

11<sup>th</sup> May 2016  
Stock Exchange Announcement No 10, 2016

**MT Højgaard A/S – Q1 2016**

Enclosed please find the interim financial report from MT Højgaard A/S about the activities during 1<sup>st</sup> January – 31<sup>st</sup> March 2016.

For your information Monberg & Thorsen A/S owns 46% of the shares in MT Højgaard A/S.

The announcement can also be viewed on [www.monthor.com](http://www.monthor.com)

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

Yours faithfully  
MONBERG & THORSEN A/S

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Knud Højgaards Vej 9  
DK-2860 Søborg



**MT Højgaard Group**  
**Interim financial report –**  
**First quarter 2016**

MT Højgaard A/S  
Knud Højgaards Vej 9, 2860 Søborg, Denmark  
CVR 12562233



# Summary

## Financial results – First quarter 2016

### Increased order intake

**DKK 1.8 billion**

Order intake remains satisfactory.

### Growing order book

**DKK 7.7 billion**

Sound order book reflecting the Group's competitiveness.

### Stable revenue

**DKK 1.5 billion**

Revenue as expected, but lower than last year due to postponed start-up on a number of projects and lower revenue from Greenland Contractors.

### Operating profit/(loss) before special items

**DKK 14 million loss**

Revenue as expected, affected by relatively low revenue.

### Operating cash flow

**DKK 103 million loss**

The delayed start-up of production on new orders had a negative impact.

## Outlook for 2016 reaffirmed

### Revenue

**Around DKK 7 billion**

Based on the order book at the end of the quarter, revenue in the second half is expected to be significantly higher than in the first half.

### Operating profit/(loss) before special items

**Around DKK 300 million**

Operating profit of around DKK 300 million (before any special items) is still expected, despite the significantly lower contribution from Greenland Contractors in Thule.

## Contact

Torben Biilmann  
President and CEO  
Tel. +45 2270 9020

# Consolidated financial highlights

Amounts in DKK million	2016	2015	2015
	Q1	Q1	Year
<b>Income statement</b>			
Revenue	1,488	1,656	6,531
Gross profit	84	159	782
Operating profit/(loss) before special items	-14	50	352
EBIT	-14	50	352
Profit/(loss) before tax	-19	80	370
Profit/(loss) after tax	-14	62	290
<b>Cash flows</b>			
Cash flows from operating activities	-103	79	-52
<i>Purchase of property, plant and equipment</i>	-27	-40	-137
<i>Other investments, incl. investments in securities</i>	-2	-5	-3
Cash flows from investing activities	-29	-45	-140
Cash flows from operating and investing activities	-132	34	-192
<b>Balance sheet</b>			
Non-current assets	1,110	1,051	1,099
Current assets	2,271	2,445	2,497
Equity	979	861	999
Non-current liabilities	313	305	323
Current liabilities	2,088	2,330	2,274
Balance sheet total	3,381	3,495	3,596
<b>Other information</b>			
Order intake	1,768	1,262	7,541
Order book, end of period	7,748	6,064	7,468
Working capital	-21	-431	-112
Net interest-bearing deposit/debt (+/-)	-181	285	-50
Average invested capital incl. goodwill	786	365	662
Average number of employees	4,083	4,028	4.012
<b>Financial ratios</b>			
Gross margin (%)	5.6	9.6	12.0
Operating margin before special items (%)	-0.9	3.0	5.4
EBIT margin (%)	-0.9	3.0	5.4
Pre-tax margin (%)	-1.2	4.8	5.7
Return on invested capital incl. goodwill (ROIC) (%)	-1.4	11.7	55.0
Return on invested capital incl. goodwill after tax (ROIC after tax) (%)	-1.1	9.1	43.0
Return on equity (ROE) (%)	-1.6	8.1	21.3
Equity ratio (%)	27.6	24.6	26.7

The financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2015' published by the Danish Finance Society. Financial ratios are defined in the 2015 annual report. Working capital is defined as net working capital excluding sites for sale.

# Operating and financial review

## Good order intake and growing order book, but revenue affected by postponed projects.

The MT Højgaard Group secured new orders to a value of DKK 1.8 billion in the first quarter of the year compared with DKK 1.3 billion in the same quarter last year. This reflects the Group's competitiveness in the markets in which the companies in the Group are active.




