

Stock Exchange announcement16.02.2017
Announcement No 2, 2017**Monberg & Thorsen's Board of Directors approved the 2016 annual report at its meeting today****Financial results for 2016**

Monberg & Thorsen reported a net loss for the year of DKK 9 million, in line with the latest outlook in the interim financial report for the third quarter of 2016.

At the Annual General Meeting, the Board of Directors will propose that a dividend of DKK 30 per DKK 20 share be paid.

MT Højgaard delivered revenue of DKK 6.8 billion, compared with DKK 6.5 billion in 2015, and operating profit (EBIT) of DKK 73 million, compared with DKK 352 million in 2015. The results were in line with the latest outlook. For detailed information, we refer to Stock Exchange announcement No 1, which has just been issued and in which we have published MT Højgaard's annual report for 2016.

Outlook for 2017

For 2017, the MT Højgaard Group expects revenue of around DKK 7.2 billion and operating profit (EBIT) in the range of DKK 150-200 million.

Monberg & Thorsen's share is 46% of the MT Højgaard Group's profit after tax and non-controlling interests. From this should be deducted operating expenses in Monberg & Thorsen, which are expected to be around DKK 5 million.

The annual report of Monberg & Thorsen A/S has been published via Nasdaq OMX Copenhagen, and is available on Monberg & Thorsen's website, www.monthor.com

Questions relating to this announcement should be directed to Niels Lykke Graugaard on telephone +45 3546 8000.

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

Monberg & Thorsen A/S

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MONBERG & THORSEN A/S



ANNUAL REPORT 2016

Monberg & Thorsen A/S
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MONBERG & THORSEN A/S

ANNUAL REPORT 2016

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MT HØJGAARD

Monberg & Thorsen's sole activity is its 46% ownership interest in MT Højgaard and the operation of same. MT Højgaard is owned together with Højgaard Holding and is a jointly controlled entity. It is consequently recognised using the equity method (one-line consolidation).

For detailed information on MT Højgaard's financial performance in 2016, activities and strategy, etc., reference is made to MT Højgaard's published annual report and its website, www.mth.com.

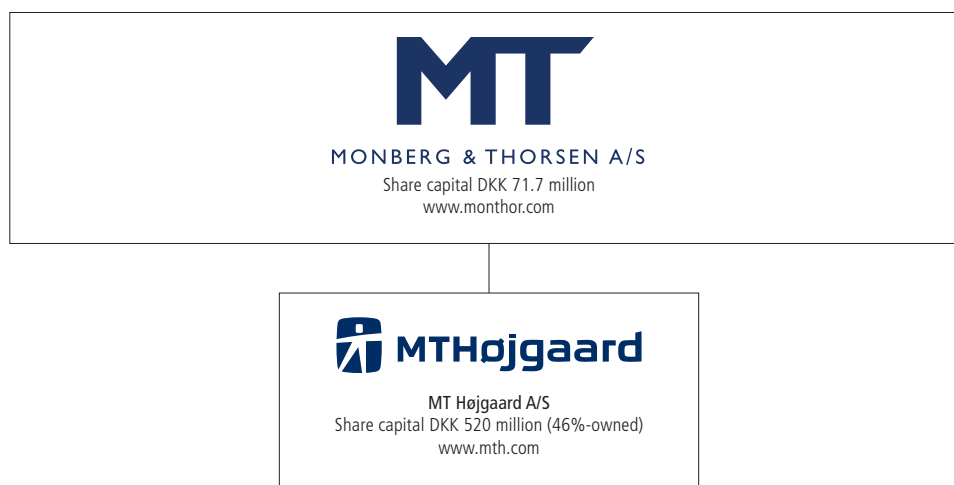
FINANCIAL HIGHLIGHTS FOR 2012-2016

DKK million	2012	2013	2014	2015	2016
Income statement					
Share of profit/(loss) after tax and non-controlling interests in jointly controlled entities, MT Højgaard (46%)	-236	15	-154	84	-6
Administrative expenses in Monberg & Thorsen	-12	-33	-10	-5	-7
Operating profit/(loss)	-248	-18	-164	79	-13
Net financials	4	1	0	4	4
Profit/(loss) before tax	-244	-17	-164	83	-9
Profit (loss) after tax from continuing operations	-243	-17	-164	81	-9
Profit/(loss) after tax from discontinuing operations (Dyrup)	-12	-	-	-	-
Net profit/(loss) for the year	-255	-17	-164	81	-9
Balance sheet					
Interest-bearing assets	454	288	230	223	183
Interest-bearing liabilities	0	0	0	0	0
Invested capital	326	474	353	441	434
Equity	780	762	583	663	616
Balance sheet total	814	801	587	669	619
Cash flows					
From operating activities	-35	-21	-50	6	0
For investing activities**	167	164	-208	-1	30
From financing activities	-108	-7	-7	-7	-36
Net increase (decrease) in cash and cash equivalents	24	136	-265	-2	-6
**Portion relating to inv. in property, plant and equipment (gross)	0	0	0	0	0
Financial ratios (%)					
Return on invested capital (ROIC)	-49	-4	-40	20	-3
Return on equity (ROE)	-26	-2	-24	13	-1
Equity ratio	96	95	99	99	99
Share ratios (DKK per share)					
Earnings per share (EPS) from continuing operations	-68	-5	-46	23	-3
Earnings per share	-71	-5	-46	23	-3
Cash flows from operations	-10	-6	-14	2	0
Proposed dividends	2	2	2	10	30
Book value	218	213	163	185	172
Market price	142	268	260	440	230
Market price/book value	0.7	1.3	1.6	2.4	1.3
Price/earnings (P/E)	-	-	-	19	-
Payout ratio (%)	-	-	-	44	-
Market capitalisation DKK million	509	961	932	1,577	825
Number of employees in Monberg & Thorsen	1	1	1	1	1

The financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2015' published by the Danish Finance Society. Earnings per share (EPS) has been calculated in accordance with IFRS. Financial ratios are defined in note 1.

Due to the divestment of Dyrup with closing at the start of 2012, Dyrup has been accounted for as a discontinuing operation. The comparative figures have been restated to reflect the changed accounting policy from 2014 onwards whereby profit/(loss) of and investment in MT Højgaard are recognised using the equity method (one-line consolidation). Financial highlights are based on the individual financial statements (previously referred to as the consolidated financial statements).

COMPANY OVERVIEW, BUSINESS CONCEPT AND STRATEGY



BUSINESS CONCEPT AND STRATEGY

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

Monberg & Thorsen's sole activity is its 46% ownership interest in the jointly controlled entity MT Højgaard. There are no current plans for a listing of MT Højgaard.

Monberg & Thorsen has no current plans to engage in any other activities.

MT Højgaard

The MT Højgaard Group is one of the leading players in the construction and civil engineering industry in the Nordic countries. The Group's projects comprise design & engineering, and construction, renovation and refurbishment of civil works, bridges, residential and commercial buildings. The Group undertakes projects across Denmark as well as focused activities in other countries.

MT Højgaard Group strategy:

- to be the most productivity-enhancing group in the construction and civil engineering industry.

The strategic framework, which is to meet the expectations for the Group, is three-pronged. It is designed to ensure that productivity is enhanced and that customers are offered better, faster and more cost-effective solutions:

- Projects from Community to Operation
- Best in Class VDC (Virtual Design Construction)
- Exploiting Group Synergies

The outcome must be the opportunity for both the Group and its business partners to work more efficiently and productively.

The financial requirements are earnings equivalent to an EBIT margin of at least 5% in all business areas and subsidiaries and a positive cash flow.

