MONBERG & THORSEN A/S

Stock Exchange Announcement

27.03.09
Announcement No. 3, 2009

Monberg & Thorsen's Supervisory Board approved the annual report for 2008 at its meeting today.

Monberg & Thorsen reported consolidated revenue of DKK 6.8 billion and operating profit before special items of DKK 107 million, on a par with the level most recently announced in the interim financial report for the third quarter of 2008. Special items amounted to DKK 34 million, matching the expected level, and related to non-recurring costs in Dyrup in connection with reduction of the cost base. Operating profit was consequently DKK 73 million and profit before tax DKK 83 million.

Dyrup delivered revenue of DKK 1.6 billion, down 4%, and the operating result before special items was a loss of DKK 22 million, slightly ahead of expectations after the third quarter. The result before tax was a loss of DKK 90 million.

MT Højgaard delivered revenue of DKK 11.2 billion and operating profit of DKK 314 million versus DKK 194 million in 2007. Profit before tax was DKK 359 million, slightly exceeding expectations.

Monberg & Thorsen's cash flows from operating activities amounted to an inflow of DKK 233 million compared with DKK 53 million in 2007.

At the Annual General Meeting, the Supervisory Board will propose that no dividend be paid for 2008.

Consolidated revenue in the region of DKK 5.8 billion is anticipated for 2009, and operating profit before special items in the DKK 50 million region compared with DKK 107 million in 2008. The reduction of the cost base and the sale of Dyrup's industrial activities mean that there will be special non-recurring items again in 2009.

The annual reports of Dyrup and MT Højgaard form an integral part of Monberg & Thorsen's annual report.

The annual report has been published via Nasdaq OMX Copenhagen, and is available on Monberg & Thorsen's website www.monthor.dk. The printed annual report will be available on 7 April 2009.

Søborg, 27 March 2009
Supervisory Board and Executive Board

Monberg & Thorsen A/S

Anders Colding Friis
Chairman

Jørgen Nicolajsen
President and CEO

Questions relating to this announcement should be directed to Jørgen Nicolajsen, President and CEO, on telephone +45 3546 8000.
This announcement is available in Danish and English. In case of doubt, the Danish version shall prevail.
Reg. No. 12 61 79 17

MONBERG & THORSEN A/S

Annual Report 2008

THE COMPANY'S FOUNDERS

Axel Monberg
1893 - 1971

Ejnar Thorsen
1890 - 1965

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MONBERG & THORSEN A/S

ANNUAL REPORT 2008

DYRUP AND MT HØJGAARD

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

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

CONSOLIDATED FINANCIAL HIGHLIGHTS 2004-2008

DKK million	2004	2005	2006	2007	**2008**
Income statement					
Revenue					
Dyrup	1,668	1,681	1,660	1,696	1,624
MT Højgaard (46%)	3,367	3,806	5,089	5,389	5,139
Total revenue	5,035	5,487	6,749	7,085	6,763
Operating profit	214	50	192*	138	73
Net financing costs	0	(21)	(15)	3	10
Profit before tax	214	29	177*	141	83
Profit after tax	185	51	191*	99	56
Attributable to equity holders of the parent	184	49	187*	98	56
* Including DKK 171 million gain on sale of oil interests					
Balance sheet					
Interest-bearing assets	377	347	824	781	647
Interest-bearing liabilities	511	589	565	571	437
Invested capital	1,581	1,682	1,332	1,339	1,344
Consolidated equity	1,360	1,352	1,502	1,464	1,468
Attributable to equity holders of the parent	1,353	1,343	1,491	1,464	1,468
Balance sheet total	3,107	3,507	4,062	4,050	3,963
Cash flows					
From operating activities	55	216	201	53	233
For investing activities**	169	(222)	(123)	135	(208)
From financing activities	(61)	(96)	(66)	(162)	(137)
Net increase (decrease) in cash and cash equivalents	163	(102)	11	26	(112)
** Portion relating to property, plant and equipment (gross)	(187)	(136)	(155)	(162)	(209)
Financial ratios (%)					
Operating margin (EBIT margin)	3	0	0	1	1
Return on invested capital (ROIC)	14	3	13	10	5
Return on equity (ROE)	14	4	13	7	4
Equity ratio	44	39	37	36	37
Share ratios (DKK per share)					
Earnings per share (EPS)	52	14	52	27	16
Cash flow from operating activities	15	60	56	15	65
Proposed dividends	16	12	36	12	0
Book value	378	375	416	409	410
Market price	390	464	478	498	161
Market price/book value	1.0	1.2	1.1	1.2	0.4
Price earnings (P/E)	8	33	9	18	10
Payout ratio (%)	31	88	69	44	0
Market capitalisation in DKK million	1,398	1,663	1,714	1,785	577
Number of employees					
Consolidated enterprises	3,389	3,469	3,673	3,784	3,354

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'. Earnings per share (EPS) has been calculated in accordance with IFRS. The ratios used are defined below.

DEFINITION OF FINANCIAL RATIOS

Operating margin (EBIT margin): $\frac{\text{(Operating profit less share of profits of associates, etc.) x 100}}{\text{Revenue}}$

Return on invested capital incl. goodwill (ROIC): $\frac{\text{Operating profit (EBIT) x 100}}{\text{Average invested capital including goodwill}}$

Return on equity (ROE): $\frac{\text{Profit after tax x 100}}{\text{Average equity}}$

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, net interest-bearing deposit/debt and goodwill.

Equity ratio: $\frac{\text{Equity at year end x 100}}{\text{Total liabilities at year end}}$

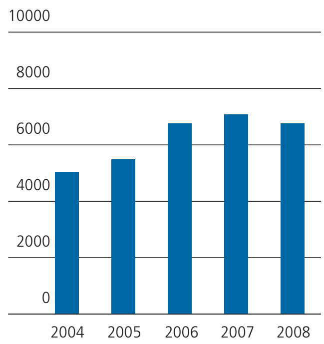
Earnings per share (EPS): $\frac{\text{Profit for the year attributable to parent}}{\text{Average number of shares}}$

Price earnings (P/E): $\frac{\text{Market price at year end}}{\text{Earnings per share}}$

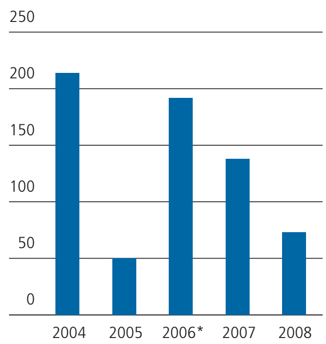
Payout ratio: $\frac{\text{Total dividend x 100}}{\text{Profit after tax}}$

Consolidated financial highlights (DKK million)

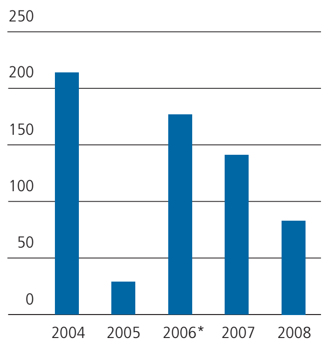
Revenue



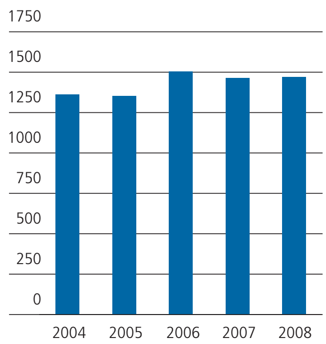
Operating profit (EBIT)



Profit before tax

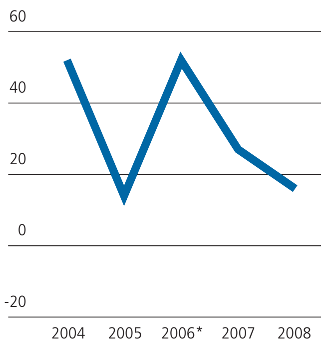


Equity at year end

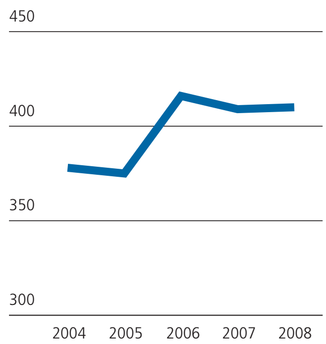


Share ratios (DKK per share)

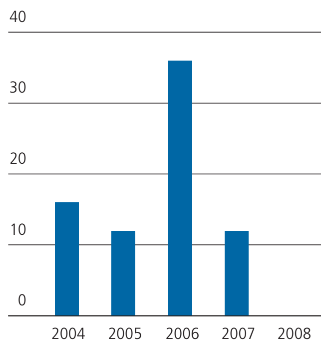
Earnings per share (EPS)



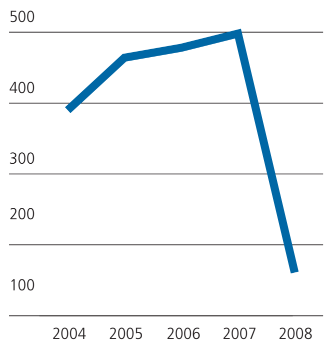
Book value at year end



Dividends

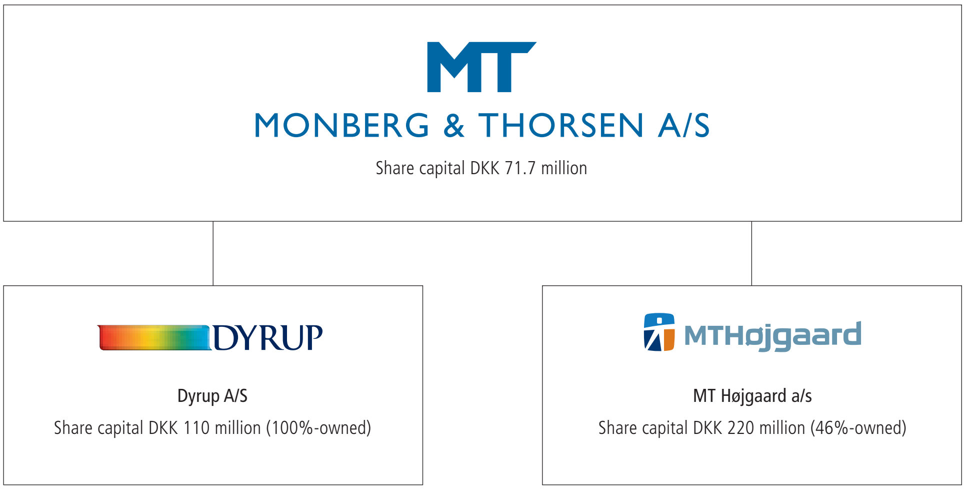


Market price at year end



* Including DKK 171 million gain on sale of oil interests

THE GROUP, BUSINESS CONCEPT AND BUSINESS STRATEGY



BUSINESS CONCEPT

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

BUSINESS STRATEGY

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

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

Dyrup
Dyrup aims to be a strong alternative to the large, global paint and wood care suppliers in Europe.

Dyrup's business model must draw on the local units' market knowledge and flexibility, which, coupled with the international infrastructure and powerful brands, provide a sound platform for future value creation.

The objective is that, from 2010, Dyrup must be a business that generates a positive operating profit, and the target within the next few years is for Dyrup's profitability to match that of the other manufacturers in the European market.

MT Højgaard
MT Højgaard aims to be the leading building and construction company in Denmark, focusing on profitability and profitable growth.

The MT Højgaard Group's strategy features a Group revenue target in the order of DKK 12 billion by 2010 and a target of achieving a pre-tax margin of 2-2.5% within a few years. In pursuing the revenue target, the MT Højgaard Group's risk management guidelines must be observed. With a pre-tax margin of 3.2% in 2008, the latter target has been met, and it is MT Højgaard's ambition to raise the pre-tax margin to around 5% within a few years.

MT Højgaard's highest priority is profitability, and the company is focusing on initiatives that can push up earnings and raise the pre-tax margin in the individual areas. MT Højgaard is being highly selective when identifying new projects, both from an earnings point of view and in terms of other criteria. This may lead to a drop in the level of activity in the longer term as a possible and accepted consequence.

SUPERVISORY BOARD AND EXECUTIVE BOARD

SUPERVISORY BOARD

Anders Colding Friis (1963)
Chairman
President, Scandinavian Tobacco Group A/S and Skandinavisk Holding A/S
(CB) Dagrofa A/S
(MB) IC Companys A/S
Joined the Supervisory Board in 2004

Torben Ballegaard Sørensen (1951)
Deputy Chairman
(MB) Egmont Fonden
(MB) Lego A/S
(MB) AB Electrolux
Pandora Holding A/S
CAT Science A/S
Joined the Supervisory Board in 2008

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

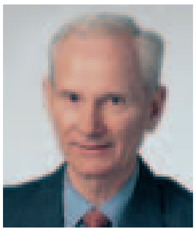
Poul Lind (1952)
CEO, PowerSense A/S
(MB) MT Højgaard a/s
Joined the Supervisory Board in 2006

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

Christine Thorsen (1958)
Management Consultant, MBA
Dynamic Approach ApS
Joined the Supervisory Board in 2008

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

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



Carsten Tvede-Møller (1935)
Advokat, Plesner
Joined the Supervisory Board in 1971

EXECUTIVE BOARD

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

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

CONSOLIDATED RESULTS FOR THE YEAR

Monberg & Thorsen reported consolidated revenue of DKK 6.8 billion and operating profit before special items of DKK 107 million, on a par with the level most recently announced in the interim financial report for the third quarter of 2008.

Operating profit before special items increased from DKK 84 million in 2007 to DKK 107 million in 2008 as a result of the increase in profit in MT Højgaard.

Special items amounted to DKK 34 million, matching the expected level, and related exclusively to non-recurring costs in Dyrup.

Consolidated operating profit was consequently DKK 73 million versus DKK 138 million in 2007, when MT Højgaard's profit benefited from a gain on sale of subsidiaries.

Profit before tax amounted to DKK 83 million compared with DKK 141 million in 2007, and profit after tax was consequently DKK 56 million compared with DKK 99 million in 2007.

Dyrup delivered revenue of DKK 1.6 billion, down 4%, and the operating result before special items was a loss of DKK 22 million, slightly ahead of expectations after the third quarter. The result for the year before tax was consequently a loss of DKK 90 million. The financial crisis and the marked change in the economic climate in 2008 consequently hit Dyrup's revenue and results hard.

MT Højgaard delivered revenue of DKK 11.2 billion and operating profit of DKK 314 million versus DKK 194 million in 2007. Profit before tax was DKK 359 million, slightly ahead of expectations, primarily due to several projects developing better than expected.

Consolidated cash flows from operating activities amounted to an inflow of DKK 233 million compared with DKK 53 million in 2007. The increase was primarily attributable to MT Højgaard

Major highlights during the year

At the beginning of the year, consolidated revenue of DKK 7 billion was expected, and operating profit before special items in the region of DKK 150 million.

In connection with the interim financial report for the first quarter of 2008 the profit outlook for Dyrup was reaffirmed, albeit at the low end of the forecast levels, assuming that the lack of revenue could be made up for during the wood care season.

On 9 July it became clear that Dyrup's revenue for the first half was down approx. 4%, despite the wood care season getting off to a good start in Germany and Denmark. The reason was the sharp slowdown and decline in the level of activity in the construction sector. Monberg & Thorsen consequently lowered the outlook for operating profit before special items to a figure in the region of DKK 100 million compared with the previously projected DKK 150 million. It was also announced that special items in Dyrup in the form of non-recurring costs in connection with reduction of the cost base were expected to be in the order of DKK 30 million.

It was decided to strengthen Dyrup's capital base by DKK 100 million, which Monberg & Thorsen injected into Dyrup in connection with a share capital increase.

In the interim financial report for the first half of 2008 it was stated that consolidated revenue was expected to be around DKK 6.8 billion compared with the previously projected DKK 7 billion, primarily as a result of the development in Dyrup. The full-year profit outlook was reaffirmed.

Both consolidated revenue of DKK 6.8 billion, profit before special items of DKK 107 million and special items in Dyrup of DKK 34 million were on a par with expectations.

The development within the Group's core activities

Dyrup's revenue was hit hard by the financial crisis and the marked change in the economic climate in 2008.

The slowdown in construction activity affected the professional (PRO) and industrial markets, in particular, which accounted for just under 60% of Dyrup's revenue in 2008.

The change in the economic climate and the speed at which it occurred hit Dyrup at a critical time as the company is in the midst of a major process of transition. There were consequently only limited possibilities for fast-acting measures. Both of the large projects initiated in 2007, comprising upgrading of the manufacturing facilities for water-based products in Søborg and a new ERP system in Denmark, are resource-intensive projects that will not be completed until 2009.

Despite this, Dyrup managed to reduce the future cost base by approx. DKK 50 million p.a. One of the implications of this was the loss of approx. 100 jobs. Coupled with other restructuring measures, these reductions have resulted in a considerable non-recurring cost.

Dyrup delivered revenue of DKK 1.6 billion, down 4% compared with the 3-4% increase anticipated at the start of the year.

In Denmark, revenue was 14% down on 2007, primarily reflecting decline in the professional and industrial markets. The decline in the French market was 7%, whereas Germany and the Iberian Peninsula declined by 3% and 2%, respectively.

Dyrup reported marked growth in DIY in the Iberian Peninsula throughout the year, which made up for the sharp decline in demand in the PRO market. The growth was fuelled by new product and concept launches. DIY revenue also showed marked progress in Poland, driven by the rollout of products tailored to the Polish market.

Competition remains fierce in all markets and has intensified due to the negative economic conditions.

Gross margin was slightly down on 2007, partly reflecting higher energy prices and higher depreciation as a result of upgrading of the manufacturing facilities in Denmark and France. Despite sharply increasing raw material prices in 2008, the actual trading margin was held by means of efficiency improvements.

Total distribution costs were reduced by 3% as a result of efficiency improvements in and reorganisation of the sales organisations in, for example, France, Germany and Denmark in 2007.

Administrative expenses were also reduced by 5% as a result of efficiency improvements.

The operating result was a loss before special items of DKK 22 million compared with a profit of DKK 5 million in 2007. The result exceeded expectations after the third quarter, whereas, at DKK 34 million, special non-recurring costs were slightly higher than expected. Special items related primarily to the staff reduction by approx. 100, the closure of loss-making activities and the initiated spin-off of the industrial activities into a separate group.

The result before net financing costs was a loss of DKK 56 million compared with the previously forecast level of DKK 60 million.

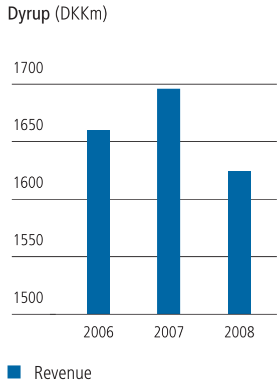
The full-year result before tax was a loss of DKK 90 million. The effective tax rate was 24%, which means that the full-year result after tax was a loss of DKK 68 million compared with a loss of DKK 15 million in 2007.

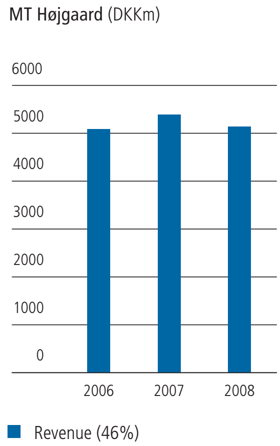
In 2008/09, Dyrup worked on the development of a new strategy, one of the consequences of which is tightened focus on DIY and PRO, applying a customer-oriented approach. As a consequence of this, Dyrup entered into an agreement in January 2009 on the sale of its industrial activities with planned closing on 30 April 2009. The sale will strengthen Dyrup's capital base.

Dyrup's new strategy, FRESH START, has two focus areas – a further and necessary reduction of the cost base and the path towards new and profitable growth beyond the global economic crisis.

The objective is that, from 2010, Dyrup must be a business that generates a positive operating profit, and the target within the next few years is for Dyrup's profitability to match that of the other manufacturers in the European market.

MT Højgaard delivered revenue of DKK 11.2 billion in 2008, down 5% on 2007. This primarily reflected the fact that, as a result of market conditions, the building and civil works market in Denmark declined in 2008 compared with the historically high level in 2007. International activities accounted for 28% of revenue in 2008, up from 21% in 2007.





Operating profit was DKK 314 million, up DKK 120 million on 2007. Profit benefited from the sale of self-generated project development cases, including the sale of plots of land. The substantial loss generated by the activities of the subsidiary Promecon had the opposite effect.

On the Buxton project, there are no changes to report in relation to what was stated in the 2007 annual report. The claims for extra payments advanced by MT Højgaard are the subject of international arbitration. In accordance with the company's policy, no income has been recognised in the financial statements in this respect.

Net financing costs in MT Højgaard amounted to net income of DKK 45 million compared with DKK 117 million in 2007, which was affected by non-recurring income in connection with the sale of shares in subsidiaries. Net financing costs in 2008 benefited from foreign exchange gains, primarily in relation to currency hedging of construction contracts.

Profit before tax was DKK 359 million compared with anticipated profit in the DKK 300 million region. Monberg & Thorsen's share was 46%, corresponding to DKK 165 million.

The pre-tax margin was consequently 3.2% compared with 1.7% in 2007, excluding the share proceeds in connection with the sale of subsidiaries in 2007.

MT Højgaard's profit after tax was DKK 259 million compared with DKK 235 million in 2007.

The Supervisory Board of MT Højgaard proposes a dividend of DKK 50 million, DKK 23 million of which will be attributable to Monberg & Thorsen.

The order book stood at DKK 9.5 billion at the end of the year, approx. 10% down on last year. The quality of the order book is satisfactory. The order book includes a number of large orders extending over several years.

In 2008, MT Højgaard achieved the pre-tax margin target in the 2010 strategy plan. MT Højgaard wishes to remain the leading building and construction company in Denmark and will continue to focus on increased profitability and profitable growth. As a company sensitive to economic fluctuations, in the present circumstances it will be difficult for MT Højgaard to raise its pre-tax margin in the short term, but it is MT Højgaard's ambition to raise it to around 5% within a few years.

Knowledge resources and environment

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

Accounting policies

The annual report for 2008 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

The accounting policies are unchanged from those set out in the 2007 annual report.

Management information

At the company's Annual General Meeting on 28 April 2008, Mogens Granborg and Hans Bennetzen retired from the Supervisory Board, and Torben Ballegaard Sørensen and Christine Thorsen were elected to the board.

Outlook for 2009

The global economic slowdown in the second half of 2008, which is continuing in 2009, is making it difficult to predict Dyrup's level of activity, in particular, whereas MT Højgaard's order book provides a greater degree of certainty as far as concerns the outlook for 2009.

Consolidated revenue in the region of DKK 5.8 billion is anticipated for 2009, and operating profit before special items in the DKK 50 million region compared with DKK 107 million in 2008. The reduction of the cost base and the sale of Dyrup's industrial activities mean that there will be special non-recurring items again in 2009.

The projections concerning future financial performance are subject to uncertainties and risks that may cause the performance to differ materially from the projections. The general financial unrest in the international markets, in particular, may have a material impact on the profit development in 2009.

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

Dyrup
In January 2009, Dyrup entered into an agreement on the sale of its industrial activities. Closing is planned for 30 April 2009, when all terms and conditions for the transaction are expected to be in place. The sale is an important element of the future strategy for Dyrup with focus on the DIY and PRO markets. The industrial activities delivered revenue of DKK 235 million in 2008. The proceeds from the sale, which does not include the production buildings in Kolding, will have a positive non-recurring effect in the region of DKK 15 million on Dyrup's 2009 results.

Dyrup expects to hold its market share in its principal markets, as a minimum. Dyrup will make a concerted effort to strengthen its market positions by launching innovative products and concepts, including a new and improved paint concept in Denmark. To this should be added greater focus on expansion and exploitation of the export potential in northern Africa, Asia and the East.

The negative trend from the fourth quarter of 2008 continued in 2009, and the level of activity is consequently expected to be 10-15% lower than the DKK 1.4 billion revenue recorded in 2008, excluding the sale of the industrial activities.

The savings achieved in 2008 have been found to be insufficient in view of the continued decline in demand. Besides the measures already initiated, Dyrup will consequently be reducing its cost base still further. These steps will be taken within the framework of a focused strategy that is expected to strengthen Dyrup's position and competitiveness in the years ahead. As the level of activity is declining faster in 2009 than cost alignments are being put in place, the operating result before special items is expected to be a loss of between DKK 50 million and DKK 75 million.

MT Højgaard
In view of current market conditions, it is expected that the building and civil works market in Denmark will contract still further in 2009 compared with the already declining level in 2008. The level of construction activity is expected to remain unchanged, whereas the refurbishment market is expected to continue to be characterised by a high level of activity within conversion and upgrading projects in 2009, especially in the public sector.

The civil works market in Denmark is expected to remain stable due to continued public sector investments in the transport sector. The utility services market is expected to be at lower level in 2009 than in 2008, based on a reduced roll-out rate, especially as far as concerns the electricity companies' cable-laying projects.

Stable development in the international activities is expected for 2009, the focus being on selective identification of project opportunities in relation to in-house skills and resources. Particular attention is being applied to foundations for offshore wind farms, an area in MT Højgaard is among the most experienced in the world.

The order book stood at DKK 9.5 billion at the start of 2009, with DKK 6.5 billion expected to be executed in 2009. The order book is approx. 10% down on the start of 2008, and the quality is satisfactory. MT Højgaard will continue to be highly selective when identifying new projects, focusing on the profitability of the projects within the framework of the Group's risk management. Revenue for 2009 is expected to reach approx. DKK 10 billion. International revenue is expected to match the 2008 level.

Selectivity, focusing and targeted risk management are the basic criteria for securing satisfactory earnings. Despite an alignment of costs to a slightly lower level of activity, MT Højgaard does not expect to be able to deliver a financial performance matching 2008 with the current market conditions.

MT Højgaard consequently expects a pre-tax margin of between 2.0% and 3.0% versus 3.2% in 2008.

Financial resources
At the end of 2008, the Group's financial resources totalled DKK 1.2 billion, consisting of cash, securities and undrawn credit facilities. This included the proportionate share of DKK 0.5 billion from MT Højgaard, which, with fi-

nancial resources totalling DKK 1.1 billion, has strong financial resources that are expected to be maintained in 2009.

Standing at DKK 0.3 billion, Dyrup's financial resources are at a satisfactory level. To this should be added the fact that the financial resources will be strengthened by approx. DKK 75 million on sale of the industrial activities and a possible sale of the property in Kolding.

The parent company's financial resources total DKK 0.4 billion, consisting primarily of short-term Danish bonds and cash. The financial resources are expected to remain largely unchanged in 2009.

Risk factors

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

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

The overall framework for managing the risks judged to be critical for the Group is laid down in the business concept and the associated policies for the individual consolidated enterprises.

The Group endeavours to cover, to the greatest possible extent, significant risks outside the enterprises' direct control by taking out relevant insurance policies.

In addition to generally depending on the market trend within the building sector, each consolidated enterprise is exposed to other specific commercial risks. The Monberg & Thorsen Group's financial risks are managed and hedged on a decentralised basis in the individual consolidated enterprises. Detailed information about Dyrup's and MT Højgaard's risk factors and financial risks is given in their annual reports. The Group's financial risks are described in note 38.

CORPORATE GOVERNANCE

The Supervisory Board is still of the opinion that the key recommendations in the corporate governance report from Nasdaq OMX Copenhagen A/S are being practised in the management of the Monberg & Thorsen Group.

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

- Proxies for General Meetings apply to the General Meeting in question only and constitute a general proxy to the Supervisory Board comprising all items on the agenda, as there are rarely special and/or many proposed resolutions for consideration.

- An annual profile of the individual Supervisory Board members and their special competencies that are relevant to the performance of their duties is not published. The background of each candidate is described in connection with their election to the Supervisory Board.

- An actual evaluation procedure for each Supervisory Board member is not in place, as the Supervisory Board discusses its overall work and collaboration on a continuous basis. It is expected that an evaluation procedure will be determined in 2009.

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

- Supervisory Board and Executive Board, in which the age, election year and managerial posts of each Supervisory Board member are disclosed.

- Shareholder information, in which essential information about ownership and other matters of relevance to shareholders is disclosed.

- Note 10 Remuneration policy

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

Management principles

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

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

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

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

According to the company's Articles of Association, all board members retire each year. In practice, this means that all board members are up for election every year. Retirement from the board is not dependent on the term of office.

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

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

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

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

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

DYRUP AND MT HØJGAARD

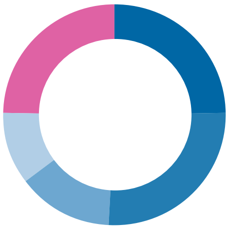
The Group's activities consist of Dyrup, which is wholly-owned, and MT Højgaard, in which the ownership interest is 46%. Both companies are engaged in building-related activities, but with different representation in the market.

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

As in previous years, a segment overview is included on page 21. For detailed information about these two companies, reference is made to the enclosed annual reports.

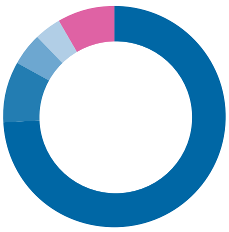
SHAREHOLDER INFORMATION

Share capital by group of shareholders



- Ejnar og Meta Thorsens Fond (24.9%)
- Founder families (26.1%)
- ATP (13.8%)
- LD (10.7%)
- Others (24.5%)

Votes by group of shareholders



- Ejnar og Meta Thorsens Fond (74.4%)
- Founder families (8.9%)
- ATP (4.7%)
- LD (3.7%)
- Others (8.3%)

Ownership

The company has around 1,400 registered shareholders.

Shareholders according to Section 28(a) of the Danish Public Companies Act:

Ejnar og Meta Thorsens Fond, Søborg
Anders Monberg, Elsinore
Christine Monberg, USA
Pernille Monberg, Fredensborg
Danish Labour Market Supplementary Pension Fund (ATP), Hillerød
LD Pensions (LD), Copenhagen

Ejnar og Meta Thorsens Fond holds all the company's A shares, which account for around 21% of the total share capital, and around 4% of the B shares. 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 consolidated companies. The foundation has advised the Supervisory Board that it wants to be a stable shareholder in the company and does not wish to relinquish its voting rights.

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

A shareholders' agreement has been entered into on ownership of the shares in MT Højgaard a/s. Under this agreement, the completion of a take-over bid for Monberg & Thorsen A/S may result in changes related to ownership and other terms and conditions for the company's shareholding in MT Højgaard a/s.

Management shareholdings

At 31.12.08, the Supervisory Board's and Executive Board's shareholdings in the company totalled 98,082 shares, equivalent to 2.7% of the share capital and a market value of DKK 16 million.

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

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

Annual General Meeting

The Annual General Meeting will be held on 29 April 2009 at 5.00pm at Industriens Hus, H.C. Andersens Boulevard 18, Copenhagen V, Denmark. The Annual General Meeting will be convened with at least eight days' notice in accordance with the Articles of Association.

Dividends

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

At the Annual General Meeting, the Supervisory Board will propose that no dividend be paid for 2008.

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 31.12.08, the company's holding of treasury shares totalled 2,645 shares. The company did not buy or sell any treasury shares in 2008.

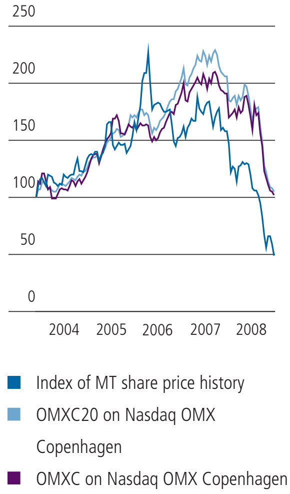
According to the company's rules for buying and selling treasury shares, the company may not buy or sell treasury shares in the three

Announcements to Nasdaq OMX Copenhagen A/S

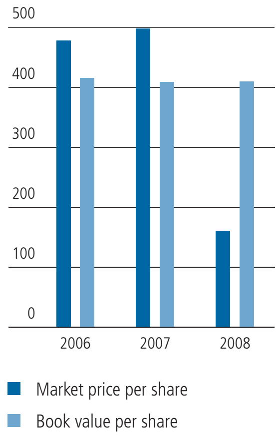
The following Stock Exchange announcements were issued in 2008:

1.	27.03.08	MT Højgaard's preliminary announcement for 2007
2.	27.03.08	Monberg & Thorsen's preliminary announcement for 2007
3.	09.04.08	MT Højgaard's annual report 2007
4.	09.04.08	Dyrup's annual report 2007
5.	09.04.08	Monberg & Thorsen's annual report 2007
6.	15.04.08	Notice of Annual General Meeting of Monberg & Thorsen
7.	16.04.08	The Supervisory Board's complete resolutions to the Annual General Meeting
8.	17.04.08	New Supervisory Board member in MT Højgaard a/s
9.	28.04.08	Monberg & Thorsen's Annual General Meeting 2008
10.	23.05.08	MT Højgaard's interim financial report, Q1 2008
11.	23.05.08	Monberg & Thorsen's interim financial report, Q1 2008
12.	09.07.08	Profit outlook for 2008 lowered
13.	27.08.08	MT Højgaard's interim financial report, H1 2008
14.	27.08.08	Monberg & Thorsen's interim financial report, H1 2008
15.	24.11.08	MT Højgaard's interim financial report, Q3 2008
16.	24.11.08	Monberg & Thorsen's interim financial report, Q3 2008
17.	24.11.08	Financial calendar for 2009
18.	24.11.08	Announcement concerning major shareholder

Share price 2004-2008
31.12.03 = Index 100



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



weeks preceding the publication of the preliminary announcement of financial statements and interim financial reports.

No subsidiary holds shares in Monberg & Thorsen.

The Monberg & Thorsen share

At the end of 2008, the share price was 161, 68% down on the previous year. A total of approx. 0.2 million shares were traded in 2008, compared with approx. 0.4 million in 2007. The share is in the MidCap+ segment on Nasdaq OMX Copenhagen A/S.

Information policy

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

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, Monberg & Thorsen:

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

Financial calendar for 2009

Annual General Meeting	29.04.09

Expected dates of announcement of interim financial reports:

Q1 2009	26.05.09
Q2 2009	31.08.09
Q3 2009	24.11.09

FINANCIAL REVIEW AND DIVIDEND

The annual report for 2008 has been prepared in continuity of previous years in accordance with the accounting policies, which are set out in note 1. The accounting policies have been prepared in accordance with the requirements in International Financial Reporting Standards (IFRS) and applying the same accounting policies as last year.

The activities of Monberg & Thorsen consist of Dyrup, which is wholly-owned, and a 46% ownership interest in the jointly controlled entity MT Højgaard. As in previous years, these interests have been accounted for in the consolidated financial statements by applying proportionate consolidation.

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

Consolidated income statement

Consolidated revenue amounted to DKK 6.8 billion, down 5% on 2007. The change in revenue can be broken down as follows:

	Change %	Revenue DKK million	Share %
Dyrup	-4	1,624	24
MT Højgaard (46%)	-5	5,139	76
Total	-5	6,763	100

Dyrup's revenue was 4% down on 2007 compared with an expected increase of 3-4%. The reason was the sharp slowdown in the level of activity in the construction sector, which hit the professional and industrial markets, in particular.

MT Højgaard recorded a 5% decline in revenue due solely to the Danish building and construction activities. Business area International and the Group's foreign companies recorded an increase in the level of activity, accounting for 28% of MT Højgaard's revenue, up from 21% in 2007.

International consolidated revenue was 13% ahead overall in 2008, amounting to approx. DKK 2.7 billion, equivalent to 40% of revenue.

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

Operating profit (loss), DKK million	2007	2008
Dyrup	5	(22)
MT Højgaard (46%)	89	144
Parent company	(10)	(15)
Operating profit before special items	84	107
Gain on sale of shares in subsidiaries of MT Højgaard	54	-
Special items in Dyrup	-	(34)
Operating profit (EBIT)	138	73

Operating profit before special items increased from DKK 84 million in 2007 to DKK 107 million in 2008 due to MT Højgaard's improved performance. MT Højgaard's profit benefited from the sale of self-generated project development cases, including the sale of plots of land.

The operating result before special items in Dyrup was a loss of DKK 22 million, solely as a result of the decline in revenue. To this should be added special items of DKK 34 million, primarily costs related to the staff reduction by approx. 100, the closure of loss-making activities and the initiated spin-off of the industrial activities into a separate group.

As special items in 2007 totalled income of DKK 54 million in connection with MT Højgaard's disposal of subsidiaries, operating profit (EBIT) changed from DKK 138 million in 2007 to DKK 73 million in 2008.

The consolidated result before tax was a profit of DKK 83 million, which can be broken down as follows:

Profit (loss) before tax (DKK million)	2007	2008
Dyrup	(15)	(55)
MT Højgaard (46%)	89	165
Parent company, etc.	13	7
Profit before special items	87	117
Gain on sale of shares in subsidiaries of MT Højgaard	54	-
Special items in Dyrup	-	(34)
Profit before tax	141	83

Besides a declining level of activity and non-recurring costs, Dyrup's results were also adversely affected by foreign exchange adjustments, higher interest on capital expenditure incurred and the rising interest rate level.

Besides the increase in profit, MT Højgaard's results benefited from positive foreign exchange adjustments under net financing costs.

Monberg & Thorsen recorded consolidated profit after tax of DKK 56 million. The effective income tax rate was relatively high, at 32%, attributable to both MT Højgaard and Dyrup.

The effective tax rate for 2009 is also expected to be slightly higher than the Danish tax rate.

Consolidated balance sheet

The consolidated balance sheet total remained unchanged at the DKK 4.0 billion level, and there were no significant changes in the consolidated enterprises' balance sheets.

Consolidated equity stood at approx. DKK 1.5 billion, equivalent to an equity ratio of 37% versus 36% at the end of 2007.

Consolidated cash flow statement

Operating cash flows amounted to an inflow of DKK 233 million compared with DKK 53 million in 2007. The increase was exclusively due to MT Højgaard and reflected the profit increase and a positive cash flow on contracts in progress.

The cash outflow for investing activities was DKK 209 million, equivalent to the level of capital expenditure on property, plant and equipment. Capital expenditure on property, plant and equipment increased by DKK 47 million, corresponding to the increase in Dyrup, which related to the upgrading of the manufacturing facilities in Denmark and France. In MT Højgaard, capital expenditure on property, plant and equipment related primarily to replacement of and new investment in contractor's plant and equipment. To this should be added investments in connection with a couple of small acquisitions.

Financing activities generated a cash outflow again in 2008, consisting primarily of DKK 43 million paid in dividends for 2007 and a DKK 94 million decrease in non-current loans, primarily in Dyrup. Monberg & Thorsen did not buy or sell any treasury shares in 2008.