However, activity and revenue for the quarter were lower than last year, largely reflecting strict requirements for profitability and the risk profile of the projects. It is reflected in the evaluation and selection of the projects in which the companies in the Group are involved.

The lower activity in 2015 and the first quarter of 2016 also reflects the fact that a number of projects have been postponed or cancelled. This is partly due to several public projects being reviewed because of the need for careful project adjustments.

Another trend is increased client interest in collaboration on projects, resulting in both greater value for the clients and more precise project material than with tenders. However, this development may also be a contributory cause of the aforementioned postponed projects.

In the short term, the postponed projects had an adverse impact on revenue and operating results as well as on cash flows and liquidity. Nevertheless the Group maintains good financial resources and had a sound order book at the end of the quarter with good profitability and risk profile in line with the Group's strategy.

The MT Højgaard Group is one of the leading players in the construction and civil engineering industry in the Nordic countries. The Group's activities cover construction, civil works and services.

CON-STRUC-TION	CIVIL WORKS	SERVICES
		

## Construction

The MT Højgaard Group develops, constructs and refurbishes private and public sector buildings, mainly in Denmark, but also in Norway and the North Atlantic countries.

The Group expects steady market growth driven mainly by refurbishment work and residential building, especially in and around the major cities in Denmark. The hospital, new-build and refurbishment markets are expected to remain at a stable high level until 2020.

Contracts won by MT Højgaard in the first quarter included the AARhus project at Port of Aarhus consisting of 251 housing units and 44 activity centres. The project is worth over DKK 500 million.

The project development market is also growing due to strong investor interest, especially in residential projects around Copenhagen and Aarhus. In the first quarter, MT Højgaard launched the second phase of Kilehusene, which has been developed in-house and is being built using Scandi Byg's prefabricated modules. At Frederikskaj in Copenhagen South Harbour, MT Højgaard is building 81 apartments developed in-house and 64 apartments for PFA Ejendomme.

Good progress also continues in tenders within Public Private Partnerships (PPP) and Public Private Collaborations (PPC). Current projects on which MT Højgaard is working include a New Psychiatric Ward in Vejle, Slagelse Hospital and Skovbakke School in Odder.

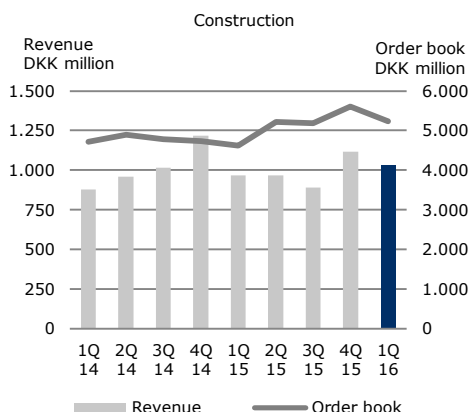
The market for modular construction is growing. In January, Scandi Byg handed over dwellings and other facilities for almost 360 refugees in the Hamburg region with a total floor area at 5,500. The contract was entered into with the German business partner Campus 360, which expects to sell buildings with a total floor area of up to 140,000 square metres over the coming years.

Activity during the quarter focused on a number of major projects, including the refurbishment of 1,063 youth dwellings in Morbærhaven in Albertslund, the construction of Nordea's new headquarters in Copenhagen, the extension of Esbjerg Hospital with a 14,000-square-metre ward building and Enemærke & Petersen's projects in the Carlsberg City development in Copenhagen. In the field of refurbishment, Enemærke & Petersen and MT Højgaard worked on such projects as Stadionkvarteret in Glostrup, DTU Science in Lyngby and Rosenhøj, Langkærparken and Åbyhøjgård in and around Aarhus.

The market for electrical installations saw a slight fall in the first quarter. Lindpro changed its organisation during the quarter with the aim of getting closer to customers. In the first quarter, the company worked on projects for A.P. Møller - Mærsk, The New University Hospital in Aalborg and Axel Towers in Copenhagen, among others.

The North Atlantic market is beginning to show positive trends and the Group is expecting continued market growth in both construction and civil works. MT Højgaard's contract to build a factory in Iceland for Silicor Materials to a value of DKK 1.5 billion is conditional on the financing, which is expected to be secured during the summer. The project is expected launched in September-October 2016.

In Nuuk at Greenland, MT Højgaard has been working on the construction of three new 4,000-square-metre apartment blocks worth just under DKK 230 million.