The strategic targets are:

- Customer satisfaction of at least index 76 out of 100
- 60% of revenue should come from key customers
- Employee satisfaction of at least index 76 out of 100

The targets are to be achieved by, among other things, handing over projects with zero defects or deficiencies and focusing on ongoing productivity improvement and on health and safety, where the target is maximum 14 injuries per one million hours worked in 2017.

BOARD OF DIRECTORS AND EXECUTIVE BOARD

BOARD OF DIRECTORS



Niels Lykke Graugaard (1947)

Chairman

MSc in Engineering and MSc in Advanced Economics and Finance

Special expertise:

international business management, project management, strategic planning, and mergers & acquisitions.

(DCB) MT Højgaard A/S, DK

(MB) Gram Equipment A/S, DK

Joined the Board in 2012



Henriette H. Thorsen (1970)

Director Marie Brizard Wine & Spirits Asia

MSc in International Business

Special expertise:

management, strategy, sales and marketing.

Joined the Board in 2010



Christine Thorsen (1958)

Master in Management of Technology (DTU) and Executive Coach (INSEAD)

Dynamic Approach ApS

Special expertise:

change management, cost optimisation and experience from the contracting industry.

(MB) MT Højgaard A/S, DK

(CB) Ejnar og Meta Thorsens Fond, DK

(CB) ANT-Fonden, DK

Joined the Board in 2008



Lars Goldschmidt (1955)

MSc in Chemical Engineering (DTU); PhD from DTU; and Adjunct Professor at CBS.

Partner Goldschmidt Rise and Shine I/S

Deputy Director General, Confederation of Danish Industry (DI) 2008-2014

Special expertise:

lobbying and management of knowledge organisations.

(CB) Erhvervsskolernes Forlag, DK

(CB) Bornholms Energi og Forsyning A/S, DK

(MB) VIA University College, DK

(MB) KEA Copenhagen School of Design and Technology, DK

(CB) Horsens Fjernvarme A/S, DK

(CB) The Association of Danish Business and Technical Colleges - Governors

Joined the Board in 2010

EXECUTIVE BOARD

Lars Goldschmidt

CB: Chairman of the Board

DCB: Deputy Chairman of the Board

MB: Member of the Board

Management holdings of B shares at 31.12

Number	2015	2016
Christine Thorsen	3,265	3,265
Henriette H. Thorsen	3,438	3,438
Niels Lykke Graugaard	9,873	6,724
Lars Goldschmidt	613	613

ANNUAL REVIEW

INTRODUCTION

Monberg & Thorsen's sole activity is its 46% ownership interest in MT Højgaard A/S.

**PROFIT/(LOSS) FOR THE YEAR IN THE
INDIVIDUAL FINANCIAL STATEMENTS
(PREVIOUSLY REFERRED TO AS THE
CONSOLIDATED FINANCIAL STATEMENTS)**

Monberg & Thorsen's share of MT Højgaard A/S's result after tax and non-controlling interests was a loss of DKK 6 million, compared with a profit of DKK 84 million in 2015. Administrative expenses in Monberg & Thorsen were DKK 7 million, compared with DKK 5 million in 2015.

The result before tax was a loss of DKK 9 million, compared with a profit of DKK 83 million in 2015.

Income tax expense was nil, as the current low interest rate level means that it is not realistic to expect Monberg & Thorsen A/S to generate a positive result before recognition of the share of MT Højgaard's profit/(loss) in the next few years.

Net profit/(loss) for the year was consequently a loss of DKK 9 million, compared with a profit of DKK 81 million in 2015.

Performance versus outlook

At the start of 2016, the outlook was for consolidated revenue in MT Højgaard A/S to be around DKK 7 billion with operating profit before special items of around DKK 300 million. In the interim financial report for the first half, the outlook was revised to revenue of around DKK 6.8 billion and operating profit before special items of around DKK 225 million, reflecting deferred project start-ups and a write-down on an infrastructure project. In the interim financial report for the third quarter, the profit outlook was revised again to around DKK 75 million, reflecting the deferred revenue, the write-down on an infrastructure project, reorganisation, etc., in Scandi Byg and deferred project development activities.

MT Højgaard delivered revenue of DKK 6.8 billion and operating profit of DKK 73 million, in line with the latest outlook.

Financial performance - MT Højgaard

MT Højgaard reported revenue of DKK 6.8 billion in 2016, an increase of DKK 0.3 billion compared with 2015, despite reduced revenue from Greenland Contractors.

Operating profit was DKK 73 million, compared with DKK 352 million in 2015. This substantial decline can be ascribed in part to lower income from Greenland Contractors, deferred project start-ups and lack of capacity utilisation, a write-down on an infrastructure project and reorganisation in Scandi Byg, including write-downs on individual projects at the end of the year. Earnings were also affected by changes to the project mix, as the contribution from high-margin revenue was partly replaced by other revenue with a lower margin than expected at the start of the year.

Accordingly, the operating margin before special items was 1.1%, compared with 5.4% in 2015.

Net financials amounted to an expense of DKK 1 million, compared with income of DKK 19 million in 2015.

Income tax expense was DKK 62 million, compared with DKK 81 million in 2015.

MT Højgaard reported net profit for the year of DKK 10 million, of which Monberg & Thorsen's share was 46%, net of the share attributable to non-controlling interests.

The balance sheet total stood at DKK 3.7 billion, in line with the level at the end of 2015.

Operating activities generated a cash inflow of DKK 200 million, compared with an outflow of DKK 52 million last year.

No dividend will be paid for MT Højgaard for 2016.

For detailed information on MT Højgaard's financial performance in 2016, activities and strategy, etc., reference is made to MT Højgaard's published annual report and its website, www.mth.com.

Statement of cash flows

Monberg & Thorsen's operating activities generated a cash inflow of nil, compared with an outflow of DKK 6 million in 2015.

Investing activities generated cash of DKK 30 million, which related to the sale of listed corporate bonds.

Cash flows from financing activities were an outflow of DKK 36 million, representing the payment of the dividend adopted last year.

Cash and cash equivalents at 31.12.16 totalled DKK 14 million, including DKK 1.7 million lodged as security in respect of the liabilities related to the divestment of Dyrup.

Balance sheet

The balance sheet total decreased to around DKK 0.6 billion, from DKK 0.7 billion at 31.12.15, mainly reflecting the payment of dividend.

Equity stood at DKK 0.6 billion, corresponding to an equity ratio of 99%, compared with 99% at the end of 2015.

Outlook for 2017

MT Højgaard expects an overall increase in the construction and civil works market in Denmark, especially within construction and refurbishment.

The order book stood at DKK 8.6 billion at the start of 2017. Of this amount, approximately DKK 5.6 billion is expected to be executed in 2017.

In the light of the improvement in the order book, the MT Højgaard Group expects revenue to increase to around DKK 7.2 billion in 2017.

Operating profit (EBIT) in the range of DKK 150-200 million is expected. EBIT may be affected by the warrant programme.

The Group sees opportunities for progress in the coming years, so that the strategic framework target of an operating margin of at least 5% can be achieved again.

Monberg & Thorsen's share is 46% of the MT Højgaard Group's profit after tax and non-controlling interests. From this should be deducted operating expenses in Monberg & Thorsen, which are expected to be around DKK 5 million, to which should be added any further expenses related to the indemnities and guarantees provided in connection with the divestment of Dyrup.

The projections concerning future financial performance involve uncertainties and risks that may cause the performance to differ materially from the projections. The outlook is based on relatively stable interest rate and exchange rate levels.

