MONBERG & THORSEN A/S

27.03.08
Announcement No. 2, 2008

Preliminary announcement for 2007

The Supervisory Board of Monberg & Thorsen A/S approved the annual report for the period 1 January - 31 December 2007 at its meeting today.

Copenhagen, 27 March 2008
Supervisory Board and Executive Board

Mogens Granborg
Chairman

Jørgen Nicolajsen
President and CEO

Questions relating to this announcement should be directed to Jørgen Nicolajsen, President and CEO, on telephone +45 3546 8000.

The preliminary announcement can also be viewed on www.monthor.com

This announcement is available in Danish and English. In case of doubt, the Danish version shall prevail.

Reg. No. 12 61 79 17

FINANCIAL HIGHLIGHTS 2003-2007

DKK million	Pro forma 2003	2004	2005	2006	**2007**
Income statement					
Revenue					
Dyrup	1,724	1,668	1,681	1,660	**1,696**
MT Højgaard (46%)	3,672	3,367	3,806	5,089	**5,389**
Total revenue	5,396	5,035	5,487	6,749	**7,085**
Operating profit (EBIT)	175	214	50	*192	**138**
Net financing costs	(19)	0	(21)	(15)	**3**
Profit before tax	156	214	29	*177	**141**
Profit after tax	119	185	51	*191	**99**
Attributable to equity holders of the parent	116	184	49	*187	**98**
* Including DKK 171 million gain on sale of oil interests					
Balance sheet					
Interest-bearing assets	366	377	347	824	**781**
Interest-bearing liabilities	614	511	589	565	**571**
Invested capital	1,550	1,581	1,682	1,332	**1,339**
Consolidated equity	1,212	1,360	1,352	1,502	**1,464**
Attributable to equity holders of the parent	1,204	1,353	1,343	1,491	**1,464**
Balance sheet total	3,179	3,107	3,507	4,062	**4,050**
Cash flows					
From operating activities	224	55	216	201	**53**
For investing activities**	67	169	(222)	(123)	**135**
From financing activities	(139)	(61)	(96)	(66)	**(162)**
Net increase (decrease) in cash and cash equivalents	152	163	(102)	11	**26**
** Portion relating to property, plant and equipment (gross)	(111)	(187)	(136)	(155)	**(162)**
Financial ratios (%)					
Operating margin (EBIT margin)	3	3	0	0	**1**
Return on invested capital (ROIC)	11	14	3	13	**10**
Return on equity (ROE)	10	14	4	13	**7**
Equity ratio	38	44	39	37	**36**
Share ratios (DKK per share)					
Earnings per share (EPS)	30	52	14	52	**27**
Cash flow from operating activities	63	15	60	56	**15**
Dividends	12	16	12	36	**12**
Book value	336	378	375	416	**409**
Market price	320	390	464	478	**498**
Market price/book value	1.0	1.0	1.2	1.1	**1.2**
Price earnings (P/E)	11	8	33	9	**18**
Payout ratio (%)	37	31	88	69	**44**
Market capitalisation in DKK million	1,147	1,398	1,663	1,714	**1,785**
Number of employees					
Consolidated enterprises	3,705	3,389	3,469	3,673	**3,784**

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'.

The financial highlights for 2004-2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial highlights have been restated to reflect the change in accounting policy in 2007 relating to the recognition of project development cases, which is mentioned in the interim financial report for the third quarter of 2007.

CONSOLIDATED PROFIT AHEAD OF LAST YEAR, AS EXPECTED

Monberg & Thorsen delivered consolidated revenue of DKK 7.1 billion and profit after tax of DKK 99 million, on a par with the level announced in November in connection with MT Højgaard's sale of the subsidiary BMS.

Operating profit before special items, etc., increased from DKK 25 million in 2006 to DKK 84 million in 2007.

- **Dyrup** reported an increase in revenue to DKK 1.7 billion and operating profit of DKK 5 million compared with a projected small loss. Overall, the result before tax was DKK 51 million ahead of 2006, when the result was affected by special items.

- **MT Højgaard** reported revenue of DKK 11.7 billion as a consequence of the sustained high level of activity, and operating profit of DKK 194 million compared with DKK 60 million in 2006.

- **Dividend** of DKK 12 per DKK 20 share is proposed for 2007.

Consolidated cash flows from operating activities before working capital changes amounted to an inflow of DKK 192 million compared with DKK 149 million in 2006.

For 2008, consolidated revenue in the region of DKK 7 billion is anticipated, with operating profit before special items in the region of DKK 150 million compared with DKK 84 million in 2007 before special items from the sale of shares in subsidiaries in MT Højgaard.

THE GROUP

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.

Dyrup's preliminary announcement is attached and reference is made to MT Højgaard's preliminary announcement, which has just been published. 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 YEAR 2007

Consolidated revenue amounted to DKK 7.1 billion, up 5% on 2006. The change in revenue can be broken down as follows:

Revenue DKK million	2006	2007	Change
Dyrup	1,660	1,696	2%
MT Højgaard (46%)	5,089	5,389	6%
Total	6,749	7,085	5%

Dyrup delivered revenue growth of just over 2% despite heavy rain in Denmark and Germany, especially in the third quarter.

MT Højgaard's revenue increased by 6%, primarily as a result of the growing international activities. The increase was predominantly organic.

International consolidated revenue increased by 15% in total in 2007, to approx. DKK 2.4 billion, equivalent to just over one third of revenue. International activities contributed 21% of MT Højgaard's revenue, up from 17% in 2006, and 75% of Dyrup's revenue, corresponding to the 2006 level.

