Stock exchange announcement

24 March 2011

MT Højgaard A/S

Enclosed please find MT Højgaard A/S' annual report 2010, which is hereby published.

Højgaard Holding A/S holds an ownership interest of 54 % in MT Højgaard A/S.

Yours faithfully,
Højgaard Holding A/S

Berit Lovring
CEO

This statement has been translated from the Danish language, and in the event of any discrepancies between the Danish and English language versions, the Danish language version is the governing text.

Højgaard Holding A/S
Klampenborgvej 221, 2. sal
DK-2800 Kgs. Lyngby

Tel: +45 4520 1500
Fax: +45 4520 1501

hojgaard@hojgaard.dk
www.hojgaard.dk
CVR-no. 16 88 84 19

24 March 2011

Annual report 2010

The Board of Directors of MT Højgaard A/S has today discussed and approved the company's 2010 annual report, which is reproduced below in its entirety and with the following summary.

2010 results

- Revenue was DKK 8.3 billion, in line with the most recent outlook
- The pre-tax margin was 1.2%, within the most recent outlook
- The result before tax was a profit of DKK 100 million against DKK 307 million in 2009
- Equity stood at DKK 1,618 million at the end of 2010 compared with DKK 1,610 million in 2009. This corresponds to an equity ratio of 34.5% versus 29.2% in 2009
- Cash flows from operating activities amounted to an outflow of DKK 348 million compared with an inflow of DKK 485 million in 2009
- Financial resources stood at DKK 1,092 million, which is regarded as satisfactory in view of the current level of activity
- A dividend of DKK 50 million is proposed

Outlook for 2011

- Revenue is expected to increase to approx. DKK 9.5 billion in 2011
- In the current economic climate, we do not expect to be able to achieve a pre-tax margin in 2011 that differs significantly from that achieved in 2010
- The pre-tax margin is therefore expected to be around 1% in 2011, although at a lower level in the first quarter, like last year

MT Højgaard A/S
Knud Højgaards Vej 9
DK-2860 Søborg
Tel +45 7012 2400
Fax +45 7013 2421
mail@mth.dk
www.mth.dk
Reg. no. 12 56 22 33

- The order book stood at DKK 9.2 billion, with DKK 6.7 billion for execution in 2011
- Cash flows from operating activities are expected to be positive
- Financial resources are expected to remain satisfactory in 2011

Contact

Kristian May
President and CEO
Tel. +45 7012 2400

Helge Israelsen
Chairman
Tel. +45 4520 1503

This announcement is available in Danish and English

Annual Report 2010

MTHøjgaard

Annual Report 2010

MTHøjgaard

MANAGEMENT'S REVIEW

MANAGEMENT STATEMENT AND INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

OTHER INFORMATION

Letter from the CEO and summary

2010 was a tough year, but we are on the right track

2010 was a tough, challenging year for the building and civil engineering industry and for MT Højgaard. The year was characterised by subdued demand, increased tendering costs, intense competition for orders and consequent pressure on prices. To this should be added a hard winter at the start of the year. This was reflected in MT Højgaard's pre-tax result, a profit of DKK 100 million against DKK 307 million in 2009, while the pre-tax margin was 1.2%. Although the result is below our target, we consider it to be acceptable in relation to the prevailing market conditions.

However, the result conceals the fact that some areas reported unsatisfactory results. One of the consequences of this is that we have decided to sell the service arm of our subsidiary MTH Stål A/S (formerly Promecon) and have wound up the rest of this subsidiary's operations. The other subsidiaries generally delivered satisfactory profits. On account of the pressurised market, we have also decided to reduce the profitability requirement on new contracts temporarily on a selective basis. This has reduced earnings but secured an acceptable level of activity.

However, we are optimistic at the start of 2011. Our order book is 24% up on last year. We continue to follow the strategy we established for our various activities and are of the opinion that, coupled with the development of the organisation we began in 2009, it will contribute to us meeting our objectives within a few years.

We work continuously to find new methods to optimise our processes and production and our clients' projects. For us this involves continuously getting better at delivering projects on which our clients get the best value for money throughout the lifecycle of the building. We do this, for example, by finding solutions that are energy-efficient and easy to maintain.

We encounter a widespread perception that energy renovation or energy-efficient building is expensive. It may cost a little more to begin with, but there are savings to be made over a number of years. At mth.dk, we have made it possible to use an energy calculator to find out how much can be saved by setting additional energy requirements in connection with refurbishment of existing buildings and construction of new buildings.

Quality must be second to none. This benefits all parties and is the starting point for all of our projects. In 2010, we received documentation that we comply with the recognised ISO9001 quality management system and that our many years of initiatives to safeguard quality have been a success.

We have an ambitious vision in which we strive to develop along with our customers and to exceed the expectations made of us. In continuation of our vision, we have set ourselves a number of objectives concerning issues such as being an attractive workplace. We are therefore proud that our employee satisfaction survey in 2010 showed that 82% of our employees are satisfied or very satisfied with working for MT Højgaard. This puts us in a good position as demand for skilled employees is expected to increase within a few years.

Looking forward, I therefore believe that MT Højgaard is in a sound position. We constantly develop our operations in order to create added value for our customers. We have a skilled, ambitious team of employees who work hard to meet our objectives. As I said above, 2010 was a tough year. 2011 will be no less challenging, but I believe that we are on the right track.

I would like to thank MT Højgaard's employees for their work and our customers, partners and other stakeholders for working with us over the year.

Kristian May
President and CEO

Summary

2010 results

Revenue was DKK 8.3 billion, in line with the latest outlook

The **pre-tax margin** was 1.2%, within the latest outlook

The **result before tax** was a profit of DKK 100 million against DKK 307 million in 2009

Equity stood at DKK 1,618 million at the end of 2010 compared with DKK 1,610 million in 2009. This corresponds to an equity ratio of 34.5% versus 29.2% in 2009

Cash flows from operating activities amounted to an outflow of DKK 348 million compared with an inflow of DKK 485 million in 2009

Financial resources stood at DKK 1,092 million, which is regarded as satisfactory in view of the current level of activity

A **dividend** of DKK 50 million is proposed.

Outlook for 2011

Revenue is expected to increase to approx. DKK 9.5 billion in 2011

In the current economic climate, we do not expect to be able to achieve a pre-tax margin in 2011 that differs significantly from that achieved in 2010

The **pre-tax margin** is therefore expected to be around 1% in 2011, although at a lower level in the first quarter, like last year

The order book stood at DKK 9.2 billion, with DKK 6.7 billion for execution in 2011

Cash flows from operating activities are expected to be positive

Financial resources are expected to remain satisfactory in 2011

Consolidated financial highlights

Amounts in DKK million	2006	2007	2008	2009	2010
Income statement					
Revenue	11,063	11,714	11,171	9,087	8,303
Operating profit (EBIT)	60	197	327	290	94
Net financing costs and profit (loss) of associates	-8	114	32	17	7
Profit before tax	52	311	359	307	100
Profit for the year	38	235	259	223	61
Balance sheet					
Share capital	220	220	220	220	220
Equity attributable to equity holders of the parent	997	1,231	1,442	1,610	1,618
Equity incl. non-controlling interests	1,021	1,231	1,442	1,610	1,618
Balance sheet total	4,824	5,033	5,276	5,504	4,698
Interest-bearing deposit/debt (+/-)	53	192	513	824	337
Invested capital	988	1,051	1,010	880	1,281
Cash flows					
Cash flows from operating activities	317	-73	536	485	-328
Cash flows for investing activities*					
Net investments excl. securities	-208	129	-166	-159	-99
Net investments in securities	-32	-61	-10	-362	337
Cash flows from financing activities	-8	-35	-61	-69	-23
Net increase (decrease) in cash and cash equivalents	69	-40	299	-105	-113
* Portion relating to property, plant and equipment (gross)	-288	-199	-215	-236	-241
Financial ratios					
Gross margin (%)	4.4	5.1	6.9	8.1	6.5
Operating margin (EBIT margin) (%)	0.5	1.7	2.9	3.2	1.1
Pre-tax margin (%)	0.5	2.7	3.2	3.4	1.2
Return on invested capital (ROIC) (%)	5.9	19.3	30.7	30.7	8.7
Return on equity (ROE) (%)	3.7	20.9	19.4	14.6	3.8
Equity ratio (%)	21.2	24.5	27.3	29.2	34.5
Proposed dividend, DKK million	0	50	50	50	50
Other information					
Order book, year end	10,752	10,687	9,461	7,455	9,222
Average number of employees	6,289	6,494	6,170	5,872	5,217

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2010'.

Gross margin	= Gross profit/Revenue
Operating margin (EBIT margin)	= Earnings before interest and tax (EBIT) Revenue
Pre-tax margin	= Earnings before tax/Revenue
Return on average invested capital incl. goodwill (ROIC)	= EBIT/Average invested capital incl. goodwill
Return on equity (ROE)	= Profit after tax/Average equity incl. non-controlling interests
Equity ratio	= Equity incl. non-controlling interests, year end/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

Strategic platform

MT Højgaard consists partly of the parent company with its four business areas Civil Engineering, Construction, Major Projects and Project Development, plus Business Support, and a number of separate subsidiaries.

Our vision is: "We will outperform industry standards through innovation and operational excellence – together with our customers".

To achieve our vision, we have set ourselves three targets:

- Profitability – to raise our pre-tax margin to 5% within a few years
- Customer satisfaction – to achieve a customer satisfaction level of at least 80% in terms of selected criteria
- Employee satisfaction – to achieve an employee satisfaction level of at least 80% in terms of selected criteria

Our objectives remain unchanged, regardless of the fact that we are today operating on a market that is under pressure, in terms of competition and prices, and on which margins are consequently low.

In our core business, we have adopted four strategic themes that underpin our vision and govern the realisation of our targets:

- Internationalisation – developing our international activities and utilising our skills both nationally and internationally
- Competitive edge – securing competitive edge in the areas that are of real significance to our customers and differentiate us from our competitors
- Commercial excellence – commercially strengthening the processes that underpin our business and strategic development to ensure that we make a positive difference to both our customers and ourselves
- Infrastructure – correct systems, appropriate structures and adequate support, providing the optimum platform for our business and sharpening our competitive edge

The key words that describe our way of doing business are profitability and risk management. Due to the prevailing market conditions, we have temporarily adjusted our profitability requirement downward to maintain an optimum level of activity.

Business areas in the parent company

The activities of the Construction business area are based on a strategy of having a local presence, partly on the Danish market, and partly, from 2010, also in Greenland, the Faroe Islands and Norway. It is also part of our strategy to actively highlight the advantages to clients of a partnership with us.

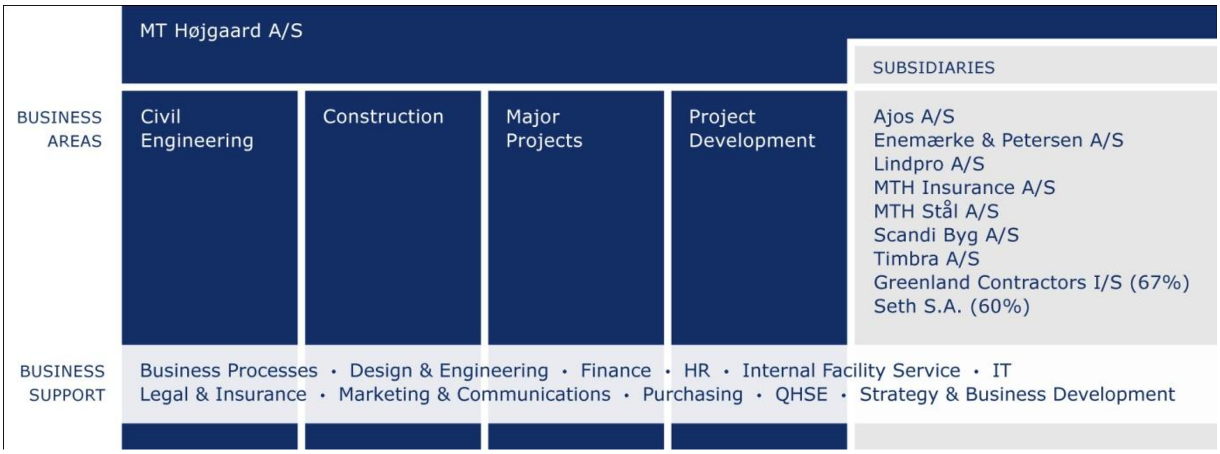
In 2010, we developed a new commercial strategy for this business area that means that we will be extending our activities over more parts of the value chain. We will help customers focus on the overall costs of a building through its entire lifecycle instead of only focusing on the construction costs.

The activities of our Civil Engineering business area are based on our specialist capabilities in, for example, infrastructure, earthworks and roads, piling and steel bridges.

The strategy is to strengthen our specialist capabilities and position on the Danish market and to increase our international revenue in selected geographical areas. In energy and resources, we primarily focus on offshore and mining.

In offshore, where the main focus is on wind turbine foundations, we aim to strengthen our market positions and our relationships with relevant customers. In mining, the focus is on supporting future mining activities in Greenland using our civil engineering capabilities.

In the Major Projects business area, we undertake one-off projects that are special in terms of criteria such as



budget, complexity, timescale and risk and that therefore require special focus.

Project Development develops projects for or together with investors and clients and is operated as a separate business unit with a balanced risk profile.

Subsidiaries
MT Højgaard's subsidiaries and jointly controlled entities are separate businesses. In our Group, we draw on each other's diverse capabilities and individual strategies to achieve synergies, thereby increasing value creation overall.

MT Højgaard continuously strives to enhance and ensure value creation in all its companies, and the various companies therefore have separate market positions, profiles, strategies and execution models.

Group annual review for 2010

Performance versus outlook

In 2010, MT Højgaard delivered revenue of DKK 8,303 million and profit before tax of DKK 100 million, corresponding to a pre-tax margin of 1.2%.

Revenue and profit were within the latest outlook. In the 2009 annual report we stated that we expected revenue of approx. DKK 9 billion and a pre-tax margin in the region of 2% to 3%. In the interim financial report at 30 August 2010, we changed this outlook to revenue of approx. DKK 8.5 billion and a pre-tax margin in the region of 1% to 2%.

Income statement

We delivered revenue of DKK 8,303 million in 2010, down 9% on last year. This reflected subdued demand, intense competition for orders and pressure on prices.

International activities accounted for 31% of revenue in 2010 versus 33% in 2009.

The MT Højgaard Group reported operating profit (EBIT) of DKK 94 million in 2010, down DKK 196 million on 2009. This reflected a combination of several factors; lower revenue due to the above effects on revenue, which has also led to a downward adjustment of our profitability requirements; increased tendering costs on a market under pressure; and the fact we maintained capacity, in selected areas, for the expected increase in the level of activity.