The Group's total cash and cash equivalents at 31.12.08 amounted to DKK (8) million, to which should be added the securities portfolio and undrawn credit facilities. The cash resources are deemed to be at a satisfactory level in view of the existing strategies for the consolidated enterprises and for the Group as a whole.

Financial instruments

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

The primary financial instruments included in the balance sheet are basically measured at fair value. The Group makes limited use of secondary financial instruments, and these are, as a rule, limited to options and forward contracts. In 2007 and 2008 only MT Højgaard used forward exchange contracts. MT Højgaard used these to hedge the currency risk related to foreign construction contracts.

Financial ratios

The operating margin was 1%, as in 2007, reflecting major progress in MT Højgaard, which was offset by corresponding decline in Dyrup.

The other financial ratios were adversely affected by Dyrup's results.

Parent company financial statements

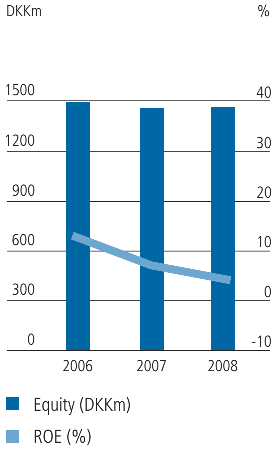
The parent company measures investments in subsidiaries and associates at cost. The Group's and the parent company's profit and equity are consequently not identical.

The parent company's primary activity is its ownership of Dyrup and MT Højgaard. Profit primarily reflects dividends from these investments.

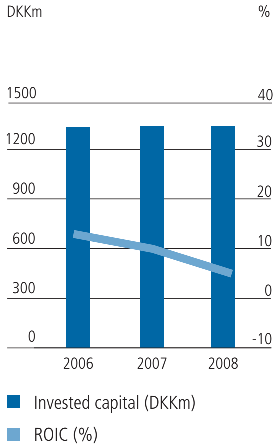
The parent company delivered profit in line with expectations.

The parent company's balance sheet total stood at DKK 1.3 billion, with the cost of investments in the owned companies accounting for 69%.

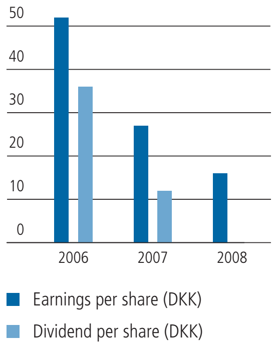
Monberg & Thorsen Group
Equity and ROE



Monberg & Thorsen Group
Invested capital and ROIC



Monberg & Thorsen Group
Earnings and dividend per share



The cost of these investments has not been written down. The cost was increased by DKK 100 million in 2008 in connection with the share capital increase in Dyrup aimed at strengthening Dyrup's capital base.

The parent company's equity amounted to DKK 1.3 billion, giving an equity ratio of 95%.

Dividends

At the Annual General Meeting on 29 April, the Supervisory Board will propose that no dividend be paid for 2008, despite the fact that the Group's financial resources are expected to be satisfactory throughout 2009.

The decision should be viewed in the light of the current global economic and financial crisis and the uncertainty that is consequently associated with 2009. To this should be added the fact that it will be necessary to maintain cash resources to underpin Dyrup's strategic development.

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

Again this year, the Supervisory Board will request the usual authority from shareholders to purchase up to 10% of the share capital.

MANAGEMENT STATEMENT AND INDEPENDENT AUDITORS' REPORT

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards of Monberg & Thorsen A/S have today discussed and approved the annual report for the financial year 2008.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2008.

Further, in our opinion, the Management's review gives a true and fair review of the development in the Group's operations and financial matters, the results of the Group's operations and the Group's and the parent company's financial position as a whole and describes the significant risks and uncertainties pertaining to the Group and the parent company.

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

Søborg, 27 March 2009

Executive Board

Jørgen Nicolajsen
President and CEO

Supervisory Board

Anders Colding Friis *Chairman*	Torben Ballegaard Sørensen *Deputy Chairman*	Magnus Bertelsen
Poul Lind	Jan Munkholm	Christine Thorsen
Henrik Thorsen	Gerrit Dirk Toet	Carsten Tvede-Møller

INDEPENDENT AUDITORS' REPORT

To the shareholders of Monberg & Thorsen A/S

We have audited the annual report of Monberg & Thorsen A/S for the financial year 1 January - 31 December 2008, which comprises management's review, statement by the Executive and Supervisory Boards, and segment information, cash flow statement, income statement, balance sheet, statement of comprehensive income and changes in equity, and notes, for the Group as well as the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

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

Auditors' responsibility and basis of opinion

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

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

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

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January - 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 27 March 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Finn L. Meyer
State Authorised Public Accountant

Ernst & Young
Statsautoriseret Revisionsaktieselskab

Søren Strøm
State Authorised Public Accountant

SEGMENT INFORMATION (DKK million)

	DYRUP		MTHøjgaard*		Others, etc.**		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Income statement								
Revenue	1,624	1,696	5,139	5,389	-	-	6,763	7,085
Gross profit	644	694	325	254	-	-	969	948
Operating profit (loss) before special items	(22)	5	144	89	(15)	(10)	107	84
Special items	(34)	-	-	54	-	-	(34)	54
Operating profit (loss) (EBIT)	(56)	5	144	143	(15)	(10)	73	138
Financial income	10	11	36	16	22	24	68	51
Financial expenses	(43)	(31)	(15)	(16)	-	(1)	(58)	(48)
Profit (loss) before tax	(90)	(15)	165	143	7	13	83	141
Income tax	22	(4)	(46)	(35)	(2)	(3)	(26)	(42)
Profit (loss) after tax	(68)	(19)	119	108	5	10	56	99
Balance sheet								
Intangible assets	93	100	44	30	-	-	137	130
Property, plant and equipment	519	463	343	322	-	-	862	785
Investments	38	33	74	103	-	-	112	136
Total non-current assets	650	596	461	455	-	-	1,111	1,051
Properties held for resale		-	218	249	-	-	218	249
Inventories	262	272	37	29	-	-	299	301
Receivables	269	303	1,418	1,356	2	9	1,689	1,668
Cash and cash equivalents and securities	34	56	293	226	319	499	646	781
Total current assets	565	631	1,966	1,860	321	508	2,852	2,999
Total assets	1,215	1,227	2,427	2,315	321	508	3,963	4,050
Share capital	110	100	101	101	(139)	(129)	72	72
Reserves, etc.	339	328	562	465	495	599	1,396	1,392
Total equity	449	428	663	566	356	470	1,468	1,464
Non-current liabilities	86	98	82	86	18	18	186	202
Current liabilities	680	701	1,682	1,663	(53)	20	2,309	2,384
Total equity and liabilities	1,215	1,227	2,427	2,315	321	508	3,963	4,050
Cash flows								
From operating activities	(6)	70	247	(33)	(8)	16	233	53
For investing activities	(110)	(70)	(81)	31	(17)	174	(208)	135
From financing activities	11	(17)	(28)	(16)	(120)	(129)	(137)	(162)
Net increase (decrease) in cash and cash equivalents	(105)	(17)	138	(18)	(145)	61	(112)	26
Portion relating to property, plant and equipment	(110)	(71)	(99)	(91)	-	-	(209)	(162)
Financial ratios (%)								
Operating margin	(1)	0	3	2	-	-	1	1
Return on invested capital (ROIC)	(2)	1	30	19	-	-	5	10
Return on equity (ROE)	(15)	(4)	18	21	-	-	4	7
Equity ratio	37	35	27	25	-	-	37	36

* Comprises 46% of MT Højgaard's figures.

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

CASH FLOW STATEMENT (DKK million)

PARENT COMPANY 2007	PARENT COMPANY 2008		GROUP 2008	GROUP 2007
		Operating activities		
281.6	10.7	Operating profit	72.8	137.8
		Adjustment for non-cash operating items		
0.1	0.1	Depreciation, amortisation and impairment losses	112.6	125.0
-	-	Other adjustments	(27.6)	(70.4)
281.7	**10.8**	**Cash flows from operating activities before working capital changes**	**157.8**	192.4
		Working capital changes		
-		Inventories	34.3	(73.4)
0.7	(83.2)	Receivables excluding construction contracts in progress	4.1	(91.2)
-	-	Construction contracts in progress	66.7	11.2
(302.9)	(7.4)	Trade and other current payables	(11.9)	36.4
(20.5)	**(79.8)**	**Cash flows from operations (operating activities)**	**251.0**	75.4
24.2	20.1	Interest received, etc.	62.2	50.5
(4.9)	(0.5)	Interest paid, etc.	(57.5)	(49.7)
(1.2)	**(60.2)**	**Cash flows from operations (ordinary activities)**	**255.7**	76.2
2.7	(1.1)	Income taxes paid, net	(22.6)	(22.7)
1.5	**(61.3)**	**Cash flows from operating activities**	**233.1**	53.5
		Investing activities		
-	-	Purchase of intangible assets	(2.9)	(3.9)
-	-	Purchase of property, plant and equipment	(208.9)	(161.9)
-	-	Sale of property, plant and equipment	43.9	31.3
-	-	Acquisition/disposal of enterprises and activities	(19.1)	123.6
-	(100.0)	Capital contribution to subsidiary	-	-
16.0	-	Dividends from subsidiaries and associates	-	-
174.0	(17.1)	Purchase/sale of securities	(21.6)	146.1
190.0	**(117.1)**	**Cash flows for investing activities**	**(208.6)**	135.2
191.5	**(178.4)**	**Cash flows before financing activities**	**24.5**	188.7
		Financing activities		
(129.0)	(43.0)	Dividends paid to shareholders	(43.0)	(129.0)
-	-	Minority interests	-	(3.4)
-	-	Increase in non-current bank loans, etc.	-	2.7
-	-	Decrease in non-current bank loans, etc.	(93.8)	(32.6)
(129.0)	**(43.0)**	**Cash flows from financing activities**	**(136.8)**	(162.3)
62.5	**(221.4)**	**Net increase (decrease) in cash and cash equivalents**	**(112.3)**	26.4
136.0	198.5	Cash and cash equivalents at 01.01.	105.8	79.2
-	-	Value adjustments of cash and cash equivalents	(1.5)	0.2
198.5	**(22.9)**	**Cash and cash equivalents at 31.12.**	**(8.0)**	105.8
		consisting of:		
198.5	-	Cash and cash equivalents	253.8	412.1
-	22.9	Current bank loans	(261.8)	(306.3)
198.5	**(22.9)**		**(8.0)**	105.8

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

INCOME STATEMENT (DKK million)

PARENT COMPANY 2007	PARENT COMPANY 2008	Note		GROUP 2008	GROUP 2007
		3	**Revenue**	**6,763.0**	7,084.7
		4	Production costs	5,794.5	6,136.3
			Gross profit	**968.5**	948.4
291.7	26.0		Dividends from subsidiaries and jointly controlled entities		
-	-	5	Share of profit after tax of associates	0	0
-	-	4	Distribution costs	595.9	607.4
10.1	15.3	4	Administrative expenses	271.3	263.1
-	-	4	Other operating income and expenses	(28.5)	59.9
281.6	**10.7**		**Operating profit**	**72.8**	137.8
24.3	22.6	7	Financial income	68.0	51.5
4.9	0.9	8	Financial expenses	58.2	47.9
301.0	**32.4**		**Profit before tax**	**82.6**	141.4
2.3	1.6	9	Income tax	26.2	42.6
298.7	**30.8**		**Profit for the year**	**56.4**	98.8
		10	**Employee information**		
			Attributable to:		
			Minority interests	-	0.4
298.7	30.8		Attributable to equity holders of the parent	**56.4**	98.4
298.7	**30.8**		**Profit for the year**	**56.4**	98.8
		11	**Earnings per share (EPS) and diluted earnings per share (EPS-D)**	**16**	27

The Supervisory Board will recommend a dividend for the year of DKK 0 per share for adoption at the Annual General Meeting on 29 April 2009.

BALANCE SHEET AT 31 DECEMBER (DKK million)
ASSETS

PARENT COMPANY 2007	PARENT COMPANY 2008	Note		GROUP 2008	GROUP 2007
			Non-current assets		
			Intangible assets		
		12	Goodwill	90.7	85.8
		13	Trade marks and distribution rights	35.1	32.1
		14	Development projects	10.5	6.9
		15	In-process development projects	0.5	5.1
			Total intangible assets	**136.8**	129.9
			Property, plant and equipment		
-	-	16	Land and buildings	424.9	395.9
-	-	17	Plant and machinery	268.8	256.3
0.2	0.1	18	Fixtures and fittings, tools and equipment	85.1	86.2
-	-	19	Property, plant and equipment under construction	83.4	46.8
0.2	**0.1**		**Total property, plant and equipment**	**862.2**	785.2
			Investments		
400.7	500.7	20	Investments in subsidiaries	-	-
427.0	427.0	21	Investments in jointly controlled entities/associates	0.7	0.4
-	-	22	Receivables from associates	8.9	5.4
0	0	23	Other securities and equity investments	0.3	0.5
-	-	30	Deferred tax	102.2	129.4
827.7	**927.7**		**Total investments**	**112.1**	135.7
827.9	**927.8**		**Total non-current assets**	**1,111.1**	1,050.8
			Current assets		
			Inventories		
		24	Inventories	298.8	301.4
		25	Properties held for resale	217.9	248.4
			Total inventories	**516.7**	549.8
			Receivables		
-	-		Trade receivables	1,239.5	1,277.0
-	-	33	Construction contracts in progress	220.2	196.0
-	82.7		Receivable from subsidiary	-	-
-	-		Receivables from associates	14.8	0
9.8	10.3		Other receivables	130.8	109.7
-	-		Income tax	1.9	6.0
-	-		Prepayments	81.9	79.6
9.8	**93.0**	26	**Total receivables**	**1,689.1**	1,668.3
300.0	**319.3**	27	**Securities**	**392.3**	368.6
198.5	**0**		**Cash and cash equivalents**	**253.8**	412.1
508.3	**412.3**		**Total current assets**	**2,851.9**	2,998.8
1,336.2	**1,340.1**		**Total assets**	**3,963.0**	4,049.6

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

PARENT COMPANY 2007	PARENT COMPANY 2008	Note		GROUP 2008	GROUP 2007
			Equity		
71.7	71.7	28	Share capital	71.7	71.7
-	-		Translation reserve	7.3	16.9
1,171.2	1,202.0		Retained earnings	1,389.2	1,332.8
43.0	0		Proposed dividends	0	43.0
1,285.9	**1,273.7**		**Equity attributable to equity holders of the parent**	**1,468.2**	1,464.4
			Equity attributable to minority interests	-	-
			Total equity	**1,468.2**	1,464.4
			Non-current liabilities		
-	-	29	Bank loans, etc.	110.9	125.6
18.6	18.6	30	Deferred tax	33.3	44.7
-	-	31	Provisions	41.4	31.8
18.6	**18.6**		**Total non-current liabilities**	**185.6**	202.1
			Current liabilities		
-	-	29	Current portion of non-current financial liabilities	64.1	139.0
-	22.9	29	Bank loans, etc.	261.8	306.3
-	-	32	Construction contracts in progress	682.8	614.2
-	-		Prepayments received from customers	61.6	78.2
1.1	0.9		Trade payables	706.2	700.9
13.2	9.5		Payables to subsidiaries	-	-
10.7	11.2		Income tax	3.5	11.7
6.7	3.3		Other payables	470.5	460.3
-	-		Deferred income	54.5	71.1
-	-	30	Provisions	4.2	1.4
31.7	**47.8**		**Total current liabilities**	**2,309.2**	2,383.1
50.3	**66.4**		**Total liabilities**	**2,494.8**	2,585.2
1,336.2	**1,340.1**		**Total equity and liabilities**	**3,963.0**	4,049.6

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STATEMENT OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY (DKK million)

Statement of comprehensive income	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Foreign exchange adjustments. foreign enterprises	-	-	(9.6)	3.8
Comprehensive income recognised directly in equity	-	-	(9.6)	3.8
Profit for the year	298.7	30.8	56.4	98.8
Total comprehensive income	298.7	**30.8**	**46.8**	102.6

Statement of changes in equity	Share capital	Retained earnings	Proposed dividends	Total
Parent company				
Equity at 01.01.07	**71.7**	**915.5**	**129.0**	**1,116.2**
Total comprehensive income for the year		298.7		298.7
Proposed dividends		(43.0)	43.0	0
Dividends paid			(129.0)	(129.0)
Total changes in equity		255.7	(86.0)	169.7
Equity at 01.01.08	**71.7**	**1,171.2**	**43.0**	**1,285.9**
Total comprehensive income for the year		30.8		30.8
Proposed dividends				0
Dividends paid		0	(43.0)	(43.0)
Total changes in equity		30.8	0	(12.2)
Equity at 31.12.08	**71.7**	**1,202.0**	**0**	**1,273.7**

	Share capital	Translation reserve	Retained earnings	Proposed dividends	Total equity attributable to Monberg & Thorsen	Attributable to minority interests	Total
Group							
Equity at 01.01.07	**71.7**	**11.5**	**1,279.0**	**129.0**	**1,491.2**	**10.8**	**1,502.0**
Total comprehensive income for the year		3.8	98.4		102.2	0.4	102.6
Addition and disposal of minority interests						(7.8)	(7.8)
Proposed dividends			(43.0)	43.0	0		0
Dividends paid				(129.0)	(129.0)	(3.4)	(132.4)
Transfer between reserves		1.6	(1.6)		0		0
Total changes in equity		5.4	53.8	(86.0)	(26.8)	(10.8)	(37.6)
Equity at 01.01.08	**71.7**	**16.9**	**1,332.8**	**43.0**	**1,464.4**	**0**	**1,464.4**
Total comprehensive income for the year		(9.6)	56.4		46.8	-	46.8
Proposed dividends					0	-	0
Dividends paid			0	(43.0)	(43.0)	-	(43.0)
Total changes in equity		(9.6)	56.4	0	3.8	-	3.8
Equity at 31.12.08	**71.7**	**7.3**	**1,389.2**	**0**	**1,468.2**	**-**	**1,468.2**

INDEX OF NOTES

Note 1
Accounting policies

Basis of preparation

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

In addition, the annual report has been prepared in compliance with IFRS issued by the IASB.

The annual report is presented in Danish kroner.

The accounting policies are unchanged from those set out in the 2007 annual report.

IFRIC 11 ”IFRS 2 Group and Treasury Share Transactions” and IAS 39/IFRS 7 concerning classification of financial assets, which became effective on 1 January 2008, have been implemented. In 2008, IFRIC 14 ”IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” was adopted with a different effective date in the EU than the corresponding IFRIC as issued by the IASB. IFRIC 14 was consequently implemented on 1 January 2008, so that the implementation follows the IASB´s effective dates. The new standards and interpretations have no effect on the Group's financial reporting for 2008.

Basis of consolidation

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

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

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

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

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

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

Presentation of discontinued operations

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

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

Business combinations

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

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

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

Minority interests

Minority interests are recognised initially on the basis of the fair values of the acquiree's assets, liabilities and contingent liabilities at the acquisition date. Subsidiaries' items are fully consolidated in the consolidated financial statements. The minority interests' proportionate share of profit for the year is shown under distribution of profit in the income statement. In the balance sheet, minority interests are recognised as a separate component of equity, separate from equity attributable to equity holders of the parent.

Joint ventures

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

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

Foreign currency translation

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

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

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

In the consolidated financial statements, foreign exchange adjustments of balances with foreign entities that are accounted for as part of the overall net investment in the entity in question are taken directly to a separate translation reserve under equity.

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

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

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

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

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

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

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

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

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

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

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

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

Income statement

Revenue
In Dyrup, revenue represents goods sold and services rendered. In MT Højgaard, revenue comprises completed construction contracts and construction contracts in progress, sale of development projects, and rental income.

Revenue from construction contracts under which assets or plants with a high degree of individual customisation are supplied is recognised in the income statement by reference to the stage of completion so that revenue corresponds to the selling price of the work performed during the year (the percentage of completion method).

Revenue from self-generated project development cases is recognised applying the sales method. Revenue and profit from projects sold are recognised when delivery has been made and risk has been transferred to the buyer and provided the income can be measured reliably and is expected to be received.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Balance sheet

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Receivables
Receivables are measured at amortised cost less impairment losses.

Construction contracts in progress
Construction contracts in progress are measured at the selling price of the work performed. A construction contract is a contract under which the assets or plants in question are constructed to customer specifications and requirements in terms of design, function, etc. Moreover, a binding contract under which any termination will lead to penalties or claims is entered into before work commences.

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

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

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

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

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

Prepayments and deferred income
Prepayments are recognised under receivables, and deferred income is recognised under current liabilities. Prepayments and deferred income include costs incurred or income received during the year in respect of subsequent financial years, apart from items relating to construction contracts in progress.

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

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

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences after 1 January 2004 that have arisen from the translation of the financial statements of foreign enterprises from their functional currencies to Danish kroner, and foreign exchange adjustments of balances with foreign entities that are accounted for as part of the Group's overall net investment in the entity in question and foreign exchange gains and losses on loans designated as hedges of foreign enterprises.

On full or partial realisation of the net investment, 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 calculated on the taxable income for the year, adjusted for tax paid on account, etc.

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

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

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

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

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

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

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

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

Cash flow statement

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

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

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

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

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

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

As in previous years, a segment overview is included on page 21. For detailed information about these two companies, reference is made to the enclosed annual reports, which form an integral part of Monberg & Thorsen's annual report.

Financial ratios

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

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

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007

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 carrying amounts of those assets and liabilities at the balance sheet 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. Special risks for the Group are referred to in the group annual review under the section on risk factors and in note 38 Financial risks.

Estimates that are material for the financial reporting relate primarily to measurement of the selling price of construction contracts in progress.

In connection with impairment testing of investments, goodwill and trade marks, etc., estimates are also made of how the enterprises in question or parts of the enterprise to which the goodwill relates will be able to generate sufficient positive future net cash flows to support the value of the investment or goodwill, and other net assets in the part of the enterprise in question. Such estimates are naturally subject to some uncertainty, which is reflected in the discount rate applied.

Basis for management's judgements

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

The judgements that have the greatest impact on the amounts recognised in the financial statements relate primarily to construction contracts in progress, and when income and expenses under contracts with third parties are to be accounted for in accordance with the percentage of completion method or the sales method.

In management's opinion, no judgements have been made in connection with the accounting policies in the financial reporting for 2008 with comparative figures for 2007, apart from the accounting estimates referred to above, that have a material effect on the financial reporting.

Note 3

Revenue

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Dyrup			1,624.3	1,696.3
MT Højgaard (46%)			5,138.7	5,388.4
Total revenue			6,763.0	7,084.7

Note 4

Depreciation, amortisation and impairment losses

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Intangible assets	-	-	10.1	7.5
Property, plant and equipment	0.1	0.1	102.5	117.5
Total depreciation, amortisation and impairment losses	0.1	0.1	112.6	125.0
Depreciation, amortisation and impairment losses are included in:				
Production costs	-	-	65.4	82.2
Distribution costs	-	-	23.1	23.0
Administrative expenses	0.1	0.1	20.3	19.8
Other operating expenses - impairment losses	-	-	3.8	-
Total depreciation, amortisation and impairment losses	0.1	0.1	112.6	125.0

Fees paid to auditors appointed at the Annual General Meeting

Total fees to the auditors appointed by the shareholders in Annual General Meeting for the financial year under review

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
KPMG	0.5	1.0	5.1	3.7
Ernst & Young	0.2	0.1	5.1	4.7
Total	0.7	1.1	10.2	8.4
of which non-audit fees				
KPMG	0.2	0.6	2.6	1.7
Ernst & Young	0.1	-	1.0	0.6
Total	0.3	0.6	3.6	2.3

Note 5

Associates

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Share of profit after tax of associates of MT Højgaard			0	0

The accounting information concerning MT Højgaard's associates is disclosed in note 13 of MT Højgaard's annual report.

Note 6

Other operating income and expenses

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Gain on sale of subsidiaries in MT Højgaard			-	53.8
Other income			5.6	6.1
			5.6	59.9
Restructuring costs, etc., in Dyrup			34.1	-
Total other operating income and expenses			(28.5)	59.9

Other operating income relates primarily to rental income in Dyrup. Restructuring costs in Dyrup relate to staff reduction and closure costs, including impairment of non-current assets, etc., see note 5 of Dyrup's annual report.

Note 7

Financial income

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Securities	15.2	16.0	18.8	15.8
Cash	9.1	6.6	26.5	25.3
Foreign exchange gains, etc.	-	-	22.7	10.4
Total financial income	24.3	22.6	68.0	51.5
Portion relating to subsidiaries	-	-	-	-

Note 8
Financial expenses

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Interest expense	4.9	0.9	42.3	39.8
Foreign exchange losses	-	-	15.4	8.0
Miscellaneous	-	-	0.5	0.1
Total financial expenses	4.9	0.9	58.2	47.9
Portion relating to subsidiaries	4.4	0.5	-	-

Note 9
Income tax

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Current tax	2.3	1.6	12.9	21.2
Change in deferred tax	-	-	15.3	15.5
Prior year adjustments	-	-	(2.0)	5.9
Total income tax	2.3	1.6	26.2	42.6
Reconciliation of tax rate				
Danish tax rate	25%	25%	25%	25%
Deviation in foreign enterprises' tax rates	-	-	7%	7%
Change in Danish tax rate	-	-	-	6%
Non-taxable items, etc.	(24%)	(20%)	1%	(9%)
Other, including prior year adjustments	-	-	(1%)	1%
Effective tax rate	1%	5%	32%	30%

Note 10
Employee information

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Wages, salaries and remuneration	5.6	8.3	1,396.6	1,449.0
Pension contributions	0.1	0.1	100.1	103.2
Other social security costs	-	-	80.5	81.4
	5.7	8.4	1,577.2	1,633.6
Including salaries and remuneration to the parent company's:				
Supervisory Board	2.4	3.0	4.0	3.4
Executive Board	2.6	4.9	6.0	3.7
Average number of employees	2	2	3,354	3,784

Executive Board
The members of the Executive Board are paid fixed remuneration. Besides their normal remuneration, they may receive a separate fee/bonus for special tasks undertaken by them. The pensionable age for members of the Executive Board is 65, and no special retirement benefit plan has been agreed. The Group enterprises have introduced bonus pay for the top management tiers.

Supervisory Board
Monberg & Thorsen has not introduced incentive pay for the Supervisory Board. Supervisory Board remuneration remained unchanged at DKK 200,000 for ordinary members of the Supervisory Board, with a supplement for the Chairman and the Deputy Chairman. Besides their normal remuneration, the Chairman or members may be paid a fee for special tasks undertaken by them, although no Supervisory Board member may receive a total fee of more than twice the Chairman's ordinary remuneration. No permanent Supervisory Board committees have been appointed at the present time.

Note 11
Earnings per share and diluted earnings per share

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Profit for the year attributable to parent			56.4	98.4
Average number of shares			3,585,000	3,585,000
Average number of treasury shares			2,645	2,645
			3,582,355	3,582,355
Earnings per share (EPS) and diluted earnings per share (EPS-D)			16	27

Note 12
Goodwill

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.			87.1	90.7
Value adjustments			(0.3)	-
Additions			7.6	2.5
Disposals			-	(6.1)
Cost at 31.12.			94.4	87.1
Impairment losses at 01.01.			1.3	1.3
Impairment losses			2.4	-
Impairment losses at 31.12.			3.7	1.3
Balance sheet value at 31.12.			90.7	85.8

The carrying amount of goodwill has been tested for impairment at 31.12.08. Details of the impairment test are disclosed in note 10 on page 28 of Dyrup's financial statements and note 11 on page 46 of MT Højgaard's financial statements, to which reference is made.

The impairment tests in Dyrup have given rise to a DKK 2.4 million write-down of goodwill to the recoverable amount that is recognised under other operating expenses. The impairment tests in 2007 did not give rise to any impairment losses.

Management estimates that probable changes in the underlying assumptions will not result in the carrying amount of goodwill exceeding its recoverable amount.

Note 13
Trade marks and distribution rights

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.			109,0	108,9
Additions			7,6	-
Disposals			(21,4)	-
Cost at 31.12.			95,2	109,0
Amortisation at 01.01.			76,9	70,4
Amortisation, disposals			(21,0)	-
Amortisation			4,2	6,5
Amortisation at 31.12.			60,1	76,9
Balance sheet value at 31.12.			35,1	32,1

The amounts relate to Dyrup's activities only. The carrying amount of trade marks has been tested for impairment at 31.12.08. The impairment test, which did not give rise to any impairment losses in either 2008 or 2007, is described in detail in note 10 on page 28 of Dyrup's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

Note 14
Development projects

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.			7.9	-
Value adjustments			0.1	-
Additions			7.0	7.9
Cost at 31.12.			15.0	7.9
Amortisation at 01.01			1.0	-
Amortisation			3.5	1.0
Amortisation at 31.12.			4.5	1.0
Balance sheet value at 31.12.			10.5	6.9

The amounts relate to Dyrup's activities only, see note 10 on page 28 of Dyrup's financial statements.

Note 15
In-process development projects

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.			5.1	9.2
Additions			0.9	2.3
Disposals			(5.5)	(6.4)
Balance sheet value at 31.12.			0.5	5.1

The amounts relate to Dyrup's activities only, see note 10 on page 28 of Dyrup's financial statements.

Note 16
Land and buildings

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.			522.6	526.0
Value adjustments			(2.5)	-
Additions			48.6	26.1
Disposals			(11.3)	(29.5)
Cost at 31.12.			557.4	522.6
Depreciation and impairment losses at 01.01.			126.7	124.3
Value adjustments			1.6	0.8
Depreciation, disposals			(3.7)	(6.2)
Depreciation and impairment losses			7.9	7.8
Depreciation and impairment losses at 31.12.			132.5	126.7
Balance sheet value at 31.12.			424.9	395.9
Mortgaged properties:				
Carrying amount			193.5	203.0
Year-end balance, loans			87.4	105.3

Note 17
Plant and machinery

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.			712.5	883.2
Reclassifications			(8.9)	2.5
Value adjustments			(6.0)	2.5
Additions			87.0	63.3
Disposals			(27.8)	(239.0)
Cost at 31.12.			756.8	712.5
Depreciation and impairment losses at 01.01.			456.2	542.5
Reclassifications			(8.9)	-
Value adjustments			(3.2)	1.5
Depreciation, disposals			(15.3)	(160.5)
Depreciation and impairment losses			59.2	72.7
Depreciation and impairment losses at 31.12.			488.0	456.2
Balance sheet value at 31.12.			268.8	256.3
Carrying amount of assets held under finance leases			8.9	15.4

Note 18
Fixtures and fittings, tools and equipment

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.	0.9	0.9	315.0	307.1
Reclassifications	-	-	5.4	(2.5)
Value adjustments	-	-	(1.6)	0.5
Additions	-	-	33.4	36.4
Disposals	-	-	(37.6)	(26.5)
Cost at 31.12.	0.9	0.9	314.6	315.0
Depreciation and impairment losses at 01.01.	0.6	0.7	228.8	207.3
Reclassifications	-	-	5.4	-
Value adjustments	-	-	(1.0)	0.4
Depreciation, disposals	-	-	(40.0)	(17.1)
Depreciation and impairment losses	0.1	0.1	36.3	38.2
Depreciation and impairment losses at 31.12.	0.7	0.8	229.5	228.8
Balance sheet value at 31.12.	0.2	0.1	85.1	86.2
Carrying amount of assets held under finance leases			4.9	4.4

Note 19
Property, plant and equipment under construction

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.			46.8	13.5
Additions			105.9	48.7
Disposals			(69.3)	(15.4)
Balance sheet value at 31.12.			83.4	46.8

The amount relates primarily to Dyrup's activities.

Note 20
Investments in subsidiaries

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.	416.7	400.7		
Capital increase	-	100.0		
Dividends received	(16.0)	-		
Balance sheet value at 31.12.	400.7	500.7		

Investments in subsidiaries at 31.12.08 consisted of:

Company	Registered office	Ownership interest	Share capital DKK million
Dyrup A/S	Søborg	100%	110.0
Saabye & Lerche A/S*	Søborg	100%	3.7
Monberg & Thorsen Oil A/S*	Søborg	100%	5.0

*The companies did not have any proper operating activities in 2007 or 2008.

An overview of the amounts recognised in respect of Dyrup in the consolidated financial statements is given in the segment overview on page 21. Reference is made to the enclosed annual report for Dyrup, which forms an integral part of Monberg & Thorsen's annual report.

Note 21
Investments in jointly controlled entities/associates

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.	427.0	427.0	0.9	0.8
Additions	-	-	0.4	0.1
Disposals	-	-	(0.5)	-
Cost at 31.12.	427.0	427.0	0.8	0.9
Revaluation/impairment losses at 01.01.	-	-	(0.5)	(0.5)
From income statement	-	-	0	0
Dividends	-	-	0.4	-
Revaluation/impairment losses at 31.12.	-	-	(0.1)	(0.5)
Balance sheet value at 31.12.	427.0	427.0	0.7	0.4

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

MT Højgaard is a jointly controlled entity under an agreement entered into between the shareholders. MT Højgaard is therefore consolidated in the consolidated financial statements by proportionate consolidation. A detailed overview of the amounts recognised on a proportionate basis is given in the segment overview on page 21. Reference is made to the enclosed annual report from MT Højgaard, which forms an integral part of Monberg & Thorsen's annual report.

The proportionate share of MT Højgaard's share of associates is also included. The accounting information for these companies is disclosed in note 13 of MT Højgaard's annual report.

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

Note 22
Receivables from associates

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01.			5.4	2.6
Additions			3.5	2.8
Balance sheet value at 31.12.			8.9	5.4

Note 23
Other securities and equity investments

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Cost at 01.01	0	0	1.2	1.2
Disposals	-	-	(1.0)	-
Balance sheet value at 31.12.	0	0	0.2	1.2
Revaluation/impairment losses at 01.01.	-	-	(0.7)	(0.8)
Revaluation/impairment losses	-	-	0.8	0.1
Revaluation/impairment losses at 31.12.	0	0	0.1	(0.7)
Balance sheet value at 31.12.	0	0	0.3	0.5

Other securities and equity investments relate to MT Højgaard's activities.

Note 24
Inventories

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Raw materials and consumables			109.8	98.1
Work in progress			7.5	9.0
Finished goods			181.5	194.3
Balance sheet value at 31.12.			298.8	301.4
Changes for the year:				
Cost at 01.01.			347.5	341.4
Value adjustments			(2.5)	1.0
Additions and disposals, net			(0.5)	5.1
Cost at 31.12.			344.4	347.5
Write-downs at 01.01.			46.1	67.1
Value adjustments			(0.4)	0.2
Write-downs			2.4	10.0
Reversal of write-downs			(2.5)	(31.2)
Write-downs at 31.12.			45.6	46.1
Balance sheet value at 31.12.			298.8	301.4
Value of inventories recognised at net realisable value			1.2	1.7

The inventories relate primarily to Dyrup's activities.

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

Note 25
Properties held for resale

	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Cost at 01.01.			244.3	197.6
Reclassifications			6.7	-
Additions			81.8	129.5
Disposals			(108.2)	(82.8)
Cost at 31.12.			224.6	244.3
Adjustments at 01.01.			4.1	4.2
Impairment losses			(4.1)	-
Reversal of impairment losses			(6.7)	(0.1)
Adjustments at 31.12.			(6.7)	4.1
Balance sheet value at 31.12.			217.9	248.4
Value of properties recognised at net realisable value			18.5	4.1
Mortgaged properties:				
Carrying amount			2.6	2.6
Year-end balance, loans			0.6	0.8

Properties held for resale relate to MT Højgaard's activities and consist primarily of undeveloped sites that are held with a view to project development activities, and completed dwellings for resale.

Note 26
Receivables

	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Receivables falling due more than one year after the balance sheet date	0	0	3.5	2.7

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

Note 27
Securities

	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Bonds	300.0	319.3	392.3	368.6
Balance sheet value at 31.12.	300.0	319.3	392.3	368.6
Nominal holding	299.9	319.6	392.6	368.9
Bonds maturing more than one year after the balance sheet date (market value)	300.0	299.8	303.8	300.0
Maturity of bond portfolio (years)	0.8	1.5	1.3	0.8
Effective interest rate on bond portfolio	4.5%	5.1%	4.8%	4.5%
Price sensitivity of bond portfolio in case of a one percentage point interest rate change	2.3	4.8	5.0	2.9
Bonds lodged as security (market value)	-	-	19.5	0

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

Note 28
Share capital

There were no changes to the share capital in 2008 or the previous four years

	A shares	B shares	Total
Share capital at 31.12.04, 31.12.05, 31.12.06, 31.12.07 and 31.12.08	15.4	56.3	71.7
Number of shares at DKK 20 per share	768,000	2,817,000	3,585,000

Note 29
Interest-bearing liabilities

	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Total interest-bearing liabilities can be broken down by commitment type as follows:				
Bank loans, etc.	-	22.9	411.2	549.1
Lease commitments (assets held under finance leases)	-	-	25.6	21.8
Consolidated enterprises	13.2	9.5	-	-
Total	13.2	32.4	436.8	570.9
Total interest-bearing liabilities can be broken down by currency as follows:				
DKK	13.2	32.4	215.9	312.0
EUR	-	-	220.0	227.7
Others	-	-	0.9	31.2
Total	13.2	32.4	436.8	570.9
Total interest-bearing liabilities can be broken down by fixed-rate and floating-rate debt as follows:				
Fixed-rate debt	-	-	154.4	233.5
Floating-rate debt	13.2	32.4	282.4	337.4
Total	13.2	32.4	436.8	570.9
Total interest-bearing liabilities can be broken down by effective interest rate as follows:				
Less than 5%	13.2	32.4	227.1	222.1
Between 5% and 7%	-	-	208.9	347.1
More than 7%	-	-	0.8	1.7
Total	13.2	32.4	436.8	570.9
Weighted average effective interest rate	4.0%	4.7%	5.6%	5.3%
Weighted average remaining term (years)	0.1	0.1	2.1	2.3
Interest-bearing liabilities are recognised in the balance sheet as follows:				
Non-current liabilities	-	-	110.9	125.6
Current liabilities	13.2	32.4	325.9	445.3
Total	13.2	32.4	436.8	570.9
Fair value	13.2	32.4	424.4	555.4

The fair value of the financial liabilities has been determined as the present value of expected future instalments and interest payments. The Group's current borrowing rate for similar maturities has been used as discount rate.