Operating profit (loss) (EBIT) and profit (loss) before tax developed as follows:

DKK million	Operating profit (loss) (EBIT)		Profit (loss) before tax	
	2006	**2007**	2006	**2007**
Dyrup	5	**5**	(19)	**(15)**
MT Højgaard (46%)	28	**89**	24	**89**
Parent company, etc.	(8)	**(10)**	2	**13**
Total before special items, etc.	25	**84**	7	**87**
Gain on sale of subsidiaries in MT Højgaard	-	**54**	-	**54**
Special items in Dyrup	(47)	**-**	(47)	**-**
Profit from oil interests after tax	43	**-**	46	**-**
Gain on sale of Denerco Oil	171	**-**	171	**-**
	192	**138**	177	**141**

Operating profit before special items, etc., increased from DKK 25 million in 2006 to DKK 84 million in 2007 due to MT Højgaard's improved performance. The IFRS policy change relating to project development cases depressed profit by DKK 21 million.

Dyrup's operating profit amounted to DKK 5 million, on a par with the 2006 level before special items. Compared with 2006, the cost base was deliberately increased in relation to market communications, product innovation and general skills development.

The result before tax exceeded expectations, partly as a result of an improvement in the operating result, and partly as a result of positive foreign exchange adjustments.

MT Højgaard's operating profit was DKK 194 million, of which Monberg & Thorsen's share amounted to DKK 89 million. Profit was DKK 134 million up on 2006. The policy change relating to project development cases depressed profit by DKK 45 million. Profit was also eroded by further write-downs in connection with the completion of previously written-down projects.

In line with its strategy, MT Højgaard sold its ownership interests in the subsidiaries BMS and Composite Limited and reduced its ownership interest in the Portuguese subsidiary Seth in 2007. The accounting gain totalled DKK 117 million, of which Monberg & Thorsen's share amounted to DKK 54 million.

MT Højgaard's profit matched expectations, taking into account the effect of the change in accounting policy.

Monberg & Thorsen delivered consolidated profit after tax of DKK 99 million. At 30%, the effective income tax rate was relatively high, reflecting primarily the reduction of both the Danish and the German income tax rates, which led to a reduction in capitalised tax losses.

Major highlights during the year

Consolidated revenue reached DKK 7.1 billion, compared with an outlook throughout the year of a figure in the region of DKK 6.8 billion, due to a slightly higher 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 50 million.

In the interim financial report for the third quarter of 2007 the profit outlook for 2007 was reduced to profit after tax in the region of DKK 40 million as a result of the change in accounting policy concerning recognition of project development cases, which consist of self-generated housing construction projects in MT Højgaard. The policy change means that revenue and profit from projects sold will not be recognised until delivery has been made and risk has been transferred to the buyer.

On 29 November 2007, the outlook concerning consolidated profit after tax was raised from profit in the region of DKK 40 million to profit in the region of DKK 90 million as a result of MT Højgaard's sale of the subsidiary BMS, Scandinavia's largest company within hire of mobile, belt and lorry cranes and lifts.

At DKK 99 million, consolidated profit after tax was in line with the latest outlook, with both MT Højgaard and Dyrup reporting results at the high end of the expected level.

The development within the Group's core activities

Dyrup delivered revenue in the region of DKK 1.7 billion, as expected, up 2.4%, which was considered satisfactory in view of the fact that heavy rainfall had a significant impact on revenue in Germany and Denmark.

In Denmark, revenue was slightly down on 2006, primarily due to heavy rain and the early end to the season for outdoor products. Revenue in Germany was affected not only by the weather, but also by an adverse trend in the DIY market. Notwithstanding this, revenue in Germany was maintained.

Despite intensive competition both on the supplier and the customer side in France, Dyrup succeeded in turning the revenue trend to growth of 2% in 2007, and Dyrup enjoyed significant growth in the Portuguese, Spanish and Polish markets throughout the year. Revenue grew by 9% in Portugal, 4% in Spain, and 17% in Poland.

The increase in revenue was primarily driven by new product and concept launches.

Competition remains intensive in all markets; however, the unrelenting pressure on the gross margin was offset by the improvement measures initiated. Gross profit thus benefited from the fact that Dyrup has now withdrawn from almost all loss-making market areas and is focusing on optimising its business and, consequently, earnings. The efficiency measures in the production area (Lean) have thus made it possible to keep these costs at the same relative level as in 2006, despite higher volume. Gross profit also benefited from the initiated customer, product and recipe optimisation projects.

The total distribution costs were held at a largely unchanged level, despite the higher expenses for market communications and general strengthening of several of the sales organisations. Administrative expenses were affected, among other things, by increased costs for upgrading of management skills, including strengthening of the corporate functions, and strategy-related expenses for the projects initiated, including consultants.

Compared with 2006, the cost base was deliberately increased in relation to market communications, product innovation and general skills development.

Dyrup's positive profit trend continued throughout the year, and the operating result for 2007 was a profit of DKK 5 million compared with a projected small loss.

Dyrup's result after tax was on a par with expectations, as income tax expense was adversely affected by an adjustment of deferred tax assets.

In 2006, Dyrup launched STRATEGY 2008 with the aim of focusing Dyrup and creating profitable growth in the lead up to 2009. As stated in the 2006 annual report, the basic elements still stand, but the implementation of the strategy will take longer than originally anticipated and will be more cost-intensive.

In 2007, Dyrup worked intensively on securing its basic business by improving the efficiency of and focusing its activities and strengthening the company's foundation. This process involves several significant activities that are crucial to the improvement of Dyrup's earnings and competitive position.

Acquisitions remain an important element of the strategy. In-depth analyses were carried out in 2007 with a view to finding relevant acquisition candidates and/or business partners. Dyrup will continue the dialogue with potential candidates and expects this to yield results in 2008.

MT Højgaard reported revenue of DKK 11.7 billion in 2007, up 6%. The increase was driven predominantly by organic growth and was attributable, in particular, to growing international activities. International activities thus made up 21% of revenue in 2007 as opposed to 17% in 2006.