The order inflow and order book for construction were as expected. As previously mentioned and as expected, revenue was affected by delays to the start of projects.

At the end of the quarter, the order book was higher than the level at the same time in 2015. On the basis of the satisfactory order book, increasing activity is expected in the second to fourth quarters of 2016.

**Civil Works**

MT Højgaard carries out assignments in the areas of infrastructure, bridges and tunnels as well as harbour extensions. Projects are carried out mainly in Denmark and Northern Europe, but the Group is also active in Greenland, the Maldives, Qatar, Portugal and parts of Africa.

The civil works market is expected to be on a par with 2015. In the market for shell construction, the Group is experiencing reasonable growth in demand, whereas a number of public infrastructure projects have been delayed. The roll-out of tram systems is coming closer and MT Højgaard is preparing to take an activ part in these projects.

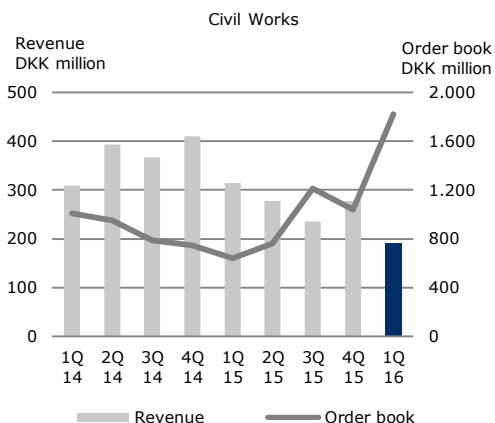
In addition, there will be other large and interesting tenders in the months to come, for example the Storstrøm Link. The Group also sees opportunities in the market for steel construction in connection with buildings and steel bridges in Denmark, Norway and Southern Sweden.

In March, MT Højgaard was chosen by Banedanmark to renew and improve 56 bridges on the line between Ringsted and Rødby with a value of DKK 452 million. The bridges are to be completed by mid-2020.

Assignments carried out in the first quarter included work on the shell structure for The New University Hospital in Aalborg. In addition, important milestones were reached with the Marieholm Bridge project near Gothenburg, which is a joint venture with Skanska with expected completion in 2017.

The resort construction market in the Maldives is growing and the activity level is stable. MT Højgaard remains a market leader and has a good, stable market share.

Order intake and the order book for the first quarter developed in line with expectations.



Revenue was as expected but nevertheless affected by delayed project start-ups. Revenue is expected to rise during the year.

### Services

The Group provides services in the construction, civil works and property markets, including project development and engineering. Lindpro provides services in the electrical area for construction projects and the subsequent operation, and Enemærke & Petersen undertakes operation and maintenance of buildings. Ajos supplies equipment and consultancy services to the construction industry and is one of Denmark's largest companies hiring out specialist equipment. In addition, MT Højgaard offers services in connection with PPP and PPC projects.

Greenland Contractors (67%-owned) continues to work under the temporary contract with the US Air Force for the operation of the Thule Air Base in Greenland. This agreement is expected to run until the end of the third quarter of 2016. Work proceeded as planned during the first quarter but, as expected, profits were considerably lower than under the old contract.

The rising level of activity in the construction and civil works markets means that an increasing number of service contracts are being put out to tender and that competition is intensifying.

The service businesses in Ajos and Lindpro had satisfactory activity in the first quarter and show stable development. Enemærke & Petersen Service has undergone reorganisation in order to further strengthen and focus the business.

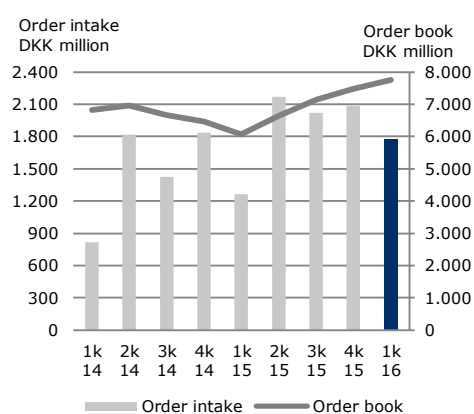
Revenue was slightly lower than expected and below the first quarter of 2015 as a result of the reduced revenue from Greenland Contractors.