Financial resources

At the end of 2016, Monberg & Thorsen's financial resources totalled DKK 183 million, consisting of cash and cash equivalents and listed corporate bonds. Of the cash and cash equivalents, DKK 2 million has been lodged in an escrow account as security in respect of the indemnities and guarantees provided in connection with the divestment of Dyrup, see note 16.

It is expected that total financial resources will also be at a satisfactory level at the end of 2017.

Dividends

Dividend to shareholders of DKK 30 per DKK 20 share will be proposed for 2016. The total dividend, DKK 107 million, will be reserved within Proposed dividends in equity.

The dividend payment will provide a direct return of 11% based on the current market price of approx. 270.

In future, Monberg & Thorsen expects, as a rule, to distribute dividends from MT Højgaard to its shareholders. Dividend distributions will be made with due consideration for financial position, investment opportunities and cash flow.

Knowledge resources

Monberg & Thorsen is a holding company with only one employee.

Statutory CSR report

Monberg & Thorsen has positions on corporate social responsibility, but they do not comply with the requirements as defined in Section 99(a) of the Danish Financial Statements Act. Consequently, Monberg & Thorsen does not report specifically on its actions in this area or the results of these actions.

The ethical policy sets the overall framework for all our activities. We want to demonstrate corporate responsibility, show consideration for people and the environment, thereby acting in a socially and ethically responsible manner in all business areas.

The policy states, among other things, that we must comply with local legislation and that we do not accept bribery, forced labour, child labour or discrimination. Monberg & Thorsen is a holding company. Its sole activity is its ownership interest in MT Højgaard. For further details, reference is made to MT Højgaard's annual report and MT Højgaard's CSR report on their website www.mth.com.

Women in management

We do not discriminate on grounds of gender, race or religion when recruiting, training or promoting employees. At the same time, we want to promote the proportion of women in management at the MT Højgaard Group's management levels. Consequently, a policy on women in management was introduced in the middle of 2013. At the same time, a target was set that, in 2016, at least two of the six externally elected members of MT Højgaard's Board of Directors should be women. This target was met.

Risk factors

The activities of Monberg & Thorsen and MT Højgaard entail various commercial and financial risks that may affect these companies' development, financial position and operations.

We consider it a critical part of our strategy to constantly mitigate the current risks, which, in our opinion, do not differ from the normal risks in the market segments in which the companies operate.

The overall framework for managing the risks judged to be critical is laid down in the business concept and the associated policies for the individual companies. Monberg & Thorsen endeavours to cover, to the greatest possible extent, significant risks outside the companies' direct control by taking out relevant insurance policies.

The companies are affected by the general market conditions in the construction sector, but are also exposed to other, specific commercial risks, which are primarily controlled and covered locally in MT Højgaard. Further details of financial risks are provided in note 18.

STATUTORY REPORT ON CORPORATE GOVERNANCE

Monberg & Thorsen A/S has a clear segregation of duties between the Board of Directors and the Executive Board. Duties and responsibilities are determined at overall level through rules of procedure for the Board of Directors.

The Executive Board is in charge of the day-to-day management of the company, and the Board of Directors oversees the Executive Board and takes care of overall strategic management tasks. The chairman is the Board of Directors' principal contact with the Executive Board.

Monberg & Thorsen's sole activity is MT Højgaard's activities. As part of the management of Monberg & Thorsen's activities, representatives of Monberg & Thorsen's Board of Directors serve on the Board of Directors of MT Højgaard.

Board of Directors

Composition of the Board of Directors

The Board of Directors is elected by the shareholders in general meeting. The Board consists of not less than three and not more than six members, currently four members.

In elections to the Boards of Directors of both Monberg & Thorsen and MT Højgaard, efforts are made to ensure a professionally composed Board of Directors 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 companies have their principal business activities. Efforts are also made to achieve a diverse composition for the Board.

Two of the four Board members are women, and no target has therefore been set for the number of women on the Board of Directors of Monberg & Thorsen.

The current Board does not comply with the independence criteria, as only Niels Lykke Graugaard can be considered to be independent.

An annual self assessment procedure has been established for the Board.

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

In connection with the notice convening the general meeting, a description of the background of the nominated candidates is given, along with information on memberships of executive boards or boards of directors in both Danish and foreign companies as well as any demanding organisational posts. A description is also provided of the candidates' educational background, professional qualifications and the expertise deemed to be relevant to the Board's work.

All members of the Board elected by the shareholders in general meeting retire by rotation each year. This provides the company's shareholders with an opportunity to discuss the recruitment criteria, composition and diversity of the Board at the Annual General Meeting each year.

There are no formal requirements with respect to the number of seats on other boards of directors 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 Board of Directors' rules of procedure, Board members must retire not later than at the first general meeting following their 70th birthday, except where special circumstances apply.

The Board met a total of six times in 2016 and at present expects to meet seven times in 2017. In accordance with its rules of procedure, the Board always meets at least six times between Annual General Meetings.

Audit Committee

The full Board functions as Audit Committee.

Remuneration of the Board of Directors

Monberg & Thorsen has not introduced incentive pay for the Board. Board remuneration remained unchanged at DKK 200,000 for ordinary members, with a supplement for the Chairman and the Deputy Chairman. Besides their normal remuneration, the Chairman or members may be paid remuneration for special tasks undertaken by them, although the total remuneration received by a Board member may not exceed twice the Chairman's ordinary remuneration. Details concerning total remuneration paid to the Board are disclosed in note 7 to the financial statements.

Executive Board

The Executive Board consists of the President and CEO, whose background and practical experience match the company's current needs.

Remuneration of the Executive Board

Executive Board remuneration is fixed. Details concerning remuneration paid to the Executive Board are disclosed in note 7 to the financial statements.

Corporate governance recommendations

Monberg & Thorsen's B shares are listed on Nasdaq OMX Copenhagen, and Monberg & Thorsen in principle complies with the corporate governance recommendations as set out at www.corporategovernance.dk/english.

The Board of Directors is still of the opinion that these recommendations are being practised in the management of Monberg & Thorsen. In some areas, the principles are complied with in part only, as the corporate governance recommendations are not all relevant in view of the company's size and activities.

Monberg & Thorsen has taken a position on all recommendations based on the 'comply-or-explain' principle, as described in detail at http://www.monthor.com/en/pages/monberg_thorsen_corporate_governance_details, to which reference is made.

Financial reporting process

With effect from 1 January 2014, a management agreement has been entered into with MT Højgaard, which takes care of the day-to-day management and bookkeeping, including assistance in connection with the preparation of interim financial reports and annual reports, etc., for Monberg & Thorsen.

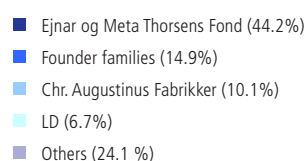
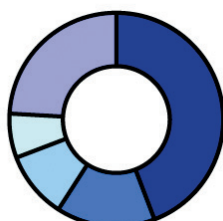
The accounting and control systems are designed to ensure that internal and external financial reporting gives a true and fair view without material misstatement and that appropriate accounting policies are defined and applied.

The Board of Directors and the Executive Board regularly review material risks and internal controls in connection with the companies' activities and their potential impact on the financial reporting process.

