



**Interim financial report –
First half 2014
MT Højgaard Group**

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**INTERIM FINANCIAL REPORT –
FIRST HALF 2014**

Summary	4
First-half 2014 financial performance	4
Outlook for 2014	4
Consolidated financial highlights	5
Healthy development in operations	6
Expected market in Denmark in 2014	6
Organisational development and access to market developments	6
Civil Works	7
Construction	7
Offshore and Steel Bridges	8
Subsidiaries, etc.	8
Order book	10
Revenue and earnings	10
Balance sheet	10
Cash flows and financial resources	10
Old offshore disputes	11
Outlook for 2014	11

MANAGEMENT STATEMENT

Statement by the Executive Board and the Board of Directors	13
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FINANCIAL STATEMENTS

Consolidated income statement and statement of comprehensive income	15
Consolidated balance sheet	16
Consolidated statement of cash flows	17
Consolidated statement of changes in equity	18
Notes	19

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Summary

First-half 2014 financial performance

The Board of Directors of MT Højgaard A/S has today discussed and approved the Group's interim financial report for the first half of 2014.

- The second-quarter operating result before special items was a profit of DKK 46 million compared with a profit of DKK 42 million in the second quarter of 2013
- The first-half operating result before special items was a profit of DKK 16 million compared with a loss of DKK 18 million in the first half of 2013, in line with expectations
- The operating margin before special items was consequently 2.7% in the second quarter compared with 2.3% in the second quarter of 2013, and 0.5% for the first half compared with -0.5% for the first half of 2013
- Second-quarter revenue was DKK 1.7 billion, in line with the same period last year, and revenue is expected to increase in the coming quarters
- First-half revenue was DKK 3.2 billion, in line with the first half of 2013
- Special items remained unchanged, a loss of DKK 195 million relating to the lost Robin Rigg offshore dispute in respect of which leave to appeal was granted in the second quarter
- The first-half operating result (EBIT) was an overall loss of DKK 179 million compared with a loss of DKK 24 million in the first half of 2013
- Operating activities generated a cash inflow of DKK 167 million in the first half of 2014 compared with an outflow of DKK 160 million in the first half of 2013, primarily reflecting the positive development in working capital due to the focus on cash flows on projects in progress
- The equity ratio was 24.9% compared with 29.4% at the end of 2013. The decline reflected the negative result due to the special item referred to
- The order book stood at DKK 7.0 billion at 30 June 2014, with DKK 3.1 billion expected to be executed in 2014. On 30 June 2013, the order book stood at DKK 6.3 billion. The profitability of the order portfolio continues to improve

Outlook for 2014

- The revenue outlook for 2014 of between DKK 7.0 and 7.5 billion is reaffirmed
- The operating result before special items for 2014 is still expected to be in the DKK 150-225 million range, equivalent to a margin of 2-3%
- Special items in 2014 are expected to remain an expense of DKK 195 million, but may still be affected by the outcome of old offshore disputes, most of which are still expected to be settled in 2014

Consolidated financial highlights

Amounts in DKK million	2014	2013	2014	2013	2013
	Q2	Q2	YTD	YTD	Year
Income statement					
Revenue	1,685	1,805	3,218	3,348	7,464
Gross profit	156	148	238	189	543
Operating profit (loss) before special items*	46	42	16	-18	103
Special items*	0	0	-195	0	130
Operating profit (loss) (EBIT)	46	42	-179	-18	233
Profit (loss) before tax	44	34	-179	-24	209
Profit (loss) after tax	35	6	-182	-36	107
Cash flows					
Cash flows from operating activities	16	-116	167	-160	111
<i>Purchase of property, plant and equipment</i>	-44	-45	-77	-75	-131
<i>Acquisition and disposal of enterprises and activities</i>	0	0	0	0	0
<i>Other investments, net**</i>	14	30	29	54	109
Cash flows for investing activities	-30	-15	-48	-21	-22
Cash flows from operating and investing activities	-14	-131	119	-181	89
** Portion relating to net investments in securities	1	5	8	-7	-1
Balance sheet					
Non-current assets			1,147	1,211	1,139
Current assets			2,663	3,029	2,875
Total assets			3,810	4,240	4,014
Equity			949	1,060	1,181
Non-current liabilities			532	463	511
Current liabilities			2,329	2,717	2,322
Total equity and liabilities			3,810	4,240	4,014
Other information					
Order intake	1,816	1,747	2,630	3,480	8,844
Order book, end of period			6,957	6,297	7,545
Net interest-bearing deposits/debt (+/-)			221	-80	149
Invested capital			727	1,140	1,032
Average number of employees			3,926	4,324	4,058
Financial ratios					
Gross margin (%)	9.2	8.2	7.4	5.6	7.3
Operating profit (loss) before special items margin (%)	2.7	2.3	0.5	-0.5	1.4
EBIT margin (%)	2.7	2.3	-5.6	-0.5	3.1
Pre-tax margin (%)	2.6	1.9	-5.6	-0.7	2.8
Return on invested capital (ROIC) (%)***			-20.4	-1.5	21.2
Return on invested capital after tax (ROIC after tax) (%)***			-20.6	-2.2	10.7
Return on equity (ROE) (%)***			-21.3	-3.6	10.2
Equity ratio (%)			24.9	25.0	29.4

*) Special items are made up of the effect on profit (loss) of old offshore disputes and Buxton

***) Not converted to full-year figures

Financial highlights have been restated to reflect the changed accounting policy relating to the recognition of jointly controlled entities, see note 1

The financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2010' published by the Danish Society of Financial Analysts. Financial ratios are defined in the 2013 annual report

Healthy development in operations

The MT Højgaard Group's progress towards profitable operation is proceeding as planned.