Note 30
Deferred tax

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Deferred tax net. at 01.01.	18.6	18.6	(84.7)	(92.5)
Disposal on sale of enterprises	-	-	-	(7.7)
Other items	-	-	0.5	-
Adjustment for the year via income statement	-	-	15.3	15.5
Deferred tax net, at 31.12.	18.6	18.6	(68.9)	(84.7)

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

Deferred tax can be broken down as follows:

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Deferred tax assets				
Property, plant and equipment			10.0	25.2
Current assets			24.1	27.0
Non-current liabilities			7.3	5.2
Current liabilities			5.3	4.5
Tax loss carryforwards			147.5	138.6
Non-capitalised portion			(13.2)	(32.2)
Deferred tax assets at 31.12. before set-off			181.0	168.3
Set-off within legal entities and jurisdictions (countries)			(78.8)	(38.9)
Balance sheet value at 31.12.	-	-	102.2	129.4
Deferred tax liabilities				
Intangible assets	-	-	11.0	9.9
Property, plant and equipment	-	-	15.7	32.3
Investments	18.6	18.6	18.6	18.6
Current assets	-	-	66.8	22.8
Deferred tax liabilities at 31.12. before set-off	18.6	18.6	112.1	83.6
Set-off within legal entities and jurisdictions (countries)	-	-	(78.8)	(38.9)
Balance sheet value at 31.12.	18.6	18.6	33.3	44.7
Deferred tax net, at 31.12.	18.6	18.6	(68.9)	(84.7)

Deferred tax is recognised on the basis of the regulatory tax rules and tax rates effective in the respective countries.

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

Note 31
Provisions

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Provisions at 01.01.			33.2	29.9
Provided in the year			13.4	4.3
Utilised in the year			(0.4)	(0.3)
Reversal of unutilised provisions			(0.6)	(0.7)
Balance sheet value at 31.12.			45.6	33.2
Provisions are recognised in the balance sheet as follows:				
Non-current liabilities			41.4	31.8
Current liabilities			4.2	1.4
Total			45.6	33.2
Expected maturity dates:				
Less than one year			4.1	1.4
Between one and two years			6.3	4.6
Between two and five years			18.6	14.4
More than five years			16.6	12.8
Total			45.6	33.2

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

Note 32
Construction contracts in progress

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Progress billings			4,194.8	4,190.0
Selling price of construction contracts			(3,732.2)	(3,771.8)
Net balance sheet value at 31.12.			462.6	418.2
Construction contracts in progress are recognised in the balance sheet as follows:				
Current liabilities			682.8	614.2
Receivables			(220.2)	(196.0)
Total			462.6	418.2

Construction contracts in progress relate to MT Højgaard's activities.

Note 33
Security

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Guarantees have been provided in respect of:				
Customers			0.2	0.8
Bid bonds			8.5	17.8
Contracts and supplies in progress			947.9	850.0
Completed contracts and supplies			656.8	619.5
Total guarantees provided			1,613.4	1,488.1

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

In addition, land and buildings have been lodged as security for bank loans, etc., see note 16.

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

Note 34

Lease commitments

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Finance leases				
Total future minimum lease payments:				
Due within one year			15.9	7.1
Due between two and five years			9.7	16.0
Due after more than five years			2.2	-
Total			27.8	23.1
Carrying amount (present value):				
Due within one year			13.4	6.5
Due between two and five years			8.6	15.3
Due after more than five years			1.6	-
Total			23.6	21.8
Financial expenses			4.2	1.3

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

Finance leases relate to MT Højgaard's activities.

	PARENT COMPANY 2007	PARENT COMPANY 2008	GROUP 2008	GROUP 2007
Operating leases				
Total future minimum lease payments:				
Due within one year			43.8	43.3
Due between two and five years			89.7	86.3
Due after more than five years			46.6	28.7
Total			180.1	158.3
Lease payments relating to operating leases recognised in the income statement			36.5	35.8

Operating leases relate to both Dyrup and MT Højgaard.

The Group's finance and operating leases primarily relate to vehicles, operating equipment as well as leased premises. The lease term for vehicles and operating equipment is typically between two and six years with an option to extend the lease. The lease term for leased premises is up to 15 years. None of the leases features contingent rent.

Note 35

Contingent liabilities

Litigation

Both the Dyrup Group and the MT Højgaard Group are involved in various legal and arbitration proceedings. In management's opinion, the outcome of these proceedings is not expected to have any adverse impact on the Group's financial position, other than the effects recognised and disclosed in the annual report.

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

Note 36

Related parties

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

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

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

Apart from intragroup transactions that have been eliminated in the consolidated financial statements, and normal management remuneration, no transactions have been effected during the year with major shareholders, members of the Supervisory Board or Executive Board or other related parties. Management remuneration is disclosed in note 10.

The parent company's balances with subsidiaries and jointly controlled entities at 31.12. are disclosed in the balance sheet and relate primarily to the Group's cash pool agreement with subsidiaries and other financial balances on which interest is paid on an arm's length basis. These balances have not been written down.

The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 7 and 8.

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

Note 37

Joint ventures

Monberg & Thorsen A/S owns 46% of MT Højgaard a/s, which is a jointly controlled entity. Furthermore, the Group participates, via MT Højgaard a/s, in the latter group's jointly controlled operations and jointly controlled entities. For further details, reference is made to note 25 of the enclosed annual report of MT Højgaard a/s.

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

A detailed segment specification of the amounts recognised in the consolidated financial statements in respect of MT Højgaard a/s is given on page 21, to which reference is made.

PARENT COMPANY 2007 **2008** GROUP **2008** 2007

Note 38
Financial risks

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

There have been no significant changes in the Group's risk exposure or risk management compared with 2007.

Currency risks
The Group endeavours to minimise currency risks by seeking to match income and expenditure and financial assets and liabilities so that they balance with respect to currency.

Currency fluctuations do not have any material effect on the Group's foreign enterprises, as the individual consolidated enterprises settle both income and expenses in their functional currencies.

Where major currency positions arise in currencies outside the euro zone, these are normally hedged using forward exchange contracts. The currency exposure therefore mainly relates to the value of foreign investments, which is not normally hedged.

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

The open forward exchange contracts at 31 December 2008 had a remaining term of up to 6.1 years.

Consolidated revenue denominated in foreign currencies, predominantly EUR, amounted to DKK 2.2 billion in 2008 compared with DKK 1.4 billion in 2007.

The Group's principal currency exposure related to EUR. In view of Denmark's participation in the EU monetary system, a sensitivity analysis based on a realistic change in the EUR in relation to the DKK would have an insignificant effect on the Group's operations and financial position. Note 21 to Dyrup's financial statements and note 26 to MT Højgaard's financial statements disclose these consolidated enterprises' sensitivity to currency exposure in their main currencies.

Interest rate risks
Interest rate risks relate mainly to interest-bearing debt items and cash.

The Group's interest-bearing liabilities, which are mainly denominated in Danish kroner and euros, amounted to DKK 437 million at the end of 2008, with short-term borrowings accounting for 25% of this figure. The average weighted remaining maturity of the Group's interest-bearing debt was 2.1 years, and the weighted average effective interest rate was 5.6%. Fixed-rate debt accounted for 35% of the Group's interest-bearing debt.

Cash was mainly placed on revenue and expenditure accounts; short-term, fixed-term deposit; and in bonds with a maturity of 1.3 years at the end of 2008.

All other conditions being equal, a one percentage point increase in the interest rate level compared with the interest rate level at the balance sheet date and the interest-bearing items in the balance sheet would have increased profit after tax for 2008 and consolidated equity at 31 December 2008 by DKK 2.7 million and profit after tax for 2007 and consolidated equity at 31 December 2007 by DKK 3.3 million. A one percentage point fall in the interest rate level would have had a corresponding adverse effect on profit after tax and consolidated equity.

The stated sensitivities are based on the recognised financial assets and liabilities at 31 December 2008.

Credit risks
Credit risks are generally managed by regular credit rating of major clients and business partners. Excluding security received, the maximum credit risk on receivables corresponds to the amounts recognised in the balance sheet. The Group has no material risks relating to a single customer or business partner.

The credit risk relating to dealings with counterparties other than banks are minimised, to a great extent, by means of guarantees based on individual assessment of each counterparty. MT Højgaard hedges political credit risks on international projects through export credit insurance based on individual assessment.

Write-downs for bad debt losses are at a relatively stable level and relate mainly to Dyrup's activities.

Write-downs included in receivables developed as follows:

	PARENT COMPANY 2007	PARENT COMPANY **2008**	GROUP **2008**	GROUP 2007
Write-downs at 01.01.			67.7	59.8
Value adjustments			(0.6)	0.2
Provided in the year			3.6	9.5
Utilised in the year			(0.7)	(1.8)
Write-downs at 31.12.			70.0	67.7
Nominal value of written-down receivables			77.8	76.0
Receivables that were past due by more than 90 days at 31 December but are not impaired			106.2	59.7
Security received in respect of receivables			326.8	-

Liquidity risks
Liquidity risks are managed through established, appropriate credit lines and committed facilities that match the need for financing planned operating activities and expected investments.

The Group's financial resources consist of cash, securities and undrawn credit facilities. At the end of 2008, the financial resources remained unchanged at DKK 1.2 billion.

The Group's overall guarantee facilities totalled DKK 2.1 billion at the end of 2008 compared with DKK 1.9 billion at the end of 2007, including undrawn facilities of DKK 0.4 billion at 31 December 2008 compared with DKK 0.3 billion at the end of 2007.

Interest-bearing liabilities and trade payables:

	PARENT COMPANY 2007	PARENT COMPANY **2008**	GROUP **2008**	GROUP 2007
Interest-bearing liabilities	13.2	32.4	436.8	570.9
Trade payables	1.1	0.9	706.2	700.9
Total	14.3	33.3	1,143.0	1,271.8

The maturity profile for accounting purposes can be broken down as follows:

	PARENT COMPANY 2007	PARENT COMPANY **2008**	GROUP **2008**	GROUP 2007
Less than one year	14.3	33.3	1,032.2	1,146.2
Between one and two years	-	-	7.9	16.4
Between two and five years	-	-	69.0	69.3
More than five years	-	-	33.9	39.9
Total	14.3	33.3	1,143.0	1,271.8

NOTES TO THE FINANCIAL STATEMENTS (DKK million)

	PARENT COMPANY		GROUP	
	2007	**2008**	**2008**	2007

Based on the Group's expectations concerning the future operations and the Group's current cash resources, no material liquidity risks have been identified.

The Group's borrowing and credit facilities are not subject to any special terms or conditions.

Note 39
Capital management

The need for alignment of the Group's and the individual subsidiaries' capital structure is reviewed on an ongoing basis to ensure that the capital position is in accordance with current regulations and matches the business concept and the level of activity. Equity must, as a rule, cover total non-current assets and provide an adequate equity ratio. The objective for the Group's equity ratio is 30-40%. The equity ratio was 37% in 2008 compared with 36% at the end of 2007.

Note 40
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 2008:

IAS 1, 23 and 27; IFRS 2 and 3; amendments to IAS 27 and 39; and IFRS 1 and "Improvements to IFRSs". IFRS 3 and IAS 27; the amendments referred to; and IFRIC 12 and 15-18, have yet to be adopted by the EU.

The new standards and interpretations are expected to be implemented from the mandatory effective dates in 2009 and 2010. Apart from the standards set out below, none of the new standards or interpretations referred to above is expected to have any material effect on the Monberg & Thorsen Group's financial reporting.

IFRS 3 "Business Combinations" (revised) and revised IAS 27 "Consolidation" become effective for financial years beginning on or after 1 July 2009. The technical adjustments to the purchase method in IFRS 3 are only expected to have limited effect on the Monberg & Thorsen Group's financial reporting (yet to be adopted by the EU).

IAS 1 "Presentation of Financial Statements" (revised) concerning presentation of financial statements becomes effective for financial years beginning on or after 1 January 2009. The standard will change the presentation of the primary statements in 2009, but will have no effect on recognition and measurement in the Monberg & Thorsen Group's financial statements (yet to adopted by the EU).

IAS 23 "Borrowing Costs" (revised) becomes effective for financial years beginning on or after 1 January 2009. Under the standard, borrowing costs must be recognised in the cost of a qualifying asset (intangible assets; property, plant and equipment; and inventories). In connection with major qualifying assets that take a substantial period of time to produce, the standard is expected to have an effect on the Monberg & Thorsen Group's financial statements (yet to be adopted by the EU).

	PARENT COMPANY		GROUP	
	2007	**2008**	**2008**	2007

Note 41
Events after the balance sheet date

In January 2009, Dyrup entered into an agreement on the sale of its industrial activities with expected closing on 30 April 2009. The sale is an important element of Dyrup's future strategy with focus on the DIY and PRO markets. The sale will strengthen Dyrup's financial resources by approx. DKK 75 million.

So far as management is aware, no other events have occurred between 31 December 2008 and the date of signing of the annual report that will have a material effect on the assessment of the Monberg & Thorsen Group's financial position at 31.12.08, other than the effects that are recognised and referred to in the annual report.

Note 42
Segment information

A detailed segment breakdown of the consolidated figures in the consolidated financial statements is given on page 21, and the integrated annual reports of Dyrup A/S and MT Højgaard a/s include detailed information about their operations and development.

Geographical breakdown of revenue and non-current assets

	2007	**2008**	**2008**	2007
Revenue can be broken down as follows:				
Denmark			4,034.7	4,662.9
Rest of world			2,728.3	2,421.8
			6,763.0	7,084.7
Non-current assets excluding deferred tax assets can be broken down as follows:				
Denmark			686.3	603.3
Rest of world			322.7	318.1
			1,009.0	921.4

Note 43
Consolidated enterprises

Companies at 31 December 2008

		Registered office		Ownership interest %	Share capital, DKK million	
Monberg & Thorsen A/S		**Søborg**	**DK**		**DKK**	**71.7**
Subsidiaries						
Dyrup A/S		**Søborg**	**DK**	**100.00**	**DKK**	**110.0**
Dyrup S.A.S.		France	FR	100.00	EUR	8.5
Tintas Dyrup, S.A.		Spain	ES	100.00	EUR	2.6
Dyrup GmbH		Germany	DE	100.00	EUR	0.5
Pinturas Dyrup, S.A.		Spain	ES	100.00	EUR	0.3
Pigmenta A/S		Søborg	DK	100.00	DKK	1.0
Dyrup GmbH		Austria	AT	100.00	EUR	0.1
Dyrup Sp. z.o.o.		Poland	PL	100.00	PLN	4.9
Dyrup A/S		Norway	NO	100.00	NOK	0.7
Dyrup Färg AB		Sweden	SE	100.00	SEK	0.6
Joinery Coatings Ltd		UK	UK	100.00	GBP	0
Monberg & Thorsen Oil A/S		**Søborg**	**DK**	**100.00**	**DKK**	**3.7**
Saabye & Lerche A/S		**Søborg**	**DK**	**100.00**	**DKK**	**5.0**
Jointly controlled entity						
MT Højgaard a/s	**(J)**	**Søborg**	**DK**	**46.00**	**DKK**	**220.0**
Ajos a/s		Hvidovre	DK	100.00	DKK	0.5
Danbond-Danish Structural Bonding Company A/S		Søborg	DK	100.00	DKK	0.5
Enemærke & Petersen a/s		Ringsted	DK	100.00	DKK	5.0
Ringsted Entreprenørforretning ApS		Ringsted	DK	100.00	DKK	0.2
Greenland Contractors I/S	(J)	Copenhagen	DK	66.66	DKK	0
Langeliniehuset Aarhus ApS		Søborg	DK	100.00	DKK	0.2
Lindpro a/s		Glostrup	DK	100.00	DKK	25.0
Arssarnerit A/S		Greenland	DK	100.00	DKK	2.0
LN Entreprise A/S		Søborg	DK	100.00	DKK	15.2
MHF 20061002 a/s		Søborg	DK	100.00	DKK	1.1
MT (UK) Ltd.		UK	GB	100.00	GBP	0
MT-Treschakt AB		Sweden	SE	100.00	SEK	0.9
MT Atlantic Inc.		USA	US	100.00	USD	0
MT Højgaard Føroyar P/F		Faroe Islands	DK	100.00	DKK	2.7
MT Hojgaard (GIB) Ltd.		Gibraltar	GB	100.00	GBP	0
MT Hojgaard Al Obaidly W.L.L.	(J)	Qatar	QA	49.00	QAR	0.2
MT Højgaard Grønland ApS		Greenland	DK	100.00	DKK	0.2
MTH Insurance a/s		Søborg	DK	100.00	DKK	30.0
OPP Vildbjerg Skole A/S	(A)	Hellerup	DK	50.00	DKK	0.5
OPP Hobro Tinglysningsret a/s	(A)	Hellerup	DK	33.33	DKK	0.7
OPP Ørstedskolen a/s	(A)	Hellerup	DK	33.33	DKK	2.4
Promecon as		Fredericia	DK	100.00	DKK	5.0
Promecon as		Norway	NO	100.00	NOK	0.5
Promecon Vietnam Company Limited		Vietnam	VN	100.00	USD	0.1
Scandi Byg a/s		Løgstør	DK	100.00	DKK	3.0
Sociedade de Empreitadas e Trabalhos Hidráulicos, S.A., (Seth)	(J)	Portugal	PT	60.00	EUR	4.0
Subtera a/s		Søborg	DK	100.00	DKK	0.5
Timbra a/s		Høje Taastrup	DK	100.00	DKK	0.5

(A) Associates
(J) Jointly controlled entities. These are consolidated on a proportionate basis in the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS IN EURO (EUR million)

The conversion rate is the official exchange rate at 31.12.

INCOME STATEMENT	2008	2007
Revenue	**907.7**	950.1
Production costs	777.7	822.9
Gross profit	**130.0**	127.2
Distribution costs	80.0	81.4
Administrative expenses	36.4	35.3
Other operating income and expenses	(3.8)	8.0
Operating profit	**9.8**	18.5
Financial income	9.1	6.9
Financial expenses	7.8	6.4
Profit before tax	**11.1**	19.0
Income tax	3.5	5.7
Consolidated profit	**7.6**	13.3

CASH FLOW STATEMENT	2008	2007
Cash flows from operating activities	**31.3**	7.2
Investing activities		
Intangible assets	(0.4)	(0.5)
Property, plant and equipment	(22.1)	(17.5)
Acquisition/disposal of enterprises and activities	(2.6)	16.6
Securities	(2.9)	19.6
Cash flows for investing activities	**(28.0)**	18.2
Cash flows before financing activities	**3.3**	25.4
Financing activities		
Dividends paid to shareholders	(5.8)	(17.3)
Minority interests	-	(0.5)
Change in non-current loans, etc.	(12.6)	(4.0)
Cash flows from financing activities	**(18.4)**	(21.8)
Net increase (decrease) in cash and cash equivalents	(15.1)	3.6
Cash and cash equivalents at 01.01.	14.2	10.6
Value adjustments	(0.2)	-
Cash and cash equivalents at 31.12.	**(1.1)**	14.2

BALANCE SHEET AT 31 DECEMBER	2008	2007
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	12.2	11.5
Trade marks and distribution rights	4.7	4.3
Development projects	1.5	1.6
	18.4	17.4
Property, plant and equipment		
Land and buildings	57.0	53.1
Plant and machinery	36.1	34.4
Fixtures and fittings, tools and equipment	11.4	11.5
Property, plant and equipment under construction	11.2	6.3
	115.7	105.3
Investments		
Investments in associates	0.1	-
Other securities and equity investments	1.2	0.8
Deferred tax	13.7	17.4
	15.0	18.2
Total non-current assets	**149.1**	140.9
Current assets		
Inventories	69.4	73.7
Receivables	226.7	223.8
Securities	52.6	49.4
Cash and cash equivalents	34.1	55.3
Total current assets	**382.8**	402.2
Total assets	**531.9**	543.1
EQUITY AND LIABILITIES		
Equity		
Share capital	9.6	9.6
Translation reserve	1.0	2.3
Retained earnings	186.5	178.7
Proposed dividends	0	5.8
Total equity	**197.1**	196.4
Non-current liabilities	**24.9**	27.1
Current liabilities	**309.9**	319.6
Total equity and liabilities	**531.9**	543.1

DYRUP A/S • Annual Report 2008

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Contents

If the event of any discrepancy between the meaning of the Danish language version and the English language version of the Annual Report for 2008, the Danish version prevails.

Financial highlights for the years 2004 – 2008 *DKKm*

Group	2004	2005	2006	2007	2008
Income statement					
Revenue	1,668	1,681	1,660	1,696	1,624
Gross profit	748	703	680	694	644
Operating profit before special items (restated EBIT)	101	16	5	5	(22)
Net financing costs	(14)	(23)	(24)	(20)	(33)
Profit (loss) before tax	87	(55)	(66)	(15)	(90)
Profit (loss) for the year	61	(26)	(45)	(19)	(68)
Balance sheet					
Share capital	100	100	100	100	110
Equity	579	487	442	428	449
Balance sheet total	1,312	1,274	1,227	1,227	1,215
Interest-bearing assets	42	35	51	56	34
Interest-bearing liabilities	392	449	427	434	434
Invested capital	1,008	980	897	884	927
Cash flow statement					
From operating activities	64	64	65	70	(6)
For investing activities *)	(97)	(58)	(27)	(70)	(110)
From financing activities	(90)	(88)	(20)	(17)	11
Net increase (decrease) in cash and cash equivalents	(123)	(82)	19	(18)	(105)
*)Portion relating to property, plant and equipment (gross)	(86)	(38)	(23)	(71)	(110)
Financial ratios (%)					
Gross margin	45	42	41	41	40
Operating margin (EBIT margin)	6	1	0	0	(1)
Pre-tax margin	5	(3)	(4)	(1)	(6)
Return on invested capital (ROIC)	11	2	1	1	(2)
Return on equity (ROE)	10	(5)	(10)	(4)	(15)
Equity ratio	44	38	36	35	37
Other information					
Average number of employees	1,107	1,045	961	1,002	926

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

Financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin (EBIT margin)	$\frac{\text{Operating profit before special items x 100}}{\text{Revenue}}$
Pre-tax margin	$\frac{\text{Profit before tax x 100}}{\text{Revenue}}$
Return on invested capital (ROIC)	$\frac{\text{Operating profit before special items x 100}}{\text{Average invested capital}}$
Return on equity (ROE)	$\frac{\text{Profit after tax x 100}}{\text{Average equity}}$
Equity ratio	$\frac{\text{Equity x 100}}{\text{Total liabilities}}$
Invested capital	Invested capital represents the capital to be invested in oprerating activities, i.e. the assets that generate income. Invested capital is measured as the sum of equity, net interest-bearing deposit/debt and goodwill.

Group profile

Strong brands and a broad range of quality products in paints and wood care made up the Dyrup Group's core business in the European market again in 2008.

Dyrup manufactures and markets products are sold via three primary sales channels: the DIY market, consisting mainly of paint retailers and builders' merchants; the professional market (PRO), consisting of wholesalers and professional decorators; and the industrial market, which, in Dyrup's case, consists mainly of window manufacturers. The latter business area was divested in 2009 as part of the strategic focusing of Dyrup.

The DIY market accounted for 43 % of revenue in 2008, the PRO market for 38 % and the industrial market for 19 %.

The principal geographical markets are Denmark, France, Germany, Poland and the Iberian Peninsula. These markets account for just under 80 % of revenue. The remaining revenue comes from other European markets and small markets in Asia and Africa, in which Dyrup markets its products through own companies or distributors.

Dyrup's market positions in wood care are particularly strong in Denmark, France and Germany. In paints, Dyrup holds strong positions in Denmark and Portugal, but is continuing its intensive efforts to build up an even stronger profile within paint products.

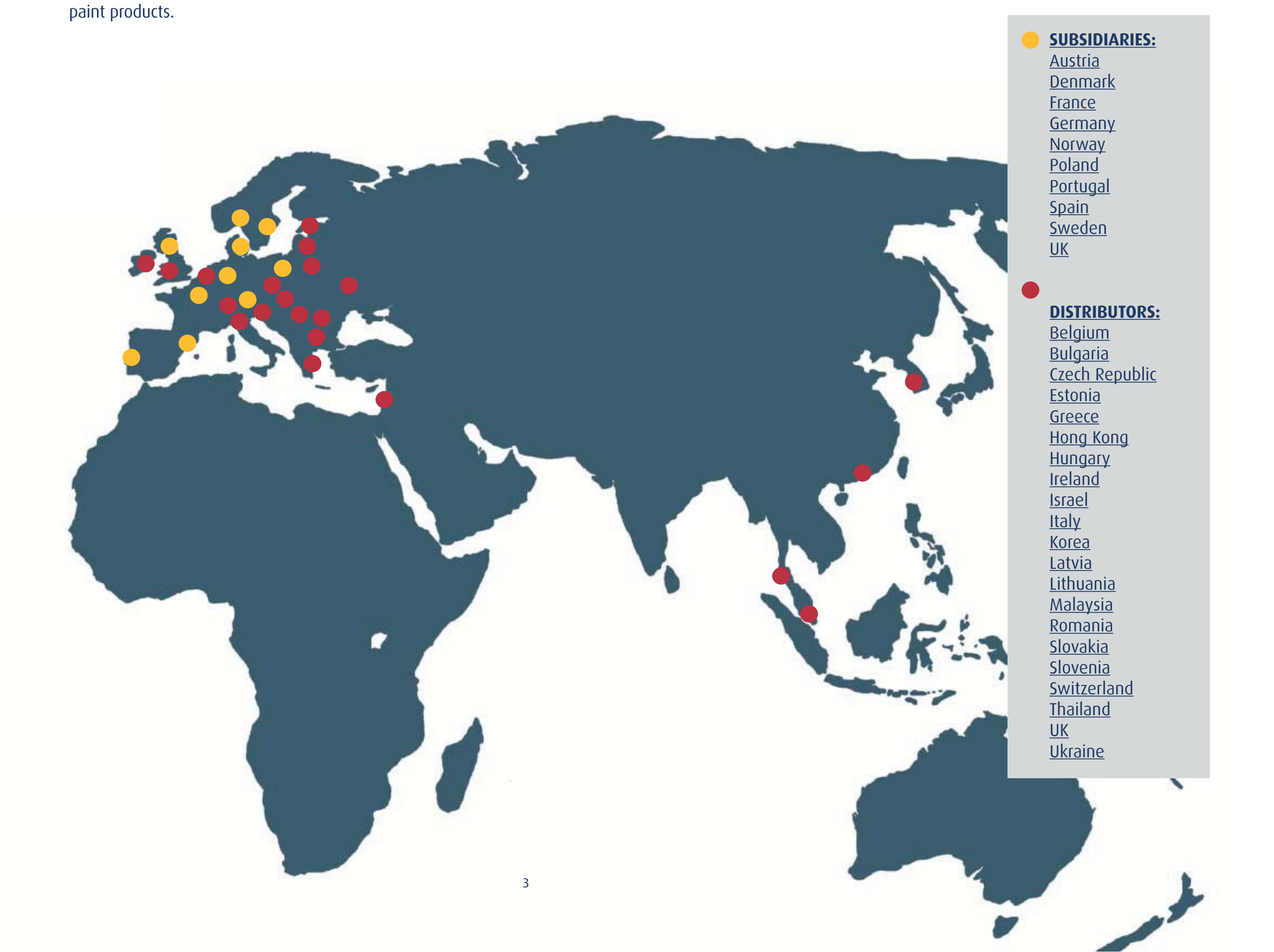
Dyrup's products are divided into three main groups which are paints, wood care and specialist products. The latter include fillers, damp-proofing products, tools and other paint-related products for professional decorators.

Wood care products account for 55 % of Dyrup's revenue. Paint products make up 26 %, and specialist products account for the rest. Dyrup places great emphasis on selling products that complement each other, enabling it to offer customers and end users complete solutions.

Revenue comes predominantly from own production at Dyrup's plants in Denmark, France, Poland and the Iberian Peninsula. Bought-in products, primarily consisting of specialist products, make up a small proportion of revenue.

Strong brands and product concepts are vital elements of Dyrup's strategy, with the strategic brands Dyrup, Bondex, GORI and Xylophene accounting for 83 % of revenue.

In 2008, Dyrup worked intensively on developing new concepts tailored to individual markets, customers and current statutory requirements. In addition, several of the established branded products were enhanced by the addition of new properties and new technology. These initiatives strengthen Dyrup's position at the start of 2009.



MISSION

In close partnership with customers, we will continuously develop our category by focusing on helping end users to achieve a successful result every time, as easily as possible.

It is Dyrup's mission, in close collaboration with our customers, to make the paint and wood care category an exciting experience based on concepts that are easy to choose and easy to use with a successful result.

MANAGEMENT'S REVIEW

The financial crisis and the marked change in the economic climate in 2008 hit Dyrup's revenue and financial results hard.

The slowdown in construction activity affected the PRO market and sales of wood care for industrially manufactured windows, in particular. The decline in the level of construction activity was particularly notable in Denmark and the Iberian Peninsula. The professional and industrial areas accounted for just under 60 % of Dyrup's revenue in 2008.

The change in the economic climate and the speed at which it occurred hit Dyrup at a critical time as the company is in the midst of a major process of transition.

There were consequently only limited possibilities for fast-acting measures.

Both of the large projects initiated in 2008, comprising upgrading of the manufacturing facilities for water-based products in Søborg and a new ERP system in Denmark, are resource-intensive projects that will not be completed until 2009. The successive implementation of the ERP system in the other countries will not be completed until 2011.

Despite this, Dyrup managed to reduce the future cost base by approx. DKK 50 million p.a. One of the implications of this was the loss of approx. 100 jobs. Coupled with other restructuring measures, these reductions have resulted in a considerable non-recurring cost.

INCOME STATEMENT

Revenue was DKK 1.6 billion, down 4 % compared with the 3-4 % increase anticipated at the start of the year. The declining revenue in the first half meant that in July we lowered our expectations to the reduced revenue level with an expected operating loss before special items in the region of DKK 30 million and special non-recurring items in the order of DKK 30 million in connection with further restructuring.

The operating result before special items, a loss of DKK 22 million, was better than expected after the third quarter, whereas, at DKK 34 million, special non-recurring items were slightly higher than expected. The result before net financing costs was consequently a loss of DKK 56 million compared with the previously forecasted level of DKK 60 million.

Net financing costs were adversely affected by foreign exchange adjustments due to the falling PLN, SEK, NOK and GBP exchange rates in the fourth quarter. The full-year result before tax was consequently a loss of DKK 90 million.

Revenue was 4 % down on 2007, overall.

In Denmark, revenue was 14 % down on 2007, primarily reflecting decline in the professional and industrial markets. The decline in the French market was 7 %, whereas Germany and the Iberian Peninsula declined by 3 % and 2 %, respectively.

Dyrup reported marked growth in DIY in the Iberian Peninsula throughout the year, which made up for the sharp decline in demand in the PRO market. The growth was fuelled by new product and concept launches. DIY revenue also showed marked progress in Poland, driven by the rollout of products tailored to the Polish market.

Competition remains fierce in all markets and has intensified due to the negative economic conditions.

Gross profit was DKK 644 million versus DKK 694 million in 2007. Gross margin was 40 % in 2008 versus 41 % in 2007, partly reflecting higher energy prices and higher depreciation as a result of upgrading of the manufacturing facilities in Denmark and France. Despite sharply increasing raw material prices in 2008, the actual trading margin was held by means of efficiency improvements.

Total distribution costs were reduced by 3 % as a result of efficiency improvements in and reorganisation of the sales organisations in, for example, France, Germany and Denmark in 2007.

Administrative expenses were reduced by 5 % as a result of the efficiency improvements implemented both in 2007 and 2008. Administrative expenses were adversely affected by the internal resources used in 2008 in connection with the alignment of and changes to business procedures and procedures for the new ERP platform.

The operating result was a loss of DKK 22 million before special items compared with a profit of DKK 5 million in 2007.

Special items amounted to an expense of DKK 34 million in 2008, relating primarily to the staff reduction by approx. 100, the closure of loss-making activities and the initiated spin-off of the industrial activities into a separate group.

Besides the adverse effect of foreign exchange adjustments, net financing costs were also affected by the rising interest rate level.

The full-year result before tax was consequently a loss of DKK 90 million. The effective tax rate was 24%, which means that the full-year result after tax was a loss of DKK 68 million.

BALANCE SHEET

The consolidated balance sheet total remained unchanged at the DKK 1.2 billion level at the end of 2008, despite the increase in property, plant and equipment, with capital expenditure amounting to DKK 110 million, partly related to the upgrading of the manufacturing facilities for water-based products and binders at the Søborg plant and the manufacturing facilities in France.

Inventories were slightly lower than the previous year, whereas there was a relatively marked fall in receivables due to the lower revenue at the end of the year.

Equity stood at DKK 449 million, equivalent to an equity ratio of 37 % compared with 35 % at the end of 2007. Equity and Dyrup's financial position were strengthened in 2008 by a DKK 100 million cash injection from Monberg & Thorsen in connection with the increase of the share capital from DKK 100 million to DKK 110 million.

Net interest-bearing debt stood at DKK 399 million at the end of 2008 compared with DKK 378 million at the end of 2007.

CASH FLOWS

Operating activities generated a cash outflow of DKK 6 million, which was a significant deterioration compared with 2007, primarily reflecting the lower results. Operating cash flow benefited from a reduction in funds tied up in working capital. The cash outflow from investing activities increased by DKK 40 million compared with 2007, to DKK 110 million overall, primarily relating to property, plant and equipment, and was slightly lower than anticipated due to a time lag.

The cash outflow from financing activities related to a DKK 89 million decrease in non-current financial liabilities, primarily relating to a loan facility in France. Cash flows benefited from the DKK 100 million capital injection from Monberg & Thorsen.

The cash flows for the year amounted to a net outflow of DKK 105 million, largely corresponding to the increase in the current portion of bank loans. Net cash and cash equivalents consequently amounted to net debt of DKK 280 million compared with DKK 174 million in 2007.

The financial resources are considered satisfactory to underpin Dyrup's continued development. The financial resources will be strengthened by approx. DKK 75 million in 2009 on the sale of the industrial activities. To this should be added a possible sale of the property in Kolding.

MANAGEMENT INFORMATION

At the Annual General Meeting on 28 April 2008, Hans Bennetzen did not stand for re-election to the Supervisory Board at his own request. Jørgen Nicolajsen accepted the post of CFO and consequently retired from the Supervisory Board.

There have been no further management changes.

ACCOUNTING POLICIES

The accounting policies follow the accounting policies applied by the parent company Monberg & Thorsen, which is listed. The annual report has been prepared in accordance with IFRS and applying the same policies as in 2007.

CORPORATE GOVERNANCE

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

OUTLOOK FOR 2009

In January 2009, we entered into an agreement on the sale of our industrial activities. Closing is planned for 30 April 2009, when all terms and conditions for the transaction are expected to be in place. The sale is an important element of the future strategy for Dyrup, with focus on the DIY and PRO markets. The industrial activities delivered revenue of DKK 235 million in 2008. The proceeds from the sale, which does not include the production buildings in Kolding, will have a positive non-recurring effect in the region of DKK 15 million on Dyrup's 2009 results.

In 2009, the upgrading of the manufacturing facilities in Søborg will be completed, and the new ERP system will be implemented in Denmark. Capital expenditure in 2009 will continue to be affected by this and the expansion of the warehousing facilities in France. Capital expenditure is expected to be in the region of DKK 100 million.

Dyrup expects to hold its market share in its principal markets, as a minimum. Dyrup will make a concerted effort to strengthen its market positions by launching innovative products and concepts, including a new and improved paint concept in Denmark. To this should be added greater focus on expansion and exploitation of the export potential in northern Africa, Asia and the East.

The negative trend from the fourth quarter of 2008 continued in 2009, and the level of activity is consequently expected to be 10-15 % lower than the DKK 1.4 billion revenue recorded in 2008, excluding the sale of the industrial activities.

The savings achieved in 2008 have been found to be insufficient in view of the continued decline in demand. Besides the measures already initiated, Dyrup will consequently be reducing its cost base still further. These steps will be taken within the framework of a focused strategy that is expected to strengthen Dyrup's position and competitiveness in the years ahead. As the level of activity is declining faster in 2009 than cost alignments are being put in place, the operating result before special items is expected to be a loss of between DKK 50-75 million.

The projections concerning future financial performance are subject to significant uncertainties and risks that may cause the performance to differ from the projections expressed in this report.

RISK FACTORS

Dyrup's activities entail various commercial and financial risks that may affect the Group's development, financial position and operations.

We consider it a critical part of our strategy to continuously minimise the current risks, which are not deemed to differ from the normal risks facing other such companies.

The overall framework for managing the risks judged to be critical for the company is laid down in the business concept and the associated policies.

Dyrup endeavours to cover, to a great extent, significant risks outside our direct control by taking out relevant insurance policies. Insurable risks are insured to ensure that the Group's financial position will not be jeopardised by any damage or acts that give rise to liability. Besides statutory insurances, the Group has taken out business interruption and product liability insurance.

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

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

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

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

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

Financial risks
Financial risks are described in note 21 to the financial statements.

THE DEVELOPMENT IN DYRUP'S MARKETS 2008

Demand for paint and wood care in Dyrup's markets declined by 2 % on average, but with an accelerating decline during the year. The fourth quarter consequently closed more than 5 % down on the 2007 level. There were major regional disparities. The change in the international economic climate hit the Iberian Peninsula first, whereas the Polish market experienced marked growth throughout 2008.

The effects of the general economic downturn in Europe were the most pronounced in the PRO market, which is dependent on the development in the construction sector. Spain and Denmark experienced the largest decline in new building, whereas the economic slowdown came later to Germany and France.

The DIY market generally fared better and was marginally below 2007. Dyrup's revenue mirrored this trend. Consolidation among the DIY chains is continuing, with the large players gaining market share. This results in sharpened competition among our customers and a growing wish for customised products and concepts underpinning each chain's strategic position in the market. Private Label is still gaining ground in most markets, although the Private Label share differs greatly in the respective markets.

The slowdown in the construction sector had a serious impact on the industrial market, especially in Dyrup's largest market area: wood care for industrially manufactured windows. The fourth quarter consequently closed with a market decline of 15 %, and the market decline for the full year was 5 %. Dyrup experienced a 4 % decline in this business area.

Denmark
The decline in new building in Denmark led to a considerable drop in demand in the PRO market. It is estimated that Dyrup's decline exceeded the decline in the general market, reflecting the fact that project revenue accounts for a proportionately higher share of Dyrup's revenue than in the general market. The DIY market was on a par with 2007, although with a falling trend towards the end of the year. Dyrup's revenue mirrored this trend.

The industrial market experienced a marked decline. Dyrup's decline exceeded the decline in the market, as a few large customers relocated their production to Poland. The latter had a positive effect on revenue in Poland.

France
The French market developed favourably in 2008, overall, driven by growth in paint sales, whereas the wood care market saw a significant decline. Dyrup's core business in France is in wood care and impregnation. The drop in revenue was the most pronounced within impregnation sales to sawmills - the first link in which a slowdown in the construction sector is felt.

Germany
In Germany, overall demand from the DIY market was on a par with 2007. Dyrup held its share of the overall wood care market, but increased its share of the branded products part of the market. Dyrup's revenue dropped marginally as a consequence of the DIY chains' reduction of inventories.