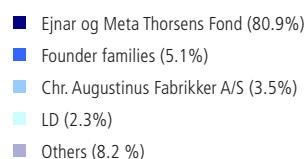
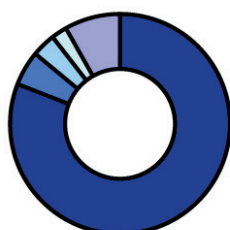
The responsibility for maintaining adequate and effective internal controls and risk management in connection with the financial reporting lies with the Executive Board. The Board of Directors monitors the financial reporting process on an ongoing basis, including that applicable legislation is being complied with, that the accounting policies are relevant, including the manner in which material and/or exceptional items and accounting estimates are accounted for, and the overall disclosure level in Monberg & Thorsen's financial reporting.

SHAREHOLDER INFORMATION

Share capital by group of shareholders



Votes by group of shareholders



Ownership

The company has approximately 1,400 registered shareholders.

Shareholders according to Section 55 of the Danish Companies Act:

Ejnar og Meta Thorsens Fond, Søborg
Chr. Augustinus Fabrikker A/S, Copenhagen
LD, Copenhagen

Ejnar og Meta Thorsens Fond holds all the company's A shares, which account for approximately 21% of the total share capital, and approximately 23% of the B shares, and consequently holds approximately 81% of the total number of votes.

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 companies. The foundation has advised the Board of Directors that it wants to be a stable shareholder in the company and does not wish to relinquish its voting rights.

The Board of Directors considers the ownership structure to be appropriate in view of the company'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 companies.

In connection with the establishment of MT Højgaard A/S in 2001, the two parties, Monberg & Thorsen A/S and Højgaard Holding A/S, entered into a shareholders' agreement. Besides regulating the parties' shareholdings and the associated powers in MT Højgaard A/S, the agreement affords non-controlling interests protection, stipulating that a number of material decisions require unanimity between the parties. In addition, in connection with the completion of a takeover bid, if any, for Monberg & Thorsen A/S, the shareholders' agreement may result in changes in ownership and other terms and conditions for Monberg & Thorsen A/S' shareholding in MT Højgaard A/S.

Management's shareholdings

At 31.12.16, the Board of Directors' and the Executive Board's shareholdings in the company totalled 14,040 shares, equivalent to 0.4% of the share capital and a market value of DKK 3.2 million.

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

According to the internal code of conduct relating to trading in securities issued by the company, management may buy and sell such securities only for a period of up to four weeks following the publication of the annual report and interim financial reports.

Annual General Meeting

Will be held on 6 April 2017 at 17:00 at Radisson Blu Royal Hotel, Hammerichsgade 1, 1611 Copenhagen V, Denmark. According to the Articles of Association, the Annual General Meeting must be convened with not less than three and not more than five weeks' notice.

Articles of Association

The company's Articles of Association can be viewed at www.monthor.com.

According to the Articles of Association, the A shares are non-negotiable instruments. No restrictions apply to the negotiability of the B shares. All B shares are listed on Nasdaq OMX Copenhagen.

The Articles of Association also stipulate that the members of the Board of Directors elected by the shareholders in general meeting retire by rotation each year.

The Board of Directors has authority to buy back up to 10% of the share capital. The authorisation expires on 9 April 2020.

The Board of Directors will propose the following amendments to the Articles of Association at the Annual General Meeting:

It is proposed that the company's B shares are changed from bearer shares to registered shares, and a few minor pro forma updates to the Articles of Association.

SHAREHOLDER INFORMATION

Dividends

Dividends on shares registered with VP Securities A/S are paid automatically three banking days after the Annual General Meeting.

At the Annual General Meeting, the Board of Directors will propose that a dividend of DKK 30 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

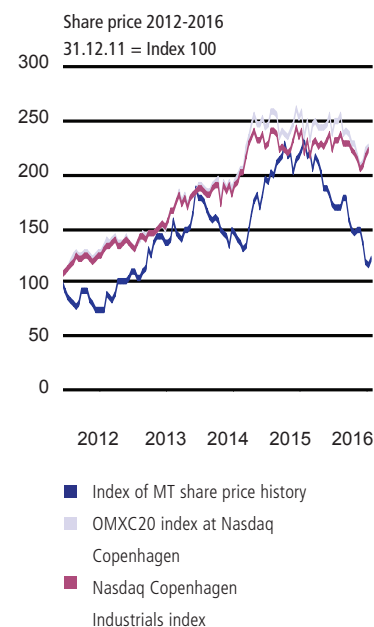
At 31.12.16, the company's holding of treasury shares totalled 2,948 shares.

The company purchased 303 treasury shares in 2016.

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 annual report and interim financial reports.

The Monberg & Thorsen share

At the end of 2016, the share price was 230, 48% lower than the previous year. Approximately 0.8 million shares were traded in 2016, compared with approximately 0.3 million in 2015.

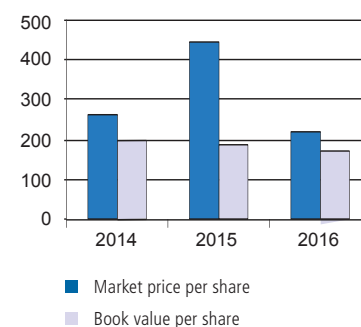


Announcements to Nasdaq OMX Copenhagen A/S

The following Stock Exchange announcements were issued in 2016:

- 15-02-2016 MT Højgaard A/S - MT Højgaard to build attractive housing in Aarhus
- 25-02-2016 The possibilities of a merger between Højgaard Holding A/S and Monberg & Thorsen A/S to be explored
- 25-02-2016 MT Højgaard A/S - Annual Report 2015
- 25-02-2016 Monberg & Thorsen A/S - Annual Report 2015
- 09-03-2016 MT Højgaard to replace and renovate 56 bridges for Banedanmark
- 10-03-2016 Agenda Annual General Meeting on 7th April 2016
- 10-03-2016 Registration Form - Annual General Meeting 07.04.16
- 10-03-2016 Complete Resolutions proposed by the Board of Directors
- 10-03-2016 Form of Proxy - or Postal Vote - Annual General Meeting
- 16-03-2016 MT Højgaard announces new board member
- 22-03-2016 Announcement concerning major shareholder
- 08-04-2016 Business transacted at the Annual General Meeting
- 11-05-2016 MT Højgaard A/S - Q1 2016
- 11-05-2016 Monberg & Thorsen A/S - Quarterly announcement for Q1 2016
- 20-05-2016 Trading in Monberg & Thorsen A/S shares by insider
- 19-08-2016 Explorations to merge Højgaard Holding A/S and Monberg & Thorsen A/S abandoned
- 19-08-2016 MT Højgaard A/S - MT Højgaard selected for major Swedish bridge project
- 19-08-2016 MT Højgaard A/S - Second quarter 2016
- 19-08-2016 Monberg & Thorsen A/S - Interim financial report - First half 2016
- 16-09-2016 MT Højgaard and PensionDanmark conclude conditional contract to build in Sorgenfri
- 10-11-2016 MT Højgaard A/S - Third quarter 2016
- 10-11-2016 Monberg & Thorsen A/S - Interim financial report - Third quarter 2016
- 10-11-2016 Monberg & Thorsen A/S - Financial calendar for 2017

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



Information policy

It is Monberg & Thorsen's information policy to have a high, uniform information level to ensure that all stakeholders receive all price-relevant information on Monberg & Thorsen and MT Højgaard in a timely and efficient manner. Such information is mainly communicated in the form of the publication of company announcements, including interim financial reports.

In order to ensure compliance with Nasdaq OMX Copenhagen A/S's rules, it has been decided that, for a period of three weeks before a planned interim financial report or annual report, Monberg & Thorsen:

- will not comment on analyst reports
- will not discuss financial issues with investors and analysts
- will not participate in meetings with investors and financial analysts.

