, comprising trade payables, payables to subsidiaries and associates, and other payables, are measured at amortised cost.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows for the year, broken down by operating, investing and financing activities, and the effects of these cash flows on the Group's cash and cash equivalents.

The cash flow effect of acquisitions and disposals of enterprises is shown separately under cash flows from investing activities. Cash flows from acquisitions are recognised in the cash flow statement from the date of acquisition and cash flows from disposals are recognised up to the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are determined using the indirect method, whereby operating profit is adjusted for the effects of non-cash operating items, changes in working capital, and net financing costs and income taxes paid.

Cash flows for investing activities

Cash flows for investing activities comprise payments in connection with acquisition and disposal of enterprises and activities and purchase and sale of intangible assets, property, plant and equipment and investments as well as purchase and sale of securities that are not recognised as cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise payments to and from shareholders, including payment of dividends and increases and decreases in non-current borrowings.

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents less current portion of bank loans, etc.

SEGMENT INFORMATION

Information is provided by business segment and geographical segment as primary and secondary segments, respectively. The segment information conforms to the Group's organisational and internal reporting structure. The segment information has been prepared in conformity with the Group's accounting policies.

Segment income and expenses include the items that either are directly attributable to the individual segment or can be allocated to it on a reasonable basis.

Segment assets comprise the fixed and current assets that are employed directly in the segment's operating activities.

Segment liabilities comprise the liabilities that result from the segment's operating activities.

FINANCIAL RATIOS

Financial ratios have been prepared in conformity with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'. Financial ratios are defined on the back cover of the annual report.

Cash flow statement

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
			Operating activities		
(18.1)	(171.0)		Operating profit (loss)	58.6	137.9
92.5	11.6	1	Non-cash operating items	179.7	169.8
74.4	**(159.4)**		**Cash generated from operating activities before working capital changes**	**238.3**	**307.7**
			Working capital changes:		
91.3	80.6		Inventories	76.7	86.5
(321.6)	(414.6)		Receivables excluding contract work in progress	(595.6)	(405.1)
(111.5)	305.4		Contract work in progress	371.9	(149.2)
467.5	247.1		Trade and other current payables	280.4	532.5
200.1	**59.1**		**Cash generated from operations (operating activities)**	**371.7**	**372.4**
12.9	9.8		Financial income	20.8	17.5
(18.9)	(15.3)		Financial expenses	(30.9)	(29.5)
194.1	**53.6**		**Cash generated from operations (ordinary activities)**	**361.6**	**360.4**
(21.1)	(43.8)		Income taxes paid, net	(44.5)	(19.7)
173.0	**9.8**		**Cash flows from operating activities**	**317.1**	**340.7**
			Investing activities		
(53.6)	(6.8)	2	Acquisition of enterprises and activities	(6.8)	(54.4)
-	-	2	Disposal of enterprises and activities	12.7	-
(88.6)	(106.9)		Purchase of property, plant and equipment	(287.5)	(211.9)
11.5	16.4		Sale of property, plant and equipment	68.5	45.3
42.3	139.5		Dividends from subsidiaries and associates	5.0	-
52.4	(29.6)		Purchase/sale of securities	(31.7)	52.5
(36.0)	**12.6**		**Cash flows for investing activities**	**(239.8)**	**(168.5)**
			Financing activities		
			Loan financing:		
-	-		Minority interests	(4.6)	(1.5)
-	22.0		Increase in non-current bank loans, etc.	-	-
(16.0)	-		Decrease in non-current bank loans, etc.	(2.9)	(45.4)
(16.0)	**22.0**		**Cash flows from financing activities**	**(7.5)**	**(46.9)**
121.0	**44.4**		**Net increase (decrease) in cash and cash equivalents**	**69.8**	**125.3**
(12.1)	108.9		Cash and cash equivalents at 01-01	147.7	22.4
108.9	**153.3**	**3**	**Cash and cash equivalents at 31-12**	**217.5**	**147.7**

The figures in the cash flow statement cannot be derived from the published accounting records alone.

Income statement

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
5,731.9	7,792.0	4	Revenue	11,082.5	8,462.9
(5,587.0)	(7,781.2)	5-6	Production costs	(10,640.8)	(7,977.0)
144.9	**10.8**		**Gross profit**	**441.7**	**485.9**
(91.0)	(96.9)		Distribution costs	(129.0)	(116.8)
(72.0)	(84.9)	5-7	Administrative expenses	(254.1)	(231.2)
(18.1)	**(171.0)**		**Operating profit (loss)**	**58.6**	**137.9**
-	-	14	Share of profit (loss) after tax of associates	0.0	(2.9)
45.2	135.0	8	Financial income	23.3	19.4
(18.4)	(63.6)	9	Financial expenses	(30.9)	(29.5)
8.7	**(99.6)**		**Profit (loss) before tax**	**51.0**	**124.9**
(23.7)	31.1	10	Income tax expense	(14.3)	(25.0)
(15.0)	**(68.5)**		**Profit (loss) for the year**	**36.7**	**99.9**
			Attributable to		
(15.0)	(68.5)		Equity holders of MT Højgaard a/s	28.2	93.7
-	-		Minority interests	8.5	6.2
(15.0)	**(68.5)**		**Total**	**36.7**	**99.9**
			Proposal for distribution of profit		
(15.0)	(68.5)		Retained earnings		
(15.0)	**(68.5)**		**Total**		
			Earnings per share		
		11	Earnings per share (EPS), DKK	2.6	8.5

Balance sheet

PARENT COMPANY			ASSETS	GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
			Fixed assets		
			Intangible assets		
24.0	28.0		Goodwill	73.6	69.2
24.0	**28.0**	**12**	**Total intangible assets**	**73.6**	**69.2**
			Property, plant and equipment		
170.6	185.0		Land and buildings	357.4	322.8
171.5	189.3		Plant and machinery	445.1	419.0
23.3	14.7		Fixtures and fittings, tools and equipment	78.3	71.2
5.9	6.2		Property, plant and equipment under construction	27.7	15.1
371.3	**395.2**	**13**	**Total property, plant and equipment**	**908.5**	**828.1**
			Investments		
321.1	332.0	14	Investments in subsidiaries	-	-
76.4	72.2	14	Investments in associates	0.7	5.7
5.5	16.2	14	Receivables from associates	5.6	5.5
0.3	0.3	14	Other equity investments	0.9	0.8
176.3	279.6	19	Deferred tax assets	238.9	153.3
579.6	**700.3**		**Total investments**	**246.1**	**165.3**
974.9	**1,123.5**		**Total fixed assets**	**1,228.2**	**1,062.6**
			Current assets		
			Inventories		
10.5	11.9		Raw materials and consumables	54.4	52.9
291.3	209.3		Properties for resale	222.9	302.3
301.8	**221.2**	**15**	**Total inventories**	**277.3**	**355.2**
			Receivables		
1,070.6	1,455.3		Trade receivables	2,192.1	1,647.5
345.0	447.9	21	Contract work in progress	603.7	471.4
101.5	128.7		Receivables from subsidiaries	-	-
10.3	1.0		Receivables from associates	6.3	5.9
0.0	0.0		Income tax	0.0	1.0
36.7	60.8		Other receivables	95.7	57.4
54.8	44.6		Prepayments	77.6	60.8
1,618.9	**2,138.3**	**16**	**Total receivables**	**2,975.4**	**2,244.0**
58.3	**87.9**	**17**	**Securities**	**87.9**	**58.3**
108.9	**153.3**		**Cash and cash equivalents**	**263.8**	**206.3**
2,087.9	**2,600.7**		**Total current assets**	**3,604.4**	**2,863.8**
3,062.8	**3,724.2**		**Total assets**	**4,832.6**	**3,926.4**