The operating margin (EBIT margin) was therefore 1.1% in 2010 compared with 3.2% in 2009.

Net financing costs amounted to net income of DKK 7 million versus DKK 17 million in 2009. This was partly due to increased borrowing and decreasing liquidity.

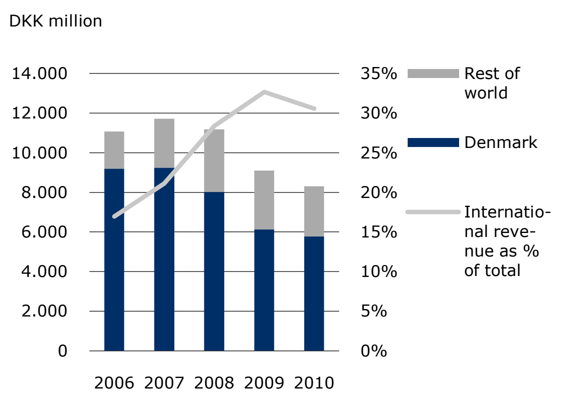
The result before tax was a profit of DKK 100 million, down DKK 207 million on 2009, reflecting the above factors. The pre-tax margin was 1.2% versus 3.4% in 2009.

Income tax expense was a net expense of DKK 39 million, providing an effective tax rate of 39% compared with 27% in 2009. The tax was made up of a current tax charge of DKK 54 million and a DKK 15 million change in the Group's deferred taxes. The effective tax rate was affected by tax on activities outside Denmark, which are subject to a higher tax burden than the Danish tax rate of 25%. The Group's deferred net tax asset was DKK 129 million at the end of 2010 compared with DKK 113 million in 2009.

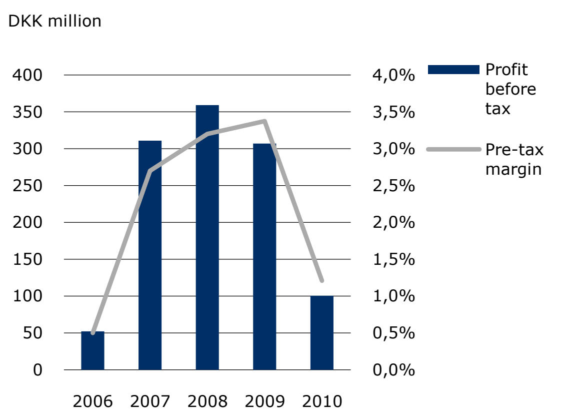
The consolidated result after tax was a profit of DKK 61 million compared with DKK 223 million in 2009.

On the Buxton project, there are no changes to report in relation to what was stated in the 2009 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.

Revenue



Profit before tax and pre-tax margin



Balance sheet

The consolidated balance sheet total at 31 December 2010 was DKK 4,698 million, equivalent to a decrease of 15% on the end of 2009. This should be viewed in the context of the lower level of activity and the resulting lower level of construction contracts in progress, trade payables and receivables; and drawings on cash balances and securities portfolios.

Equity stood at DKK 1,618 million, corresponding to an equity ratio of 34.5% compared with 29.2% at the end of 2009. Besides profit for the year, equity was affected by the payment of DKK 50 million in dividend. The return on equity was 3.8% compared with 14.6% in 2009.

A dividend of DKK 50 million is proposed.

The interest-bearing net deposit decreased by DKK 487 million in 2010, amounting to DKK 337 million at the end of 2010. This primarily reflected the above drawings on cash balances and securities portfolios, which also affected invested capital.

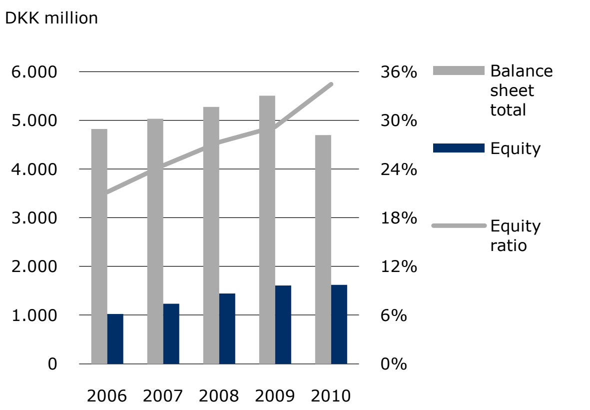
Invested capital amounted to DKK 1,281 million at the end of 2010 compared with DKK 880 million in 2009, and the return on invested capital was 8.7% versus 30.7% in 2009.

Cash flows and financial resources

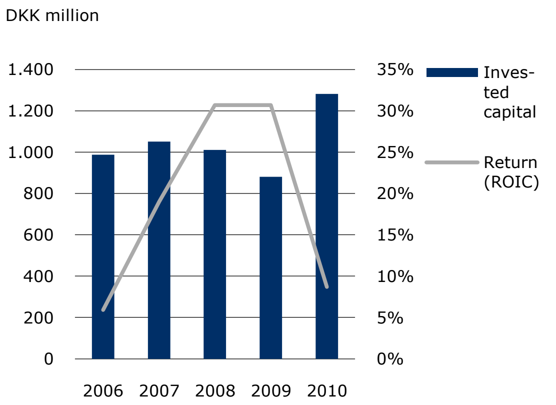
Operating activities generated a cash outflow of DKK 328 million in 2010 compared with DKK 485 million in 2009. This reflected lower profits in 2010 and the lower level of activity at the end of the year compared with the level at the start of the year.

Cash flows for investing activities amounted to an inflow of DKK 238 million, of which DKK 337 million related to the sale of short-term securities. Net investments in property, plant and equipment primarily related to replacement of and new investment in contractors' plant and equipment and amounted to DKK 99 million compared with DKK 143 million in 2009. Property, plant and equipment sold totalled DKK 142 million in 2010 compared with DKK 93 million in 2009. This was partly the result of an adjustment of the level of equipment hire in the subsidiary Ajos to the changed market conditions.

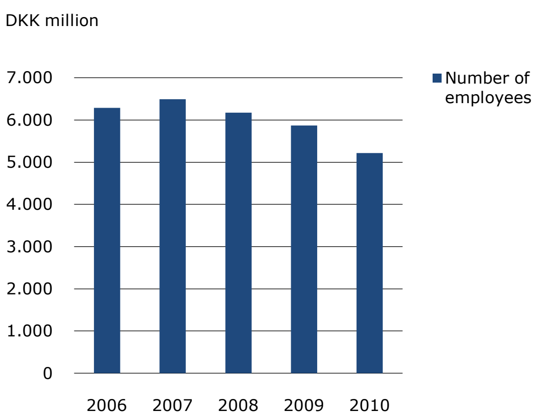
Balance sheet



Invested capital and return (ROIC)



Average number of employees



Cash outflow from financing activities was DKK 23 million versus DKK 69 million last year. The amount related to distribution of dividend and raising of non-current bank loans, etc.

Cash and cash equivalents decreased by DKK 113 million net in 2010 compared with DKK 105 million in 2009.

The Group's financial resources, calculated as cash, including cash and cash equivalents in joint ventures and jointly controlled entities, and securities and undrawn credit facilities, amounted to DKK 1,092 million at 31 December 2010 compared with DKK 1,307 million last year.

Order book

The order book stood at DKK 9,222 million at the end of 2010, approx. 24% up on last year. The quality of the order book is satisfactory in the current climate.

DKK million	2010	2009
Order book, beginning of year	7,455	9,461
Order intake for the year	10,070	7,081
Production during year	-8,303	-9,087
Order book, end of year	**9,222**	**7,455**

The order book includes a number of large orders extending over several years.

Acquisitions and disposals of enterprises

With the acquisition of Carlo Lorentzen A/S on 1 June 2010, MT Højgaard strengthened its market coverage in North Zealand and Roskilde and Sorø.

The activities of the subsidiary MTH Stål A/S (Promecon A/S) were wound up in 2010 and the service arm sold.

These factors did not have any material impact on consolidated revenue or profit in 2010.

Outlook for 2011

Overall, we expect the building and civil engineering market in Denmark to show a slight decline in 2011 compared with 2010. We estimate that approx. DKK 85 billion of the expected total market volume of approx. DKK 140 billion in the building and civil engineering market will lie within our sphere of interest. The activities in the Danish building and civil engineering market remain under pressure in 2011. However, MT Højgaard expects a higher level of activity than in 2010.

We expect the refurbishment market in Denmark to show a small decline overall.

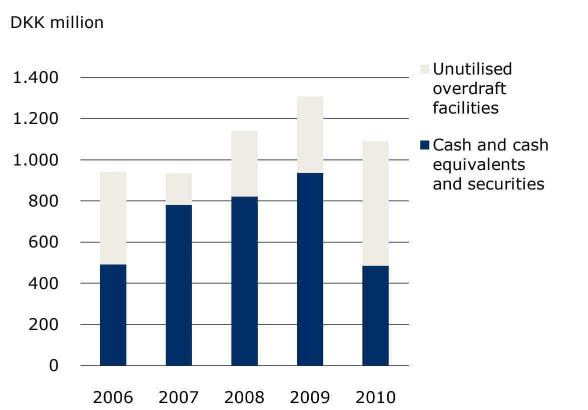
In offshore foundations for offshore wind farms - an area in which we are among the most experienced in the world - we expect a higher level of activity in future, although, in reality, the increase in the level of activity will probably not materialise until at the end of 2011 onwards.

We expect competition to remain fierce in the international building and civil engineering markets in which we operate. We will selectively pick the project opportunities that match our capabilities and resources.

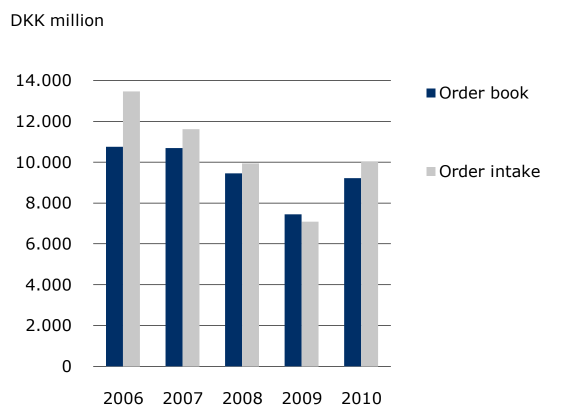
The order book stood at DKK 9.2 billion at the start of 2011, approx. 24% ahead of the start of 2010. Of this, we expect to execute DKK 6.7 billion in 2011. We have adjusted our profitability requirements as a consequence of competition and price pressure, and this is reflected in our order book. We 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 to be able to increase our revenue to approx. DKK 9.5 billion in 2011.

Because of the decline in profitability we do not expect to

Financial resources



Order book and order intake



be able to achieve a significantly higher pre-tax margin than in 2010 in the current climate, despite the increase in revenue. Focusing and targeted risk management will continue to play an important part in securing satisfactory earnings.

We estimate that the pre-tax margin for the Group for the year will be around 1%, although we expect a lower level in the first quarter, like last year.

Due to the expected increase in the level of activity and positive results we estimate that cash flows from operating activities will be positive.

We expect the Group's effective tax rate to be at a slightly higher level than the Danish tax rate, but at a lower level than in 2010.

We also expect to continue to maintain satisfactory financial resources in the form of cash and cash equivalents, securities and credit facilities.

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

Management changes

At our Annual General Meeting on 16 April 2010, the Board of Directors was reduced from 12 to 10 members.

The Board of Directors consequently consists of: Helge Israelsen (Chairman), Jørgen Nicolajsen (Deputy Chairman), Curt Germundsson, Poul Lind, Jens Jørgen Madsen and Lars Rasmussen, who have been elected by the shareholders in general meeting, and Irene Chabior, Torsten Ask Overgaard, Hans-Henrik H. Hansen and Knud Rasmussen, who have been elected by the employees.

Knowledge resources

MT Højgaard wants to be the best in its industry. This requires skilled employees who are passionate about learning and about sharing knowledge with each other. And it requires continuous focus on the development of new solutions.

Customers

MT Højgaard can only realise its vision if its customers are satisfied. We therefore apply a commercial strategy in our business areas that is designed to create and maintain close relations with our customers.

In this work we help our customers and others on the matters that are important to them. These include focusing on energy-efficient solutions, the costs of buildings throughout their lifecycle, consideration for those living in residential complexes during refurbishment, and innovative solutions for offshore wind turbine foundations.

This means that the investments we make in skills development, knowledge sharing and product and method development are passed on to our customers as some of the many benefits they get from entering into agreements with MT Højgaard. Having a safe working environment is of paramount importance to us, in particular to protect our employees, but also to a great extent because this is required by many of our customers. In brief, we incorporate what our customers need and want into all the initiatives and activities we implement, with the aim of making our customers satisfied.

Employees

Globally, we had an average of 5,217 employees in 2010 compared with 5,872 in 2009. At the end of 2010, we had 4,997 employees, or 836 fewer than at the same time last year.

In 2010, we conducted an employee satisfaction survey. Our vision includes a target of an employee satisfaction level of at least 80% on selected parameters. The survey showed that 82% of employees are satisfied or very satisfied with working at MT Højgaard.

Skills development

Employee development and building our core capabilities are continuous tasks. For individual employees, this takes place in collaboration with their managers and by means of formal internal and external course activities.

Internally, we train our employees in subjects such as project management at the MT Højgaard Academy. The Academy offers an internal modular training path on which employees develop from managing small projects to heading the largest, most complex projects. As an extension of our internationalisation, in 2010 we implemented Academy 1 for employees in Southeast Asia and the Middle East. This should be regarded as the first step in a number of training initiatives at our foreign locations.

In 2010, we launched a supervisor training course. The course is designed to help ensure that our foremen and contract managers have the skills to perform the management tasks entrusted to them.

We have also introduced a new concept for performance reviews in the project organisation. The aim is to be able to evaluate each employee in relation to his or her role and responsibility, thus ensuring that he or she has the right MT Højgaard skills. In 2012, the same concept will be rolled out in the rest of the company. The evaluation will allow us to enhance the organisation and the employees with precisely the skills that enhance our business.

Knowledge sharing

In a large company such as MT Højgaard, effective knowledge sharing is essential to our success. Therefore, we work continuously to professionalise and inform knowledge sharing so that we can always supply the best product to our customers.

To ensure that MT Højgaard's knowledge is developed, gathered and shared optimally, we launched a Knowledge Bank and established a separate knowledge organisation in 2010. This means that a number of employees have been appointed as knowledge-sharing ambassadors in our production activities.

The knowledge organisation works to gather experience from our production activities for our new Knowledge Bank. The aim of the Knowledge Bank is to ensure that knowledge from good experience is shared internally and to avoid repetition of poor solutions and errors in order to optimise efficiency. The topics in the Knowledge Bank initially focus on sharing knowledge of technical solutions that produce better end products for the benefit of our customers, our employees and MT Højgaard. In 2011, we will develop the knowledge organisation and its work still further.