Operating profit was DKK 194 million compared with DKK 60 million in 2006. The policy change relating to project development cases depressed profit by DKK 45 million. Profit was also eroded by further write-downs in connection with the completion of previously written-down projects.

On the Buxton project, there are no changes to report in relation to what was stated in the 2006 annual report. The claims for extra payments advanced by MT Højgaard are the subject of international arbitration. In accordance with the company's policy, no income has been recognised in the financial statements in this respect.

MT Højgaard's net financing costs amounted to net income of DKK 117 million due primarily to non-recurring income in connection with the sale of shares in BMS, Seth and Composite Limited.

The result before tax was thus a profit of DKK 311 million compared with DKK 52 million in 2006. The Monberg & Thorsen Group's share amounted to 46%, equivalent to DKK 143 million. The pre-tax margin was consequently 2.7% compared with 0.5% in 2006. Excluding non-recurring income from the sale of shares in subsidiaries, the pre-tax margin was 1.7%.

MT Højgaard's result after tax was a profit of DKK 235 million compared with DKK 38 million in 2006. The Supervisory Board will propose a dividend of DKK 50 million, DKK 23 million of which will be attributable to Monberg & Thorsen.

The order book stood at DKK 10.7 billion at the end of 2007, compared with DKK 10.8 billion at the end of 2006. The order book corresponds to on average about 11 months' production. The order book includes a number of large 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. MT Højgaard has adjusted the content of its strategy work, so that it focuses, in order of priority, on ”increased profitability and profitable growth”. It is MT Højgaard's ambition to meet the pre-tax margin target in 2008 and to develop the strategy still further in 2008 with a view to meeting the ambitions of a further increase in the pre-tax margin.

Consolidated balance sheet

The consolidated balance sheet total remained unchanged at the DKK 4.1 billion level, and there were no significant changes in the consolidated enterprises' balance sheets.

Consolidated equity stood at approx. DKK 1.5 billion, equivalent to an equity ratio of 36% versus 37% at the end of 2006.

Consolidated cash flow statement

Operating cash flows amounted to an inflow of DKK 53 million compared with DKK 201 million in 2006. The decline was primarily attributable to MT Højgaard, the cash flows of which were affected by an increase in funds tied up in receivables and inventories, while Dyrup’s operating cash flows were on a par with 2006. Both companies produced an improved cash operating result, which for the Group amounted to DKK 192 million compared with DKK 149 million in 2006.

Cash flows for investing activities amounted to an inflow of DKK 135 million due to the sale of shares in subsidiaries in MT Højgaard and the Group’s net sale of securities. Excluding this income, cash flows for investing activities amounted to DKK 135 million net compared with DKK 127 million in 2006, covering increasing capital expenditure in Dyrup, which commenced a major upgrading of its manufacturing facilities both in Denmark and France, and slightly lower capital expenditure in MT Højgaard, the capital expenditure of which primarily related to replacement of and new investment in contractors’ plant and equipment.

Financing activities generated a cash outflow again in 2007, consisting primarily of DKK 129 million paid in dividends for 2006 and an approx. DKK 30 million decrease in non-current loans. Monberg & Thorsen did not buy or sell any treasury shares in 2007.

The Group’s total cash and cash equivalents at 31.12.07 amounted to DKK 106 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.

Accounting policies

The annual report for 2007 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

The accounting policies are unchanged from those set out in the 2006 annual report, apart from the policy for recognition of revenue from project development cases, as announced in the interim financial report for the third quarter of 2007.

The accounting policy for recognition of project development cases, which consist of self-generated housing construction projects that are not started up until the sale of 75% to 80% of the project has been secured, has been changed from the percentage of completion method to the sales method.

The policy change has reduced profit for the year before tax by DKK 21 million compared with an increase of DKK 1 million in 2006. The accumulated effect at 31 December 2007 was a reduction in equity by DKK 29 million compared with DKK 13 million in 2006. The balance sheet total at 31 December 2007 was reduced by DKK 29 million compared with DKK 4 million in 2006. Earnings per share (EPS) and diluted earnings per share (EPS-D) were adversely affected in 2007 by DKK 4 per share compared with nil in 2006.

THE FUTURE

For 2008, consolidated revenue in the region of DKK 7 billion is anticipated, with operating profit before special items in the region of DKK 150 million compared with DKK 84 million in 2007 before special items from the sale of shares in subsidiaries in MT Højgaard.

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 general financial unrest in the international markets, in particular, may end up influencing the profit development in 2008.

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

Dyrup

Dyrup anticipates market growth of 1-2%, with Poland accounting for the largest contribution.

Dyrup expects, as a minimum, to hold its position in its principal markets and to expand its position in the industrial area, which is expected to show fair growth again in 2008. 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 holds a strong position. Actions will include the launch of innovative products, underpinned by unremitting intensive marketing, which will have a positive effect in the years ahead. Dyrup will invest heavily again in 2008 in efficiency improvements and streamlining the company's infrastructure with a view to enhancing competitiveness.

Overall, revenue is expected to increase by 3-4% to the DKK 1,760 million level. The operating result is expected to be a profit in the region of DKK 20-25 million, giving a breakeven result after tax compared with a loss after tax of DKK 19 million in 2007.

MT Højgaard

The Danish building and civil works market is expected to fall off in 2008 from the current very high level to a more normalised level due to a slowdown in market conditions.

The activities within construction are expected to slow down in 2008, as the progress within commercial construction is not expected to be able to make up for the decline in residential construction, particularly in the private sector. The refurbishment market will benefit from a high level of activity within conversion and upgrading projects again in 2008.