Financial calendar for 2017

Annual General Meeting	06.04.17
Payment of dividend	11.04.17

Expected dates of announcement of interim financial reports:

Q1 2017	10.05.17
Q2 2017	17.08.17
Q3 2017	09.11.17

MANAGEMENT STATEMENT AND INDEPENDENT AUDITOR'S REPORT

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of Monberg & Thorsen A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements for annual reports of listed companies.

In our opinion, the individual financial statements and the separate financial statements give a true and fair view of the company's financial position at 31 December 2016 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2016.

Søborg, 16 February 2017

Executive Board

Lars Goldschmidt
President and CEO

Board of Directors

Niels Lykke Graugaard
Chairman

Christine Thorsen

Lars Goldschmidt

Henriette H. Thorsen

In our opinion, the Management's review gives a fair review of the development in the company's operations and financial matters, the results for the year, cash flows and financial position as well as a description of the significant risks and uncertainty factors pertaining to the company.

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Monberg & Thorsen A/S

Opinion

We have audited the individual financial statements and the separate financial statements of Monberg & Thorsen A/S for the financial year 1 January – 31 December 2016, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flow and notes, including a summary of significant accounting policies, for the Company. The individual financial statements and the separate financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the individual financial statements and the separate financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the individual financial statements and the separate financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the individual financial statements and the separate financial statements for the financial year 2016. These matters were addressed in the context of our audit of the individual financial statements and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the individual financial statements and the separate financial statements" section, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the individual financial statements and the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis

for our audit opinion on the accompanying individual financial statements and separate financial statements.

Investments in jointly controlled entity (joint venture)

Investments in jointly controlled entities are a material item in both the individual financial statements and the separate financial statements, with management estimates being made in connection with the measurement of such investments.

These estimates mainly relate to: 1) measurement of construction contracts, 2) measurement of disputes and legal and arbitration proceedings, 3) provisions for guarantee obligations, and 4) recovery of deferred tax assets. For these reasons, in our opinion, measurement of the investments in the jointly controlled entity MT Højgaard A/S was a key part of the audit of both the individual financial statements and the separate financial statements for 2016. Further information on measurement of the investments in the jointly controlled entity and the related estimates is provided in notes 2 and 9.

As part of our audit of the individual financial statements, in which the investments in the jointly controlled entity are measured at net asset value, we have assessed, in particular, the estimates made by management for use in determining the net asset value (the consolidated financial statements of the jointly controlled entity).

In this connection, our audit included reviewing the measurement of selected major construction contracts, including estimated measurement of revenue and contribution margin, the measurement of significant disputes and legal and arbitration proceedings as well as the basis for the determination of guarantee obligations. In addition, we have assessed the determination of deferred tax assets. Our audit in this connection comprised an assessment of the assumptions used by management in making those estimates.

For the separate financial statements, in which investments in the jointly controlled entity are measured at cost, our audit included assessing the impairment test at 31 December 2016 prepared by management, including verifying that the assumptions defined by management comprising budget and projections, growth in the terminal period and discount rate, were applied in making this determination.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the individual financial statements and the separate financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the individual financial statements and the separate financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the individual financial statements or the separate financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we concluded that the Management's review is in accordance with the individual financial statements and the separate financial statements and has been prepared in accordance with the

requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibility for the individual financial statements and the separate financial statements

Management is responsible for the preparation of individual financial statements and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act. And for such internal control as Management determines is necessary to enable the preparation of individual financial statements and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements and the separate financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the individual financial statements and the separate financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the individual financial statements and the separate financial statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements and separate financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the individual financial statements and the separate financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements and the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the individual financial statements and the separate financial statements, including the disclosures, and whether the individual financial statements and the separate financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the individual financial statements and the separate financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements and the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 16 February 2017

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30700228

Torben Bender

State Authorised Public Accountant

STATEMENT OF CASH FLOWS (DKK million)

SEPARATE FIN. STATEMENTS		Note	INDIVIDUAL FIN. STATEMENTS	
2015	2016		2016	2015
		Operating activities		
-5.4	-7.0	Operating profit/(loss) (EBIT)	-12.9	79.0
		Profit/(loss) from jointly controlled entities, MT Højgaard	5.9	-84.4
<u>-5.4</u>	<u>-7.0</u>	Cash flows from operating activities before working capital changes	-7.0	-5.4
		Working capital changes		
1.3	1.3	Receivables	1.3	13
0.1	-0.8	Trade and other current liabilities	-0.8	0.1
<u>-4.0</u>	<u>-6.5</u>	Cash flows from operations (operating activities)	-6.5	-4.0
10.6	8.4	Finance income	8.4	10.6
-0.6	-0.1	Finance costs	-0.1	-0.6
<u>6.0</u>	<u>1.8</u>	Cash flows from operations (ordinary activities)	1.8	6.0
0	-2.0	Income taxes paid, net	-2.0	0
<u>6.0</u>	<u>-0.2</u>	Cash flows from operating activities	-0.2	6.0
		Investing activities		
0	0	Dividends from MT Højgaard		
-1.2	29.7	Purchase/sale of securities	29.7	-1.2
<u>-1.2</u>	<u>29.7</u>	Cash flows for investing activities	29.7	-1.2
<u>4.8</u>	<u>29.5</u>	Cash flows before financing activities	29.5	4.8
		Financing activities		
		<i>Shareholders:</i>		
-	-0.1	Purchase of treasury shares	-0.1	-
-7.2	-35.8	Dividends paid	-35.8	-7.2
<u>-7.2</u>	<u>-35.9</u>	Cash flows from financing activities	-35.9	-7.2
<u>-2.4</u>	<u>-6.4</u>	Net increase (decrease) in cash and cash equivalents	-6.4	-2.4
23.1	20.7	Cash and cash equivalents at 01.01.	20.7	23.1
<u>20.7</u>	<u>14.3</u>	Cash and cash equivalents at 31.12.	14.3	20.7
		consisting of:		
20.7	14.3	15 Cash and cash equivalents	14.3	20.7

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

BALANCE SHEET AT 31 DECEMBER (DKK million)

SEPARATE FIN. STATEMENTS		ASSETS		INDIVIDUAL FIN. STATEMENTS	
2015	2016	Note		2016	2015
			Non-current assets		
			Investments		
565.0	565.0	9	Investments in jointly controlled entities, MT Højgaard	433.1	441.5
0	0	10	Other securities and equity investments	0	0
0	0	14	Deferred tax assets	0	0
<u>565.0</u>	<u>565.0</u>		Total investments	<u>433.1</u>	<u>441.5</u>
<u>565.0</u>	<u>565.0</u>		Total non-current assets	<u>433.1</u>	<u>441.5</u>
			Current assets		
			Receivables		
4.9	3.6		Other receivables	3.6	4.9
<u>4.9</u>	<u>3.6</u>	11	Total receivables	<u>3.6</u>	<u>4.9</u>
<u>201.9</u>	<u>168.3</u>	12	Securities	<u>168.3</u>	<u>201.9</u>
<u>20.7</u>	<u>14.3</u>	15	Cash and cash equivalents	<u>14.3</u>	<u>20.7</u>
<u>227.5</u>	<u>186.2</u>		Total current assets	<u>186.2</u>	<u>227.5</u>
<u>792.5</u>	<u>751.2</u>		Total assets	<u>619.3</u>	<u>669.0</u>

STATEMENT OF CHANGES IN EQUITY (DKK million)