- As expected, the operating results for the second quarter and the first half were positive.
- Profitability in the order book is gradually improving as old orders are completed.
- Efficiency in the Group's activities has increased.
- Cash flows and liquidity are developing satisfactorily as a result of concentrated efforts, including close monitoring of projects.

At the end of the first half, the Group's order book stood at DKK 7.0 billion compared with DKK 6.3 billion a year ago. The intake of new orders in the second quarter included a new psychiatric hospital ward in Vejle – a big PPP project. Customers' decisions on a number of new projects have been delayed, but there are grounds for expecting that the MT Højgaard Group will be awarded several of these projects in the second half of 2014.

A number of large projects have been handed over to the customers' satisfaction. Increasing activity is expected in the second half, as the market is generally developing positively. Demand is characterised, in particular, by projects related to infrastructure, construction for the healthcare sector, head office construction, and refurbishment of residential properties.

Expected market in Denmark 2014

A little over half of this market is judged to be relevant for MT Højgaard.

The following trends are expected to increase demand for the Group's expertise:

- Climate changes, which will make it necessary to climate-proof most big cities against extreme rainfall and flooding
- Urbanisation, which will increase the need for infra-

structure such as roads, light railways, railways and underground railways in and between cities

- Population growth and changes in family patterns, which will increase the need for homes and institutions in bigger urban areas
- Building demographics, the refurbishment backlog and the need for a more energy-efficient and sustainable building stock, which will increase the need for refurbishment that transforms buildings
- Growing economic activity, which will generally increase demand for new, up-to-date homes, offices and institutions

Organisational development and access to market developments

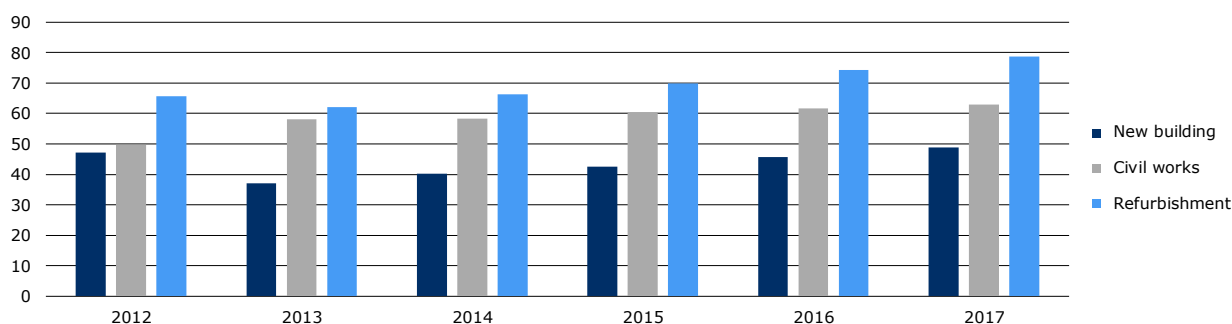
The Group's business units are increasingly involved in forward-looking dialogue with customers about their activities and future needs. In the light of this we have established two new focused business areas, one for the design and construction of high rises and one for the refurbishment of commercial premises.

With regard to the expected increase in activity in the construction and civil works markets and the shortage of skilled workers that may possibly result, it is satisfying that, according to surveys, the MT Højgaard Group is an attractive workplace, for instance for engineers.

In order to increase capacity for the future level of activity, the number of employees in the Group's design office in Vietnam is growing rapidly. These employees supplement the expanded Danish design department and should be viewed in the context of developments in the field of Building Information Modelling (BIM) and Virtual Design and Construction (VDC) on projects.

BIM/VDC is central to the work of improving the Group's productivity and, together with suppliers and other business partners, the Group will continue to develop this solution as well as further standardised solutions. The

The professional construction and civil works market (DKK billion)
In current prices



Source: The Danish Construction Association's trend analysis and own figures

Group's commercial managers are still being very meticulous in their assessments of and estimates for every single project and only sign contracts for projects if they have a sound risk profile and meet the Group's earnings requirements. The overall quality and risk profile of our order portfolio is gradually starting to show a clear improvement.

Civil Works

Generally speaking, the Danish civil works market is characterised by a stable high level of activity, but there is still fierce price competition for projects. The demand for port construction is increasing throughout Denmark, and also for shell structures in East Denmark.

Tendering has been successful as a result of a more selective approach and we are being awarded projects with a high degree of complexity that require special expertise.

The contracts we have signed during the period under review include one in Lyngby for the construction of a shell for a new research and laboratory building on the DTU Campus and one in Fredericia, where canals, roads and pedestrian bridges to a new district of the city are to be built for the client, FredericiaC.

In Greenland, mineral exploration and studies have come to a halt. It is expected that in the course of 2015 tenders will go out for a couple of major construction and civil works projects, for which MT Højgaard will endeavour to position itself. In the Faeroe Islands, we are in close dialogue with clients and consultants in connection with a number of large projects which are shortly to go out to tender and are very well suited to the Group's wide range of expertise.