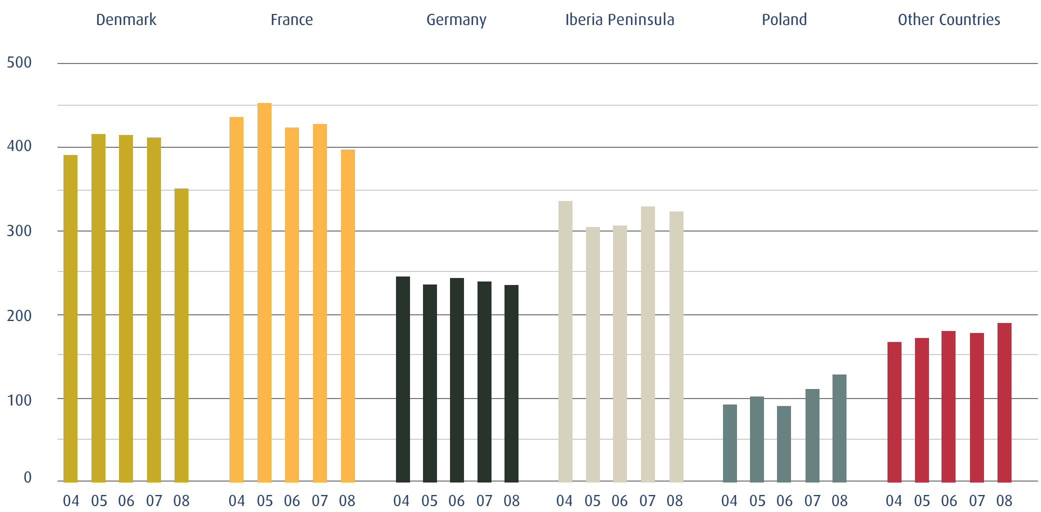
The PRO and industrial markets both showed a falling trend towards the end of the year, particularly the industrial market. Dyrup reported unchanged industrial revenue, but lower revenue in PRO.

Iberian Peninsula
The Iberian market showed a marked fall in 2008, primarily driven by a sharp slowdown in the construction sector. Spain experienced the largest fall, with the PRO market estimated to have declined by 15 %. Dyrup managed to compensate for this drop by increasing DIY revenue to the effect that the fall in Spain was largely on a par with 2007. In Portugal, Dyrup won market shares and increased its exports to Africa, making up for the decline in the PRO area. In Portugal, Dyrup consequently also reported revenue only marginally lagging behind 2007.

Poland
Dyrup's 2008 revenue in the DIY and PRO markets significantly exceeded the market growth of 6 %. The increase in Dyrup's sales was primarily driven by new launches and concepts as well as targeted canvassing of the market.

The Polish industrial market declined, overall, reflecting the slowdown in the construction sector, as in the other countries. Here, the decline accelerated during the year too. Dyrup managed to maintain its revenue as a result of Danish customers relocating production to Poland.

DEVELOPMENT IN REVENUE
BY MARKET 2004-2008 *DKKm*



Strategy Fresh Start

Dyrup has prepared a new strategy, which has two focus areas - a further and necessary reduction of the cost base and the path towards new and profitable growth beyond the global economic crisis. A core element of the new strategy is the focus on DIY and PRO, which has already commenced with the sale of the industrial activities in the first half of 2009. The strategy is called FRESH START and represents both continuity and innovative thinking relative to STRATEGY 2008.

On implementation of STRATEGY 2008 it was found that the company's infrastructure required strengthening. A number of the measures initiated have already paid off, and will contribute to a further reduction of the company's cost base in future. This applies particularly to the upgrading of the manufacturing facilities in Denmark and France and the implementation of the new ERP system in the period 2009-2011.

The FRESH START strategy is intended to ensure that Dyrup can occupy a strong market position, both in the short and the long term, and form the basis for the development of a more robust and financially healthy business. The heightened concentration of the management focus and resources create the basis for enhancing the organisation's capacity for execution in the years ahead, which will be crucial to the long-term growth and earnings capacity.

Dyrup's strategic justification in the market

Dyrup aims to be a strong alternative to the large, global paint and wood care suppliers in Europe.

It is Dyrup´s mission, in close collaboration with our customers, to make the paint and wood care category an exciting experience based on concepts that are easy to choose and easy to use with a successful result.

MISSION

In close partnership with customers, we will continuously develop our category by focusing on helping end users to achieve a successful result every time, as easily as possible.

To that end, the expression "Easy-to-choose - easy-to-use" must permeate all thinking behind Dyrup's product range, marketing and sales efforts.

Value creation starts with the end user

Dyrup must support and create added value for end users to an even greater extent than today. In the DIY markets the end user is the consumer and in the PRO markets the professional painter.

It is vital for Dyrup's growth and profitability that Dyrup positions itself optimally in the local markets. The local organisations must be able to adapt to the customers' changing needs quickly and efficiently, thereby strengthening their market positions and earnings capacity.

Dyrup's business model must draw on the local units' market knowledge and flexibility, which, coupled with the international infrastructure and powerful brands, will provide a sound platform for future value creation.

Dyrup needs short decision-making paths, local ability to act and a flexible and efficient business system. The consequence of this will be a clearer, more market-driven and efficient organisation of Dyrup's resources both at local and corporate level. Decisions must be taken as close to customers as possible. A country-based organisation with strong local management is consequently an important criterion.

The journey towards the Dyrup of the future

Strategy FRESH START must be implemented via four parallel tracks:

• **Streamlining of the value chain** – by adapting and focusing services and products to the end users' needs and requirements, we will be able to service our customers better than today, using significantly fewer resources and costs. The first step along this track is a further and necessary reduction of the cost base in 2009

• **Development of the value chain** – in future, Dyrup will develop customer-adapted concepts and products that are more directly based on end users' needs, problems and wishes, whereas, previously, Dyrup focused primarily on the technical properties of its products

• **Expansion of new markets** – by making better use of its product range and by procuring new products and seeking out new export markets, Dyrup will endeavour to win a larger share of the end user and sales channel needs that are demanded locally. Acquisitions and strategic alliances will remain an option if they can strengthen Dyrup's business platform

• **Changed organisational focus** – the FRESH START strategy must be deeply entrenched across Dyrup's organisation. The reassessment of the value chain will involve reprioritisations in Dyrup's organisation, and the changes will be implemented in 2009

Objective

The current economic situation requires streamlining of the value chain to be given high priority, as it is one of the determining factors for a financially robust Dyrup both in the short and the long term.

The objective is that, from 2010, Dyrup must be a business that generates a positive operating profit.

The target within the next few years is for Dyrup's profitability to match that of the other manufacturers in the European market.

THE DIY MARKET

Dyrup's customers in the DIY market are paint retailers and builders' merchants, whose main customers are private end users.

The relative size of the DIY markets varies greatly in Dyrup's markets. In Denmark, Germany and France there is a tradition of DIY, providing a large market. The market for DIY in the Iberian Peninsula is smaller, albeit growing.

Accounting for 43 % of revenue in 2008, DIY is Dyrup's largest business area and consequently an important cornerstone in Dyrup's future strategy. The size of the overall DIY market is judged to be stable to slightly declining. The development in the DIY market is still showing a trend towards intensified competition among Dyrup's customers, resulting in a growing need for strong brands and innovative products and concepts based on end user needs. In 2009, Dyrup will continue to launch innovative products underpinned by increased use of concepts that are designed to make it easier to choose and use our products.

THE PRO MARKET

Dyrup sells to the PRO market through its own paint centres, independent paint wholesalers, and builders' merchants catering for the building trade. The end users are professional painters. The PRO market accounted for 38 % of Dyrup's revenue in 2008.

Sales to this market are highly dependent on the level of building activity. The level of building activity was high at the start of 2008, but the global economic downturn, especially in the third and fourth quarters, led to a sharp slowdown in the construction sector - particularly in countries such as Denmark and Spain.

In 2009, Dyrup aims to strengthen its position in the PRO market with an even stronger profile.

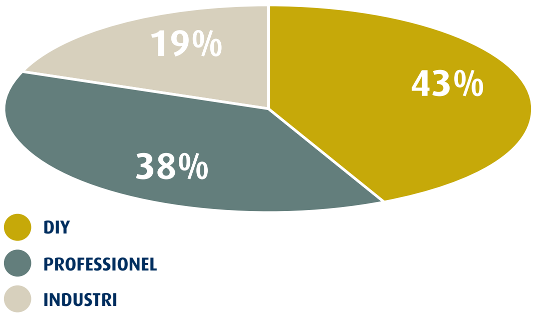
THE INDUSTRIAL MARKET

Dyrup serves two customer types in the industrial market. Dyrup's largest customer group, which, overall, accounts for 80 % of industrial revenue, consists of manufacturers of wood products for outdoor applications, including windows, doors and garden furniture. Products for this customer group are made in Kolding. This business area has been sold to Teknos in 2009 as part of the strategic focusing of Dyrup.

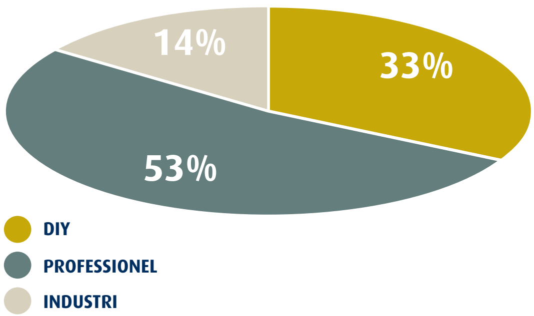
The other customer group consists of sawmills that use Dyrup's products for impregnating wood used in building structures. These sales are made predominantly in the French market under the Xylophene brand. In France, Dyrup also sells products that protect against termite and pest infestation of wooden structures. Both product groups are developed and produced in Albi in France, and this business area is an integral part of the PRO organisation.

In 2008, industrial customers accounted for 19 % of Dyrup's sales, and Dyrup was unable to maintain recent years' positive growth in this market. The global economic downturn and the slowdown in the construction sector were the main reasons for the lower sales in 2008.

Dyrup: Relative sizes of sales channels 2008



Market: Relative sizes of sales channels 2008



PRODUCT INNOVATION

In 2008, Dyrup continued to focus on the development and rollout of innovative products and concepts. Dyrup introduced a number of paint concepts in the Danish market that combine decoration, creativity and fantasy. One example is Dyrup "Fantasy" paint, which is based on the world of roleplaying. Similar concepts were successfully launched in the Iberian market. Dyrup has also launched an innovative facade paint product in Portugal that incorporates the benefits of nano-technology and is primarily sold to the PRO market.

In France, Dyrup has introduced a gel-based, non-drip primer under the Xylophene brand with the name "Sans Injection". In the same market, Dyrup has launched a number of damp-proofing products under the DIP brand.

In 2008, Dyrup was one of the first manufacturers in the European market to launch wood care products that comply with the VOC 2010 directive on reduction of organic solvents in wood care products. All products will be adapted in 2009 so that they comply with the VOC directive, which comes into force in 2010.

In 2008, Dyrup upgraded its product programme for the industrial market, partly by relaunching products with a number of improved properties. The project, which is titled "New Generation Industry", was developed in close interaction with Dyrup's customers.

Dyrup has a strong pipeline of new products and will maintain the cadence for launching innovative products. One of the new initiatives in 2009 will be wood care products with Teflon properties. The products will be launched in the Danish, French and Iberian markets and have been developed in close collaboration with the raw material supplier that has the rights to the Teflon technology.

In Germany, Dyrup will be relaunching a number of specialist oils in 2009 that incorporate nano-technology. Wood oils, which are particularly suited for wood decking, are a growth area in the German market, where Dyrup has recorded good progress.

At the start of 2009, paint products for the DIY market were relaunched in Denmark, with the focus being on the quality and design of the products.

Lastly, the development of environmentally sustainable products and technologies will be a strategic focus area for Dyrup. In 2009, Dyrup will thus be introducing a number of paint products that carry the European Eco-label.

THE SUPPLY CHAIN

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

Dyrup has manufacturing sites in Denmark, France, the Iberian Peninsula and Poland, and warehousing facilities/distribution depots in several of the European markets in which Dyrup's products are sold. The Group regularly aligns and optimises its supply chain to keep its infrastructure competitive.

One of the consequences of the VOC 2007/2010 directive on reduction of the content of organic solvents in, for example, paint and wood care products is that, in future, these products will have a higher content of water-based raw materials. The products covered by the directive require a different production process, and the conversion is consequently expected to be implemented on an ongoing basis over the coming years.

In 2008, Dyrup invested in new, highly automated production plants in Denmark and France. Both investments will provide the basis for a significant increase in productivity. The upgrading of the manufacturing facilities in France was completed in the first part of 2008, as expected, and the new production plant in Denmark will be completed in the second quarter of 2009.

The centralisation of warehousing facilities and consequently distribution continued in 2008, when Dyrup centralised distribution to the Danish market in order to offer an improved standard of service with a broad product range and ensure a high dispatch efficiency, especially to Danish building sites.

In 2009, Dyrup will embark on an expansion of its warehousing facilities in France with a view to gathering the logistics function in Albi, which is also where production is based. The project is scheduled for completion at the end of 2010 and will provide a considerable reduction in logistics costs.

BRANDS

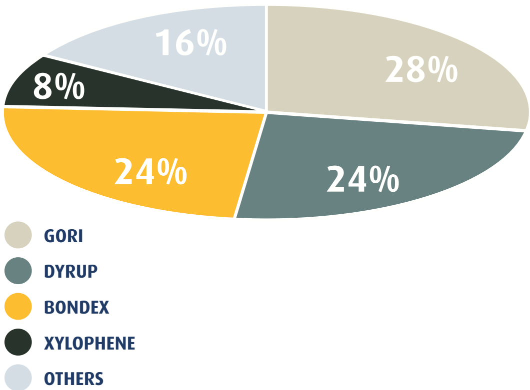
Strong brands remain a key element of Dyrup's strategy, with the strategically important brands Bondex, Dyrup, GORI and Xylophene accounting for the bulk of revenue.

The marketing of wood care in the consumer markets in Denmark and Germany was supported again in 2008 by a TV campaign with Andy the Mouse that has become extremely popular with consumers. In the commercial, Dyrup wood care helps protect Andy against the sun's rays.

In Denmark, Dyrup marketed its paint range in 2008 in connection with the launch of a new commercial, the message of which is the ability of colours to transform the home.

In 2009, Dyrup will continue its retail trade-marketing and step up its internet marketing.

Breakdown of Dyrup's revenue by brand 2008



ENVIRONMENT

Dyrup is making a concerted effort to be environmentally responsible in all areas and strives to comply with current environmental legislation at all times.

Health and safety

In 2008, particular attention was paid to health and safety at the Søborg and Kolding plants.

The safety and environmental organisation thus carried out internal audits in this area at the Søborg plant. In combination with external screening of health and safety conditions, a health and safety action plan has been drawn up.

External environment

The plants in France and Portugal have ISO 14001 certification, and both plants had their certification renewed for three years in 2008. The Group's other plants use procedures that ensure a high level of environmental responsibility. Dyrup routinely applies rigid procedures to ensure compliance with the statutory limit values for each country.

The Søborg and Kolding plants present environmental accounts in accordance with current legislation. The municipal reform in Denmark has led to a change in the supervision duty, and the Municipalities of Gladsaxe and Kolding are now the supervisory authority for both plants. Dyrup has submitted an application to the municipal authorities for renewal of the Søborg plant's environmental and wastewater permits. This has led to extensive preliminary work with a high degree of employee involvement at the Søborg plant.

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

Product environment

The environmental legislation in Europe is being regularly adjusted and expanded. This has implications for Dyrup's products. Dyrup is preparing itself for the necessary measures by working proactively with the new legislation and is consequently abreast of developments.

GHS

At the end of 2008, the EU adopted the GHS regulation on the classification, labelling and packaging of substances and chemical products. Under the regulation, substances must be classified, packaged and labelled in accordance with the regulation by 1 December 2010 and mixtures by 1 June 2015.

Besides establishing common global criteria for the classification and labelling of chemicals, the purpose of GHS is to enhance the protection of human health and the environment, reduce the need for testing and evaluation of chemicals and improve the conditions for international trade.

Dyrup is responsible for identifying the hazardous properties of a substance or mixture with a view to classifying these in accordance with the criteria set out in the regulation.

REACH

The REACH regulation, which came into force in 2007, has introduced a series of new requirements concerning documentation and application of chemical substances and risk assessment of the effect of chemical substances on human health and the environment. Chemical substances that are comprised by REACH must be tested and recorded.

In 2008, Dyrup implemented extensive supplier dialogue to ensure that all constituents in Dyrup's products are preregistered so that they can continue to be used.

New requirements added to the REACH regulation at the end of 2008 have introduced an obligation on suppliers of articles to provide information about any substances of very high concern in their products. Efforts in 2009 will thus focus on ensuring that Dyrup complies with the new requirements.

VOC

Dyrup has been working diligently, for a considerable period of time, on the VOC directive concerning reduction of the content of organic solvents in products. The requirements from 2007 have been tightened still further, and Dyrup is one of the first manufacturers in Europe to have aligned all its relevant wood care products to the new limit values that will come into force in 2010.

Dyrup is now working on developing VOC 2010 recipes for the rest of its product groups. However, the scope of this task is far less than for the solvent-based wood care products. Dyrup expects to switch to new recipes in 2009.

BPD

The BPD directive, an EU harmonisation for approvals of active substances in products, remains a focus area for Dyrup in terms of environmental strategy. In 2008, Dyrup's active substances (fungicides) were given final official approval.

Approval of the insecticide that Dyrup uses is expected to be granted in 2010. Dyrup is making a targeted effort to develop and test recipes within relevant product areas with a view to regular alignment of its products.

In 2010, national approvals will be replaced by an approval scheme under which each product will be mutually recognised in all EU countries.

BPD:	Biocidal Products Directive
GHS:	Globally Harmonised System of Classification and Labelling of Chemicals
REACH:	Registration, Evaluation and Authorization of Chemicals
VOC:	Volatile Organic Compounds

SKILLS

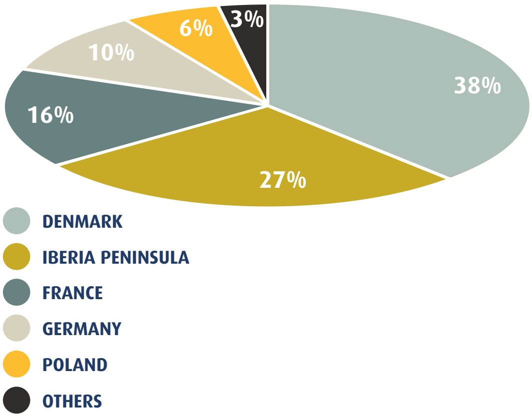
In order to equip Dyrup to tackle the demanding tasks facing it in the coming years, it is important for the company to have access to the necessary and appropriate resources in the form of employees, products, systems and processes. Dyrup must continually adapt its internal structure to ensure that it has the right skills for the tasks presented by a new strategy, implementation of a new ERP system and a new water-based plant.

As in 2007, a follow-up employee satisfaction survey was conducted, allowing benchmarking against other companies within the Confederation of Danish Industry (DI). The benchmarking showed that Dyrup is among the best in terms of attitudes and employee satisfaction in most of the areas covered by the survey. Ambitions are higher internally, and efforts to develop collaboration and processes across the organisation are consequently continuing. Information, communications and knowledge sharing are essential for implementation of planned activities. Initiatives included the launch of a new intranet for all countries in autumn 2008.

A major alignment of the organisation has taken place, partly as a result of efficiency improvements, and partly as a result of the change in the economic climate. For example, a more simple management structure has been put in place, and around 100 jobs have been cut, through natural wastage and redundancies. Alignments have been effected in Denmark, France and the Iberian Peninsula, in particular.

At the end of the year, Dyrup had 926 employees, 7.3 % fewer than at the end of 2007. The cutback was mainly in Denmark.

Breakdown of employees by Dyrup market



Management statement and Independt auditors´ report

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

Anders Colding Friis
- President, Scandinavian Tobacco Group A/S and Skandinavisk Holding A/S
- (CB) Monberg & Thorsen A/S
- (CB) Dagrofa A/S
- (MB) IC Companys A/S

Søren Ladegaard*
- Service Mechanic

Michael Nielsen*
- Sales Manager

Henriette Holmgreen Thorsen
- Managing Director, Belvédère Scandinavia A/S

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

Allan Wolder*
- Specialist Worker

Executive Board

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

Jørgen Nicolajsen, CFO
- President, Monberg & Thorsen A/S
- (DCB) MT Højgaard a/s

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

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards of Dyrup A/S have today discussed and approved the annual report for the financial year 2008.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2008.

Further, in our opinion, the Management´s review gives a true and fair review of the development in the Group´s and the parent company´s operations and financial matters, the results of the Group´s and parent company´s operations and the Group´s and the parent company´s financial position as a whole and descibes the significant risks and uncertainties pertaining to the Group and the parent company.

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

Søborg, 27 March 2009

Supervisory Board

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

Executive Board

Erik Holm *CEO*	Jørgen Nicolajsen *CFO*

Market holders
Eduardo Cevasco, General Manager, Iberian Peninsula
François Corda, General Manager, France
Jürgen David, General Manager, Germany, Austria
Ireneusz Struk, General Manager, Poland
Peter Sørensen, General Manager, Denmark

Other senior executives
Ulrik Mikkelsen, Corporate Finance
Joao Ribeiro, Corporate Supply Chain
Lars Østerby, Corporate Marketing

INDEPENDENT AUDITORS' REPORT

To the shareholder of Dyrup A/S
We have audited the annual report of Dyrup A/S for the financial year 1 January – 31 December 2008, which comprises management's review, the statement by the Executive and Supervisory Boards, cash flow statement, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

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

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

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

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

Our audit did not result in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Copenhagen, 27 March 2009

Ernst & Young
Statsautoriseret Revisionsaktieselskab

Søren Strøm	Kim Kjellberg
State Authorised Public Accountant	*State Authorised Public Accountant*

Cash flow statement *DKKm*

	Parent company		Group	
	2007	2008	2008	2007
Operating activities				
Operating profit (loss)	6.4	(55.3)	(56.3)	5.0
Adjustment for non-cash operating items				
Depreciation, amortisation and impairment losses	28.8	27.8	57.8	53.2
Cash flows from operating activities before working capital changes	35.2	**(27.5)**	**1.5**	58.2
Working capital changes				
Inventories	(4.0)	13.1	9.7	(21.1)
Trade receivables	12.0	5.5	35.2	39.4
Other receivables	(1.7)	(1.9)	3.6	13.6
Intragroup balance	(31.4)	32.8	4.8	-
Prepayments and deferred income	3.0	1.5	(2.5)	(9.7)
Trade payables	19.7	(21.3)	(27.6)	28.1
Other current payables	(3.6)	2.0	1.6	(15.5)
Cash flows from operations (operating activities)	29.2	**4.2**	**26.3**	93.0
Interest received, etc.	4.4	5.6	9.8	11.2
Interest paid, etc.	(15.7)	(26.5)	(43.0)	(31.5)
Cash flows from operations (ordinary activities)	17.9	**(16.7)**	**(6.9)**	72.7
Income taxes paid, net	0.5	2.3	1.4	(3.0)
Cash flows from operating activities	18.4	**(14.4)**	**(5.5)**	69.7
Investing activities				
Acquisition of enterprises and activities	-	-	-	(0.6)
Purchase of intangible assets	(1.9)	(1.6)	(2.9)	(3.9)
Purchase of property, plant and equipment	(45.9)	(78.5)	(110.1)	(71.4)
Investment in financial assets	(55.1)	(65.5)	-	-
Dividends from subsidiaries	30.4	1.4	-	-
Sale of property, plant and equipment	6.7	0.2	2.6	5.8
Cash flows for investing activities	(65.8)	**(144.0)**	**(110.4)**	(70.1)
Cash flows before financing activities	(47.4)	**(158.4)**	**(115.9)**	(0.4)
Financing activities				
Decrease in non-current financial liabilities	(0.6)	(0.8)	(88.7)	(17.1)
Capital injection	-	100.0	100.0	-
Cash flows from financing activities	(0.6)	**99.2**	**11.3**	(17.1)
Net increase (decrease) in cash and cash equivalents	(48.0)	**(59.2)**	**(104.6)**	(17.5)
Cash and cash equivalents at 1.1.	(119.2)	(167.2)	(174.3)	(157.0)
Value adjustments of cash and cash equivalents	-	-	(1.5)	0.2
Cash and cash equivalents at 31.12.	(167.2)	**(226.4)**	**(280.4)**	(174.3)
consisting of:				
Cash and cash equivalents	0.2	0.2	34.4	56.0
Current bank loans	(167.4)	(226.6)	(314.8)	(230.3)
	(167.2)	(226.4)	(280.4)	(174.3)

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

Income statement *DKKm*

Note		Parent company		Group	
		2007	2008	2008	2007
	Revenue	802.6	726.6	1,624.3	1,696.3
3	Production costs	539.4	526.3	980.4	1,002.8
	Gross profit	263.2	**200.3**	**643.9**	693.5
3	Distribution costs	182.5	169.9	534.1	548.7
3	Administrative expenses	81.5	72.6	138.5	146.6
4	Other operating income	7.2	7.6	6.5	6.8
	Operating profit (loss) before special items (restated EBIT)	6.4	**(34.6)**	**(22.2)**	5.0
5	Special items	-	(20.7)	(34.1)	-
	Operating profit (loss)	6.4	**(55.3)**	**(56.3)**	5.0
6	Financial income	43.6	7.0	9.8	11.2
7	Financial expenses	15.7	26.4	43.0	31.5
	Profit (loss) before tax	34.3	**(74.7)**	**(89.5)**	(15.3)
8	Income tax expense	(3.7)	(46.0)	(21.5)	3.3
	Profit (loss) for the year	38.0	**(28.7)**	**(68.0)**	(18.6)

9 Employee information

It is proposed that the profit (loss) for the year be carried forward to next year.

Balance sheet at 31 December *DKKm*

Assets

Note		Parent company 2007	Parent company 2008	Group 2008	Group 2007
	Non-current assets				
	Intangible assets				
10	Goodwill	1.0	-	53.7	56.4
10	Trademarks and distribution rights	16.4	13.5	28.3	32.1
10	Development projects	2.3	5.5	10.5	6.9
10	In-process development projects	3.0	-	0.5	5.1
	Total intangible assets	22.7	**19.0**	**93.0**	100.5
	Property, plant and equipment				
11	Land and buildings	169.2	190.8	260.8	241.2
11	Plant and machinery	80.4	76.2	138.6	129.9
11	Fixtures and fittings, tools and equipment	18.7	15.4	41.7	51.0
11	Property, plant and equipment under construction	29.3	71.2	77.6	40.9
	Total property, plant and equipment	297.6	**353.6**	**518.7**	463.0
	Investments				
12	Investments in subsidiaries	212.6	244.6	-	-
12	Receivables from subsidiaries	16.6	50.1	-	-
16	Deferred tax	2.3	25.7	38.0	32.7
	Total investments	231.5	**320.4**	**38.0**	32.7
	Total non-current assets	551.8	**693.0**	**649.7**	596.2
	Current assets				
	Inventories				
	Raw materials and consumables	33.8	38.1	73.0	68.4
	Work in progress	5.3	4.2	7.5	9.0
	Finished goods and goods for resale	70.1	53.8	181.5	194.3
13	**Total inventories**	109.2	**96.1**	**262.0**	271.7
	Receivables				
	Trade receivables	30.7	25.2	218.1	253.3
	Receivables from subsidiaries	98.1	73.5	-	-
	Other receivables	14.1	16.0	21.7	25.3
	Income tax	0.9	-	9.8	6.4
	Prepayments	1.5	-	19.3	18.0
14	**Total receivables**	145.3	**114.7**	**268.9**	303.0
	Cash and cash equivalents	0.2	**0.2**	**34.4**	56.0
	Total current assets	254.7	**211.0**	**565.3**	630.7
	TOTAL ASSETS	806.5	**904.0**	**1,215.0**	1,226.9

Equity and liabilities

Note		Parent company 2007	Parent company 2008	Group 2008	Group 2007
	Equity				
	Share capital	100.0	110.0	110.0	100.0
	Translation reserve	-	-	6.5	16.7
	Retained earnings	298.0	269.3	242.9	310.9
	Proposed dividends	-	90.0	90.0	-
	Total equity	398.0	**469.3**	**449.4**	427.6
	Non-current liabilities				
15	Bank loans	18.9	18.2	70.9	72.3
16	Deferred tax	30.1	7.8	14.7	25.8
	Total non-current liabilities	49.0	**26.0**	**85.6**	98.1
	Current liabilities				
15	Current portion of non-current financial liabilities	47.5	47.6	47.9	130.9
15	Bank loans	167.4	150.5	238.7	230.3
15	Payables to parent - cash pool	-	76.1	76.1	-
	Trade payables	97.3	76.0	176.0	203.6
	Payables to consolidated enterprises	12.1	20.3	4.8	-
	Income tax	-	1.0	0.7	0.9
	Other payables	35.2	37.2	135.8	134.3
	Deferred income	-	-	-	1.2
	Total current liabilities	359.5	**408.7**	**680.0**	701.2
	Total liabilities	408.5	**434.7**	**765.6**	799.3
	TOTAL EQUITY AND LIABILITIES	806.5	**904.0**	**1,215.0**	1,226.9

Notes without reference

1	Accounting policies
2	Accounting estimates and judgements
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22	Capital management
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Statement of comprehensive income and changes in epuity *DKKm*

Parent company

Statement of comprehensive income	2008	2007
Profit (loss) for the year	(28.7)	38.0
Total comprehensive income	**(28.7)**	**38.0**

	Share-capital	**Translation reserve-**	**Retained earnings**	**Other reserves**	**Total**
Equity at 1.1.2007	100.0	-	260.0	-	360.0
Total comprehensive income for the year	-	-	38.0	-	38.0
Total changes in equity	-	-	38.0	-	38.0
Equity at 1.1. 2008	**100.0**	**-**	**298.0**	**-**	**398.0**
Total comprehensive income for the year	-	-	(28.7)	-	(28.7)
Capital increase	10.0	-	-	90.0	100.0
Total changes in equity	10.0	-	(28.7)	90.0	71.3
Equity at 31.12.2008	**110.0**	**-**	**269.3**	**90.0**	**469.3**

Group

Statement of comprehensive income	2008	2007
Foreign exchange adjustments, foreign enterprises	(10.2)	3.9
Comprehensive income recognised in equity	(10.2)	3.9
Profit (loss) for the year	(68.0)	(18.6)
Total comprehensive income	**(78.2)**	**(14.7)**

	Share-capital	**Translation reserve-**	**Retained earnings**	**Other reserves**	**Total**
Equity at 1.1. 2007	100.0	12.8	329.5	-	442.3
Total comprehensive income for the year	-	3.9	(18.6)	-	(14.7)
Total changes in equity	-	3.9	(18.6)	-	(14.7)
Equity at 1.1. 2008	**100.0**	**16.7**	**310.9**	**-**	**427.6**
Total comprehensive income for the year	-	(10.2)	(68.0)	-	(78.2)
Capital increase	10.0	-	-	90.0	100.0
Total changes in equity	10.0	(10.2)	(68.0)	90.0	21.8
Equity at 31.12.2008	**110.0**	**6.5**	**242.9**	**90.0**	**449.4**

The company's share capital consists of 550,000 A shares of DKK 100 each and 550,000 B shares of DKK 100 each.

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

Index of notes

Notes *DKKm*

1 ACCOUNTING POLICIES

BASIS OF PREPARATION

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

In addition, the annual report has been prepared in compliance with IFRS issued by the IASB.

The annual report is presented in Danish kroner.

The accounting policies are unchanged from those set out in the 2007 annual report.

IFRIC 11 "IFRS 2 Group and Treasury Share Transactions" and IAS 39/IFRS 7 concerning classification of financial assets, which became effective on 1 January 2008, have been implemented. In 2008, IFRIC 14 "IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" was adopted with a different effective date in the EU than the corresponding IFRIC as issued by the IASB. IFRIC 14 was consequently implemented on 1 January 2008, so that the implementation follows the IASB's effective dates. The new standards and interpretations have no effect on the Group's financial reporting for 2008.

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

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

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

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

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

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

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

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

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

Transactions denominated in all currencies other than the individual business unit's functional currency are accounted for as transactions in foreign currencies that are translated into the functional currency using the exchange rates at the transaction date.

Receivables and payables in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange differences arising between the exchange rate at the transaction date or the balance sheet date and the date of settlement are recognised in the income statement as financial income and expenses.

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

In the consolidated financial statements, foreign exchange adjustments of balances with foreign entities that are accounted for as part of the overall net investment in the entity in question are taken directly to a separate translation reserve under equity.

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

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

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

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

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

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

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

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

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

Government grants
Government grants include grants for projects, investments, etc. Grants that compensate the Group for expenses incurred or for the purchase of assets are set up in the balance sheet as deferred income or are offset against the carrying amount of the assets and recognised in the income statement in the same periods in which the expenses are incurred or over the periods and in the proportions in which depreciation on the assets is charged.

INCOME STATEMENT

Revenue
Revenue represents goods sold and services rendered.

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

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

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

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

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

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

Other operating income
Other operating income comprises primarily rental income.

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

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

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

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

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

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

BALANCE SHEET

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 ACCOUNTING POLICIES

- continued

Receivables
Receivables are measured at amortised cost less impairment losses.

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

Equity

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

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences after 1 January 2004 that have arisen from the translation of the financial statements of foreign enterprises from their functional currencies to Danish kroner, and foreign exchange adjustments of balances with foreign entities that are accounted for as part of the Group's overall net investment in the entity in question and foreign exchange gains and losses on loans designated as hedges of foreign enterprises.

On full or partial realisation of the net investment, 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 calculated on the taxable income for the year, adjusted for tax paid on account, etc.

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

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

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

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

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

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

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

CASH FLOW STATEMENT

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

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

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

Cash flows for investing activities
Cash flows for investing activities comprise payments in connection with acquisition and disposal of enterprises and activities and purchase and sale of intangible assets, property, plant and equipment and investments as well as purchase and sale of securities that are not recognised as cash and cash equivalents.

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

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

SEGMENT INFORMATION

Dyrup operates exclusively within one segment, and information is consequently only provided about the geographical breakdown of the Group's revenue and non-current assets.

FINANCIAL RATIOS

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

Financial ratios are defined on page 2 of the annual report.

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 carrying amounts of those assets and liabilities at the balance sheet 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. Special risks for the Group are referred to in the Risk factors section of Management's review and in note 21 Financial risks.

Estimates that are material for the financial reporting relate primarily to the measurement of intangible assets, inventories and deferred tax assets.

In connection with impairment testing of investments, goodwill and trademarks, etc., estimates are also made of how the enterprises in question or parts of the enterprise to which the goodwill relates will be able to generate sufficient positive future net cash flows to support the value of the investments or goodwill, and other net assets in the part of the enterprise in question. Such estimates are naturally subject to some uncertainty, which is reflected in the discount rate applied. The assumptions for impairment testing of investments, goodwill and trademarks, etc., are described in note 10.

Basis for management's judgements

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

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

In management's opinion, no judgements have been made in connection with the accounting policies in the financial reporting for 2008 with comparative figures for 2007, apart from the accounting estimates referred to above, that have had a material impact on the financial reporting.