Balance sheet

PARENT COMPANY			EQUITY AND LIABILITIES	GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
			Equity		
220.0	220.0		Share capital	220.0	220.0
-	-		Translation reserve	(2.8)	(2.5)
628.1	559.6		Retained earnings	807.2	778.9
0.0	0.0		Proposed dividends	0.0	0.0
848.1	**779.6**		**Equity attributable to equity holders of the parent**	**1,024.4**	**996.4**
-	-		Minority interests	23.6	19.9
848.1	**779.6**		**Equity**	**1,048.0**	**1,016.3**
			Non-current liabilities		
103.7	78.4	18	Bank loans, etc.	174.3	210.3
0.0	0.0	19	Deferred tax liabilities	24.1	23.8
29.9	38.6	20	Provisions	62.3	57.3
133.6	**117.0**		**Total non-current liabilities**	**260.7**	**291.4**
			Current liabilities		
14.8	64.1	18	Current portion of non-current financial liabilities	80.8	34.0
0.0	0.0	18	Bank loans, etc.	46.3	58.6
541.0	970.0	21	Contract work in progress	1,216.8	688.2
86.2	119.7		Prepayments received from customers	138.1	102.3
743.4	954.5		Trade payables	1,282.6	1,053.1
215.8	203.3		Payables to subsidiaries	-	-
0.0	8.0		Payables to associates	0.4	4.1
10.7	31.6		Income tax	37.0	8.7
413.9	420.1		Other payables	659.8	602.5
53.6	56.0		Deferred income	59.4	64.9
1.7	0.3	20	Provisions	2.7	2.3
2,081.1	**2,827.6**		**Total current liabilities**	**3,529.9**	**2,618.7**
2,214.7	**2,944.6**		**Total liabilities**	**3,784.6**	**2,910.1**
3,062.8	**3,724.2**		**Total equity and liabilities**	**4,832.6**	**3,926.4**
			Notes without reference		
		22	Security		
		23	Lease commitment		
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		25	Related parties		
		26	Joint ventures		
		27	Financial instruments		
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		32	Subsidiaries and associates		

Statement of changes in equity

PARENT COMPANY

Amounts in DKKm	Share capital	Retained earnings	**Total**
2005			
Equity at 01-01	**220.0**	**643.1**	**863.1**
Profit for the year		(15.0)	**(15.0)**
Total income and expense for the year	**0.0**	**(15.0)**	**(15.0)**
Total changes in equity	**0.0**	**(15.0)**	**(15.0)**
Equity at 31-12	**220.0**	**628.1**	**848.1**
2006			
Equity at 01-01	**220.0**	**628.1**	**848.1**
Profit for the year		(68.5)	**(68.5)**
Total income and expense for the year	**0.0**	**(68.5)**	**(68.5)**
Total changes in equity	**0.0**	**(68.5)**	**(68.5)**
Equity at 31-12	**220.0**	**559.6**	**779.5**

At 31 December 2006, MT Højgaard a/s's share capital amounted to DKK 220 million divided into shares of DKK 1,000 each. No shares carry special rights.

Statement of changes in equity

GROUP

Amounts in DKKm	Share capital	Translation reserve	Retained earnings	**Total equity attributable to MT Højgaard**	Attributable to minority interests	**Total**
2005						
Equity at 01-01	**220.0**	**(3.3)**	**685.2**	**901.9**	**15.0**	**916.9**
Profit for the year			93.7	**93.7**	6.2	**99.9**
Foreign exchange adjustments, foreign enterprises		0.8		**0.8**	0.2	**1.0**
Total income and expense for the year	**0.0**	**0.8**	**93.7**	**94.5**	**6.4**	**100.9**
Dividends paid				**0.0**	(1.5)	**(1.5)**
Total changes in equity	**0.0**	**0.8**	**93.7**	**94.5**	**4.9**	**99.4**
Equity at 31-12	**220.0**	**(2.5)**	**778.9**	**996.4**	**19.9**	**1,016.3**
2006						
Equity at 01-01	**220.0**	**(2.5)**	**778.9**	**996.4**	**19.9**	**1,016.3**
Profit for the year			28.2	**28.2**	8.5	**36.7**
Foreign exchange adjustments, foreign enterprises		(0.3)		**(0.3)**	(0.2)	**(0.5)**
Other adjustments			0.1	**0.1**		**(0.1)**
Total income and expense for the year	**0.0**	**(0.3)**	**28.3**	**28.0**	**8.3**	**36.3**
Dividends paid				**0.0**	(4.6)	**(4.6)**
Total changes in equity	**0.0**	**(0.3)**	**28.3**	**28.0**	**3.7**	**31.7**
Equity at 31-12	**220.0**	**(2.8)**	**807.2**	**1,024.4**	**23.6**	**1,048.0**

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Notes

PARENT COMPANY				GROUP	
2005	2006		Amounts in DKKm	2006	2005
		1	**Non-cash operating items**		
69.8	68.4		Depreciation and impairment losses, property, plant and equipment	157.2	145.8
22.7	(56.8)		Other adjustments	22.5	24.0
92.5	**11.6**		**Total non-cash operating items**	**179.7**	**169.8**
		2	**Acquisition and disposal of enterprises and activities**		
			Acquisition of activities		
7.9	2.7		Property, plant and equipment	2.7	7.9
14.3	0.1		Inventories	0.1	14.3
7.4	0.0		Receivables	0.0	7.4
29.6	**2.8**		**Identifiable net assets acquired**	**2.8**	**29.6**
24.0	4.0		Goodwill	4.0	24.8
53.6	**6.8**		**Cash purchase price, net**	**6.8**	**54.4**
			Carrying amount of assets acquired and liabilities and contingent liabilities assumed before the acquisition date:		
7.9	2.7		Property, plant and equipment	2.7	7.9
14.3	0.1		Inventories	0.1	14.3
7.4	0.0		Receivables	0.0	7.4
29.6	**2.8**		**Total carrying amount before acquisition**	**2.8**	**29.6**
			The acquired activities feature with DKK 2.1 million in consolidated profit for 2006.		
			Consolidated revenue and profit for the year (unaudited), measured as if the acquired activities were taken over at 1 January 2006, amounted to DKK 11,082 million and DKK 37 million, respectively.		
			Disposal of activities		
-	-		Property, plant and equipment	14.2	-
-	-		Inventories	1.2	-
-	-		Non-current liabilities	(2.7)	-
-	**-**		**Net assets**	**12.7**	**-**
-	-		Accounting profit/loss	0.0	-
.	**-**		**Cash selling price, net**	**12.7**	**-**
			For further details of the activities acquired and disposed of, reference is made to the separate section on this in the management's review on page 6.		

