Stock exchange announcement

2008-03-27

MT Højgaard a/s

Enclosed please find MT Højgaard a/s' Annual Report 2008, 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.

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27 March 2009

Annual Report 2008

The Supervisory Board of MT Højgaard a/s has today discussed and approved the company's annual report for 2008, which follows in its entirety and with the following summary.

Profit increase in 2008

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

Outlook for 2009

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

27 March 2009

Profitability target

- With a pre-tax margin of 3.2% we have met the target for the pre-tax margin in our 2010 strategy plan. It is our ambition to raise the pre-tax margin to around 5% within a few years

Søborg, 27 March 2009
Supervisory Board and Executive Board

Per Møller	Kristian May
Chairman of the Supervisory Board	President and CEO

Contacts

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

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Annual Report 08

MTHøjgaard

We know how

Summary

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Contents

MT Højgaard also produces the publication 'Profile 08-09'. In the profile you can gain an insight into a selection of our activities and read about a number of our solutions and projects.

The profile can be ordered from service@mth.dk or downloaded at mth.dk

Consolidated financial highlights

Amounts in DKK million	2004	2005	2006	2007	2008
Income statement					
Revenue	7,320	8,273	11,063	11,714	11,171
Operating profit (EBIT)	89	107	60	194	314
Net financing costs and profit (loss) of associates	(16)	(13)	(8)	117	45
Profit before tax	73	94	52	311	359
Profit for the year	75	78	38	235	259
Balance sheet					
Share capital	220	220	220	220	220
Equity attributable to equity holders of the parent	896	968	997	1,231	1,442
Equity incl. minority interests	911	988	1,021	1,231	1,442
Balance sheet total	3,210	3,898	4,824	5,033	5,276
Interest-bearing deposit/debt (+/-)	(144)	(38)	53	192	513
Invested capital	1,074	1,045	988	1,051	1,010
Cash flows					
Cash flows from operating activities	3	341	317	(73)	536
Cash flows for investing activities**	(21)	(169)	(240)	68	(176)
Cash flows from financing activities	4	(47)	(8)	(35)	(61)
Net increase (decrease) in cash and cash equivalents	(14)	125	69	(40)	299
** Portion relating to property, plant and equipment (gross)	(220)	(230)	(288)	(199)	(215)
Financial ratios (%)					
Gross margin	5.9	5.5	4.0	4.7	6.3
Operating margin	1.2	1.3	0.5	1.7	2.8
Pre-tax margin	1.0	1.1	0.5	2.7	3.2
Return on invested capital (ROIC)	8.4	10.1	5.9	19.0	29.7
Return on equity (ROE)	8.5	8.2	3.7	20.9	19.4
Equity ratio	28.4	25.3	21.2	24.5	27.3
Other information					
Order book, year end	5,398	8,352	10,752	10,687	9,461
Average number of employees	4,950	5,260	5,889	6,044	5,273

The ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'. Financial ratios are defined on the back cover of the annual report.

Preface

2008 was a good year for MT Højgaard, with a high level of activity. Despite an approx. 5% decline in revenue, the Group delivered its best ever financial performance, and we are well equipped for the future.

MT Højgaard had strong financial resources at the end of 2008 that are expected to be maintained at a similar level in 2009.

As a result of market conditions, the building and civil works market declined in 2008 compared with the historically high level in 2007. For the same reason, we expect a further decline in 2009. The level of activity has fallen to a low level, especially within residential construction, partly offset by other areas such as our international activities. MT Højgaard entered 2009 with an overall order book around 10% down on last year.

In 2008, we delivered a financial performance slightly ahead of our original full-year profit outlook. This was achieved by consistently maintaining the focus on profitability on our projects despite increasing price competition driven by the state of the market.

In 2008, we achieved the target for the pre-tax margin in our 2010 strategy plan. We wish to remain the leading building and construction company in Denmark and will consequently keep setting ourselves new targets. We will continue to focus on increased profitability and profitable growth. As a company sensitive to economic fluctuations, in the present circumstances it will be difficult for us to raise our pre-tax margin in the short term, but it is our ambition to raise it to around 5% within a few years.

We regularly develop and strengthen initiatives aimed at underpinning our future earnings at a satisfactory level. One important such initiative is our risk management model. The model has been incorporated as an integral part of the way in which we manage the tendering and performance processes. Our risk management framework is made up of a number of policies and guidelines, and our employees receive regular training in these. We are also working in a concerted manner to strengthen IT support for our business execution.

We have set ourselves a number of corporate targets that we have broken down into sub-targets for each entity. These include both financial targets and targets in other areas. One of the areas to which we give high priority is health and safety. In 2008, we improved our accident statistics, achieving our target and having our occupational health and safety certificate renewed once more. As it is important for us to know that it is safe for our employees to go to work, we will be tightening our health and safety targets still further in 2009.

Our organisation has been developed with countrywide building and civil works activities, in keeping with our strategy to be countrywide and local. At the start of 2009 we will be hiving off our utility service activities and joinery/carpentry business on Zealand into separate subsidiaries.

Business area International is developing successfully, and revenue increased still further in 2008 compared with the high 2007 level. We expect international revenue to remain at an unchanged level in 2009.

Our subsidiaries are developing in accordance with the strategy plans. We have generally strengthened our market position, and the earnings trend in Enemærke & Petersen, Lindpro, Scandi Byg and Greenland Contractors is positive. Seth lagged behind the 2007 level, and Ajos did not achieve the expected results in its first financial year. Promecon reported a substantial loss in 2008.

MT Højgaard is a knowledge-intensive enterprise, and our employees are our most important asset. Their knowledge, skills, commitment and enthusiasm form the basis for the results and values we create. Our employees make a highly valued contribution on a daily basis. In 2009, we will focus on training and education, and on strengthening the company-wide collaboration that is so important in a company such as ours, in which knowledge and knowledge sharing are vital.

Kristian May

President and CEO

Strategic platform

In our strategy work, we have been focusing on increased profitability and profitable growth, in prioritised order, since 2007.

MT Højgaard's corporate strategy features a Group revenue target in the order of DKK 12 billion by 2010 and a target of achieving a pre-tax margin of 2.0-2.5% within a few years. In pursuing the revenue target, we must observe MT Højgaard's risk management guidelines.

With a pre-tax margin of 3.2% in 2008, we met our target for the pre-tax margin, and it is our ambition to raise the pre-tax margin to around 5% within a few years.

Against the background of the current economic climate, we do not expect to be able to raise the pre-tax margin in 2009. Revenue will be a result of the opportunities presented by prevailing market conditions at any time and our requirements concerning profitability.

The main elements of our strategy are as follows:

- continuous focus on profitability and further development of risk management
- organic selective growth
- broad geographical presence in Denmark
- further development of the international activities within MT Højgaard's core capabilities
- development of concepts and conceptualisation of existing activities
- development of collaboration models, including with selected key accounts
- continued development of project development activities
- development of the subsidiaries with focus on further market consolidation
- strategic acquisitions that will broaden our market coverage in Denmark

In 2008, MT Højgaard maintained a high level of activity despite the fact that revenue was down 5%. The economic upheaval in 2008 has increased price intensity in the Danish market, but we are retaining profitability as our highest priority and we are focusing on initiatives that can push up our earnings and raise our pre-tax margin in the individual areas. We are being highly selective when identifying new projects, both from an earnings point of view and in terms of other criteria. This may lead to a drop in the level of activity as a possible and accepted consequence.

Our achievements in 2008 include:

- We have added new geographical platforms that create the basis for developing MT Højgaard and delivering satisfactory financial results in the coming years
- Business area International has been developed within MT Højgaard's core capabilities. Profitability and profitable growth are in focus. Our growth in 2008 was at a slightly lower level than the two previous years, which saw very high growth rates
- Our project development activities were at a lower level than in 2007, but we are working on a number of forward-looking perspectives
- Our subsidiaries are developing in line with the strategy plans. Our market position has been strengthened, and the earnings trend in Enemærke & Petersen, Lindpro, Scandi Byg and Greenland Contractors is positive, while Seth lagged behind the 2007 level. Promecon recorded a substantial loss in 2008. A new focused strategy for Promecon is to bring the company back on track in 2009
- Risk management has become an integral part of our management model, partly in connection with tendering, and we expect this to contribute to increased profitability in future
- In 2008, we strengthened our corporate culture by focusing on collaboration and business skills

Group diagram

- MT Højgaard a/s
  - Administrative Service
  - Business Development, HR, Corporate Marketing and Communications
  - Purchasing, Health, Safety & Quality
  - Business Areas
    - Civil Works
    - Construction
    - Utility Services
    - International
  - Business Units
    - MT Højgaard Joiners/Carpenters
    - Design
    - Project Development
  - Subsidiaries
    - Ajos a/s
    - Enemærke & Petersen a/s
    - Lindpro a/s
    - Promecon a/s
    - Scandi Byg a/s
    - Seth S.A. (60%)
    - Greenland Contractors I/S (67%)

The above organisational diagram is the structure effective until 31 December 2008. It is planned to hive off MT Højgaard Joiners/Carpenters and Utility Services into separate newly established subsidiaries with effect from 1 January 2009. Further details of the organisational changes are given on page 9.

Denmark's leading building and construction company

MT Højgaard creates space for people's activities. We make our mark all over Denmark, building bridges and harbours, roads and railways, commercial and industrial buildings, housing and institutions.

We were founded at the beginning of the previous century by four enterprising entrepreneurs. Today, we are still developing some of the industry's most efficient construction techniques and methods. This enables us to create value for our customers and the many people that move in, above and below the structures that we build. Because we have a wealth of experience and boast almost every single skill in the industry, we can undertake any building and civil works project. That is why we are able to say: We know how.

It is our ambition to do a good job so that we are recognised as Denmark's leading building and construction company. We want to be known for listening, adding value and creating individual solutions, so that customers come to us in complete confidence that the final result will come up to their expectations.

You can read more about our organisation and skills on mth.dk.

Group annual review for 2008

Actual performance versus outlook

MT Højgaard delivered profit before tax of DKK 359 million in 2008, up 15% on 2007.

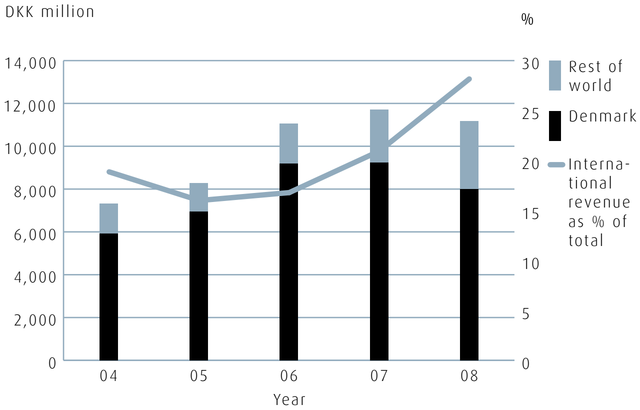
Profit was slightly ahead of the profit outlook, primarily due to several large projects developing better than expected. In the preliminary announcement for 2007, profit before tax in the DKK 300 million region was anticipated, as reaffirmed most recently on 24 November 2008.

Income statement

Revenue for 2008 totalled DKK 11,171 million, down 5% on last year.

International activities, comprising the activities of business area International, the foreign subsidiaries and jointly controlled entities, accounted for 28% of revenue in 2008, up from 21% in 2007.

REVENUE



In 2008, the MT Højgaard Group recorded operating profit (EBIT) of DKK 314 million, up DKK 120 million on 2007.

The operating margin (EBIT margin) increased to 2.8% in 2008, up from 1.7% in 2007, due to the increase in profit.

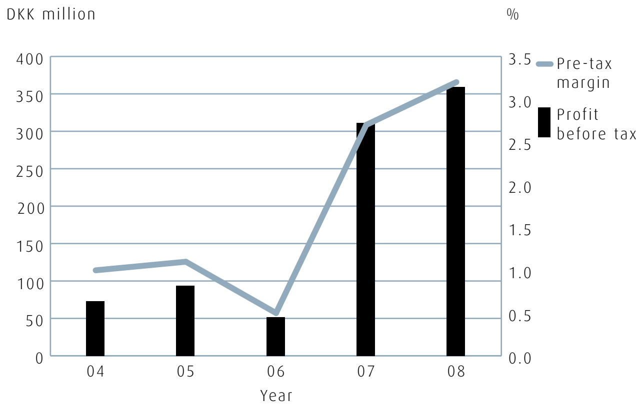
Profit benefited from the sale of self-generated project development cases, including the sale of plots of land. The substantial loss generated by the activities of the subsidiary Promecon a/s had the opposite effect.

Net financing costs amounted to net income of DKK 45 million compared with DKK 117 million in 2007. Net financing costs benefited from currency hedging of construction contracts denominated in foreign currencies and realised and unrealised foreign exchange gains. In 2007, this item was affected by non-recurring income from the sale of shares in BMS, Seth and Composite Limited, all of which were recognised as financial items.

Profit before tax was DKK 359 million, up DKK 48 million on last year. The pre-tax margin was consequently 3.2% versus 2.7% in 2007.

The pre-tax margin in 2007, excluding non-recurring income from the sale of shares, was 1.7%.

PROFIT BEFORE TAX AND PRE-TAX MARGIN



Income tax expense was a net expense of DKK 100 million, providing an effective tax rate of 28% compared with 24% in 2007. The tax is made up of a current tax charge of DKK 31 million and a DKK 69 million change in the Group's deferred taxes. At the end of 2008, the Group's deferred net tax asset was DKK 140 million compared with DKK 210 million in 2007.

Consolidated profit after tax was DKK 259 million compared with DKK 235 million in 2007.

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

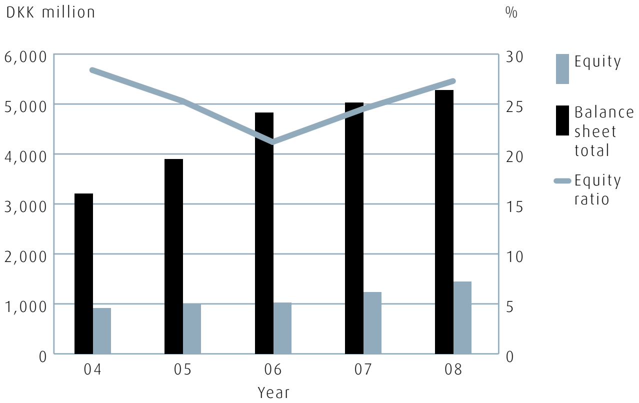
Balance sheet

The consolidated balance sheet total stood at DKK 5,276 million at 31 December 2008, up 5% on the end of 2007.

Equity stood at DKK 1,442 million, giving an equity ratio of 27.3% compared with 24.5% at the end of 2007. Besides profit for the period, equity was affected by the payment of DKK 50 million in dividend. The return on equity was 19.4%.

A dividend of DKK 50 million will be proposed.