	Parent company		Group	
	2007	2008	2008	2007
3 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES				
Intangible assets	6.0	5.0	9.7	7.5
Property, plant and equipment	23.4	22.1	49.0	46.9
Total depreciation and amortisation	29.4	27.1	58.7	54.4
Losses and gains on replacement	(0.6)	0.7	(0.9)	(1.2)
Total depr. amortisation and impairment losses	28.8	27.8	57.8	53.2
Depreciation, amortisation and impairment losses are included in:				
Production costs	10.6	10.1	19.7	17.7
Distribution costs	8.7	7.5	23.1	23.0
Administrative expenses	9.5	7.8	11.2	12.5
Special items - impairment losses	-	2.4	3.8	-
Total effect on profit (loss) for the year	28.8	27.8	57.8	53.2
3 FEES PAID TO AUDITOR APPOINTED AT THE ANNUAL GENERAL MEETING				
Total fees to auditor for the financial year under review:				
Ernst & Young	2.3	1.9	5.0	4.5
of which non-audit fees	0.3	0.2	1.0	0.5
4 OTHER OPERATING INCOME				
Rental income	5.5	5.6	3.8	3.8
Miscellaneous	1.7	2.0	2.7	3.0
Total other operating income	7.2	7.6	6.5	6.8

	Parent company		Group	
	2007	2008	2008	2007
5 SPECIAL ITEMS				
Restructuring costs:				
Termination benefits	-	8.0	21.4	-
Closure of activities	-	6.5	6.5	-
Miscellaneous	-	6.2	6.2	-
Total special expenses	-	20.7	34.1	-
6 FINANCIAL INCOME				
Dividends from subsidiaries, etc.	34.7	1.4	-	-
Interest, subsidiaries	0.7	3.8	-	-
Interest on cash	3.7	1.8	4.8	5.0
Foreign exchange gains	4.5	-	5.0	6.2
Total financial income	43.6	7.0	9.8	11.2
7 FINANCIAL EXPENSES				
Interest, consolidated enterprises	0.3	0.3	-	-
Interest on loans and overdrafts	15.4	18.1	29.8	29.9
Foreign exchange losses	-	8.0	13.2	1.6
Total financial expenses	15.7	26.4	43.0	31.5
8 INCOME TAX				
Current tax on profit (loss) for the year	1.5	-	(1.6)	(3.1)
Change in provision for deferred tax	(3.4)	(18.4)	(16.5)	0.5
Prior year adjustments	(1.8)	(27.6)	(3.4)	5.9
Total income tax	(3.7)	(46.0)	(21.5)	3.3
EFFECTIVE TAX RATE				
Danish tax rate	25%	25%	25%	25%
Change in Danish tax rate	(9%)	0%	0%	21%
Deviations in foreign enterprises' tax rates	0%	0%	(2%)	(64%)
Non-taxable income and non-deductible expenses	(25%)	(1%)	(1%)	(1%)
Prior year adjustments	(3%)	36%	4%	5%
Miscellaneous	1%	1%	(2%)	(8%)
Effective tax rate	(11%)	61%	24%	(22%)
9 STAFF COSTS				
Wages and salaries	154.6	147.1	308.7	308.6
Pension contributions	12.7	13.0	19.6	18.7
Social security costs	1.4	1.9	40.4	38.2
Remuneration to the Executive Board	3.7	3.9	4.7	4.7
Remuneration to the Supervisory Board	1.8	1.6	1.6	1.8
Total staff costs	174.2	167.5	375.0	372.0
Average number of employees	393	336	926	1,002

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10 INTANGIBLE ASSETS

	Parent company					Group				
	Goodwill	Trademarks and distribution rights	Development projects	In-process development projects	Total	Goodwill	Trademarks and distribution rights	Development projects	In-process development projects	Total
Cost at 1.1.2007	3.8	73.2	-	3.9	80.9	56.8	108.9	-	9.2	174.9
Value adjustments at 1.1./31.12.	-	-	-	-	-	-	0.1	-	-	0.1
Additions and improvements	-	0.1	-	1.8	1.9	2.4	-	1.5	2.3	6.2
Disposals	1.5	-	-	-	1.5	1.5	-	-	-	1.5
Transfers to (from) other items	-	-	2.7	(2.7)	-	-	-	6.4	(6.4)	-
Cost at 31.12.2007	2.3	73.3	2.7	3.0	81.3	57.7	109.0	7.9	5.1	179.7
Amortisation and impairment losses at 1.1.2007	1.3	51.3	-	-	52.6	1.3	70.4	-	-	71.7
Adjustments, additions and disposals	-	-	-	-	-	-	-	-	-	-
	1.3	51.3	-	-	52.6	1.3	70.4	-	-	71.7
Amortisation and impairment losses	-	5.6	0.4	-	6.0	-	6.5	1.0	-	7.5
Amortisation and imp. losses at 31.12.2007	1.3	56.9	0.4	-	58.6	1.3	76.9	1.0	-	79.2
Balance sheet value at 31.12.2007	1.0	16.4	2.3	3.0	22.7	56.4	32.1	6.9	5.1	100.5
Cost at 1.1.2008	2.3	73.3	2.7	3.0	81.3	57.7	109.0	7.9	5.1	179.7
Value adjustments at 1.1./31.12.	-	-	-	-	-	(0.3)	-	-	-	(0.3)
Additions and improvements	-	0.3	0.9	0.4	1.6	-	0.5	1.5	0.9	2.9
Disposals	-	21.4	-	-	21.4	-	21.4	-	-	21.4
Transfers to (from) other items	-	-	3.4	(3.4)	-	-	-	5.5	(5.5)	-
Cost at 31.12.2008	2.3	52.2	7.0	-	61.5	57.4	88.1	14.9	0.5	160.9
Amortisation and imp. losses at 1.1.2008	1.3	56.9	0.4	-	58.6	1.3	76.9	1.0	-	79.2
Adjustments, additions and disposals	-	(21.0)	-	-	(21.0)	-	(21.0)	-	-	(21.0)
	1.3	35.9	0.4	-	37.6	1.3	55.9	1.0	-	58.2
Amortisation and impairment losses	1.0	2.9	1.1	-	5.0	2.4	3.9	3.5	-	9.7
Amortisation and imp. losses at 31.12.2008	2.3	38.8	1.5	-	42.6	3.7	59.8	4.5	-	67.9
Balance sheet value at 31.12.2008	-	13.5	5.5	-	19.0	53.7	28.3	10.5	0.5	93.0

The carrying amounts of goodwill and trademarks, etc., were tested for impairment at 31 December 2008. The recoverable amount has been determined using the value in use, which was calculated as the present value of the expected future net cash flows from the enterprise and/or the cash-generating units. The net cash flows were calculated on the basis of the approved budget for 2009 and estimates for the years 2010-2013. A discount factor of 9 % before tax was used for calculating the present value compared with 8 % in 2007. For financial years after the budget period, the cash flows in the latest budget period restated for a growth factor of 0-1.5 % in the terminal period were extrapolated, assuming an expected inflation rate of 2.5 %. The growth rate applied does not exceed the average expected long-term growth rate.

In 2008, the impairment test led to goodwill write-downs of DKK 1.0 million in the parent company and DKK 2.4 million in the Group that have been recognised under special items. In 2007, the test did not lead to any write-downs of goodwill or trademarks.

Management estimates that probable changes in the underlying assumptions will not result in the carrying amount of goodwill exceeding its recoverable amount.

Development projects relate solely to direct expenses for necessary recipe changes, testing, recording and documentation in connection with the implementation of the VOC and BPD directives. For further details, reference is made to the environment section, page 14.

11 PROPERTY, PLANT AND EQUIPMENT

	Parent company				
	Land and buildings	**Plant and machinery**	**Fixtures and fittings, tools and equipment**	**Property, plant and equipment under construction**	**Total**
Cost at 1.1.2007	229.5	171.8	101.0	-	502.3
Additions and improvements	2.5	6.8	7.4	29.3	46.0
Disposals	-	0.5	11.2	-	11.7
Cost at 31.12.2007	232.0	178.1	97.2	29.3	536.6
Depreciation and impairment losses at 1.1.2007	60.6	88.0	74.0	-	222.6
Adjustments, disposals	-	(0.4)	(6.6)	-	(7.0)
	60.6	87.6	67.4	-	215.6
Depreciation and impairment losses	2.2	10.1	11.1	-	23.4
Depreciation and impairment losses at 31.12.2007	62.8	97.7	78.5	-	239.0
Balance sheet value at 31.12.2007	169.2	80.4	18.7	29.3	297.6
Cost at 1.1.2008	232.0	178.1	97.2	29.3	536.6
Additions and disposals for the year	27.5	7.7	2.1	69.4	106.7
Disposals	0.1	0.2	31.3	27.5	59.0
Cost at 31.12.2008	259.4	185.6	68.1	71.2	584.3
Depreciation and impairment losses at 1.1.2008	62.8	97.7	78.5	-	239.0
Adjustments, disposals	2.5	1.1	(34.0)	-	(30.4)
	65.3	98.8	44.5	-	208.6
Depreciation and impairment losses	3.3	10.7	8.2	-	22.1
Depreciation and impairment losses at 31.12.2008	68.6	109.5	52.7	-	230.7
Balance sheet value at 31.12.2008	190.8	76.2	15.4	71.2	353.6

The carrying amount of mortgaged properties was DKK 138.3 million (2007: DKK 119.0 million), and the year-end balance amounted to DKK 65.8 million (2007: DKK 66.4 million).

A few non-current assets were written down to estimated fair value in 2008 in connection with the closure of loss-making activities. The DKK 1.4 million impairment loss is recognised under special items. In 2007, there was no need to recognise any impairment losses on assets.

Property, plant and equipment under construction relates primarily to upgrading of the water-based manufacturing facilities in Søborg. All contractual obligations are recognised under property, plant and equipment under construction.

Notes DKKm

11 PROPERTY, PLANT AND EQUIPMENT – continued

	Group				
	Lands and buildings	**Plants and machinery**	**Fixtures and fittings, tools and equipment**	**Property, plant and equipment under construction**	**Total**
Cost at 1.1.2007	316.8	334.6	225.0	0.8	877.2
Value adjustments at 1.1./31.12.	-	2.5	0.5	-	3.0
Reclassifications	-	2.5	(2.5)	-	-
Additions and improvements	7.9	5.9	20.2	44.5	78.5
Disposals	-	2.3	16.9	-	19.2
Transfers to (from) other items	-	4.4	-	(4.4)	-
Cost at 31.12.2007	324.7	347.6	226.3	40.9	939.5
Depreciation and impairment losses at 1.1.2007	79.5	198.7	161.5	-	439.7
Value adjustments at 1.1./31.12.	0.8	1.5	0.4	-	2.7
Reclassifications	-	(1.9)	(10.9)	-	(12.8)
Adjustments, disposals	80.3	198.3	151.0	-	429.6
Depreciation and impairment losses	3.2	19.4	24.3	-	46.9
Depreciation and impairment losses at 31.12.2007	83.5	217.7	175.3	-	476.5
Balance sheet value at 31.12.2007	241.2	129.9	51.0	40.9	463.0
Cost at 1.1.2008	324.7	347.6	226.3	40.9	939.5
Value adjustments at 1.1./31.12.	(2.5)	(6.0)	(1.5)	-	(10.0)
Additions and improvements	28.4	36.1	8.7	97.1	170.3
Disposals	0.4	0.6	31.9	60.4	93.3
Cost at 31.12.2008	350.2	377.1	201.5	77.6	1,006.5
Depreciation and impairment losses at 1.1.2008	83.5	217.7	175.3	-	476.5
Value adjustments at 1.1./31.12.	(0.9)	(4.1)	(1.0)	-	(6.0)
Adjustments, disposals	2.5	1.0	(35.3)	-	(31.7)
	85.1	214.6	139.0	-	438.7
Depreciation and impairment losses	4.3	24.0	20.7	-	49.0
Depreciation and impairment losses at 31.12.2008	89.4	238.6	159.8	-	487.8
Balance sheet value at 31.12.2008	260.8	138.6	41.7	77.6	518.7

The carrying amount of mortgaged properties was DKK 138.3 million (2007: DKK 119.0 million), and the year-end balance amounted to DKK 65.8 million (2007: DKK 66.4 million).

A few non-current assets were written down to estimated fair value in 2008 in connection with the closure of loss-making activities. The DKK 1.4 million impairment loss is recognised under special items. In 2007 there was no need to recognise any impairment losses on assets.

Property, plant and equipment under construction relates primarily to upgrading of the water-based manufacturing facilities in Søborg. All contractual obligations are recognised under property, plant and equipment under construction.

12 INVESTMENTS

	Parent company	
	Investments in subsidiaries	Receivables from subsidiaries
Cost at 1.1.2007	172.3	22.7
Additions	61.5	-
Disposals	0.3	6.1
Cost at 31.12.2007	233.5	16.6
Impairment losses at 1.1.2007	20.9	9.2
Impairment losses	-	(9.2)
Impairment losses at 31.12.2007	20.9	-
Balance sheet value at 31.12.2007	212.6	16.6
Cost at 1.1.2008	233.5	16.6
Additions	33.5	33.5
Disposals	-	-
Cost at 31.12.2008	267.0	50.1
Impairment losses at 1.1.2008	20.9	-
Impairment losses	1.5	-
Impairment losses at 31.12.2008	22.4	-
Balance sheet value at 31.12.2008	244.6	50.1

In 2008, investments in subsidiaries were written down by DKK 1.5 million to recoverable amount.

The impairment loss for the year is recognised under extraordinary expenses and relates to Pigmenta A/S.

A list of the consolidated enterprises is given on page 37.

Notes *DKKm*

13 INVENTORIES

	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Cost at 1.1.	127.6	123.4	317.8	316.4
Value adjustments at 1.1./31.12.	-	-	(2.5)	1.0
Additions and disposals, net	(4.2)	(12.3)	(7.8)	0.4
Cost at 31.12.	123.4	111.1	307.5	317.8
Adjustments at 1.1.	22.4	14.2	46.1	67.1
Value adjustments at 1.1./31.12.	-	-	(0.3)	0.2
Write-downs	5.2	(0.1)	2.3	10.0
Reversal of write-downs	(13.4)	0.9	(2.6)	(31.2)
Adjustments at 31.12.	14.2	15.0	45.5	46.1
Balance sheet value at 31.12.	109.2	96.1	262.0	271.7
Value of inventories determined at net realisable value	-	-	1.0	1.7

The reduction of the provisions in 2007 was due to the fact that a large proportion of obsolete products, etc., were either disposed of or destroyed.

14 RECEIVABLES

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

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

For further information, see note 21.

15 INTEREST-BEARING LIABILITIES

	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Total interest-bearing liabilities can be broken down by commitment type as follows:				
Bank loans, etc.	233.8	216.3	357.5	433.5
Consolidated enterprises	4.6	80.9	76.1	-
Total	238.4	297.2	433.6	433.5
Total interest-bearing liabilities can be broken down by currency as follows:				
EUR	32.6	77.8	210.3	224.9
DKK	176.3	219.3	222.4	177.4
Others	29.5	0.1	0.9	31.2
Total	238.4	297.2	433.6	433.5
Total interest-bearing liabilities can be broken down by fixed-rate and floating-rate debt as follows:				
Fixed-rate debt	66.5	65.8	117.7	201.9
Floating-rate debt	171.9	231.4	315.9	231.6
Total	238.4	297.2	433.6	433.5
Total interest-bearing liabilities can be broken down by effective interest rate as follows:				
Less than 5 %	11.3	74.6	181.0	189.1
Between 5 % and 7 %	227.1	222.6	251.8	242.7
More than 7 %	-	-	0.8	1.7
Total	238.4	297.2	433.6	433.5
Weighted average effective interest rate (%)	5.9	5.6	5.9	5.4
Weighted average remaining term, years	3.2	1.6	1.7	2.5
Interest-bearing liabilities are recognised in the balance sheet as follows:				
Non-current liabilities	18.9	18.2	70.9	72.3
Current liabilities	219.5	279.0	362.7	361.2
Total	238.4	297.2	433.6	433.5
Fair value	231.0	290.6	422.1	418.2

The fair value of the financial liabilities has been determined as the present value of expected future instalments and interest payments. The Group's current borrowing rate for similar maturities has been used as the discount rate.

16 DEFERRED TAX LIABILITIES AND ASSETS

	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Deferred tax, net, at 1.1.	31.2	27.8	(6.9)	(7.4)
Changes via income statement	(3.4)	(45.7)	(16.5)	0.5
Deferred tax, net, at 31.12.	27.8	(17.9)	(23.3)	(6.9)

Specification of deferred tax

Parent company	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax net**
Deferred tax at 31.12.2007			
Intangible assets	-	3.4	3.4
Property, plant and equipment	-	26.7	26.7
Current assets	2.3	-	(2.3)
Balance sheet value at 31.12.2007	2.3	30.1	27.8
Deferred tax at 31.12.2008			
Intangible assets	-	3.2	3.2
Property, plant and equipment	-	4.6	4.6
Current assets	25.7	-	(25.7)
Balance sheet value at 31.12.2008	25.7	7.8	(17.9)

Group	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax net**
Deferred tax at 31.12.2007			
Intangible assets	-	8.5	8.5
Property, plant and equipment	1.4	31.6	30.2
Current assets	14.5	0.6	(13.9)
Tax base of tax losses, net	63.9	-	(63.9)
Non-capitalised tax assets	(32.2)	-	32.2
Deferred tax liabilities and assets	47.6	40.7	(6.9)
Set-off within legal taxentities and jurisdictions	(14.9)	(14.9)	-
Balance sheet value at 31.12.2007	32.7	25.8	(6.9)
Deferred tax at 31.12.2008			
Intangible assets	-	8.1	8.1
Property, plant and equipment	0.5	15.7	15.2
Current assets	23.1	6.9	(16.2)
Tax base of tax losses, net	43.5	-	43.5
Non-capitalised tax assets	(13.1)	-	(13.1)
Deferred tax liabilities and assets	54.0	30.7	(23.3)
Set-off within legal entities and jurisdictions	(16.0)	(16.0)	-
Balance sheet value at 31.12.2008	38.0	14.7	(23.3)

Deferred tax is recognised on the basis of the regulatory tax rules and tax rates effective in the respective countries. The portion of tax loss carry forwards that is expected to be utilised by set-off against future earnings has been capitalised.

The tax losses have been reduced as we are in dialogue with the tax authorities concerning a change to the transfer prices used for the years 2003-2008 between, in particular, Germany and Denmark. The dialogue is expected to be concluded in 2009 and is not estimated to result in additional tax.

17 SECURITY

Guarantees have been provided relating to:	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Subsidiaries	115.6	121.8	-	-
Customers	0.8	0.2	0.2	0.8
Total	116.4	122.0	0.2	0.8

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

18 LEASE COMMITMENTS

Operating leases

Total future minimum lease payments:	Parent company 2007	Parent company 2008	Group 2008	Group 2007
Due within one year	11.1	11.1	20.4	19.6
Due within two and five years	14.6	8.9	17.5	21.7
Due after more than five years	1.7	1.6	1.7	1.7
Total	27.4	21.6	39.6	43.0
Lease payments under operating leases recognised in the income statement	10.6	8.8	14.2	15.9

The Group's operating leases relate primarily to vehicles, operating equipment and leased premises. The lease term for vehicles and operating equipment is typically between two and six years, with an option to extend. The lease term for leased premises is up to three years. None of the leases features contingent rent.

19 CONTINGENT LIABILITIES

Indemnities

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

Litigation

The Dyrup Group is a party to a few litigation cases. In management's opinion, the outcome of these proceedings is not expected to have any adverse impact on the Group's financial position.

Notes DKKm

20 RELATED PARTIES

Control

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

Significant influence

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

Related parties also include subsidiaries in which Dyrup A/S has control or significant influence. A list of consolidated enterprises is given on page 37.

Intragroup transactions

Apart from intragroup transactions that have been eliminated in the consolidated financial statements, and normal management remuneration, no transactions have been effected during the year with major shareholders, members of the Supervisory Board or Executive Board or other related parties. Remuneration to the Supervisory Board and Executive Board is disclosed in note 9. In addition to this, remuneration of DKK 0.6 million was paid to Monberg & Thorsen's CEO in both 2007 and 2008.

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

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

	2007	2008
Sale of goods and services with group enterprises	306.9	290.6

Intragroup transactions have been eliminated in the consolidated financial statements.

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

Balances with subsidiaries were not written down in 2008 or 2007. The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 6 and 7.

21 FINANCIAL RISKS

Dyrup's activities entail various financial risks that may affect the Group's development, financial position and operations.

There have been no significant changes in the Group's risk exposure or risk management compared with 2007.

Currency risks

Currency risks are managed centrally in Dyrup, and the Group endeavours to minimise currency risks by seeking to match income and expenditure and financial assets and liabilities so that they balance with respect to currency.

Currency fluctuations do not have any material effect on the Group's foreign enterprises, as the individual consolidated enterprises settle both income and expense in their functional currencies.

Where major currency positions arise in currencies outside the euro zone, these are normally hedged using forward exchange contracts. The currency exposure therefore mainly relates to the value of foreign investments, which is not normally hedged.

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

At 31.12.2008 and 31.12.2007 the Group had not entered into any forward contracts or other derivative financial instruments.

Consolidated revenue denominated in foreign currencies, predominantly EUR, amounted to DKK 1.2 billion in 2008 compared with DKK 1.2 billion in 2007.

The Group's currency exposure is mainly related to euros and Polish zlotys. In view of Denmark's participation in the EU monetary system, a sensitivity analysis based on a sensible end possible change in the euro in relation to the Danish krone would have an insignificant effect on the Group's operations and financial position. Viewed in isolation, an isolated 10 % fall in the zloty exchange rate compared with the exchange rates at the balance sheet date would have depressed profit (loss) before tax for 2008 by DKK 0.4 million. In 2007, the adverse effect would have been DKK 0.9 million, and consolidated equity would have been DKK 2.2 million lower at 31 December 2008 and DKK 2.2 million lower at 31 December 2007. A similar increase in the exchange rate would have had a corresponding positive effect on profit (loss) before tax and consolidated equity.

The sensitivity analysis assumes that production/sales and price level remain constant.

Interest rate risks

Interest rate risks relate mainly to interest-bearing debt items and cash.

The Group's interest-bearing liabilities, which are mainly denominated in Danish kroner and euros, amounted to DKK 434 million at the end of 2008, with short-term borrowings accounting for 84 % of this figure. The average weighted remaining maturity of the Group's interest-bearing debt is 1.7 years, and the weighted average effective interest rate is 5.9 %. Fixed-rate debt accounts for 27 % of the Group's interest-bearing debt.

Cash is mainly placed on normal bank accounts and on short-term, fixed-term deposit.

All other things being equal, a one percentage point increase in the interest rate level compared with the interest rate level at the balance sheet date and the interest-bearing items in the balance sheet would have depressed profit before tax for 2008 by DKK 2.0 million and profit before tax for 2007 by DKK 1.2 million, and consolidated equity at 31 December 2008 by DKK 2.0 million and at 31 December 2007 by DKK 1.2 million. A one percentage point fall in the interest rate level would have had a corresponding positive effect on profit before tax and consolidated equity.

The stated sensitivities are based on the recognised financial assets and liabilities at 31 December 2008.

21 FINANCIAL RISKS
– continued

Credit risks
Credit risks are generally managed by regular credit rating of major clients and business partners. Excluding security received, the maximum credit risk on receivables corresponds to the amounts recognised in the balance sheet. The Group has no material risks relating to a single customer or business partner.

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

Write-downs for bad debt losses are at a relatively stable level. Write-downs included in receivables developed as follows:

	Parent company		Group	
	2007	2008	2008	2007
Write-downs included in receivables:				
Write-downs at 1.1.	13.8	15.9	64.2	56.9
Value adjustments at 1.1./31.12.	-	-	(0.6)	0.2
Provided in the year	2.1	0.1	2.2	7.6
Reversed during the year	-	-	-	(0.5)
Write-downs at 31.12.	15.9	16.0	65.8	64.2
Nominal value of written-downs receivables	20.7	22.3	73.4	72.0

Receivables that are past due but have not been written down:

Up to three months	15.7	13.3	24.5	32.0
Three to six months	4.7	2.4	11.5	17.7
More than six months	3.1	3.0	2.0	4.2
Total	23.5	18.7	38.0	53.9
Receivables that were past due by more than 90 days at 31 December, but are not impaired	7.8	5.4	13.5	21.9
Security received in respect of receivables	-	-	-	-

Liquidity risks
Liquidity risks are managed through established, appropriate credit lines and committed facilities that match the need for financing planned operating activities and expected investments.

The Group's financial resources consist of cash and undrawn credit facilities. At the end of 2008, the financial resources stood at DKK 273 million compared with DKK 376 million in 2007.

Interest-bearing liabilities and trade payables can be broken down as follows:

Interest-bearing liabilities	238.4	297.2	433.6	433.5
Trade payables	97.3	76.0	176.0	203.6
Total balance sheet value	335.7	373.2	609.6	637.1
The maturity profile for accounting purposes can be broken down as follows:				
Less than one year	316.8	355.1	538.7	564.8
Between one and two years	0.7	0.7	0.9	0.9
Between two and five years	2.3	2.3	54.5	54.5
More than five years	15.9	15.1	15.5	16.9
Total balance sheet value	335.7	373.2	637.1	637.1

Based on the Group's expectations concerning the future operations and the Group's current cash resources, no material liquidity risks have been identified.

The Group's borrowing and credit facilities are not subject to any special terms or conditions.

22 CAPITAL MANAGEMENT
The need for alignment of the Group's and the individual subsidiaries' capital structure is reviewed on an ongoing basis to ensure that the capital position is in accordance with current regulations and matches the business concept and the level of activity.

According to the internal Group policy, equity must, as a rule, cover total non-current assets and provide an adequate equity ratio. The objective for the Group's equity ratio is 30-40 %. The equity ratio was 37 % in 2008 versus 35 % at the end of 2007.

23 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND IFRIC INTERPRETATIONS
IThe IASB has issued a number of standards and interpretations that are not mandatory for Dyrup in connection with the preparation of the annual report for 2008: IAS 1, 23 and 27; IFRS 2 and 3; amendments to IAS 27 and 39; and IFRS 1 and "Improvements to IFRSs". IFRS 3 and IAS 27, the stated amendments and IFRICs 12 and 15-18 have yet to be adopted by the EU.

The new standards and interpretations are expected to be implemented from their mandatory effective dates in 2009 and 2010. Apart from the standards set out below, none of the new standards or interpretations referred to above is expected to have a material impact on the Dyrup Group's financial reporting.

IFRS 3 "Business Combinations" (revised) and revised IAS 27 "Consolidated and Separate Financial Statements" are effective for financial years beginning on or after 1 July 2009. The technical adjustments to the purchase method in IFRS 3 are only expected to have limited impact on the Dyrup Group's financial reporting (yet to be adopted by the EU).

IAS 1 "Presentation of Financial Statements" (revised) relating to the presentation of financial statements is effective for financial years beginning on or after 1 January 2009. The standard changes the presentation of the primary statements in 2009, but has no impact on recognition or measurement in the Dyrup Group's financial statements (yet to be adopted by the EU).

IAS 23 "Borrowing Costs" (revised) is effective for financial years beginning on or after 1 January 2009. Under the standard, borrowing costs must be recognised in the cost of a qualifying asset (intangible assets; property, plant and equipment; and inventories). In connection with major qualifying assets that take a substantial period of time to produce, the standard is expected to have an impact on the Dyrup Group's financial statements (yet to be adopted by the EU).

Notes DKKm

24 EVENTS AFTER THE BALANCE SHEET DATE

On 1 January 2009, an agreement was entered into on the sale of the industrial activities with expected closing on 30 April 2009. The sale is an important element of the future strategy with focus on the DIY and PRO markets. The sale will strengthen the financial resources by approx. DKK 75 million.

So far as management is aware, no other events have occurred between 31 December 2008 and the date of signing of the annual report that will have a material effect on the assessment of the Dyrup Group's financial position at 31.12.08, other than the effects that are recognised and referred to in the annual report.

25 SEGMENT INFORMATION

The Group operates exclusively within the "Paint and wood care" segment.

Geographical breakdown of revenue and non-current assets

	Group	
	2008	2007
Revenue can be broken down as follows:		
Denmark	354.0	411.1
Rest of world	1,270.3	1,285.2
Total	1,624.3	1,696.3
Non-current assets excl. deferred tax assets can be broken down as follows:		
Denmark	372.6	293.6
Rest of world	239.3	269.9
Total	611.9	563.5

Group diagram

- **Dyrup A/S**
  Capital DKK 110.0 million
  - **Dyrup S.A.S., France**
    Capital EUR 8.5 million. Ownership 100%
  - **Dyrup GmbH, Germany**
    Capital EUR 0.5 million. Ownership 100%
  - **Pigmenta A/S**
    Capital DKK 1.0 million. Ownership 100%
  - **Dyrup Sp. z o.o., Poland**
    Capital PLN 4.9 million. Ownership 100%
  - **Dyrup Färg AB, Sweden**
    Capital SEK 0.6 million. Ownership 100%
  - **Tintas Dyrup, S.A., Portugal**
    Capital EUR 2.6 million. Ownership 100%
  - **Pinturas Dyrup, S.A., Spain**
    Capital EUR 0,3 million. Ownership 100%
  - **Dyrup GmbH, Austria**
    Capital EUR 0,1 million. Ownership 100%
  - **Dyrup AS, Norway**
    Capital NOK 0,7 million. Ownership 100%
  - **Joinery Coatings Ltd, UK**
    Capital tGBP 30. Ownership 100%
  - **Various small or dormant public and private limited companies**
    Ownership 100%

Company addresses

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Fax: +47 66 81 38 99

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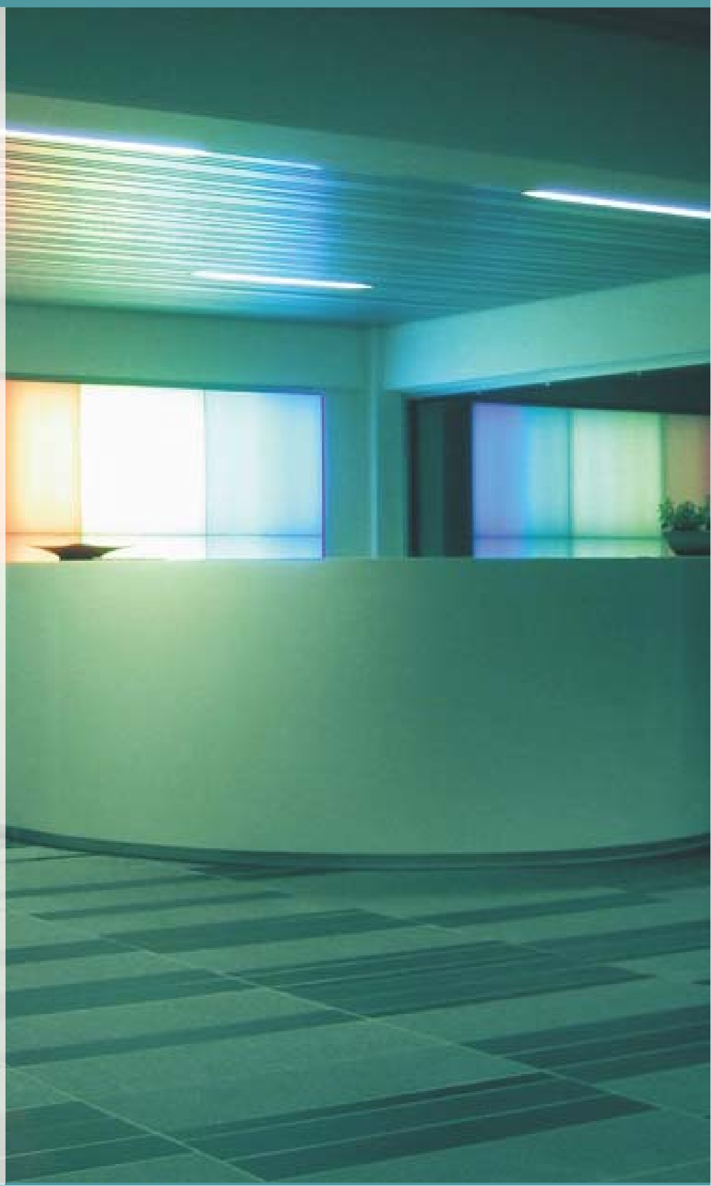
Tlf: +49 2166 964 6
Fax: +49 2166 964 700

Austria
Dyrup GmbH
Wienerbergstraße 11/12
A-1100 Wien



Annual Report 08

MTHøjgaard

We know how

Summary

Profit increase in 2008

- Revenue for 2008 was DKK 11,171 million, down 5% on last year
- Profit before tax was DKK 359 million, a slight improvement on the profit outlook
- The pre-tax margin was 3.2% versus 2.7% in 2007 (2007: excluding non-recurring income 1.7%)
- Equity stood at DKK 1,442 million at the end of 2008 (2007: DKK 1,231 million), giving an equity ratio of 27.3% compared with 24.5% in 2007
- Return on invested capital was 29.7% in 2008 compared with 19.0% in 2007
- Operating cash flows benefited from the satisfactory development in operating profit and a positive cash flow from construction contracts in progress, and amounted to an inflow of DKK 536 million compared with an outflow of DKK 73 million in 2007
- A dividend of DKK 50 million will be proposed

Outlook for 2009

- The order book stood at DKK 9.5 billion at the end of 2008, with DKK 6.5 billion expected to be executed in 2009. The quality of the order book is satisfactory
- Revenue for 2009 is expected to reach approx. DKK 10 billion. International revenue for 2009 is expected to match the 2008 level
- Continued strong financial resources are anticipated, on a par with the end of 2008
- It is expected that a pre-tax margin between 2.0% and 3.0% will be realised

Profitability target

- With a pre-tax margin of 3.2% we have met the target for the pre-tax margin in our 2010 strategy plan. It is our ambition to raise the pre-tax margin to around 5% within a few years

Contents

MT Højgaard also produces the publication 'Profile 08-09'. In the profile you can gain an insight into a selection of our activities and read about a number of our solutions and projects.

The profile can be ordered from service@mth.dk or downloaded at mth.dk

Consolidated financial highlights

Amounts in DKK million	2004	2005	2006	2007	2008
Income statement					
Revenue	7,320	8,273	11,063	11,714	11,171
Operating profit (EBIT)	89	107	60	194	314
Net financing costs and profit (loss) of associates	(16)	(13)	(8)	117	45
Profit before tax	73	94	52	311	359
Profit for the year	75	78	38	235	259
Balance sheet					
Share capital	220	220	220	220	220
Equity attributable to equity holders of the parent	896	968	997	1,231	1,442
Equity incl. minority interests	911	988	1,021	1,231	1,442
Balance sheet total	3,210	3,898	4,824	5,033	5,276
Interest-bearing deposit/debt (+/-)	(144)	(38)	53	192	513
Invested capital	1,074	1,045	988	1,051	1,010
Cash flows					
Cash flows from operating activities	3	341	317	(73)	536
Cash flows for investing activities**	(21)	(169)	(240)	68	(176)
Cash flows from financing activities	4	(47)	(8)	(35)	(61)
Net increase (decrease) in cash and cash equivalents	(14)	125	69	(40)	299
** Portion relating to property, plant and equipment (gross)	(220)	(230)	(288)	(199)	(215)
Financial ratios (%)					
Gross margin	5.9	5.5	4.0	4.7	6.3
Operating margin	1.2	1.3	0.5	1.7	2.8
Pre-tax margin	1.0	1.1	0.5	2.7	3.2
Return on invested capital (ROIC)	8.4	10.1	5.9	19.0	29.7
Return on equity (ROE)	8.5	8.2	3.7	20.9	19.4
Equity ratio	28.4	25.3	21.2	24.5	27.3
Other information					
Order book, year end	5,398	8,352	10,752	10,687	9,461
Average number of employees	4,950	5,260	5,889	6,044	5,273

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

Preface

2008 was a good year for MT Højgaard, with a high level of activity. Despite an approx. 5% decline in revenue, the Group delivered its best ever financial performance, and we are well equipped for the future.

MT Højgaard had strong financial resources at the end of 2008 that are expected to be maintained at a similar level in 2009.

As a result of market conditions, the building and civil works market declined in 2008 compared with the historically high level in 2007. For the same reason, we expect a further decline in 2009. The level of activity has fallen to a low level, especially within residential construction, partly offset by other areas such as our international activities. MT Højgaard entered 2009 with an overall order book around 10% down on last year.

In 2008, we delivered a financial performance slightly ahead of our original full-year profit outlook. This was achieved by consistently maintaining the focus on profitability on our projects despite increasing price competition driven by the state of the market.

In 2008, we achieved the target for the pre-tax margin in our 2010 strategy plan. We wish to remain the leading building and construction company in Denmark and will consequently keep setting ourselves new targets. We will continue to focus on increased profitability and profitable growth. As a company sensitive to economic fluctuations, in the present circumstances it will be difficult for us to raise our pre-tax margin in the short term, but it is our ambition to raise it to around 5% within a few years.

We regularly develop and strengthen initiatives aimed at underpinning our future earnings at a satisfactory level. One important such initiative is our risk management model. The model has been incorporated as an integral part of the way in which we manage the tendering and performance processes. Our risk management framework is made up of a number of policies and guidelines, and our employees receive regular training in these. We are also working in a concerted manner to strengthen IT support for our business execution.

We have set ourselves a number of corporate targets that we have broken down into sub-targets for each entity. These include both financial targets and targets in other areas. One of the areas to which we give high priority is health and safety. In 2008, we improved our accident statistics, achieving our target and having our occupational health and safety certificate renewed once more. As it is important for us to know that it is safe for our employees to go to work, we will be tightening our health and safety targets still further in 2009.

Our organisation has been developed with countrywide building and civil works activities, in keeping with our strategy to be countrywide and local. At the start of 2009 we will be hiving off our utility service activities and joinery/carpentry business on Zealand into separate subsidiaries.

Business area International is developing successfully, and revenue increased still further in 2008 compared with the high 2007 level. We expect international revenue to remain at an unchanged level in 2009.

Our subsidiaries are developing in accordance with the strategy plans. We have generally strengthened our market position, and the earnings trend in Enemærke & Petersen, Lindpro, Scandi Byg and Greenland Contractors is positive. Seth lagged behind the 2007 level, and Ajos did not achieve the expected results in its first financial year. Promecon reported a substantial loss in 2008.

MT Højgaard is a knowledge-intensive enterprise, and our employees are our most important asset. Their knowledge, skills, commitment and enthusiasm form the basis for the results and values we create. Our employees make a highly valued contribution on a daily basis. In 2009, we will focus on training and education, and on strengthening the company-wide collaboration that is so important in a company such as ours, in which knowledge and knowledge sharing are vital.

Kristian May

President and CEO

Strategic platform

In our strategy work, we have been focusing on increased profitability and profitable growth, in prioritised order, since 2007.

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

With a pre-tax margin of 3.2% in 2008, we met our target for the pre-tax margin, and it is our ambition to raise the pre-tax margin to around 5% within a few years.

Against the background of the current economic climate, we do not expect to be able to raise the pre-tax margin in 2009. Revenue will be a result of the opportunities presented by prevailing market conditions at any time and our requirements concerning profitability.

The main elements of our strategy are as follows:

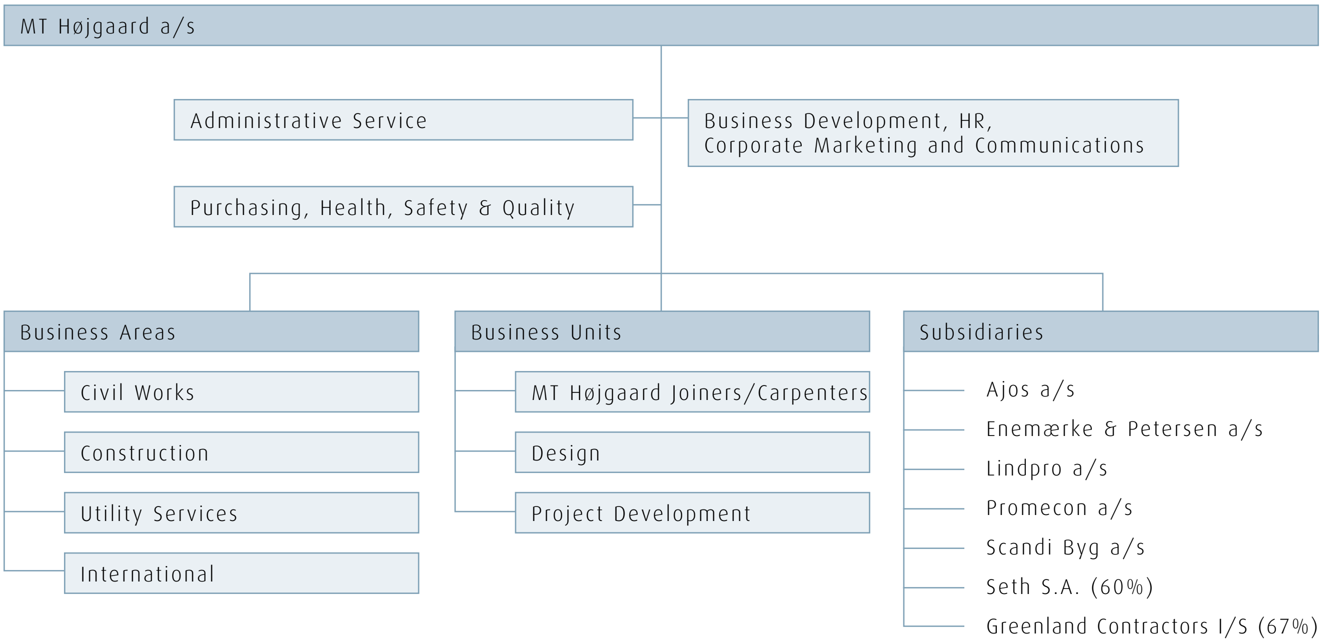
- continuous focus on profitability and further development of risk management
- organic selective growth
- broad geographical presence in Denmark
- further development of the international activities within MT Højgaard's core capabilities
- development of concepts and conceptualisation of existing activities
- development of collaboration models, including with selected key accounts
- continued development of project development activities
- development of the subsidiaries with focus on further market consolidation
- strategic acquisitions that will broaden our market coverage in Denmark

In 2008, MT Højgaard maintained a high level of activity despite the fact that revenue was down 5%. The economic upheaval in 2008 has increased price intensity in the Danish market, but we are retaining profitability as our highest priority and we are focusing on initiatives that can push up our earnings and raise our pre-tax margin in the individual areas. We are being highly selective when identifying new projects, both from an earnings point of view and in terms of other criteria. This may lead to a drop in the level of activity as a possible and accepted consequence.