Notes

PARENT COMPANY				GROUP	
2005	2006		Amounts in DKKm	2006	2005
		3	**Cash and cash equivalents**		
			Cash and cash equivalents at 31-12 can be broken down as follows:		
9.3	58.6		Free cash flow	78.7	117.3
99.6	94.7		Share of cash and cash equivalents in joint ventures	185.1	89.0
0.0	0.0		Current portion of bank loans, etc.	(46.3)	(58.6)
108.9	**153.3**		**Total cash and cash equivalents**	**217.5**	**147.7**
			Share of cash and cash equivalents in joint ventures is available exclusively to the joint ventures.		
		4	**Revenue**		
			Revenue can be broken down as follows:		
5,480.7	7,459.4		Selling price of the production for the year on completed contract work and contract work in progress	10,190.0	7,693.2
251.2	332.6		Rental activities and similar services	892.5	769.7
5,731.9	**7,792.0**		**Total**	**11,082.5**	**8,462.9**
		5	**Depreciation and impairment losses**		
69.8	68.4		Property, plant and equipment	157.2	145.8
69.8	**68.4**		**Total depreciation and impairment losses**	**157.2**	**145.8**
			Depreciation and impairment losses are included in the income statement as follows:		
63.1	63.2		Production costs	143.4	131.4
6.7	5.2		Administrative expenses	13.8	14.4
69.8	**68.4**		**Total depreciation and impairment losses**	**157.2**	**145.8**
		6	**Staff costs**		
			The total amount paid in wages and salaries, etc., can be broken down as follows:		
1,101.7	1,323.6		Wages and salaries, etc.	2,367.6	2,016.1
74.1	95.0		Pension contributions (defined contribution)	169.7	135.9
36.6	53.5		Other social security costs	88.9	71.6
1,212.4	**1,472.1**		**Total**	**2,626.2**	**2,223.6**
2,843	**3,257**		**Average number of employees**	**5,889**	**5,260**
3,127	**3,542**		**Number of employees, year end**	**6,245**	**5,592**
			Total remuneration to the Supervisory Board and the Executive Board:		
2.0	1.8		Supervisory Board	1.8	2.0
9.8	10.7		Executive Board	10.7	9.8
11.8	**12.5**		**Total**	**12.5**	**11.8**

Notes

PARENT COMPANY				GROUP	
2005	2006		Amounts in DKKm	2006	2005
		7	**Fees paid to auditor appointed at the Annual General Meeting**		
			Audit fees for the year under review:		
1.4	**1.5**		**KPMG**	**4.0**	**3.9**
			Non-audit fees:		
1.8	**2.1**		**KPMG**	**2.8**	**2.5**
		8	**Financial income**		
12.3	13.8		Interest income	19.8	15.7
0.0	1.7		Capital gains on securities	1.8	0.0
2.6	0.0		Foreign exchange gains	1.6	3.7
20.3	38.4		Dividends from subsidiaries	-	-
10.0	81.1		Dividends from associates	-	-
0.0	0.0		Value adjustments of other investments	0.1	0.0
45.2	**135.0**		**Total financial income**	**23.3**	**19.4**
-	1.1		Of which interest received from subsidiaries	-	-
		9	**Financial expenses**		
17.7	14.4		Interest expense	23.1	23.6
1.3	0.9		Capital losses on securities	0.9	1.3
0.0	3.7		Foreign exchange losses	6.9	1.5
0.0	0.0		Losses on derivative financial instruments	0.0	3.1
(0.6)	44.6		Impairment loss relating to investments in subsidiaries and associates	-	-
18.4	**63.6**		**Total financial expenses**	**30.9**	**29.5**
2.5	-		Of which interest paid to subsidiaries	-	-
		10	**Income tax expense**		
(41.0)	(72.2)		Current tax	(97.8)	(23.6)
17.3	103.3		Changes in deferred tax	83.5	(1.4)
(23.7)	**31.1**		**Total income tax expense**	**(14.3)**	**(25.0)**
			Income tax expense can be broken down as follows:		
(2.4)	27.9		Income tax expense before tax measured at Danish tax rate (28%)	(14.3)	(35.0)
(10.6)	-		Reduction of Danish corporate income tax rate from 30% to 28%	-	(8.7)
7.8	(2.4)		Deviations in foreign enterprises' tax rates	(1.0)	11.8
11.9	33.4		Non-taxable income	0.5	0.2
(3.7)	(13.4)		Non-deductible expenses	(1.5)	(0.8)
(26.7)	(14.4)		Other, including prior year adjustments	2.0	7.5
(23.7)	**31.1**		**Income tax expense**	**(14.3)**	**(25.0)**
272	31		Effective tax rate (%)	28	20

Notes

PARENT COMPANY				GROUP	
2005	2006		Amounts in DKKm	2006	2005
		11	**Earnings per share**		
-	**-**		**Earnings per share (EPS), DKK**	**2.6**	**8.5**

Earnings per share (EPS) in 2006 can be calculated as MT Højgaard's share of consolidated profit of DKK 28.2 million (2005: DKK 93.7 million), divided by 11 million shares (2005: 11 million shares).

The share capital of MT Højgaard a/s is divided into shares of DKK 1,000 each; however, calculation of earnings per share is based on a share denomination of nominally DKK 20 as in the two listed owner companies Højgaard Holding a/s and Monberg & Thorsen A/S.

PARENT COMPANY 2005	PARENT COMPANY 2006		Amounts in DKKm	GROUP 2006	GROUP 2005
		12	**Intangible assets**		
			Goodwill		
0.0	24.0		Cost at 01-01	69.2	44.4
24.0	4.0		Additions	4.4	24.8
24.0	28.0		Cost at 31-12	73.6	69.2
0.0	0.0		Impairment losses at 01-01/31-12	0.0	0.0
24.0	**28.0**		**Carrying amount at 31-12**	**73.6**	**69.2**

Goodwill
The carrying amounts of goodwill attributable to business area Civil Works (DKK 4.0 million) and Construction (DKK 24.0 million) in MT Højgaard a/s, BMS A/S (DKK 9.8 million), Enemærke & Petersen a/s (DKK 31.8 million) and Lindpro a/s (DKK 4.0 million) were tested for impairment at 31 December 2006. The recoverable amount has been determined as the value in use, which is calculated as the present value of the expected future net cash flows from the cash-generating units. In connection with the test at 31 December 2006 the net cash flows were determined on the basis of the approved budget for 2007 and estimates for the years 2008-2011. The growth in the terminal period was fixed at 2% (2005: 2%). A discount factor of 11-12% (2005:11-12%) before tax was used for calculating the present value.

The impairment test did not give rise to any write-downs of goodwill to recoverable amount.

Notes

PARENT COMPANY 2006

Amounts in DKKm

13 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 01-01	213.2	537.3	58.1	5.9	814.5
Addition on acquisition of activities	0.0	0.0	2.7	0.0	2.7
Additions	19.5	78.0	3.3	6.2	107.0
Disposals	0.0	(36.1)	(16.6)	(5.9)	(58.6)
Cost at 31-12	232.7	579.2	47.5	6.2	865.6
Depreciation and impairment losses at 01-01	42.6	365.8	34.8	0.0	443.2
Depreciation, disposals	0.0	(34.0)	(7.2)	0.0	(41.2)
Depreciation	5.1	58.1	5.2	0.0	68.4
Depreciation and impairment losses at 31-12	47.7	389.9	32.8	0.0	470.4
Carrying amount at 31-12	**185.0**	**189.3**	**14.7**	**6.2**	**395.2**
Mortgaged properties:					
Carrying amount	116.1				116.1
Year-end balance, loans	49.5				49.5
Danish properties subject to public land assessment:					
Carrying amount	182.7				182.7
Public land assessment value	169.8				169.8
Fixed assets held under finance leases:					
Carrying amount		55.7	6.1		61.8

Notes

PARENT COMPANY 2005

Amounts in DKKm

13 Property, plant and equipment (continued)

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 01-01	209.7	502.0	58.8	0.0	770.5
Addition on acquisition of activities	3.9	4.0	0.0	0.0	7.9
Reclassifications, etc.	0.0	1.2	(1.2)	0.0	0.0
Additions	2.5	70.8	1.5	5.9	80.7
Disposals	(2.9)	(40.7)	(1.0)	0.0	(44.6)
Cost at 31-12	213.2	537.3	58.1	5.9	814.5
Depreciation and impairment losses at 01-01	37.9	339.6	29.7	0.0	407.2
Reclassifications, etc.	0.0	1.2	(1.2)	0.0	0.0
Depreciation, disposals	(0.4)	(33.0)	(0.4)	0.0	(33.8)
Depreciation	5.1	58.0	6.7	0.0	69.8
Depreciation and impairment losses at 31-12	42.6	365.8	34.8	0.0	443.2
Carrying amount at 31-12	**170.6**	**171.5**	**23.3**	**5.9**	**371.3**
Mortgaged properties:					
Carrying amount	109.2				109.2
Year-end balance, loans	52.2				52.2
Danish properties subject to public land assessment:					
Carrying amount	168.5				168.5
Public land assessment value	151.2				151.2
Fixed assets held under finance leases:					
Carrying amount		26.3	6.5		32.8