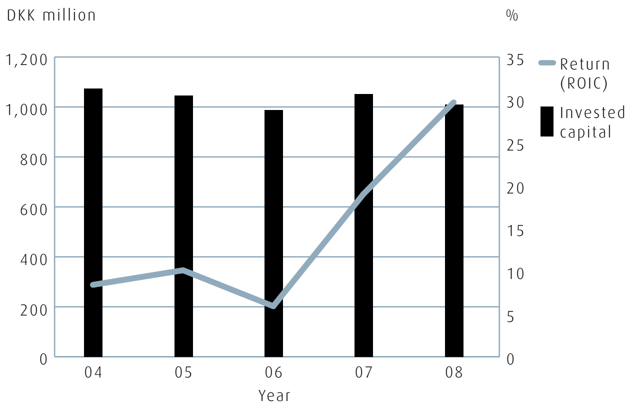
BALANCE SHEET AND EQUITY



The interest-bearing net deposit increased by DKK 321 million in 2008, standing at DKK 513 million at the end of 2008. The increase primarily reflected positive cash flows from operating activities.

Invested capital amounted to DKK 1,010 million at the end of 2008 compared with DKK 1,051 million in 2007, and the return on invested capital was 29.7% versus 19.0% in 2007.

INVESTED CAPITAL AND RETURN (ROIC)



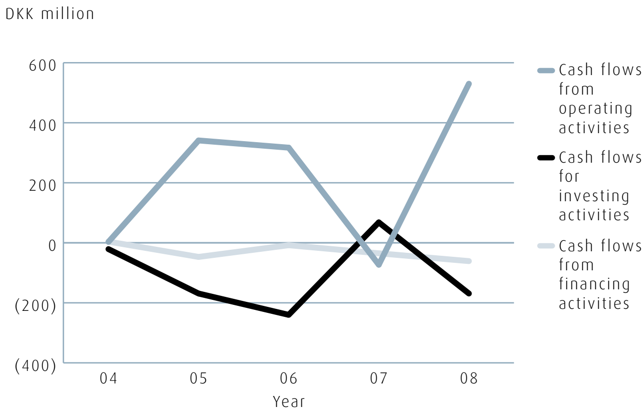
Cash flows and financial resources

Operating cash flows benefited from a satisfactory development in operating profit and a positive cash flow from construction contracts in progress, and amounted to an inflow of DKK 536 million compared with an outflow of DKK 73 million in 2007.

Investing activities absorbed DKK 176 million versus a net cash inflow of DKK 68 million last year, which benefited from sale of activities. Acquisition of enterprises absorbed DKK 41 million and purchase of securities DKK 10 million. Net capital expenditure on property, plant and equipment amounted to DKK 125 million versus DKK 141 million in 2007 and related primarily to replacement of and new investment in contractors' plant and equipment.

Cash outflow from financing activities was DKK 61 million compared with DKK 35 million last year. The amount related to distribution of dividend and reduction of non-current bank loans, etc.

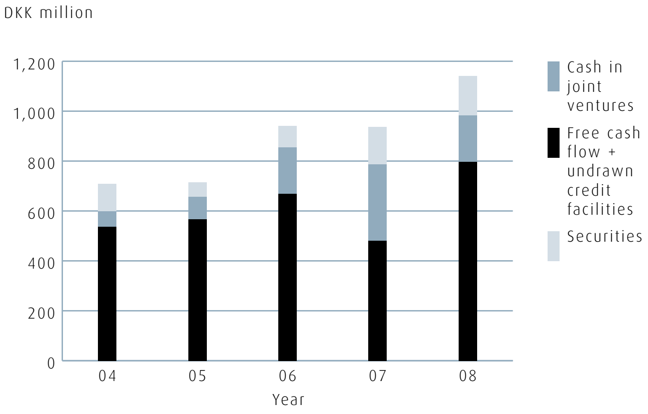
CASH FLOWS



Cash and cash equivalents increased by DKK 299 million net in 2008 compared with a net decrease of DKK 40 million last year. The net cash balance, calculated as cash less the current portion of bank loans, etc., amounted to DKK 476 million compared with DKK 177 million at the end of 2007.

The Group's financial resources, calculated as cash, including cash and cash equivalents in joint ventures, and securities and undrawn credit facilities, stood at DKK 1,141 million at 31 December 2008.

CONSOLIDATED FINANCIAL RESOURCES



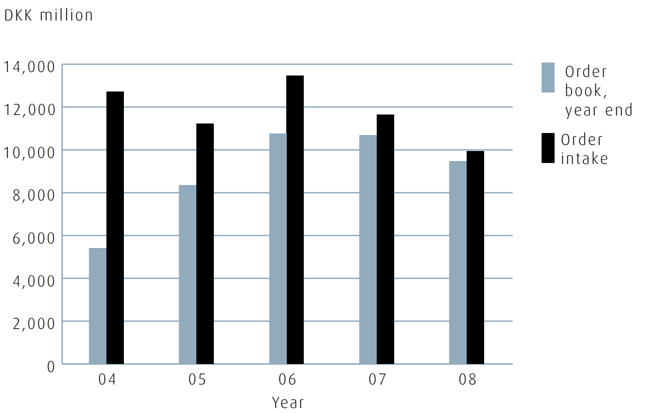
Order book

The order book stood at DKK 9,461 million at the end of 2008, approx. 10% down on last year. The quality of the order book is satisfactory.

DKK million	2008	2007
Order book, beginning of year	10,687	10,752
Order intake for the year	9,945	11,649
Production during year	(11,171)	(11,714)
Order book, end of year	**9,461**	**10,687**

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

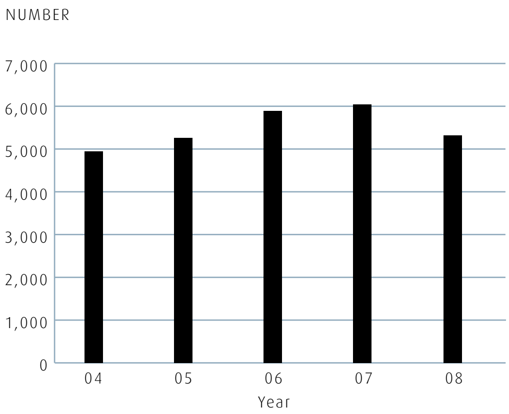
ORDER BOOK AND ORDER INTAKE



Employees

We had an average of 5,273 employees in 2008, down from 6,044 in 2007. The number of employees fell during the year, closing 2008 at 5,254, down 618 on the same time last year.

AVERAGE NUMBER OF EMPLOYEES



Acquisition and disposal of enterprises

On 1 January 2008, the subsidiary Enemærke & Petersen strengthened its position within all-in building maintenance and service solutions by acquiring Bendix Træ og Glas ApS, which has 30 employees.

MT Højgaard a/s also strengthened its position in Southwest Jutland in the utility services area by acquiring the activities of the contracting firm Erik Jacobsen with effect from 1 October 2008. The company has 33 employees.

These acquisitions have not had any material impact on consolidated revenue or profit for 2008.

Knowledge resources

Skills development, knowledge sharing and development of products and methods are systematised in MT Højgaard. The systems are the foundation for developing both the organisation and employee skills.

Skills development

We give high priority to skills development and initiatives promoting employee recruitment and retention.

MT Højgaard Academy got off to a good start in 2008, replacing the existing project management training. The Academy is the result of intensive efforts to establish new and up-to-date in-house training for project employees. The training programme is the core that is to ensure consistent and professional management of projects and an important competitive parameter relative to our competitors.

The Academy programme is modular. The first modules focus on our core processes, with employees being trained in successful application of project management tools. Further into the programme, we focus on general project management. It takes at least five years to complete the full Academy programme.

In 2008, we generally continued to focus on management and employee development and training. One topic was leadership, which has been incorporated in the compulsory "Basic course for new managers," which we run on a regular basis for all new managers.

Leadership, leadership tools and management development are other topics of a modular management development programme in which MT Højgaard participates together with five other large Danish companies in collaboration with a professional course provider. The programme provides managers with insight into their own personal leadership styles, and centres on specific cases taken from the participants' day-to-day working lives. In the course of the programme the managers develop a strong network across industries and skills.

We offer our employees a flexible benefits programme from which they can select the incentives that suit them. Employees can choose from benefits such as employee bonds, health checks or extra days off, tailoring a remuneration package to suit their specific needs.

MT Højgaard's rotation scheme for newly qualified engineers and construction designers is a great success, enabling us to attract and recruit many talented young employees. The rotation scheme gives newly qualified engineers and construction designers an opportunity to participate in a targeted programme that allows them to experience various disciplines before deciding whether to specialise.

Throughout 2008 we implemented action plans and improvement initiatives based on a major survey of mental health in the workplace that was carried out at the end of 2007. The survey has made us focus on the need to communicate clearly how we want to create a good and inclusive workplace. The survey will be repeated in 2010, when we will be intensifying the focus on wellbeing at work.

Knowledge sharing

MT Højgaard is a knowledge-intensive company, and the key to our continued success is our talented and committed employees.

The work on knowledge sharing is an ongoing process, and all information is gathered in our knowledge system. Here, employees can access information about different aspects of the building process – from the latest news about health and safety regulations and quality assurance to information about collaboration with clients, authorities and colleagues.

Development of products and methods

At MT Højgaard we are constantly looking at optimising our building processes and types of collaboration with clients, consultants and end users.

MT Højgaard's Partnering office gathers knowledge and information about partnering and acts as support function on current building projects. A partnering project is a building or civil works project that is carried out by several partners and relies on shared goals and objectives expressed in terms of shared activities and based on mutual financial benefits.

The process follows an individually tailored course with a number of well-defined workshops. The process takes as its starting point shared goals for collaboration on economy, programme and quality, so that the level can subsequently be established in a construction contract. Once a construction contract has been entered into, the close collaboration continues, centering on the shared goals and continuous reconciliation of expectations right up to project hand-over.

Public Private Partnership (PPP) is a collaboration model that can be used for public sector projects requiring long-term investments.

The gist of the concept is an overall financial assessment, where operation and maintenance are factored into the planning phase. The result is a building of better quality and with a more sensible overall project economy. In 2008, we entered into yet another PPP project with Dan-Ejendomme and Norwegian/German Bank DnB NORD – the joint venture that was also behind the following PPP projects: the Danish Land Registration Court in Hobro and Vildbjerg School near Trehøje/Herning. This time, the joint venture will be in charge of the construction, operation and funding of a new large school in Rudkøbing on the island of Langeland for the next 30 years.

The TrimBuild® production concept is a process management tool that creates a more efficient and seamless building process. The purpose is to optimise collaboration between the partners on building projects. This is to ensure that planning, management, organisation and coordination of all processes and activities through the entire building process are based on a holistic perspective and optimum production criteria. Many examples have demonstrated clearly that TrimBuild® creates a more efficient and smooth building process, providing added value and quality for the client.

TrimBuild® also produces better results for the parties involved, reduces the number of errors and defects, ensures timely handing-over and is instrumental in enhancing safety at the building site.

Environmental issues

We are constantly focusing on our responsibility towards the external environment and the environmental footprint of our activities. Compliance with current legislation and other environmental requirements forms a natural basis for our environmental actions.

In 2008, we began exploring possibilities for environmental improvements. At our building sites and in our offices the aim is to identify the potential for financial and energy savings for implementation in 2009. The aim is to lower the environmental impact of all our activities to what is technically and financially feasible. We have also heightened our focus on advice on and development of solutions that are more environment-friendly.

We identify the environmental factors and risks associated with each project to ensure that appropriate environmental action can be taken. We do this on the basis of a well-proven and recognised environmental management system and in collaboration with clients and business partners. We also wish to help shape attitudes in society so as to heighten the focus on making it financially attractive for clients to opt for the climate-friendly option.

Health and safety and quality

MT Højgaard has built up an extensive quality management organisation and practices quality management on all public and private building projects. We follow up closely on all projects with respect both to health and safety and quality to ensure consistent delivery of high quality and the fewest possible errors.

MT Højgaard wishes to be at the cutting edge in the health and safety field. This implies an obligation to work in a concerted manner to improve safety and reduce the number of occupational accidents. We meet this obligation through information, instruction and risk assessment of coming projects. We also carry out inspection visits to individual workplaces and investigate occupational accidents.

In 2008, we achieved our safety target, which was fewer than 30 occupational accidents per one million hours worked. In 2008, the actual frequency was 26.3. That is a significant improvement on last year, reflecting previous years' targeted efforts and attitude-shaping in relation to health and safety and safety culture. MT Højgaard aims to cut the accident frequency rate still further in 2009, to fewer than 25 occupational accidents per one million hours worked.

We want to improve our health and safety performance still further. The Confederation of Danish Industry (DI) provides us with inspiration for our future action in the health and safety field and an insight into how safety work is organised in the UK and the USA. This also enables us to maintain and develop our competencies in this field.

Management information

At the Annual General Meeting in April 2008, Curt Germundsson, former Senior Vice President, was newly elected to the Supervisory Board.

There have been no further management changes.

Organisation

MT Højgaard undertakes all forms of building and civil works and operates in a number of specialist areas nationally and internationally.

The core activities of the building and construction company in Denmark are organised into the business areas Civil Works and Construction and the two business units Design and Project Development. Business area International takes care of international activities, primarily comprising civil works projects.

The capabilities and activities that are not directly related to the countrywide building and civil works activities are placed in subsidiaries. Our subsidiaries have separately profiled capabilities in relation to the customers and market areas they serve.

Organisational changes

Ajos, which was previously a business unit, was hived off into a newly established subsidiary with effect from 1 January 2008. Likewise, the business area Utility Services and the business unit Joiners/Carpenters will be hived off into newly established subsidiaries with effect from 1 January 2009, partly as an element of the profiling of these entities in the market. The names of the two new companies are Subtera (Utility Services) and Timbra (Joiners/Carpenters), respectively.

Corporate governance

MT Højgaard is not listed, but is owned by Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%), both of which are listed on NASDAQ OMX Copenhagen. MT Højgaard's annual report consequently does not include a separate section on Corporate Governance. Reference is made to the respective owner companies' annual reports for details of their Corporate Governance principles.

Outlook for 2009

In view of current market conditions, we expect the building and civil works market in Denmark to contract still further in 2009 compared with the already declining level in 2008. We estimate that about DKK 110 billion of the expected total market volume of about DKK 165 billion in the professional building and civil works market in 2009 will lie within MT Højgaard's spheres of interest.

We do not expect the activities within construction to rise from the 2008 level, as we do not expect the development within the commercial area to be able to make up for the low level that residential construction fell to already in 2008.

The refurbishment market is expected to continue to be characterised by a high level of activity within conversion and upgrading projects in 2009, especially in the public sector.

We expect the civil works market in Denmark to remain stable due to continued public sector investments in the transport sector.

The utility services market is expected to be at lower level in 2009 than in 2008, based on a reduced roll-out rate, especially as far as concerns the electricity companies' cable-laying projects.