Activity in Qatar is still low, whereas in the Maldives we are seeing a satisfying upward trend in the level of activity with private resort customers, and collaboration with public sector customers is on the increase.

Over the next few years, these niche areas are expected to contribute to achieving the strategic target of a 5% EBIT margin.

In the first half of 2014, business in Civil Works has improved compared with the first half of 2013. This is partly due to the ongoing hospital projects, BESTSELLER's new head office and the construction of a shell for a sustainable care facility and health centre in Albertslund.

This higher level of activity together with a greater emphasis on projects with the desired risk profile has contributed to an improved operating result before special items for the first half of 2014 compared with the first half of 2013.

Construction

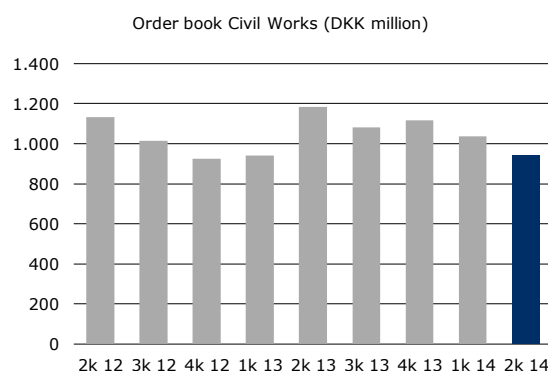
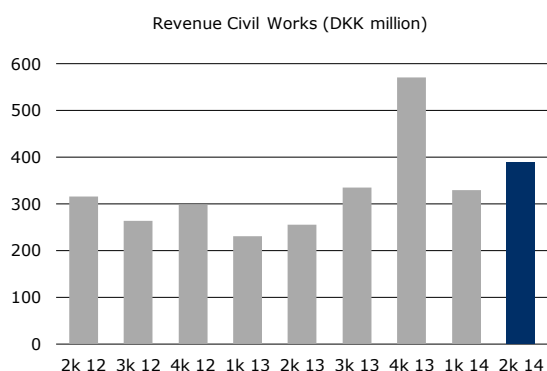
The level of activity in construction remains stable. The market is characterised by price competition, especially in the case of small and medium-sized projects.

MT Højgaard is strategically positioned in relation to this market situation as a consulting contractor with particular focus on large, complex projects such as the building of new head offices for Nordea and BESTSELLER and the ongoing super hospitals. In addition, two new focus areas – high rises and commercial refurbishment – have been established with a view to ensuring that we have the positioning and expertise to meet the increased demand that is expected in these areas.

During the period under review, work has begun on the construction of the new psychiatric ward at Vejle hospital, and a control and maintenance centre for the Copenhagen metro has been handed over to a satisfied client.

In Norway, MT Højgaard is engaged in constructive dialogue with clients and is currently working on four ongoing projects. Here too, we expect rising demand and a consequent increase in activity in the coming periods.

In the first half of 2014, revenue in Construction was



lower than in the corresponding period in 2013. This was mainly due to a number of major projects with a very high level of production in 2013, such as the construction of Novo Nordisk's new head office, while similar projects such as the construction of Nordea's new head office have not yet reached the same production level. This is partly alleviated by increasing production on the hospital projects and BESTSELLER's new head office. On the basis of our satisfactory order book, we expect activity to increase in the second half.

Greater focus on the sound finance of projects has contributed to an improvement in the operating result before special items for the first half of 2014 compared with the first half of 2013.

Offshore and Steel Bridges

In the market for the construction of offshore foundations we are experiencing an increase in the number of tenders. However, there is still a low level of activity in MT Højgaard. We are working on a number of bids that match MT Højgaard's strategy in terms of size and risk, and during the period under review work has begun on a new, small offshore project off the Normandy coast. This

project is part of a large development project aimed at reducing the installation costs for erecting foundations.

The 'Cykelslangen' cycle bridge across the Port of Copenhagen connecting the Bryggebroen and Dybbølsbro bridges at Fisketorvet was handed over in the second quarter. The work on Marieholm Bridge in Gothenburg, which is being carried out as a joint venture with Skanska, is proceeding according to plan. Marieholm Bridge is only included in the line 'Share of profit (loss) after tax of joint ventures'.

Both revenue and operating result were weak due to the low order book at the start of 2014.

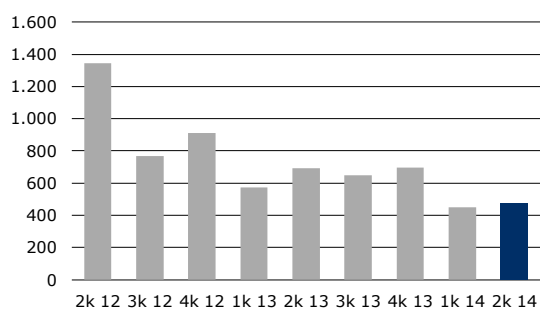
Subsidiaries, etc.

Our subsidiaries also have activities in construction and civil works, mainly for customers in selected segments, but also as subcontractors to the rest of the Group.

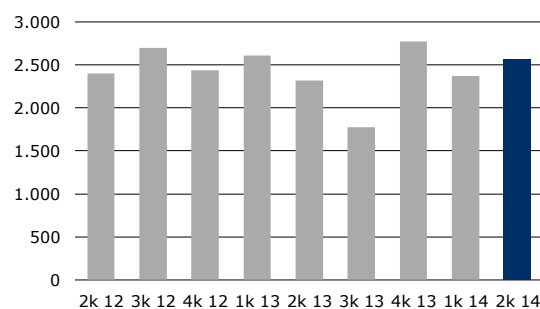
Enemærke & Petersen's main segment is the refurbishment of 1960s social housing and here we foresee good potential for growth in the next few years.