Our achievements in 2008 include:

- We have added new geographical platforms that create the basis for developing MT Højgaard and delivering satisfactory financial results in the coming years
- Business area International has been developed within MT Højgaard's core capabilities. Profitability and profitable growth are in focus. Our growth in 2008 was at a slightly lower level than the two previous years, which saw very high growth rates
- Our project development activities were at a lower level than in 2007, but we are working on a number of forward-looking perspectives
- Our subsidiaries are developing in line with the strategy plans. Our market position has been strengthened, and the earnings trend in Enemærke & Petersen, Lindpro, Scandi Byg and Greenland Contractors is positive, while Seth lagged behind the 2007 level. Promecon recorded a substantial loss in 2008. A new focused strategy for Promecon is to bring the company back on track in 2009
- Risk management has become an integral part of our management model, partly in connection with tendering, and we expect this to contribute to increased profitability in future
- In 2008, we strengthened our corporate culture by focusing on collaboration and business skills

Group diagram



The above organisational diagram is the structure effective until 31 December 2008. It is planned to hive off MT Højgaard Joiners/Carpenters and Utility Services into separate newly established subsidiaries with effect from 1 January 2009. Further details of the organisational changes are given on page 9.

Denmark's leading building and construction company

MT Højgaard creates space for people's activities. We make our mark all over Denmark, building bridges and harbours, roads and railways, commercial and industrial buildings, housing and institutions.

We were founded at the beginning of the previous century by four enterprising entrepreneurs. Today, we are still developing some of the industry's most efficient construction techniques and methods. This enables us to create value for our customers and the many people that move in, above and below the structures that we build. Because we have a wealth of experience and boast almost every single skill in the industry, we can undertake any building and civil works project. That is why we are able to say: We know how.

It is our ambition to do a good job so that we are recognised as Denmark's leading building and construction company. We want to be known for listening, adding value and creating individual solutions, so that customers come to us in complete confidence that the final result will come up to their expectations.

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

Group annual review for 2008

Actual performance versus outlook

MT Højgaard delivered profit before tax of DKK 359 million in 2008, up 15% on 2007.

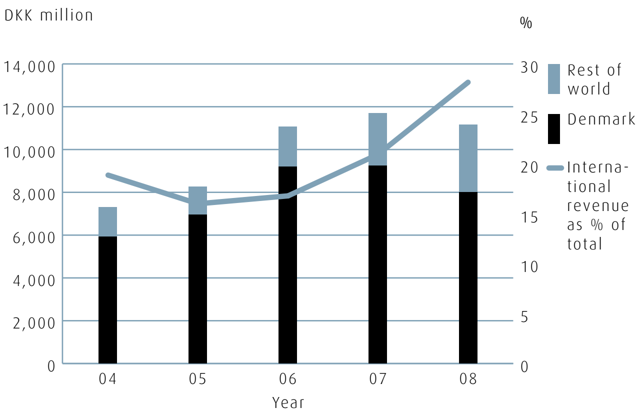
Profit was slightly ahead of the profit outlook, primarily due to several large projects developing better than expected. In the preliminary announcement for 2007, profit before tax in the DKK 300 million region was anticipated, as reaffirmed most recently on 24 November 2008.

Income statement

Revenue for 2008 totalled DKK 11,171 million, down 5% on last year.

International activities, comprising the activities of business area International, the foreign subsidiaries and jointly controlled entities, accounted for 28% of revenue in 2008, up from 21% in 2007.

REVENUE



In 2008, the MT Højgaard Group recorded operating profit (EBIT) of DKK 314 million, up DKK 120 million on 2007.

The operating margin (EBIT margin) increased to 2.8% in 2008, up from 1.7% in 2007, due to the increase in profit.

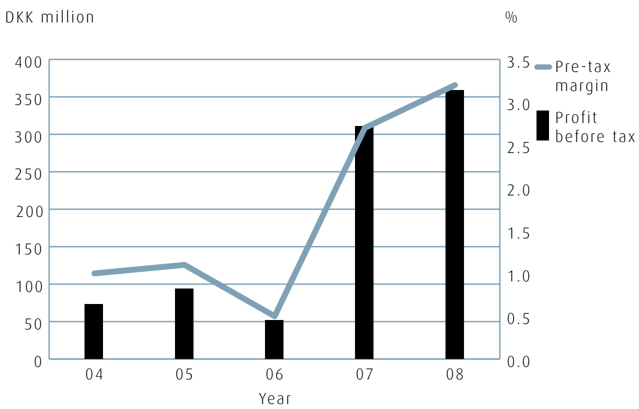
Profit benefited from the sale of self-generated project development cases, including the sale of plots of land. The substantial loss generated by the activities of the subsidiary Promecon a/s had the opposite effect.

Net financing costs amounted to net income of DKK 45 million compared with DKK 117 million in 2007. Net financing costs benefited from currency hedging of construction contracts denominated in foreign currencies and realised and unrealised foreign exchange gains. In 2007, this item was affected by non-recurring income from the sale of shares in BMS, Seth and Composite Limited, all of which were recognised as financial items.

Profit before tax was DKK 359 million, up DKK 48 million on last year. The pre-tax margin was consequently 3.2% versus 2.7% in 2007.

The pre-tax margin in 2007, excluding non-recurring income from the sale of shares, was 1.7%.

PROFIT BEFORE TAX AND PRE-TAX MARGIN



Income tax expense was a net expense of DKK 100 million, providing an effective tax rate of 28% compared with 24% in 2007. The tax is made up of a current tax charge of DKK 31 million and a DKK 69 million change in the Group's deferred taxes. At the end of 2008, the Group's deferred net tax asset was DKK 140 million compared with DKK 210 million in 2007.

Consolidated profit after tax was DKK 259 million compared with DKK 235 million in 2007.

On the Buxton project, there are no changes to report in relation to what was stated in the 2007 annual report. The claims for extra payments advanced by MT Højgaard are the subject of international arbitration. In accordance with the company's policy, no income has been recognised in the financial statements in this respect.

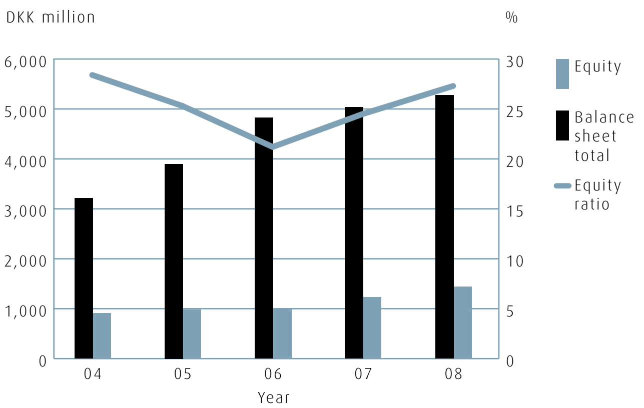
Balance sheet

The consolidated balance sheet total stood at DKK 5,276 million at 31 December 2008, up 5% on the end of 2007.

Equity stood at DKK 1,442 million, giving an equity ratio of 27.3% compared with 24.5% at the end of 2007. Besides profit for the period, equity was affected by the payment of DKK 50 million in dividend. The return on equity was 19.4%.

A dividend of DKK 50 million will be proposed.

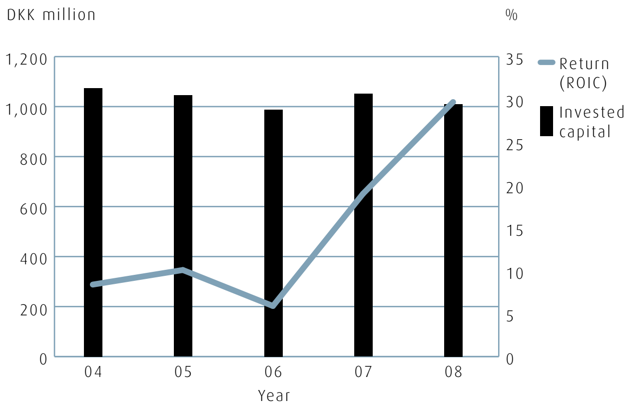
BALANCE SHEET AND EQUITY



The interest-bearing net deposit increased by DKK 321 million in 2008, standing at DKK 513 million at the end of 2008. The increase primarily reflected positive cash flows from operating activities.

Invested capital amounted to DKK 1,010 million at the end of 2008 compared with DKK 1,051 million in 2007, and the return on invested capital was 29.7% versus 19.0% in 2007.

INVESTED CAPITAL AND RETURN (ROIC)



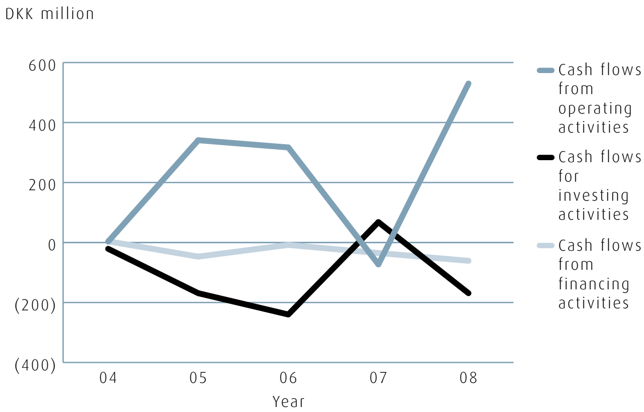
Cash flows and financial resources

Operating cash flows benefited from a satisfactory development in operating profit and a positive cash flow from construction contracts in progress, and amounted to an inflow of DKK 536 million compared with an outflow of DKK 73 million in 2007.

Investing activities absorbed DKK 176 million versus a net cash inflow of DKK 68 million last year, which benefited from sale of activities. Acquisition of enterprises absorbed DKK 41 million and purchase of securities DKK 10 million. Net capital expenditure on property, plant and equipment amounted to DKK 125 million versus DKK 141 million in 2007 and related primarily to replacement of and new investment in contractors' plant and equipment.

Cash outflow from financing activities was DKK 61 million compared with DKK 35 million last year. The amount related to distribution of dividend and reduction of non-current bank loans, etc.

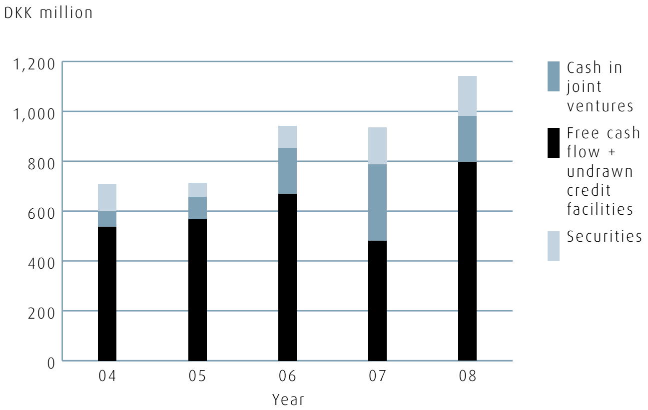
CASH FLOWS



Cash and cash equivalents increased by DKK 299 million net in 2008 compared with a net decrease of DKK 40 million last year. The net cash balance, calculated as cash less the current portion of bank loans, etc., amounted to DKK 476 million compared with DKK 177 million at the end of 2007.

The Group's financial resources, calculated as cash, including cash and cash equivalents in joint ventures, and securities and undrawn credit facilities, stood at DKK 1,141 million at 31 December 2008.

CONSOLIDATED FINANCIAL RESOURCES



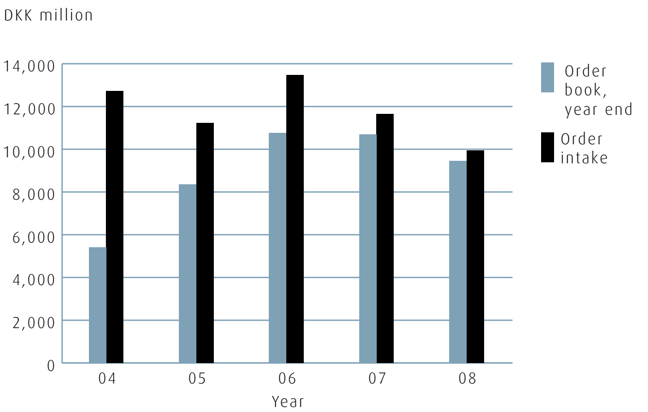
Order book

The order book stood at DKK 9,461 million at the end of 2008, approx. 10% down on last year. The quality of the order book is satisfactory.

DKK million	2008	2007
Order book, beginning of year	10,687	10,752
Order intake for the year	9,945	11,649
Production during year	(11,171)	(11,714)
Order book, end of year	**9,461**	**10,687**

The order book includes a number of large orders extending over several years.

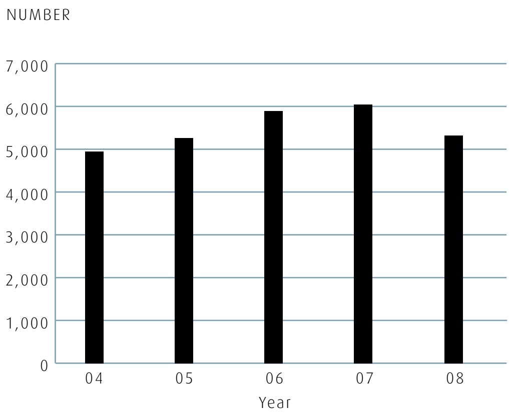
ORDER BOOK AND ORDER INTAKE



Employees

We had an average of 5,273 employees in 2008, down from 6,044 in 2007. The number of employees fell during the year, closing 2008 at 5,254, down 618 on the same time last year.

AVERAGE NUMBER OF EMPLOYEES



Acquisition and disposal of enterprises

On 1 January 2008, the subsidiary Enemærke & Petersen strengthened its position within all-in building maintenance and service solutions by acquiring Bendix Træ og Glas ApS, which has 30 employees.

MT Højgaard a/s also strengthened its position in Southwest Jutland in the utility services area by acquiring the activities of the contracting firm Erik Jacobsen with effect from 1 October 2008. The company has 33 employees.

These acquisitions have not had any material impact on consolidated revenue or profit for 2008.

Knowledge resources

Skills development, knowledge sharing and development of products and methods are systematised in MT Højgaard. The systems are the foundation for developing both the organisation and employee skills.

Skills development

We give high priority to skills development and initiatives promoting employee recruitment and retention.

MT Højgaard Academy got off to a good start in 2008, replacing the existing project management training. The Academy is the result of intensive efforts to establish new and up-to-date in-house training for project employees. The training programme is the core that is to ensure consistent and professional management of projects and an important competitive parameter relative to our competitors.

The Academy programme is modular. The first modules focus on our core processes, with employees being trained in successful application of project management tools. Further into the programme, we focus on general project management. It takes at least five years to complete the full Academy programme.

In 2008, we generally continued to focus on management and employee development and training. One topic was leadership, which has been incorporated in the compulsory "Basic course for new managers," which we run on a regular basis for all new managers.

Leadership, leadership tools and management development are other topics of a modular management development programme in which MT Højgaard participates together with five other large Danish companies in collaboration with a professional course provider. The programme provides managers with insight into their own personal leadership styles, and centres on specific cases taken from the participants' day-to-day working lives. In the course of the programme the managers develop a strong network across industries and skills.

We offer our employees a flexible benefits programme from which they can select the incentives that suit them. Employees can choose from benefits such as employee bonds, health checks or extra days off, tailoring a remuneration package to suit their specific needs.

MT Højgaard's rotation scheme for newly qualified engineers and construction designers is a great success, enabling us to attract and recruit many talented young employees. The rotation scheme gives newly qualified engineers and construction designers an opportunity to participate in a targeted programme that allows them to experience various disciplines before deciding whether to specialise.

Throughout 2008 we implemented action plans and improvement initiatives based on a major survey of mental health in the workplace that was carried out at the end of 2007. The survey has made us focus on the need to communicate clearly how we want to create a good and inclusive workplace. The survey will be repeated in 2010, when we will be intensifying the focus on wellbeing at work.

Knowledge sharing

MT Højgaard is a knowledge-intensive company, and the key to our continued success is our talented and committed employees.

The work on knowledge sharing is an ongoing process, and all information is gathered in our knowledge system. Here, employees can access information about different aspects of the building process – from the latest news about health and safety regulations and quality assurance to information about collaboration with clients, authorities and colleagues.

Development of products and methods

At MT Højgaard we are constantly looking at optimising our building processes and types of collaboration with clients, consultants and end users.

MT Højgaard's Partnering office gathers knowledge and information about partnering and acts as support function on current building projects. A partnering project is a building or civil works project that is carried out by several partners and relies on shared goals and objectives expressed in terms of shared activities and based on mutual financial benefits.

The process follows an individually tailored course with a number of well-defined workshops. The process takes as its starting point shared goals for collaboration on economy, programme and quality, so that the level can subsequently be established in a construction contract. Once a construction contract has been entered into, the close collaboration continues, centering on the shared goals and continuous reconciliation of expectations right up to project hand-over.

Public Private Partnership (PPP) is a collaboration model that can be used for public sector projects requiring long-term investments.

The gist of the concept is an overall financial assessment, where operation and maintenance are factored into the planning phase. The result is a building of better quality and with a more sensible overall project economy. In 2008, we entered into yet another PPP project with Dan-Ejendomme and Norwegian/German Bank DnB NORD – the joint venture that was also behind the following PPP projects: the Danish Land Registration Court in Hobro and Vildbjerg School near Trehøje/Herning. This time, the joint venture will be in charge of the construction, operation and funding of a new large school in Rudkøbing on the island of Langeland for the next 30 years.

The TrimBuild® production concept is a process management tool that creates a more efficient and seamless building process. The purpose is to optimise collaboration between the partners on building projects. This is to ensure that planning, management, organisation and coordination of all processes and activities through the entire building process are based on a holistic perspective and optimum production criteria. Many examples have demonstrated clearly that TrimBuild® creates a more efficient and smooth building process, providing added value and quality for the client.

TrimBuild® also produces better results for the parties involved, reduces the number of errors and defects, ensures timely handing-over and is instrumental in enhancing safety at the building site.

Environmental issues

We are constantly focusing on our responsibility towards the external environment and the environmental footprint of our activities. Compliance with current legislation and other environmental requirements forms a natural basis for our environmental actions.

In 2008, we began exploring possibilities for environmental improvements. At our building sites and in our offices the aim is to identify the potential for financial and energy savings for implementation in 2009. The aim is to lower the environmental impact of all our activities to what is technically and financially feasible. We have also heightened our focus on advice on and development of solutions that are more environment-friendly.

We identify the environmental factors and risks associated with each project to ensure that appropriate environmental action can be taken. We do this on the basis of a well-proven and recognised environmental management system and in collaboration with clients and business partners. We also wish to help shape attitudes in society so as to heighten the focus on making it financially attractive for clients to opt for the climate-friendly option.

Health and safety and quality

MT Højgaard has built up an extensive quality management organisation and practices quality management on all public and private building projects. We follow up closely on all projects with respect both to health and safety and quality to ensure consistent delivery of high quality and the fewest possible errors.

MT Højgaard wishes to be at the cutting edge in the health and safety field. This implies an obligation to work in a concerted manner to improve safety and reduce the number of occupational accidents. We meet this obligation through information, instruction and risk assessment of coming projects. We also carry out inspection visits to individual workplaces and investigate occupational accidents.

In 2008, we achieved our safety target, which was fewer than 30 occupational accidents per one million hours worked. In 2008, the actual frequency was 26.3. That is a significant improvement on last year, reflecting previous years' targeted efforts and attitude-shaping in relation to health and safety and safety culture. MT Højgaard aims to cut the accident frequency rate still further in 2009, to fewer than 25 occupational accidents per one million hours worked.

We want to improve our health and safety performance still further. The Confederation of Danish Industry (DI) provides us with inspiration for our future action in the health and safety field and an insight into how safety work is organised in the UK and the USA. This also enables us to maintain and develop our competencies in this field.

Management information

At the Annual General Meeting in April 2008, Curt Germundsson, former Senior Vice President, was newly elected to the Supervisory Board.

There have been no further management changes.

Organisation

MT Højgaard undertakes all forms of building and civil works and operates in a number of specialist areas nationally and internationally.

The core activities of the building and construction company in Denmark are organised into the business areas Civil Works and Construction and the two business units Design and Project Development. Business area International takes care of international activities, primarily comprising civil works projects.

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

Organisational changes

Ajos, which was previously a business unit, was hived off into a newly established subsidiary with effect from 1 January 2008. Likewise, the business area Utility Services and the business unit Joiners/Carpenters will be hived off into newly established subsidiaries with effect from 1 January 2009, partly as an element of the profiling of these entities in the market. The names of the two new companies are Subtera (Utility Services) and Timbra (Joiners/Carpenters), respectively.

Corporate governance

MT Højgaard is not listed, but is owned by Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%), both of which are listed on NASDAQ OMX Copenhagen. MT Højgaard's annual report consequently does not include a separate section on Corporate Governance. Reference is made to the respective owner companies' annual reports for details of their Corporate Governance principles.

Outlook for 2009

In view of current market conditions, we expect the building and civil works market in Denmark to contract still further in 2009 compared with the already declining level in 2008. We estimate that about DKK 110 billion of the expected total market volume of about DKK 165 billion in the professional building and civil works market in 2009 will lie within MT Højgaard's spheres of interest.

We do not expect the activities within construction to rise from the 2008 level, as we do not expect the development within the commercial area to be able to make up for the low level that residential construction fell to already in 2008.

The refurbishment market is expected to continue to be characterised by a high level of activity within conversion and upgrading projects in 2009, especially in the public sector.

We expect the civil works market in Denmark to remain stable due to continued public sector investments in the transport sector.

The utility services market is expected to be at lower level in 2009 than in 2008, based on a reduced roll-out rate, especially as far as concerns the electricity companies' cable-laying projects.

We believe that we will see stable development in the international activities in 2009, the focus being on selective identification of project opportunities in relation to in-house skills and resources. We are applying particular attention to foundations for offshore wind farms, an area in which we are among the most experienced in the world.

The order book stood at DKK 9.5 billion at the start of 2009, with DKK 6.5 billion expected to be executed in 2009. The order book is approx. 10% down on the start of 2008, and the quality is satisfactory. MT Højgaard will continue to be highly selective when identifying new projects, focusing on the profitability of the projects within the framework of our risk management. We expect revenue for 2009 to reach approx. DKK 10 billion. We expect the proportion of revenue accounted for by international activities to be 28%, on a par with 2008.

Selectivity, focusing and targeted risk management are the basic criteria for securing satisfactory earnings. Despite an alignment of costs to a slightly lower level of activity than in 2007 and 2008, we do not expect to be able to deliver a financial performance matching 2008 with the current market conditions.

For the Group we expect a pre-tax margin between 2.0% and 3.0% versus 3.2% in 2008.

We expect the Group's effective tax rate to be at a slightly higher level than the Danish tax rate due to higher tax rates on the international income.

MT Højgaard expects operating activities to generate a cash inflow in 2009, albeit at a lower level than in 2008. We also expect to continue to maintain strong financial resources in the form of both cash, securities and credit facilities on a par with the end of 2008. Capital expenditure is expected to be somewhat below the 2008 level.

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

Risk factors

Commercial risks

MT Højgaard's activities entail various commercial and financial risks that may affect the Group's development, financial position and operations.

We consider it a critical part of our strategy to continuously minimise the current risks, which, in our opinion, do not generally differ from the normal risks facing contractors.

The overall framework for managing the risks we judge to be critical for the Group is laid down in the business concept and the associated policies.

We endeavour to cover, to the greatest possible extent, significant risks outside our direct control by taking out relevant insurance policies.

Market conditions

Market conditions have a major impact on the contracting industry, and the building sector is periodically used as a regulating factor in fiscal policy. Fiscal policy initiatives may include both tightening and expansionary measures in the form of subsidy schemes and grants.

Our position in the Danish market, coupled with our spread on markets, customers and areas of expertise, helps to balance risks under fluctuating market conditions.

Market trends in the various business areas often differ under varying economic framework conditions.

Projects

Our project management is crucial to ensure satisfactory value creation in the company. Our knowledge management system features all the procedures and paradigms that our employees need to be able to handle the individual project from sale and tendering to hand-over to the client. Prior to bidding for major projects, we carry out a systematic, structured review of the project to ensure that risk areas are identified and unforeseen events minimised.

Process management during the construction phase is paramount to ensure that building site activities are efficiently coordinated and optimised. We use the TrimBuild® project management tool on many projects to enhance quality and productivity, reducing the risk of delays and budget overruns on individual projects.

Partnering is a form of collaboration under which a larger part of the responsibility lies with the contractor through his participation in design and planning. This concept is becoming increasingly popular and enhances the possibilities for optimising risk identification on the individual project.

On major projects, we often use joint venture collaboration as a further means of minimising risks.

We provide standard performance and payment bonds in the form of bank guarantees, guarantee insurances and bond deposits as security for contracts and supplies. Performance and payment bonds, etc., totalled DKK 3,506 million at the end of 2008 compared with DKK 3,233 million in 2007.

Project development

Project development activities in 2008 again centred on residential construction. The risk attaching to this activity relates primarily to the development in the market for residential construction and the extent to which dwellings sell prior to start-up of each project.

The start-up of self-generated housing projects is subject to advance sale of at least 75% to 80% of the project. We monitor the development in the housing market closely. When starting up several projects at the same time, we focus on balancing the overall risk.

Financial risks

Financial risks are described in note 26 to the financial statements.

Operating review for 2008

We work exclusively within building and civil works, and the Group is consequently not divided into segments.

On 31 December 2008, the Group was organised into four business areas, three business units and the separately profiled subsidiaries as well as the Group's corporate functions.

The business areas Civil Works, Construction and Utility Services are countrywide. Business area International takes care of international activities, primarily comprising civil works projects.

The business units Joiners/Carpenters, Design and Project Development undertake projects for external clients as well as for the business areas.

Subsidiaries comprise the Group's subsidiaries and jointly controlled entities with separately profiled capabilities within the contracting business.

MT Højgaard delivered revenue of DKK 11,171 million in 2008, down 5% on 2007. Revenue can be broken down by activity as follows.

Revenue – DKK million	2008	2007
Civil Works	980	1,546
Construction	3,178	4,523
Utility Services	693	598
International	2,150	1,698
Business units	719	645
Subsidiaries	4,112	3,718
Eliminations/others	(661)	(1,014)
MT Højgaard Group	**11,171**	**11,714**

Civil Works

Business area Civil Works undertakes traditional civil works projects, with the main emphasis on earthworks, sewers, concrete and marine works. We undertake civil works projects across Denmark, including roads, bridges, underground car parks, harbours, foundations, tunnels and stacks.

Clients predominantly consist of public sector or publicly subsidised organisations. As a rule, collaboration is on a main contract basis, with the detailed design being specified by a third party. However, we also carry out projects on a design-build, partnering and PPP basis.

Civil Works is characterised by tendering, where price is the all-important criterion, and projects are executed in-house to a great extent.

Unlike building projects, the level of civil works projects put out to tender traditionally remains largely unchanged from one year to the next. 2008 was characterised by pressure on prices as fewer building projects were put out to tender, with building contractors turning their attention to civil works projects.

The year was also characterised by much lower revenue. Despite this, the financial results were ahead of 2007.

In 2009, we expect an unchanged level of activity compared with 2008.

Projects under Civil Works

Motorway bridge Borrevejle Vig – Replacement of motorway bridge near the inlet Borrevejle Vig. Due to the location of the bridge in a protected reed swamp, the bridge was cut into sections and lifted out by mobile crane. A new bridge was then cast from 1,000 m³ of concrete and 320 tonnes of rebar.

Aalborg harbour front – In Aalborg, we are in the process of modernising the harbour front. Behind the refurbishment of a 12.5-metre-wide harbour promenade, an activity area and some urban gardens have been created that are finished off with a "bastion wall" in white concrete. On the waterfront side, new steel ladders and a new quay retaining wall have been established. The task has required competencies such as pile driving and sheet piling, asphalt surfacing, ground dewatering and concrete renovation below the water line.

District heating tunnel for Copenhagen Energy – Establishment of a modern, efficient, 3.9-km-long tunnel that is to accommodate steam, hot-water and condensate lines. This will save Copenhagen from 200,000 tonnes of CO_2 annually, equivalent to the combined emission from 53,000 passenger cars. The contract comprises establishment of a bored tunnel, three shafts and concrete works.

Refurbishment of Christiansborg Palace Tower – On the tower of the building that houses the Danish Government, we are carrying out concrete renovation and electrical and membrane work, including cutting away concrete spalls and corroded steel, cleaning of concrete surfaces using sandblasting, corrosion protection of the steel so that any holes can be repaired using special mortar, and laying of new floor membranes.

Construction

Business area Construction undertakes all types of construction across Denmark, both residential and commercial construction projects and schools. This area also undertakes all forms of refurbishment, conversions and urban renewal.

Having a local presence is crucial to being competitive locally and in relation to our client network. The business area's revenue comes predominantly from small, locally anchored building and refurbishment projects, on which we combine local knowledge and specialist skills with our countrywide skills. In 2008, we established three new platforms for our local activities in Construction, with the opening of new local offices in Hillerød, Horsens and Næstved.

Projects under Construction

Christians Park – In 2008, we completed our first Nærbo™ project, "Christians Park" in Odense. The complex is based on MT Højgaard a/s's Nærbo™ concept, which is designed with the modern, community-oriented person in mind. A modern expression is achieved by the use of rainscreen tiling as facade cladding, for example. A community-oriented expression is accentuated by the "meeting points" at the entrances and on the access balconies.

Tinggården in Holstebro – We have carried out the external refurbishment of Tinggården in Holstebro. Tinggården consists of 19 blocks with 330 apartments on three levels. The refurbishment comprises a new roof, facade cladding, post-insulation, new external access balconies, larger doors, raising of balcony floors, replacement of utility supplies, sewer refurbishment, lighting and new landscaping.

Admin building Great Belt – In Halsskov, we are expanding A/S Storebælt's admin centre by 1,700 m². The new building is being built adjoining the existing facilities and will have architectural similarities with the Great Belt Bridge. We expect the project to be completed in spring 2009.

Nupark – We are expanding the Nupark (Northwest Jutland Development Park) office complex in Holstebro by 6,500 m². Since the establishment of Nupark, the need for more space has been increasing, and the growth environment has consequently grown from 12,000 m² to first 18,000 m² and then, most recently, a further 6,500 m². MT Højgaard was responsible for the latest phase, which was inaugurated on 1 June.

In Construction we undertake in-house production within all types of joinery/carpentry, masonry and concrete works. The three new local offices strengthen local in-house production still further and expand the local service departments.

Besides local in-house production, the business area also has a countrywide unit, which markets and develops housing concepts.

Our conviction that PPP is an expanding market that has a future in the Danish building sector was borne out again in 2008, when we started up our third PPP project. This time, the joint venture, which consists of MT Højgaard, Dan-Ejendomme and Bank DnB NORD, will be building, operating and funding Ørsted School on the island of Langeland. This is the same joint venture that also completed the following two PPP projects: the Land Registration Court in Hobro, which is scheduled for completion in 2009, and Vildbjerg School near Trehøje/Herning.

The year was characterised by a 30% drop in the level of activity compared with last year, but a considerable improvement in financial performance. We expect a similar level of activity in 2009.

Utility Services

Utility Services' activities include underground installation of power cables, fibre optic network and broadband cables for data transmission, water supply, sewers and gas pipes. Some of the electrical work we are carrying out in collaboration with MT Højgaard's electrical installations company Lindpro a/s.

The full-year level of activity exceeded expectations, but earnings did not follow suit, partly due to growing competition. The high level of activity was due in part to the fact that the beginning and the end of the year were frost-free, allowing installation to proceed without any significant hold-ups due to the weather. Another reason for the increase in production was a wish on the part of clients in Zealand to accelerate the underground installation of power cables and fibre optic cables.

The level of activity on Funen and in Jutland was low, primarily reflecting the fact that the pace of the fibre optic network roll-out stagnated already at the start of the year. However, with the acquisition of the activities of the contracting firm Erik Jacobsen in Tønder, Utility Services has strengthened its position in Southwest Jutland in its sphere of activity.

The production in business area Utility Services consists, in equal shares, of in-house production and Danish and foreign trade contractors.

We will be hiving off the Utility Services business area into a separate subsidiary on 1 January 2009 under the name Subtera a/s. We expect the level of activity for 2009 to decrease, as the pace of the fibre optic network roll-out is expected to slow down generally, across Denmark, compared with previous years.

Projects under Utility Services

Copenhagen – In Copenhagen, we are carrying out work for DONG Energy in connection with the remediation of high-voltage and low-voltage faults as well as utilities for expansion of Ørestaden and on Havneholmen.

Frederiksberg – For DONG Energy, we have carried out cable-laying in the Fuglekvarter and Kongekvarter districts of Frederiksberg. We have also provided assistance in connection with major mains water leakages.

North Zealand – For DONG Energy, we installed utility lines and lighting and fibre optic network (FTTH) infrastructure during the year. The work was mainly concentrated in the following areas: Gentofte, Søllerød, Karlebo, Hørsholm, Fredensborg, Gundsø and Greve.

International

Business area International primarily focuses on four geographical areas and two market segments.

The four geographical areas are: Northern Europe and the North Atlantic; Southwest Asia; Southeast Asia; and the Middle East. In the North Atlantic (the Faroe Islands and Greenland), we carry out building and civil works, whereas, in the other areas, we primarily carry out civil works.

The two market segments are offshore foundations, mainly comprising foundations for offshore wind turbines, and establishment and operation of mines in Greenland.

2008 was another busy year for business area International. Revenue was almost 27% ahead of 2007. Profit did not match expectations, primarily due to problems with the installation vessels on two of our wind turbine projects and write-downs in connection with a few other projects.

Despite the global slowdown in building and civil works we expect the level of activity in 2009 to match the 2008 level. There is still major untapped potential in the market areas and segments in which International operates, and we consequently expect a growing level of activity in the longer term.

Projects under International

Water treatment in Vietnam – In Bac Giang north of Hanoi we are building a wastewater treatment plant and renovating and expanding the local sewer system. Danida has provided loan finance for the project.

Marine works in Qatar – In Mesaieed south of Doha we have previously undertaken harbour construction projects and are now installing a cooling water inlet for gas turbine cooling on a newbuilt power station.

Offshore wind turbines in the UK – In the UK, we have installed 25 foundations for the Rhyl Flats offshore wind farm. At the turn of the year, we had completed 50 of the 62 foundations on the Robin Rigg offshore wind farm and 19 of 49 foundations on the Gunfleet Sands offshore wind farm.

Mine projects in Greenland – In Greenland, operation of the olivine mine in Fiskefjorden has been transferred to the Swedish client Minelco. We are participating actively in preliminary investigations and preparation of the basis for profitability analyses on several potential mine projects in Greenland with a view to future contracts in the mining industry.

Office buildings and dwellings in Greenland – In Greenland, the second of two 12-storey apartment blocks was completed under the company's own auspices. We are also building a new head office for Grønlandsbanken in Nuuk.

Schools on the Faroe Islands – Projects on the Faroe Islands include the completion of two architecturally distinctive schools, both of which were handed over at the turn of the year.

Business units

The business units comprise Joiners/Carpenters, Design and Project Development.

Overall, the business units delivered revenue below our expectations, while profit matched expectations. Profit benefited from the sale of self-generated project development cases and the sale of plots of land by Project Development.

A favourable level of activity is expected for Joiners/Carpenters, whereas we anticipate a reduced level for Design and Project Development.

Joiners/Carpenters undertakes all forms of joinery and carpentry work. We primarily work in Greater Copenhagen, both on self-generated projects and projects for external clients.

The Joiners/Carpenters business was hived off from the parent company on 1 January 2009 into a newly established subsidiary with the name Timbra a/s.

Design is our skills centre within consulting engineering and design services relating to all the principal engineering disciplines, including sewers, structures, installations, soil engineering and environment. The unit specialises in civil works and building projects and heavy industrial plants. We actively involve Design in the business areas' projects to optimise the management of design risks.

In **Project Development** we specialise in the development of commercial, housing and retail projects across Denmark. We develop projects both for our own property portfolio and for plots to which title has been secured through options, conditional sales contracts or collaboration agreements.

To broaden our coverage, both geographically and in terms of segments, we work closely together with a number of professional players in the market that supplement Project Development's own skills and networks.

Our project development strategy is long-term, and we consequently become involved both in projects for immediate execution and projects that we plan to carry out over a number of years.

Project development is based on an overall assessment, with the local area and the future users' needs as starting points, and focusing on architecture, buildability and sustainability.

In Project Development we operate with a low risk profile, which means that our projects are in essence sold before start-up of the building project. The Project Development business unit works closely together with our contracting units, which are always responsible for execution of the building projects in order to maximise value creation through close collaboration.

The focus has changed from the highly profiled large residential construction projects in the metropolitan area to a number of small residential construction projects in North Zealand and the Roskilde area, for example. We are also exploring a number of specific commercial opportunities, and we expect to start up one or more major commercial building projects in 2009.

Subsidiaries

The subsidiaries of the contracting business comprise Ajos a/s, Enemærke & Petersen a/s, Lindpro a/s, Promecon a/s, Scandi Byg a/s and the jointly controlled entities Seth S.A. and Greenland Contractors I/S.

The subsidiaries generated operating profit of DKK 175 million in 2008 versus DKK 306 million in 2007.

We expect the subsidiaries' 2009 revenue to be at a slightly lower level than in 2008.

Ajos a/s

With around 200 employees, Ajos is one of Denmark's largest players in plant and equipment hire.

In spring 2008, Ajos set up a separate department in Århus, making it countrywide with a total of six departments ranging from Aalborg to Copenhagen.

The market was declining in 2008, calling for changes in relation to our customers, as building projects, in particular, have shifted from the metropolitan area towards West Denmark. To grow and retain market shares, Ajos made concerted efforts in 2008 to create more holistic solutions for its customers.

Profit for 2008 was lower than expected, as the general decline in the market has put hire prices under pressure and led to a fall in hire activity.

For 2009, we expect competition to intensify in relation to our building sector customers, but we believe that there will still be good opportunities, especially on the basis of concepts and holistic solutions. Ajos also anticipates an increase in revenue to non-contractor customers such as the oil and gas industry and claims service.