In 2010, we also launched a CV system in the organisation. The system will help us enhance the efficiency of our processes in connection with prequalification and tender documentation so that we can quickly find the right skills and capabilities across the organisation.

Development of products and methods

One of the ways in which we will realise our vision of being the best in the industry is by combining development and innovation with what we are already good at. This means that there must be space to try out new solutions in relation to individual tasks, our working methods and processes and the way in which we are organised.

To make sure that we have an effective, value-creating innovation process, in 2010 we established an innovation unit that will carry good ideas to fruition and help analyse, drive forward and focus on innovation and development projects.

As part of our innovative approach, we are constantly testing intelligent building components. Examples include RFID, which can provide humidity and temperature data, and sensor technology in relation to products and processes in the work on concrete structures.

We believe it is important to work with research institutions. At the moment, we are working with the Danish National Advanced Technology Foundation on two projects concerning new methods for the production of special formwork and the operation of offshore wind turbines in deep water.

We work continuously on sustainability and always seek to develop the best solutions for our customers, whether we are developing a project, building from scratch or carrying out refurbishment. The focus in this connection is on finding the balance between elements such as energy savings, indoor climate, buildability and overall finances. For example, we have developed the Balanced Building concept with Velux. Balanced Building was developed with the aim of generating balance between energy consumption, quality of life and finances.

In the field of sustainability, we also, in 2009-2010, trained assessors in the most commonly used certification systems for sustainability, including LEED and BREEAM.

In 2010, we were awarded ISO 9001 quality certification. We have always focused on doing a proper job and meeting the requirements in the standard. In the future, we will be examined twice a year by an external certification bureau. With this certificate, we commit to continuously demonstrating improvements and ensuring that our quality management is excellent.

Corporate responsibility

Our corporate responsibility policy forms the general framework for all our policies and confirms our obligation to act ethically in the performance of our duties.

This means that we are committed to acting in accordance with our corporate responsibility policy in relation to, for example, employees, finances, environment, occupational health and safety, customers, conduct in the market, competitors, business partners and suppliers.

The policy encompasses our commitments in relation to integrity, fairness and corporate responsibility. We strive to ensure that every part of the Group understands and works constructively with the communities of which it is a part, and that, in the communities in which we perform our activities, we base our actions on respect, responsibility, dialogue and mutually realistic expectations.

The policy states, among other things, that we must comply with local legislation, that we do not use bribery, forced or compulsory labour or child labour and that we do not engage in discrimination. In continuation of this policy, we focus especially on the social issues where we can make a difference and where we believe that our efforts will create the most value for society and for ourselves.

Our ethical policy applies to all employees at MT Højgaard A/S and its wholly-owned subsidiaries.

In the following section we have elected to explain our policy, efforts and performance in the areas:

- health and safety
- environment

We have positions on other corporate responsibility issues where we do not carry out planning, measurement and follow-up to the same extent, however. For example, we have a Code of Conduct for suppliers. Our performance in this area is described in the section Other initiatives. In addition, our subsidiaries work on corporate responsibility, taking into account their activities and the capabilities they each possess.

Health and safety

We have a responsibility to our employees and their families and therefore want to promote a corporate culture that focuses on employee safety and health and on avoiding occupational injuries.

One of the ways in which we actively address this is via continuous training to ensure that our employees perform their tasks safely. We regularly evaluate the working environment and perform systematic risk assessments of our activities in Denmark, the rest of Europe, Greenland and the Faroe Islands. We conduct 1,500 visits and 50 internal audits at our construction sites and permanent workplaces ourselves every year, while an external certification bureau certifies us twice a year in Denmark and once a year in the rest of the certified area.

In 2010, we achieved our target of having fewer than 10 occupational injuries for every one million hours worked. Our injury frequency was 8.5. This is partly the result of focusing in 2010 on injuries resulting in lost time of 1-4 days and ensuring that our employees use our basic instructions.

In 2010, we had a campaign at our construction sites, focusing on recording near-misses. Each time a near-miss is recorded, we can learn from it and prevent it from becoming an incident in which employees are injured. Therefore, we have set up a hotline on which near-misses can be recorded 24 hours a day.

The target for 2011 is to achieve an injury frequency of less than 8. We have seen that focusing on injuries that result in lost time of 1-4 days has an effect. Therefore, this will continue to be the object of our focus in 2011, for which we have set a target to reduce the number of such injuries by 10%.

Environment

We are working to reduce the environmental impact of our construction sites and offices and of the finished buildings. Construction, building materials and the resulting waste have considerable consequences for the environment. Therefore, we are working to formalise our work by incorporating eco-friendly measures and reducing our environmental impact. The requirements we set for ourselves also apply to our subcontractors.

In 2009, we launched many new measures designed overall to help reduce our environmental impact, for example motion sensors, energy saving power strip, heat pumps in site huts and a ban on halogen lighting. In 2010, we worked to implement the various measures at our construction sites and offices and continued to initiate a number of new measures such as compulsory power monitoring at construction sites and an eco-friendly company car policy.

Since 2010, an environmental meeting has been held at the start-up of work on every construction site with a contract price of over DKK 10 million. Six compulsory environmental measures that can contribute to reducing the environmental impact significantly are reviewed at the meeting. These include lights being switched off automatically in site huts and automatic power monitoring. We expect these start-up meetings to contribute to the measures being integrated in activities at the sites. The start-up meeting is attended by the project manager and a representative of the subsidiary Ajos, which specialises in sustainability in connection with construction site organisation and is responsible for fitting out our sites and hiring equipment for them.

In 2010, we also completed energy renovation of our office buildings. The focus was on lighting, server rooms and heat consumption, for example. Energy renovation of our office in Søborg is not expected to be completed until 2011.

We also incorporate environmental considerations in relation to the end user and the finished product. Many people believe that it is much more expensive to make a building energy-efficient than it actually is.

To show clients how much can be saved, we have therefore launched a new online calculator that is freely accessible on our website. At no charge, you can quickly see how much can be saved by setting very strict energy requirements in connection with building refurbishment.

If you are thinking of a new building, the calculator also shows how much can be saved on energy consumption by complying with energy class 2015 or 2020 in accordance with the BR120 building regulations. The focus in this connection is on finding the balance between elements such as energy savings, indoor climate, buildability and overall finances.

Other initiatives – Code of Conduct for suppliers

With our policy for corporate responsibility, we set an ambitious framework for all our activities. Therefore, we also set a number of requirements for the conduct of our suppliers.

In our Code of Conduct for suppliers, we describe our minimum social, environmental and ethical requirements for the Group's suppliers. All new suppliers sign the code to show that they will comply with the requirements.

To ensure that the rules are observed, we conduct ongoing inspection visits and audits at selected suppliers to assess factors such as their working environment and environment work. The visits have generally had a positive effect and have also improved our partnerships with suppliers.

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 constantly minimise the current risks, which, in our opinion, do not generally differ from the normal risks facing companies in the building and civil engineering industry.

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 building and civil engineering 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 on the Danish market, coupled with our spread across markets, customers and areas of expertise, helps to balance risks during fluctuating market conditions.

Market trends in the various areas of activity often differ under varying economic framework conditions.

Projects
Our project management is crucial to ensure satisfactory value creation in the company. Our integrated management system features all the procedures and paradigms that our employees require to enable them to handle each project from sale and tendering to handover 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 construction site activities are efficiently coordinated and optimised. We often use the TrimBuild® project management tool on our 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 insurance and bond deposits as security for contracts and supplies. Performance and payment bonds, etc., totalled DKK 3,412 million at the end of 2010 compared with DKK 3,385 million in 2009.

Project development
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 projects is subject to advance sale of at least 75% to 80% of the project. 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 2010

We work exclusively in building and civil engineering.

At 31 December 2010, the Group was organised into four business areas, the separately profiled subsidiaries and the Group's corporate functions, Business Support.

Subsidiaries comprise the Group's subsidiaries and jointly controlled entities with separately profiled capabilities in the building and civil engineering business.

MT Højgaard delivered revenue of DKK 8,303 million in 2010, down DKK 784 million on 2009. Revenue can be broken down as shown below.

Revenue - DKK million	2010	2009
Civil Engineering	2,401	2,679
Construction	2,678	2,847
Major Projects	346	152
Project Development	110	258
Subsidiaries and jointly controlled	3,199	3,619
Eliminations/others	-431	-468
MT Højgaard Group	**8,303**	**9,087**

Civil Engineering

Civil Engineering undertakes infrastructure and civil engineering projects in Denmark and internationally. Our specialist skills include bridges, piling, earthworks, sewerage works, environmental projects, harbour and marine works, offshore wind farm foundations, and mining activities.

Overall, this business area reported revenue in 2010 at a slightly lower level than in 2009. The results, which were not satisfactory, reflected a number of fluctuations in the various areas. For example, we performed better than expected in the local markets in Denmark and Sweden. Although these markets are subject to a high level of competition, we have seen an increase in the number of invitations to tender, accompanied, unfortunately, by a higher number of bidders. Among the contracts we won and commenced were two bridge projects near Stockholm. Completions included an extension of the Port of Helsingborg.

We have high expectations of the Swedish market, in particular, in the coming years. Because of the next ten years' high level of investment activity in Sweden, we consider it relevant to bid on projects with our core capabilities such as harbour construction, concrete work within civil engineering, and bridges.

We expect the tough competition to continue in both the Danish and international markets for traditional civil engineering activities. In general, we are seeing a slow increase in the level of activity on foreign markets, in particular for various types of bridge and harbour construction in Northern Europe and Asia.

In the offshore area, we experienced several projects being postponed in 2010 due to problems with financing. The situation has now improved, and we expect a higher level of activity in this area in, for example, the UK, Germany, the Netherlands and Belgium in the coming years. In 2011, we are working on the installation of 69 foundations for offshore wind turbines off the Lincolnshire coast in the UK. We are also delighted to have won the contract for the installation of 111 foundations for the largest Danish wind farm to date near Anholt.

In addition, interest in mining activities in Greenland continues to increase. A number of preliminary investigations are currently being carried out that are nearing the stage of actual mine establishment. MT Højgaard has a solid foothold in Greenland in terms of mining, and we are assuming a prudent position in relation to the coming mining activities.

Overall, we expect higher results and a higher level of activity in 2011 - especially internationally. Because of the intense competition on the Danish market, we only anticipate a small improvement compared with 2010.

Construction

Construction carries out building projects in Denmark and worldwide. Capabilities range from residential and commercial construction to institution and school construction.

The downward trend on the construction market continued in 2010. Competition is therefore fierce and prices are under pressure. Despite this, our performance was satisfactory in 2010, accentuating the fact that our ability to manage projects is continuously improving for the benefit of our customers.

In the second quarter of 2010, there was an increase both in the number of projects put out to tender and the number of negotiated projects. In particular, there is increased interest in residential construction and we expect that this will result in new projects in 2011.

In Public Private Partnerships (PPP), we also saw an increase in projects put out to tender at the end of 2010, particularly by the Danish Palaces and Properties Agency. We have extensive experience of PPP and hope, therefore, that we will be awarded some of these projects. In 2010, we handed over Ørsted School on Langeland. Besides being an PPP project, this is also an energy-efficient building, which was awarded the Green Building certificate.

The refurbishment market, which normally remains constant, is also showing a downward trend. In 2010, we suffered from the downward market trend, but we expect to capture a larger share of the market already in 2011.

In 2011, we will start the biggest energy renovation project in Denmark, for the housing association Brabrands Boligforening. This renovation will reduce energy consumption by 80% in residential blocks built in the 1960s.

In 2010, we developed a new commercial strategy for construction and refurbishment that means that we will be extending our activities over more parts of the value chain. We will help customers focus on the overall costs of a building through its entire lifecycle instead of only focusing on the construction costs. This will give our customers an overall financial view and show that the savings on operation and maintenance are higher than the potential additional cost in the construction phase if they choose good quality materials that require a minimum of maintenance and minimise the future energy consumption of the building. In this connection too, we have established a facility management department, allowing us to offer our customers the opportunity to have their buildings operated and maintained by us.

Construction is locally rooted, with offices across Denmark. In 2010, we strengthened our local profile by opening new offices in Randers and Sakskøbing and acquiring the construction firm Carlo Lorentzen A/S in North Zealand. In 2010, we expanded our local presence outside Denmark with offices in Greenland and the Faroe Islands. Our expansion will continue in 2011 in Norway with the opening of an office in Oslo at the start of the year.

In 2010, we continued to develop our prize-winning agricultural products. In 2011. we begin construction of the first livestock building. The concept involves a wider livestock building with an integrated air exchange and purification system that considerably reduces ammonia emissions and odours to the benefit of both the working environment and animal welfare. And all functions can be controlled with a PDA or smartphone.

The construction market remains under pressure in 2011, although we expect gradual stabilisation and consequently also a higher level of activity for MT Højgaard. Due to the prevailing market conditions, we expect slightly lower results than in 2010.

Major Projects

Major Projects undertakes selected large projects.

In 2010, we continued to work on a major hydro power project in Panama, where the construction of a dam is progressing well. The entire installation will be handed over to the client in 2011.

In 2010, we submitted a tender for the future Metro Cityring in Copenhagen as part of a joint venture. The preparatory work for the tender was based on extensive design and estimating work. The tender was not successful.

In 2010, we also carried out the preliminary work on our tender for the future Fehmarnbelt Fixed Link. We currently have joint venture and consultancy agreements in place, and the preparations for a number of other major future infrastructure projects have begun.

Project Development

In Project Development we develop residential, commercial and retail projects. We develop projects both independently and in partnership with landowners and investors.

The year was characterised by a hesitant market. However, in the second half of the year, the market relaxed, resulting in the realisation of several residential and commercial projects in Greater Copenhagen and Jutland.

The housing market in Copenhagen remains characterised by an oversupply. We have therefore chosen to continue the short-term letting of the remaining dwellings in our Frederikskaj residential project in Copenhagen South Port. However, the remaining homes in our Humlebæk project have been sold.

In Frederiksberg, shops are being constructed below our biggest development project to date - the 32,000-square metre headquarters for KPMG. At the end of 2010, we acquired a neighbouring site for the development and construction of another approximately 6,000 square metres of retail space and offices.

In 2010, we also secured access to attractive new sites and optimised the planning basis for our existing portfolio of sites.

Overall, the expectations for 2010 were met. Despite the continued major focus on price and long decision-making processes, we expect the positive trend in the second half of 2010 to continue so that we will see a slightly upward trend in the level of activity in 2011 in relation to 2010 as a whole.