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 also expected to be at the same high level in 2008 as in 2007, based on a sustained willingness to invest within, for example, telecommunications.

As far as concerns the international activities, an increasing level of activity is expected in 2008, with the focus on selective identification of project opportunities in relation to in-house skills and resources.

The order book stood at DKK 10.7 billion at the start of 2008, with DKK 7.9 billion expected to be executed in 2008. With an order book on a par with last year, MT Højgaard will continue being highly selective when choosing new projects. Revenue for 2008 is expected to reach about DKK 11 billion. The proportion of total revenue accounted for by the international activities is expected to be at the 25% level compared with 21% in 2007.

Selectivity, focusing and targeted risk management are expected to boost earnings. One of the reasons for the anticipated progress in 2008 is that the number of written-down projects with a low contribution margin in the order book that have yet to be completed is considerably lower than in the order book at the start of 2007. The quality of the order book was thus substantially improved in 2007. The subsidiaries are expected to deliver satisfactory results again in 2008, in line with 2007, taking into account activities disposed of.

MT Højgaard's profit before tax is expected to amount to around DKK 300 million overall compared with profit before tax of DKK 194 million in 2007 before non-recurring income from the sale of shares in subsidiaries. The Group's effective tax rate is expected to be on a par with the Danish tax rate.

Board resolutions and proposals to the Annual General Meeting

A dividend to the shareholders of DKK 12 per DKK 20 share will be proposed for 2007, corresponding to DKK 43 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.

After payment of the proposed dividend, the parent company will have cash resources of approx. DKK 475 million, including the portfolio of bonds, to which should be added undrawn credit facilities. It will be necessary to maintain cash resources to underpin Dyrup’s strategic development.

The dividend payment corresponds to approx. 44% in total of profit for the year after tax. The dividend payment provides a direct return of 5.1% based on the current market price of approx. 390.

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 propose overall guidelines for remuneration of the company's management.

Other information

At 31.12.07, the holding of treasury shares totalled 2,645 B shares. The company did not buy or sell any treasury shares in 2007.

The annual report with auditors' report and the Supervisory Board's complete resolutions to the Annual General Meeting will be available for inspection at the Company's office from Wednesday 16 April 2008.

The printed annual report will be issued on Wednesday 9 April 2008.

The Annual General Meeting will be held on Monday 28 April 2008 at 5.00pm.

Appendices: *Consolidated cash flow statement*
Consolidated income statement
Consolidated balance sheet
Consolidated statement of changes in equity
Segment overview
Quarterly statements
Preliminary announcement for Dyrup A/S

CONSOLIDATED CASH FLOW STATEMENT (DKK million)

	2007	2006
Operating activities		
Operating profit	84.0	191.5
Adjustment for non-cash operating items		
Depreciation, amortisation and impairment losses	125.0	162.8
Share of profit (loss) of associates	-	(43.4)
Others	(16.6)	(161.6)
Cash flows from operating activities before working capital changes	**192.4**	149.3
Working capital changes		
Inventories	(73.4)	25.8
Receivables excl. construction contracts in progress	(91.2)	(289.3)
Construction contracts in progress	11.2	180.2
Trade payables and other current payables	36.4	169.4
Cash flows from operations (operating activities)	**75.4**	235.4
Interest received, etc.	50.5	26.1
Interest paid, etc.	(49.7)	(42.2)
Cash flows from operations (ordinary activities)	**76.2**	219.3
Income taxes paid, net	(22.7)	(18.6)
Cash flows from operating activities	**53.5**	200.7
Investing activities		
Purchase of intangible assets	(3.9)	(6.4)
Purchase of property, plant and equipment	(161.9)	(154.7)
Sale of property, plant and equipment	31.3	33.7
Acquisition/disposal of enterprises and activities	123.6	476.7
Investments	-	2.3
Purchase/sale of securities	146.1	(475.0)
Cash flows for investing activities	**135.2**	(123.4)
Cash flows before financing activities	**188.7**	77.3
Financing activities		
Dividends paid to shareholders	(129.0)	(43.0)
Minority interests	(3.4)	(2.1)
Increase in non-current bank loans, etc.	2.7	21.0
Decrease in non-current bank loans, etc.	(32.6)	(41.8)
Cash flows from financing activities	**(162.3)**	(65.9)
Net increase (decrease) in cash and cash equivalents	**26.4**	**11.4**
Cash and cash equivalents at 01.01.	79.2	67.6
Value adjustments of cash and cash equivalents	0.2	0.2
Cash and cash equivalents at 31.12.	**105.8**	79.2
consisting of:		
Cash and cash equivalents	412.1	308.6
Current bank loans	(306.3)	(229.4)
	105.8	79.2

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

CONSOLIDATED INCOME STATEMENT (DKK million)

	2007	2006
Revenue	**7,084.7**	6,748.8
Production costs	6,136.3	5,865.1
Gross profit	**948.4**	883.7
Share of profit after tax of associates	**-**	43.4
Distribution costs	607.4	605.0
Administrative expenses	263.1	258.3
Other operating income and expenses	59.9	127.7
Operating profit	**137.8**	191.5
Financial income	51.5	26.9
Financial expenses	47.9	41.8
Profit before tax	**141.4**	176.6
Income tax expense	42.6	(14.3)
Profit for the year	**98.8**	190.9
Attributable to:		
Minority interests	**0.4**	3.9
Equity holders of the parent	**98.4**	187.0
	98.8	190.9
Earnings per share (EPS) and diluted earnings per share (EPS-D)	**27**	52