Notes

GROUP 2006

Amounts in DKKm

13 Property, plant and equipment (continued)

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 01-01	441.5	1,105.3	157.7	15.1	1,719.6
Addition on acquisition of activities	0.0	0.0	2.7	0.0	2.7
Foreign exchange adjustments	0.0	0.4	0.1	0.0	0.5
Additions	57.5	155.3	43.7	31.1	287.6
Disposals	(44.2)	(68.5)	(27.5)	(18.5)	(158.7)
Cost at 31-12	454.8	1,192.5	176.7	27.7	1,851.7
Depreciation and impairment losses at 01-01	118.7	686.3	86.5	0.0	891.5
Foreign exchange adjustments	0.0	0.1	0.1	0.0	0.2
Depreciation, disposals	(31.6)	(58.5)	(15.6)	0.0	(105.7)
Depreciation	10.3	119.5	27.4	0.0	157.2
Depreciation and impairment losses at 31-12	97.4	747.4	98.4	0.0	943.2
Carrying amount at 31-12	**357.4**	**445.1**	**78.3**	**27.7**	**908.5**
Mortgaged properties:					
Carrying amount	194.8				194.8
Year-end balance, loans	95.2				95.2
Danish properties subject to public land assessment:					
Carrying amount	335.3				335.3
Public land assessment value	313.4				313.4
Fixed assets held under finance leases:					
Carrying amount		105.2	15.5		120.7

Notes

GROUP 2005

Amounts in DKKm

13 Property, plant and equipment (continued)

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 01-01	433.0	1,008.5	130.8	0.0	1,572.3
Addition on acquisition of activities	3.9	4.0	0.0	0.0	7.9
Foreign exchange adjustments	0.0	0.2	(0.1)	0.9	1.0
Additions	14.2	156.2	37.5	14.4	222.3
Disposals	(9.6)	(63.6)	(10.5)	(0.2)	(83.9)
Cost at 31-12	441.5	1,105.3	157.7	15.1	1,719.6
Depreciation and impairment losses at 01-01	109.1	622.5	76.5	0.0	808.1
Foreign exchange adjustments	0.0	0.1	0.0	0.0	0.1
Impairment losses	2.0	0.0	0.0	0.0	2.0
Depreciation, disposals	(1.5)	(47.2)	(13.9)	0.0	(62.6)
Depreciation	9.1	110.9	23.9	0.0	143.9
Depreciation and impairment losses at 31-12	118.7	686.3	86.5	0.0	891.5
Carrying amount at 31-12	**322.8**	**419.0**	**71.2**	**15.1**	**828.1**
Mortgaged properties:					
Carrying amount	201.3				201.3
Year-end balance, loans	104.0				104.0
Danish properties subject to public land assessment:					
Carrying amount	304.5				304.5
Public land assessment value	309.1				309.1
Fixed assets held under finance leases:					
Carrying amount		88.2	15.9		104.1

Notes

PARENT COMPANY

Amounts in DKKm

14 Investments

2006	Investments in subsidiaries	Investments in associates	Other investments	Receivables from associates	Deferred tax assets	Total
Cost at 01-01	508.1	80.8	0.2			
Additions	6.0	0.4	0.0			
Disposals	(54.1)	(9.0)	0.0			
Cost at 31-12	460.0	72.2	0.2			
Adjustments at 01-01	(187.0)	(4.4)	0.1			
Impairment losses	(10.9)	0.0	0.0			
Reversal of impairment losses	35.0	0.0	0.0			
Disposals	34.9	4.4	0.0			
Adjustments at 31-12	(128.0)	0.0	0.1			
Carrying amount at 31-12	**332.0**	**72.2**	**0.3**	**16.2**	**279.6**	**700.3**

2005	Investments in subsidiaries	Investments in associates	Other investments	Receivables from associates	Deferred tax assets	Total
Cost at 01-01	517.4	80.2	0.2			
Additions	2.7	0.6	0.0			
Disposals	(12.0)	0.0	0.0			
Cost at 31-12	508.1	80.8	0.2			
Adjustments at 01-01	(199.0)	(1.0)	0.1			
Impairment losses	0.0	(3.4)	0.0			
Reversal of impairment losses	12.0	0.0	0.0			
Adjustments at 31-12	(187.0)	(4.4)	0.1			
Carrying amount at 31-12	**321.1**	**76.4**	**0.3**	**5.5**	**176.3**	**579.6**

A list of the consolidated enterprises is given on page 64.

In 2006, investments in subsidiaries were written down by DKK 10.9 million to the recoverable amount. In addition, impairment losses of DKK 35.0 million were reversed in respect of prior years. The impairment charge for the year and impairment losses reversed have been recognised as financial expenses, cf. note 9.

Impairment losses relate to MHF 20061002 a/s (formerly Marius Hansen Facader a/s), which, at the end of 2006, was not engaged in any activities following the sale of the company's activities in October 2006. Against this background, the carrying amount of the investment was written down to the estimated recoverable amount on liquidation of the company.

Reversal of impairment losses during the year relates to MT Højgaard Grønland ApS. The company reported a profit in 2006, and expects to continue reporting profits in the years ahead. This has given rise to partial reversal of impairment losses charged in prior years, based on the estimated recoverable amount.

Notes

GROUP

Amounts in DKKm

14 Investments (continued)

2006	Investments in associates	Other investments	Receivables from associates	Deferred tax assets	Total
Cost at 01-01	10.7	2.5			
Disposals	(9.0)	0.0			
Cost at 31-12	1.7	2.5			
Adjustments at 01-01	(5.0)	(1.7)			
Share of profit (loss) for the year after tax	0.0	-			
Dividends paid	(5.0)	0.0			
Other adjustments	9.0	0.1			
Adjustments at 31-12	(1.0)	(1.6)			
Carrying amount at 31-12	**0.7**	**0.9**	**5.6**	**238.9**	**246.1**

2005	Investments in associates	Other investments	Receivables from associates	Deferred tax assets	Total
Cost at 01-01	10.1	2.5			
Additions	0.6	0.0			
Cost at 31-12	10.7	2.5			
Adjustments at 01-01	(2.0)	(1.8)			
Share of profit (loss) for the year after tax	(2.9)	-			
Other adjustments	(0.1)	0.1			
Adjustments at 31-12	(5.0)	(1.7)			
Carrying amount at 31-12	**5.7**	**0.8**	**5.5**	**153.3**	**165.3**

Associates (the figures represent 100% ownership interest)

2006	Revenue	Profit (loss) for the year	Total assets	Total
EA/S Matr. Nr. 33 eø Brøndbyvester (50%)	0.0	(0.1)	0.0	0.0
ApS KBIL 38 NR. 2286 (50%)	0.0	0.1	0.5	0.2
OPP Vildbjerg Skole A/S (50%)	0.0	0.0	125.6	124.7
Group total	**0.0**	**0.0**	**126.1**	**124.9**
2005				
EA/S Matr. Nr. 33 eø Brøndbyvester (50%)	14.0	(8.9)	14.3	5.1
ApS KBIL 38 NR. 2286 (50%)	0.0	0.9	1.6	0.5
OPP Vildbjerg Skole A/S (50%)	0.0	0.0	12.2	11.0
Group total	**14.0**	**(8.0)**	**28.1**	**16.6**

The associates do not have any contingent liabilities.
There are no intragroup profits or losses from trading with associates.