Subsidiaries

Our subsidiaries comprise Ajos A/S, Enemærke & Petersen A/S, Lindpro A/S, MTH Insurance A/S, MTH Stål A/S, Scandi Byg A/S, Timbra A/S and the jointly controlled entities Seth S.A. and Greenland Contractors I/S.

Ajos A/S

Ajos hires out equipment for building, civil engineering and refurbishment projects, but also undertakes projects for public institutions, industrial enterprises, festival organisers and retail companies.

In the last few years, the company has been focusing on developing its construction site set-up capabilities. In 2011, we will continue to work on enhancing this area as holistic solutions in connection with construction site set-up give both the client and the contractors many advantages, for example sustainable building, energy optimisation, a safe working environment and good day-to-day operation.

The equipment hire market had a historically bad year in 2010. However, Ajos ended the year with a profit, despite lower revenue than expected.

The profit was partly the result of the company having adjusted its level of activity in 2010, and partly because Ajos is focusing on combining equipment hire with strong professional and personal expertise.

In 2010, Ajos, together with one of MT Højgaard's other subsidiaries, Scandi Byg, developed a new pavilion system. Both companies expect the system to bring new projects in 2011.

The equipment hire market has now become stable. We therefore expect that, in 2011, Ajos will have activities on a par with 2010 and improved financial results.

Enemærke & Petersen A/S
Enemærke & Petersen constructs new buildings, and performs refurbishment and restoration as well as building service and maintenance in the residential sector, institutions and commercial buildings.

The company finished 2010 with a level of activity and results slightly ahead of expectations. This was partly due to efficient implementation of several large refurbishment projects. Enemærke & Petersen increased its level of activity in energy construction, energy renovation projects and construction of new zero-energy dwellings in 2010.

In 2011, the company's projects will include construction of the biggest zero-energy project in Denmark, HP - Huset og Plejecenter Trekroner, for Roskilde Municipality.

In 2010, Enemærke & Petersen concentrated all maintenance and service activities in a new subsidiary, E&P Service. The activities of the subsidiary include a 24-hour call centre.

Enemærke & Petersen expects the same level of activity in 2011 as in 2010, although with lower earnings.

Lindpro A/S
Lindpro's core activity is electrical and service contracts. The company also has activities in intelligent building installations, industrial systems, offshore, automation, fire alarm systems, intruder alarm systems, access control systems, PA systems, CCTV, telecoms, traffic, service, plumbing and heating and electro-mechanics.

The electrical installations industry was characterised by a declining level of activity, tough competition on prices and surplus capacity in 2010. Lindpro was also affected by this development and had to adjust its business by reducing the number of staff. It also reinforced its focus on optimisation and enhancement of the efficiency of the company's internal processes.

The company ended 2010 with a profit, although lower than expected.

Traditional electrical installations work has been undergoing major changes in recent years. Therefore, in 2010, Lindpro focused on its service business, energy optimisation and security assignments such as access control, fire alarm systems and CCTV - areas in which the company is enjoying a higher level of activity. These are also areas on which Lindpro will focus in 2011.

Many of the factors that influence Lindpro's demand and competitive situation are still regarded as uncertain. The expectation is for the level of activity to stabilise and for the results for 2011 to be higher than for 2010.

MTH Insurance A/S
MTH Insurance is the MT Højgaard Group's own insurance company. The company functions as every other insurance company and is approved by the Danish Financial Supervisory Authority. The company has issued policies for occupational injury and accident insurance, liability, including public liability, product liability and consultant liability, fire and secondary lines, including all-risks cover for buildings, contents, contracts and equipment. The insurance risk is hedged via reinsurance on the international insurance market.

Profit for 2010 was slightly lower than expected, mainly because the level of activity in the Group's other companies was lower than expected. Profit for 2011 is expected to be at a higher level than for 2010.

MTH Stål A/S (formerly Promecon A/S)
MT Højgaard sold the steel and piping company Promecon's service activities on 15 December 2010. On the same date, the company changed its name to MTH Stål A/S. The company's activities were no longer compatible with MT Højgaard's focus. As the market for conventional steel projects has at the same time been showing a downward trend in recent years, we have wound up our few remaining activities.

The company reported negative, unsatisfactory results in 2010. The company is expected to be merged with MT Højgaard A/S in 2011.

Scandi Byg A/S
Scandi Byg's core activity is the sale, manufacture and installation of prefabricated modular buildings. Projects range from the construction of schools and institutions, offices, hospitals and laboratories and homes to the manufacture and sale of site huts for the building and civil engineering industry.

2010 was generally characterised by low demand. In the first half of the year, in particular, it was difficult to obtain sufficient orders to maintain the necessary production rate. The year was also negatively influenced by the postponement of the start-up of production on a major residential project.

We consider the result to be satisfactory in view of the trend in 2010 and market conditions in general.

In 2010, the company developed several new concepts in its priority business areas. Together with the focus on sustainability and enhancement of the efficiency of production, these will contribute to the generation of new projects in 2011.

The expectations for 2011 are positive. The company has a sound order book and thus expectations of a higher level of activity, higher revenue and a higher profit than in 2010.

Timbra A/S
Timbra is a joinery and carpentry business working primarily east of the Great Belt. Activities range from major fitting-out projects to minor service assignments and refurbishment projects.

The company reported unsatisfactory results in 2010.

With effect from 1 January 2011, Timbra was merged with MT Højgaard, which has taken over all obligations and liability for the company.

Timbra will function as an in-house production unit and also focus on projects for selected clients.

Jointly controlled entities

Greenland Contractors I/S (67%)
Greenland Contractors carries out building projects and maintenance and service tasks at Thule Air Base for the US Air Force. While the US Air Force is the company's principal client, the company also undertakes assignments for the Greenland authorities, private companies and organisations.

Revenue and earnings for 2010 outperformed expectations. We expect revenue for 2011 on a par with 2010, but slightly lower results.

Seth S.A. (60%)
Seth specialises in harbour and marine works and operates in the Portuguese market, including on the Azores, and in Africa.

In 2010, Seth increasingly felt the stagnation that has marred the Portuguese market. Against that background, the results for the year are considered to be satisfactory.

We expect a positive financial performance in 2011 based on both recently awarded and expected orders, mainly in Africa.

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 each company's Corporate Governance principles.

MT Højgaard A/S is a jointly controlled entity under an agreement entered into between the shareholders.

In the following, we have chosen to give an account of the key elements of the Group's internal control and risk management systems in connection with the financial reporting process in accordance with the requirements set out in the Danish Financial Statements Act.

Financial reporting process

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

The Group's accounting and control systems can only provide reasonable, and not absolute, assurance against material errors and omissions in the financial reporting.

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

Control environment
We consider that management's approach is fundamental to good risk management and internal control in connection with the financial reporting process. The Board of Directors' and the Executive Board's approach to good risk management and internal control in connection with the financial reporting process is therefore constantly being strongly emphasised.

The Executive Board is responsible for ensuring that MT Højgaard's control environment provides a proper basis for the preparation of the financial reporting. Managers at various levels are responsible in their respective areas.

The Board of Directors and the Executive Board have defined targets that are incorporated in values, strategies and business plans. Policies, procedures and controls have been established in key areas in connection with the financial reporting process. The basis for this is a clear organisational structure, clear reporting lines, authorisation and approval procedures, and segregation of duties.

Risk assessment
The risk of errors in the items in the financial statements that are based on estimates or are generated through complex processes is relatively larger than for other items. A risk assessment aimed at identifying such items and the extent of the associated risks is coordinated by the Executive Board.

As a building and civil engineering group, the principal risks are in the contracting and performance phases of our projects.

Control activities
The purpose of control activities is to prevent, detect and correct any errors or irregularities and to ensure that estimates made are reasonable in the circumstances.

These activities have been integrated into our integrated management system, financial reporting manual and procedures. They include approval procedures for contracting of new projects that ensure initial risk assessment and management involvement at various levels, depending on project size. Procedures are also in place for monthly reviews with the responsible management at overall level, including of the risk assessment on the project and of project stage based on updated accounting records and updated expectations concerning remaining production. Lastly, procedures are in place for verifications, authorisations, approvals, reconciliations, analyses of results, IT application controls, and general IT controls.

Information and communications
We maintain internal information and communications systems to ensure that the financial reporting is correct and complete within the context of the confidentiality prescribed for listed companies. The integrated management system, the financial reporting manual and other reporting instructions are regularly updated, as appropriate. Changes in policies and accounting procedures are disclosed and explained on an ongoing basis.

Monitoring
The Board of Directors monitors the financial reporting on an ongoing basis, including that applicable legislation is being complied with, that the accounting policies are relevant, the manner in which material and exceptional items and estimates are accounted for, and the overall disclosure level in MT Højgaard's financial reporting.

We use comprehensive financial, reporting and control systems to monitor the Group's activities, enabling us to detect and correct any errors or irregularities in the financial reporting at an early stage. This includes any weaknesses detected in internal controls or non-compliance with procedures and policies.

The Group applies uniform IFRS rules as set out in the company's financial reporting manual. The manual includes accounting and assessment principles as well as reporting instructions, and must be complied with by all companies in the Group. The manual is updated and reviewed on an ongoing basis. Compliance with the manual is monitored at corporate level. Formal confirmations of compliance with the manual and relevant corporate policies, so-called representation letters, are obtained from all subsidiaries annually.

All consolidated enterprises report detailed monthly accounting data. These financial data are analysed and monitored at corporate and other operational levels.

Management statement and Independent auditor’s report

Statement by the Executive Board and the Board of Directors

The Executive Board and the Board of Directors have today discussed and approved the annual report of MT Højgaard A/S for the financial year 1 January - 31 December 2010.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 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 2010.

In our opinion, Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters, the results for the year and the Company's financial position and the financial position as a whole of the companies that are comprised by the consolidated financial statements as well as a description of the significant risks and uncertainty factors pertaining to the Group and the parent company.

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

Søborg, 24 March 2011

Executive Board

Kristian May
President and CEO

Johnny Rasmussen
CFO – Chief Financial Officer

Jens Nyhus
COO – Chief Operating Officer

Peter Kofoed
COO - Chief Operating Officer

Thorbjørn N. Rasmussen
COO - Chief Operating Officer

Board of Directors

Helge Israelsen
Chairman

Jørgen Nicolajsen
Deputy Chairman

Irene Chabior*

Curt Germundsson

Hans-Henrik Hansen*

Poul Lind

Jens Jørgen Madsen

Torsten Ask Overgaard*

Knud Rasmussen*

Lars Rasmussen

*) Employee representative

Independent auditor's report

To the shareholders of MT Højgaard A/S
We have audited the consolidated financial statements and the parent company financial statements of MT Højgaard A/S for the financial year 1 January - 31 December 2010, pages 26-72. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for consolidated financial statements and parent company financial statements.

In addition to our audit, we have read Management's review, pages 3-20, which has been prepared in accordance with Danish disclosure requirements for consolidated financial statements and parent company financial statements, and issued a statement in this regard.

Management's responsibility
Management is responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for consolidated financial statements and parent company financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are 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. Further, it is the responsibility of Management to prepare and issue a Management's review that gives a fair review in accordance with Danish disclosure requirements for consolidated financial statements and parent company financial statements.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements 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 consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements and the parent company financial statements 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 consolidated financial statements and the parent company financial statements.

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 consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 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 2010 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for consolidated financial statements and parent company financial statements.

Statement on management's review
Pursuant to the Danish Financial Statements Act, we have read management's review. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information given in management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 24 March 2011

KPMG
Statsautoriseret Revisionspartnerselskab

Finn L. Meyer
State Authorised Public Accountant

Jesper Koefoed
State Authorised Public Accountant

Executive Board

Executive Board

Kristian May
President and CEO

Member of the board of directors of:
BRFkredit A/S

Johnny Rasmussen
CFO – Chief Financial Officer

Member of the board of directors of:
Seth S.A.

Jens Nyhus
COO - Chief Operating Officer

Member of the board of directors of:
OPP Hobro Tinglysningsret A/S (CB)
OPP Vildbjerg Skole A/S (CB)
OPP Ørstedskolen A/S (CB)

Peter Kofoed
COO - Chief Operating Officer

Member of the board of directors of:
Seth S.A. (CB)
BMS A/S (CB)
Dansk Konstruktions- og Beton Institut A/S
GEO (DCB)
ANT Fonden

Thorbjørn N. Rasmussen
COO - Chief Operating Officer

Member of the board of directors of:
Netek IR Systems A/S
Alpha Wind Energy
MT Hojgaard Al Obaidly w.l.l.

Board of Directors

Board of Directors

Helge Israelsen
Chairman

Member of the board of directors of:
Højgaard Holding A/S (CB)

Jørgen Nicolajsen
Deputy Chairman

President and CEO, Monberg & Thorsen A/S
President, Dyrup A/S

Irene Chabior *
HR Development Consultant, HR

Curt Germundsson
Member of the board of directors of:
Kongsberg Automotive ASA (Norway) (CB)
Bandak Group AS (Norway) (CB)
EFD Induction ASA (Norway)
Alignment Systems AB (Sweden)
Dev Port AB (Sweden)

Hans-Henrik Hansen *
Manager, Design & Engineering

Member of the board of directors of:
Knud Højgaards Fond

Poul Lind
CEO, NPT A/S

Member of the board of directors of:
Monberg & Thorsen A/S
NPT A/S

Jens Jørgen Madsen

Member of the board of directors of:
Højgaard Holding A/S (DCB)
Kirk Kapital A/S
Sanistål A/S (DCB)
Velux A/S (DCB)
VKR Holding A/S

Torsten Ask Overgaard *
Design Manager, Design & Engineering

Knud Rasmussen *
Section Manager, Civil Engineering

Lars Rasmussen
CEO, Coloplast A/S
(and on the management of 25 subsidiaries)

Member of the board of directors of:
Højgaard Holding A/S
TDC A/S

*) Employee representative
(CB) Chairman of the board of directors
(DCB) Deputy chairman of the board of directors

Financial statements

Income statement and statement of comprehensive income

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
			Income statement		
5,640.6	5,342.1	4	Revenue	8,303.4	9,087.4
-5,386.0	-5,134.4	5-6	Production costs	-7,762.8	-8,347.8
254.6	**207.7**		**Gross profit**	**540.6**	**739.6**
-107.3	-136.3		Distribution costs	-165.9	-153.6
-136.6	-124.9	5-7	Administrative expenses	-281.1	-296.5
10.7	**-53.5**		**Operating profit (loss)**	**93.6**	**289.5**
-	-	13	Share of profit after tax of associates	2.5	0.3
228.0	297.9	8	Financial income	32.6	37.8
-20.2	-57.6	9	Financial expenses	-28.5	-20.8
218.5	**186.8**		**Profit before tax**	**100.2**	**306.8**
-63.2	-29.2	10	Income tax expense	-38.8	-84.1
155.3	**157.6**		**Profit for the year**	**61.4**	**222.7**
			Proposal for distribution of profit		
50.0	50.0		Dividend for the financial year		
105.3	107.6		Retained earnings		
155.3	**157.6**		**Total**		
			Statement of comprehensive income		
155.3	**157.6**		**Profit for the year**	**61.4**	**222.7**
			Other comprehensive income		
0.0	0.0		Foreign exchange adjustments, foreign enterprises	1.8	0.3
			Share of other comprehensive income of associates	-4.4	-5.2
0.0	0.0		Tax on other comprehensive income	0.0	0.0
0.0	**0.0**		**Other comprehensive income after tax**	**-2.6**	**-4.9**
155.3	**157.6**		**Total comprehensive income**	**58.8**	**217.8**