In recent years, the company has set up an office and a

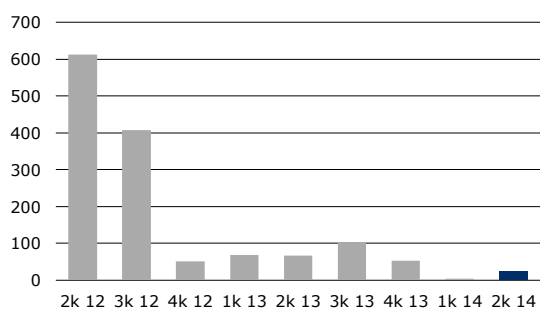
Revenue Construction (DKK million)



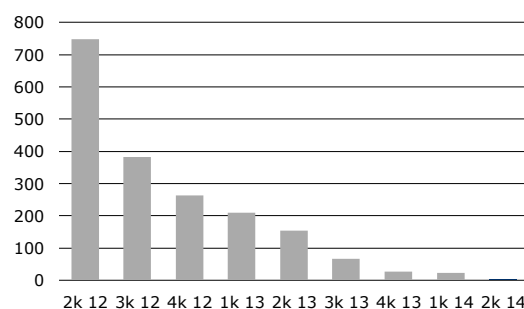
Order book Construction (DKK million)



Revenue Offshore & Steel Bridges (DKK million)



Order book Offshore & Steel Bridges (DKK million)



workshop in Brabrand and expects considerable revenue in Jutland in 2014. In addition, we are gearing up for this increase in revenue through industrialisation in the form of further manufacturing in Glostrup and Brabrand.

The company had a high level of revenue in the first half, although a few projects with lower profitability had a negative effect on the result.

In *Lindpro*, there is stable development in the service business, whereas the technical contract area is still characterised by a relatively low level of activity and generally strong price competition. In the long run, we expect rising activity levels in both the contract and service areas but typically 1-2 years behind the growth in construction activity.

In *Scandi Byg*, the level of activity in the first half of 2014 has been on a par with the first half of 2013 but is expected to rise over the next six months, mainly as a result of the work on the framework agreement with AlmenBolig+ for the construction of a large number of new social housing units.

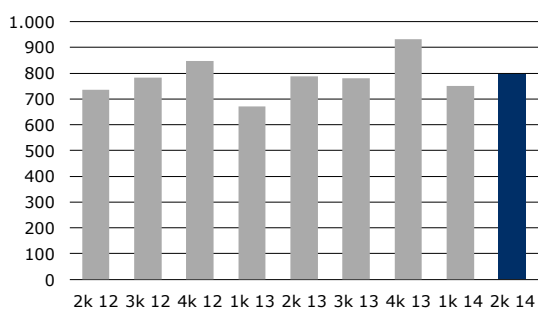
Ajos is still affected by the lower activity in MT Højgaard A/S. Generally speaking, there is a good level of activity in the main products of cranes and hoists, where its market position is strong. *Ajos* is considered to have good potential for development in the field of equipping construction sites and the company regularly tenders for projects in this category.

In the second quarter, *Greenland Contractors* submitted a tender relating to the renewal of the service contract at Thule Air Base for the US Air Force. The current service contract continues to operate satisfactorily.

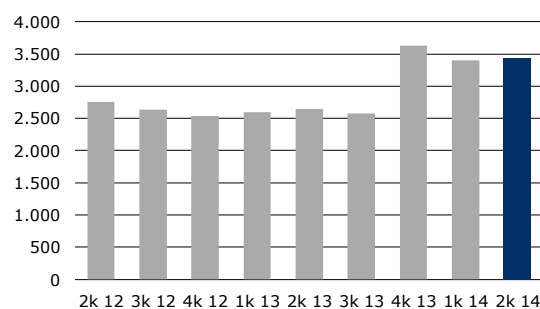
Seth enjoyed a good intake of orders in the first half but the level of activity has been affected by delays, especially on the start-up of the aid-funded projects in Africa. *Seth* is only included in the line 'Share of profit (loss) after tax of joint ventures'.

The subsidiaries as a whole have shown a satisfactory increase in revenue but a relatively poor result, mainly because of the earnings performance in *Enemærke & Petersen*.

Revenue Subsidiaries (DKK million)



Order book Subsidiaries (DKK million)



Order book

The order book was DKK 6,957 million at 30 June 2014 compared with DKK 7,545 million at 31 December 2013 and DKK 6,297 million at 30 June 2013. The order book was affected by a lower order intake in the first half of 2014.

DKK million	2014 YTD	2013 YTD	2013 Year
Order book, beginning of period	7,545	6,165	6,165
Order intake during period	2,630	3,480	8,844
Production during period	-3,218	-3,348	-7,464
Order book, end of period	6,957	6,297	7,545

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

The order book for Offshore and Steel Bridges is affected by the new IFRS rules relating to the recognition of joint ventures. The order book for this area, including joint ventures, was DKK 0.2 billion at 30 June 2014 compared with DKK 0 billion at 30 June 2013.