	Share capital	Retained earnings	Proposed dividends	Total
Separate financial statements (previously referred to as parent company financial statements)				
Equity at 01.01.15	71.7	718.2	7.2	797.1
Net profit/(loss) for the year		-3.3		-3.3
Proposed dividends		-35.8	35.8	0
Dividends paid			-7.2	-7.2
Total changes in equity	0	-39.1	28.6	-10.5
Equity at 01.01.16	71.7	679.1	35.8	786.6
Net profit/(loss) for the year		-2.6		-2.6
Purchase of treasury shares		-0.1		-0.1
Proposed dividends		-107.5	107.5	0
Dividends paid			-35.8	-35.8
Total changes in equity	0	-110.2	71.7	-38.5
Equity at 31.12.16	71.7	568.9	107.5	748.1

	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Total
Individual financial statements (previously referred to as consolidated financial statements)						
Equity at 01.01.15	71.7	-17.9	0.8	521.6	7.2	583.4
Net profit/(loss) for the year				81.1		81.1
Other comprehensive income:						
Share of other comprehensive income after tax of jointly controlled entities, MT Højgaard		2.6	2.0			-4.6
Other				1.2		1.2
Proposed dividends				-35.8	35.8	0
Dividends paid					-7.2	-7.2
Total changes in equity	0	2.6	2.0	46.5	28.6	79.7
Equity at 01.01.16	71.7	-15.3	2.8	568.1	35.8	663.1
Net profit/(loss) for the year				-8.5		-8.5
Other comprehensive income:						
Share of other comprehensive income after tax of jointly controlled entities, MT Højgaard		-2.1	-0.5			-2.6
Other				0		0
Proposed dividends				-107.5	107.5	0
Dividends paid					-35.8	-35.8
Total changes in equity	0	-2.1	-0.5	-116.0	71.7	-46.9
Equity at 31.12.16	71.7	-17.4	2.3	452.1	107.5	616.2

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NOTES TO THE FINANCIAL STATEMENTS (DKK million)

Note 1

Accounting policies

General

Following the divestment of Dyrup at the start of 2012, Monberg & Thorsen and its 46% ownership interest in the jointly controlled entity MT Højgaard are no longer considered to be a Group. The financial statements previously referred to as the consolidated financial statements are now referred to as individual financial statements and the financial statements previously referred to as the parent company financial statements are now referred to as separate financial statements. Content and formalities remain unchanged.

The annual reports have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports of listed companies.

The annual report is presented in Danish kroner.

The Company has implemented the standards and interpretations that become effective for 2016. The introduction of these standards and interpretations has not affected recognition and measurement in 2016.

The accounting policies described below have been applied consistently to the financial year and the comparative figures and are unchanged from the 2015 annual report.

Basis of consolidation

The individual financial statements only comprise the financial statements of Monberg & Thorsen and the ownership interest in the jointly controlled entity, MT Højgaard, which is a joint venture.

Joint ventures are not consolidated but are recognised using the equity method (one-line consolidation), whereby the investment is measured in the balance sheet at the proportionate share of the company's net asset value.

Individual financial statements are prepared on the basis of the individual enterprises' audited financial statements determined in accordance with the accounting policies.

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

Gains/losses on disposal of subsidiaries, associates and jointly controlled entities 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/discontinuing operations

A discontinued operation is a component of an entity the operations and cash flows of which can be clearly distin-

guished, 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.

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 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 finance income and costs.

Income statement

Share of profit/(loss) after tax and non-controlling interests in jointly controlled entities (joint ventures)

The proportionate share of profit/(loss) after tax and non-controlling interests in joint ventures is recognised in the income statement in the individual financial statements.

Dividends from investments in the separate financial statements

Dividends from investments in jointly controlled entities (joint ventures) are credited to the income statement in the financial year in which they are declared. Dividends are recognised in operating profit, as Monberg & Thorsen is a holding company.

Administrative expenses

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

Finance income and costs

Finance income and costs comprise interest income and expense, dividends from other equity investments and realised and unrealised gains and losses on financial assets and transactions denominated in foreign currencies, as well as income tax surcharges and refunds.

Income tax

Income tax expense, which consists of current tax and changes in deferred tax, is recognised in net profit/(loss) for the year or other comprehensive income and consequently directly in equity.

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

Balance sheet

Investments in jointly controlled entities (joint ventures) in the individual financial statements

Investments in joint ventures are measured using the equity method. Accordingly, investments are measured at the proportionate share of the entities' net assets, determined applying the accounting policies.

Joint ventures with a negative carrying amount are recognised at nil. If the owner company has a legal or constructive obligation to cover the entity's negative balance, the negative balance is offset against receivables from the entity. Any balance is recognised in provisions.

Investments in the separate financial statements

Investments in jointly controlled entities (joint ventures) are measured at cost. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Other investments

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

Other equity investments are measured at fair value at the reporting date.

Receivables

Receivables are measured at amortised cost. An impairment loss is recognised if there is an objective indication of impairment of a receivable.

Prepayments and deferred income

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

Securities

Listed securities, which are monitored, measured and reported at fair value on an ongoing basis in accordance with Monberg & Thorsen's investment practice, are recognised at the trade date at fair value within current assets and subsequently measured at fair value. Changes in fair value are recognised in the income statement as finance income or costs in the period in which they occur.

Equity

Dividends

Dividends are recognised as a liability at the date of their adoption at the Annual General Meeting. Proposed dividends are disclosed as a separate item in equity.

Hedging reserve

The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as cash flow hedges, and where the hedged transaction has yet to be realised.

The reserve is dissolved on realisation of the hedged transaction, if the hedged cash flows are no longer expected to be realised or the hedging relationship is no longer effective.

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

Translation reserve

The translation reserve comprises foreign exchange differences that have arisen from the translation of foreign entities from their functional currencies to Danish kroner and foreign exchange adjustments of balances with foreign entities that are accounted for as part of the overall net investment in the entity in question.

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

Current tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for taxes 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 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 the value represented by tax loss carryforwards, are recognised at the value at which it is expected that they can be utilised.

Deferred tax is measured on the basis of the tax rules and the tax rates effective according to the legislation 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 comprehensive income for the year.

Financial liabilities

Bank loans, etc., are recognised at inception at fair value 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 jointly controlled entities and other payables, are measured at amortised cost.

Statement of cash flows

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

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 finance items and income taxes paid.

Cash flows for investing activities

Cash flows for investing activities comprise payments in connection with acquisition and disposal of non-current assets and 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

Following the divestment of Dyrup at the start of 2012, the activities of Monberg & Thorsen consist solely of the ownership interest in the jointly controlled entity MT Højgaard, in which the ownership interest is 46%. From 2014 onwards, the ownership interest will be recognised using the equity method (one-line consolidation), and a separate segment overview has consequently not been prepared.

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

DEFINITIONS OF FINANCIAL RATIOS USED

Return on invested capital (ROIC)	$\frac{\text{Operating profit/(loss) (EBIT) x 100}}{\text{Average invested capital}}$
Return on equity (ROE)	$\frac{\text{Net profit/(loss) for the year x 100}}{\text{Average equity}}$
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 and net interest-bearing deposit/debt
Equity ratio	$\frac{\text{Equity, year end x 100}}{\text{Liabilities, year end}}$
Earnings per share (EPS)	$\frac{\text{Net profit/(loss) for the year}}{\text{Average number of shares}}$
Price earnings (P/E)	$\frac{\text{Market price, year end}}{\text{Earnings per share}}$
Payout ratio	$\frac{\text{Total dividends x 100}}{\text{Net profit/(loss) for the year}}$

Financial ratios

Financial ratios have been prepared in accordance with "Recommendations & Financial Ratios 2015" published by the Danish Finance Society.