Balance sheet

PARENT COMPANY			ASSETS	GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
			Non-current assets		
			Intangible assets		
33.7	50.3	11	Goodwill	110.9	94.0
5.7	4.3	11	Other intangible assets	12.3	14.8
39.4	**54.6**		**Total intangible assets**	**123.2**	**108.8**
			Property, plant and equipment		
132.9	114.5		Land and buildings	330.8	368.7
81.7	119.8		Plant and machinery	377.4	321.3
17.4	22.9		Fixtures and fittings, tools and equipment	97.1	102.9
0.0	0.2		Property, plant and equipment under construction	11.5	4.6
232.0	**257.4**	12	**Total property, plant and equipment**	**816.8**	**797.5**
			Investments		
379.8	386.5	13	Investments in subsidiaries	-	-
50.1	50.1	13	Investments in jointly controlled entities and associates	1.2	1.2
19.8	16.4		Receivables from associates	10.1	15.4
118.7	120.0	18	Deferred tax assets	128.5	113.3
568.4	**573.0**		**Total investments**	**139.8**	**129.9**
839.8	**885.0**		**Total non-current assets**	**1,079.8**	**1,036.2**
			Current assets		
			Inventories		
2.4	1.2	14	Raw materials and consumables	72.9	75.1
492.7	519.7	14	Properties held for resale	587.1	500.0
495.1	**520.9**		**Total inventories**	**660.0**	**575.1**
			Receivables		
1,470.0	1,082.4		Trade receivables	1,578.1	2,171.5
128.3	413.2	20	Construction contracts in progress	497.5	383.1
418,1	205,4		Receivables from subsidiaries	-	-
0.0	10.1		Receivables from jointly controlled entities	1.8	0.0
13.5	18.0		Income tax	8.9	16.7
182.7	184.7		Other receivables	251.9	249.1
100.3	56.4		Prepayments	66.5	116.5
2,312.9	**1,970.2**	15	**Total receivables**	**2,404.7**	**2,936.9**
462.8	**107.4**	16	**Securities**	**225.8**	**563.4**
262.3	**202.4**	32	**Cash and cash equivalents**	**327.2**	**392.7**
3,533.1	**2,800.9**		**Total current assets**	**3,617.7**	**4,468.1**
4,372.9	**3,685.9**		**Total assets**	**4,697.5**	**5,504.3**

Balance sheet

PARENT COMPANY			EQUITY AND LIABILITIES	GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
			Equity		
220.0	220.0		Share capital	220.0	220.0
-	-		Other reserves	-5.6	-3.0
984.9	1,092.5		Retained earnings	1,354.0	1,342.6
50.0	50.0		Proposed dividends	50.0	50.0
1,254.9	**1,362.5**		**Total equity**	**1,618.4**	**1,609.6**
			Non-current liabilities		
33.6	74.0	17	Bank loans, etc.	129.2	95.7
73.3	100.6	19	Provisions	188.9	144.7
106.9	**174.6**		**Total non-current liabilities**	**318.1**	**240.4**
			Current liabilities		
3.3	7.4	17	Current portion of non-current financial liabilities	17.5	15.3
0.0	66.0	17	Bank loans, etc.	68.8	21.0
1,314.1	551.1	20	Construction contracts in progress	705.6	1,527.2
157.2	330.8		Prepayments received from customers	372.7	188.1
734.2	669.6		Trade payables	940.2	1,008.6
240,3	183,1		Payables to subsidiaries	-	-
22.2	0.0		Payables to jointly controlled entities	0.0	11.3
0.0	0.0		Income tax	16.8	8.7
471.1	291.2		Other payables	550.4	783.5
68.4	49.3		Deferred income	55.9	72.2
0.3	0.3	19	Provisions	33.1	18.4
3,011.1	**2,148.8**		**Total current liabilities**	**2,761.0**	**3,654.3**
3,118.0	**2,323.4**		**Total liabilities**	**3,079.1**	**3,894.7**
4,372.9	**3,685.9**		**Total equity and liabilities**	**4,697.5**	**5,504.3**

Notes without reference

1	Accounting policies
2	Accounting estimates and judgements
3	Information on activities
21	Security
22	Lease commitments
23	Contingent assets and contingent liabilities
24	Related parties
25	Joint ventures
26	Financial risks
27	Capital management
28	New International Financial Reporting Standards and IFRIC Interpretations
29	Events after the reporting period
33	Company overview

Statement of cash flows

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
			Operating activities		
10.7	-53.5		Operating profit (loss)	93.6	289.5
55.7	27.1	30	Non-cash operating items	131.4	135.8
66.4	**-26.4**		**Cash flows from operating activities before working capital changes**	**225.0**	**425.3**
			Working capital changes:		
-28.0	-17.5		Inventories	-68.1	-22.1
-175.0	652.8		Receivables excluding construction contracts in progress	670.4	73.7
242.6	-1,062.9		Construction contracts in progress	-951.1	138.3
-26.1	-213.4		Trade and other current payables	-164.9	-81.7
79.9	**-667.4**		**Cash flows from operations (operating activities)**	**-288.7**	**533.5**
33.1	17.4		Financial income	30.3	37.8
-15.5	-12.3		Financial expenses	-27.9	-20.8
97.5	**-662.3**		**Cash flows from operations (ordinary activities)**	**-286.3**	**550.5**
-40.6	-20.0		Income taxes paid, net	-42.0	-64.8
56.9	**-682.3**		**Cash flows from operating activities**	**-328.3**	**485.7**
			Investing activities		
0.0	-1.9	31	Acquisition of enterprises and activities	-2.8	-16.4
0.0	0.7	31	Disposal of enterprises and activities	3.0	0.0
-10.2	-15.9		Capital contributions to subsidiaries and associates	-	-
-69.0	-95.3	30	Purchase of property, plant and equipment	-241.2	-235.9
6.2	61.1		Sale of property, plant and equipment	142.1	92.9
194.9	267.2		Dividends from subsidiaries and associates	0.0	0.0
-454.7	-489.2		Purchase of securities	-639.3	-553.5
150.0	843.5		Sale of securities	975.9	191.5
-182.8	**570.2**		**Cash flows for investing activities**	**237.7**	**-521.4**
			Financing activities		
			Loan financing:		
5.9	39.9	30	Increase in non-current bank loans, etc.	39.9	7.8
0.0	-3.7		Decrease in non-current bank loans, etc.	-12.6	-26.8
			Shareholders:		
-50.0	-50.0		Dividends	-50.0	-50.0
-44.1	**-13.8**		**Cash flows from financing activities**	**-22.7**	**-69.0**
-170.0	**-125.9**		**Net increase (decrease) in cash and cash equivalents**	**-113.3**	**-104.7**
432.3	262.3		Cash and cash equivalents at 01-01	371.7	476.4
262.3	**136.4**	32	**Cash and cash equivalents at 31-12**	**258.4**	**371.7**

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

Statement of changes in equity, parent company

Amounts in DKK million

Equity, parent company	Share capital	Retained earnings	Proposed dividends	Total
2009				
Equity at 01-01	**220.0**	**879.6**	**50.0**	**1,149.6**
Profit for the year		105.3	50.0	**155.3**
Transactions with owners:				
Dividends paid			-50.0	**-50.0**
Total changes in equity	**0.0**	**105.3**	**0.0**	**105.3**
Equity at 31-12	**220.0**	**984.9**	**50.0**	**1,254.9**
2010				
Equity at 01-01	**220.0**	**984.9**	**50.0**	**1,254.9**
Profit for the year		107.6	50.0	**157.6**
Transactions with owners:				
Dividends paid			-50.0	**-50.0**
Total changes in equity	**0.0**	**107.6**	**0.0**	**107.6**
Equity at 31-12	**220.0**	**1,092.5**	**50.0**	**1,362.5**

At 31 December 2010, 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. Dividend distributed in 2010 per share amounted to DKK 227.27 (2009: DKK 227.27).

Statement of changes in equity, Group

Amounts in DKK million

Equity, Group	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Total
2009						
Equity at 01-01	**220.0**	**0.0**	**1.9**	**1,169.9**	**50.0**	**1,441.8**
Profit for the year				172.7	50.0	**222.7**
Other comprehensive income:						
Foreign exchange adjustments, foreign enterprises			0.3			**0.3**
Share of other comprehensive income of associates		-5.2				**-5.2**
Tax on other comprehensive income		0.0	0.0			**0.0**
Transactions with owners:						
Dividends paid					-50.0	**-50.0**
Total changes in equity	**0.0**	**-5.2**	**0.3**	**172.7**	**0.0**	**167.8**
Equity at 31-12	**220.0**	**-5.2**	**2.2**	**1,342.6**	**50.0**	**1,609.6**
2010						
Equity at 01-01	**220.0**	**-5.2**	**2.2**	**1,342.6**	**50.0**	**1,609.6**
Profit for the year				11.4	50.0	**61.4**
Other comprehensive income:						
Foreign exchange adjustments, foreign enterprises			1.8			**1.8**
Share of other comprehensive income of associates		-4.4				**-4.4**
Tax on other comprehensive income		0.0	0.0			**0.0**
Transactions with owners:						
Dividends paid					-50.0	**-50.0**
Total changes in equity	**0.0**	**-4.4**	**1.8**	**11.4**	**0.0**	**8.8**
Equity at 31-12	**220.0**	**-9.6**	**4.0**	**1,354.0**	**50.0**	**1,618.4**

Notes

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 Danish disclosure requirements for annual reports.

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

The annual report is presented in Danish kroner.

The accounting policies are unchanged from those set out in the 2009 annual report, apart from the effects of the factors set out in the following.

The following standards and interpretations have been implemented with effect from 1 January 2010: IFRS 3 (revised 2008) Business Combinations. Amendments to IAS 27 (revised 2008) Consolidated and Separate Financial Statements. More amendments to IAS 39 Financial Instruments: Recognition and Measurement, and to IFRIC 9 Reassessment of Embedded Derivatives. Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions. More amendments to IFRS 1 First-time Adoption of IFRS. Parts of improvements to IFRSs May 2008 with an effective date of 1 July 2009. Improvements to IFRSs April 2009. IFRIC 17 Distributions of Non-cash Assets to Owners. IFRIC 18 Transfers of Assets from Customers.

IFRS 3 and IAS 27 are effective for transactions occurring on or after 1 January 2010. One of the effects of the provisions in IFRS 3 is that purchase costs and changes to contingent consideration are recognised directly in the income statement.

Apart from IFRS 3, the new standards and interpretations have not had any effect on recognition and measurement in 2010. The effect of IFRS 3 has reduced profit for the year by DKK 0.5 million.

The classification of administrative expenses, distribution costs and production costs has been reviewed to give a fair picture and comparative figures have been restated. The change has had the following effects on the comparative figures for 2009: administrative expenses have been increased by DKK 38.0 million, distribution costs have been increased by DKK 10.4 million, and production costs have been reduced by DKK 48.4 million.

Basis of reporting

Basis of consolidation
The consolidated financial statements comprise 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 MT Højgaard 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 associates are reported by deducting from the proceeds on disposal

Notes

Note

1 **Accounting policies**

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. The tax effect of the restatements performed is taken into account.

Any excess of the purchase price 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 purchase price (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.

Non-controlling interests

Non-controlling interests are recognised initially either at fair value or at the proportionate share of the fair value of the acquiree's assets, liabilities and contingent liabilities at the acquisition date. The method for measuring non-controlling interests is decided on a transaction-by-transaction basis.

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

Joint ventures

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

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

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. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Notes

Note

1 **Accounting policies**

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.

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 production costs as they occur.

For derivative financial instruments that qualify for cash flow hedge accounting, changes in fair value are recognised in equity as they occur. 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.

Derivative financial instruments are recognised from the trade date and measured in the balance sheet at fair value. Gains and losses on remeasurement to fair value are recognised as other receivables and other payables, respectively. Fair value is measured on the basis of current market data and recognised valuation methods based on observable exchange rates.

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

Notes

Note

1 **Accounting policies**

income statement over the lease term.

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.

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 include 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**

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.

Borrowing costs attributable to the acquisition, construction or development of self-constructed qualifying assets are recognised as part of the cost of those assets.

The parent company recognises dividends from investments in subsidiaries, jointly controlled entities and associates and adjustments of investments at the recoverable amount. Dividends are credited to income in the financial year in which they are declared.

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.

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 as well as borrowing costs attributable to the construction of the assets.

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.

Notes

Note

1 **Accounting policies**

Expected useful lives:

Buildings	10-50 years
Plant and machinery	3-12 years
Fixtures and fittings, tools and equipment	3-12 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 financial statements
The parent company measures investments in subsidiaries, jointly controlled entities and associates at cost. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

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

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

Notes

Note

1 **Accounting policies**

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. An impairment loss is recognised if there is an objective indication of impairment of a receivable.

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

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

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

Notes

Note

1 **Accounting policies**

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 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 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.

Provisions are measured based on management's best estimate of the amount that will be required to settle the obligation.

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, jointly controlled entities and associates, and other payables, are measured at amortised cost.

Notes

Note

1 **Accounting policies**

Statement of cash flows

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

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 statement of cash flows 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.

Financial ratios

Financial ratios have been prepared in conformity with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2010'.

The financial ratios used are defined under consolidated financial highlights.

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 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. This is determined on the basis of, among other things, expected remaining expenses and income. They also include estimates relating to the outcome of litigation in connection with demands for extra payments, etc., which are determined on the basis of, among other things, the stage of negotiations with the counterparty and an evaluation of the likely outcome.

In connection with impairment testing of equity investments and goodwill, we also apply estimates 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 equity 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 equity investments and goodwill are described in notes 11 and 13 respectively.

Accounting policies

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 primarily relate 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.