Notes

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
		15	**Inventories**		
			Raw materials and consumables		
11.3	10.5		Cost at 01-01	52.9	32.7
(0.8)	1.4		Additions and disposals, net	1.5	20.2
10.5	11.9		Cost at 31-12	54.4	52.9
0.0	0.0		Adjustments at 01-01	0.0	(0.5)
0.0	0.0		Reversal of impairment losses	0.0	0.5
0.0	0.0		Adjustments at 31-12	0.0	0.0
10.5	**11.9**		**Carrying amount at 31-12**	**54.4**	**52.9**
0.0	0.0		Value of inventories recognised at net realisable value	0.3	22.7
			Properties for resale		
393.4	298.1		Cost at 01-01	294.5	385.1
21.7	26.4		Additions	29.0	27.9
(117.0)	(109.5)		Disposals	(109.5)	(118.5)
298.1	215.0		Cost at 31-12	214.0	294.5
(8.4)	(6.8)		Adjustments at 01-01	7.8	6.2
1.6	1.6		Reversal of impairment losses	1.1	1.6
(6.8)	(5.7)		Adjustments at 31-12	8.9	7.8
291.3	**209.3**		**Carrying amount at 31-12**	**222.9**	**302.3**
7.5	3.2		Value of properties recognised at net realisable value	8.9	13.2
			Mortgaged properties:		
43.8	0.0		Carrying amount	5.7	49.5
35.0	0.0		Year-end balance, loans	2.0	37.3
			Properties for resale, consisting primarily of undeveloped sites, are held with a view to project development activities.		
		16	**Receivables**		
7.6	4.4		Receivables falling due more than one year after the balance sheet date	6.7	8.2
			Receivables falling due more than one year after the balance sheet date relate to rent deposits.		
8.0	0.0		Impairment losses included in receivables recognised in the income statement	2.1	2.5
			The fair value of receivables is deemed to correspond to the carrying amount.		

Notes

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
		17	**Securities**		
48.9	87.9		Bonds	87.9	48.9
9.4	-		Mortgages	-	9.4
58.3	**87.9**		**Total carrying amount**	**87.9**	**58.3**
48.9	88.0		Nominal holding	88.0	48.9
0.0	38.0		Bonds maturing more than one year after the balance sheet date	38.0	0.0
0.0	2.0		Maturity of bond portfolio (years)	2.0	0.0
4.0	4.1		Effective interest rate on bond portfolio (%)	4.1	4.0
0.0	1.7		Price sensitivity of bond portfolio in case of a one percentage point interest rate change	1.7	0.0
-	21.0		Bonds lodged as security (market value)	21.0	-

The parent company and the Group measure the bond portfolio at fair value in accordance with IAS 39, as the portfolio functions as a cash reserve, in accordance with the Group's financial policy. The bond portfolio consists of listed Danish bonds that are monitored on a regular basis and reported at fair value.

Notes

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
		18	**Interest-bearing liabilities**		
			Total interest-bearing liabilities can be broken down by commitment type as follows:		
88.0	84.4		Bank loans, etc.	184.0	204.7
30.5	58.1		Lease commitments (assets held under finance leases)	117.4	98.2
118.5	**142.5**		**Total**	**301.4**	**302.9**
			Total interest-bearing liabilities can be broken down by currency as follows:		
118.5	142.5		DKK	286.1	290.5
0.0	0.0		EUR	2.7	0.9
0.0	0.0		Others	12.6	11.5
118.5	**142.5**		**Total**	**301.4**	**302.9**
			Total interest-bearing liabilities can be broken down by fixed-rate and floating-rate debt as follows:		
112.5	140.0		Fixed-rate debt	198.7	186.7
6.0	2.5		Floating-rate debt	102.7	116.2
118.5	**142.5**		**Total**	**301.4**	**302.9**
			Total interest-bearing liabilities can be broken down by effective interest rate as follows:		
51.2	75.6		Less than 5%	226.9	212.8
67.3	66.9		Between 5% and 7%	74.5	90.0
0.0	0.0		More than 7%	0.0	0.1
118.5	**142.5**		**Total**	**301.4**	**302.9**
5.3	5.5		Weighted average effective interest rate (%)	4.6	4.3
10.2	9.2		Weighted average remaining term (years)	7.8	7.7
			Interest-bearing liabilities are recognised in the balance sheet as follows:		
103.7	78.4		Non-current liabilities	174.3	210.3
14.8	64.1		Current liabilities	127.1	92.6
118.5	**142.5**		**Total**	**301.4**	**302.9**
			The maturity profile can be broken down as follows:		
14.8	64.1		Less than one year	127.1	92.7
23.0	11.3		Between one and two years	16.0	38.8
12.1	33.9		Between two and five years	80.4	46.4
68.6	33.2		More than five years	77.9	125.0
118.5	**142.5**		**Total**	**301.4**	**302.9**
			A restatement of interest-bearing liabilities to fair value will not have any material effect on the balance sheet total at the balance sheet date.		

Notes

PARENT COMPANY				GROUP	
2005	2006	Note	DKKm	2006	2005
		19	**Deferred tax assets and liabilities**		
(159.0)	(176.3)		Deferred tax (net) at 01-01	(129.5)	(131.0)
-	-		Disposal on disposal of activities	(0.9)	-
(17.3)	(103.3)		Changes via income statement	83.5	1.4
0.0	0.0		Other adjustments	(0.9)	0.1
(176.3)	**(279.6)**		**Deferred tax (net) at 31-12**	**(214.8)**	**(129.5)**
			Deferred tax can be broken down as follows:		
			Deferred tax assets		
0.0	0.0		Intangible assets	0.0	1.2
67.2	125.1		Property, plant and equipment	129.0	71.6
0.0	0.0		Investments	0.0	0.0
0.0	66.5		Current assets	67.8	1.7
6.9	10.4		Non-current liabilities	12.7	9.6
11.4	8.0		Current liabilities	10.9	16.4
115.0	73.0		Tax loss carryforwards	79.9	119.2
(15.0)	0.0		Non-capitalised tax losses	0.0	(15.0)
185.5	283.0		Deferred tax assets at 31-12 before set-off	300.3	204.7
(9.2)	(3.4)		Set-off within legal entities and jurisdictions (countries)	(61.4)	(51.4)
176.3	**279.6**		**Deferred tax assets at 31-12**	**238.9**	**153.3**
			Deferred tax liabilities		
0.0	3.4		Intangible assets	4.5	0.1
0.0	0.0		Property, plant and equipment	23.3	23.5
0.0	0.0		Investments	0.0	0.0
5.7	0.0		Current assets	42.9	38.8
3.5	0.0		Non-current liabilities	0.0	3.5
0.0	0.0		Current liabilities	14.8	9.3
9.2	3.4		Deferred tax liabilities at 31-12 before set-off	85.5	75.2
(9.2)	(3.4)		Set-off within legal entities and jurisdictions (countries)	(61.4)	(51.4)
0.0	**0.0**		**Deferred tax liabilities at 31-12**	**24.1**	**23.8**
(176.3)	**(279.6)**		**Deferred tax (net) at 31-12**	**(214.8)**	**(129.5)**

Deferred tax has been calculated using the current Danish tax rate of 28%.

The tax loss carryforwards are not subject to any time limits and are expected to be utilised by set-off against future earnings.