Revenue and earnings

Second-quarter revenue was DKK 1.7 billion, in line with revenue of DKK 1.8 billion in the second quarter of 2013. First-half revenue was DKK 3.2 billion compared with DKK 3.3 billion in the first half of 2013, matching expectations for the first half of 2014.

Revenue – DKK million	2014 YTD	2013 YTD	2013 Year
Civil Works	719	489	1,392
Construction	927	1,267	2,612
Offshore and Steel Bridges	28	135	290
Subsidiaries total	1,544	1,457	3,170
Group	3,218	3,348	7,464

The second-quarter operating result before special items was a profit of DKK 46 million, an improvement of DKK 4 million on the second quarter of 2013. Furthermore, the first-half operating result before special items was a profit of DKK 16 million compared with a loss of DKK 18 million in the same period in 2013. The positive trend reflects the fact that the proportion of projects with low profitability is falling and being replaced by projects contracted in 2013 at higher contribution margins.

The operating margin before special items was 2.7% in the second quarter compared with 2.3% in the second quarter of 2013. The first-half 2014 operating margin before special items was positive at 0.5% compared with

a negative operating margin of -0.5% for the same period in 2013.

The second-quarter operating result (EBIT) was a profit of DKK 46 million compared with DKK 42 million in the second quarter of 2013. The first-half 2014 operating result (EBIT) was a loss of DKK 179 million compared with a first-half 2013 loss of DKK 18 million, primarily reflecting the special item relating to the Robin Rigg decision, which depressed the first-quarter 2014 result by a loss of DKK 195 million.

First-half 2014 income tax expense was DKK 2 million compared with DKK 12 million in the first half of 2013. Income tax expense for 2014 is negatively affected by DKK 48 million as the tax base of the special provisions has not been recognised in the Group's tax asset based on a specific assessment of the probability of the tax asset being utilised in the foreseeable future.

Balance sheet

The balance sheet total was DKK 3.8 billion at 30 June 2014. This was a reduction of DKK 0.2 billion compared with 31 December 2013. The lower balance sheet total primarily reflected a reduction in receivables.

Equity was DKK 949 million at 30 June 2014. The equity ratio was 24.9% compared with 29.4% at the end of 2013 and 25.0% at the end of June 2013.

Interest-bearing net deposits were DKK 221 million at 30 June 2014 compared with DKK 149 million at 31 December 2013. The improvement in 2014 primarily reflects a satisfactory development in the Group's working capital, mainly due to a reduction in receivables and a satisfactory development in net work in progress.

Invested capital was DKK 727 million at 30 June 2014 compared with DKK 1,032 million at 31 December 2013. The development mainly reflected the above reduction in working capital.

Cash flows and financial resources

Operating activities generated a cash inflow of DKK 16 million in the second quarter of 2014 compared with a second-quarter 2013 outflow of DKK 116 million.

Operating activities generated a cash inflow of DKK 167 million in the first half of 2014, an improvement of DKK 327 million on the first half of 2013. This reflected the positive development in working capital, mainly as a consequence of the focus on cash flows on projects in progress and receivables.

Cash flows for investing activities in the first half of 2014 amounted to DKK 48 million compared with DKK 21 million in the first half of 2013, mainly due to lower disposals of non-current assets in the first half of 2014. Capital expenditure for the first half of 2014 was in line with the first half of 2013.

The Group's financial resources totalled DKK 1,093 million at 30 June 2014 compared with DKK 988 million at 31 December 2013. The increase reflects the cash inflow during the first half. Financial resources are calculated as cash, including cash and cash equivalents in joint ventures and jointly controlled entities, and securities and undrawn credit facilities. Of the total financial resources, DKK 765 million was available for use by the parent company MT Højgaard A/S compared with DKK 652 million at 31 December 2013. The financial resources are satisfactory in view of the expected level of activity.

Old offshore disputes

As previously mentioned, MT Højgaard is a party to a few legal cases (disputes) in the offshore area. MT Højgaard is working in an active and targeted manner to bring these disputes to a conclusion, and management expects that most of the pending disputes will be settled in 2014.

In the case relating to the construction of the Robin Rigg offshore wind farm, MT Højgaard has been granted leave to appeal the ruling to the Court of Appeal. The case is not expected to be heard until 2015 at the earliest.

No other significant news has transpired during the period in relation to the major offshore disputes, and it is consequently the Group's opinion that our position in the pending cases remains unchanged, but that there is always a certain process risk attached to this type of case.

Outlook for 2014

As already mentioned, the order book at 30 June 2014 stood at DKK 7.0 billion, with DKK 3.1 billion expected to be executed in 2014.

The outlook of revenue of between DKK 7.0 and 7.5 billion and an expected operating profit before special items (old offshore disputes) of DKK 150-225 million (operating margin 2-3%) is reaffirmed.

Special items for the year are expected to amount to an expense of DKK 195 million due to the ruling in the Robin Rigg offshore dispute.

The result may still be affected by the outcome of major old offshore disputes, most of which are still expected to be settled in 2014.

For the full year, we expect a tax rate on operating profit before special items at the lower end of the Danish tax rate.

We expect to maintain satisfactory financial resources on an ongoing basis.

The projections concerning future financial performance are subject to uncertainties and risks that may cause the performance to differ materially from the projections. For a description of risks and uncertainty factors, reference is made to note 2 and the description in the Group's latest annual report.

Management statement

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the interim financial report of MT Højgaard A/S for the period 1 January – 30 June 2014.