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		3	**Information on activities**		
			The MT Højgaard Group works exclusively in building and civil engineering in Denmark and abroad.		
			Internationally, the MT Højgaard Group operates in Europe (the UK, Portugal, Sweden and Norway), the North Atlantic (Faroe Islands and Greenland), Asia and the Middle East as well as South America (Panama).		
			Geographical breakdown of revenue and non-current assets		
			Revenue can be broken down as follows:		
			Danmark	5,763.7	6,119.9
			Rest of world	2,539.7	2,967.5
			Total	**8,303.4**	**9,087.4**
			Non-current assets excluding deferred tax assets can be broken down as follows:		
			Danmark	700.4	775.5
			Rest of world	250.9	147.4
			Total	**951.3**	**922.9**
		4	**Revenue**		
			Revenue can be broken down as follows:		
5,427.9	5,233.1		Selling price of the production for the year on construction contracts in progress and completed construction contracts, etc.	7,608.6	8,273.8
210.0	103.8		Revenue from project development cases sold, etc.	103.8	210.0
2.7	5.2		Rental income, etc.	591.0	603.6
5,640.6	**5,342.1**		**Total**	**8,303.4**	**9,087.4**
		5	**Depreciation and amortisation**		
1.4	1.4		Intangible assets	3.2	2.3
27.3	31.6		Property, plant and equipment	121.8	120.7
28.7	**33.0**		**Total depreciation and amortisation**	**125.0**	**123.0**
			Deprecation and amortisation are included in the income statement as follows:		
23.8	23.8		Production costs	111.2	115.5
4.9	9.2		Administrative expenses	13.8	7.5
28.7	**33.0**		**Total depreciation and amortisation**	**125.0**	**123.0**

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		6	**Staff costs**		
			The total amount paid in wages and salaries, etc., can be broken down as follows:		
939.4	897.6		Wages and salaries, etc.	2,085.6	2,166.3
70.2	65.1		Pension contributions (defined contribution)	150.2	158.6
40.0	31.1		Other social security costs	79.2	92.2
1,049.6	**993.8**		**Total**	**2,315.0**	**2,417.1**
2,997	**2,769**		**Average number of employees**	**5,217**	**5,872**
2,998	**2,571**		**Number of employees, year end**	**4,997**	**5,833**
			Total remuneration (salaries and remuneration, etc.) to the Board of Directors and the Executive Board:		
3.0	2.7		Board of Directors	2.7	3.0
12.2	15.0		Executive Board	15.0	12.2
15.2	**17.7**		**Total**	**17.7**	**15.2**
		7	**Fees paid to auditor appointed at the Annual General Meeting (KPMG)**		
1.6	1.7		Audit fees	4.2	4.4
0.1	0.0		Other assurance engagements	0.2	0.3
0.9	0.5		Tax and VAT advice	0.7	1.0
2.3	1.3		Non-audit services	2.7	4.7
4.9	**3.5**		**Total fees**	**7.8**	**10.4**
		8	**Financial income**		
16,8	9,4		Interest income, other (balance sheet items recognised at amortised cost)	15.5	14.1
15,4	10,3		Interest income, securities (balance sheet items recognised at fair value)	14.1	19.1
0,0	0,0		Capital gains on securities	1.1	1.2
0,9	0,0		Gains on sale of equity investments	0.0	0.0
0,0	0,0		Foreign exchange gains	1.9	3.4
73,0	75,7		Dividends from subsidiaries	-	-
121,9	192,2		Dividends from associates and jointly controlled entities	-	-
0,0	10,3		Reversal of impairment loss on investments in subsidiaries and associates, etc.	0.0	0.0
228,0	**297,9**		**Total financial income**	**32.6**	**37.8**
8,3	8,3		Of which interest received from subsidiaries	-	-

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		9	**Financial expenses**		
6.0	4.8		Interest expense (balance sheet items recognised at amortised cost)	20.0	12.9
0.6	3.2		Capital losses on securities	3.2	0.6
0.6	5.0		Foreign exchange losses	5.3	7.3
13.0	44.6		Impairment loss on investments in subsidiaries and associates, etc.	0.0	0.0
20.2	**57.6**		**Total financial expenses**	**28.5**	**20.8**
0.0	0.8		Of which interest paid to subsidiaries	-	-
		10	**Income tax expense**		
-29.5	-30.2		Current tax	-54.0	-57.8
-33.7	1.0		Changes in deferred tax	15.2	-26.3
-63.2	**-29.2**		**Income tax expense**	**-38.8**	**-84.1**
			Income tax expense can be broken down as follows:		
-54.6	-46.7		Income tax expense before tax measured at Danish tax rate (25%)	-25.0	-76.7
-3.2	-3.6		Deviations in foreign enterprises’ tax rates	-11.9	-7.6
52.4	87.4		Non-taxable income	0.0	0.0
-3.8	-37.5		Non-deductible expenses	-1.1	-0.8
-54.0	-28.8		Other, including prior year adjustments and joint taxation	-0.8	1.0
-63.2	**-29.2**		**Income tax expense**	**-38.8**	**-84.1**
28.9	15.6		Effective tax rate (%)	38.7	27.4
		11	**Intangible assets**		
			Goodwill		
33.7	33.7		Cost at 01-01	94.0	80.5
0.0	16.6		Addition on acquisition of enterprises	17.6	13.5
33.7	50.3		Cost at 31-12	111.6	94.0
0.0	0.0		Impairment losses at 01-01	0.0	0.0
0.0	0.0		Disposals	0.0	0.0
0.0	0.0		Impairment charge	0.7	0.0
0.0	0.0		Impairment losses at 31-12	0.7	0.0
33.7	**50.3**		**Carrying amount at 31-12**	**110.9**	**94.0**

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		11	**Intangible assets (continued)**		
			Other intangible assets		
7.1	7.1		Cost at 01-01	17.9	15.5
0.0	0.0		Addition on acquisition of enterprises	0.0	2.4
7.1	7.1		Cost at 31-12	17.9	17.9
0.0	1.4		Amortisation and impairment losses at 01-01	3.1	0.8
1.4	1.4		Amortisation charge	2.5	2.3
1.4	2.8		Amortisation and impairment losses at 31-12	5.6	3.1
5.7	**4.3**		**Carrying amount at 31-12**	**12.3**	**14.8**

Goodwill

The carrying amounts of goodwill attributable to business area Civil Engineering (DKK 9.7 million) and Construction (DKK 40.6 million) at MT Højgaard A/S; Enemærke & Petersen A/S (DKK 43.2 million); and Lindpro A/S (DKK 17.4 million), were tested for impairment at 31 December 2010.

The recoverable amount was 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 2010, the net cash flows were determined on the basis of the approved budget for 2011 and estimates for the years 2012-2015. The growth in the terminal period was fixed at 1.0% (2009: 1.0%). A discount rate of 10-11% before tax was used to calculate the present value (2009: 11-12%). The primary key assumptions are estimated to be the growth rates and the EBIT margins applied. The estimates for 2012-2015 were calculated on the basis of previous experience, taking into account management's expectations for the future. The assumptions applied may differ from the experience figures, as previous periods may have been affected by factors that are not expected in the estimates.

The impairment test did not give rise to any write-downs of goodwill to recoverable amounts, except for a small write-down relating to an acquired activity in the subsidiary Lindpro.

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 intangible assets are limited.

Management has not identified any factors indicating a need for impairment testing of other intangible assets.

Notes

PARENT COMPANY 2010

Note	Amounts in DKK million					
12	**Property, plant and equipment**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
	Cost at 01-01	159.4	173.8	57.4	0.0	**390.6**
	Addition on acquisition of activities	8.3	1.1	0.0	0.0	**9.4**
	Reclassifications, etc.	0.0	-6.9	6.9	0.0	**0.0**
	Additions	4.4	71.4	13.1	0.2	**89.1**
	Disposals	-37.4	-27.2	-14.4	0.0	**-79.0**
	Cost at 31-12	134.7	212.2	63.0	0.2	**410.1**
	Depreciation and impairment losses at 01-01	26.5	92.1	40.0	0.0	**158.6**
	Reclassifications, etc.	0.0	-5.2	5.2	0.0	**0.0**
	Depreciation, disposals	-9.2	-14.0	-14.3	0.0	**-37.5**
	Depreciation charge	2.9	19.5	9.2	0.0	**31.6**
	Depreciation and impairment losses at 31-12	20.2	92.4	40.1	0.0	**152.7**
	Carrying amount at 31-12	**114.5**	**119.8**	**22.9**	**0.2**	**257.4**
	Mortgaged properties:					
	Carrying amount	54.3				**54.3**
	Year-end balance, loans	19.0				**19.0**
	Assets held under finance leases:					
	Carrying amount		0.6	12.2		**12.8**

Notes

PARENT COMPANY						2009
Note						
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	165.8	115.0	47.9	0.0	**328.7**
	Addition of assets to subsidiaries	-9.4	-0.3	-0.4	0.0	**-10.1**
	Additions	3.0	62.3	9.9	0.0	**75.2**
	Disposals	0.0	-3.2	0.0	0.0	**-3.2**
	Cost at 31-12	159.4	173.8	57.4	0.0	**390.6**
	Depreciation and impairment losses at 01-01	27.7	74.7	36.0	0.0	**138.4**
	Addition of assets to subsidiaries	-3.7	-0.2	0.0	0.0	**-3.9**
	Depreciation, disposals	0.0	-3.1	0.0	0.0	**-3.1**
	Depreciation charge	2.5	20.7	4.0	0.0	**27.2**
	Depreciation and impairment losses at 31-12	26.5	92,1	40.0	0.0	**158.6**
	Carrying amount at 31-12	**132.9**	**81.7**	**17.4**	**0.0**	232.0
	Mortgaged properties:					
	Carrying amount	47.6				**47.6**
	Year-end balance, loans	17.3				**17.3**
	Assets held under finance leases:					
	Carrying amount			6.1		**6.1**

Notes

GROUP 2010

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	470.0	865.3	281.4	4.6	**1,621.3**
	Addition on acquisition of activities	8.3	1.1	0.0	0.0	**9.4**
	Reclassifications, etc.	0.0	-6.7	6.7	0.0	**0.0**
	Additions	11.4	168.1	36.0	10.3	**225.8**
	Disposals	-63.8	-150.2	-30.2	-3.4	**-247.6**
	Cost at 31-12	425.9	877.6	293.9	11.5	**1,608.9**
	Depreciation and impairment losses at 01-01	101.3	544.0	178.5	0.0	**823.8**
	Reclassifications, etc.	0.0	-5.0	5.0	0.0	**0.0**
	Depreciation, disposals	-16.1	-109.8	-27.5	0.0	**-153.4**
	Depreciation charge	9.9	71.0	40.8	0.0	**121.7**
	Depreciation and impairment losses at 31-12	95.1	500.2	196.8	0.0	**792.1**
	Carrying amount at 31-12	**330.8**	**377.4**	**97.1**	**11.5**	**816.8**
	Mortgaged properties:					
	Carrying amount	136.1				**136.1**
	Year-end balance, loans	54.0				**54.0**
	Assets held under finance leases:					
	Carrying amount		11.1	21.4	0.0	**32.5**

Notes

GROUP 2009

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	450.4	825.2	244.0	12.5	**1,532.1**
	Addition on acquisition of activities	0.0	3.5	0.0	0.0	**3.5**
	Additions	24.9	156.4	48.6	13.4	**243.3**
	Disposals	-5.3	-119.8	-11.2	-21.3	**-157.6**
	Cost at 31-12	470.0	865.3	281.4	4.6	**1,621.3**
	Depreciation and impairment losses at 01-01	93.7	542.1	149.8	0.0	**785.6**
	Depreciation, disposals	-1.0	-71.8	-9.5	0.0	**-82.3**
	Depreciation charge	8.6	73.7	38.2	0.0	**120.5**
	Depreciation and impairment losses at 31-12	101.3	544.0	178.5	0.0	**823.8**
	Carrying amount at 31-12	**368.7**	**321.3**	**102.9**	**4.6**	**797.5**
	Mortgaged properties:					
	Carrying amount	134.1				**134.1**
	Year-end balance, loans	55.4				**55.4**
	Assets held under finance leases:					
	Carrying amount		11.5	16.0		**27.5**

Notes

PARENT COMPANY

Note	Amounts in DKK million	Investments in subsidiaries	Investments in jointly controlled entities and associates
13	**Investments**		
	2010		
	Cost at 01-01	510.3	50.1
	Additions	141,2	0,0
	Disposal on merger with subsidiaries*	-60.5	0.0
	Cost at 31-12	591.0	50.1
	Adjustments at 01-01	-130.5	0.0
	Disposal on merger with subsidiaries*	44.1	0.0
	Impairment charge	-128,4	0,0
	Reversal of impairment losses	10.3	0.0
	Adjustments at 31-12	-204.5	0.0
	Carrying amount at 31-12	**386.5**	**50.1**

* Comprises the merger with the two wholly-owned companies without any activities.

	2009		
	Cost at 01-01	553.3	47.7
	Additions	3.0	2.4
	Addition of assets to subsidiaries	6.1	0.0
	Disposals	-52.1	0.0
	Cost at 31-12	510.3	50.1
	Adjustments at 01-01	-167.8	0.0
	Impairment charge	-13.0	0.0
	Disposals	50.3	0.0
	Adjustments at 31-12	-130.5	0.0
	Carrying amount at 31-12	**379.8**	**50.1**

A list of the consolidated enterprises is given in note 33.

In 2010, we determined investments in subsidiaries at the recoverable amount. The recoverable amount was 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 10-11% before tax was used to calculate the present value (2009: 11-12%).

The impairment loss for the year, DKK 128.4 million, and the reversed impairment loss of DKK 10.3 million have been recognised in financial items in notes 9 and 8. The impairment loss for the year related to MT Hojgaard (GIB), MTH Stål A/S, Timbra A/S and CL 2010 A/S. The reversed impairment loss related to MTH Grønland ApS.

Additions for the year included a DKK 103.8 million capital injection for MT Hojgaard (GIB) Ltd. that was used to repay a previously written-down loan. The write-down was reversed with DKK 103.6 million and recognised under financial items in note 9.