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER (DKK million)
ASSETS

	2007	2006
Non-current assets		
Intangible assets		
Goodwill	85.8	89.4
Trade marks and distribution rights	32.1	38.5
Development projects	6.9	-
In-process development projects	5.1	9.2
Total intangible assets	**129.9**	137.1
Property, plant and equipment		
Land and buildings	395.9	401.7
Plant and machinery	256.3	340.7
Fixtures and fittings, tools and equipment	86.2	99.8
Property, plant and equipment under construction	46.8	13.5
Total property, plant and equipment	**785.2**	855.7
Investments		
Investments in jointly controlled entities/associates	0.4	0.3
Receivables from associates	5.4	2.6
Other securities and equity investments	0.5	0.4
Deferred tax assets	129.4	153.8
Total investments	**135.7**	157.1
Total non-current assets	**1,050.8**	1,149.9
Current assets		
Inventories		
Inventories	301.4	274.3
Properties held for resale	248.4	201.7
Total inventories	**549.8**	476.0
Receivables		
Trade receivables	1,277.0	1,298.1
Construction contracts in progress	196.0	169.9
Receivables from associates	0	2.9
Other receivables	109.7	93.2
Income tax	6.0	4.6
Prepayments	79.6	44.2
Total receivables	**1,668.3**	1,612.9
Securities	**368.6**	514.5
Cash and cash equivalents	**412.1**	308.6
Total current assets	**2,998.8**	2,912.0
Total assets	**4,049.6**	4,061.9

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER (DKK million)
EQUITY AND LIABILITIES

	2007	2006
Equity		
Share capital	71.7	71.7
Translation reserve	16.9	11.5
Retained earnings	1,332.8	1,279,0
Proposed dividends	43.0	129.0
Equity attributable to equity holders of the parent	**1,464.4**	1,491.2
Equity attributable to minority interests	-	10.8
Total equity	**1,464.4**	1,502.0
Non-current liabilities		
Bank loans, etc.	125.6	282.2
Deferred tax liabilities	44.7	61.3
Provisions	31.8	28.7
Total non-current liabilities	**202.1**	372.2
Current liabilities		
Current portion of non-current financial liabilities	139.0	53.8
Bank loans, etc.	306.3	229.4
Construction contracts in progress	614.2	559.7
Prepayments received from customers	78.2	72.2
Trade payables	700.9	760.9
Payables to associates	-	0.2
Income tax	11.7	21.5
Other payables	460.3	460.1
Deferred income	71.1	28.7
Provisions	1.4	1.2
Total current liabilities	**2,383.1**	2,187.7
Total liabilities	**2,585.2**	2,559.9
Total equity and liabilities	**4,049.6**	4,061.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Translation reserve	Retained earnings	Proposed divi-dends	Total equity attributable to Monberg & Thorsen	Attributable to minority interests	Total
Equity at 01.01.06	**71.7**	**10.9**	**1,230.3**	**43.0**	**1,355.9**	**9.2**	**1,365.1**
Change in accounting policy			(12.9)		(12.9)		(12.9)
Restated equity at 01.01.06	**71.7**	**10.9**	**1,217.4**	**43.0**	**1,343.0**	**9.2**	**1,352.2**
Profit for the year			187.0		187.0	3.9	190.9
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	190.6		191.2	3.7	184.5
Dividends paid				(43.0)	(43.0)	(2.1)	(45.1)
Transfer to proposed dividends			(129.0)	129.0	0		0
Total changes in equity		0.6	61.6	86.0	148.2	1.6	149.8
Equity at 01.01.07	**71.7**	**11.5**	**1,279.0**	**129.0**	**1,491.2**	**10.8**	**1,502.0**
Profit for the year			98.4		98.4	0.4	98.8
Foreign exchange adjustments		3.8			3.8		3.8
Total income and expense for the year		3.8	98.4		102.2	0.4	102.6
Dividends paid				(129.0)	(129.0)	(3.4)	(132.4)
Disposal of minority interests						(7.8)	(7.8)
Transfer to proposed dividends			(43.0)	43.0	0		0
Transfer between reserves		1.6	(1.6)		0		0
Total changes in equity		5.4	53.8	(86.0)	(26.8)	(10.8)	(37.6)
Equity at 31.12.07	**71.7**	**16.9**	**1,332.8**	**43.0**	**1,464.4**	**0**	**1,464.4**

ESSENTIAL SEGMENT INFORMATION

	Dyrup		MT Højgaard*		Others, etc.**		Total	
Income statement	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
Revenue	1,696	1,660	5,389	5,089	-	-	7,085	6,749
Gross profit	694	680	254	204	-	-	948	884
Operating profit (loss) before special items	5	5	89	28	(10)	35	84	68
Special items, etc.	-	(47)	54	-	-	171	54	124
Operating profit (loss) (EBIT)	5	(42)	143	28	(10)	206	138	192
Financial income	11	4	16	11	24	12	51	27
Financial expenses	(31)	(28)	(16)	(14)	(1)	-	(48)	(42)
Profit (loss) before tax	(15)	(66)	143	25	13	218	141	177
Income tax	(4)	21	(35)	(8)	(3)	1	(42)	14
Profit (loss) after tax	(19)	(45)	108	17	10	219	99	191
Balance sheet								
Intangible assets	100	103	30	34	-	-	130	137
Property, plant and equipment	463	438	322	418	-	-	785	856
Investments	33	39	103	118	-	-	136	157
Total non-current assets	596	580	455	570	-	-	1,051	1,150
Properties held for resale	-	-	249	202	-	-	249	202
Inventories	272	249	29	25	-	-	301	274
Receivables	303	347	1,356	1,261	9	5	1,668	1,613
Cash and cash equivalents and securities	56	51	226	161	499	611	781	823
Total current assets	631	647	1,860	1,649	508	616	2,999	2,912
Total assets	1,227	1,227	2,315	2,219	508	616	4,050	4,062
Share capital	100	100	101	101	(129)	(129)	72	72
Reserves, etc.	328	342	465	368	599	720	1,392	1,430
Total equity	428	442	566	469	470	591	1,464	1,502
Non-current liabilities	98	234	86	120	18	18	202	372
Current liabilities	701	551	1,663	1,630	20	7	2,384	2,188
Total equity and liabilities	1,227	1,227	2,315	2,219	508	616	4,050	4,062
Cash flows, etc.								
From operating activities	70	65	(33)	146	16	(10)	53	201
For investing activities	(70)	(27)	31	(110)	174	14	135	(123)
From financing activities	(17)	(20)	(16)	(3)	(129)	(43)	(162)	(66)
Net increase (decrease) in cash and cash equivalents	(17)	19	(18)	33	61	(40)	26	11
Portion relating to property, plant and equipment	(71)	(23)	(91)	(132)	-	-	(162)	(155)
Financial ratios (%)								
Operating margin	0	0	2	1	-	-	1	0
Return on invested capital (ROIC)	1	1	19	6	-	-	10	13
Return on equity (ROE)	(4)	(10)	21	4	-	-	7	13
Equity ratio	35	36	25	22	-	-	36	37