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

Note 2

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 values of those assets and liabilities at the reporting date. 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.

In Monberg & Thorsen, estimates material to the financial reporting relate to the measurement of the investments in the jointly controlled entity MT Højgaard A/S. In the separate financial statements, these investments are measured at cost, which is written down to the recoverable amount if an impairment test shows that this is lower than cost. In the individual financial statements, these investments are measured at net asset value, and this value is therefore affected by the estimates made in the consolidated financial statements of the jointly controlled entity. In the consolidated financial statements of MT Højgaard A/S, such estimates relate mainly to the measurement of construction contracts, disputes and legal and arbitration proceedings; provisions for guarantee obligations; and recovery of deferred tax assets.

Measurement of construction contracts, including estimated recognition and measurement of revenue and contribution margin

The measurement of construction contracts in progress in the MT Højgaard Group is based on an assessment of the stage of each project and expectations concerning the remaining progress towards completion of each contract, including the outcome of disagreements.

The assessment of disagreements relating to extra work, extensions of time, demands concerning liquidated damages, etc., is based on the nature of the circumstances, knowledge of the client, the stage of negotiations, previous experience and consequently an assessment of the likely outcome of each case. For major disagreements, external legal opinions are a fundamental part of the assessment.

Actual results may differ materially from expectations.

Further information is provided in notes 2 and 18 of the 2016 annual report of MT Højgaard A/S.

Disputes, legal and arbitration proceedings and contingent assets and liabilities

Due to the nature of its business, the MT Højgaard Group is naturally involved in various disagreements, disputes and legal and arbitration proceedings. An assessment is made in all instances of the extent to which such cases may result in obligations for the Group, and the probability of this. In some instances, a case may also result in a contingent asset or a claim against other parties than the client. Estimates are based on available information and legal opinions from advisers. Further information is provided in notes 2, 17 and 21 of the 2016 annual report of MT Højgaard A/S.

Provisions for guarantee obligations

Provisions for guarantee obligations in the MT Højgaard Group are assessed individually for each construction contract and relate to normal one-year and five-year guarantee works and, for a few contracts, longer guarantee periods. The level of provisions is based on experience and the characteristics of each project. By their nature such estimates involve uncertainty, and actual guarantee obligations may consequently differ from those estimated. Further information is provided in note 17 of the 2016 annual report of MT Højgaard A/S.

Recovery of deferred tax assets

The MT Højgaard Group recognises deferred tax assets only to the extent that it is probable that taxable profits will be available, in the foreseeable future (3-5 years), against which tax loss carryforwards, etc., can be utilised. The amount to be recognised as deferred tax assets is determined on the basis of an estimate of the probable timing and amount of future taxable profits and taking into account current tax legislation.

For further details, see notes 2 and 10 of the 2016 annual report of MT Højgaard A/S.

	SEPARATE FIN. STATEMENTS		INDIVIDUAL FIN. STATEMENTS	
	2015	2016	2016	2015

Note 3

Administrative expenses in Monberg & Thorsen were impacted by costs of DKK 3.3 million relating to the discussion of possible structural changes in connection with listing of MT Højgaard.

Fees paid to auditor appointed at the Annual General Meeting (Ernst & Young)

Audit fees	0.3	0.3	0.3	0.3
Other assurance engagements	0	0	0	0
Tax and VAT advice	0.6	0.3	0.3	0.6
Non-audit services	0	0	0	0
Total remuneration to Ernst & Young	0.9	0.6	0.6	0.9

Note 4

Finance income

Securities - measured at fair value	10.3	8.4	8.4	10.3
Foreign exchange gains	0.3	0	0	0.3
Interest, cash and cash equivalents, etc.	0	0	0	0
Total finance income	10.6	8.4	8.4	10.6

Interest, cash and cash equivalents, etc., relate to assets measured at amortised cost.

Note 5

Finance costs

Interest	0	0.1	0.1	0
Foreign exchange losses	0	0.5	0.5	0
Capital losses on securities	6.7	3.4	3.4	6.7
Total finance costs	6.7	4.0	4.0	6.7

Interest relates to interest on loans measured at amortised cost.

Note 6

Income tax

Current tax	0	0	0	0
Changes in deferred tax	0	0	0	0
Prior year adjustments	-1.8	0	0	-1.8
Total income tax expense	-1.8	0	0	-1.8

Reconciliation of tax rate (%)

Danish tax rate	24	22	22	24
Non-taxable items, etc.	-24	-28	-28	-24
Other, including prior year adjustments	-120	6	6	-120
Effective tax rate (%)	-120	0	0	-120

Tax relating to previous years in 2015 relates to a transfer pricing audit in France for the years 2006-2011.

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

	SEPARATE FIN. STATEMENTS		INDIVIDUAL FIN. STATEMENTS	
	2015	2016	2016	2015
Note 7				
Employee information				
Wages, salaries and remuneration	1.8	1.5	1.5	1.8
Pension contributions (defined contribution)	0	0	0	0
Other social security costs	0	0	0	0
Total	1.8	1.5	1.5	1.8
The total payroll costs include salaries and remuneration to Monberg & Thorsen:				
Board of Directors	1.5	1.3	1.3	1.5
Executive Board	0.3	0.2	0.2	0.3
Average number of employees	1	1	1	1

Note 8

Earnings per share and diluted earnings per share

Net profit/(loss) for the year		-8.5	81.1
Average number of shares		3,585,000	3,585,000
Average number of treasury shares		2,948	2,645
		3,582,052	3,582,355
Earnings per share (EPS) and diluted earnings per share (EPS-D)		-3	23

Note 9

Investments in jointly controlled entities

Cost at 01.01.	565.0	565.0
Additions	0	0
Cost/carrying amount at 31.12.	565.0	565.0

The jointly controlled entity consists of the 46% ownership interest in MT Højgaard A/S, which has its registered office in Soborg. The share capital at 31.12.16 was DKK 520 million.

Financial information for MT Højgaard in accordance with IFRS 12

Statement of comprehensive income

Revenue	6,796.6	6,531.4
Net profit/(loss) for the year	10.2	289.6
Other comprehensive income	-5.6	10.1
Total comprehensive income	4.6	299.7
Dividends received	0	0

Balance sheet

Non-current assets	1,146.7	1,099.1
Current assets	2,521.6	2,496.6
Non-current liabilities	-232.7	-322.8
Current liabilities	-2,471.9	2,274.0
Equity	963.7	998.9
Equity attributable to Monberg & Thorsen	433.1	441.5

	SEPARATE FIN. STATEMENTS		INDIVIDUAL FIN. STATEMENTS	
	2015	2016	2016	2015

MT Højgaard is a jointly controlled entity under a shareholders' agreement.

MT Højgaard has been recognised in the individual financial statements using the equity method (one-line consolidation) and at cost in the separate financial statements.

An impairment test of the carrying amount of the investment in the jointly controlled entity MT Højgaard was carried out at 31.12.16, using the DCF model. The recoverable amount was determined as the value in use, calculated as the present value of the expected future net cash flows from the jointly controlled entity. In connection with the test, net cash flows were determined on the basis of the approved budget for 2017 and estimates for the years 2018-2021. The growth rate in the terminal period was set at 2%, and a discount rate of 9.2% before tax was used. No impairment charge was deemed necessary as a result of the test.