Notes

GROUP

Note	Amounts in DKK million		
13	**Investments (continued)**		Investments in associates
	2010		
	Cost at 01-01		1.7
	Disposals		0.0
	Cost at 31-12		1.7
	Adjustments at 01-01		-0.5
	Share of profit for the year after tax		2.5
	Other adjustments		-2.5
	Adjustments at 31-12		-0.5
	Carrying amount at 31-12		**1.2**
	2009		
	Cost at 01-01		1.7
	Disposals		0.0
	Cost at 31-12		1.7
	Adjustments at 01-01		-0.1
	Share of profit for the year after tax		0.3
	Other adjustments		-0.7
	Adjustments at 31-12		-0.5
	Carrying amount at 31-12		**1.2**
	Associates (the figures represent our ownership interest)	2010	2009
	Revenue	6.6	4.0
	Profit for the year	2.5	0.4
	Total assets	173.0	158.8
	Total liabilities	161.3	146.1
	Total contingent liabilities	0.0	0.0

The following companies are associates:
OPP Hobro Tinglysningsret A/S (33%)
OPP Vildbjerg Skole A/S (50%)
OPP Ørstedskolen A/S (33%)

Notes

PARENT COMPANY 2009	PARENT COMPANY 2010	Note	Amounts in DKK million	GROUP 2010	GROUP 2009
		14	**Inventories**		
			Raw materials and consumables		
3.8	2.4		Cost at 01-01	75.5	80.3
0.3	4.2		Additions	110.5	70.1
-1.7	-5.4		Disposals	-113.1	-74.9
2.4	1.2		Cost at 31-12	72.9	75.5
0.0	0.0		Adjustments at 01-01	-0.4	-0.4
0.0	0.0		Reversal of impairment losses	0.4	0.0
0.0	0.0		Adjustments at 31-12	0.0	-0.4
2.4	**1.2**		**Carrying amount at 31-12**	**72.9**	**75.1**
0.0	0.0		Value of inventories recognised at net realisable value	0.5	0.6
			Properties held for resale		
481.0	510.3		Cost at 01-01	517.6	488.3
30.7	99.6		Additions	159.7	30.7
-1.4	-81.5		Disposals	-81.5	-1.4
510.3	528.4		Cost at 31-12	595.8	517.6
-14.5	-17.6		Adjustments at 01-01	-17.6	-14.5
-3.1	0.0		Impairment charge	0.0	-3.1
0.0	8.9		Reversal of impairment losses	8.9	0.0
-17.6	-8.7		Adjustments at 31-12	-8.7	-17.6
492.7	**519.7**		**Carrying amount at 31-12**	**587.1**	**500.0**
35.9	4.6		Value of properties recognised at net realisable value	4.6	41.7
			Mortgaged properties:		
0.0	130.9		Carrying amount	136.7	5.7
0.0	38.1		Year-end balance, loans	39.0	1.1

Properties for resale consist mainly of undeveloped sites that are held with a view to project development activities, in-process in-house development projects and completed dwellings for resale.

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		15	**Receivables**		
8.5	7.0		Receivables falling due more than one year after the balance sheet date	7.0	8.5
			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.		
		16	**Securities**		
462.8	107.4		Bonds	225.8	563.4
462.8	**107.4**		**Total carrying amount**	**225.8**	**563.4**
462.1	107.1		Nominal holding	224.8	559.8
70.2	20.4		Bonds maturing more than one year after the balance sheet date	116.4	150.6
0.3	0.6		Maturity of bond portfolio (years)	2.4	0.9
2.7	2.5		Effective interest rate on bond portfolio (%)	3.6	3.5
56.3	53.2		Bonds lodged as security (market value). The return, etc., accrue to MT Højgaard and the maturity is up to five years.	53.2	56.3
0.0	0.0		Bonds featuring as registered assets in MTH Insurance a/s (quoted price). The return, etc., accrues to MTH Insurance A/S.	118.4	100.7
			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.		

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		17	**Interest-bearing liabilities**		
			Total interest-bearing liabilities can be broken down by commitment type as follows:		
30.7	136.5		Bank loans, etc.	180.6	95.3
6.2	10.9		Lease commitments (assets held under finance leases)	34.9	36.7
36.9	**147.4**		**Carrying amount at 31-12**	**215.5**	**132.0**
			Total interest-bearing liabilities can be broken down by currency as follows:		
36.9	147.4		DKK	193.7	87.4
0.0	0.0		EUR	21.8	44.6
36.9	**147.4**		**Carrying amount at 31-12**	**215.5**	**132.0**
			Total interest-bearing liabilities can be broken down by fixed-rate and floating-rate debt as follows:		
36.9	81.4		Fixed-rate debt	96.5	74.1
0.0	66.0		Floating-rate debt	119.0	57.9
36.9	**147.4**		**Carrying amount at 31-12**	**215.5**	**132.0**
			Total interest-bearing liabilities can be broken down by effective interest rate as follows:		
18.2	129.8		Less than 5%	187.5	82.9
18.7	16.2		Between 5% and 7%	26.6	49.0
0.0	1.4		More than 7%	1.4	0.1
36.9	**147.4**		**Carrying amount at 31-12**	**215.5**	**132.0**
4.2	3.5		Weighted average effective interest rate (%)	3.6	4.2
8.2	9.2		Weighted average remaining term (years)	5.1	5.0
			Interest-bearing liabilities are recognised in the balance sheet as follows:		
33.6	74.0		Non-current liabilities	129.2	95.7
3.3	73.4		Current liabilities	86.3	36.3
36.9	**147.4**		**Carrying amount at 31-12**	**215.5**	**132.0**
36.3	**146.9**		**Fair value**	**215.5**	**130.9**
			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	
2009	2010	Note	Amounts in DKK million	2010	2009
		18	**Deferred tax assets and deferred tax liabilities**		
-167.4	-118.7		Deferred tax (net) at 01-01	-113.3	-139.6
0.3	0.0		Disposal on addition of assets to subsidiary	-	-
0.0	-0.3		Addition on merger with subsidiaries	-	-
33.7	-1.0		Changes via income statement	-15.2	26.3
-118.7	**-120.0**		**Deferred tax (net) at 31-12**	**-128.5**	**-113.3**
			Deferred tax can be broken down as follows:		
			Deferred tax assets		
10.3	0.0		Property, plant and equipment	0.0	9.3
0.0	0.0		Current assets	3.2	2.4
16.2	31.2		Non-current liabilities	43.6	18.4
10.3	1.7		Current liabilities	8.0	15.0
182.1	181.1		Tax loss carryforwards	214.3	224.1
218.9	214.0		Deferred tax assets at 31-12 before set-off	269.1	269.2
-100.2	-94.0		Set-off within legal entities and jurisdictions (countries)	-140.6	-155.9
118.7	**120.0**		**Deferred tax assets at 31-12**	**128.5**	**113.3**
			Deferred tax liabilities		
2.6	2.3		Intangible assets	6.5	6.6
10.5	2.9		Property, plant and equipment	17.0	11.1
0.0	0.6		Investments	0.6	0.0
87.1	88.2		Current assets	116.5	138.2
100.2	94.0		Deferred tax liabilities at 31-12 before set-off	140.6	155.9
-100.2	-94.0		Set-off within legal entities and jurisdictions (countries)	-140.6	-155,.9
0.0	**0.0**		**Deferred tax liabilities at 31-12**	**0.0**	**0.0**

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.

A substantial proportion of the deferred tax asset relating to tax loss carryforwards is attributable to a timing difference between recognition applying tax rules and recognition applying accounting rules, which is primarily reflected in the deferred tax on current assets.

Tax relating to distributable reserves in foreign subsidiaries that are subject to higher taxation if distributed amounted to DKK 11 million (2009: DKK 10 million). These liabilities have not been recognised, as the Group checks whether they will crystallise. It is likely that the liabilities will not crystallise in the foreseeable future.

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		19	**Provisions**		
64.4	73.6		Guarantee works, etc., at 01-01	103.0	98.9
9.5	27.6		Provided in the year	52.0	11.5
-0.3	-0.3		Utilised in the year	-3.2	-1.6
0.0	0.0		Reversal of unutilised prior year provisions	-2.7	-5.8
73.6	100.9		Guarantee works, etc., at 31-12	149.1	103.0
-	-		Employee liabilities at 01-01	60.1	0.0
-	-		Liability acquired	0.0	38.4
-	-		Provided in the year	22.8	21.7
-	-		Utilised in the year	-10.0	0.0
-	-		Employee liabilities at 31-12	72.9	60.1
-	-		**Carrying amount at 31-12**	**222.0**	**163.1**
			Provisions are recognised in the balance sheet as follows:		
73.3	100.6		Non-current provisions	188.9	144.7
0.3	0.3		Current provisions	33.1	18.4
73.6	**100.9**		**Carrying amount at 31-12**	**222.0**	**163.1**
			Expected maturity dates:		
0.3	0.3		Less than one year	33.1	18.4
13.3	18.8		Between one and two years	29.8	25.2
39.5	55.9		Between two and five years	107.3	67.8
20.5	25.9		More than five years	51.8	51.7
73.6	**100.9**		**Carrying amount at 31-12**	**222.0**	**163.1**

Guarantee works, etc., relate primarily to provisions for guarantee works on completed contracts.

Employee liabilities comprise mainly insurance-related provisions for industrial injury cover that is covered under the Group's self-insurance programme.

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		20	**Construction contracts in progress**		
6,453.3	7,252.6		Progress billings	8,182.2	7,971.1
-5,267.5	-7,114.7		Selling price of construction contracts	-7,974.1	-6,827.0
1,185.8	**137.9**		**Construction contracts in progress (net)**	**208.1**	**1,144.1**
			Construction contracts in progress are recognised in the balance sheet as follows:		
1,314.1	551.1		Current liabilities	705.6	1,527.2
-128.3	-413.2		Receivables	-497.5	-383.1
1,185.8	**137.9**		**Construction contracts in progress (net)**	**208.1**	**1,144.1**
			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 insurance and bond deposits has been provided for contracts and supplies.		
			The guarantees provided relate to:		
8.5	5.9		Bid bonds	12.4	39.2
1,636.1	1,860.4		Contracts and supplies in progress	2,332.5	2,067.4
916.7	731.1		Completed contracts and supplies	1,067.1	1,278.4
2,561.3	**2,597.4**		**Total**	**3,412.0**	**3,385.0**

Guarantees in respect of completed contracts and supplies relate to normal one-year and five-year guarantee works.

Similar security has been provided for prepayments received, etc., recognised in the balance sheet as liabilities.

In addition, land and buildings have been lodged as security for bank loans, etc., see notes 12 and 14.

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		22	**Lease commitments**		
			Finance leases		
			Total future minimum lease payments:		
2.4	6.4		Due within one year	13.8	12.4
4.0	4.7		Due between two and five years	17.9	20.3
0.0	0.0		Due after more than five years	4.3	7.3
6.4	**11.1**		**Total**	**36.0**	**40.0**
			Carrying amount:		
2.3	6.3		Due within one year	13.5	11.3
3.9	4.6		Due between two and five years	17.3	18.6
0.0	0.0		Due after more than five years	4.1	6.8
6.2	**10.9**		**Total**	**34.9**	**36.7**
0.2	0.2		Financial expenses	1.1	3.3
			Financial expenses have been determined as the difference between total future lease payments and the carrying amount (present value) of finance leases. These financial expenses are recognised in the income statement over the lease term.		
			Operating leases		
			Total future minimum lease payments:		
36.6	39.8		Due within one year	65.0	65.4
98.4	101.7		Due between two and five years	147.9	157.0
25.8	26.4		Due after more than five years	77.8	89.3
160.8	**167.9**		**Total**	**290.7**	**311.7**
38,9	32,2		Lease payments relating to operating leases recognised in the income statement	57,7	59,2

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 14 years. None of the leases features contingent rent.

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009

23 **Contingent assets and contingent liabilities**

Indemnities

In accordance with normal practice, the parent company has issued indemnities in respect of a few subsidiaries, joint ventures and contracts won by subsidiaries.

Pending disputes and litigation

The MT Højgaard Group is involved in various disputes and legal and arbitration proceedings (expenses as well as income). In management's opinion, the outcome of these proceedings is not expected to have any material adverse impact on the Group's financial position.

24 **Related parties**

Control

The Group has a controlling related party relationship with the 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.

MT Højgaard A/S is a jointly controlled entity under an agreement entered into between the shareholders.

Significant influence

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

The parent company's related parties also include subsidiaries, jointly controlled entities and associates in which MT Højgaard A/S has control or significant influence. A list of the consolidated enterprises is given in note 33.

The company's independent auditor

The company's independent auditor, KPMG Statsautoriseret Revisionspartnerselskab, has concluded a design-build contract for approx. DKK 900 million with MT Højgaard A/S for the construction of KPMG's new head office at Flintholm Station, Frederiksberg. The construction period is approx. 2 ½ years, and the building is expected to be handed over in autumn 2011.

The conclusion of this contract and the execution of the construction work have not given rise to any circumstances that may influence KPMG's independence as auditors of the company elected by the shareholders in general meeting.

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		24	**Related parties (continued)**		
			Related party transactions		
			All related party transactions during the year were entered into in the ordinary course of business and based on arm's length terms.		
			Related party transactions comprised:		
327.0	394.0		Purchases of goods and services from subsidiaries	-	-
19.0	6.1		Sales of goods and services to subsidiaries	-	-
7.0	0.6		Purchases of goods and services from jointly controlled entities	0.9	7.0
1.0	16.8		Sales of goods and services to jointly controlled entities	20.4	0.0
0.0	0.0		Purchases of goods and services from associates	0.0	0.0
0.0	42.1		Sales of goods and services to associates	42.1	0.0
0.0	0,4		Purchases of goods and services from shareholders	0,4	0.0
0.0	1,9		Sales of goods and services to shareholders	1,9	0.0
0.0	0,0		Balance with shareholders (- = debt)	0,0	0.0
0.0	0.0		Purchases of goods and services from the Board of Directors and the Executive Board	0.0	0.0
0.0	0.0		Sales of goods and services to the Board of Directors and the Executive Board	0.0	0.0
0.0	0.0		Balance with the Board of Directors and the Executive Board (- = debt)	0.0	0.0

Remuneration to the Board of Directors and the Executive Board is set out in note 6.

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 were not written down in 2010 or 2009.

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.

Notes

Note	Amounts in DKK million

25 **Joint ventures**

The MT Højgaard Group participates in two forms of joint ventures: jointly controlled operations and jointly controlled entities.

Joint ventures		Ownership interest	Other joint venturers
Jointly controlled operations			
Aircon JV	*	50%	Dyrup A/S
Changuinola Civil Works JV	*	50%	E. Pihl & Søn A/S
EL - FTTH Nord **	*	50%	Lindpro A/S
Eidi 2 Konsortiet		50%	PF. J&K Contractors
Eidi 2 Sudur Konsortiet		50%	PF. J&K Contractors
JV ElSyd **	*	50%	Lindpro A/S
KFT-JV	*	50%	Hochtief Construction AG
MT Hojgaard-Züblin JV	*	50%	Züblin A/S
M3-Konsortiet	*	60%	M.J. Eriksson Aktieselskab
M10-Syd-Konsortiet	*	60%	M.J. Eriksson Aktieselskab
MT Højgaard - Pihl	*	50%	E. Pihl & Søn A/S
Jointly controlled entities			
Greenland Contractors I/S	*	67%	Greenland Resources A/S
MTHojgaard Al Obaidly WLL		49%	OITC W.L.L.
Seth S.A.		60%	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	
2009	2010	Note	Amounts in DKK million	2010	2009

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 2009.