### Order intake and order book

First-quarter order intake was DKK 1.8 billion compared with DKK 1.3 billion in the first quarter of 2015.

DKK million	Q1 2016	Q1 2015	2015
Order book, beginning of period	7,468	6,458	6,458
Order intake during period	1,768	1,262	7,541
Revenue	1,488	1,656	6,531
Order book end of period	7,748	6,064	7,468

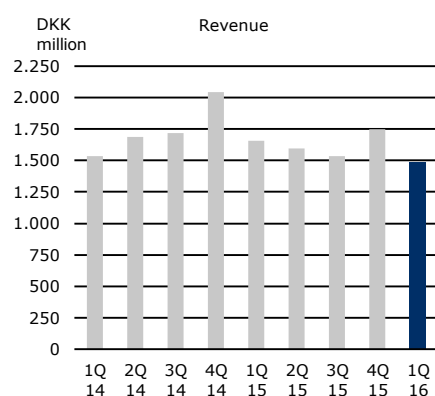
Order intake has been growing in recent quarters due to the Group's targeted tendering and order strategy, which is translating into both bigger and more new orders. The order book in the first quarter of 2016 was thus significantly higher than the level in the same quarter in 2015. Orders won but not yet contracted were DKK 2.1 billion in the first quarter of 2016 compared with DKK 1.3 billion in the first quarter of 2015. The level of orders won but not contracted was at the same level in the first quarter of 2016 as at the end of 2015.



The order book totalled DKK 7.7 billion at 31 March 2016, up DKK 0.3 billion higher on the start of the year. The order book includes a number of large orders extending over several years.

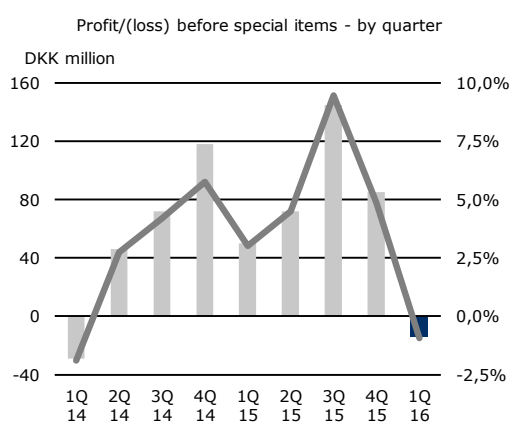
### Revenue and earnings

First-quarter 2016 revenue was DKK 1.5 billion, in line with the Group's expectations for the period under review. This was DKK 0.2 billion lower than in the same period in 2015, mainly due to the aforementioned delays in the start-up of new projects.



The first-quarter operating result was a loss of DKK 14 million compared with a profit of DKK 50 million last year, as a result of the aforementioned relatively low activity during the period and the reduced earnings from the operation of the Thule Air Base. However, the continuing adjustment to new contract conditions had a positive effect on the first quarter.

The operating margin before special items was -0.9% compared with 3.0% last year.



Net financials for the first quarter of 2016 amounted to an expense of DKK 5 million compared with income of DKK 30 million in the same period last year, when a gain on exercise of a currency option impacted this item by DKK 29 million.

The result after tax for the first quarter of 2016 was a loss of DKK 14 million compared with a profit of DKK 62 million in the same period in 2015.

#### Balance sheet

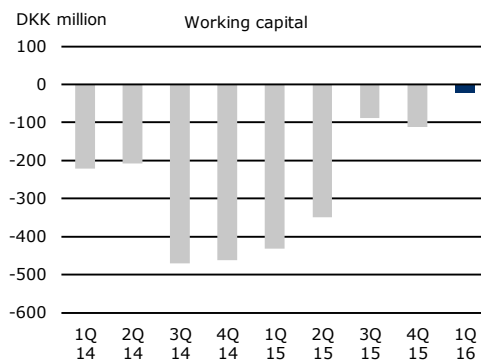
Inventories amounted to DKK 710 million at the end of March 2016, up from DKK 642 million at the same time in 2015, primarily reflecting sites and construction projects developed in-house for resale totalling DKK 635 million compared with DKK 568 million at the end of March 2015. The Group has begun residential building for private customers and sales are expected to start from the fourth quarter of 2016.