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

In our opinion, the interim financial statements give a true and fair view of the Group's financial position at 30

June 2014 and of the results of the Group's operations and cash flows for the financial period 1 January – 30 June 2014.

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

Søborg, 28 August 2014

Executive Board

Torben Billmann
President and CEO

Egil Mølsted Madsen
CFO

Board of Directors

Søren Bjerre-Nielsen
Chairman

Niels Lykke Graugaard
Deputy Chairman

Carsten Bjerg

Pernille Fabricius

Curt Germundsson

Mats Jönsson

Irene Chabior

John Sommer

Vinnie Sunke Heimann

Financial statements

Consolidated income statement and statement of comprehensive income

	2014	2013	2014	2013	2013
Amounts in DKK million	Q2	Q2	YTD	YTD	Year
Consolidated income statement					
Revenue	1,685.3	1,805.3	3,218.1	3,348.3	7,464.3
Production costs	-1,529.6	-1,657.1	-2,979.8	-3,159.4	-6,921.1
Gross profit	155.7	148.2	238.3	188.9	543.2
Distribution costs	-24.8	-28.3	-55.5	-54.3	-125.4
Administrative expenses	-81.3	-74.4	-158.7	-143.9	-311.9
Profit (loss) before share of profit (loss) of joint ventures	49.6	45.5	24.1	-9.3	105.9
Share of profit (loss) after tax of joint ventures	-4.0	-3.7	-8.3	-8.2	-2.8
Operating profit (loss) before special items	45.6	41.8	15.8	-17.5	103.1
Special items	0.0	0.0	-195.0	0.0	130.0
Operating profit (loss) (EBIT)	45.6	41.8	-179.2	-17.5	233.1
Share of profit (loss) after tax of associates	0.1	0.9	0.4	1.2	1.9
Net finance costs	-2.1	-9.1	-0.6	-7.3	-26.5
Profit (loss) before tax	43.6	33.6	-179.4	-23.6	208.5
Income tax expense	-9.1	-27.2	-2.1	-12.0	-102.0
Profit (loss) after tax	34.5	6.4	-181.5	-35.6	106.5
Breakdown:					
Shareholders of MT Højgaard A/S	16.8	-11.3	-217.6	-67.5	33.3
Non-controlling interests	17.7	17.7	36.1	31.9	73.2
	34.5	6.4	-181.5	-35.6	106.5
Consolidated statement of comprehensive income					
Profit (loss) after tax	34.5	6.4	-181.5	-35.6	106.5
Other comprehensive income					
<i>Items that may be reclassified to the income statement:</i>					
Foreign exchange adjustments, foreign enterprises	-1.2	1.6	-0.8	1.5	1.3
Value adjustments of hedging instruments in associates	-4.3	4.7	-7.8	6.4	10.6
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0
Other comprehensive income after tax	-5.5	6.3	-8.6	7.9	11.9
Total comprehensive income	29.0	12.7	-190.1	-27.7	118.4
Breakdown:					
Shareholders of MT Højgaard A/S	11.3	-5.0	-226.2	-59.6	45.2
Non-controlling interests	17.7	17.7	36.1	31.9	73.2
	29.0	12.7	-190.1	-27.7	118.4

Consolidated balance sheet

	2014	2013	2013
Amounts in DKK million	Q2	Q2	Year
Assets			
Non-current assets			
Intangible assets	150.5	148.8	155.4
Property, plant and equipment	553.6	604.5	554.0
Deferred tax assets	330.8	339.2	308.6
Other investments	111.5	118.9	120.7
Total non-current assets	1,146.4	1,211.4	1,138.7
Current assets			
Inventories	638.3	693.3	639.0
Trade receivables	1,429.2	1,592.3	1,642.4
Construction contracts in progress	75.5	229.6	72.2
Other receivables	73.5	110.3	66.2
Securities	157.4	171.2	163.1
Cash and cash equivalents	289.2	232.0	292.4
Total current assets	2,663.1	3,028.7	2,875.3
Total assets	3,809.5	4,240.1	4,014.0
Equity and liabilities			
Equity attributable to shareholders of MT Højgaard	891.5	1,011.2	1,116.0
Non-controlling interests	57.1	48.7	65.0
Total equity	948.6	1,059.9	1,181.0
Non-current liabilities			
Bank loans, etc.	182.6	173.3	163.4
Deferred tax liabilities	10.0	12.2	9.9
Provisions	339.3	277.4	337.8
Total non-current liabilities	531.9	462.9	511.1
Current liabilities			
Bank loans, etc.	42.8	310.1	142.9
Construction contracts in progress	760.6	707.2	591.9
Trade payables	641.2	1,020.2	735.7
Other current liabilities	884.4	679.8	851.4
Total current liabilities	2,329.0	2,717.3	2,321.9
Total liabilities	2,860.9	3,180.2	2,833.0
Total equity and liabilities	3,809.5	4,240.1	4,014.0