We believe that we will see stable development in the international activities in 2009, the focus being on selective identification of project opportunities in relation to in-house skills and resources. We are applying particular attention to foundations for offshore wind farms, an area in which we are among the most experienced in the world.

The order book stood at DKK 9.5 billion at the start of 2009, with DKK 6.5 billion expected to be executed in 2009. The order book is approx. 10% down on the start of 2008, and the quality is satisfactory. MT Højgaard will continue to be highly selective when identifying new projects, focusing on the profitability of the projects within the framework of our risk management. We expect revenue for 2009 to reach approx. DKK 10 billion. We expect the proportion of revenue accounted for by international activities to be 28%, on a par with 2008.

Selectivity, focusing and targeted risk management are the basic criteria for securing satisfactory earnings. Despite an alignment of costs to a slightly lower level of activity than in 2007 and 2008, we do not expect to be able to deliver a financial performance matching 2008 with the current market conditions.

For the Group we expect a pre-tax margin between 2.0% and 3.0% versus 3.2% in 2008.

We expect the Group's effective tax rate to be at a slightly higher level than the Danish tax rate due to higher tax rates on the international income.

MT Højgaard expects operating activities to generate a cash inflow in 2009, albeit at a lower level than in 2008. We also expect to continue to maintain strong financial resources in the form of both cash, securities and credit facilities on a par with the end of 2008. Capital expenditure is expected to be somewhat below the 2008 level.

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

Risk factors

Commercial risks

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

We consider it a critical part of our strategy to continuously minimise the current risks, which, in our opinion, do not generally differ from the normal risks facing contractors.

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

We endeavour to cover, to the greatest possible extent, significant risks outside our direct control by taking out relevant insurance policies.

Market conditions

Market conditions have a major impact on the contracting industry, and the building sector is periodically used as a regulating factor in fiscal policy. Fiscal policy initiatives may include both tightening and expansionary measures in the form of subsidy schemes and grants.

Our position in the Danish market, coupled with our spread on markets, customers and areas of expertise, helps to balance risks under fluctuating market conditions.

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

Projects

Our project management is crucial to ensure satisfactory value creation in the company. Our knowledge management system features all the procedures and paradigms that our employees need to be able to handle the individual project from sale and tendering to hand-over to the client. Prior to bidding for major projects, we carry out a systematic, structured review of the project to ensure that risk areas are identified and unforeseen events minimised.

Process management during the construction phase is paramount to ensure that building site activities are efficiently coordinated and optimised. We use the TrimBuild® project management tool on many projects to enhance quality and productivity, reducing the risk of delays and budget overruns on individual projects.

Partnering is a form of collaboration under which a larger part of the responsibility lies with the contractor through his participation in design and planning. This concept is becoming increasingly popular and enhances the possibilities for optimising risk identification on the individual project.

On major projects, we often use joint venture collaboration as a further means of minimising risks.

We provide standard performance and payment bonds in the form of bank guarantees, guarantee insurances and bond deposits as security for contracts and supplies. Performance and payment bonds, etc., totalled DKK 3,506 million at the end of 2008 compared with DKK 3,233 million in 2007.

Project development

Project development activities in 2008 again centred on residential construction. The risk attaching to this activity relates primarily to the development in the market for residential construction and the extent to which dwellings sell prior to start-up of each project.

The start-up of self-generated housing projects is subject to advance sale of at least 75% to 80% of the project. We monitor the development in the housing market closely. When starting up several projects at the same time, we focus on balancing the overall risk.

Financial risks

Financial risks are described in note 26 to the financial statements.

Operating review for 2008

We work exclusively within building and civil works, and the Group is consequently not divided into segments.

On 31 December 2008, the Group was organised into four business areas, three business units and the separately profiled subsidiaries as well as the Group's corporate functions.

The business areas Civil Works, Construction and Utility Services are countrywide. Business area International takes care of international activities, primarily comprising civil works projects.

The business units Joiners/Carpenters, Design and Project Development undertake projects for external clients as well as for the business areas.

Subsidiaries comprise the Group's subsidiaries and jointly controlled entities with separately profiled capabilities within the contracting business.

MT Højgaard delivered revenue of DKK 11,171 million in 2008, down 5% on 2007. Revenue can be broken down by activity as follows.

Revenue – DKK million	2008	2007
Civil Works	980	1,546
Construction	3,178	4,523
Utility Services	693	598
International	2,150	1,698
Business units	719	645
Subsidiaries	4,112	3,718
Eliminations/others	(661)	(1,014)
MT Højgaard Group	**11,171**	**11,714**

Civil Works

Business area Civil Works undertakes traditional civil works projects, with the main emphasis on earthworks, sewers, concrete and marine works. We undertake civil works projects across Denmark, including roads, bridges, underground car parks, harbours, foundations, tunnels and stacks.

Clients predominantly consist of public sector or publicly subsidised organisations. As a rule, collaboration is on a main contract basis, with the detailed design being specified by a third party. However, we also carry out projects on a design-build, partnering and PPP basis.

Civil Works is characterised by tendering, where price is the all-important criterion, and projects are executed in-house to a great extent.

Unlike building projects, the level of civil works projects put out to tender traditionally remains largely unchanged from one year to the next. 2008 was characterised by pressure on prices as fewer building projects were put out to tender, with building contractors turning their attention to civil works projects.

The year was also characterised by much lower revenue. Despite this, the financial results were ahead of 2007.

In 2009, we expect an unchanged level of activity compared with 2008.

Projects under Civil Works

Motorway bridge Borrevejle Vig – Replacement of motorway bridge near the inlet Borrevejle Vig. Due to the location of the bridge in a protected reed swamp, the bridge was cut into sections and lifted out by mobile crane. A new bridge was then cast from 1,000 m³ of concrete and 320 tonnes of rebar.

Aalborg harbour front – In Aalborg, we are in the process of modernising the harbour front. Behind the refurbishment of a 12.5-metre-wide harbour promenade, an activity area and some urban gardens have been created that are finished off with a "bastion wall" in white concrete. On the waterfront side, new steel ladders and a new quay retaining wall have been established. The task has required competencies such as pile driving and sheet piling, asphalt surfacing, ground dewatering and concrete renovation below the water line.

District heating tunnel for Copenhagen Energy – Establishment of a modern, efficient, 3.9-km-long tunnel that is to accommodate steam, hot-water and condensate lines. This will save Copenhagen from 200,000 tonnes of CO_2 annually, equivalent to the combined emission from 53,000 passenger cars. The contract comprises establishment of a bored tunnel, three shafts and concrete works.

Refurbishment of Christiansborg Palace Tower – On the tower of the building that houses the Danish Government, we are carrying out concrete renovation and electrical and membrane work, including cutting away concrete spalls and corroded steel, cleaning of concrete surfaces using sandblasting, corrosion protection of the steel so that any holes can be repaired using special mortar, and laying of new floor membranes.

Construction

Business area Construction undertakes all types of construction across Denmark, both residential and commercial construction projects and schools. This area also undertakes all forms of refurbishment, conversions and urban renewal.

Having a local presence is crucial to being competitive locally and in relation to our client network. The business area's revenue comes predominantly from small, locally anchored building and refurbishment projects, on which we combine local knowledge and specialist skills with our countrywide skills. In 2008, we established three new platforms for our local activities in Construction, with the opening of new local offices in Hillerød, Horsens and Næstved.

Projects under Construction

Christians Park – In 2008, we completed our first Nærbo™ project, "Christians Park" in Odense. The complex is based on MT Højgaard a/s's Nærbo™ concept, which is designed with the modern, community-oriented person in mind. A modern expression is achieved by the use of rainscreen tiling as facade cladding, for example. A community-oriented expression is accentuated by the "meeting points" at the entrances and on the access balconies.

Tinggården in Holstebro – We have carried out the external refurbishment of Tinggården in Holstebro. Tinggården consists of 19 blocks with 330 apartments on three levels. The refurbishment comprises a new roof, facade cladding, post-insulation, new external access balconies, larger doors, raising of balcony floors, replacement of utility supplies, sewer refurbishment, lighting and new landscaping.

Admin building Great Belt – In Halsskov, we are expanding A/S Storebælt's admin centre by 1,700 m². The new building is being built adjoining the existing facilities and will have architectural similarities with the Great Belt Bridge. We expect the project to be completed in spring 2009.

Nupark – We are expanding the Nupark (Northwest Jutland Development Park) office complex in Holstebro by 6,500 m². Since the establishment of Nupark, the need for more space has been increasing, and the growth environment has consequently grown from 12,000 m² to first 18,000 m² and then, most recently, a further 6,500 m². MT Højgaard was responsible for the latest phase, which was inaugurated on 1 June.

In Construction we undertake in-house production within all types of joinery/carpentry, masonry and concrete works. The three new local offices strengthen local in-house production still further and expand the local service departments.

Besides local in-house production, the business area also has a countrywide unit, which markets and develops housing concepts.

Our conviction that PPP is an expanding market that has a future in the Danish building sector was borne out again in 2008, when we started up our third PPP project. This time, the joint venture, which consists of MT Højgaard, Dan-Ejendomme and Bank DnB NORD, will be building, operating and funding Ørsted School on the island of Langeland. This is the same joint venture that also completed the following two PPP projects: the Land Registration Court in Hobro, which is scheduled for completion in 2009, and Vildbjerg School near Trehøje/Herning.

The year was characterised by a 30% drop in the level of activity compared with last year, but a considerable improvement in financial performance. We expect a similar level of activity in 2009.

Utility Services

Utility Services' activities include underground installation of power cables, fibre optic network and broadband cables for data transmission, water supply, sewers and gas pipes. Some of the electrical work we are carrying out in collaboration with MT Højgaard's electrical installations company Lindpro a/s.

The full-year level of activity exceeded expectations, but earnings did not follow suit, partly due to growing competition. The high level of activity was due in part to the fact that the beginning and the end of the year were frost-free, allowing installation to proceed without any significant hold-ups due to the weather. Another reason for the increase in production was a wish on the part of clients in Zealand to accelerate the underground installation of power cables and fibre optic cables.

The level of activity on Funen and in Jutland was low, primarily reflecting the fact that the pace of the fibre optic network roll-out stagnated already at the start of the year. However, with the acquisition of the activities of the contracting firm Erik Jacobsen in Tønder, Utility Services has strengthened its position in Southwest Jutland in its sphere of activity.

The production in business area Utility Services consists, in equal shares, of in-house production and Danish and foreign trade contractors.

We will be hiving off the Utility Services business area into a separate subsidiary on 1 January 2009 under the name Subtera a/s. We expect the level of activity for 2009 to decrease, as the pace of the fibre optic network roll-out is expected to slow down generally, across Denmark, compared with previous years.

Projects under Utility Services

Copenhagen – In Copenhagen, we are carrying out work for DONG Energy in connection with the remediation of high-voltage and low-voltage faults as well as utilities for expansion of Ørestaden and on Havneholmen.

Frederiksberg – For DONG Energy, we have carried out cable-laying in the Fuglekvarter and Kongekvarter districts of Frederiksberg. We have also provided assistance in connection with major mains water leakages.

North Zealand – For DONG Energy, we installed utility lines and lighting and fibre optic network (FTTH) infrastructure during the year. The work was mainly concentrated in the following areas: Gentofte, Søllerød, Karlebo, Hørsholm, Fredensborg, Gundsø and Greve.

International

Business area International primarily focuses on four geographical areas and two market segments.

The four geographical areas are: Northern Europe and the North Atlantic; Southwest Asia; Southeast Asia; and the Middle East. In the North Atlantic (the Faroe Islands and Greenland), we carry out building and civil works, whereas, in the other areas, we primarily carry out civil works.

The two market segments are offshore foundations, mainly comprising foundations for offshore wind turbines, and establishment and operation of mines in Greenland.

2008 was another busy year for business area International. Revenue was almost 27% ahead of 2007. Profit did not match expectations, primarily due to problems with the installation vessels on two of our wind turbine projects and write-downs in connection with a few other projects.

Despite the global slowdown in building and civil works we expect the level of activity in 2009 to match the 2008 level. There is still major untapped potential in the market areas and segments in which International operates, and we consequently expect a growing level of activity in the longer term.

Projects under International

Water treatment in Vietnam – In Bac Giang north of Hanoi we are building a wastewater treatment plant and renovating and expanding the local sewer system. Danida has provided loan finance for the project.

Marine works in Qatar – In Mesaieed south of Doha we have previously undertaken harbour construction projects and are now installing a cooling water inlet for gas turbine cooling on a newbuilt power station.

Offshore wind turbines in the UK – In the UK, we have installed 25 foundations for the Rhyl Flats offshore wind farm. At the turn of the year, we had completed 50 of the 62 foundations on the Robin Rigg offshore wind farm and 19 of 49 foundations on the Gunfleet Sands offshore wind farm.

Mine projects in Greenland – In Greenland, operation of the olivine mine in Fiskefjorden has been transferred to the Swedish client Minelco. We are participating actively in preliminary investigations and preparation of the basis for profitability analyses on several potential mine projects in Greenland with a view to future contracts in the mining industry.

Office buildings and dwellings in Greenland – In Greenland, the second of two 12-storey apartment blocks was completed under the company's own auspices. We are also building a new head office for Grønlandsbanken in Nuuk.

Schools on the Faroe Islands – Projects on the Faroe Islands include the completion of two architecturally distinctive schools, both of which were handed over at the turn of the year.

Business units

The business units comprise Joiners/Carpenters, Design and Project Development.

Overall, the business units delivered revenue below our expectations, while profit matched expectations. Profit benefited from the sale of self-generated project development cases and the sale of plots of land by Project Development.

A favourable level of activity is expected for Joiners/Carpenters, whereas we anticipate a reduced level for Design and Project Development.

Joiners/Carpenters undertakes all forms of joinery and carpentry work. We primarily work in Greater Copenhagen, both on self-generated projects and projects for external clients.

The Joiners/Carpenters business was hived off from the parent company on 1 January 2009 into a newly established subsidiary with the name Timbra a/s.

Design is our skills centre within consulting engineering and design services relating to all the principal engineering disciplines, including sewers, structures, installations, soil engineering and environment. The unit specialises in civil works and building projects and heavy industrial plants. We actively involve Design in the business areas' projects to optimise the management of design risks.

In **Project Development** we specialise in the development of commercial, housing and retail projects across Denmark. We develop projects both for our own property portfolio and for plots to which title has been secured through options, conditional sales contracts or collaboration agreements.

To broaden our coverage, both geographically and in terms of segments, we work closely together with a number of professional players in the market that supplement Project Development's own skills and networks.

Our project development strategy is long-term, and we consequently become involved both in projects for immediate execution and projects that we plan to carry out over a number of years.

Project development is based on an overall assessment, with the local area and the future users' needs as starting points, and focusing on architecture, buildability and sustainability.

In Project Development we operate with a low risk profile, which means that our projects are in essence sold before start-up of the building project. The Project Development business unit works closely together with our contracting units, which are always responsible for execution of the building projects in order to maximise value creation through close collaboration.