Enemærke & Petersen a/s

Enemærke & Petersen undertakes building assignments within construction and building maintenance.

In 2008, Enemærke & Petersen achieved a strong position in maintenance, service and restoration.

The level of activity within both construction and building maintenance grew during the year, resulting in both revenue and earnings levels ahead of expectations and significantly ahead of the 2007 level.

Based on the general market outlook, we anticipate a slightly lower level of activity in 2009 than in 2008.

Lindpro a/s

Lindpro is Denmark's largest electrical installations business. Lindpro has around 1,200 employees and also has the subsidiary Arssarnerit in Greenland, which is Greenland's largest electrical installations company, boasting a 35% market share.

The financial performance in 2008 matched expectations due to the fact that both the existing core business and new business areas are developing as planned.

Where the previous years have featured major growth in the market, we expect the level of activity to slow down in 2009. Lindpro has consequently also been tightening its focus on optimisation and continuous alignment of the business. A new strategy plan for the period 2009-2012 takes account of a declining market and increases the focus on profitable growth in the years ahead.

Lindpro is enjoying a growing level of activity in the service and security areas and is consequently less dependent on market conditions.

Besides focusing on profitable growth, Lindpro will be focusing particularly on the specialist areas intelligent building installations, security and service in 2009 – to ensure that Lindpro remains Denmark's leading electrical installations company.

Promecon a/s

Promecon is one of Denmark's leading suppliers of innovative steelwork and piping solutions to the oil & gas and energy sectors.

Promecon recorded organic growth of 31% in 2008, with revenue ahead in all core areas.

As a result of losses on isolated projects in 2008, Promecon's result for 2008 was a substantial loss, which is unsatisfactory. As a result of the loss in Promecon, the investment in Promecon has been written down by DKK 73.1 million in the parent company's financial statements.

To enhance earnings in 2009, Promecon will be selective when identifying projects. In that connection the organisation has been aligned, and the staff number has been reduced by 130. The Esbjerg department will be closed down, and the permanent presence in Aalborg will be phased out.

Promecon expects lower revenue in 2009 due to the postponement of a number of projects.

Scandi Byg a/s

Scandi Byg is a market leader within the sale and manufacture of prefabricated modular buildings. Applications include residential buildings, children's institutions, school and office buildings, primarily for the Danish market.

Scandi Byg enjoyed a record level of activity in 2008, resulting in higher revenue and profit than anticipated.

We expect satisfactory revenue for 2009, although not quite at the same level as in 2008.

Jointly controlled entities

Greenland Contractors I/S (67%)

Greenland Contractors carries out building projects and operating and service tasks at Thule Air Base for the US Air Force. The US Air Force has been the company's principal client for many years; however, the company also performs assignments for the Greenland authorities, private companies and organisations.

Revenue and earnings in 2008 were ahead of 2007. We expect revenue in 2009 on a par with 2008.

Seth S.A. (60%)

Seth operates in the Portuguese market and Africa, specialising in three core areas: marine works, industrial construction and building for the US Air Force and the US Navy, including dwellings on the Azores.

Seth reported revenue for 2008 at a slightly lower level than last year. Earnings were satisfactory.

In 2009, Seth expects a sustained slight increase in the level of activity in the Portuguese building and civil works market, which continues to be characterised by a low level of public expenditure. Seth makes up for the weak domestic market by an increased level of activity in Africa, where Seth has signed contracts extending over several years.

Seth expects the level of activity to be slightly down in 2009.

Corporate functions

The corporate staff functions in MT Højgaard comprise: Administrative Service (Finance, Legal and IT); Purchasing; Health, Safety & Quality; Business Systems; HR; and Corporate Marketing and Communications.

At MT Højgaard, we continuously strive to increase our staff functions' involvement in business units and areas. One example of this is the continued strengthening of the legal department, which is an important element of, for example, the management of business risks in all phases, from tendering to hand-over of building and civil works projects.

We continued to invest in the IT area in 2008. We expect the development and use of IT to strengthen MT Højgaard's competitive platform still further in the years ahead. As a large knowledge-intensive group, developments in the IT area are of vital importance to knowledge sharing. It is also our ambition for our business processes to be supported, digitalised and operated through our IT systems, as far as possible. In the administrative areas, the IT area is continually helping to optimise our processes.

Another important area is our purchasing department, which continuously strives to optimise our agreements and professionalise our options. In 2007, we opened our purchasing office in China, which already functions as intended, helping to enhance earnings and sharpen our competitiveness. It is our strategy for procurement of building materials to think globally and have a local presence. Our China office consequently makes purchases for the entire Group.

In 2008, we continued our branding campaign "How we make a difference". In the campaign we present stories about our projects to demonstrate that "We know how". Corporate Marketing and Communications have become an integrated unit, which, as a strategic and professional tool, is to help to develop MT Højgaard's relations with customers, employees, suppliers and all other stakeholders.

Management statement and Independent auditors' report

Management statement and Independent auditors' report

Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of MT Højgaard a/s for the financial year 2008.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2008.

Further, in our opinion, the Management's review gives a true and fair review of the development in the Group's and the parent company's operations and financial matters, the results of the Group's and the parent company's operations and the Group's and the parent company's financial position as a whole and describes the significant risks and uncertainties pertaining to the Group and the parent company.

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

Søborg, 27 March 2009

Executive Board

Kristian May
President and CEO

Peter Kofoed
Executive Vice President

Jens Nyhus
Executive Vice President

Johnny Rasmussen
Executive Vice President, Finance

Supervisory Board

Per Møller
Chairman

Jørgen Nicolajsen
Deputy Chairman

Irene Chabior*

Curt Germundsson

Stefan Hansen*

Erik D. Jensen

Poul Lind

Bent Pedersen

Lars Rasmussen

Poul M. Rørup*

*) Employee representative

Independent auditors' report

To the shareholders of MT Højgaard a/s

We have audited the annual report of MT Højgaard a/s for the financial year 1 January – 31 December 2008, which comprises management's review, statement by the Executive and Supervisory Boards, and income statement, balance sheet, cash flow statement, statement of comprehensive income and changes in equity, and notes, for the Group as well as the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Management's responsibility for the annual report

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

Auditors' responsibility and basis of opinion

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

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

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

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Copenhagen, 27 March 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Finn L. Meyer
State Authorised
Public Accountant

Jesper Koefoed
State Authorised
Public Accountant

Executive Board

Kristian May	**Peter Kofoed**	**Johnny Rasmussen**	**Jens Nyhus**
President and CEO	Executive Vice President	Executive Vice President, Finance	Executive Vice President

Supervisory Board and supervisory board memberships and management positions

Per Møller
(Chairman)

Member of the supervisory board of
Atrium Partners A/S (CB)
Højgaard Holding a/s (CB)
Det Danske Klasselotteri A/S (CB)
BioMar Group A/S (DCB)

Jørgen Nicolajsen
(Deputy Chairman)
President and CEO,
Monberg & Thorsen A/S
President, Dyrup A/S

Irene Chabior *
HR Development Consultant

Curt Germundsson

Member of the supervisory board of
Kongsberg Automotive ASA (Norway) (CB)
Plastal Group AB (Sweden) (CB)
Bandak Group AS (Norway) (CB)
EFD Induction ASA (Norway)
Alignment Systems AB (Sweden)

Stefan Hansen *
Concrete Foreman

Erik D. Jensen

Member of the supervisory board of
Ejnar og Meta Thorsens Fond
Royal Scandinavia A/S (CB)
Royal Scandinavia II A/S (CB)
Royal Copenhagen A/S (DCB)
Pandora Invest ApS
Pandora Holding ApS
PBI-Holding, Ringsted A/S (CB)
Kærup Erhvervspark A/S (CB)
PBI Dansensor A/S
PBInge A/S (CB)
CENS A/S (CB)

Poul Lind
CEO, PowerSense A/S

Member of the supervisory board of
Monberg & Thorsen A/S

Bent Pedersen

Member of the supervisory board of
Eksport Kredit Fonden (CB)
Eksport Kredit Finansiering A/S (CB)
Axcel Management A/S (CB)
Vækst-Invest Nordjylland A/S (CB)
Axcel IndustriInvestor A/S (DCB)
Højgaard Holding a/s (DCB)
BankInvest's venture funds
DnB Nor Bank ASA, Norway (DCB)
DnB Nor ASA, Norway
Proark Energy A/S
Rovsing A/S

Lars Rasmussen
CEO, Coloplast A/S

Member of the supervisory board of
Højgaard Holding a/s

Poul M. Rørup *
Finance Manager

*) Employee representative
(CB) Chairman of the supervisory board
(DCB) Deputy chairman of the supervisory board

Financial statements

Income statement

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
8,030.5	6.951.5	4	Revenue	11,171.0	11,713.8
(7,946.9)	(6.694.8)	5-6	Production costs	(10,465.4)	(11,159.7)
83.6	**256.7**		**Gross profit**	**705.6**	**554.1**
(89.9)	(94.2)		Distribution costs	(134.3)	(127.5)
(88.5)	(91.8)	5-6	Administrative expenses	(257.4)	(232.8)
(94.8)	**70.7**		**Operating profit (loss)**	**313.9**	**193.8**
-	-	13	Share of profit after tax of associates	0.0	0.0
417.6	297.1	8	Financial income	77.3	155.6
(55.1)	(91.6)	9	Financial expenses	(32.2)	(38.3)
267.7	**276.2**		**Profit before tax**	**359.0**	**311.1**
(27.7)	(69.2)	10	Income tax expense	(100.0)	(75.9)
240.0	**207.0**		**Profit for the year**	**259.0**	**235.2**
			Attributable to		
240.0	207.0		Equity holders of MT Højgaard a/s	259.0	234.3
-	-		Minority interests	0.0	0.9
240.0	**207.0**		**Total**	**259.0**	**235.2**
			Proposal for distribution of profit		
50.0	50.0		Dividend for the financial year		
190.0	157.0		Retained earnings		
240.0	**207.0**		**Total**		

Balance sheet

PARENT COMPANY			ASSETS	GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
			Non-current assets		
			Intangible assets		
28.0	33.7		Goodwill	80.5	64.0
0.0	7.1		Other intangible assets	14.7	0.0
28.0	**40.8**	**11**	**Total intangible assets**	**95.2**	**64.0**
			Property, plant and equipment		
135.9	138.1		Land and buildings	356.7	336.4
35.7	40.3		Plant and machinery	283.1	274.7
12.1	11.9		Fixtures and fittings, tools and equipment	94.2	76.1
1.7	0.0		Property, plant and equipment under construction	12.5	12.7
185.4	**190.3**	**12**	**Total property, plant and equipment**	**746.5**	**699.9**
			Investments		
337.4	385.5	13	Investments in subsidiaries	-	-
47.0	47.7	13	Investments in associates	1.6	1.0
11.7	19.3	13	Receivables from associates	19.3	11.7
0.3	0.3	13	Other equity investments	0.6	1.0
209.4	167.4	18	Deferred tax assets	139.6	210.3
605.8	**620.2**		**Total investments**	**161.1**	**224.0**
819.2	**851.3**		**Total non-current assets**	**1,002.8**	**987.9**
			Current assets		
			Inventories		
3.6	3.8	14	Raw materials and consumables	79.9	64.5
483.5	466.5	14	Properties held for resale	473.8	540.0
487.1	**470.3**		**Total inventories**	**553.7**	**604.5**
			Receivables		
1,521.2	1,454.7		Trade receivables	2,220.5	2,225.4
312.8	259.0	20	Construction contracts in progress	478.6	426.0
15.8	161.5		Receivables from subsidiaries	-	-
0.6	63.5		Receivables from associates	0.0	0.0
-	-		Receivables from jointly controlled entities	32.1	0.0
7.1	2.2		Income tax	2.4	1.3
106.6	175.5		Other receivables	215.7	162.2
125.7	117.9		Prepayments	135.2	134.0
2,089.8	**2,234.3**	**15**	**Total receivables**	**3,084.5**	**2,948.9**
149.0	**158.6**	**16**	**Securities**	**158.6**	**149.0**
203.5	**432.3**	**32**	**Cash and cash equivalents**	**476.8**	**342.4**
2,929.4	**3,295.5**		**Total current assets**	**4,273.6**	**4,044.8**
3,748.6	**4,146.8**		**Total assets**	**5,276.4**	**5,032.7**

Balance sheet

PARENT COMPANY			EQUITY AND LIABILITIES	GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
			Equity		
220.0	220.0		Share capital	220.0	220.0
-	-		Translation reserve	1.9	0.4
722.6	879.6		Retained earnings	1,169.9	960.9
50.0	50.0		Proposed dividends	50.0	50.0
992.6	**1,149.6**		**Total equity**	**1,441.8**	**1,231.3**
			Non-current liabilities		
34.7	23.8	17	Bank loans, etc.	86.9	115.9
0.0	0.0	18	Deferred tax liabilities	0.0	0.7
45.2	64.1	19	Provisions	90.1	69.1
79.9	**87.9**		**Total non-current liabilities**	**177.0**	**185.7**
			Current liabilities		
0.9	1.0	17	Current portion of non-current financial liabilities	35.3	17.5
15.7	0.0	17	Bank loans, etc.	0.4	165.3
1,148.3	1,202.2	20	Construction contracts in progress	1,484.3	1,335.2
143.6	106.4		Prepayments received from customers	133.8	170.1
819.6	801.3		Trade payables	1,150.6	1,078.7
0.0	277.2		Payables to subsidiaries	-	-
0.0	0.0		Income tax	1.2	0.0
456.5	445.1		Other payables	724.7	694.0
91.2	75.8		Deferred income	118.5	151.9
0.3	0.3	19	Provisions	8.8	3.0
2,676.1	**2,909.3**		**Total current liabilities**	**3,657.6**	**3,615.7**
2,756.0	**2,997.2**		**Total liabilities**	**3,834.6**	**3,801.4**
3,748.6	**4,146.8**		**Total equity and liabilities**	**5,276.4**	**5,032.7**
			Notes without reference		
		1	Accounting policies		
		2	Accounting estimates and judgements		
		3	Segment information		
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		28	New International Financial Reporting Standards and IFRIC Interpretations		
		29	Events after the balance sheet date		
		33	Subsidiaries and associates		

Cash flow statement

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
			Operating activities		
(94.8)	70.7		Operating profit (loss)	313.9	193.8
71.4	3.0	30	Non-cash operating items	59.0	119.8
(23.4)	**73.7**		**Cash flows from operating activities before working capital changes**	**372.9**	**313.6**
			Working capital changes:		
(67.7)	17.0		Inventories	53.5	(113.7)
(102.4)	(196.6)		Receivables excluding construction contracts in progress	(68.9	(294.0)
(14.3)	141.6		Construction contracts in progress	144.9	24.4
(41.1)	200.0		Trade and other current payables	42.8	50.0
(248.9)	**235.7**		**Cash flows from operations (operating activities)**	**545.2**	**(19.7)**
21.6	67.6		Financial income	70.3	32.9
(4.6)	(17.9)		Financial expenses	(31.6)	(38.4)
(231.9)	**285.4**		**Cash flows from operations (ordinary activities)**	**583.9**	**(25.2)**
(42.7)	(27.3)		Income taxes paid, net	(47.5)	(47.4)
(274.6)	**258.1**		**Cash flows from operating activities**	**536.4**	**(72.6)**
			Investing activities		
0.0	(18.0)	31	Acquisition of enterprises and activities	(41.4)	(0.3)
0.0	(91.8)		Capital contributions to subsidiaries and associates	-	-
270.4	0.0	31	Disposal of enterprises and activities	0.0	270.4
(54.0)	(27.4)	30	Purchase of property, plant and equipment	(214.8)	(196.8)
35.6	1.1		Sale of property, plant and equipment	89.8	55.4
193.4	192.9		Dividends from subsidiaries and associates	0.0	0.0
(199.0)	(9.6)		Purchase of securities	(9.6)	(199.0)
137.9	0.0		Sale of securities	0.0	137.9
384.3	**47.2**		**Cash flows for investing activities**	**(176.0)**	**67.6**
			Financing activities		
			Loan financing:		
-	-		Minority interests	0.0	(7.5)
0.0	0.0	30	Increase in non-current bank loans, etc.	0.0	5.8
(75.2)	(10.8)		Decrease in non-current bank loans, etc.	(11.1)	(33.7)
			Shareholders:		
0.0	(50.0)		Dividends	(50.0)	0.0
(75.2)	**(60.8)**		**Cash flows from financing activities**	**(61.1)**	**(35.4)**
34.5	**244.5**		**Net increase (decrease) in cash and cash equivalents**	**299.3**	**(40.4)**
153.3	187.8		Cash and cash equivalents at 01-01	177.1	217.5
187.8	**432.3**	**32**	**Cash and cash equivalents at 31-12**	**476.4**	**177.1**

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

Statement of comprehensive income and changes in equity

PARENT COMPANY

Amounts in DKK million

Statement of comprehensive income	2008	2007
Profit for the year	207.0	240.0
Total comprehensive income	**207.0**	**240.0**

Equity	Share capital	Retained earnings	Proposed dividends	Total
2007				
Equity at 01-01	**220.0**	**532.6**	**0.0**	**752.6**
Total comprehensive income for the year		240.0		240.0
Proposed dividends		(50.0)	50.0	0.0
Total changes in equity	**0.0**	**190.0**	**50.0**	**240.0**
Equity at 31-12	**220.0**	**722.6**	**50.0**	**992.6**
2008				
Equity at 01-01	**220.0**	**722.6**	**50.0**	**992.6**
Total comprehensive income for the year		207.0		207.0
Proposed dividends		(50.0)	50.0	0.0
Dividends paid			(50.0)	(50.0)
Total changes in equity	**0.0**	**157.0**	**0.0**	**157.0**
Equity at 31-12	**220.0**	**879.6**	**50.0**	**1,149.6**

At 31 December 2008, MT Højgaard a/s's share capital amounted to DKK 220 million divided into shares of DKK 1,000 each.
No shares carry special rights.

Statement of comprehensive income and changes in equity

GROUP

Amounts in DKK million

Statement of comprehensive income	**2008**	**2007**
Foreign exchange adjustments, foreign enterprises	1.5	(0.2)
Comprehensive income recognised directly in equity	**1.5**	**(0.2)**
Profit for the year	259.0	235.2
Total comprehensive income	**260.5**	**235.0**
Total comprehensive income attributable to		
Equity holders of MT Højgaard a/s	260.5	234.1
Minority interests	0.0	0.9
Total	**260.5**	**235.0**

Equity	Share capital	Translation reserve	Retained earnings	Proposed dividends	**Total equity attributable to MT Højgaard**	Attributable to minority interests	**Total**
2007							
Equity at 01-01	**220.0**	**(2.8)**	**780.0**	**0.0**	**997.2**	**23.6**	**1,020.8**
Total comprehensive income for the year		(0.2)	234.3		**234.1**	0.9	**235.0**
Addition and disposal of minority interests						(17.0)	**(17.0)**
Proposed dividends			(50.0)	50.0	**0.0**	0.0	**0.0**
Dividends paid					**0.0**	(7.5)	**(7.5)**
Transfer between reserves		3.4	(3.4)		**0.0**	0.0	**0.0**
Total changes in equity	**0.0**	**3.2**	**180.9**	**50.0**	**234.1**	**(23.6)**	**210.5**
Equity at 31-12	**220.0**	**0.4**	**960.9**	**50.0**	**1,231.3**	**0.0**	**1,231.3**
2008							
Equity at 01-01	**220.0**	**0.4**	**960.9**	**50.0**	**1,231.3**	**0.0**	**1,231.3**
Total comprehensive income for the year		1.5	259.0		**260.5**	0.0	**260.5**
Proposed dividends			(50.0)	50.0	**0.0**	0.0	**0.0**
Dividends paid				(50.0)	**(50.0)**	0.0	**(50.0)**
Total changes in equity	**0.0**	**1.5**	**209.0**	**0.0**	**210.5**	**0.0**	**210.5**
Equity at 31-12	**220.0**	**1.9**	**1,169.9**	**50.0**	**1,441.8**	**0.0**	**1,441.8**

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Notes

Note

1 Accounting policies

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

The annual report is presented in Danish kroner.

The accounting policies are unchanged from those set out in the 2007 annual report.

IFRIC 11 "IFRS 2 Group and Treasury Share Transactions" and IAS 39/IFRS 7 concerning classification of financial assets, which became effective on 1 January 2008, have been implemented. In 2008, IFRIC 14 "IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" was adopted with a different effective date in the EU than the corresponding IFRIC as issued by the IASB. IFRIC 14 was consequently implemented on 1 January 2008, so that the implementation follows the IASB's effective dates. The new standards and interpretations have no effect on the Group's financial reporting for 2008.

Comparative figures

The business unit Ajos was hived off from the parent company into a newly established subsidiary on 1 January 2008. The parent company's comparative figures for 2007 have been restated in accordance with the uniting-of-interests method to reflect the effects of the hive-off had it been effected earlier.

Basis of preparation

Basis of consolidation

The consolidated financial statements include the parent company MT Højgaard a/s and subsidiaries in which the Group holds, directly or indirectly, more than 50% of the voting rights or which it controls in some other way.

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

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

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

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

Notes

Note

1 Accounting policies (continued)

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

Presentation of discontinued operations

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

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

The cash flows attributable to the operating, investing and financing activities of discontinued operations are disclosed in a note.

Business combinations

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

Any excess of the cost of the acquisition over the fair value of the assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Any excess of the fair value over the cost of the acquisition (negative goodwill) is credited to the income statement at the acquisition date.
If there is any uncertainty at the acquisition date concerning the measurement of identifiable assets acquired or liabilities or contingent liabilities assumed, initial recognition is based on provisional fair values. If it is subsequently found that identifiable assets, liabilities and contingent liabilities had a different fair value at the acquisition date than initially assumed, goodwill is adjusted within twelve months of the acquisition date.

Minority interests

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

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

Notes

Note

1 Accounting policies (continued)

Joint ventures

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

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

Investments in jointly controlled entities are recognised in the consolidated financial statements by proportionate consolidation. The parent company measures investments in jointly controlled entities at cost. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Foreign currency translation

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

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

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

In the consolidated financial statements, foreign exchange adjustments of balances with foreign entities that are accounted for as part of the overall net investment in the entity in question are taken directly to a separate translation reserve under equity.

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

Notes

Note

1 **Accounting policies (continued)**

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

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

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

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

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

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

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

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

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

Notes

Note

1 Accounting policies (continued)

Income statement

Revenue

Revenue comprises completed construction contracts and construction contracts in progress, sale of development projects, and rental income.

Revenue from construction contracts under which assets or plants with a high degree of individual customisation are supplied is recognised in the income statement by reference to the stage of completion so that revenue corresponds to the selling price of the work performed during the year (the percentage of completion method).

Revenue from self-generated project development cases is recognised applying the sales method. Revenue and profit from projects sold are recognised when delivery has been made and risk has been transferred to the buyer and provided the income can be measured reliably and is expected to be received.

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

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

Production costs

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

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

Distribution costs

Distribution costs comprise tendering, advertising and marketing costs as well as salaries, etc., relating to the sales and marketing departments.

Administrative expenses

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

The Group's share of profit after tax of associates

The proportionate share of profit of associates is recognised in the consolidated income statement net of tax and after elimination of the proportionate share of profits/losses resulting from intragroup transactions and after deduction of goodwill impairment losses.

Notes

Note

1 **Accounting policies (continued)**

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

The parent company recognises dividends from investments in subsidiaries and associates and adjustments of investments to recoverable amount. Dividends are credited to income in the financial year in which they are declared; however, dividends are offset against the cost of the investment to the extent that distributed dividends exceed the accumulated earnings after the acquisition date.

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

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

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

MT Højgaard a/s is taxed jointly with its Danish and foreign subsidiaries (international joint taxation). Subsidiaries are included in the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements, and up to the date on which they are no longer included in the consolidation.

The parent company MT Højgaard a/s is the management company for the Danish joint taxation and consequently settles all income tax payments to the Danish tax authorities.

Balance sheet

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

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

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life.

The amortisation period is normally 5-10 years. The amortisation base is reduced by any impairment losses.

Notes

Note

1 Accounting policies (continued)

Property, plant and equipment

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

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

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

Expected useful lives:

Buildings	10-50 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

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

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

Investments in associates in the consolidated financial statements

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

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

Investments in the parent company's financial statements

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

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

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

Notes

Note

1 **Accounting policies (continued)**

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

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

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

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

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

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

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

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

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

Receivables
Receivables are measured at amortised cost less impairment losses.

Construction contracts in progress
Construction contracts in progress are measured at the selling price of the work performed. A construction contract is a contract under which the assets or plants in question are constructed to customer specifications and requirements in terms of design, function, etc. Moreover, a binding contract under which any termination will lead to penalties or claims is entered into before work commences.

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

Notes

Note

1 Accounting policies (continued)

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

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

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

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

Prepayments and deferred income

Prepayments are recognised under receivables, and deferred income is recognised under current liabilities. Prepayments and deferred income include costs incurred or income received during the year in respect of subsequent financial years, apart from items relating to construction contracts in progress.

Securities

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

Equity

Dividends

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

Translation reserve

The translation reserve in the consolidated financial statements comprises foreign exchange differences after 1 January 2004 that have arisen from the translation of the financial statements of foreign enterprises from their functional currencies to Danish kroner and foreign exchange adjustments of balances with foreign entities that are accounted for as part of the Group's overall net investment in the entity in question.

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

Notes

Note

1 Accounting policies (continued)

Current tax and deferred tax

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

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

Deferred tax is provided for retaxation of previously deducted losses of jointly taxed foreign subsidiaries to the extent that it is deemed that disposal of the investment or withdrawal from the international joint taxation scheme may be relevant.

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

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

Pension obligations

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

Provisions

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

Financial liabilities

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

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

Notes

Note

1 **Accounting policies (continued)**

Cash flow statement

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

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

Cash flows from operating activities

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

Cash flows for investing activities

Cash flows for investing activities comprise payments in connection with acquisition and disposal of enterprises and activities and purchase and sale of intangible assets, property, plant and equipment and investments as well as purchase and sale of securities that are not recognised as cash and cash equivalents.

Cash flows from financing activities

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

Cash and cash equivalents

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

Segment information

The Group's segment information is based on the Group's organisational and internal reporting structure. Operating segments that have similar economic characteristics and that are similar in respect of the nature of the products/services, the type or class of customer, the nature of the production process and the methods used to distribute the products or provide the services, are aggregated. The Group consequently has only a single reportable segment, and information is consequently only provided about the geographical breakdown of the Group's revenue and non-current assets.

Financial ratios

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

Financial ratios are defined on the back cover of the annual report.

Notes

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 carrying amounts of those assets and liabilities at the balance sheet 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. Special risks for the MT Højgaard Group are described in note 26 on "Financial risks" and in the section on "Commercial risks" in the management's review.

Estimates that are material for the financial reporting relate primarily to measurement of the selling price of construction contracts in progress and the outcome of disputes.

In connection with impairment testing of investments and goodwill, estimates are also made of how the enterprises in question or parts of the enterprise to which the goodwill relates will be able to generate sufficient positive future net cash flows to support the value of the investment or goodwill, and other net assets in the part of the enterprise in question. Such estimates are naturally subject to some uncertainty, which is reflected in the discount rate applied. The assumptions for impairment testing of investments and goodwill are described in notes 11 and 13, respectively.

Basis for management's judgements

As part of the application of the Group's accounting policies, management makes judgements, in addition to estimates, that may have a material effect on the amounts recognised in the financial statements. The judgements that have the greatest impact on the amounts recognised in the financial statements relate primarily to construction contracts in progress, and when income and expenses under contracts with third parties are to be accounted for in accordance with the percentage of completion method or the sales method.

In management's opinion, no judgements have been made in connection with the accounting policies in the financial reporting for 2008 with comparative figures for 2007, apart from the accounting estimates referred to above, that have a material effect on the financial reporting.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		3	**Segment information**		
			The MT Højgaard Group works exclusively within building and civil works in Denmark and abroad. The Group consequently has only a single reportable segment.		
			Internationally, the MT Højgaard Group operates in the EU (the UK and Portugal), the North Atlantic (Faroe Islands and Greenland), Southwest Asia and the Middle East (Qatar) as well as South America (Panama).		
			A single customer accounts for 11.7% of total consolidated revenue. The balance sheet at 31 December 2008 does not include any significant net receivables from this customer.		
			Geographical breakdown of revenue and non-current assets		
			Revenue can be broken down as follows:		
			Denmark	8,001.4	9,243.0
			Rest of world	3,169.6	2,470.8
			Total	**11,171.0**	**11,713.8**
			Non-current assets excluding deferred tax assets can be broken down as follows:		
			Denmark	681.8	672.8
			Rest of world	181.4	104.8
			Total	**863.2**	**777.6**
		4	**Revenue**		
			Revenue can be broken down as follows:		
7,812.6	6,486.8		Selling price of the production for the year on construction contracts in progress and completed construction contracts, etc.	9,889.9	10,547.4
217.9	464.7		Revenue from project development cases sold, etc.	585.4	232.6
0.0	0.0		Rental income	695.7	933.8
8,030.5	**6,951.5**		**Total**	**11,171.0**	**11,713.8**
		5	**Depreciation and amortisation**		
0.0	0.0		Intangible assets	0.8	0.0
16.5	23.9		Property, plant and equipment	118.1	155.8
16.5	**23.9**		**Total depreciation and amortisation**	**118.9**	**155.8**
			Depreciation and amortisation are included in the income statement as follows:		
11.9	19.7		Production costs	99.3	140.1
4.6	4.2		Administrative expenses	19.6	15.7
16.5	**23.9**		**Total depreciation and amortisation**	**118.9**	**155.8**
		6	**Staff costs**		
			The total amount paid in wages and salaries, etc., can be broken down as follows:		
1,245.0	1,011.7		Wages and salaries, etc.	2,328.3	2,452.9
91.5	75.3		Pension contributions (defined contribution)	174.9	183.5
50.0	43.5		Other social security costs	87.2	93.9
1,386.5	**1,130.5**		**Total**	**2,590.4**	**2,730.3**

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		6	**Staff costs (continued)**		
3,120	**2,481**		**Average number of employees**	**5,273**	**6,044**
2,717	**2,367**		**Number of employees, year end**	**5,254**	**5,872**
			Total remuneration to the Supervisory Board and the Executive Board:		
1.9	2.6		Supervisory Board	2.6	1.9
10.8	13.2		Executive Board	13.2	10.8
12.7	**15.8**		**Total**	**15.8**	**12.7**
			Total remuneration to the Supervisory Board and the Executive Board can be broken down as follows:		
12.7	15.8		Salaries and remuneration, etc.	15.8	12.7
12.7	**15.8**		**Total**	**15.8**	**12.7**
		7	**Fees paid to auditors appointed at the Annual General Meeting (KPMG)**		
1.4	**1.6**		**Audit fees**	**4.7**	**3.7**
2.5	**3.3**		**Non-audit fees**	**4.3**	**3.2**
		8	**Financial income**		
32.0	36.6		Interest income	38.4	24.4
1.6	0.0		Capital gains on securities	0.0	1.6
201.3	0.2		Gain on sale of investments (BMS and shareholding in Seth)	0.0	120.4
7.5	37.3		Foreign exchange gains, including gain on derivative financial instruments	38.9	9.0
75.3	65.0		Dividends from subsidiaries	-	-
99.9	127.9		Dividends from associates	-	-
0.0	30.1		Reversal of impairment loss relating to investments in subsidiaries and associates, etc.	-	-
0.0	0.0		Value adjustments of other equity investments	0.0	0.2
417.6	**297.1**		**Total financial income**	**77.3**	**155.6**
6.9	7.8		Of which interest received from subsidiaries	-	-
		9	**Financial expenses**		
10.4	17.9		Interest expense	26.3	20.5
0.0	0.6		Capital losses on securities	0.6	0.1
0.0	0.0		Capital loss on sale of investments (Composite Limited)	0.0	3.6
0.0	0.0		Foreign exchange losses	4.8	14.0
44.6	73.1		Impairment loss relating to investments in subsidiaries and associates, etc.	-	-
0.1	0.0		Value adjustments of other equity investments	0.5	0.1
55.1	**91.6**		**Total financial expenses**	**32.2**	**38.3**
0.0	0.0		Of which interest paid to subsidiaries	-	-

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		10	**Income tax expense**		
6.2	(27.2)		Current tax	(30.8)	(43.2)
(33.9)	(42.0)		Changes in deferred tax	(69.2)	(32.7)
(27.7)	**(69.2)**		**Income tax expense**	**(100.0)**	**(75.9)**
			Income tax expense can be broken down as follows:		
(67.0)	(69.0)		Income tax expense before tax measured at Danish tax rate (25%)	(89.8)	(77.8)
(31.1)	-		Reduction of Danish corporate income tax rate from 28% to 25%	-	(24.1)
5.2	(7.6)		Deviation in foreign enterprises' tax rates	(7.1)	0.5
77.2	55.8		Non-taxable income	0.0	31.4
(11.2)	(25.3)		Non-deductible expenses	(0.1)	(1.9)
(0.8)	(23.1)		Other, including prior year adjustments and joint taxation	(3.0)	(4.0)
(27.7)	**(69.2)**		**Income tax expense**	**(100.0)**	**(75.9)**
10	25		Effective tax rate (%)	28	24
		11	**Intangible assets**		
			Goodwill		
28.0	28.0		Cost at 01-01	64.0	73.6
0.0	0.0		Disposal on sale of enterprises	0.0	(9.8)
0.0	5.7		Additions	16.5	0.2
28.0	33.7		Cost at 31-12	80.5	64.0
0.0	0.0		Impairment losses at 01-01/31-12	0.0	0.0
28.0	**33.7**		**Carrying amount at 31-12**	**80.5**	**64.0**
			Other intangible assets		
0.0	0.0		Cost at 01-01	0.0	0.0
0.0	7.1		Additions	15.5	0.0
0.0	7.1		Cost at 31-12	15.5	0.0
0.0	0.0		Amortisation and impairment losses at 01-01	0.0	0.0
0.0	0.0		Amortisation	0.8	0.0
0.0	0.0		Amortisation and impairment losses at 31-12	0.8	0.0
0.0	**7.1**		**Carrying amount at 31-12**	**14.7**	**0.0**
28.0	**40.8**		**Total intangible assets**	**95.2**	**64.0**

Goodwill

The carrying amounts of goodwill attributable to business area Civil Works (DKK 4.0 million), Construction (DKK 24.0 million) and Utility Services (DKK 5.7 million) in MT Højgaard a/s; Enemærke & Petersen a/s (DKK 38.5 million); and Lindpro a/s (DKK 8.3 million), were tested for impairment at 31 December 2008.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		11	**Intangible assets (continued)**		

The recoverable amount has been determined as the value in use, calculated as the present value of the expected future net cash flows from the cash-generating units. In connection with the test at 31 December 2008 the net cash flows were determined on the basis of the approved budget for 2009 and estimates for the years 2010-2013. The growth in the terminal period was fixed at 2.5% (2007: 2.5%). A discount rate of 10-12% before tax was used for calculating the present value (2007: 10-12%).

The impairment test did not give rise to any write-downs of goodwill to recoverable amount.

Management estimates that probable changes in the underlying assumptions will not result in the carrying amount of goodwill exceeding its recoverable amount.

Other intangible assets

Other intangible assets comprise customer lists acquired on acquisition of enterprises and activities.

It is estimated that the useful lives of capitalised other intangible assets are limited.

Management has not identified any factors indicating a need for impairment testing of other intangible assets.

Notes

PARENT COMPANY						2008
Note	Amounts in DKK million					
12	**Property, plant and equipment (continued)**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
	Cost at 01-01	160.8	97.4	49.5	1.7	**309.4**
	Addition on acquisition of activities	0.0	5.0	0.0	0.0	**5.0**
	Additions	5.0	17.2	4.1	0.2	**26.5**
	Disposals	0.0	(4.6)	(5.7)	(1.9)	**(12.2)**
	Cost at 31-12	165.8	115.0	47.9	0.0	**328.7**
	Depreciation and impairment losses at 01-01	24.9	61.7	37.4	0.0	**124.0**
	Depreciation, disposals	0.0	(3.8)	(5.6)	0.0	**(9.4)**
	Depreciation	2.8	16.8	4.2	0.0	**23.8**
	Depreciation and impairment losses at 31-12	27.7	74.7	36.0	0.0	**138.4**
	Carrying amount at 31-12	**138.1**	**40.3**	**11.9**	**0.0**	190.3
	Mortgaged properties:					
	Carrying amount	48.7				**48.7**
	Year-end balance, loans	18.1				**18.1**
	Assets held under finance leases:					
	Carrying amount		0.0	0.0		**0.0**

Notes

PARENT COMPANY						2007
Note	Amounts in DKK million					
12	**Property, plant and equipment (continued)**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
	Cost at 01-01	156.5	130.5	47.5	6.2	**340.7**
	Additions	21.2	30.8	2.0	0.0	**54.0**
	Disposals	(16.9)	(63.9)	0.0	(4.5)	**(85.3)**
	Cost at 31-12	160.8	97.4	49.5	1.7	**309.4**
	Depreciation and impairment losses at 01-01	26.8	112.2	32.8	0.0	**171.8**
	Depreciation, disposals	(5.5)	(58.8)	0.0	0.0	**(64.3)**
	Depreciation	3.6	8.3	4.6	0.0	**16.5**
	Depreciation and impairment losses at 31-12	24.9	61.7	37.4	0.0	**124.0**
	Carrying amount at 31-12	**135.9**	**35.7**	**12.1**	**1.7**	**185.4**
	Mortgaged properties:					
	Carrying amount	69.4				**69.4**
	Year-end balance, loans	35.5				**35.5**
	Assets held under finance leases:					
	Carrying amount		13.2	0.0		**13.2**

Notes

GROUP						2008
Note	Amounts in DKK million					
12	**Property, plant and equipment (continued)**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
	Cost at 01-01	430.3	793.1	191.0	12.7	**1,427.1**
	Addition on acquisition of activities	0.0	8.7	0.0	0.0	**8.7**
	Reclassifications, etc.	0.0	(19.4)	11.7	0.0	**(7.7)**
	Additions	43.9	101.9	53.7	19.1	**218.6**
	Disposals	(23.8)	(59.1)	(12.4)	(19.3)	**(114.6)**
	Cost at 31-12	450.4	825.2	244.0	12.5	**1,532.1**
	Depreciation and impairment losses at 01-01	93.9	518.4	114.9	0.0	**727.2**
	Reclassifications, etc.	0.0	(19.4)	11.7	0.0	**(7.7)**
	Depreciation, disposals	(8.1)	(33.3)	(10.5)	0.0	**(51.9)**
	Depreciation	7.9	76.4	33.7	0.0	**118.0**
	Depreciation and impairment losses at 31-12	93.7	542.1	149.8	0.0	**785.6**
	Carrying amount at 31-12	**356.7**	**283.1**	**94.2**	**12.5**	**746.5**
	Mortgaged properties:					
	Carrying amount	120.1				**120.1**
	Year-end balance, loans	46.9				**46.9**
	Assets held under finance leases:					
	Carrying amount		19.4	10.7		**30.1**

Notes

GROUP						2007
Note	Amounts in DKK million					
12	**Property, plant and equipment (continued)**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
	Cost at 01-01	454.8	1,192.5	176.7	27.7	**1,851.7**
	Disposal on sale of enterprises	(47.0)	(388.5)	(12.0)	0.0	**(447.5)**
	Additions	39.6	115.2	35.3	9.1	**199.2**
	Disposals	(17.1)	(126.1)	(9.0)	(24.1)	**(176.3)**
	Cost at 31-12	430.3	793.1	191.0	12.7	**1,427.1**
	Depreciation and impairment losses at 01-01	97.4	747.4	98.4	0.0	**943.2**
	Disposal on sale of enterprises	(10.0)	(241.0)	(10.0)	0.0	**(261.0)**
	Depreciation, disposals	(3.5)	(103.8)	(3.5)	0.0	**(110.8)**
	Depreciation	10.0	115.8	30.0	0.0	**155.8**
	Depreciation and impairment losses at 31-12	93.9	518.4	114.9	0.0	**727.2**
	Carrying amount at 31-12	**336.4**	**274.7**	**76.1**	**12.7**	**699.9**
	Mortgaged properties:					
	Carrying amount	182.7				**182.7**
	Year-end balance, loans	84.5				**84.5**
	Assets held under finance leases:					
	Carrying amount		33.5	9.5		**43.0**

Notes

PARENT COMPANY

Note	Amounts in DKK million	Investments in subsidiaries	Investments in associates	Other equity investments	Receivables from associates	Deferred tax assets	Total
13	**Investments**						
	2008						
	Cost at 01-01	462.2	47.0	0.2			
	Additions	91.1	0.8	0.1			
	Disposals	0.0	(0.1)	0.0			
	Cost at 31-12	553.3	47.7	0.3			
	Adjustments at 01-01	(124.8)	0.0	0.1			
	Impairment losses	(73.1)	0.0	0.0			
	Reversal of impairment losses	30.1	0.0	0.0			
	Disposals	0.0	0.0	(0.1)			
	Adjustments at 31-12	(167.8)	0.0	0.0			
	Carrying amount at 31-12	**385.5**	**47.7**	**0.3**	**19.3**	**167.4**	**620.2**
	2007						
	Cost at 01-01	524.1	72.2	0.2			
	Additions	32.3	39.8	0.0			
	Disposals	(94.2)	(65.0)	0.0			
	Cost at 31-12	462.2	47.0	0.2			
	Adjustments at 01-01	(128.0)	0.0	0.1			
	Impairment losses	(4.7)	0.0	(0.1)			
	Reversal of impairment losses	7.9	0.0	0.0			
	Other adjustments	0.0	0.0	0.1			
	Adjustments at 31-12	(124.8)	0.0	0.1			
	Carrying amount at 31-12	**337.4**	**47.0**	**0.3**	**11.7**	**209.4**	**605.8**

A list of the consolidated enterprises is given in note 33.