Consolidated statement of cash flows

Amounts in DKK million	2014 Q2	2013 Q2	2014 YTD	2013 YTD	2013 Year
Operating profit (loss) (EBIT)	45.6	41.8	-179.2	-17.5	233.1
Adjustments in respect of non-cash operating items, etc.	31.5	22.9	168.6	64.2	235.1
Cash flows from operating activities before working capital changes	77.1	64.7	-10.6	46.7	468.2
Working capital changes:					
Inventories	3.7	13.7	8.5	7.3	70.5
Receivables excluding construction contracts in progress	-118.9	-54.1	206.6	265.0	250.3
Construction contracts in progress	164.3	-182.1	165.3	-231.8	-189.6
Trade and other current payables	-95.8	55.7	-179.4	-227.7	-381.4
Cash flows from operations (operating activities)	30.4	-102.1	190.4	-140.5	218.0
Net finance costs	-2.8	-9.2	-3.0	-7.2	-24.0
Cash flows from operations (ordinary activities)	27.6	-111.3	187.4	-147.7	194.0
Income taxes paid, net	-11.0	-4.8	-20.1	-12.3	-83.3
Cash flows from operating activities	16.6	-116.1	167.3	-160.0	110.7
Purchase of property, plant and equipment	-43.8	-44.6	-76.6	-74.6	-131.0
Other investments, net	14.3	29.8	29.1	53.2	109.4
Cash flows for investing activities	-29.5	-14.8	-47.5	-21.4	-21.6
Cash flows from financing activities	-33.2	22.1	-23.2	307.0	268.5
Net increase (decrease) in cash and cash equivalents	-46.1	-108.8	96.6	125.6	357.6
Cash and cash equivalents at start of period	330.1	64.2	187.4	-170.2	-170.2
Cash and cash equivalents at end of period	284.0	-44.6	284.0	-44.6	187.4

Consolidated statement of changes in equity

Amounts in DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
2013							
Equity at 01-01-2013	220.0	-31.0	0.5	581.3	770.8	0.0	770.8
Changes in accounting policies					0.0	56.8	56.8
New equity at 01-01-2013	220.0	-31.0	0.5	581.3	770.8	56.8	827.6
Comprehensive income for the period							
Profit (loss) after tax				-67.5	-67.5	31.9	-35.6
Other comprehensive income		6.4	1.5		7.9		7.9
Total comprehensive income	0.0	6.4	1.5	-67.5	-59.6	31.9	-27.7
Transactions with owners							
Capital increase in February 2013	300.0				300.0		300.0
Dividends paid					0.0	-40.0	-40.0
Total transactions with owners	300.0	0.0	0.0	0.0	300.0	-40.0	260.0
Equity at 30-06-2013	520.0	-24.6	2.0	513.8	1,011.2	48.7	1,059.9
2014							
Equity at 01-01-2014	520.0	-20.4	1.8	614.6	1,116.0	0.0	1,116.0
Changes in accounting policies					0.0	65.0	65.0
New equity at 01-01-2014	520.0	-20.4	1.8	614.6	1,116.0	65.0	1,181.0
Comprehensive income for the period							
Profit (loss) after tax				-217.6	-217.6	36.1	-181.5
Other comprehensive income		-7.8	-0.8		-8.6		-8.6
Total comprehensive income	0.0	-7.8	-0.8	-217.6	-226.2	36.1	-190.1
Transactions with owners							
Capital injection, warrant programme				1.7	1.7		1.7
Dividends paid					0.0	-44.0	-44.0
Total transactions with owners	0.0	0.0	0.0	1.7	0.0	-44.0	-42.3
Equity at 30-06-2014	520.0	-28.2	1.0	398.7	891.5	57.1	948.6

Notes

Note	Page
1 Accounting policies	20
2 Accounting estimates and judgements	22
3 Share-based payment	22
4 Fair value measurement of financial instruments	22
5 Income tax expense and deferred tax	23
6 Related parties	23

Notes

 Note

1 Accounting policies

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

Except as stated below, the accounting policies are unchanged from the 2013 annual report, to which reference is made (note 1). A full description of accounting policies is provided in the 2013 annual report.

Changes in accounting policies

IFRS 10-12 with associated amendments, IAS 27 (2011), IAS 28 (2011), amendments to IAS 27 (2011), amendments to IAS 32, amendments to IAS 39 as well as IFRIC 21 have been implemented with effect from 1 January 2014. The effect of the changes is set out in note 1 to the interim financial report for the first quarter of 2014 dated 19 May 2014.

Comparative figures for the second quarter and the full year have been restated accordingly.

Accounting effect of implementation

The accounting effect of the implementation of IFRS 10 and 11 for the Group is as follows:

Amounts in DKK million	Q2 2013			YTD 2013		
	Current practice	Adjustments	New practice	Current practice	Adjustments	New practice
Statement of comprehensive income						
Revenue	1,770.9	34.4	1,805.3	3,282.2	66.1	3,348.3
Production costs	-1,641.1	-16.0	-1,657.1	-3,125.1	-34.3	-3,159.4
Distribution costs	-29.2	0.9	-28.3	-56.0	1.7	-54.3
Administrative expenses	-75.2	0.8	-74.4	-145.6	1.7	-143.9
Share of profit (loss) of joint ventures	0.0	-3.7	-3.7	0.0	-8.2	-8.2
Interest, net	-10.2	1.1	-9.1	-9.4	2.1	-7.3
Income tax expense	-27.4	0.2	-27.2	-14.8	2.8	-12.0
Profit for the period		17.7			31.9	
Other comprehensive income		0.0			0.0	
Comprehensive income for the period		17.7			31.9	
Statement of cash flows						
Operating activities				-228.5	68.5	-160.0
Investing activities				-24.2	2.8	-21.4
Financing activities				343.8	-36.8	307.0
Cash and cash equivalents, start of period				-177.8	7.6	-170.2
Cash and cash equivalents for the period					42.1	

The full-year effect for 2013 is shown in the interim financial report for the first quarter of 2014 dated 19 May 2014.