Note 10

Other securities and equity investments

Cost at 01.01. and at 31.12.	0	0	0	0
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Note 11

Receivables

The fair value of receivables is deemed to correspond to the carrying amount. No receivables fall due more than one year after the reporting date.

Note 12

Securities

Corporate bonds	201.9	168.3	168.3	201.9
Carrying amount at 31.12.	201.9	168.3	168.3	201.9
Nominal holding	193.9	163.5	163.5	193.9
Bonds maturing more than one year from the balance sheet date (market value)	171.0	99.0	99.0	171.0
Maturity of bond portfolio (years)	1.8	1.2	1.2	1.8
Effective interest rate on bond portfolio (%)	2.0	2.5	2.5	2.0

The bond portfolio is measured at fair value through the income statement on an ongoing basis in accordance with IAS 39, as the portfolio functions as cash flow reserve in accordance with the financial policy. The bond portfolio consists of listed corporate bonds that are monitored on an ongoing basis and reported at fair value.

Note 13

Share capital

	A shares	B shares	Total
Share capital at 31.12.	15.4	56.3	71.7
Number of shares at DKK 20 per share	768,000	2,817,000	3,585,000

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

	SEPARATE FIN. STATEMENTS		INDIVIDUAL FIN. STATEMENTS	
	2015	2016	2016	2015
Note 14				
Deferred tax				
Deferred tax, net, at 01.01.	0	0	0	0
Change through the income statement	0	0	0	0
Deferred tax, net, at 31.12.	0	0	0	0
Deferred tax can be broken down as follows:				
Deferred tax assets				
Tax loss carryforwards	18.5	17.6	17.6	18.5
Non-capitalised portion	-18.5	-17.6	-17.6	-18.5
Carrying amount at 31.12.	0	0	0	0
Deferred tax liabilities				
Carrying amount at 31.12.	0	0	0	0
Deferred tax, net, at 31.12.	0	0	0	0

Deferred tax has been calculated using the tax rates expected to be effective at the date of realisation.

The tax loss carryforwards may be carried forward indefinitely and may be utilised against future earnings. The loss is not expected to be used in the coming years due to the current low interest rate level.

Note 15

Security arrangements

Cash includes an amount of EUR 0.2 million deposited in an escrow account at 31.12.16 in connection with the divestment of Dyrup to cover guarantees and indemnities provided, see note 16.

Note 16

Contingent liabilities**Indemnities**

In relation to the divestment of Dyrup, Monberg & Thorsen has provided normal and customary guarantees to the buyer. The guarantees include a guarantee that Dyrup has operated its business legally in every respect, i.e. that Dyrup has complied with all laws and regulations in relation to, for example, working conditions, competition law, indirect and direct taxes, environment, etc. The principal guarantees relating to tax and environmental aspects have a term of up to seven years, i.e. until 5 January 2019. As collateral for the performance of these guarantees, Monberg & Thorsen has deposited EUR 0.2 million of the sales proceeds in an escrow account at 31.12.16.

Monberg & Thorsen A/S is not involved in any litigation.

Note 17

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' Board of Directors and Executive Boards.

Monberg & Thorsen's related parties also include jointly controlled entities in which Monberg & Thorsen has control or significant influence.

	SEPARATE FIN. STATEMENTS		INDIVIDUAL FIN. STATEMENTS	
	2015	2016	2016	2015

All related party transactions during the year were entered into in the ordinary course of business and based on arm's length terms.

Management remuneration is disclosed in note 7.

Monberg & Thorsen did not have any balances with jointly controlled entities at 31.12.2016.

Monberg & Thorsen's dividends from jointly controlled entities are disclosed in the income statement.

Note 18

Financial risks

Monberg & Thorsen's only assets are its investment in the jointly controlled entity MT Højgaard and its portfolio of listed corporate bonds and cash and cash equivalents.

Interest rate risks

Interest rate risks relate to cash and cash equivalents and securities.

Cash and cash equivalents and securities stood at DKK 183 million at the end of 2016 and were mainly placed on bank accounts and in bonds with a maturity of less than two years at the end of 2016.

Changes in fair value: All other conditions being equal, the hypothetical effect on net profit/(loss) for the year and equity at 31 December 2016 of a one percentage point increase in relation to the interest rate level at the reporting date would have been a DKK 1.4 million increase (2015: increase of DKK 1.7 million). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

Changes in cash flows: All other conditions being equal, the hypothetical positive effect on net profit/(loss) for the year and equity at 31 December 2016 of a one percentage point increase in relation to the interest rate level realised for the year on floating-rate cash and cash equivalents and securities would have been a DKK 1.6 million increase (2015: increase of DKK 1.7 million). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

Currency risks

Part of cash and cash equivalents and the bond portfolio is denominated in EUR. At 31.12.16, 70% of the total securities portfolio was denominated in EUR.

Changes in EUR exchange rate

All other conditions being equal, the hypothetical positive effect on net profit/(loss) for the year and equity at 31 December 2016 of a one percentage point increase in the EUR-DKK exchange rate would have been an increase of DKK 1.2 million (2015: increase of DKK 1.3 million). A one percentage point decrease in the exchange rate would have had a corresponding negative effect.

Liquidity risks

Financial resources consist of cash and securities. At the end of 2016, financial resources stood at DKK 181 million, excluding the amount deposited as collateral in respect of indemnities and guarantees in connection with the divestment of Dyrup. At 31.12.2015, the corresponding financial resources were DKK 219 million.

Based on the expectations concerning the future operations and the current cash resources, no material liquidity risks have been identified. Monberg & Thorsen has no interest-bearing debt.

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

	SEPARATE FIN. STATEMENTS		INDIVIDUAL FIN. STATEMENTS	
	2015	2016	2016	2015

Trade payables can be broken down as follows:

Trade payables	0.7	0.5	0.5	0.7
Total carrying amount	0.7	0.5	0.5	0.7

All due within one year.

Categories of financial instruments

Carrying amount by category:

Financial assets measured at fair value through the income statement	201.9	168.3	168.3	201.9
Loans, receivables and cash and cash equivalents	25.6	17.9	17.9	25.6
Financial liabilities measured at fair value through the income statement	0	0	0	0
Financial liabilities measured at amortised cost	3.9	3.1	3.1	3.9

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

Listed corporate bonds are valued based on quoted prices (Level 1).

Note 19

Capital management

The need for alignment of the capital structure is reviewed on an ongoing basis to ensure that the capital position complies with current regulations and is aligned to the business concept and the level of activity. According to the internal policy, as a rule equity must cover total non-current assets and provide an adequate equity ratio. The equity ratio was 99% at the end of 2016, compared with 99% at the end of 2015.

Note 20

New International Financial Reporting Standards and IFRIC Interpretations

The IASB has issued a number of standards and interpretations that are not mandatory for Monberg & Thorsen in connection with the preparation of the annual report for 2016. None of the standards and interpretations issued is expected to have a material effect on recognition and measurement in Monberg & Thorsen's financial statements.

Note 21

Events after the reporting date

So far as management is aware, no events have occurred between 31.12.16 and the date of signing of the annual report that will have a material effect on the assessment of Monberg & Thorsen's financial position at 31.12.16, other than the effects recognised and referred to in the annual report.

Note 22

Segment information

Monberg & Thorsen is a listed Danish holding company. Its sole activity is its ownership interest in the jointly controlled entity MT Højgaard. The ownership interest is 46%.

THE COMPANY'S FOUNDERS



Axel Monberg
1893 - 1971



Ejnar Thorsen
1890 - 1965



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