MT Højgaard maintains an overview of the Group's currency positions and interest rate sensitivity with a view to mitigating currency risks and maintaining interest rate sensitivity at a low level.

Currency risks

Currency risks are managed centrally in MT Højgaard with a view to mitigating the effects of currency fluctuations. On projects, MT Højgaard strives to minimise risks by seeking to match income to expenditure so that they balance with respect to currency and by using forward exchange contracts.

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 production costs as they arise, as they do not qualify for hedge accounting. In the consolidated income statement the amount recognised amounted to an expense of DKK 15.4 million (2009: expense of DKK 17.3 million). In the parent company income statement the amount recognised amounted to an expense of DKK 15.4 million (2009: expense of DKK 14.4 million).

The open forward exchange contracts at 31 December 2010 had a remaining term of up to 5 years (2016).

Consolidated revenue denominated in foreign currencies, predominantly EUR, was DKK 1.9 billion in 2010 (2009: DKK 2.4 billion).

The Group's principal currency exposure is mainly related to EUR, USD, GBP, NOK and SEK.

Notes

PARENT COMPANY				GROUP	
		Note	Amounts in DKK million		
		26	**Financial risks (continued)**		

The hypothetical effect on profit for the year and equity of reasonable, probable increases in exchange rates is shown below:

Hypothetical effect on profit for the year and equity	Nominal position of cash and cash equivalents, receivables and financial liabilities		Nominal position of cash and cash equivalents, receivables and financial liabilities	Hypothetical effect on profit for the year and equity
-1.1	-147.7	EUR/DKK, probable change in exchange rate 1%	-135.8	-1.0
-1.6	-42.7	USD/DKK, probable change in exchange rate 5%	-157.9	-5.9
-1.2	-32.5	GBP/DKK, probable change in exchange rate 5%	-18.7	-0.7
-0.4	-11.6	SEK/DKK, probable change in exchange rate 5%	-11.6	-0.4
-10.4	-276.2	NOK/DKK, probable change in exchange rate 5%	-273.3	-10.2
	-510.7		**-597.3**	

A decrease in the exchange rates would have a corresponding opposite effect on profit for the year and equity.

The sensitivity analysis was based on the financial instruments recognised at 31 December 2010 and an assumption of unchanged production/sales and price level.

Interest rate risks

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

Cash/securities stood at DKK 553.0 million at the end of 2010 and was mainly placed on short-term, fixed-term deposit and in bonds with a maturity of less than three years at the end of 2010.

The Group's interest-bearing liabilities stood at DKK 215.5 million at the end of 2010, with short-term borrowings accounting for 40%. The average weighted remaining maturity of the Group’s interest-bearing debt was 5.1 years, and the weighted average effective interest rate was 3.6%. Fixed-rate debt accounted for 45% of the Group’s interest-bearing debt.

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		26	**Financial risks (continued)**		

Changes in fair value: all other conditions being equal, the hypothetical effect of a one percentage point increase in relation to the interest rate level at the balance sheet date would have been a DKK 3.9 million decrease in profit for the year and equity at 31 December 2010 (2009: decrease of DKK 3.5 million). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

Changes in cash flows: All other conditions being equal, the hypothetical positive effect of a one percentage point increase in relation to the interest rate level realised for the year on the Group's floating-rate cash/securities and debt would have been a DKK 2.0 million increase in profit for the year and equity at 31 December 2010 (2009: increase of DKK 2.9 million). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

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 insurance 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.

2009	2010		Amounts in DKK million	2010	2009
			Write-downs included in receivables developed as follows:		
1.2	1.6		Carrying amount at 01-01	17.1	9.2
1.3	2.8		Provided in the year	5.5	9.3
-0.9	-0.5		Utilised in the year	-1.4	-1.4
1.6	3.9		**Carrying amount at 31-12**	21.2	17.1
1.6	3.9		Nominal value of written-down receivables	23.8	19.3
181.3	61.0		Receivables that were past due by more than 90 days at 31 December but not impaired	95.5	194.4
916,4	831,4		Security received in respect of receivables (fair value)	842,0	934,4

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		26	**Financial risks (continued)**		
			Liquidity risks		
			Liquidity risks are managed through established, appropriate credit lines and committed borrowing 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 2010, the financial resources stood at DKK 1,092 million compared with DKK 1,307 million in 2009.		
			A cash pool agreement has been established for the parent company and most of the Group’s subsidiaries.		
			Financial liabilities can be broken down as follows:		
36.9	147.4		Interest-bearing liabilities	215.5	132.0
22.2	0.0		Payables to jointly controlled entities	0.0	11.3
734.2	669.6		Trade payables	940.2	1,008.6
12.8	24.9		Derivative financial liabilities	24.9	14.7
806.1	**841.9**		**Total carrying amount**	**1,180.6**	**1,166.6**
			Maturity profile for financial liabilities:		
760,6	744,9		Less than one year	1.029,0	1.057,8
3.6	6.1		Between one and two years	17.3	12.5
21.5	30.0		Between two and five years	52.1	38.6
17.7	58.3		More than five years	99.7	76.8
803.4	**839.3**		**Total contractual cash flows**	**1,198.1**	**1,185.7**
			Maturity profile for derivative financial liabilities:		
-0.8	13.6		Less than one year	13.6	-0.8
13.0	9.5		Between one and two years	9.5	13.0
0.6	1.8		Between two and five years	1.8	0.6
0.0	0.0		More than five years	0.0	1.9
12.8	**24.9**		**Total contractual cash flows**	**24.9**	**14.7**
			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.		

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		26	**Financial risks (continued)**		
			Categories of financial instruments		
			Carrying amount by category:		
462.8	107.4		Financial assets measured at fair value via the income statement	232.4	563.4
2,431.8	1,753.2		Loans and receivables	2,197.7	2,912.7
12.8	24.9		Financial liabilities measured at fair value via the income statement	24.9	14.7
1,717.5	1,654.5		Financial liabilities measured at amortised cost	2,121.9	2,181.0
			Fair value hierarchy for financial instruments measured at fair value in the balance sheet		
			The Group's securities are valued based on quoted prices (Level 1).		
			The Group's derivative financial instruments are valued at observable prices (Level 2).		

Notes

Note

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 equity ratio was 35% in 2010 against 29% at the end of 2009.

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 2010: IFRS 9, amendment to IFRIC 14, IFRIC 19; revised IAS 24, amendments to IFRS 1, amendment to IFRS 7, amendment to IAS 32 and improvements to IFRSs (May 2010), amendments to IAS 12 and amendments to IFRS 1. IFRS 9, amendments to IFRS 1, IFRS 7 and IAS 12 and improvements to IFRS (May 2010) have not been adopted by the EU as yet.

The new standards and interpretations are expected to be implemented from their mandatory effective dates. With the exception of the effect referred to below, none of the new standards or interpretations referred to in the foregoing is expected to have a material effect on the MT Højgaard Group's financial reporting.

IAS 34: Interim Financial Reporting will be amended as part of Annual Improvement 2010. The standard will only affect the Group's information in interim financial statements. The information required by the standard will extend the disclosure requirements. The amendments apply to financial years beginning on or after 1 January 2011.

IFRS 9 changes the classification and measurement of financial assets and liabilities (current IAS 39). In future, the main categories for measurement of financial assets will be amortised cost and fair value through either the income statement or the statement of comprehensive income. For financial liabilities, the provisions will be amended so that changes in own credit risk no longer affect the income statement, but are only to be recognised in other comprehensive income. We do not expect the standard to have any material effect on the Group, but we have yet to determine the effect. The standard is effective for financial years beginning on or after 1 January 2013.

29 **Events after the reporting period**

So far as management is aware, no events have occurred between 31 December 2010 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 2010, other than the effects recognised and referred to in the annual report.

Notes

PARENT COMPANY				GROUP	
2009	2010	Note	Amounts in DKK million	2010	2009
		30	**Non-cash operating items**		
			Non-cash operating items		
29.9	35.1		Depreciation and impairment losses - property, plant and equipment	127.6	122.6
25.8	-8.0		Other adjustments	3.8	13.2
55.7	**27.1**		**Total non-cash operating items**	**131.4**	**135.8**
-75.2	-100.0		Purchase of property, plant and equipment, including assets held under finance leases	-245.9	-243.2
6.2	4.7		Portion relating to lease commitments	4.7	7.3
-69.0	**-95.3**		**Purchase of property, plant and equipment**	**-241.2**	**-235.9**
12.1	44.6		Increase in bank loans, etc., including lease commitments	44.6	15.1
-6.2	-4.7		Portion relating to lease commitments	-4.7	-7.3
5.9	**39.9**		**Increase in non-current bank loans, etc.**	**39.9**	**7.8**
		31	**Acquisition and disposal of enterprises and activities**		
			Acquisition of enterprises and activities		
0.0	0.0		Intangible assets	0.0	2.4
0.0	9.4		Property, plant and equipment	9.4	3.5
0.0	0.1		Inventories	0.1	2.3
0.0	52.1		Receivables	52.1	8.4
0.0	1.5		Cash and cash equivalents	1.5	1.9
0.0	-10.6		Non-current liabilities	-10.6	-0.6
0.0	-47.6		Current liabilities	-47.6	-12.0
0.0	**4.9**		**Identifiable net assets acquired**	**4.9**	**5.9**
0.0	16.6		Goodwill	17.6	12.4
0.0	**21.5**		**Cash purchase price**	**22.5**	**18.3**
0.0	-19.6		Cash and cash equivalents in acquired enterprises	-19.7	-1.9
0.0	**1.9**		**Cash purchase price, net**	**2.8**	**16.4**

Notes

PARENT COMPANY 2009	PARENT COMPANY 2010	Note	Amounts in DKK million	GROUP 2010	GROUP 2009
		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 acquisitions was calculated as DKK 17.6 million, which represents the future economic benefits from assets such as knowhow and synergies.		
			The acquired activities feature with DKK 1.3 million in consolidated profit for 2010.		
			Disposal of enterprises and activities		
0.0	0.1		Property, plant and equipment	1.9	0.0
0.0	0.6		Inventories	1.1	0.0
0.0	**0.7**		**Net assets**	**3.0**	**0.0**
0.0	0.0		Accounting profit/loss	0.0	0.0
0.0	**0.7**		**Selling price**	**3.0**	**0.0**
0.0	0.0		Cash and cash equivalents in enterprises disposed of	0.0	0.0
0.0	**0.7**		**Cash selling price, net**	**3.0**	**0.0**
			Further details are provided in the section ”Acquisitions and disposals of enterprises” in management’s review.		
		32	**Cash and cash equivalents**		
			Cash and cash equivalents at 31-12 can be broken down as follows:		
230.0	190.2		Distributable cash	312.5	358.7
32.3	12.2		Share of cash and cash equivalents in joint ventures	14.7	34.0
262.3	**202.4**		**Cash and cash equivalents**	**327.2**	**392.7**
0.0	-66.0		Current portion of bank loans, etc.	-68.8	-21.0
262.3	**136.4**		**Total cash and cash equivalents**	**258.4**	**371.7**
			Share of cash and cash equivalents in joint ventures is available exclusively to the joint ventures.		

Notes

Note

33 Company overview

Subsidiaries, jointly controlled entities and associates at 31 December 2010

Companies		Registered office	Ownership interest		Share capital ('000)
MT Højgaard A/S					
Ajos A/S		Hvidovre DK	100.00	DKK	500
CL2010 A/S		Hillerød 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
Bendix Træ & Glas ApS		Hvidovre DK	100.00	DKK	200
Bode Byg A/S		Solrød DK	100.00	DKK	500
Greenland Contractors I/S	(J)	Cph DK	66.66	DKK	-
Lindpro A/S		Glostrup DK	100.00	DKK	25,000
Arssarnerit A/S		Greenland DK	100.00	DKK	2,000
MT (UK) Ltd.		England GB	100.00	GBP	25
MT Atlantic Inc.		USA US	100.00	USD	10
MT Hojgaard Finland Oyj		Finland SU	100.00	EUR	80
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
MT Højgaard Norge A/S		Norway NO	100.00	NOK	500
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
MTH Stål A/S		Fredericia DK	100.00	DKK	5,000
MTH Stål A/S		Norway NO	100.00	NOK	500
MTH Stål Vietnam Company Limited		Vietnam VN	100.00	USD	50
Scandi Byg A/S		Løgstør DK	100.00	DKK	3,000
Soc. de Empreitadas e Trabalhos Hidráulicos, S.A.,(Seth)	(J)	Portugal PT	60.00	EUR	4,000
Timbra A/S		Taastrup DK	100.00	DKK	500

(A) associates.

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

OTHER INFORMATION

Consolidated financial highlights - EUR

Amounts in EUR million	2006	2007	2008	2009	2010
Income statement					
Revenue	1,484	1,571	1,499	1,219	1,114
Operating profit (EBIT)	8	26	44	39	13
Net financing costs and profit (loss) of associates	-1	15	4	2	1
Profit before tax	7	42	48	41	13
Profit for the year	5	32	35	30	8
Balance sheet					
Share capital	30	30	30	30	30
Equity attributable to equity holders of the parent	134	165	193	216	217
Equity incl. non-controlling interests	137	165	193	216	217
Balance sheet total	647	675	708	738	630
Interest-bearing deposit/debt (+/-)	7	26	69	111	45
Invested capital	133	141	135	118	172
Cash flows					
Cash flows from operating activities	43	-10	72	65	-44
Cash flows for investing activities:					
Net investments excl. securities	-28	17	-22	-21	-13
Net investments in securities	-4	-8	-1	-49	45
Cash flows from financing activities	-1	-5	-8	-9	-3
Net increase/(decrease) in cash and cash equivalents	-39	-5	40	-14	-15
Financial ratios					
Gross margin (%)	4.0	5.1	6.9	8.1	6.5
Operating margin (EBIT margin) (%)	0.5	1.7	2.9	3.2	1.1
Pre-tax margin (%)	0.5	2.7	3.2	3.4	1.2
Return on invested capital (ROIC) (%)	5.9	19.3	30.7	30.7	8.7
Return on equity (ROE) (%)	3.7	20.9	19.4	14.6	3.8
Equity ratio (%)	21.2	24.5	27.3	29.2	34.5
Proposed dividend (EUR million)	0	7	7	7	7
Other information					
Order book, year end	1,442	1,434	1,269	1,000	1,237
Average number of employees	6,289	6,494	6,170	5,872	5,217

The consolidated financial highlights in EUR are supplementary information to the financial statements.

Items in the income statement, the balance sheet and the statement of cash flows for all the years have been translated from DKK into EUR using Danmarks Nationalbank's official exchange rate at 31 December 2010 of 7.4544.

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

+45 7012 2400
mail@mth.dk

CVR No. 12562233