Notes

 Note

1 Accounting policies (continued)

Amounts in DKK million	30 June 2013			31 December 2013		
	Current practice	Adjustments	New practice	Current practice	Adjustments	New practice
Balance sheet						
Property, plant and equipment	621.1	-16.6	604.5	570.2	-16.2	554.0
Other investments	13.2	105.7	118.9	9.0	111.7	120.7
Inventories	680.9	12.4	693.3	627.6	11.4	639.0
Trade receivables	1,643.2	-50.9	1,592.3	1,742.3	-99.9	1,642.4
Construction contracts in progress	233.6	-4.0	229.6	74.2	-2.0	72.2
Other receivables	163.6	-53.3	110.3	115.8	-49.6	66.2
Securities	171.2	0.0	171.2	163.2	-0.1	163.1
Cash and cash equivalents	198.3	33.7	232.0	253.6	38.8	292.4
Total assets		27.0			-5.9	
Bank loans, etc., long-term	185.4	-12.1	173.3	173.9	-10.5	163.4
Provisions	259.5	17.9	277.4	315.7	22.1	337.8
Bank loans, etc., short-term	320.7	-10.6	310.1	145.9	-3.0	142.9
Construction contracts in progress	710.1	-2.9	707.2	595.8	-3.9	591.9
Trade payables	1,040.4	-20.2	1,020.2	766.1	-30.4	735.7
Other current liabilities	673.6	6.2	679.8	896.6	-45.2	851.4
		-21.7			-70.9	
Non-controlling interests		48.7			65.0	
Total equity and liabilities		27.0			-5.9	

Notes

Note

2 Accounting estimates and judgements

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

As mentioned in the interim financial report for the first quarter of 2014 dated 19 May 2014, the ruling in the case relating to the Robin Rigg offshore wind farm has been received. The effect of the ruling was recognised in the first quarter of 2014. No circumstances have arisen in the period under review that change management's judgement or recognition of these disputes.

Apart from the above, the significant estimates and judgements made by management applying the Group's accounting policies, and the significant estimation uncertainty that they are subject to, are the same in connection with the preparation of the interim financial statements as in connection with the preparation of the consolidated financial statements and parent company financial statements for 2013, as will be seen from note 2 to the 2013 annual report.

3 Share-based payment

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

The fair value of the programme was DKK 1.7 million at the allocation date and has been determined using an option valuation model. The fair value will be expensed on a straight-line basis over the expected three-year service period.

At 30 June 2014, the number of outstanding warrants was 10,606 nos with a nominal value of DKK 1,000 each.

4 Fair value measurement of financial instruments

The methods used to determine the fair value of financial instruments are unchanged compared with the 2013 annual report.

Securities are valued based on quoted prices (Level 1). Fair value and carrying amount stood at DKK 157.4 million at the end of the period.

Derivative instruments comprise forward exchange contracts, which are valued at observable prices (Level 2). Fair value and carrying amount stood at DKK 2.3 million at the end of the period.

It is the Group's policy to recognise transfers between the various categories from the date on which an event or a change in circumstances results in a change of classification. No transfers were made between levels in 2014.

Notes

Note

5 Income tax expense and deferred tax

Income tax was negatively affected by DKK 48 million as the tax base of the DKK 195 million provision relating to the Robin Rigg offshore dispute referred to above has not been recognised in the Group's tax asset based on a specific assessment of the probability of the tax asset being utilised in the foreseeable future.

Income tax expense was DKK 2.1 million and can be explained as follows:

	2014	2013
Amounts in DKK million	YTD	YTD
Income tax expense before tax calculated at 24.5%/25%	44.0	5.8
Reduction of Danish income tax rate from 25% to 22% in the period up to 2016	-4.9	-20.0
Deviations in foreign enterprises' tax rates	-5.0	-3.9
Non-taxable income*	7.2	5.6
Non-deductible expenses	-0.1	0.0
Non-capitalised tax loss carryforward	-42.9	0.0
Other, including prior year adjustments and joint taxation	-0.4	0.5
Income tax expense	-2.1	-12.0

* Consists primarily of non-controlling interests' share of income in Greenland Contractors I/S, as Greenland Contractors I/S is not a separate tax object and no provision has consequently been made for tax on the non-controlling interests' share of profit (loss) in the consolidated financial statements and of share of profit (loss) after tax in joint ventures and associates.

Tax loss carryforwards may be carried forward indefinitely and are expected to be utilised against future earnings. Like in previous periods, tax loss carryforwards have not been fully capitalised in the assessment of deferred tax assets. They have been capitalised based on expected positive earnings in the next 3-5 years. Non-capitalised tax assets amount to approximately DKK 165 million and relate to tax losses that may be carried forward indefinitely. They may be recognised as income when the Group reports the necessary positive results.

6 Related parties

MT Højgaard A/S is owned by Højgaard Holding A/S (54%) and Monberg & Thorsen A/S (46%), both of which are listed on NASDAQ OMX Copenhagen. MT Højgaard A/S is a jointly controlled entity according to an agreement between the shareholders.

Normal management remuneration has been paid and intragroup transactions have been eliminated in the consolidated financial statements. Transactions between MT Højgaard A/S and consolidated enterprises are on an arm's length basis.

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