The focus has changed from the highly profiled large residential construction projects in the metropolitan area to a number of small residential construction projects in North Zealand and the Roskilde area, for example. We are also exploring a number of specific commercial opportunities, and we expect to start up one or more major commercial building projects in 2009.

Subsidiaries

The subsidiaries of the contracting business comprise Ajos a/s, Enemærke & Petersen a/s, Lindpro a/s, Promecon a/s, Scandi Byg a/s and the jointly controlled entities Seth S.A. and Greenland Contractors I/S.

The subsidiaries generated operating profit of DKK 175 million in 2008 versus DKK 306 million in 2007.

We expect the subsidiaries' 2009 revenue to be at a slightly lower level than in 2008.

Ajos a/s

With around 200 employees, Ajos is one of Denmark's largest players in plant and equipment hire.

In spring 2008, Ajos set up a separate department in Århus, making it countrywide with a total of six departments ranging from Aalborg to Copenhagen.

The market was declining in 2008, calling for changes in relation to our customers, as building projects, in particular, have shifted from the metropolitan area towards West Denmark. To grow and retain market shares, Ajos made concerted efforts in 2008 to create more holistic solutions for its customers.

Profit for 2008 was lower than expected, as the general decline in the market has put hire prices under pressure and led to a fall in hire activity.

For 2009, we expect competition to intensify in relation to our building sector customers, but we believe that there will still be good opportunities, especially on the basis of concepts and holistic solutions. Ajos also anticipates an increase in revenue to non-contractor customers such as the oil and gas industry and claims service.

Enemærke & Petersen a/s

Enemærke & Petersen undertakes building assignments within construction and building maintenance.

In 2008, Enemærke & Petersen achieved a strong position in maintenance, service and restoration.

The level of activity within both construction and building maintenance grew during the year, resulting in both revenue and earnings levels ahead of expectations and significantly ahead of the 2007 level.

Based on the general market outlook, we anticipate a slightly lower level of activity in 2009 than in 2008.

Lindpro a/s

Lindpro is Denmark's largest electrical installations business. Lindpro has around 1,200 employees and also has the subsidiary Arssarnerit in Greenland, which is Greenland's largest electrical installations company, boasting a 35% market share.

The financial performance in 2008 matched expectations due to the fact that both the existing core business and new business areas are developing as planned.

Where the previous years have featured major growth in the market, we expect the level of activity to slow down in 2009. Lindpro has consequently also been tightening its focus on optimisation and continuous alignment of the business. A new strategy plan for the period 2009-2012 takes account of a declining market and increases the focus on profitable growth in the years ahead.

Lindpro is enjoying a growing level of activity in the service and security areas and is consequently less dependent on market conditions.

Besides focusing on profitable growth, Lindpro will be focusing particularly on the specialist areas intelligent building installations, security and service in 2009 – to ensure that Lindpro remains Denmark's leading electrical installations company.

Promecon a/s

Promecon is one of Denmark's leading suppliers of innovative steelwork and piping solutions to the oil & gas and energy sectors.

Promecon recorded organic growth of 31% in 2008, with revenue ahead in all core areas.

As a result of losses on isolated projects in 2008, Promecon's result for 2008 was a substantial loss, which is unsatisfactory. As a result of the loss in Promecon, the investment in Promecon has been written down by DKK 73.1 million in the parent company's financial statements.

To enhance earnings in 2009, Promecon will be selective when identifying projects. In that connection the organisation has been aligned, and the staff number has been reduced by 130. The Esbjerg department will be closed down, and the permanent presence in Aalborg will be phased out.

Promecon expects lower revenue in 2009 due to the postponement of a number of projects.

Scandi Byg a/s

Scandi Byg is a market leader within the sale and manufacture of prefabricated modular buildings. Applications include residential buildings, children's institutions, school and office buildings, primarily for the Danish market.

Scandi Byg enjoyed a record level of activity in 2008, resulting in higher revenue and profit than anticipated.

We expect satisfactory revenue for 2009, although not quite at the same level as in 2008.

Jointly controlled entities

Greenland Contractors I/S (67%)

Greenland Contractors carries out building projects and operating and service tasks at Thule Air Base for the US Air Force. The US Air Force has been the company's principal client for many years; however, the company also performs assignments for the Greenland authorities, private companies and organisations.

Revenue and earnings in 2008 were ahead of 2007. We expect revenue in 2009 on a par with 2008.

Seth S.A. (60%)

Seth operates in the Portuguese market and Africa, specialising in three core areas: marine works, industrial construction and building for the US Air Force and the US Navy, including dwellings on the Azores.

Seth reported revenue for 2008 at a slightly lower level than last year. Earnings were satisfactory.

In 2009, Seth expects a sustained slight increase in the level of activity in the Portuguese building and civil works market, which continues to be characterised by a low level of public expenditure. Seth makes up for the weak domestic market by an increased level of activity in Africa, where Seth has signed contracts extending over several years.

Seth expects the level of activity to be slightly down in 2009.

Corporate functions

The corporate staff functions in MT Højgaard comprise: Administrative Service (Finance, Legal and IT); Purchasing; Health, Safety & Quality; Business Systems; HR; and Corporate Marketing and Communications.

At MT Højgaard, we continuously strive to increase our staff functions' involvement in business units and areas. One example of this is the continued strengthening of the legal department, which is an important element of, for example, the management of business risks in all phases, from tendering to hand-over of building and civil works projects.

We continued to invest in the IT area in 2008. We expect the development and use of IT to strengthen MT Højgaard's competitive platform still further in the years ahead. As a large knowledge-intensive group, developments in the IT area are of vital importance to knowledge sharing. It is also our ambition for our business processes to be supported, digitalised and operated through our IT systems, as far as possible. In the administrative areas, the IT area is continually helping to optimise our processes.

Another important area is our purchasing department, which continuously strives to optimise our agreements and professionalise our options. In 2007, we opened our purchasing office in China, which already functions as intended, helping to enhance earnings and sharpen our competitiveness. It is our strategy for procurement of building materials to think globally and have a local presence. Our China office consequently makes purchases for the entire Group.

In 2008, we continued our branding campaign "How we make a difference". In the campaign we present stories about our projects to demonstrate that "We know how". Corporate Marketing and Communications have become an integrated unit, which, as a strategic and professional tool, is to help to develop MT Højgaard's relations with customers, employees, suppliers and all other stakeholders.

Management statement and Independent auditors' report

Management statement and Independent auditors' report

Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of MT Højgaard a/s for the financial year 2008.

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

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

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

Søborg, 27 March 2009

Executive Board

Kristian May
President and CEO

Peter Kofoed
Executive Vice President

Jens Nyhus
Executive Vice President

Johnny Rasmussen
Executive Vice President, Finance

Supervisory Board

Per Møller
Chairman

Jørgen Nicolajsen
Deputy Chairman

Irene Chabior*

Curt Germundsson

Stefan Hansen*

Erik D. Jensen

Poul Lind

Bent Pedersen

Lars Rasmussen

Poul M. Rørup*

*) Employee representative

Independent auditors' report

To the shareholders of MT Højgaard a/s

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

Management's responsibility for the annual report

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

Auditors' responsibility and basis of opinion

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

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

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

Our audit did not result in any qualification.

Opinion

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

Copenhagen, 27 March 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Finn L. Meyer	**Jesper Koefoed**
State Authorised	State Authorised
Public Accountant	Public Accountant

Executive Board

Kristian May
President and CEO

Peter Kofoed
Executive Vice President

Johnny Rasmussen
Executive Vice President, Finance

Jens Nyhus
Executive Vice President

Supervisory Board and supervisory board memberships and management positions

Per Møller
(Chairman)

Member of the supervisory board of
Atrium Partners A/S (CB)
Højgaard Holding a/s (CB)
Det Danske Klasselotteri A/S (CB)
BioMar Group A/S (DCB)

Jørgen Nicolajsen
(Deputy Chairman)
President and CEO,
Monberg & Thorsen A/S
President, Dyrup A/S

Irene Chabior *
HR Development Consultant

Curt Germundsson

Member of the supervisory board of
Kongsberg Automotive ASA (Norway) (CB)
Plastal Group AB (Sweden) (CB)
Bandak Group AS (Norway) (CB)
EFD Induction ASA (Norway)
Alignment Systems AB (Sweden)

Stefan Hansen *
Concrete Foreman

Erik D. Jensen

Member of the supervisory board of
Ejnar og Meta Thorsens Fond
Royal Scandinavia A/S (CB)
Royal Scandinavia II A/S (CB)
Royal Copenhagen A/S (DCB)
Pandora Invest ApS
Pandora Holding ApS
PBI-Holding, Ringsted A/S (CB)
Kærup Erhvervspark A/S (CB)
PBI Dansensor A/S
PBInge A/S (CB)
CENS A/S (CB)

Poul Lind
CEO, PowerSense A/S

Member of the supervisory board of
Monberg & Thorsen A/S

Bent Pedersen

Member of the supervisory board of
Eksport Kredit Fonden (CB)
Eksport Kredit Finansiering A/S (CB)
Axcel Management A/S (CB)
Vækst-Invest Nordjylland A/S (CB)
Axcel IndustriInvestor A/S (DCB)
Højgaard Holding a/s (DCB)
BankInvest's venture funds
DnB Nor Bank ASA, Norway (DCB)
DnB Nor ASA, Norway
Proark Energy A/S
Rovsing A/S

Lars Rasmussen
CEO, Coloplast A/S

Member of the supervisory board of
Højgaard Holding a/s

Poul M. Rørup *
Finance Manager

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

Financial statements

Income statement

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
8,030.5	6.951.5	4	Revenue	11,171.0	11,713.8
(7,946.9)	(6.694.8)	5-6	Production costs	(10,465.4)	(11,159.7)
83.6	**256.7**		**Gross profit**	**705.6**	**554.1**
(89.9)	(94.2)		Distribution costs	(134.3)	(127.5)
(88.5)	(91.8)	5-6	Administrative expenses	(257.4)	(232.8)
(94.8)	**70.7**		**Operating profit (loss)**	**313.9**	**193.8**
-	-	13	Share of profit after tax of associates	0.0	0.0
417.6	297.1	8	Financial income	77.3	155.6
(55.1)	(91.6)	9	Financial expenses	(32.2)	(38.3)
267.7	**276.2**		**Profit before tax**	**359.0**	**311.1**
(27.7)	(69.2)	10	Income tax expense	(100.0)	(75.9)
240.0	**207.0**		**Profit for the year**	**259.0**	**235.2**
			Attributable to		
240.0	207.0		Equity holders of MT Højgaard a/s	259.0	234.3
-	-		Minority interests	0.0	0.9
240.0	**207.0**		**Total**	**259.0**	**235.2**
			Proposal for distribution of profit		
50.0	50.0		Dividend for the financial year		
190.0	157.0		Retained earnings		
240.0	**207.0**		**Total**		

Balance sheet

PARENT COMPANY			ASSETS	GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
			Non-current assets		
			Intangible assets		
28.0	33.7		Goodwill	80.5	64.0
0.0	7.1		Other intangible assets	14.7	0.0
28.0	**40.8**	**11**	**Total intangible assets**	**95.2**	**64.0**
			Property, plant and equipment		
135.9	138.1		Land and buildings	356.7	336.4
35.7	40.3		Plant and machinery	283.1	274.7
12.1	11.9		Fixtures and fittings, tools and equipment	94.2	76.1
1.7	0.0		Property, plant and equipment under construction	12.5	12.7
185.4	**190.3**	**12**	**Total property, plant and equipment**	**746.5**	**699.9**
			Investments		
337.4	385.5	13	Investments in subsidiaries	-	-
47.0	47.7	13	Investments in associates	1.6	1.0
11.7	19.3	13	Receivables from associates	19.3	11.7
0.3	0.3	13	Other equity investments	0.6	1.0
209.4	167.4	18	Deferred tax assets	139.6	210.3
605.8	**620.2**		**Total investments**	**161.1**	**224.0**
819.2	**851.3**		**Total non-current assets**	**1,002.8**	**987.9**
			Current assets		
			Inventories		
3.6	3.8	14	Raw materials and consumables	79.9	64.5
483.5	466.5	14	Properties held for resale	473.8	540.0
487.1	**470.3**		**Total inventories**	**553.7**	**604.5**
			Receivables		
1,521.2	1,454.7		Trade receivables	2,220.5	2,225.4
312.8	259.0	20	Construction contracts in progress	478.6	426.0
15.8	161.5		Receivables from subsidiaries	-	-
0.6	63.5		Receivables from associates	0.0	0.0
-	-		Receivables from jointly controlled entities	32.1	0.0
7.1	2.2		Income tax	2.4	1.3
106.6	175.5		Other receivables	215.7	162.2
125.7	117.9		Prepayments	135.2	134.0
2,089.8	**2,234.3**	**15**	**Total receivables**	**3,084.5**	**2,948.9**
149.0	**158.6**	**16**	**Securities**	**158.6**	**149.0**
203.5	**432.3**	**32**	**Cash and cash equivalents**	**476.8**	**342.4**
2,929.4	**3,295.5**		**Total current assets**	**4,273.6**	**4,044.8**
3,748.6	**4,146.8**		**Total assets**	**5,276.4**	**5,032.7**

Balance sheet

PARENT COMPANY			EQUITY AND LIABILITIES	GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
			Equity		
220.0	220.0		Share capital	220.0	220.0
-	-		Translation reserve	1.9	0.4
722.6	879.6		Retained earnings	1,169.9	960.9
50.0	50.0		Proposed dividends	50.0	50.0
992.6	**1,149.6**		**Total equity**	**1,441.8**	**1,231.3**
			Non-current liabilities		
34.7	23.8	17	Bank loans, etc.	86.9	115.9
0.0	0.0	18	Deferred tax liabilities	0.0	0.7
45.2	64.1	19	Provisions	90.1	69.1
79.9	**87.9**		**Total non-current liabilities**	**177.0**	**185.7**
			Current liabilities		
0.9	1.0	17	Current portion of non-current financial liabilities	35.3	17.5
15.7	0.0	17	Bank loans, etc.	0.4	165.3
1,148.3	1,202.2	20	Construction contracts in progress	1,484.3	1,335.2
143.6	106.4		Prepayments received from customers	133.8	170.1
819.6	801.3		Trade payables	1,150.6	1,078.7
0.0	277.2		Payables to subsidiaries	-	-
0.0	0.0		Income tax	1.2	0.0
456.5	445.1		Other payables	724.7	694.0
91.2	75.8		Deferred income	118.5	151.9
0.3	0.3	19	Provisions	8.8	3.0
2,676.1	**2,909.3**		**Total current liabilities**	**3,657.6**	**3,615.7**
2,756.0	**2,997.2**		**Total liabilities**	**3,834.6**	**3,801.4**
3,748.6	**4,146.8**		**Total equity and liabilities**	**5,276.4**	**5,032.7**
			Notes without reference		
		1	Accounting policies		
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Cash flow statement