Notes

PARENT COMPANY 2005	PARENT COMPANY 2006	Note	Amounts in DKKm	GROUP 2006	GROUP 2005
		20	**Provisions**		
28.6	31.6		Carrying amount at 01-01	59.6	39.3
4.2	7.6		Provided in the year	9.6	24.6
(1.2)	(0.3)		Utilised in the year	(1.6)	(2.6)
0.0	0.0		Reversal of unutilised prior year provisions	(0.7)	(1.7)
0.0	0.0		Other adjustments	(1.9)	0.0
31.6	**38.9**		**Total at 31-12**	**65.0**	**59.6**
			Provisions are recognised in the balance sheet as follows:		
29.9	38.6		Non-current liabilities, provisions	62.3	57.3
1.7	0.3		Current liabilities, provisions	2.7	2.3
31.6	**38.9**		**Total**	**65.0**	**59.6**
			Expected maturity dates:		
1.7	0.3		Less than one year	2.7	2.3
5.9	7.7		Between one and two years	7.7	6.7
17.8	23.2		Between two and five years	28.1	25.1
6.2	7.7		More than five years	26.5	25.5
31.6	**38.9**		**Total**	**65.0**	**59.6**

Provisions relate primarily to provisions for 1-year and 5-year guarantee works in respect of completed contracts.

PARENT COMPANY 2005	PARENT COMPANY 2006	Note	Amounts in DKKm	GROUP 2006	GROUP 2005
		21	**Contract work in progress**		
4,497.0	5,714.1		Progress billings	7,076.0	5,205.2
(4,301.0)	(5,192.0)		Contract work in progress at selling price	(6,462.9)	(4,988.4)
196.0	**522.1**		**Contract work in progress (net)**	**613.1**	**216.8**
			Work in progress is recognised in the balance sheet as follows:		
541.0	970.0		Current liabilities	1,216.8	688.2
(345.0)	(447.9)		Receivables	(603.7)	(471.4)
196.0	**522.1**		**Contract work in progress (net)**	**613.1**	**216.8**

Prepayments received from customers are recognised separately in the balance sheet under current liabilities.

Notes

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
		22	**Security**		
			Normal security in the form of bank guarantees, guarantee insurances and bond deposits has been provided for contracts and supplies.		
			The guarantees provided relate to:		
11.2	16.9		Bid bonds	21.8	11.2
1,016.5	1,272.3		Contracts and supplies in progress	1,717.2	1,361.6
986.1	1,057.3		Completed contracts and supplies	1,230.1	1,203.2
2,013.8	**2,346.5**		**Total**	**2,969.1**	**2,576.0**
			Guarantees in respect of completed contracts and supplies relate to normal one-year and five-year guarantee works.		
			Similar security has been provided for prepayments received, etc., recognised in the balance sheet as liabilities.		
			In addition, land, buildings and properties have been lodged as security for bank loans, etc., see notes 13 and 15.		
		23	**Lease commitments**		
			Finance leases		
			Total future minimum lease payments:		
12.3	28.3		Due within one year	42.8	27.9
19.8	33.7		Due between two and five years	77.5	63.0
0.0	0.0		Due after more than five years	15.7	21.2
32.1	**62.0**		**Total**	**136.0**	**112.1**
			Carrying amount (present value):		
11.2	0.0		Due within one year	12.8	24.5
19.3	26.2		Due between two and five years	62.5	55.7
0.0	31.9		Due after more than five years	42.1	19.8
30.5	**58.1**		**Total**	**117.4**	**100.0**
1.6	3.9		Financial expenses	18.6	12.1
			Financial expenses, calculated as the difference between the total future lease payments and the carrying amount (present value) of finance leases, are recognised in the income statement over the lease term.		
			Operating leases		
			Total future minimum lease payments:		
25.4	35.6		Due within one year	55.6	36.7
79.0	103.1		Due between two and five years	150.2	106.6
126.3	70.2		Due after more than five years	75.1	128.5
230.7	**208.9**		**Total**	**280.9**	**271.8**

Notes

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
26.0	18.5	**23**	Lease payments relating to operating leases recognised in the income statement	42.4	40.7
			The Group's finance and operating leases relate primarily to vehicles, operating equipment and mobile cranes.		
		24	**Contingent liabilities**		
0.0	0.0		Other contingent liabilities	0.0	6.0
			Indemnities In accordance with normal practice, the parent company has issued indemnities in respect of a few subsidiaries and contracts won by subsidiaries.		
			Litigation The MT Højgaard Group is involved in various legal and arbitration proceedings. In management's opinion the outcome of these proceedings is not expected to have any adverse impact on the Group's financial position.		
		25	**Related parties**		
			Control The Group has a controlling related party relationship with the principal shareholders in the parent company MT Højgaard a/s. The parent company is owned by Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%), both of which are listed on the Copenhagen Stock Exchange.		
			Significant influence Related parties with significant influence comprise the members of the company's Supervisory Board and Executive Board.		
			The parent company's related parties also include subsidiaries and associates in which MT Højgaard a/s has control or significant influence. A list of the consolidated enterprises is given on page 64.		
			Intragroup transactions Apart from intragroup transactions that have been eliminated in the consolidated financial statements, and normal management remuneration, no transactions have been effected during the year with major shareholders, members of the Supervisory Board or Executive Board or other related parties. Management remuneration is disclosed in note 6. Transactions between MT Højgaard a/s and the other consolidated enterprises are based on arm's length terms.		
			Intragroup transactions between the parent company and the other consolidated enterprises can be broken down as follows:		
222.9	299.0		Purchases of goods and services from subsidiaries		
47.1	53.6		Sales of goods and services to subsidiaries		
52.9	62.0		Purchases of goods and services from associates		
15.3	112.2		Sales of goods and services to associates		
			Transactions between consolidated enterprises have been eliminated in the consolidated financial statements.		

Notes

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
		25	**Related parties (continued)**		
			The parent company's balances with subsidiaries, associates and jointly controlled entities at 31 December are disclosed in the balance sheet and relate primarily to ordinary business-related balances concerning purchases and sales of goods and services. The balances are non-interest bearing and are entered into on the same terms as apply to the parent company's other customers and suppliers.		
			The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 8 and 9.		
			The parent company's dividends from subsidiaries and associates are disclosed in note 8.		
		26	**Joint ventures**		
			The MT Højgaard Group participates in two forms of joint ventures: jointly controlled operations and jointly controlled entities.		
			Investments in jointly controlled operations are recognised in the parent company and consolidated financial statements on a proportionate basis in accordance with the contractual arrangement, whereby the proportionate share of assets, liabilities, income and expenses from the jointly controlled operations is recognised in the corresponding items in the financial statements.		
			Investments in jointly controlled entities are accounted for in the consolidated financial statements applying proportionate consolidation. The parent company measures investments in jointly controlled entities at cost and recognises them as associates.		
			Jointly controlled entities The Group's share of profit for the year and balance sheet items for jointly controlled entities is recognised in the financial statements with the following amounts:		
			Income statement		
			Revenue	617.7	540.0
			Profit for the year	108.7	48.9
			Balance sheet		
			Fixed assets	265.1	268.1
			Current assets	156.1	150.9
			Total assets	**421.6**	**419.0**
			Non-current liabilities	97.6	96.4
			Current liabilities	156.3	183.2
			Total liabilities	**253.9**	**279.6**
			Net assets	**167.7**	**139.4**

Notes

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005

26 Joint ventures (continued)

The Group participates in the following joint ventures:

Joint ventures		Ownership interest	Other joint venturers
Jointly controlled operations			
Amerikakaj	*	50.00%	TK Bygge-Holding A/S
Aircon JV	*	50.00%	Hoffmann A/S
EL – FTTH Nord **	*	50.00%	Lindpro a/s
GC/MTH J.V.	*	83.34%	Greenland Resources A/S
Joint Venture Pihl/Højgaard	*	50.00%	E. Pihl & Søn A/S
JV ElSyd **	*	50.00%	Lindpro a/s
Kalvebod Konsortiet	*	50.00%	NCC Construction Danmark A/S
LOKO JV	*	66.00%	M.J. Eriksson Aktieselskab
M3-Konsortiet	*	60.00%	M.J. Eriksson Aktieselskab
M10-Syd-Konsortiet	*	60.00%	M.J. Eriksson Aktieselskab
Monnet Konsortiet	*	50.00%	Novo Nordisk Engineering A/S
MP-Konsortiet	*	50.00%	E. Pihl & Søn A/S
MT Højgaard - Bravida JV/CTR	*	50.00%	Bravida Danmark A/S
KFT-JV	*	50.00%	Hochtief Construction AG
MT Højgaard - Pihl	*	50.00%	E. Pihl & Søn A/S
MT Pihl Intel konsortiet	*	50.00%	E. Pihl & Søn A/S
RHM-Konsortiet	*	66.66%	NCC Construction Danmark A/S
Vejcon Fyn	*	30.00%	Per Aarsleff A/S
			Ove Arkil A/S
			Jorton A/S
Vivaldis JV **	*	66.00%	Promecon a/s
Nuna Konsortiet	*	40.00%	Atcon Grønland A/S
			Arssarnerit A/S
Jointly controlled entities			
BMS A/S		50.00%	Aalborg Autokraner A/S
B.O.T. Management A/S		66.66%	E. Pihl & Søn A/S
Frederiksberg Centerbyg A/S		66.66%	NCC Danmark A/S
Greenland Contractors I/S	*	66.66%	Greenland Resources A/S
Precast Cellular Structures Ltd.		50.00%	Tarmac Precast Concrete Limited

*) With reference to Section 5(1) of the Danish Financial Statements Act, these Danish joint ventures have omitted preparing annual reports as they are recognised in the consolidated financial statements.

**) Intragroup joint ventures.

Notes

PARENT COMPANY				GROUP	
2005	2006	Note	Amounts in DKKm	2006	2005
		27	**Financial instruments**		
			For a general description of financial risks, including foreign currency, interest rate and credit risks as well as the Group's policy in these areas, reference is made to 'Risk factors' in the management's review on pages 18-19.		
			Derivative financial instruments		
			The Group primarily uses forward exchange contracts to hedge contractual and budgeted cash flows. Changes in the value of derivative financial instruments are recognised in the income statement under financial income and expenses as they arise, as they do not qualify for hedge accounting.		
			The open foreign exchange contracts at 31 December 2006 have a remaining term of up to 0.1 year.		
			Open forward exchange contracts at 31 December		
			Fair value (DKK):		
0.0	0.0		GBP	32.8	85.2

28 Accounting estimates and judgements

Estimation uncertainty

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of future events on the carrying amounts of those assets and liabilities at the balance sheet date. Estimates that are material for the financial reporting relate primarily to measurement of the selling price of contract work in progress.

The estimates applied are based on assumptions which are sound, in management's opinion, but which by the nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates. Special risks for the MT Højgaard Group are described in the management's review under the section on 'Risk factors' on pages 18-19.

Basis for management's judgements

As part of the application of the Group's accounting policies, management makes judgements, in addition to estimates, that may have a material effect on the amounts recognised in the financial statements.

The judgements that have the greatest impact on the amounts recognised in the financial statements relate to contract work in progress.

In management's opinion, no judgements have been made in connection with the accounting policies in the financial reporting for 2006 with comparative figures for 2005, apart from the accounting estimates referred to above, that have a material effect on the financial reporting.

Notes

Note

29 **New accounting standards**

The IASB and the EU have adopted the following interpretations that are not compulsory for MT Højgaard in connection with the preparation of the annual report for 2006:

No effect on the financial statements

* IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies"
* IFRIC 8 "Scope of IFRS 2"
* IFRIC 9 "Reassessment of Embedded Derivaties"
* IFRIC 10 "Interim Financial Reporting and Impairment" (yet to be adopted by the EU)
* IFRIC 11 "Group and Treasury Share Transactions" (yet to be adopted by the EU)
* IFRIC 12 "Service Concession Arrangements" (yet to be adopted by the EU)

None of the interpretations listed above is expected to have any effect on the financial reporting of the MT Højgaard Group in or after 2007.

Effect on the financial statements

* IFRS 7 "Financial Instruments: Disclosures". The implementation will not have any effect on the recognition and measurement of financial instruments in the MT Højgaard Group, but merely on the disclosures in the financial statements.
* IFRS 8 "Operating Segments" (yet to be adopted by the EU). The implementation will only affect the disclosures in the financial statements and not the business segmentation of the MT Højgaard Group. The existing segmentation thus complies with the new segmentation requirements in IFRS 8.

The new accounting standards and interpretations are expected to be implemented from the mandatory effective date, apart from IFRS 8, which is expected to be implemented in 2007.

30 **Events after the balance sheet date**

So far as management is aware, no events have occurred between 31 December 2006 and the date of signing of the annual report which will have a material effect on the MT Højgaard Group's financial position at 31 December 2006 other than the effects that are recognised and referred to in the annual report.

31 **Segment information**

Primary segment – business segments

MT Højgaard's primary format for reporting segment information, which follows the overall internal business organisation of the activities, comprises:

– Contracting business
– Other activities (subsidiaries)
– Corporate functions, etc.

The Contracting business is organised into five business areas and five business units.

Other activities comprise MT Højgaard's subsidiaries and jointly controlled entities with separately profiled expertise within areas such as electrical installations (Lindpro), steel structures (Promecon) and crane and lift hire (BMS).

Corporate functions, etc., comprises the joint staff functions in MT Højgaard and other non-allocated corporate items.

Secondary segment – geographical segments

The Group's secondary segment format comprises two geographical areas:

– Denmark
– Rest of world

The MT Højgaard Group operates primarily in Denmark. The international activities are predominantly operated within the EU. Revenue is allocated between the two geographical areas on the basis of the customer's geographical location, while the assets are allocated on the basis of the geographical location of the assets.

Trading between segments is based on arm's length terms.

Segment information for 2006

PRIMARY SEGMENT – BUSINESS SEGMENTS

Amounts in DKKm	Contracting business	Other activities – subsidiaries	Corporate functions, etc.	**MT Højgaard Group**
Income statement				
Gross revenue	9,013.3	3,312.4	-	**12,325.7**
Intragroup revenue	(1,243.2)	-	-	**(1,243.2)**
Revenue	7,770.1	3,312.4	-	**11,082.5**
Gross profit (loss)	(132.4)	444.3	129.8	**441.7**
Depreciation and impairment losses	66.8	76.4	14.0	**157.2**
Operating profit (loss)	(132.4)	243.1	(52.1)	**58.6**
Share of profit (loss) after tax of associates	0.0	0.0	0.0	**0.0**
Profit before tax (loss)	(134.0)	241.4	(56.4)	**51.0**
Profit (loss) for the year	(115.7)	205.1	(52.7)	**36.7**
Balance sheet				
Fixed assets	395.3	508.9	324.0	**1,228.2**
Current assets	2,431.3	1,138.1	35.0	**3,604.4**
Total segment assets	2,826.6	1,647.0	359.0	**4,832.6**
Fixed asset investments	100.4	173.2	16.7	**290.3**
Investments in associates	0.0	0.0	0.4	**0.4**
Non-current liabilities	5.4	201.9	53.4	**260.7**
Current liabilities	2,462.5	1,522.9	(461.5)	**3,523.9**
Total segment liabilities	2,467.9	1,724.8	(408.1)	**3,784.9**
Interest-bearing assets	14.8	241.9	97.0	**353.7**
Interest-bearing liabilities	0.3	169.6	131.5	**301.4**
Interest-bearing net balance (+/-)	14.5	72.3	(34.5)	**52.3**
Cash flows				
Cash flows from operating activities	30.2	288.6	(1.7)	**317.1**
Cash flows for investing activities	(100.4)	(132.1)	(7.3)	**(239.8)**
Cash flows from financing activities	0.0	(151.4)	143.9	**(7.5)**
Net increase (decrease) in cash and cash equivalents	(70.2)	5.1	134.9	**69.8**
Financial ratios (%)				
Gross margin	(1.7)	13.4		**4.0**
Operating margin	(1.7)	7.3		**0.5**
Other information				
Order book, year end	8,194.5	2,557.3	-	**10,751.8**
Average number of employees	3,223	2,525	131	**5,889**
Number of employees, year end	3,485	2,626	134	**6,245**