* Comprises 46% of MT Højgaard's figures.

** Others, etc., comprises the parent company, other subsidiaries and eliminations.

QUARTERLY STATEMENTS

DKK million	2007				
	Q1	Q2	Q3	**Q4**	**Total**
Income statement					
Revenue:					
Dyrup	407	535	448	**306**	**1,696**
MT Højgaard (46%)	1,318	1,406	1,235	**1,430**	**5,389**
	1,725	1,941	1,683	**1,736**	**7,085**
Operating profit (loss) (EBIT)					
Dyrup	0	45	27	**(67)**	**5**
MT Højgaard (46%)	16	27	15	**85**	**143**
Parent company's operations, etc.	(2)	(2)	(1)	**(5)**	**(10)**
Total operating profit (EBIT)	14	70	41	**13**	**138**
Net financing costs	2	4	(6)	**3**	**3**
Profit before tax	16	74	35	**16**	**141**
Profit after tax	12	48	25	**14**	**99**
Monberg & Thorsen's share of consolidated profit	12	48	25	**13**	**98**
Cash flows					
From operating activities	(3)	(95)	198	**(47)**	**53**
For investing activities*	168	(19)	(35)	**21**	**135**
From financing activities	(22)	(135)	8	**(13)**	**(162)**
Net increase (decrease) in cash and cash equivalents	143	(249)	171	**(39)**	**26**
*Portion relating to property, plant and equipment	(27)	(28)	(38)	**(69)**	**(162)**

DKK million	2006				
	Q1	Q2	Q3	Q4	Total
Income statement					
Revenue:					
Dyrup	378	504	471	307	1,660
MT Højgaard (46%)	1,058	1,192	1,349	1,490	5,089
	1,436	1,696	1,820	1,797	6,749
Operating profit (loss) (EBIT)					
Dyrup	1	36	32	(111)	(42)
MT Højgaard (46%)	5	4	(2)	21	28
Oil interests	18	15	182	0	214
Parent company's operations, etc.	(2)	(1)	(2)	(4)	(8)
Total operating profit (loss) (EBIT)	22	54	210	(94)	192
Net financing costs	(5)	(7)	(2)	(1)	(15)
Profit (loss) before tax	17	47	208	(95)	177
Profit (loss) after tax	18	36	202	(65)	191
Monberg & Thorsen's share of consolidated profit (loss)	18	35	201	(67)	187
Cash flows					
From operating activities	(41)	(11)	67	186	201
For investing activities*	(27)	(35)	(26)	(35)	(123)
From financing activities	(2)	(33)	(12)	(19)	(66)
Net increase (decrease) in cash and cash equivalents	(70)	(79)	29	131	11
*Portion relating to property, plant and equipment	(29)	(37)	(30)	(59)	(155)

- **Revenue for 2007 reached DKK 1.7 billion, as expected, despite the early end to the season for outdoor products**
- **The positive profit trend continued in the fourth quarter of 2007, and, at DKK 5 million, operating profit exceeded expectations**
- **The result before tax, which was affected by special items last year, was DKK 51 million ahead of 2006**
- **The positive trend is expected to continue in 2008 with increases in both revenue and result**

	Pro forma				
Amounts in DKKm	**2003**	**2004**	**2005**	**2006**	**2007**
Income statement					
Revenue	1,724	1,668	1,681	1,660	1,696
Gross profit	777	748	703	680	694
Operating profit before special items (adjusted EBIT)	142	101	16	5	5
Net financing costs	(22)	(14)	(23)	(24)	(20)
Profit (loss) before tax	120	87	(55)	(66)	(15)
Profit (loss) for the year	90	61	(26)	(45)	(19)
Balance sheet					
Share capital	100	100	100	100	100
Equity	581	579	487	442	428
Balance sheet total	1,228	1,312	1,274	1,227	1,227
Interest-bearing assets	58	42	35	51	56
Interest-bearing liabilities	304	392	449	427	434
Invested capital	906	1,008	980	897	884
Cash flows, etc.					
From operating activities	154	64	64	65	70
For investing activities *)	(56)	(97)	(58)	(27)	(70)
From financing activities	(130)	(90)	(88)	(20)	(17)
Net increase (decrease) in cash and cash equivalents	(32)	(123)	(82)	19	(18)
*) portion relating to property, plant and equipment (gross)	(56)	(86)	(38)	(23)	(71)
Financial ratios (%)					
Gross margin	45	45	42	41	41
Operating margin (EBIT margin)	8	6	1	0	0
Pre-tax margin	7	5	(3)	(4)	(1)
Return on invested capital (ROIC)	16	11	2	1	1
Return on equity (ROE)	16	10	(5)	(10)	(4)
Equity ratio	47	44	38	36	35
Earnings per share and diluted earnings per share of DKK 20, DKK	18	12	(5)	(9)	(4)
Other information					
Average number of employees	1,152	1,107	1,045	961	1,002

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'.