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
			Operating activities		
(94.8)	70.7		Operating profit (loss)	313.9	193.8
71.4	3.0	30	Non-cash operating items	59.0	119.8
(23.4)	**73.7**		**Cash flows from operating activities before working capital changes**	**372.9**	**313.6**
			Working capital changes:		
(67.7)	17.0		Inventories	53.5	(113.7)
(102.4)	(196.6)		Receivables excluding construction contracts in progress	(68.9	(294.0)
(14.3)	141.6		Construction contracts in progress	144.9	24.4
(41.1)	200.0		Trade and other current payables	42.8	50.0
(248.9)	**235.7**		**Cash flows from operations (operating activities)**	**545.2**	**(19.7)**
21.6	67.6		Financial income	70.3	32.9
(4.6)	(17.9)		Financial expenses	(31.6)	(38.4)
(231.9)	**285.4**		**Cash flows from operations (ordinary activities)**	**583.9**	**(25.2)**
(42.7)	(27.3)		Income taxes paid, net	(47.5)	(47.4)
(274.6)	**258.1**		**Cash flows from operating activities**	**536.4**	**(72.6)**
			Investing activities		
0.0	(18.0)	31	Acquisition of enterprises and activities	(41.4)	(0.3)
0.0	(91.8)		Capital contributions to subsidiaries and associates	-	-
270.4	0.0	31	Disposal of enterprises and activities	0.0	270.4
(54.0)	(27.4)	30	Purchase of property, plant and equipment	(214.8)	(196.8)
35.6	1.1		Sale of property, plant and equipment	89.8	55.4
193.4	192.9		Dividends from subsidiaries and associates	0.0	0.0
(199.0)	(9.6)		Purchase of securities	(9.6)	(199.0)
137.9	0.0		Sale of securities	0.0	137.9
384.3	**47.2**		**Cash flows for investing activities**	**(176.0)**	**67.6**
			Financing activities		
			Loan financing:		
-	-		Minority interests	0.0	(7.5)
0.0	0.0	30	Increase in non-current bank loans, etc.	0.0	5.8
(75.2)	(10.8)		Decrease in non-current bank loans, etc.	(11.1)	(33.7)
			Shareholders:		
0.0	(50.0)		Dividends	(50.0)	0.0
(75.2)	**(60.8)**		**Cash flows from financing activities**	**(61.1)**	**(35.4)**
34.5	**244.5**		**Net increase (decrease) in cash and cash equivalents**	**299.3**	**(40.4)**
153.3	187.8		Cash and cash equivalents at 01-01	177.1	217.5
187.8	**432.3**	**32**	**Cash and cash equivalents at 31-12**	**476.4**	**177.1**

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

Statement of comprehensive income and changes in equity

PARENT COMPANY

Amounts in DKK million

Statement of comprehensive income	2008	2007
Profit for the year	207.0	240.0
Total comprehensive income	**207.0**	**240.0**

Equity	Share capital	Retained earnings	Proposed dividends	Total
2007				
Equity at 01-01	**220.0**	**532.6**	**0.0**	**752.6**
Total comprehensive income for the year		240.0		240.0
Proposed dividends		(50.0)	50.0	0.0
Total changes in equity	**0.0**	**190.0**	**50.0**	**240.0**
Equity at 31-12	**220.0**	**722.6**	**50.0**	**992.6**
2008				
Equity at 01-01	**220.0**	**722.6**	**50.0**	**992.6**
Total comprehensive income for the year		207.0		207.0
Proposed dividends		(50.0)	50.0	0.0
Dividends paid			(50.0)	(50.0)
Total changes in equity	**0.0**	**157.0**	**0.0**	**157.0**
Equity at 31-12	**220.0**	**879.6**	**50.0**	**1,149.6**

At 31 December 2008, MT Højgaard a/s's share capital amounted to DKK 220 million divided into shares of DKK 1,000 each.
No shares carry special rights.

Statement of comprehensive income and changes in equity

GROUP

Amounts in DKK million

Statement of comprehensive income	2008	2007
Foreign exchange adjustments, foreign enterprises	1.5	(0.2)
Comprehensive income recognised directly in equity	**1.5**	**(0.2)**
Profit for the year	259.0	235.2
Total comprehensive income	**260.5**	**235.0**
Total comprehensive income attributable to		
Equity holders of MT Højgaard a/s	260.5	234.1
Minority interests	0.0	0.9
Total	**260.5**	**235.0**

Equity	Share capital	Translation reserve	Retained earnings	Proposed dividends	**Total equity attributable to MT Højgaard**	Attributable to minority interests	**Total**
2007							
Equity at 01-01	**220.0**	**(2.8)**	**780.0**	**0.0**	**997.2**	**23.6**	**1,020.8**
Total comprehensive income for the year		(0.2)	234.3		**234.1**	0.9	**235.0**
Addition and disposal of minority interests						(17.0)	**(17.0)**
Proposed dividends			(50.0)	50.0	**0.0**	0.0	**0.0**
Dividends paid					**0.0**	(7.5)	**(7.5)**
Transfer between reserves		3.4	(3.4)		**0.0**	0.0	**0.0**
Total changes in equity	**0.0**	**3.2**	**180.9**	**50.0**	**234.1**	**(23.6)**	**210.5**
Equity at 31-12	**220.0**	**0.4**	**960.9**	**50.0**	**1,231.3**	**0.0**	**1,231.3**
2008							
Equity at 01-01	**220.0**	**0.4**	**960.9**	**50.0**	**1,231.3**	**0.0**	**1,231.3**
Total comprehensive income for the year		1.5	259.0		**260.5**	0.0	**260.5**
Proposed dividends			(50.0)	50.0	**0.0**	0.0	**0.0**
Dividends paid				(50.0)	**(50.0)**	0.0	**(50.0)**
Total changes in equity	**0.0**	**1.5**	**209.0**	**0.0**	**210.5**	**0.0**	**210.5**
Equity at 31-12	**220.0**	**1.9**	**1,169.9**	**50.0**	**1,441.8**	**0.0**	**1,441.8**

Index of 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 additional Danish disclosure requirements for annual reports, cf. the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act. In addition, the annual report has been prepared in compliance with IFRS issued by the IASB.

The annual report is presented in Danish kroner.

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

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

Comparative figures

The business unit Ajos was hived off from the parent company into a newly established subsidiary on 1 January 2008. The parent company's comparative figures for 2007 have been restated in accordance with the uniting-of-interests method to reflect the effects of the hive-off had it been effected earlier.

Basis of preparation

Basis of consolidation

The consolidated financial statements include the parent company MT Højgaard a/s and subsidiaries in which the Group holds, directly or indirectly, more than 50% of the voting rights or which it controls in some other way.

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

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

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

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

Notes

Note

1 Accounting policies (continued)

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

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

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

The cash flows attributable to the operating, investing and financing activities of discontinued operations are disclosed in a note.

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

Any excess of the cost of the acquisition over the fair value of the assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Any excess of the fair value over the cost of the acquisition (negative goodwill) is credited to the income statement at the acquisition date.
If there is any uncertainty at the acquisition date concerning the measurement of identifiable assets acquired or liabilities or contingent liabilities assumed, initial recognition is based on provisional fair values. If it is subsequently found that identifiable assets, liabilities and contingent liabilities had a different fair value at the acquisition date than initially assumed, goodwill is adjusted within twelve months of the acquisition date.

Minority interests
Minority interests are recognised initially on the basis of the fair values of the acquiree's assets, liabilities and contingent liabilities at the acquisition date.

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

Notes

Note

1 **Accounting policies (continued)**

Joint ventures

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

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

Investments in jointly controlled entities are recognised in the consolidated financial statements by proportionate consolidation. The parent company measures investments in jointly controlled entities at cost. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Foreign currency translation

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

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

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

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

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

Notes

Note

1 Accounting policies (continued)

Derivative financial instruments

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

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

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

Leases

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

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

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

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

Government grants

Government grants include grants for projects, investments, etc.

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

Notes

Note

1 **Accounting policies (continued)**

Income statement

Revenue

Revenue comprises completed construction contracts and construction contracts in progress, sale of development projects, and rental income.

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

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

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

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

Production costs

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

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

Distribution costs

Distribution costs comprise tendering, advertising and marketing costs as well as salaries, etc., relating to the sales and marketing departments.

Administrative expenses

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

The Group's share of profit after tax of associates

The proportionate share of profit of associates is recognised in the consolidated income statement net of tax and after elimination of the proportionate share of profits/losses resulting from intragroup transactions and after deduction of goodwill impairment losses.

Notes

Note

1 Accounting policies (continued)

Financial income and expenses

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

The parent company recognises dividends from investments in subsidiaries and associates and adjustments of investments to recoverable amount. Dividends are credited to income in the financial year in which they are declared; however, dividends are offset against the cost of the investment to the extent that distributed dividends exceed the accumulated earnings after the acquisition date.

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

Income tax

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

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

MT Højgaard a/s is taxed jointly with its Danish and foreign subsidiaries (international joint taxation). Subsidiaries are included in the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements, and up to the date on which they are no longer included in the consolidation.

The parent company MT Højgaard a/s is the management company for the Danish joint taxation and consequently settles all income tax payments to the Danish tax authorities.

Balance sheet

Intangible assets

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

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

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life.

The amortisation period is normally 5-10 years. The amortisation base is reduced by any impairment losses.

Notes

Note

1 **Accounting policies (continued)**

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

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

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

Expected useful lives:

Buildings	10-50 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

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

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

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

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

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

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

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

Notes

Note

1 Accounting policies (continued)

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

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

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

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

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

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

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

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

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

Receivables
Receivables are measured at amortised cost less impairment losses.

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

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

Notes

Note

1 Accounting policies (continued)

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

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

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

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

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

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

Equity

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

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

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

Notes

Note

1 Accounting policies (continued)

Current tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account, etc.

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

Deferred tax is provided for retaxation of previously deducted losses of jointly taxed foreign subsidiaries to the extent that it is deemed that disposal of the investment or withdrawal from the international joint taxation scheme may be relevant.

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

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

Pension obligations

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

Provisions

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

Financial liabilities

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

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

Notes

Note

1 **Accounting policies (continued)**

Cash flow statement

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

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

Cash flows from operating activities

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

Cash flows for investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

Segment information

The Group's segment information is based on the Group's organisational and internal reporting structure. Operating segments that have similar economic characteristics and that are similar in respect of the nature of the products/services, the type or class of customer, the nature of the production process and the methods used to distribute the products or provide the services, are aggregated. The Group consequently has only a single reportable segment, and information is consequently only provided about the geographical breakdown of the Group's revenue and non-current assets.

Financial ratios

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

Financial ratios are defined on the back cover of the annual report.

Notes

Note

2 Accounting estimates and judgements

Estimation uncertainty

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of future events on the carrying amounts of those assets and liabilities at the balance sheet date.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates. Special risks for the MT Højgaard Group are described in note 26 on "Financial risks" and in the section on "Commercial risks" in the management's review.

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

In connection with impairment testing of investments and goodwill, estimates are also made of how the enterprises in question or parts of the enterprise to which the goodwill relates will be able to generate sufficient positive future net cash flows to support the value of the investment or goodwill, and other net assets in the part of the enterprise in question. Such estimates are naturally subject to some uncertainty, which is reflected in the discount rate applied. The assumptions for impairment testing of investments and goodwill are described in notes 11 and 13, respectively.

Basis for management's judgements

As part of the application of the Group's accounting policies, management makes judgements, in addition to estimates, that may have a material effect on the amounts recognised in the financial statements. The judgements that have the greatest impact on the amounts recognised in the financial statements relate primarily to construction contracts in progress, and when income and expenses under contracts with third parties are to be accounted for in accordance with the percentage of completion method or the sales method.

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

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		3	**Segment information**		
			The MT Højgaard Group works exclusively within building and civil works in Denmark and abroad. The Group consequently has only a single reportable segment.		
			Internationally, the MT Højgaard Group operates in the EU (the UK and Portugal), the North Atlantic (Faroe Islands and Greenland), Southwest Asia and the Middle East (Qatar) as well as South America (Panama).		
			A single customer accounts for 11.7% of total consolidated revenue. The balance sheet at 31 December 2008 does not include any significant net receivables from this customer.		
			Geographical breakdown of revenue and non-current assets		
			Revenue can be broken down as follows:		
			Denmark	8,001.4	9,243.0
			Rest of world	3,169.6	2,470.8
			Total	**11,171.0**	**11,713.8**
			Non-current assets excluding deferred tax assets can be broken down as follows:		
			Denmark	681.8	672.8
			Rest of world	181.4	104.8
			Total	**863.2**	**777.6**
		4	**Revenue**		
			Revenue can be broken down as follows:		
7,812.6	6,486.8		Selling price of the production for the year on construction contracts in progress and completed construction contracts, etc.	9,889.9	10,547.4
217.9	464.7		Revenue from project development cases sold, etc.	585.4	232.6
0.0	0.0		Rental income	695.7	933.8
8,030.5	**6,951.5**		**Total**	**11,171.0**	**11,713.8**
		5	**Depreciation and amortisation**		
0.0	0.0		Intangible assets	0.8	0.0
16.5	23.9		Property, plant and equipment	118.1	155.8
16.5	**23.9**		**Total depreciation and amortisation**	**118.9**	**155.8**
			Depreciation and amortisation are included in the income statement as follows:		
11.9	19.7		Production costs	99.3	140.1
4.6	4.2		Administrative expenses	19.6	15.7
16.5	**23.9**		**Total depreciation and amortisation**	**118.9**	**155.8**
		6	**Staff costs**		
			The total amount paid in wages and salaries, etc., can be broken down as follows:		
1,245.0	1,011.7		Wages and salaries, etc.	2,328.3	2,452.9
91.5	75.3		Pension contributions (defined contribution)	174.9	183.5
50.0	43.5		Other social security costs	87.2	93.9
1,386.5	**1,130.5**		**Total**	**2,590.4**	**2,730.3**