Trade receivables were DKK 1,162 million at the end of March 2016 compared with DKK 1,108 million for the same period in 2015. Construction contracts in progress amounted to a net liability item of DKK 346 million net at the end of March 2016 compared with a net liability item of DKK 537 million at the end of March 2015. The decline

primarily reflected the completion of a number of large projects and the delayed start-up of new projects.

Trade payables were DKK 607 million at the end of March 2016 compared with DKK 773 million at the same time last year, reflecting the lower activity level.

Overall, the Group's working capital at the end of March 2016 was higher than at the same time last year. Excluding sites for resale, the Group had negative working capital of DKK 21 million compared with negative working capital of DKK 431 million at the same time in 2015. The higher level reflected the lower activity level.

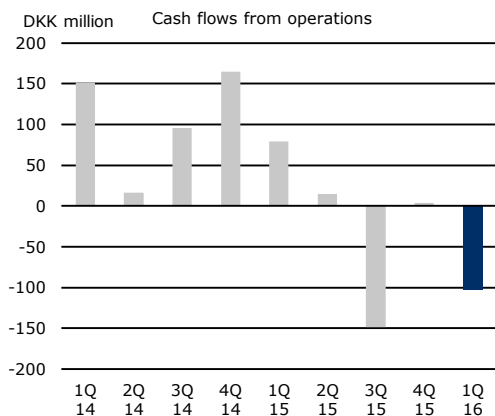


#### Cash flows and financial resources

Cash flows from operating activities were an outflow of DKK 103 million in the first quarter of 2016 compared with an inflow of DKK 79 million in the same period last year. The delayed start-up of production on new orders coupled with the completion of several large projects had a major negative impact on cash flows for the period.

Investing activities absorbed DKK 29 million in the first quarter of 2016, mainly comprising investments in property, plant and equipment. This item amounted to an outflow of DKK 45 million in the first quarter of 2015.





The Group's financial resources totalled DKK 0.4 billion compared with DKK 0.5 billion at the start of the quarter. The Group's financial resources are satisfactory in view of the expected level of activity.

### Outlook for 2016

The Group sees opportunities for growth in the coming years based on both the Group's strategic focus and competitiveness and a general improvement in the market.

The improvement is fuelled by an expected economic upturn, an increase in the Group's shares of the relevant parts of the market and selective expansion of its activities in new sub-areas within the construction and civil engineering industry. Because the Group prioritises profitability and value creation over growth, the growth should be viewed in the context of the Group's target EBIT margin of at least 5%, which is consequently expected again in 2017.

Based on the increased order book, management reaffirms the outlook for 2016 of revenue of around DKK 7.0 billion and operating profit before special items of around DKK 300 million, corresponding to an EBIT margin slightly below the set target.

Activity in the second half is expected to be significantly higher than in the first half which, as previously mentioned, was marked by delayed start-up on orders won in 2015. The outlook will depend on major projects in the order book not being affected by further delays.

The appeal case concerning Robin Rigg is not expected to be decided in 2016. As a result of a provision made previously, a possible negative outcome of the case

cannot adversely affect the Group's results but only liquidity.

The interim financial report contains forward-looking statements, including the above projections of financial performance in 2016, which, by their nature, involve risks and uncertainties that may cause actual performance to differ materially from that contained in the forward-looking statements.

# Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the interim financial report of MT Højgaard A/S for the period 1 January – 31 March 2016.

The interim financial statements, which have not been audited or reviewed by the company's auditor, have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Danish disclosure requirements for interim financial reports.

In our opinion, the interim financial statements give a true and fair view of the Group's financial position at

31 March 2016 and of the results of the Group's operations and cash flows for the financial period 1 January – 31 March 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's operations and financial matters, the results for the period and the Group's financial position and a description of the significant risks and uncertainties pertaining to the Group.