MANAGEMENT’S REVIEW

2007 marked a turning point in Dyrup’s development. A year in which the fruits of the last two years' labour by all the Group’s employees started filtering through both in revenue and in profit.

Dyrup delivered revenue in the region of DKK 1.7 billion, as expected, up 2.4%, but reflecting an actual improvement of 3-4% when excluding the deliberate withdrawal from specific market areas in line with STRATEGY 2008. The increase is considered satisfactory in view of the fact that heavy rainfall had a significant impact on revenue in Germany and Denmark.

The positive profit trend through the year continued into the fourth quarter, and the operating result for 2007 was a profit of DKK 5 million compared with a projected small loss.

The result for the year before tax, a loss of DKK 15 million, was an improvement of DKK 51 million on 2006, when the result was affected by special items.

The consolidated result after tax was on a par with expectations, as income tax expense was adversely affected by an adjustment of deferred tax assets.

Income statement

Revenue was in line with expectations overall, but with a different distribution on geographical markets than anticipated.

In Denmark, revenue was slightly down on 2006, primarily due to heavy rain and the early end to the season for outdoor products. Revenue in Germany was affected not only by the weather, but also by an adverse trend in the DIY market. Notwithstanding this, revenue in Germany was maintained.

Despite intensive competition both on the supplier and the customer side in France, Dyrup succeeded in turning the revenue trend to growth of approx. 2% in 2007, partly reflecting the launch of the Agatha concept and a new generation of Xylophene products with a life of up to 20 years.

Dyrup enjoyed significant growth in the Portuguese, Spanish and Polish markets throughout the year, assisted by new product launches, including new product concepts. In Portugal and Spain, these included the Agatha and Contrastes concepts, and in Poland Dyrup launched products aligned to the Polish market with new and different packaging that has been well received by the consumers. Revenue grew by 9% in Portugal, 4% in Spain, and 17% in Poland.

Competition remains fierce in all markets and intensified towards the end of the year as a result of lower growth in several European economies and greater focus on the negative trend in the global economy. However, the unrelenting pressure on the gross margin was offset by the improvement measures initiated. Gross profit thus benefited from the fact that Dyrup has now withdrawn from almost all loss-making market areas and is focusing on optimising its business and, consequently, earnings. The efficiency measures in the production area (Lean) have thus made it possible to keep these costs at the same relative level as in 2006, despite higher volume. Gross profit also benefited from the initiated customer, product and recipe optimisation projects. Overall, gross profit was DKK 694 million compared with DKK 680 million in 2006. At 41%, gross margin was thus held at the 2006 level, despite rising raw material prices.

The total distribution costs were held at a largely unchanged level, despite the higher expenses for market communications and general strengthening of several of the sales organisations. This was due partly to the withdrawal from certain market areas, efficiency improvements and reorganisation of the sales organisations, including in France, Germany and Denmark, and partly to lower depreciation on sales-related activities as a consequence of the write-downs in 2006.

Administrative expenses were affected by, among other things, increased costs for upgrading of management skills, including strengthening of the corporate functions, and strategy-related expenses for the projects initiated, including consultants.

The operating result was consequently a profit of DKK 5 million, corresponding to the 2006 level before special items of DKK 47 million, which led to an operating loss of DKK 42 million in 2006. Compared with 2006, the cost base was deliberately increased in relation to market communications, product innovation and general skills development. Operating profit exceeded expectations.

Net financing costs benefited from foreign exchange adjustments of, primarily, Polish zlotys.

The result for the year was affected by a charge relating to adjustment of capitalised tax losses, partly as a result of the reduction of the German tax rate from 40% to 30%. Conversely, the Danish income tax expense benefited from the reduction of the Danish tax rate from 28% to 25%.

The result for the year after tax was consequently a loss of DKK 19 million, matching the expected level at the end of the year.

Balance sheet

The consolidated balance sheet total remained unchanged at the DKK 1.2 billion level at the end of 2007, despite the increase in property, plant and equipment, with capital expenditure amounting to DKK 71 million due partly to the upgrading of the manufacturing facilities for water-based products and binders at the Søborg plant.

Inventories were slightly up on 2006, whereas receivables were down significantly due to an improved payment pattern on the part of customers.

Equity amounted to DKK 428 million, corresponding to an unchanged equity ratio of 36%.

Net interest-bearing debt stood at DKK 378 million at the end of 2007 compared with DKK 376 million at the end of 2006.

The current portion of non-current payables increased to DKK 131 million, partly because the debt that falls due for payment in 2008 has yet to be refinanced. This will happen in 2008.

Cash flows

Operating cash flows amounted to an inflow of DKK 70 million, on a par with 2006, and, likewise, cash flows for 2007 benefited from a reduction in funds tied up in working capital. Cash flows for investing activities were DKK 43 million higher than in 2006, amounting to an outflow DKK 70 million overall, relating primarily to property, plant and equipment.

In 2007, cash flows for financing activities related solely to a DKK 17 million decrease in non-current financial liabilities.

The net cash flows for the year amounted to an outflow of DKK 17 million, largely corresponding to the increase in the current portion of bank loans. Net cash and cash equivalents consequently amounted to DKK (174) million compared with DKK (157) in 2006.

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

Market development in 2007

The markets in which Dyrup is represented with paints and wood care showed modest growth overall in 2007. The general market trend was initially more positive than anticipated, but lost momentum in the second half.