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		6	**Staff costs (continued)**		
3,120	**2,481**		**Average number of employees**	**5,273**	**6,044**
2,717	**2,367**		**Number of employees, year end**	**5,254**	**5,872**
			Total remuneration to the Supervisory Board and the Executive Board:		
1.9	2.6		Supervisory Board	2.6	1.9
10.8	13.2		Executive Board	13.2	10.8
12.7	**15.8**		**Total**	**15.8**	**12.7**
			Total remuneration to the Supervisory Board and the Executive Board can be broken down as follows:		
12.7	15.8		Salaries and remuneration, etc.	15.8	12.7
12.7	**15.8**		**Total**	**15.8**	**12.7**
		7	**Fees paid to auditors appointed at the Annual General Meeting (KPMG)**		
1.4	**1.6**		**Audit fees**	**4.7**	**3.7**
2.5	**3.3**		**Non-audit fees**	**4.3**	**3.2**
		8	**Financial income**		
32.0	36.6		Interest income	38.4	24.4
1.6	0.0		Capital gains on securities	0.0	1.6
201.3	0.2		Gain on sale of investments (BMS and shareholding in Seth)	0.0	120.4
7.5	37.3		Foreign exchange gains, including gain on derivative financial instruments	38.9	9.0
75.3	65.0		Dividends from subsidiaries	-	-
99.9	127.9		Dividends from associates	-	-
0.0	30.1		Reversal of impairment loss relating to investments in subsidiaries and associates, etc.	-	-
0.0	0.0		Value adjustments of other equity investments	0.0	0.2
417.6	**297.1**		**Total financial income**	**77.3**	**155.6**
6.9	7.8		Of which interest received from subsidiaries	-	-
		9	**Financial expenses**		
10.4	17.9		Interest expense	26.3	20.5
0.0	0.6		Capital losses on securities	0.6	0.1
0.0	0.0		Capital loss on sale of investments (Composite Limited)	0.0	3.6
0.0	0.0		Foreign exchange losses	4.8	14.0
44.6	73.1		Impairment loss relating to investments in subsidiaries and associates, etc.	-	-
0.1	0.0		Value adjustments of other equity investments	0.5	0.1
55.1	**91.6**		**Total financial expenses**	**32.2**	**38.3**
0.0	0.0		Of which interest paid to subsidiaries	-	-

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		10	**Income tax expense**		
6.2	(27.2)		Current tax	(30.8)	(43.2)
(33.9)	(42.0)		Changes in deferred tax	(69.2)	(32.7)
(27.7)	**(69.2)**		**Income tax expense**	**(100.0)**	**(75.9)**
			Income tax expense can be broken down as follows:		
(67.0)	(69.0)		Income tax expense before tax measured at Danish tax rate (25%)	(89.8)	(77.8)
(31.1)	-		Reduction of Danish corporate income tax rate from 28% to 25%	-	(24.1)
5.2	(7.6)		Deviation in foreign enterprises' tax rates	(7.1)	0.5
77.2	55.8		Non-taxable income	0.0	31.4
(11.2)	(25.3)		Non-deductible expenses	(0.1)	(1.9)
(0.8)	(23.1)		Other, including prior year adjustments and joint taxation	(3.0)	(4.0)
(27.7)	**(69.2)**		**Income tax expense**	**(100.0)**	**(75.9)**
10	25		Effective tax rate (%)	28	24
		11	**Intangible assets**		
			Goodwill		
28.0	28.0		Cost at 01-01	64.0	73.6
0.0	0.0		Disposal on sale of enterprises	0.0	(9.8)
0.0	5.7		Additions	16.5	0.2
28.0	33.7		Cost at 31-12	80.5	64.0
0.0	0.0		Impairment losses at 01-01/31-12	0.0	0.0
28.0	**33.7**		**Carrying amount at 31-12**	**80.5**	**64.0**
			Other intangible assets		
0.0	0.0		Cost at 01-01	0.0	0.0
0.0	7.1		Additions	15.5	0.0
0.0	7.1		Cost at 31-12	15.5	0.0
0.0	0.0		Amortisation and impairment losses at 01-01	0.0	0.0
0.0	0.0		Amortisation	0.8	0.0
0.0	0.0		Amortisation and impairment losses at 31-12	0.8	0.0
0.0	**7.1**		**Carrying amount at 31-12**	**14.7**	**0.0**
28.0	**40.8**		**Total intangible assets**	**95.2**	**64.0**

Goodwill

The carrying amounts of goodwill attributable to business area Civil Works (DKK 4.0 million), Construction (DKK 24.0 million) and Utility Services (DKK 5.7 million) in MT Højgaard a/s; Enemærke & Petersen a/s (DKK 38.5 million); and Lindpro a/s (DKK 8.3 million), were tested for impairment at 31 December 2008.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007

11 Intangible assets (continued)

The recoverable amount has been determined as the value in use, calculated as the present value of the expected future net cash flows from the cash-generating units. In connection with the test at 31 December 2008 the net cash flows were determined on the basis of the approved budget for 2009 and estimates for the years 2010-2013. The growth in the terminal period was fixed at 2.5% (2007: 2.5%). A discount rate of 10-12% before tax was used for calculating the present value (2007: 10-12%).

The impairment test did not give rise to any write-downs of goodwill to recoverable amount.

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

Other intangible assets

Other intangible assets comprise customer lists acquired on acquisition of enterprises and activities.

It is estimated that the useful lives of capitalised other intangible assets are limited.

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

Notes

PARENT COMPANY						2008
Note	Amounts in DKK million					
		Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
12	**Property, plant and equipment (continued)**					
	Cost at 01-01	160.8	97.4	49.5	1.7	**309.4**
	Addition on acquisition of activities	0.0	5.0	0.0	0.0	**5.0**
	Additions	5.0	17.2	4.1	0.2	**26.5**
	Disposals	0.0	(4.6)	(5.7)	(1.9)	**(12.2)**
	Cost at 31-12	165.8	115.0	47.9	0.0	**328.7**
	Depreciation and impairment losses at 01-01	24.9	61.7	37.4	0.0	**124.0**
	Depreciation, disposals	0.0	(3.8)	(5.6)	0.0	**(9.4)**
	Depreciation	2.8	16.8	4.2	0.0	**23.8**
	Depreciation and impairment losses at 31-12	27.7	74.7	36.0	0.0	**138.4**
	Carrying amount at 31-12	**138.1**	**40.3**	**11.9**	**0.0**	190.3
	Mortgaged properties:					
	Carrying amount	48.7				**48.7**
	Year-end balance, loans	18.1				**18.1**
	Assets held under finance leases:					
	Carrying amount		0.0	0.0		**0.0**

Notes

PARENT COMPANY						2007
Note	Amounts in DKK million					
12	**Property, plant and equipment (continued)**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
	Cost at 01-01	156.5	130.5	47.5	6.2	**340.7**
	Additions	21.2	30.8	2.0	0.0	**54.0**
	Disposals	(16.9)	(63.9)	0.0	(4.5)	**(85.3)**
	Cost at 31-12	160.8	97.4	49.5	1.7	**309.4**
	Depreciation and impairment losses at 01-01	26.8	112.2	32.8	0.0	**171.8**
	Depreciation, disposals	(5.5)	(58.8)	0.0	0.0	**(64.3)**
	Depreciation	3.6	8.3	4.6	0.0	**16.5**
	Depreciation and impairment losses at 31-12	24.9	61.7	37.4	0.0	**124.0**
	Carrying amount at 31-12	**135.9**	**35.7**	**12.1**	**1.7**	**185.4**
	Mortgaged properties:					
	Carrying amount	69.4				**69.4**
	Year-end balance, loans	35.5				**35.5**
	Assets held under finance leases:					
	Carrying amount		13.2	0.0		**13.2**

Notes

GROUP						2008
Note	Amounts in DKK million					
12	**Property, plant and equipment (continued)**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
	Cost at 01-01	430.3	793.1	191.0	12.7	**1,427.1**
	Addition on acquisition of activities	0.0	8.7	0.0	0.0	**8.7**
	Reclassifications, etc.	0.0	(19.4)	11.7	0.0	**(7.7)**
	Additions	43.9	101.9	53.7	19.1	**218.6**
	Disposals	(23.8)	(59.1)	(12.4)	(19.3)	**(114.6)**
	Cost at 31-12	450.4	825.2	244.0	12.5	**1,532.1**
	Depreciation and impairment losses at 01-01	93.9	518.4	114.9	0.0	**727.2**
	Reclassifications, etc.	0.0	(19.4)	11.7	0.0	**(7.7)**
	Depreciation, disposals	(8.1)	(33.3)	(10.5)	0.0	**(51.9)**
	Depreciation	7.9	76.4	33.7	0.0	**118.0**
	Depreciation and impairment losses at 31-12	93.7	542.1	149.8	0.0	**785.6**
	Carrying amount at 31-12	**356.7**	**283.1**	**94.2**	**12.5**	**746.5**
	Mortgaged properties:					
	Carrying amount	120.1				**120.1**
	Year-end balance, loans	46.9				**46.9**
	Assets held under finance leases:					
	Carrying amount		19.4	10.7		**30.1**

Notes

GROUP						2007
Note	Amounts in DKK million					
12	**Property, plant and equipment (continued)**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
	Cost at 01-01	454.8	1,192.5	176.7	27.7	**1,851.7**
	Disposal on sale of enterprises	(47.0)	(388.5)	(12.0)	0.0	**(447.5)**
	Additions	39.6	115.2	35.3	9.1	**199.2**
	Disposals	(17.1)	(126.1)	(9.0)	(24.1)	**(176.3)**
	Cost at 31-12	430.3	793.1	191.0	12.7	**1,427.1**
	Depreciation and impairment losses at 01-01	97.4	747.4	98.4	0.0	**943.2**
	Disposal on sale of enterprises	(10.0)	(241.0)	(10.0)	0.0	**(261.0)**
	Depreciation, disposals	(3.5)	(103.8)	(3.5)	0.0	**(110.8)**
	Depreciation	10.0	115.8	30.0	0.0	**155.8**
	Depreciation and impairment losses at 31-12	93.9	518.4	114.9	0.0	**727.2**
	Carrying amount at 31-12	**336.4**	**274.7**	**76.1**	**12.7**	**699.9**
	Mortgaged properties:					
	Carrying amount	182.7				**182.7**
	Year-end balance, loans	84.5				**84.5**
	Assets held under finance leases:					
	Carrying amount		33.5	9.5		**43.0**

Notes

PARENT COMPANY

Note	Amounts in DKK million	Investments in subsidiaries	Investments in associates	Other equity investments	Receivables from associates	Deferred tax assets	Total
13	**Investments**						
	2008						
	Cost at 01-01	462.2	47.0	0.2			
	Additions	91.1	0.8	0.1			
	Disposals	0.0	(0.1)	0.0			
	Cost at 31-12	553.3	47.7	0.3			
	Adjustments at 01-01	(124.8)	0.0	0.1			
	Impairment losses	(73.1)	0.0	0.0			
	Reversal of impairment losses	30.1	0.0	0.0			
	Disposals	0.0	0.0	(0.1)			
	Adjustments at 31-12	(167.8)	0.0	0.0			
	Carrying amount at 31-12	**385.5**	**47.7**	**0.3**	**19.3**	**167.4**	**620.2**
	2007						
	Cost at 01-01	524.1	72.2	0.2			
	Additions	32.3	39.8	0.0			
	Disposals	(94.2)	(65.0)	0.0			
	Cost at 31-12	462.2	47.0	0.2			
	Adjustments at 01-01	(128.0)	0.0	0.1			
	Impairment losses	(4.7)	0.0	(0.1)			
	Reversal of impairment losses	7.9	0.0	0.0			
	Other adjustments	0.0	0.0	0.1			
	Adjustments at 31-12	(124.8)	0.0	0.1			
	Carrying amount at 31-12	**337.4**	**47.0**	**0.3**	**11.7**	**209.4**	**605.8**

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

In 2008, investments in subsidiaries were written down by DKK 73.1 million to recoverable amount. In addition, impairment losses of DKK 30.1 million relating to prior years were reversed.

The recoverable amount has been determined as the value in use, calculated as the present value of the expected future net cash flows from the cash-generating units. A discount rate of 10-12% before tax was used for calculating the present value (2007: 10-12%).

The impairment charge for the year and impairment losses reversed are recognised as financial income and expenses, see notes 8 and 9.

The impairment loss relates to Promecon a/s. The carrying amount has been written down to estimated recoverable amount.

The impairment losses reversed during the year relate primarily to MT Højgaard Grønland ApS. The company reported a profit in 2008, and expects to continue reporting profits in the years ahead. This has given rise to reversal of impairment losses charged in prior years, based on the estimated recoverable amount.

Notes

GROUP

Note Amounts in DKK million

Note		Investments in associates	Other equity investments	Receivables from associates	Deferred tax assets	Total
13	**Investments (continued)**					
	2008					
	Cost at 01-01	2.0	2.5			
	Additions	0.8	0.0			
	Disposals	(1.1)	(2.2)			
	Cost at 31-12	1.7	0.3			
	Adjustments at 01-01	(1.0)	(1.5)			
	Other adjustments	0.9	1.8			
	Adjustments at 31-12	(0.1)	0.3			
	Carrying amount at 31-12	**1.6**	**0.6**	**19.3**	**139.6**	**161.1**
	2007					
	Cost at 01-01	1.7	2.5			
	Additions	0.3	0.0			
	Cost at 31-12	2.0	2.5			
	Adjustments at 01-01	(1.0)	(1.6)			
	Other adjustments	0.0	0.1			
	Adjustments at 31-12	(1.0)	(1.5)			
	Carrying amount at 31-12	**1.0**	**1.0**	**11.7**	**210.3**	**224.0**

Associates (the information is for 100%)	Revenue	Profit for the year	Total assets	Total liabilities
2008				
OPP Hobro Tinglysningsret a/s (33%)	0.0	0.0	63.8	62.6
OPP Vildbjerg Skole A/S (50%)	12.2	0.0	127.3	125.7
OPP Ørstedskolen A/S (33%)	0.0	0.0	2.4	2.4
Consolidated total	**12.2**	**0.0**	**193.5**	**190.7**
2007				
ApS KBIL 38 NR. 2286 (50%)	0.0	0.0	0.6	0.2
OPP Hobro Tinglysningsret a/s (33%)	0.5	0.0	8.6	7.8
OPP Vildbjerg Skole A/S (50%)	10.6	0.0	126.2	125.3
Others	0.5	0.0	0.0	0.0
Consolidated total	**11.6**	**0.0**	**135.4**	**133.3**

The associates have no contingent liabilities.

There are no intragroup profits or losses from trading with associates.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		14	**Inventories**		
			Raw materials and consumables		
3.6	3.6		Cost at 01-01	64.5	54.4
-	-		Disposal on sale of enterprises	0.0	(0.5)
0.0	0.6		Additions	74.2	60.4
0.0	(0.4)		Disposals	(58.4)	(49.8)
3.6	3.8		Cost at 31-12	80.3	64.5
0.0	0.0		Adjustments at 01-01	0.0	0.0
0.0	0.0		Adjustments for the year	(0.4)	0.0
0.0	0.0		Adjustments at 31-12	(0.4)	0.0
3.6	**3.8**		**Carrying amount at 31-12**	**79.9**	**64.5**
0.0	0.0		Value of inventories recognised at net realisable value	0.4	0.1
			Properties held for resale		
421.5	489.2		Cost at 01-01	531.1	429.5
0.0	0.0		Adjustments to start of year	14.6	0.0
222.9	177.9		Additions	177.9	281.6
(155.2)	(186.1)		Disposals	(235.3)	(180.0)
489.2	481.0		Cost at 31-12	488.3	531.1
(5.7)	(5.7)		Adjustments at 01-01	8.9	8.9
0.0	0.0		Adjustments to start of year	(14.6)	0.0
0.0	(8.8)		Impairment losses	(8.8)	0.0
(5.7)	(14.5)		Adjustments at 31-12	(14.5)	8.9
483.5	**466.5**		**Carrying amount at 31-12**	**473.8**	**540.0**
3.2	34.6		Value of properties recognised at net realisable value	40.3	8.9
			Mortgaged properties:		
0.0	0.0		Carrying amount	5.7	5.7
0.0	0.0		Year-end balance, loans	1.3	1.7
			Properties for resale consist mainly of undeveloped sites that are held with a view to project development activities, and completed dwellings for resale.		
		15	**Receivables**		
5.6	7.5		Receivables falling due more than one year after the balance sheet date	7.5	5.8
			Receivables falling due more than one year after the balance sheet date relate to rent deposits.		
			The fair value of receivables is deemed to correspond to the carrying amount.		