Søborg, 11 May 2016

## Executive Board

Torben Biilmann  
President and CEO

Egil Mølsted Madsen  
CFO

## Board of Directors

Søren Bjerre-Nielsen  
Chairman

Niels Lykke Graugaard  
Deputy Chairman

Carsten Bjerg

Pernille Fabricius

Ole Røsdahl

Christine Thorsen

John Sommer

Vinnie Sunke Heimann

Irene Chabior

# Income statement and statement of comprehensive income

	2016	2015	2015
Amounts in DKK million	Q1	Q1	Year
<b>Income statement</b>			
Revenue	1,487.7	1,655.5	6,531.4
Production costs	-1,403.9	-1,496.9	-5,749.0
<b>Gross profit</b>	<b>83.8</b>	<b>158.6</b>	<b>782.4</b>
Distribution costs	-45.1	-47.3	-199.1
Administrative expenses	-55.7	-58.4	-263.1
<b>Profit/(loss) before share of profit/(loss) of joint ventures</b>	<b>-17.0</b>	<b>52.9</b>	<b>320.2</b>
Share of profit/(loss) after tax of joint ventures	3.1	-2.9	31.3
<b>EBIT</b>	<b>-13.9</b>	<b>50.0</b>	<b>351.5</b>
Net finance items	-4.7	29.7	18.7
<b>Profit/(loss) before tax</b>	<b>-18.6</b>	<b>79.7</b>	<b>370.2</b>
Income tax expense	4.4	-17.3	-80.6
<b>Profit/(loss) for the period</b>	<b>-14.2</b>	<b>62.4</b>	<b>289.6</b>
Attributable to:			
Shareholders of MT Højgaard A/S	-21.5	25.6	183.4
Non-controlling interests	7.3	36.8	106.2
<b>Total</b>	<b>-14.2</b>	<b>62.4</b>	<b>289.6</b>
<b>Statement of comprehensive income</b>			
Profit/(loss) for the period	-14.2	62.4	289.6
Other comprehensive income after tax	-7.5	-4.7	10.1
<b>Total comprehensive income</b>	<b>-21.7</b>	<b>57.7</b>	<b>299.7</b>
Attributable to:			
Shareholders of MT Højgaard A/S	-29.0	20.9	193.5
Non-controlling interests	7.3	36.8	106.2
<b>Total</b>	<b>-21.7</b>	<b>57.7</b>	<b>299.7</b>

# Balance sheet

	2016	2015	2015
Amounts in DKK million	Q1	Q1	Year
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	180.6	160.4	176.2
Property, plant and equipment	549.2	532.5	545.2
Deferred tax assets	313.7	319.7	311.6
Other investments	66.7	38.2	66.1
<b>Total non-current assets</b>	<b>1,110.2</b>	<b>1,050.8</b>	<b>1,099.1</b>
<b>Current assets</b>			
Inventories	710.2	642.5	718.0
Trade receivables	1,161.6	1,108.2	1,385.7
Construction contracts in progress	159.4	124.5	131.0
Other receivables	68.9	104.7	86.9
Securities	-	5.1	-
Cash and cash equivalents	170.6	459.6	175.0
<b>Total current assets</b>	<b>2,270.7</b>	<b>2,444.6</b>	<b>2,496.6</b>
<b>Total assets</b>	<b>3,380.9</b>	<b>3,495.4</b>	<b>3,595.7</b>
<b>Equity and liabilities</b>			
Equity attributable to owners	932.8	786.3	959.8
Non-controlling interests	46.4	74.7	39.1
<b>Total equity</b>	<b>979.2</b>	<b>861.0</b>	<b>998.9</b>
<b>Non-current liabilities</b>			
Bank loans, etc.	88.8	135.0	100.4
Deferred tax liabilities	10.1	10.0	10.1
Provisions	214.4	159.8	212.3
<b>Total non-current liabilities</b>	<b>313.3</b>	<b>304.8</b>	<b>322.8</b>
<b>Current liabilities</b>			
Bank loans, etc.	262.5	44.4	125.0
Construction contracts in progress	505.4	661.3	575.4
Trade and other payables	607.0	772.6	809.6
Provisions	713.5	851.3	764.0
<b>Total current liabilities</b>	<b>2,088.4</b>	<b>2,329.6</b>	<b>2,274.0</b>
<b>Total liabilities</b>	<b>2,401.7</b>	<b>2,634.4</b>	<b>2,596.8</b>
<b>Total equity and liabilities</b>	<b>3,380.9</b>	<b>3,495.4</b>	<b>3,595.7</b>