Secondary segment – geographical segments	Denmark	Rest of world	**MT Højgaard Group**
Income statement			
Revenue	9,239.8	1,842.7	**11,082.5**
Balance sheet			
Fixed assets	1,097.3	130.9	**1,228.2**
Current assets	3,192.7	411.7	**3,604.4**
Total segment assets	4,290.0	542.6	**4,832.6**
Fixed asset investments	229.0	61.3	**290.3**

Segment information for 2005

PRIMARY SEGMENT – BUSINESS SEGMENTS

Amounts in DKKm	Contracting business	Other activities – subsidiaries	Corporate functions, etc.	**MT Højgaard Group**
Income statement				
Gross revenue	6,509.0	2,758.2	-	**9,267.2**
Intragroup revenue	(804.3)	-	-	**(804.3)**
Revenue	5,704.7	2,758.2		**8,462.9**
Gross profit	77.6	334.9	73.4	**485.9**
Depreciation and impairment losses	65.2	71.0	9.6	**145.8**
Operating profit (loss)	77.6	128.1	(67.8)	**137.9**
Share of profit (loss) after tax of associates	(2.9)	0.0	0.0	**(2.9)**
Profit (loss) before tax	68.9	126.1	(70.1)	**124.9**
Profit (loss) for the year	40.0	124.2	(64.3)	**99.9**
Balance sheet				
Fixed assets	366.5	446.5	249.6	**1,062.6**
Current assets	1,832.9	948.2	82.7	**2,863.8**
Total segment assets	2,199.4	1,394.7	332.3	**3,926.4**
Fixed asset investments	97.3	113.6	19.0	**229.9**
Investments in associates	0.0	0.0	0.6	**0.6**
Non-current liabilities	2.1	191.4	97.9	**291.4**
Current liabilities	1,623.7	1,345.2	(350.2)	**2,618.7**
Total segment liabilities	1,625.8	1,536.6	(252.3)	**2,910.1**
Interest-bearing assets	85.0	249.0	(69.4)	**264.6**
Interest-bearing liabilities	2.1	184.3	116.5	**302.9**
Interest-bearing net balance (+/-)	82.9	64.7	(185.9)	**(38.3)**
Cash flows				
Cash flows from operating activities	142.4	179.2	19.1	**340.7**
Cash flows for investing activities	(102.2)	(63.2)	(3.1)	**(168.5)**
Cash flows from financing activities	2.1	(71.7)	22.7	**(46.9)**
Net increase (decrease) in cash and cash equivalents	42.3	44.3	38.7	**125.3**
Financial ratios (%)				
Gross margin	1.4	12.1		**5.7**
Operating margin	1.4	4.6		**1.6**
Other information				
Order book, year end	6,078.4	2,273.6	-	**8,352.0**
Average number of employees	2,764	2,371	125	**5,260**
Number of employees, year end	3,057	2,393	142	**5,592**

Secondary segment – geographical segments	Denmark	Rest of world	**MT Højgaard Group**
Income statement			
Revenue	7,133.8	1,329.1	**8,462.9**
Balance sheet			
Fixed assets	959.9	102.7	**1,062.6**
Current assets	2,537.6	326.2	**2,863.8**
Total segment assets	3,497.5	428.9	**3,926.4**
Fixed asset investments	157.1	72.8	**229.9**

Subsidiaries and associates

SUBSIDIARIES AND ASSOCIATES

32 Subsidiaries and associates

Companies		Registered office		Ownership interest %		Share capital ('000)
MT Højgaard a/s						
ApS KBIL 38 NR. 2286	(A)	Søborg	DK	50.00	DKK	125
BMS A/S	(J)	Rødovre	DK	50.00	DKK	25,000
TP Kranar AB	(J)	Sweden	SE	100.00	SEK	100
B.O.T. Management A/S	(J)	Lyngby	DK	66.66	DKK	501
Composite Limited		UK	GB	100.00	GBP	500
Precast Cellular Structures Ltd.	(J)	UK	GB	50.00	GBP	100
Danbond-Danish Structural Bonding Company A/S		Søborg	DK	100.00	DKK	500
Enemærke & Petersen a/s		Ringsted	DK	100.00	DKK	5,000
Ringsted Entreprenørforretning ApS		Ringsted	DK	100.00	DKK	200
Frederiksberg Centerbyg A/S	(J)	Hellerup	DK	66.66	DKK	500
Greenland Contractors I/S	(J)	Copenhagen	DK	66.66	DKK	-
Langeliniehuset Aarhus ApS		Søborg	DK	100.00	DKK	201
Lindpro a/s		Glostrup	DK	100.00	DKK	25,000
Arssarnerit A/S		Greenland	DK	100.00	DKK	2,000
LN Entreprise A/S		Søborg	DK	100.00	DKK	15,216
MHF 20061002 A/S		Søborg	DK	100.00	DKK	1,101
MT (UK) Ltd.		UK	GB	100.00	GBP	25
MT-Treschakt AB		Sweden	SE	100.00	SEK	850
MT Atlantic Inc.		USA	US	100.00	USD	10
MT Højgaard Føroyar P/F		Faroe Islands	DK	100.00	DKK	2,700
MT Hojgaard (GIB) Ltd.		Gibraltar	GB	100.00	GBP	2
MT Højgaard Grønland ApS		Greenland	DK	100.00	DKK	200
OPP Vildbjerg Skole A/S	(A)	Hellerup	DK	50.00	DKK	500
Promecon a/s		Fredericia	DK	100.00	DKK	5,000
Scandi Byg a/s		Løgstør	DK	100.00	DKK	3,000
Sociedade de Empreitadas e Trabalhos Hidráulicos, S.A., (Seth)		Portugal	PT	75.00	EUR	4,000

(A) associates.

(J) jointly controlled entities. These are consolidated on a proportionate basis in the consolidated financial statements.

Definitions of financial ratios

Gross margin	=	$\frac{\text{Gross profit}}{\text{Revenue}}$
Operating margin (EBIT margin)	=	$\frac{\text{Earnings before interest and tax}}{\text{Revenue}}$
Pre-tax margin	=	$\frac{\text{Earnings before tax}}{\text{Revenue}}$
Return on invested capital incl. goodwill (ROIC)	=	$\frac{\text{EBIT}}{\text{Average invested capital incl. goodwill}}$
Return on equity (ROE)	=	$\frac{\text{Profit after tax}}{\text{Average equity incl. minorities}}$
Equity ratio	=	$\frac{\text{Equity incl. minorities, year end}}{\text{Liabilities, year end}}$
Earnings per share (EPS)*	=	$\frac{\text{Profit for the year attributable to parent}}{\text{Average number of shares outstanding}}$
Invested capital	=	Invested capital represents the capital invested in operating activities, i.e. the assets that generate income. Invested capital is measured as the sum of equity, minority interests and net interest-bearing debt.

*In MT Højgaard the result of the measurement of earnings per share (EPS) is identical to diluted earnings per share (EPS-D).

Ownership

MT Højgaard is owned by the two listed companies
Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%).

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