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		16	**Securities**		
149.0	158.6		Bonds	158.6	149.0
149.0	**158.6**		**Total carrying amount**	**158.6**	**149.0**
150.0	158.7		Nominal holding	158.7	150.0
0.0	8.7		Bonds maturing more than one year after the balance sheet date	8.7	0.0
1.0	0.2		Maturity of bond portfolio (years)	0.2	1.0
4.2	3.9		Effective interest rate on bond portfolio (%)	3.9	4.2
0.0	42.4		Bonds lodged as security (market value)	42.4	0.0
			The parent company and the Group measure the bond portfolio at fair value via the income statement in accordance with IAS 39, as the portfolio functions as cash flow reserve in accordance with the Group's financial policy. The bond portfolio consists of listed Danish bonds that are regularly monitored and reported at fair value.		
		17	**Interest-bearing liabilities**		
			Total interest-bearing liabilities can be broken down by commitment type as follows:		
51.3	24.8		Bank loans, etc.	66.9	251.3
0.0	0.0		Lease commitments (assets held under finance leases)	55.7	47.4
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
			Total interest-bearing liabilities can be broken down by currency as follows:		
51.3	24.8		DKK	101.4	292.5
0.0	0.0		EUR	21.2	6.2
0.0	0.0		Others	0.0	0.0
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
			Total interest-bearing liabilities can be broken down by fixed-rate and floating-rate debt as follows:		
19.0	24.8		Fixed-rate debt	79.8	68.6
32.3	0.0		Floating-rate debt	42.8	230.1
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
			Total interest-bearing liabilities can be broken down by effective interest rate as follows:		
0.0	6.7		Less than 5%	79.6	71.7
51.3	18.1		Between 5% and 7%	43.0	227.0
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
5.5	5.0		Weighted average effective interest rate (%)	4.7	5.1
2.5	11.6		Weighted average remaining term (years)	5.1	1.8
			Interest-bearing liabilities are recognised in the balance sheet as follows:		
34.7	23.8		Non-current liabilities	86.9	115.9
16.6	1.0		Current liabilities	35.7	182.8
51.3	**24.8**		**Total carrying amount**	**122.6**	**298.7**
51.5	**24.7**		**Fair value**	**120.6**	**298.2**
			The fair value of the financial liabilities has been determined as the present value of expected future instalments and interest payments. The Group's current borrowing rate for similar maturities has been used as discount rate.		

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		18	**Deferred tax assets and liabilities**		
(243.3)	(209.4)		Deferred tax (net) at 01-01	(209.6)	(225.4)
-	-		Disposal on sale of enterprises	0.0	(16.9)
33.9	42.0		Changes via income statement	69.2	32.7
0.0	0.0		Other adjustments	0.8	0.0
(209.4)	**(167.4)**		**Deferred tax (net) at 31-12**	**(139.6)**	**(209.6)**
			Deferred tax can be broken down as follows:		
			Deferred tax assets		
0.0	0.0		Intangible assets	0.0	0.1
7.2	8.4		Property, plant and equipment	20.7	51.7
25.9	0.0		Current assets	2.1	27.1
9.3	14.4		Non-current liabilities	15.8	11.2
7.9	7.7		Current liabilities	11.5	9.7
162.1	225.6		Tax loss carryforwards	226.1	162.6
212.4	256.1		Deferred tax assets at 31-12 before set-off	276.2	262.4
(3.0)	(88.7)		Set-off within legal entities and jurisdictions (countries)	(136.6)	(52.1)
209.4	**167.4**		**Deferred tax assets at 31-12**	**139.6**	**210.3**
			Deferred tax liabilities		
3.0	3.0		Intangible assets	6.3	3.0
0.0	0.0		Property, plant and equipment	0.0	1.6
0.0	85.7		Current assets	130.3	48.2
3.0	88.7		Deferred tax liabilities at 31-12 before set-off	136.6	52.8
(3.0)	(88.7)		Set-off within legal entities and jurisdictions (countries)	(136.6)	(52.1)
0.0	**0.0**		**Deferred tax liabilities at 31-12**	**0.0**	**0.7**
(209.4)	**(167.4)**		**Deferred tax (net) at 31-12**	**(139.6)**	**(209.6)**

Deferred tax has been calculated using the tax rates effective in the respective countries to which the deferred tax relates.

The tax loss carryforwards are not subject to any time limits and are expected to be utilised by set-off against future earnings.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		19	**Provisions**		
38.9	45.5		Carrying amount at 01-01	72.1	65.0
6.6	19.2		Provided in the year	29.1	9.3
0.0	(0.3)		Utilised in the year	(1.0)	(0.7)
0.0	0.0		Reversal of unutilised prior year provisions	(1.3)	(1.5)
45.5	**64.4**		**Carrying amount at 31-12**	**98.9**	**72.1**
			Provisions are recognised in the balance sheet as follows:		
45.2	64.1		Non-current liabilities, provisions	90.1	69.1
0.3	0.3		Current liabilities, provisions	8.8	3.0
45.5	**64.4**		**Carrying amount at 31-12**	**98.9**	**72.1**
			Expected maturity dates:		
0.3	0.3		Less than one year	8.8	3.0
9.1	11.8		Between one and two years	13.7	10.1
27.0	35.2		Between two and five years	40.5	31.2
9.1	17.1		More than five years	35.9	27.8
45.5	**64.4**		**Carrying amount at 31-12**	**98.9**	**72.1**
			Provisions relate primarily to provisions for 1-year and 5-year guarantee works in respect of completed contracts.		
		20	**Construction contracts in progress**		
8,275.6	7,045.7		Progress billings	9,119.2	9,108.7
(7,440.1)	(6,102.5)		Selling price of construction contracts	(8,113.5)	(8,199.5)
835.5	**943.2**		**Construction contracts in progress (net)**	**1,005.7**	**909.2**
			Construction contracts in progress are recognised in the balance sheet as follows:		
1,148.3	1,202.2		Current liabilities	1,484.3	1,335.2
(312.8)	(259.0)		Receivables	(478.6)	(426.0)
835.5	**943.2**		**Construction contracts in progress (net)**	**1,005.7**	**909.2**
			Prepayments received from customers are recognised separately in the balance sheet under current liabilities.		
		21	**Security**		
			Normal security in the form of bank guarantees, guarantee insurances and bond deposits has been provided for contracts and supplies.		
			The guarantees provided relate to:		
20.5	14.7		Bid bonds	18.4	38.7
1,424.5	1,511.8		Contracts and supplies in progress	2,060.6	1,847.9
1,084.8	1,133.2		Completed contracts and supplies	1,427.8	1,346.7
2,529.8	**2,659.7**		**Total**	**3,506.8**	**3,233.3**

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		21	**Security (continued)**		
			Guarantees in respect of completed contracts and supplies relate to normal 1-year and 5-year guarantee works.		
			Similar security has been provided for prepayments received, etc., recognised in the balance sheet as liabilities.		
			In addition, land, buildings and properties have been lodged as security for bank loans, etc., see notes 12 and 14.		
		22	**Lease commitments**		
			Finance leases		
			Total future minimum lease payments:		
0.0	0.0		Due within one year	34.5	15.4
0.0	0.0		Due between two and five years	21.2	34.9
0.0	0.0		Due after more than five years	4.8	0.0
0.0	**0.0**		**Total**	**60.5**	**50.3**
			Carrying amount (present value):		
0.0	0.0		Due within one year	29.2	14.1
0.0	0.0		Due between two and five years	18.6	33.3
0.0	0.0		Due after more than five years	3.5	0.0
0.0	**0.0**		**Total**	**51.3**	**47.4**
0.0	0.0		Financial expenses	9.2	2.9
			Financial expenses, determined as the difference between the total future lease payments and the carrying amount (present value) of finance leases, are recognised in the income statement over the lease term.		
			Operating leases		
			Total future minimum lease payments:		
36.5	32.7		Due within one year	50.9	51.5
101.8	96.0		Due between two and five years	156.9	140.4
54.0	41.1		Due after more than five years	97.6	58.8
192.3	**169.8**		**Total**	**305.4**	**250.7**
32.3	32.3		Lease payments relating to operating leases recognised in the income statement	48.5	43.2
			The Group's finance and operating leases primarily relate to vehicles and operating equipment as well as leased premises. The lease term for vehicles and operating equipment is typically between two and six years with an option to extend the lease. The lease term for leased premises is up to 15 years. None of the leases features contingent rent.		

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		23	**Contingent liabilities**		
			Indemnities		
			In accordance with normal practice, the parent company has issued indemnities in respect of a few subsidiaries and contracts won by subsidiaries.		
			Litigation		
			The MT Højgaard Group is involved in various legal and arbitration proceedings. In management's opinion, the outcome of these proceedings is not expected to have any adverse impact on the Group's financial position.		
		24	**Related parties**		
			Control		
			The Group has a controlling related party relationship with the principal shareholders in the parent company MT Højgaard a/s. The parent company is owned by Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%), both of which are listed on NASDAQ OMX Copenhagen.		
			Significant influence		
			Related parties with significant influence comprise the members of the company's Supervisory Board and Executive Board.		
			The parent company's related parties also include subsidiaries and associates in which MT Højgaard a/s has control or significant influence. A list of the consolidated enterprises is given in note 33.		
			Intragroup transactions		
			Apart from intragroup transactions that have been eliminated in the consolidated financial statements, and normal management remuneration, no transactions have been effected during the year with major shareholders, members of the Supervisory Board or Executive Board or other related parties. Remuneration to the Executive Board and Supervisory Board is disclosed in note 6.		
			Transactions between MT Højgaard a/s and the other group enterprises are based on arm's length terms.		
			Intragroup transactions between the parent company and the other consolidated enterprises can be broken down as follows:		
391.8	313.0		Purchases of goods and services from subsidiaries		
16.5	17.7		Sale of goods and services to subsidiaries		
35.8	44.0		Purchases of goods and services from associates		
0.0	19.9		Sale of goods and services to associates		

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		24	**Related parties (continued)**		
			Intragroup transactions have been eliminated in the consolidated financial statements.		
			The parent company's balances with subsidiaries, associates and jointly controlled entities at 31 December are disclosed in the balance sheet and relate primarily to the Group's cash pool agreement and business-related balances concerning purchases and sales of goods and services. The business-related balances are non-interest bearing and are entered into on the same terms as apply to the parent company's other customers and suppliers. Balances with subsidiaries, associates and jointly controlled entities have not been written down in 2008 and 2007.		
			The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 8 and 9.		
			The parent company's dividends from subsidiaries and associates are disclosed in note 8.		
		25	**Joint ventures**		
			The MT Højgaard Group participates in two forms of joint ventures: jointly controlled operations and jointly controlled entities.		
			Jointly controlled operations are recognised in the parent company and consolidated financial statements on a proportionate basis in accordance with the contractual arrangement, whereby the proportionate share of assets, liabilities, income and expenses from the jointly controlled operations is recognised in the corresponding items in the financial statements.		
			Jointly controlled entities are accounted for in the consolidated financial statements applying proportionate consolidation. The parent company measures investments in jointly controlled entities at cost and recognises them as associates.		
			Jointly controlled entities The Group's share of profit for the year and balance sheet items for jointly controlled entities is recognised in the financial statements with the following amounts:		
			Income statement		
			Revenue	684.3	884.0
			Profit for the year	105.6	156.6
			Balance sheet		
			Non-current assets	126.5	81.6
			Current assets	306.3	306.4
			Total assets	**432.8**	**388.0**
			Non-current liabilities	33.9	25.4
			Current liabilities	221.5	202.9
			Total liabilities	**255.4**	**228.3**
			Net assets	**177.4**	**159.7**

Notes

Note

25 Joint ventures (continued)

The Group participates in the following joint ventures.

Joint ventures		Ownership interest	Other joint venturers
Jointly controlled operations			
Amerikakaj	*	50.00%	TK Bygge-Holding A/S
Aircon JV	*	50.00%	Hoffmann A/S
Changuinola Civil Works JV	*	50.00%	E. Pihl & Søn A/S
EL – FTTH Nord **	*	50.00%	Lindpro a/s
Eidi 2 Konsortiet		50.00%	PF. J&K Contractors
JV ElSyd **	*	50.00%	Lindpro a/s
Kalvebod Konsortiet	*	50.00%	NCC Construction Danmark A/S
KFT-JV	*	50.00%	Hochtief Construction AG
LOKO JV	*	66.00%	M.J. Eriksson Aktieselskab
M3-Konsortiet	*	60.00%	M.J. Eriksson Aktieselskab
M10-Syd-Konsortiet	*	60.00%	M.J. Eriksson Aktieselskab
MT Højgaard - Bravida JV/CTR	*	50.00%	Bravida Danmark A/S
MT Højgaard - Pihl	*	50.00%	E. Pihl & Søn A/S
Nuna Konsortiet	*	40.00%	Atcon Grønland A/S
			Arssarnerit A/S
Vejcon Fyn	*	30.00%	Per Aarsleff A/S
			Ove Arkil A/S
			Jorton A/S
Vivaldis JV **	*	66.00%	Promecon a/s
Jointly controlled entities			
Greenland Contractors I/S	*	66.66%	Greenland Resources A/S
MTHojgaard Al Obaidly W.L.L.		49.00%	OITC W.L.L.
Seth S.A.		60.00%	OPERATIO Lda.

*) With reference to Section 5(1) of the Danish Financial Statements Act, these Danish joint ventures have omitted preparing annual reports as they are recognised in the consolidated financial statements.

**) Intragroup joint ventures that have been eliminated in the consolidated financial statements.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		26	**Financial risks**		

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

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

Currency risks

Currency risks are managed centrally in MT Højgaard, and the Group endeavours to minimise currency risks by seeking to match income to expenditure on each project so that they balance with respect to currency.

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

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

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

The open forward exchange contracts at 31 December 2008 had a remaining term of up to 6.1 years (2015).

Consolidated revenue denominated in foreign currencies amounted to DKK 2.2 billion in 2008 (2007: DKK 0.3 billion), predominantly in EUR.