# Statement of cash flows

	2016	2015	2015
Amounts in DKK million	Q1	Q1	Year
<b>Operating activities</b>			
EBIT	-13.9	50.0	351.5
Adjustments in respect for non-cash operating items, etc.	14.4	27.5	111.7
<b>Cash flows from operating activities before working capital changes</b>	<b>0.5</b>	<b>77.5</b>	<b>463.2</b>
<b>Working capital changes:</b>			
Inventories	7.8	-7.8	-80.6
Receivables excl. construction contracts in progress	242.2	61.5	-160.9
Construction contracts in progress	-98.4	-5.0	-97.5
Trade and other current payables	-247.8	-65.5	-116.6
<b>Cash flows from operations (operating activities)</b>	<b>-95.7</b>	<b>60.7</b>	<b>7.6</b>
Net finance items	-4.7	29.7	18.7
<b>Cash flows from operations (ordinary activities)</b>	<b>-100.4</b>	<b>90.4</b>	<b>26.3</b>
Income taxes paid, net	-2.9	-11.8	-77.9
<b>Cash flows from operating activities</b>	<b>-103.3</b>	<b>78.6</b>	<b>-51.6</b>
<b>Investing activities:</b>			
Purchase of property, plant and equipment	-26.5	-40.1	-137.2
Other investments, net	-2.4	-4.9	-3.2
<b>Cash flows from investing activities</b>	<b>-28.9</b>	<b>-45.0</b>	<b>-140.4</b>
<b>Cash flows from financing activities</b>	<b>-6.9</b>	<b>-33.5</b>	<b>-165.0</b>
Net increase/(decrease) in cash and cash equivalents	-139.1	0.1	-357.0
Cash and cash equivalents at the beginning of the period	102.0	459.0	459.0
<b>Cash and cash equivalents at the end of the period</b>	<b>-37.1</b>	<b>459.1</b>	<b>102.0</b>

# Statement of changes in equity, Group

Amounts in DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Equity attributable to shareholders	Attributable to non-controlling interests	Total equity
<b>2016</b>								
<b>Equity at 1 January</b>	<b>520.0</b>	<b>-33.4</b>	<b>6.2</b>	<b>467.0</b>	<b>-</b>	<b>959.8</b>	<b>39.1</b>	<b>998.9</b>
Profit/(loss) for the period				-21.5		-21.5	7.3	<b>-14.2</b>
Other comprehensive income								
Foreign exchange adjustments, foreign enterprises	-	-	-0.7	-	-	-0.7	-	<b>-0.7</b>
Value adjustment of hedging instruments, joint ventures	-	-6.8	-	-	-	-6.8	-	<b>-6.8</b>
Tax on other comprehensive income	-	-	-	-	-	-	-	<b>-</b>
Total other compr. income	-	-6.8	-0.7	-	-	-7.5	-	<b>-7.5</b>
Transactions with owners:								
Issued warrants, employee contribution	-	-	-	1.7	-	1.7	-	<b>1.7</b>
Issued warrants	-	-	-	0.3	-	0.3	-	<b>0.3</b>
Dividends paid	-	-	-	-	-	-	-	<b>-</b>
Total transactions with owners	-	-	-	2.0	-	2.0	-	<b>2.0</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-6.8</b>	<b>-0.7</b>	<b>-19.5</b>	<b>-</b>	<b>-27.0</b>	<b>7.3</b>	<b>-19.7</b>
<b>Equity at 31 March</b>	<b>520.0</b>	<b>-40.2</b>	<b>5.5</b>	<b>447.5</b>	<b>-</b>	<b>932.8</b>	<b>46.4</b>	<b>979.2</b>
<b>2015</b>								
<b>Equity at 1 January</b>	<b>520.0</b>	<b>-39.0</b>	<b>1.7</b>	<b>281.1</b>	<b>-</b>	<b>763.8</b>	<b>57.9</b>	<b>821.7</b>
Profit/(loss) for the period				25.6		25.6	36.8	<b>62.4</b>
Other comprehensive income								
Foreign exchange adjustments, foreign enterprises	-	-	2.8	-	-	2.8	-	<b>2.8</b>
Value adjustment of hedging instruments, joint ventures	-	-7.5	-	-	-	-7.5	-	<b>-7.5</b>
Tax on other comprehensive income	-	-	-	-	-	-	-	<b>-</b>
Total other compr. income	-	-7.5	2.8	-	-	-4.7	-	<b>-4.7</b>
Transactions with owners:								
Issued warrants, employee contribution				1.4		1.4		<b>1.4</b>
Issued warrants				0.2		0.2		<b>0.2</b>
Dividends paid							-20.0	<b>-20.0</b>
Total transactions with owners	-	-	-	1.6	-	1.6	-20.0	<b>-18.4</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-7.5</b>	<b>2.8</b>	<b>27.2</b>	<b>-</b>	<b>22.5</b>	<b>16.8</b>	<b>39.3</b>
<b>Equity at 31 March</b>	<b>520.0</b>	<b>-46.5</b>	<b>4.5</b>	<b>308.3</b>	<b>-</b>	<b>786.3</b>	<b>74.7</b>	<b>861.0</b>

# Notes

## 1. Accounting policies

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Danish disclosure requirements for interim financial reports.