In 2008, investments in subsidiaries were written down by DKK 73.1 million to recoverable amount. In addition, impairment losses of DKK 30.1 million relating to prior years were reversed.

The recoverable amount has been determined as the value in use, calculated as the present value of the expected future net cash flows from the cash-generating units. A discount rate of 10-12% before tax was used for calculating the present value (2007: 10-12%).

The impairment charge for the year and impairment losses reversed are recognised as financial income and expenses, see notes 8 and 9.

The impairment loss relates to Promecon a/s. The carrying amount has been written down to estimated recoverable amount.

The impairment losses reversed during the year relate primarily to MT Højgaard Grønland ApS. The company reported a profit in 2008, and expects to continue reporting profits in the years ahead. This has given rise to reversal of impairment losses charged in prior years, based on the estimated recoverable amount.

Notes

GROUP

Note	Amounts in DKK million	Investments in associates	Other equity investments	Receivables from associates	Deferred tax assets	Total
13	**Investments (continued)**					
	2008					
	Cost at 01-01	2.0	2.5			
	Additions	0.8	0.0			
	Disposals	(1.1)	(2.2)			
	Cost at 31-12	1.7	0.3			
	Adjustments at 01-01	(1.0)	(1.5)			
	Other adjustments	0.9	1.8			
	Adjustments at 31-12	(0.1)	0.3			
	Carrying amount at 31-12	**1.6**	**0.6**	**19.3**	**139.6**	**161.1**
	2007					
	Cost at 01-01	1.7	2.5			
	Additions	0.3	0.0			
	Cost at 31-12	2.0	2.5			
	Adjustments at 01-01	(1.0)	(1.6)			
	Other adjustments	0.0	0.1			
	Adjustments at 31-12	(1.0)	(1.5)			
	Carrying amount at 31-12	**1.0**	**1.0**	**11.7**	**210.3**	**224.0**

Associates (the information is for 100%)	Revenue	Profit for the year	Total assets	Total liabilities
2008				
OPP Hobro Tinglysningsret a/s (33%)	0.0	0.0	63.8	62.6
OPP Vildbjerg Skole A/S (50%)	12.2	0.0	127.3	125.7
OPP Ørstedskolen A/S (33%)	0.0	0.0	2.4	2.4
Consolidated total	**12.2**	**0.0**	**193.5**	**190.7**
2007				
ApS KBIL 38 NR. 2286 (50%)	0.0	0.0	0.6	0.2
OPP Hobro Tinglysningsret a/s (33%)	0.5	0.0	8.6	7.8
OPP Vildbjerg Skole A/S (50%)	10.6	0.0	126.2	125.3
Others	0.5	0.0	0.0	0.0
Consolidated total	**11.6**	**0.0**	**135.4**	**133.3**

The associates have no contingent liabilities.
There are no intragroup profits or losses from trading with associates.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		14	**Inventories**		
			Raw materials and consumables		
3.6	3.6		Cost at 01-01	64.5	54.4
-	-		Disposal on sale of enterprises	0.0	(0.5)
0.0	0.6		Additions	74.2	60.4
0.0	(0.4)		Disposals	(58.4)	(49.8)
3.6	3.8		Cost at 31-12	80.3	64.5
0.0	0.0		Adjustments at 01-01	0.0	0.0
0.0	0.0		Adjustments for the year	(0.4)	0.0
0.0	0.0		Adjustments at 31-12	(0.4)	0.0
3.6	**3.8**		**Carrying amount at 31-12**	**79.9**	**64.5**
0.0	0.0		Value of inventories recognised at net realisable value	0.4	0.1
			Properties held for resale		
421.5	489.2		Cost at 01-01	531.1	429.5
0.0	0.0		Adjustments to start of year	14.6	0.0
222.9	177.9		Additions	177.9	281.6
(155.2)	(186.1)		Disposals	(235.3)	(180.0)
489.2	481.0		Cost at 31-12	488.3	531.1
(5.7)	(5.7)		Adjustments at 01-01	8.9	8.9
0.0	0.0		Adjustments to start of year	(14.6)	0.0
0.0	(8.8)		Impairment losses	(8.8)	0.0
(5.7)	(14.5)		Adjustments at 31-12	(14.5)	8.9
483.5	**466.5**		**Carrying amount at 31-12**	**473.8**	**540.0**
3.2	34.6		Value of properties recognised at net realisable value	40.3	8.9
			Mortgaged properties:		
0.0	0.0		Carrying amount	5.7	5.7
0.0	0.0		Year-end balance, loans	1.3	1.7
			Properties for resale consist mainly of undeveloped sites that are held with a view to project development activities, and completed dwellings for resale.		
		15	**Receivables**		
5.6	7.5		Receivables falling due more than one year after the balance sheet date	7.5	5.8
			Receivables falling due more than one year after the balance sheet date relate to rent deposits.		
			The fair value of receivables is deemed to correspond to the carrying amount.		

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		16	**Securities**		
149.0	158.6		Bonds	158.6	149.0
149.0	**158.6**		**Total carrying amount**	**158.6**	**149.0**
150.0	158.7		Nominal holding	158.7	150.0
0.0	8.7		Bonds maturing more than one year after the balance sheet date	8.7	0.0
1.0	0.2		Maturity of bond portfolio (years)	0.2	1.0
4.2	3.9		Effective interest rate on bond portfolio (%)	3.9	4.2
0.0	42.4		Bonds lodged as security (market value)	42.4	0.0
			The parent company and the Group measure the bond portfolio at fair value via the income statement in accordance with IAS 39, as the portfolio functions as cash flow reserve in accordance with the Group's financial policy. The bond portfolio consists of listed Danish bonds that are regularly monitored and reported at fair value.		
		17	**Interest-bearing liabilities**		
			Total interest-bearing liabilities can be broken down by commitment type as follows:		
51.3	24.8		Bank loans, etc.	66.9	251.3
0.0	0.0		Lease commitments (assets held under finance leases)	55.7	47.4
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
			Total interest-bearing liabilities can be broken down by currency as follows:		
51.3	24.8		DKK	101.4	292.5
0.0	0.0		EUR	21.2	6.2
0.0	0.0		Others	0.0	0.0
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
			Total interest-bearing liabilities can be broken down by fixed-rate and floating-rate debt as follows:		
19.0	24.8		Fixed-rate debt	79.8	68.6
32.3	0.0		Floating-rate debt	42.8	230.1
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
			Total interest-bearing liabilities can be broken down by effective interest rate as follows:		
0.0	6.7		Less than 5%	79.6	71.7
51.3	18.1		Between 5% and 7%	43.0	227.0
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
5.5	5.0		Weighted average effective interest rate (%)	4.7	5.1
2.5	11.6		Weighted average remaining term (years)	5.1	1.8
			Interest-bearing liabilities are recognised in the balance sheet as follows:		
34.7	23.8		Non-current liabilities	86.9	115.9
16.6	1.0		Current liabilities	35.7	182.8
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
51.5	**24.7**		**Fair value**	**120.6**	**298.2**
			The fair value of the financial liabilities has been determined as the present value of expected future instalments and interest payments. The Group's current borrowing rate for similar maturities has been used as discount rate.		

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		18	**Deferred tax assets and liabilities**		
(243.3)	(209.4)		Deferred tax (net) at 01-01	(209.6)	(225.4)
-	-		Disposal on sale of enterprises	0.0	(16.9)
33.9	42.0		Changes via income statement	69.2	32.7
0.0	0.0		Other adjustments	0.8	0.0
(209.4)	**(167.4)**		**Deferred tax (net) at 31-12**	**(139.6)**	**(209.6)**
			Deferred tax can be broken down as follows:		
			Deferred tax assets		
0.0	0.0		Intangible assets	0.0	0.1
7.2	8.4		Property, plant and equipment	20.7	51.7
25.9	0.0		Current assets	2.1	27.1
9.3	14.4		Non-current liabilities	15.8	11.2
7.9	7.7		Current liabilities	11.5	9.7
162.1	225.6		Tax loss carryforwards	226.1	162.6
212.4	256.1		Deferred tax assets at 31-12 before set-off	276.2	262.4
(3.0)	(88.7)		Set-off within legal entities and jurisdictions (countries)	(136.6)	(52.1)
209.4	**167.4**		**Deferred tax assets at 31-12**	**139.6**	**210.3**
			Deferred tax liabilities		
3.0	3.0		Intangible assets	6.3	3.0
0.0	0.0		Property, plant and equipment	0.0	1.6
0.0	85.7		Current assets	130.3	48.2
3.0	88.7		Deferred tax liabilities at 31-12 before set-off	136.6	52.8
(3.0)	(88.7)		Set-off within legal entities and jurisdictions (countries)	(136.6)	(52.1)
0.0	**0.0**		**Deferred tax liabilities at 31-12**	**0.0**	**0.7**
(209.4)	**(167.4)**		**Deferred tax (net) at 31-12**	**(139.6)**	**(209.6)**

Deferred tax has been calculated using the tax rates effective in the respective countries to which the deferred tax relates.

The tax loss carryforwards are not subject to any time limits and are expected to be utilised by set-off against future earnings.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		19	**Provisions**		
38.9	45.5		Carrying amount at 01-01	72.1	65.0
6.6	19.2		Provided in the year	29.1	9.3
0.0	(0.3)		Utilised in the year	(1.0)	(0.7)
0.0	0.0		Reversal of unutilised prior year provisions	(1.3)	(1.5)
45.5	**64.4**		**Carrying amount at 31-12**	**98.9**	**72.1**
			Provisions are recognised in the balance sheet as follows:		
45.2	64.1		Non-current liabilities, provisions	90.1	69.1
0.3	0.3		Current liabilities, provisions	8.8	3.0
45.5	**64.4**		**Carrying amount at 31-12**	**98.9**	**72.1**
			Expected maturity dates:		
0.3	0.3		Less than one year	8.8	3.0
9.1	11.8		Between one and two years	13.7	10.1
27.0	35.2		Between two and five years	40.5	31.2
9.1	17.1		More than five years	35.9	27.8
45.5	**64.4**		**Carrying amount at 31-12**	**98.9**	**72.1**
			Provisions relate primarily to provisions for 1-year and 5-year guarantee works in respect of completed contracts.		
		20	**Construction contracts in progress**		
8,275.6	7,045.7		Progress billings	9,119.2	9,108.7
(7,440.1)	(6,102.5)		Selling price of construction contracts	(8,113.5)	(8,199.5)
835.5	**943.2**		**Construction contracts in progress (net)**	**1,005.7**	**909.2**
			Construction contracts in progress are recognised in the balance sheet as follows:		
1,148.3	1,202.2		Current liabilities	1,484.3	1,335.2
(312.8)	(259.0)		Receivables	(478.6)	(426.0)
835.5	**943.2**		**Construction contracts in progress (net)**	**1,005.7**	**909.2**
			Prepayments received from customers are recognised separately in the balance sheet under current liabilities.		
		21	**Security**		
			Normal security in the form of bank guarantees, guarantee insurances and bond deposits has been provided for contracts and supplies.		
			The guarantees provided relate to:		
20.5	14.7		Bid bonds	18.4	38.7
1,424.5	1,511.8		Contracts and supplies in progress	2,060.6	1,847.9
1,084.8	1,133.2		Completed contracts and supplies	1,427.8	1,346.7
2,529.8	**2,659.7**		**Total**	**3,506.8**	**3,233.3**

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		21	**Security (continued)**		
			Guarantees in respect of completed contracts and supplies relate to normal 1-year and 5-year guarantee works.		
			Similar security has been provided for prepayments received, etc., recognised in the balance sheet as liabilities.		
			In addition, land, buildings and properties have been lodged as security for bank loans, etc., see notes 12 and 14.		
		22	**Lease commitments**		
			Finance leases		
			Total future minimum lease payments:		
0.0	0.0		Due within one year	34.5	15.4
0.0	0.0		Due between two and five years	21.2	34.9
0.0	0.0		Due after more than five years	4.8	0.0
0.0	**0.0**		**Total**	**60.5**	**50.3**
			Carrying amount (present value):		
0.0	0.0		Due within one year	29.2	14.1
0.0	0.0		Due between two and five years	18.6	33.3
0.0	0.0		Due after more than five years	3.5	0.0
0.0	**0.0**		**Total**	**51.3**	**47.4**
0.0	0.0		Financial expenses	9.2	2.9
			Financial expenses, determined as the difference between the total future lease payments and the carrying amount (present value) of finance leases, are recognised in the income statement over the lease term.		
			Operating leases		
			Total future minimum lease payments:		
36.5	32.7		Due within one year	50.9	51.5
101.8	96.0		Due between two and five years	156.9	140.4
54.0	41.1		Due after more than five years	97.6	58.8
192.3	**169.8**		**Total**	**305.4**	**250.7**
32.3	32.3		Lease payments relating to operating leases recognised in the income statement	48.5	43.2
			The Group's finance and operating leases primarily relate to vehicles and operating equipment as well as leased premises. The lease term for vehicles and operating equipment is typically between two and six years with an option to extend the lease. The lease term for leased premises is up to 15 years. None of the leases features contingent rent.		

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		23	**Contingent liabilities**		
			Indemnities In accordance with normal practice, the parent company has issued indemnities in respect of a few subsidiaries and contracts won by subsidiaries.		
			Litigation The MT Højgaard Group is involved in various legal and arbitration proceedings. In management's opinion, the outcome of these proceedings is not expected to have any adverse impact on the Group's financial position.		
		24	**Related parties**		
			Control The Group has a controlling related party relationship with the principal shareholders in the parent company MT Højgaard a/s. The parent company is owned by Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%), both of which are listed on NASDAQ OMX Copenhagen.		
			Significant influence Related parties with significant influence comprise the members of the company's Supervisory Board and Executive Board.		
			The parent company's related parties also include subsidiaries and associates in which MT Højgaard a/s has control or significant influence. A list of the consolidated enterprises is given in note 33.		
			Intragroup transactions		
			Apart from intragroup transactions that have been eliminated in the consolidated financial statements, and normal management remuneration, no transactions have been effected during the year with major shareholders, members of the Supervisory Board or Executive Board or other related parties. Remuneration to the Executive Board and Supervisory Board is disclosed in note 6.		
			Transactions between MT Højgaard a/s and the other group enterprises are based on arm's length terms.		
			Intragroup transactions between the parent company and the other consolidated enterprises can be broken down as follows:		
391.8	313.0		Purchases of goods and services from subsidiaries		
16.5	17.7		Sale of goods and services to subsidiaries		
35.8	44.0		Purchases of goods and services from associates		
0.0	19.9		Sale of goods and services to associates		

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		24	**Related parties (continued)**		
			Intragroup transactions have been eliminated in the consolidated financial statements.		
			The parent company's balances with subsidiaries, associates and jointly controlled entities at 31 December are disclosed in the balance sheet and relate primarily to the Group's cash pool agreement and business-related balances concerning purchases and sales of goods and services. The business-related balances are non-interest bearing and are entered into on the same terms as apply to the parent company's other customers and suppliers. Balances with subsidiaries, associates and jointly controlled entities have not been written down in 2008 and 2007.		
			The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 8 and 9.		
			The parent company's dividends from subsidiaries and associates are disclosed in note 8.		
		25	**Joint ventures**		
			The MT Højgaard Group participates in two forms of joint ventures: jointly controlled operations and jointly controlled entities.		
			Jointly controlled operations are recognised in the parent company and consolidated financial statements on a proportionate basis in accordance with the contractual arrangement, whereby the proportionate share of assets, liabilities, income and expenses from the jointly controlled operations is recognised in the corresponding items in the financial statements.		
			Jointly controlled entities are accounted for in the consolidated financial statements applying proportionate consolidation. The parent company measures investments in jointly controlled entities at cost and recognises them as associates.		
			Jointly controlled entities The Group's share of profit for the year and balance sheet items for jointly controlled entities is recognised in the financial statements with the following amounts:		
			Income statement		
			Revenue	684.3	884.0
			Profit for the year	105.6	156.6
			Balance sheet		
			Non-current assets	126.5	81.6
			Current assets	306.3	306.4
			Total assets	**432.8**	**388.0**
			Non-current liabilities	33.9	25.4
			Current liabilities	221.5	202.9
			Total liabilities	**255.4**	**228.3**
			Net assets	**177.4**	**159.7**

Notes

Note

25 Joint ventures (continued)

The Group participates in the following joint ventures.

Joint ventures		Ownership interest	Other joint venturers
Jointly controlled operations			
Amerikakaj	*	50.00%	TK Bygge-Holding A/S
Aircon JV	*	50.00%	Hoffmann A/S
Changuinola Civil Works JV	*	50.00%	E. Pihl & Søn A/S
EL – FTTH Nord **	*	50.00%	Lindpro a/s
Eidi 2 Konsortiet		50.00%	PF. J&K Contractors
JV ElSyd **	*	50.00%	Lindpro a/s
Kalvebod Konsortiet	*	50.00%	NCC Construction Danmark A/S
KFT-JV	*	50.00%	Hochtief Construction AG
LOKO JV	*	66.00%	M.J. Eriksson Aktieselskab
M3-Konsortiet	*	60.00%	M.J. Eriksson Aktieselskab
M10-Syd-Konsortiet	*	60.00%	M.J. Eriksson Aktieselskab
MT Højgaard - Bravida JV/CTR	*	50.00%	Bravida Danmark A/S
MT Højgaard - Pihl	*	50.00%	E. Pihl & Søn A/S
Nuna Konsortiet	*	40.00%	Atcon Grønland A/S
			Arssarnerit A/S
Vejcon Fyn	*	30.00%	Per Aarsleff A/S
			Ove Arkil A/S
			Jorton A/S
Vivaldis JV **	*	66.00%	Promecon a/s
Jointly controlled entities			
Greenland Contractors I/S	*	66.66%	Greenland Resources A/S
MTHojgaard Al Obaidly W.L.L.		49.00%	OITC W.L.L.
Seth S.A.		60.00%	OPERATIO Lda.

*) With reference to Section 5(1) of the Danish Financial Statements Act, these Danish joint ventures have omitted preparing annual reports as they are recognised in the consolidated financial statements.

**) Intragroup joint ventures that have been eliminated in the consolidated financial statements.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		26	**Financial risks**		

MT Højgaard's activities entail various financial risks that may affect the Group's development, financial position and operations.

There have been no significant changes in the Group's risk exposure or risk management compared with 2007.

Currency risks
Currency risks are managed centrally in MT Højgaard, and the Group endeavours to minimise currency risks by seeking to match income to expenditure on each project so that they balance with respect to currency.

Currency fluctuations do not have any material effect on the Group's foreign enterprises, as the individual consolidated enterprises settle both income and expenses in their functional currencies.

Where major currency positions arise in currencies outside the euro zone, these are normally hedged using forward exchange contracts. The currency exposure therefore mainly relates to the value of foreign investments, which is not normally hedged.

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

The open forward exchange contracts at 31 December 2008 had a remaining term of up to 6.1 years (2015).

Consolidated revenue denominated in foreign currencies amounted to DKK 2.2 billion in 2008 (2007: DKK 0.3 billion), predominantly in EUR.

The Group's currency exposure is mainly related to EUR, GBP and SEK.

Partly in view of Denmark's participation in the EU monetary system, and partly due to the size of the MT Højgaard Group's revenue in EUR, a sensitivity analysis based on a realistic and potential change in the EUR in relation to the DKK would show that the effect would be insignificant. Viewed in isolation, an isolated 10% fall in the GBP and SEK exchange rates compared with the exchange rates at the balance sheet date and the balance sheet values, would have added DKK 3.8 million to profit after tax for 2008 and consolidated equity at 31 December 2008 (2007: decrease of DKK 0.5 million). A similar increase in the exchange rates would have had a corresponding negative effect on profit after tax and consolidated equity.

The sensitivity analysis assumes that production/sales and price level remain constant.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007

26 Financial risks (continued)

Interest rate risks

Interest rate risks relate mainly to interest-bearing debt items and cash.

The Group's interest-bearing liabilities, which are mainly denominated in Danish kroner, amounted to DKK 122.6 million at the end of 2008, with short-term borrowings accounting for 29% of this figure. The average weighted remaining maturity of the Group's interestbearing debt is 5.1 years, and the weighted average effective interest rate is 4.7%. Fixed-rate debt accounted for 65% of the Group's interest-bearing debt.

Cash is mainly placed on short-term, fixed-term deposit and in bonds with a maturity of less than one year at the end of 2008.

All other conditions being equal, a one percentage point increase in the interest rate level at the balance sheet date and the interest-bearing items in the balance sheet would have increased profit after tax for 2008 and consolidated equity at 31 December 2008 by DKK 3.1 million (2007: DKK 0.1 million). A one percentage point fall in the interest rate level would have had a corresponding adverse effect on profit after tax and consolidated equity. The sensitivity analysis assumes that the debt level remains constant.

The stated sensitivities are based on the recognised financial assets and liabilities at 31 December 2008.

Credit risks

Credit risks are generally managed by regular credit rating of major clients and business partners. Excluding security received, the maximum credit risk on receivables corresponds to the amounts recognised in the balance sheet. The Group has no material risks relating to a single customer or business partner.

The credit risk exposure relating to dealings with counterparties other than banks is estimated to be limited, as the Group requests security in the form of bank guarantees and guarantee insurances or similar to a considerable extent when entering into contracts with private clients. Political credit risks on international projects are hedged through export credit insurance based on individual assessment.

Write-downs for bad and doubtful debts consequently constitute an insignificant amount and are due to compulsory winding-up or expected compulsory winding-up of clients.

2007	2008	Note	Amounts in DKK million	2008	2007
			Write-downs included in receivables developed as follows:		
3.9	1.4		Carrying amount at 01-01	7.7	6.2
0.3	0.2		Provided in the year	3.1	4.3
(2.8)	(0.4)		Utilised in the year	(0.3)	(2.8)
0.0	0.0		Reversal of unutilised prior year provisions	(1.3)	0.0
1.4	**1.2**		**Carrying amount at 31-12**	**9.2**	**7.7**
1.4	1.2		Nominal value of written-down receivables	9.5	8.6
75.9	140.9		Receivables that were past due by more than 90 days at 31 December but are not impaired:	201.6	82.2
	707.8		Security received in respect of receivables	710.4	

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		26	**Financial risks (continued)**		

Liquidity risks

Liquidity risks are managed through established, appropriate credit lines and committed facilities that match the need for financing planned operating activities and expected investments.

The Group's financial resources consist of cash, securities and undrawn credit facilities. At the end of 2008, the financial resources stood at DKK 1,140.9 million compared with DKK 936 million in 2007.

At the end of 2008, the Group's guarantee facilities totalled DKK 4,555 million (2007: DKK 4,176 million), including DKK 936 million that had not been drawn (2007: DKK 656 million).

A cash pool agreement has been established for the parent company and most of the Group's subsidiaries.

Interest-bearing liabilities and trade payables can be broken down as follows:

Parent 2007	Parent 2008		Group 2008	Group 2007
51.3	24.8	Interest-bearing liabilities	122.6	298.7
819.6	801.3	Trade payables	1,150.6	1,078.7
870.9	**826.1**	**Total carrying amount**	**1,273.2**	**1,377.4**

The maturity profile for accounting purposes can be broken down as follows:

Parent 2007	Parent 2008		Group 2008	Group 2007
836.2	802.3	Less than one year	1,186.3	1,261.5
1.5	0.9	Between one and two years	15.3	33.8
7.8	9.9	Between two and five years	31.3	32.1
25.4	13.0	More than five years	40.3	50.0
870.9	**826.1**	**Total carrying amount**	**1,273.2**	**1,377.4**

Based on the Group's expectations concerning the future operations and the Group's current cash resources, no material liquidity risks have been identified.

The Group's borrowing and credit facilities are not subject to any special terms or conditions.

27 Capital management

The need for alignment of the Group's and the individual subsidiaries' capital structure is reviewed on an ongoing basis to ensure that the capital position is in accordance with current regulations and matches the business concept and the level of activity. According to the Group's internal policy, equity must, as a rule, cover total non-current assets and provide an adequate equity ratio. The objective for the Group's equity ratio is 25-30%. The equity ratio was 27% in 2008 compared with 24% at the end of 2007.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007

28 New International Financial Reporting Standards and IFRIC Interpretations

The IASB has issued a number of standards and interpretations that are not mandatory for MT Højgaard in connection with the preparation of the annual report for 2008: IAS 1, 23 and 27; IFRS 2 and 3; amendments to IAS 27 and 39; and IFRS 1 and "Improvements to IFRSs". IFRS 3 and IAS 27; the amendments referred to; and IFRIC 12 and 15-18, have yet to be adopted by the EU.

The new standards and interpretations are expected to be implemented from the mandatory effective dates in 2009 and 2010. Apart from the standards set out below, none of the new standards or interpretations referred to above is expected to have any material effect on the MT Højgaard Group's financial reporting.

IFRS 3 "Business Combinations" (revised) and revised IAS 27 "Consolidation" become effective for financial years beginning on or after 1 July 2009. The technical adjustments to the purchase method in IFRS 3 are only expected to have limited effect on the MT Højgaard Group's financial reporting (yet to be adopted by the EU).

IAS 1 "Presentation of Financial Statements" (revised) concerning presentation of financial statements becomes effective for financial years beginning on or after 1 January 2009. The standard will change the presentation of the primary statements in 2009, but will have no effect on recognition and measurement in the MT Højgaard Group's financial statements (yet to be adopted by the EU).

IAS 23 "Borrowing Costs" (revised) becomes effective for financial years beginning on or after 1 January 2009. Under the standard, borrowing costs must be recognised in the cost of a qualifying asset (intangible assets; property, plant and equipment; and inventories). In connection with major qualifying assets that take a substantial period of time to produce, the standard is expected to have an effect on the MT Højgaard Group's financial statements (yet to be adopted by the EU).

29 Events after the balance sheet date

So far as management is aware, no events have occurred between 31 December 2008 and the date of signing of the annual report that will have a material effect on the assessment of the MT Højgaard Group's financial position at 31 December 2008, other than the effects that are recognised and referred to in the annual report.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		30	**Non-cash operating items**		
			Non-cash operating items		
14.5	26.2		Depreciation and impairment losses – property, plant and equipment	125.3	155.8
56.9	(23.2)		Other adjustments	(66.3)	(36.0)
71.4	**3.0**		**Total non-cash operating items**	**59.0**	**119.8**
			Non-cash transactions		
(54.0)	(27.4)		Purchase of property, plant and equipment, including assets held under finance leases	(214.8)	(209.6)
0.0	0.0		Portion relating to assets held under finance leases	0.0	12.8
(54.0)	**(27.4)**		**Purchase of property, plant and equipment**	**(214.8)**	**(196.8)**
0.0	0.0		Increase in bank loans, etc., including lease commitments	0.0	18.6
0.0	0.0		Portion relating to lease commitments	0.0	(12.8)
0.0	**0.0**		**Increase in non-current bank loans, etc.**	**0.0**	**5.8**
		31	**Acquisition and disposal of enterprises and activities**		
			Acquisition of enterprises and activities		
0.0	7.1		Intangible assets	15.5	0.0
0.0	5.0		Property, plant and equipment	8.7	0.0
0.0	0.0		Investments	0.0	0.0
0.0	0.2		Inventories	2.7	0.1
0.0	0.0		Receivables	6.6	0.0
0.0	0.0		Non-current liabilities	(2.2)	0.0
0.0	0.0		Current liabilities	(6.4)	0.0
0.0	**12.3**		**Identifiable net assets acquired**	**24.9**	**0.1**
0.0	5.7		Goodwill	16.5	0.2
0.0	**18.0**		**Cash purchase price, net**	**41.4**	**0.3**
			Carrying amount of assets acquired and liabilities and contingent liabilities assumed before the acquisition date:		
0.0	7.1		Intangible assets	0.0	0.0
0.0	5.0		Property, plant and equipment	8.7	0.0
0.0	0.0		Investments	0.0	0.0
0.0	0.2		Inventories	2.7	0.1
0.0	0.0		Receivables	6.6	0.0
0.0	0.0		Non-current liabilities	(0.2)	0.0
0.0	0.0		Current liabilities	(6.4)	0.0
0.0	**12.3**		**Total carrying amount before acquisition**	**11.4**	**0.1**

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		31	**Acquisition and disposal of enterprises and activities (continued)**		
			In connection with the acquisition of enterprises and activities customer relations have been acquired that have been recognised at fair value on acquisition.		
			After recognition of identifiable assets and liabilities at fair value, goodwill in connection with the acquisitions has been calculated as DKK 16.5 million, which represents the future economic benefits from assets such as knowhow and synergies.		
			The acquired activities feature with DKK 4.6 million in consolidated profit for 2008.		
			Consolidated revenue and profit for the year (unaudited), measured as if the acquired activities were taken over at 1 January 2008, amounted to DKK 11,213.1 million and DKK 267.1 million, respectively.		
			Disposal of enterprises and activities		
0.0	0.0		Intangible assets	0.0	10.9
0.0	0.0		Property, plant and equipment	0.0	280.8
69.1	0.0		Investments	0.0	2.0
0.0	0.0		Inventories	0.0	2.1
0.0	0.0		Receivables	0.0	148.9
0.0	0.0		Cash and cash equivalents	0.0	47.6
0.0	0.0		Non-current liabilities	0.0	(118.2)
0.0	0.0		Current liabilities	0.0	(220.5)
69.1	**0.0**		**Net assets**	**0.0**	**153.6**
201.3	0.0		Accounting profit/loss	0.0	116.8
270.4	**0.0**		**Cash selling price, net**	**0.0**	**270.4**
			For further details of the enterprises and activities acquired and disposed of, reference is made to the separate section on this in the management's review.		
		32	**Cash and cash equivalents**		
			Cash and cash equivalents at 31-12 can be broken down as follows:		
13.8	249.8		Distributable cash	292.0	36.3
189.7	182.5		Share of cash and cash equivalents in joint ventures	184.8	306.1
203.5	**432.3**		**Cash and cash equivalents**	**476.8**	**342.4**
(15.7)	0.0		Current portion of bank loans, etc.	(0.4)	(165.3)
187.8	**432.3**		**Total**	**476.4**	**177.1**
0.0	0.0		Effect of changes in foreign exchange rates	0.0	0.0
187.8	**432.3**		**Total cash and cash equivalents**	**476.4**	**177.1**
			Share of cash and cash equivalents in joint ventures is available exclusively to the joint ventures.		

Notes

SUBSIDIARIES AND ASSOCIATES AT 31 DECEMBER 2008

33 Subsidiaries and associates

Companies		Registered office		Ownership interest %		Share capital ('000)
MT Højgaard a/s						
Ajos a/s		Hvidovre	DK	100.00	DKK	500
Danbond-Danish Structural Bonding Company A/S		Søborg	DK	100.00	DKK	500
Enemærke & Petersen a/s		Ringsted	DK	100.00	DKK	5,000
Ringsted Entreprenørforretning ApS		Ringsted	DK	100.00	DKK	200
Greenland Contractors I/S	(J)	Copenhagen	DK	66.66	DKK	-
Langeliniehuset Aarhus ApS		Søborg	DK	100.00	DKK	201
Lindpro a/s		Glostrup	DK	100.00	DKK	25,000
Arssarnerit A/S		Greenland	DK	100.00	DKK	2,000
LN Entreprise A/S		Søborg	DK	100.00	DKK	15,216
MHF 20061002 a/s		Søborg	DK	100.00	DKK	1,101
MT (UK) Ltd.		UK	GB	100.00	GBP	25
MT-Treschakt AB		Sweden	SE	100.00	SEK	850
MT Atlantic Inc.		USA	US	100.00	USD	10
MT Højgaard Føroyar P/F		Faroe Islands	DK	100.00	DKK	2,700
MT Hojgaard (GIB) Ltd.		Gibraltar	GB	100.00	GBP	2
MT Hojgaard Al Obaidly W.L.L.	(J)	Qatar	QA	49.00	QAR	200
MT Højgaard Grønland ApS		Greenland	DK	100.00	DKK	200
MTH Insurance a/s		Søborg	DK	100.00	DKK	30,000
OPP Vildbjerg Skole A/S	(A)	Hellerup	DK	50.00	DKK	500
OPP Hobro Tinglysningsret a/s	(A)	Hellerup	DK	33.33	DKK	700
OPP Ørstedskolen a/s	(A)	Hellerup	DK	33.33	DKK	2,400
Promecon as		Fredericia	DK	100.00	DKK	5,000
Promecon as		Norway	NO	100.00	NOK	500
Promecon Vietnam Company Limited		Vietnam	VN	100.00	USD	50
Scandi Byg a/s		Løgstør	DK	100.00	DKK	3,000
Sociedade de Empreitadas e Trabalhos Hidráulicos, S.A., (Seth)	(J)	Portugal	PT	60.00	EUR	4,000
Subtera a/s		Søborg	DK	100.00	DKK	500
Timbra a/s		Høje Taastrup	DK	100.00	DKK	500

(A) associates.

(J) jointly controlled entities. These are consolidated on a proportionate basis in the consolidated financial statements.

Consolidated financial highlights – EUR

Amounts in EUR million	2004	2005	2006	2007	2008
Income statement					
Revenue	982	1,109	1,486	1,571	1,499
Operating profit (EBIT)	12	14	8	26	42
Net financing costs and profit (loss) of associates	(2)	(1)	(1)	16	6
Profit before tax	10	13	7	42	48
Profit for the year	10	10	5	32	35
Balance sheet					
Share capital	29	29	29	29	29
Equity attributable to equity holders of the parent	120	130	134	165	194
Equity incl. minority interests	122	133	137	165	194
Balance sheet total	430	523	647	675	708
Interest-bearing deposit/debt (+/-)	(19)	(5)	7	26	69
Invested capital	144	140	132	141	136
Cash flows					
Cash flows from operating activities	0	46	42	(10)	72
Cash flows for investing activities	(3)	(23)	(32)	9	(24)
Cash flows from financing activities	1	(6)	(1)	(4)	(8)
Net increase (decrease) in cash and cash equivalents	(2)	17	9	(5)	40
Financial ratios (%)					
Gross margin	5.9	5.5	4.0	4.7	6.3
Operating margin (EBIT margin)	1.2	1.3	0.5	1.7	2.8
Pre-tax margin	1.0	1.1	0.5	2.7	3.2
Return on invested capital (ROIC)	8.4	10.1	5.9	19.0	29.7
Return on equity (ROE)	8.5	8.2	3.7	20.9	19.4
Equity ratio	28.4	25.3	21.2	24.5	27.3
Other information					
Order book, year end	724	1,120	1,442	1,433	1,270
Average number of employees	4,950	5,260	5,889	6,044	5,273

The consolidated financial highlights in EUR are supplementary information to the financial statements, and have not been prepared in compliance with IFRS.

Income statement, balance sheet and cash flow statement items for all the years have been translated from DKK into EUR using Danmarks Nationalbank's official exchange rate at 31 December 2008 of 7.45.

Definitions of financial ratios

Gross margin = $\dfrac{\text{Gross profit}}{\text{Revenue}}$

Operating margin (EBIT margin) = $\dfrac{\text{Operating profit (EBIT)}}{\text{Revenue}}$

Pre-tax margin = $\dfrac{\text{Earnings before tax}}{\text{Revenue}}$

Return on invested capital incl. goodwill (ROIC) = $\dfrac{\text{EBIT}}{\text{Average invested capital incl. goodwill}}$

Return on equity (ROE) = $\dfrac{\text{Profit after tax}}{\text{Average equity incl. minorities}}$

Equity ratio = $\dfrac{\text{Equity incl. minorities, year end}}{\text{Liabilities, year end}}$

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, net interest-bearing deposit/debt and goodwill.

Ownership

MT Højgaard is owned by the two listed companies
Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%).

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