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

Partly in view of Denmark's participation in the EU monetary system, and partly due to the size of the MT Højgaard Group's revenue in EUR, a sensitivity analysis based on a realistic and potential change in the EUR in relation to the DKK would show that the effect would be insignificant. Viewed in isolation, an isolated 10% fall in the GBP and SEK exchange rates compared with the exchange rates at the balance sheet date and the balance sheet values, would have added DKK 3.8 million to profit after tax for 2008 and consolidated equity at 31 December 2008 (2007: decrease of DKK 0.5 million). A similar increase in the exchange rates would have had a corresponding negative effect on profit after tax and consolidated equity.

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

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		26	**Financial risks (continued)**		

Interest rate risks

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

The Group's interest-bearing liabilities, which are mainly denominated in Danish kroner, amounted to DKK 122.6 million at the end of 2008, with short-term borrowings accounting for 29% of this figure. The average weighted remaining maturity of the Group's interestbearing debt is 5.1 years, and the weighted average effective interest rate is 4.7%. Fixed-rate debt accounted for 65% of the Group's interest-bearing debt.

Cash is mainly placed on short-term, fixed-term deposit and in bonds with a maturity of less than one year at the end of 2008.

All other conditions being equal, a one percentage point increase in the interest rate level at the balance sheet date and the interest-bearing items in the balance sheet would have increased profit after tax for 2008 and consolidated equity at 31 December 2008 by DKK 3.1 million (2007: DKK 0.1 million). A one percentage point fall in the interest rate level would have had a corresponding adverse effect on profit after tax and consolidated equity. The sensitivity analysis assumes that the debt level remains constant.

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

Credit risks

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

The credit risk exposure relating to dealings with counterparties other than banks is estimated to be limited, as the Group requests security in the form of bank guarantees and guarantee insurances or similar to a considerable extent when entering into contracts with private clients. Political credit risks on international projects are hedged through export credit insurance based on individual assessment.

Write-downs for bad and doubtful debts consequently constitute an insignificant amount and are due to compulsory winding-up or expected compulsory winding-up of clients.

Write-downs included in receivables developed as follows:

2007	2008	Note	Amounts in DKK million	2008	2007
3.9	1.4		Carrying amount at 01-01	7.7	6.2
0.3	0.2		Provided in the year	3.1	4.3
(2.8)	(0.4)		Utilised in the year	(0.3)	(2.8)
0.0	0.0		Reversal of unutilised prior year provisions	(1.3)	0.0
1.4	**1.2**		**Carrying amount at 31-12**	**9.2**	**7.7**
1.4	1.2		Nominal value of written-down receivables	9.5	8.6
75.9	140.9		Receivables that were past due by more than 90 days at 31 December but are not impaired:	201.6	82.2
	707.8		Security received in respect of receivables	710.4	

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		26	**Financial risks (continued)**		

Liquidity risks

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

The Group's financial resources consist of cash, securities and undrawn credit facilities. At the end of 2008, the financial resources stood at DKK 1,140.9 million compared with DKK 936 million in 2007.

At the end of 2008, the Group's guarantee facilities totalled DKK 4,555 million (2007: DKK 4,176 million), including DKK 936 million that had not been drawn (2007: DKK 656 million).

A cash pool agreement has been established for the parent company and most of the Group's subsidiaries.

2007	2008	Note	Amounts in DKK million	2008	2007
			Interest-bearing liabilities and trade payables can be broken down as follows:		
51.3	24.8		Interest-bearing liabilities	122.6	298.7
819.6	801.3		Trade payables	1,150.6	1,078.7
870.9	**826.1**		**Total carrying amount**	**1,273.2**	**1,377.4**
			The maturity profile for accounting purposes can be broken down as follows:		
836.2	802.3		Less than one year	1,186.3	1,261.5
1.5	0.9		Between one and two years	15.3	33.8
7.8	9.9		Between two and five years	31.3	32.1
25.4	13.0		More than five years	40.3	50.0
870.9	**826.1**		**Total carrying amount**	**1,273.2**	**1,377.4**

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

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

27 Capital management

The need for alignment of the Group's and the individual subsidiaries' capital structure is reviewed on an ongoing basis to ensure that the capital position is in accordance with current regulations and matches the business concept and the level of activity. According to the Group's internal policy, equity must, as a rule, cover total non-current assets and provide an adequate equity ratio. The objective for the Group's equity ratio is 25-30%. The equity ratio was 27% in 2008 compared with 24% at the end of 2007.

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007

28 New International Financial Reporting Standards and IFRIC Interpretations

The IASB has issued a number of standards and interpretations that are not mandatory for MT Højgaard in connection with the preparation of the annual report for 2008: IAS 1, 23 and 27; IFRS 2 and 3; amendments to IAS 27 and 39; and IFRS 1 and "Improvements to IFRSs". IFRS 3 and IAS 27; the amendments referred to; and IFRIC 12 and 15-18, have yet to be adopted by the EU.

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

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

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

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

29 Events after the balance sheet date

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

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		30	**Non-cash operating items**		
			Non-cash operating items		
14.5	26.2		Depreciation and impairment losses – property, plant and equipment	125.3	155.8
56.9	(23.2)		Other adjustments	(66.3)	(36.0)
71.4	**3.0**		**Total non-cash operating items**	**59.0**	**119.8**
			Non-cash transactions		
(54.0)	(27.4)		Purchase of property, plant and equipment, including assets held under finance leases	(214.8)	(209.6)
0.0	0.0		Portion relating to assets held under finance leases	0.0	12.8
(54.0)	**(27.4)**		**Purchase of property, plant and equipment**	**(214.8)**	**(196.8)**
0.0	0.0		Increase in bank loans, etc., including lease commitments	0.0	18.6
0.0	0.0		Portion relating to lease commitments	0.0	(12.8)
0.0	**0.0**		**Increase in non-current bank loans, etc.**	**0.0**	**5.8**
		31	**Acquisition and disposal of enterprises and activities**		
			Acquisition of enterprises and activities		
0.0	7.1		Intangible assets	15.5	0.0
0.0	5.0		Property, plant and equipment	8.7	0.0
0.0	0.0		Investments	0.0	0.0
0.0	0.2		Inventories	2.7	0.1
0.0	0.0		Receivables	6.6	0.0
0.0	0.0		Non-current liabilities	(2.2)	0.0
0.0	0.0		Current liabilities	(6.4)	0.0
0.0	**12.3**		**Identifiable net assets acquired**	**24.9**	**0.1**
0.0	5.7		Goodwill	16.5	0.2
0.0	**18.0**		**Cash purchase price, net**	**41.4**	**0.3**
			Carrying amount of assets acquired and liabilities and contingent liabilities assumed before the acquisition date:		
0.0	7.1		Intangible assets	0.0	0.0
0.0	5.0		Property, plant and equipment	8.7	0.0
0.0	0.0		Investments	0.0	0.0
0.0	0.2		Inventories	2.7	0.1
0.0	0.0		Receivables	6.6	0.0
0.0	0.0		Non-current liabilities	(0.2)	0.0
0.0	0.0		Current liabilities	(6.4)	0.0
0.0	**12.3**		**Total carrying amount before acquisition**	**11.4**	**0.1**

Notes

PARENT COMPANY				GROUP	
2007	2008	Note	Amounts in DKK million	2008	2007
		31	**Acquisition and disposal of enterprises and activities (continued)**		
			In connection with the acquisition of enterprises and activities customer relations have been acquired that have been recognised at fair value on acquisition.		
			After recognition of identifiable assets and liabilities at fair value, goodwill in connection with the acquisitions has been calculated as DKK 16.5 million, which represents the future economic benefits from assets such as knowhow and synergies.		
			The acquired activities feature with DKK 4.6 million in consolidated profit for 2008.		
			Consolidated revenue and profit for the year (unaudited), measured as if the acquired activities were taken over at 1 January 2008, amounted to DKK 11,213.1 million and DKK 267.1 million, respectively.		
			Disposal of enterprises and activities		
0.0	0.0		Intangible assets	0.0	10.9
0.0	0.0		Property, plant and equipment	0.0	280.8
69.1	0.0		Investments	0.0	2.0
0.0	0.0		Inventories	0.0	2.1
0.0	0.0		Receivables	0.0	148.9
0.0	0.0		Cash and cash equivalents	0.0	47.6
0.0	0.0		Non-current liabilities	0.0	(118.2)
0.0	0.0		Current liabilities	0.0	(220.5)
69.1	**0.0**		**Net assets**	**0.0**	**153.6**
201.3	0.0		Accounting profit/loss	0.0	116.8
270.4	**0.0**		**Cash selling price, net**	**0.0**	**270.4**
			For further details of the enterprises and activities acquired and disposed of, reference is made to the separate section on this in the management's review.		
		32	**Cash and cash equivalents**		
			Cash and cash equivalents at 31-12 can be broken down as follows:		
13.8	249.8		Distributable cash	292.0	36.3
189.7	182.5		Share of cash and cash equivalents in joint ventures	184.8	306.1
203.5	**432.3**		**Cash and cash equivalents**	**476.8**	**342.4**
(15.7)	0.0		Current portion of bank loans, etc.	(0.4)	(165.3)
187.8	**432.3**		**Total**	**476.4**	**177.1**
0.0	0.0		Effect of changes in foreign exchange rates	0.0	0.0
187.8	**432.3**		**Total cash and cash equivalents**	**476.4**	**177.1**
			Share of cash and cash equivalents in joint ventures is available exclusively to the joint ventures.		

Notes

SUBSIDIARIES AND ASSOCIATES AT 31 DECEMBER 2008

33 Subsidiaries and associates

Companies		Registered office		Ownership interest %	Share capital ('000)	
MT Højgaard a/s						
Ajos a/s		Hvidovre	DK	100.00	DKK	500
Danbond-Danish Structural Bonding Company A/S		Søborg	DK	100.00	DKK	500
Enemærke & Petersen a/s		Ringsted	DK	100.00	DKK	5,000
Ringsted Entreprenørforretning ApS		Ringsted	DK	100.00	DKK	200
Greenland Contractors I/S	(J)	Copenhagen	DK	66.66	DKK	-
Langeliniehuset Aarhus ApS		Søborg	DK	100.00	DKK	201
Lindpro a/s		Glostrup	DK	100.00	DKK	25,000
Arssarnerit A/S		Greenland	DK	100.00	DKK	2,000
LN Entreprise A/S		Søborg	DK	100.00	DKK	15,216
MHF 20061002 a/s		Søborg	DK	100.00	DKK	1,101
MT (UK) Ltd.		UK	GB	100.00	GBP	25
MT-Treschakt AB		Sweden	SE	100.00	SEK	850
MT Atlantic Inc.		USA	US	100.00	USD	10
MT Højgaard Føroyar P/F		Faroe Islands	DK	100.00	DKK	2,700
MT Hojgaard (GIB) Ltd.		Gibraltar	GB	100.00	GBP	2
MT Hojgaard Al Obaidly W.L.L.	(J)	Qatar	QA	49.00	QAR	200
MT Højgaard Grønland ApS		Greenland	DK	100.00	DKK	200
MTH Insurance a/s		Søborg	DK	100.00	DKK	30,000
OPP Vildbjerg Skole A/S	(A)	Hellerup	DK	50.00	DKK	500
OPP Hobro Tinglysningsret a/s	(A)	Hellerup	DK	33.33	DKK	700
OPP Ørstedskolen a/s	(A)	Hellerup	DK	33.33	DKK	2,400
Promecon as		Fredericia	DK	100.00	DKK	5,000
Promecon as		Norway	NO	100.00	NOK	500
Promecon Vietnam Company Limited		Vietnam	VN	100.00	USD	50
Scandi Byg a/s		Løgstør	DK	100.00	DKK	3,000
Sociedade de Empreitadas e Trabalhos Hidráulicos, S.A., (Seth)	(J)	Portugal	PT	60.00	EUR	4,000
Subtera a/s		Søborg	DK	100.00	DKK	500
Timbra a/s		Høje Taastrup	DK	100.00	DKK	500

(A) associates.

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

Consolidated financial highlights – EUR

Amounts in EUR million	2004	2005	2006	2007	2008
Income statement					
Revenue	982	1,109	1,486	1,571	1,499
Operating profit (EBIT)	12	14	8	26	42
Net financing costs and profit (loss) of associates	(2)	(1)	(1)	16	6
Profit before tax	10	13	7	42	48
Profit for the year	10	10	5	32	35
Balance sheet					
Share capital	29	29	29	29	29
Equity attributable to equity holders of the parent	120	130	134	165	194
Equity incl. minority interests	122	133	137	165	194
Balance sheet total	430	523	647	675	708
Interest-bearing deposit/debt (+/-)	(19)	(5)	7	26	69
Invested capital	144	140	132	141	136
Cash flows					
Cash flows from operating activities	0	46	42	(10)	72
Cash flows for investing activities	(3)	(23)	(32)	9	(24)
Cash flows from financing activities	1	(6)	(1)	(4)	(8)
Net increase (decrease) in cash and cash equivalents	(2)	17	9	(5)	40
Financial ratios (%)					
Gross margin	5.9	5.5	4.0	4.7	6.3
Operating margin (EBIT margin)	1.2	1.3	0.5	1.7	2.8
Pre-tax margin	1.0	1.1	0.5	2.7	3.2
Return on invested capital (ROIC)	8.4	10.1	5.9	19.0	29.7
Return on equity (ROE)	8.5	8.2	3.7	20.9	19.4
Equity ratio	28.4	25.3	21.2	24.5	27.3
Other information					
Order book, year end	724	1,120	1,442	1,433	1,270
Average number of employees	4,950	5,260	5,889	6,044	5,273

The consolidated financial highlights in EUR are supplementary information to the financial statements, and have not been prepared in compliance with IFRS.

Income statement, balance sheet and cash flow statement items for all the years have been translated from DKK into EUR using Danmarks Nationalbank’s official exchange rate at 31 December 2008 of 7.45.

Definitions of financial ratios

$$\text{Gross margin} = \frac{\text{Gross profit}}{\text{Revenue}}$$

$$\text{Operating margin (EBIT margin)} = \frac{\text{Operating profit (EBIT)}}{\text{Revenue}}$$

$$\text{Pre-tax margin} = \frac{\text{Earnings before tax}}{\text{Revenue}}$$

$$\text{Return on invested capital incl. goodwill (ROIC)} = \frac{\text{EBIT}}{\text{Average invested capital incl. goodwill}}$$

$$\text{Return on equity (ROE)} = \frac{\text{Profit after tax}}{\text{Average equity incl. minorities}}$$

$$\text{Equity ratio} = \frac{\text{Equity incl. minorities, year end}}{\text{Liabilities, year end}}$$

Invested capital = Invested capital represents the capital invested in operating activities, i.e. the assets that generate income. Invested capital is measured as the sum of equity, net interest-bearing deposit/debt and goodwill.

Ownership

MT Højgaard is owned by the two listed companies
Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%).

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In the event of discrepancies between the English translation
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