The accounting policies are unchanged from the 2015 annual report. A full description of accounting policies is provided in the 2015 annual report.

The functions in the income statement were reclassified in the first quarter of 2016. The net effect on operating profit before special items was nil. The reason for the reclassification was to align allocations to conform to peer companies. The comparative figures have been restated accordingly.

## 2. Accounting estimates and judgements

The preparation of interim financial statements requires management to make accounting estimates and judgements that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these estimates.

Accounting estimates and the associated estimation uncertainty, which are considered customary and essentially unchanged, are described in note 2 to the 2015 annual report.

## 3. Share-based payment transactions

In 2014, the Group set up a warrant programme for the members of the Group's leadership team. Under the programme, participants are entitled to purchase warrants annually until 2019. For each warrant purchased, the holder will be allocated one warrant free of charge. Exercise of purchased and allocated warrants is subject to listing of the parent company. If the parent company is not listed, the programme will be settled by cash payment. Each warrant entitles the holder to subscribe for one share with a nominal value of DKK 1,000 in the parent company. The programme is capped at 5% of the company's share capital.

In the first quarter of 2016, a total of 6,274 warrants with a nominal value of DKK 1,000 each and a fair value of DKK 1.7 million were issued.

For 2014-2016, the fair value of the programme totalled DKK 4.8 million at 31 March 2016. The fair value is expensed on a straight-line basis over the expected three-year service period. The warrant programme impacted the first-quarter 2016 income statement by DKK 0.3 million.

At the end of March 2016, the number of outstanding warrants was 25,690 with a nominal value of DKK 1,000 each, corresponding to 4.9% of the share capital.

#### 4. Reclassification of expenses

Reclassification of the income statement for the first quarter of 2015 and the year 2015, respectively, is shown below. The net effect is nil.

Amounts in DKK million	2015			2015		
		Q1			Year	
	After restate- ment	Adjust- ment	Before restate- ment	After restate- ment	Adjust- ment	Before restate- ment
<b>Income statement</b>						
Revenue	1,655.5	-	1,655.5	6,531.4	-	6,531.4
Production costs	-					
	1,496.9	-19.6	-1,477.3	-5,749.0	-80.4	-5,749.0
<b>Gross profit</b>	<b>158.6</b>	<b>-19.6</b>	<b>178.2</b>	<b>782.4</b>	<b>-80.4</b>	<b>782.4</b>
Distribution costs	-47.3	-9.5	-37.8	-199.1	-21.1	-199.1
Administrative expenses	-58.4	29.1	-87.5	-263.1	101.5	-263.1
<b>Profit/(loss) before share of profit/(loss) of joint ventures</b>	<b>52.9</b>	<b>0.0</b>	<b>52.9</b>	<b>320.2</b>	<b>0.0</b>	<b>320.2</b>
Share of profit/(loss) after tax of joint ventures	-2.9	-	-2.9	31.3	-	31.3
<b>Operating profit/(loss) before special items</b>	<b>50.0</b>	<b>-</b>	<b>50.0</b>	<b>351.5</b>	<b>-</b>	<b>351.5</b>
Special items	-	-	-	-	-	-
<b>EBIT</b>	<b>50.0</b>	<b>-</b>	<b>50.0</b>	<b>351.5</b>	<b>-</b>	<b>351.5</b>
Financial items, net.	29.7	-	29.7	18.7	-	18.7
<b>Profit/(loss) before tax</b>	<b>79.7</b>	<b>-</b>	<b>79.7</b>	<b>370.2</b>	<b>-</b>	<b>370.2</b>
Income tax expense	-17.3	-	-17.3	-80.6	-	-80.6
<b>Profit/(loss) for the period</b>	<b>62.4</b>	<b>-</b>	<b>62.4</b>	<b>289.6</b>	<b>-</b>	<b>289.6</b>



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