At the start of the year, the general market growth was driven by DIY and the professional market, whereas, later in the year, the industrial market was the main driver. In the fourth quarter, the slowdown in the global economy and the construction sector impacted on general growth. 2007 saw major consolidation among manufacturers, and this trend looks set to continue in the years ahead.

The overall DIY market showed improvement in 2007, with a sustained high market share for private label. Competition among manufacturers in Dyrup's markets intensified, partly as a consequence of growing competition among builders' merchants. Customised products and design for the respective chains and exclusive brand rights are a trend that is gaining ground. Dyrup also made progress within both the industrial and the professional markets, both of which benefited from good market conditions and growth in the construction sector in most markets.

Denmark
Dyrup's revenue was down 1% on 2006. It is estimated that the overall market showed modest growth. The level of activity in the construction sector declined, and it is estimated that the professional market grew by just over 2%, representing one-fourth of the 2006 level. Dyrup’s revenue in the professional market slightly outperformed the general market trend. Sales in the DIY market were stable in 2007, albeit slightly lower than the general trend in DIY, primarily as a result of heavy rainfall in the third quarter. Dyrup’s sales in the industrial market increased in line with the market, which, however, after a positive start, tapered off towards the end of the year. Industrial revenue in Denmark was affected by the fact that some of the Danish manufacturers are relocating production to Poland, boosting Dyrup's revenue in Poland.

France
Dyrup’s sales in the French market were just over 2% ahead of last year. This was less than the general market trend, which benefited, in particular, from paint sales, which, at present, is not one of Dyrup’s primary product areas in France. The fierce competition among the large chains of builders’ merchants in the DIY market continued in 2007, making heavy demands on manufacturers in terms of flexibility and efficiency. DIY revenue in 2007 was on a par with 2006, whereas revenue in the professional market was just under 2% ahead. In the industrial market Dyrup delivered revenue on a par with the previous year, despite intensified competition.

Germany
Revenue in the German market was in line with 2006, despite the adverse market trend, especially in DIY. Political intervention in the form of a VAT increase and a reduction in grants for some types of new building generated a negative trend in both DIY and the professional market throughout 2007. The industrial market in Germany had a good start to the year, but the effects of the decline could be felt already from the beginning of the third quarter.

Portugal
Dyrup’s revenue was just over 9% ahead in 2007, significantly outperforming the market. Dyrup recorded progress in both the professional and the DIY markets. Like last year, the progress was predominantly driven by the launch of new innovative products and concepts, and targeted cultivation of the market.

Spain
Dyrup’s sales in Spain developed positively in 2007, up 4%, despite a small decline in the general market. Dyrup’s sales in the DIY market, in particular, are developing positively. The largest contributor to Dyrup’s revenue in Spain is the professional market, which saw a small decline in 2007 due to the adverse market trend, which was attributable, in particular, to the trend in the construction sector.

Poland
The Polish market grew by about 8% overall, with the DIY market contributing the highest growth. Dyrup's revenue was more than 17% ahead, with growth in both DIY and the industrial market. In the DIY market, the progress was partly assisted by product launches, including products tailored to the Polish market. Dyrup's sales to the professional market remained stable in 2007. In the industrial market, the positive trend from the previous year continued. It is estimated that the industrial market grew by 5%, and as Dyrup at the same time delivered positive growth in Poland in excess of 20%, Dyrup significantly strengthened its position. Sales benefited from the fact that some of the Danish manufacturers have relocated production to Poland.

Outlook for 2008

Market growth of 1-2% is anticipated in Dyrup's markets in 2008, with Poland accounting for the largest contribution.

Dyrup expects, as a minimum, to hold its position in its principal markets and to expand its position in the industrial area, which is expected to show fair growth again in 2008. 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 current holds a strong position. Actions will include the launch of innovative products, underpinned by unremitting intensive marketing, which will have a positive effect in the years ahead.

Dyrup will invest heavily again in 2008 in efficiency improvements and streamlining the company's infrastructure with a view to enhancing competitiveness.

This will entail a substantial capital expenditure programme that was initiated in 2007. The total capital expenditure is expected to be in the order of DKK 130-140 million in 2008, and will result in higher depreciation and financing expenses.

Overall, revenue is expected to increase by 3-4% to the DKK 1,760 million level. The operating result is expected to be a profit in the region of DKK 20-25 million, giving a breakeven result after tax compared with a loss after tax of DKK 19 million in 2007.

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 general financial unrest in the international markets, in particular, may end up influencing the profit development in 2008.

Strategy deliberations

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

As stated in the 2006 annual report, the basic elements still stand, but the implementation of the strategy will take longer than originally anticipated and will be more cost-intensive. The financial objectives in STRATEGY 2008 consequently cannot be achieved within the strategy period. The strategy will be reviewed in 2008.

In 2007, Dyrup worked intensively on securing its basic business by improving the efficiency of and focusing its activities and strengthening the company's foundation. This process involves several significant activities that are crucial to the improvement of Dyrup's earnings and competitive position.

It has thus been decided to upgrade the manufacturing facilities for water-based products and binders in Søborg, which will be the Group's skills centre within wood care in future. The upgrading will be completed during the first part of 2009. A decision has also been made to upgrade the part of the manufacturing facilities in Albi in France that relates to the French impregnating products. Both investments will result in considerable efficiency improvements and cost savings.

The future ERP system has been chosen, and a pre-analysis is underway that will form the basis for the functionality of the system. The new system is expected to be implemented in Denmark at the end of 2008/beginning of 2009 and will then be successively rolled out in the other countries.

Acquisitions remain an important element of the strategy. In-depth analyses were carried out in 2007 with a view to finding relevant acquisition candidates and/or business partners. Dyrup will continue the dialogue with potential candidates and expects this to yield results in 2008. At the end of 2007, Dyrup acquired its industrial distributor in the UK. This is a small company with considerable growth potential.