29.08.05
Stock Exchange Announcement No. 18, 2005

Interim report for the first half 2005

At its meeting today, the Supervisory Board of Monberg & Thorsen A/S approved the interim report for the period 1 January – 30 June 2005. The interim report is unaudited.

Copenhagen, 29 August 2005
Supervisory Board and Executive Board

Mogens Granborg
Chairman

Jørgen Nicolajsen
President and CEO

Questions relating to this announcement should be directed to Jørgen Nicolajsen, President, on telephone +45 3546 8000.

The interim report can also be viewed on www.monthor.com

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

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Favourable development within the contracting activities and the oil interests

- **Monberg & Thorsen** realised operating profit (EBIT) of DKK 72 million on the continuing operations compared with DKK 105 million in the first half 2004.

- **Dyrup** realised revenue on a par with the first half 2004, but with substantially lower earnings due to an unexpected adverse trend in a few of Dyrup's markets, as announced in our Stock Exchange Announcement No. 15 of 5 August 2005.

- **MT Højgaard** recorded satisfactory progress in earnings, doubling its half-year profit relative to the first half 2004.

- The profit share from **DENERCO OIL** was higher than in the first half 2004, as expected, reflecting the persistently high oil prices and the increase of the ownership interest in April 2005.

- The expectations concerning 2005 are now profit after tax in the region of DKK 60 million due to the adverse trend in Dyrup, including the substantial non-recurring items of approx. DKK 50 million relating to the initiated efficiency improvement programme, which, unfortunately, means staff reductions amounting to approx. 110 employees.

THE GROUP

Financial highlights for Monberg & Thorsen

DKKm	Q2			First half		
	2004	**2005**	Change	2004	**2005**	Change
Revenue:						
Dyrup	518	**527**	2%	910	**908**	0%
MT Højgaard (46%)	855	**976**	14%	1,594	**1,666**	5%
	1,373	**1,503**	9%	2,504	**2,574**	3%
Operating profit (EBIT):						
Continuing operations	96	**79**		105	**72**	
Discontinued operations*	59	**0**		62	**0**	
Total EBIT	155	**79**		167	**72**	
Profit before tax	152	**74**		159	**64**	
Profit after tax	118	**54**		127	**49**	

* The investment properties at Oslo Plads.

Revenue and earnings were lower than anticipated due primarily to the unsatisfactory development in Dyrup.

Operating profit (loss) (EBIT) for the continuing operations developed as follows:

DKKm	Q2 2004	Q2 **2005**	Q2 Change	First half 2004	First half **2005**	First half Change
Dyrup	79	**46**	-33	91	**44**	-47
MT Højgaard (46%)	19	**25**	6	9	**16**	7
Oil interests after tax	0	**9**	9	9	**15**	6
Parent company	(2)	**(1)**	1	(4)	**(3)**	1
	96	**79**	-17	105	**72**	-33

Dyrup

As announced in our Stock Exchange Announcement No. 15 of 5 August 2005 Dyrup reported an unexpected adverse trend in the first half 2005, particularly in the markets in Portugal and Germany. The trend had an adverse knock-on effect on the Danish parent company's operations, as Germany is one of its export markets.

Dyrup consequently realised revenue that was only on a par with 2004 and substantially lower operating profit of DKK 44 million. Dyrup had deliberately maintained an organisation and a cost level that were geared towards a considerably higher level of market activity in anticipation of a more favourable market trend.

An efficiency improvement programme has been put in motion with immediate effect as part of which the organisation and the cost level are being aligned to market conditions. Unfortunately, this means staff reductions amounting to approx. 110 employees.

The efficiency improvement programme that has been put in motion is intended to create a new base that can restore Dyrup's earnings to the level up till now, while at the same time forming the basis for future growth.

Dyrup's first-half 2005 results are described in the attached appendix, which gives a detailed account of the development within the paint and varnish company.

MT Højgaard reported revenue of DKK 3.6 billion and operating profit of DKK 37 million. Revenue was 5% ahead of the first half 2004 and MT Højgaard experienced a significant increase in its order book in the first half.

Stock Exchange Announcement No. 17 concerning MT Højgaard issued earlier today gives a detailed account of the development within the contracting activities.

The profit share from **DENERCO OIL** was higher than in the first half 2004, despite the anticipated lower oil production, which was offset by the persistently high oil price. To this should be added the effect of the increase of the ownership interest in April 2005 from 12.5% to 21.6%.

The parent company's operating profit was similar to the figure achieved in the first half 2004.

Accounting policies

The accounting policies were changed on 1 January 2005 to comply with the provisions in International Financial Reporting Standards (IFRS).

The interim report has been prepared in accordance with the provisions on recognition and measurement in IFRS and Danish disclosure requirements concerning quarterly reporting for listed companies. The comparative figures in the interim report have been restated to reflect the changed accounting policies in accordance with the provisions in IFRS 1 on ”First-time Adoption of IFRS”.

For a more detailed account of the changes in accounting policies and format as well as the effect of the transition to IFRS for 2004, reference is made to the section ”Transition to IFRS in 2005” on pages 32-33 of the 2004 annual report.

Expectations for 2005

The Group

Consolidated profit after tax is expected to be in the region of DKK 60 million, against previously DKK 50-75 million as announced in Stock Exchange Announcement No. 15 of 15 August 2005 concerning the unexpected adverse trend in a few of Dyrup's markets. Consolidated revenue is still expected to be in the region of DKK 5.5 billion.

The expectations concerning the future financial performance are subject to uncertainties and risks. If any of these uncertainties or risks occur, the performance may be different than the expectations expressed in this report. The main risks are described in the section ”Risk factors” in the 2004 annual report.

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

Dyrup

Dyrup does not anticipate any improvement in the market situation during the rest of the year, when the market will continue to be marred by fierce price competition. The economic situation in Portugal and Germany is not expected to improve in the second half. Full-year revenue is therefore expected to be on a par with 2004.

As Dyrup's earnings traditionally come predominantly from the first half, and given that the generally difficult market conditions are expected to continue in the second half, leading to pressure on prices and rising raw material prices, Dyrup expects pre-tax profit on ordinary activities in the region of DKK 20 million. To this should be added the fact that the profit will be eroded by non-recurring items in the order of DKK 50 million as a consequence of the initiated efficiency improvement programme. Full-year profit before tax is therefore expected to be a loss.

MT Højgaard expects revenue of approx. DKK 8.5 billion and pre-tax profit of just over DKK 100 million.

DENERCO OIL expects profit for 2005 to be significantly higher than in 2004. Likewise, Monberg & Thorsen anticipates a somewhat higher profit on its oil interests than in 2004, partly due to the high oil price, and partly due to the increased ownership interest.

Other information

Monberg & Thorsen did not buy back any treasury shares in the half year under review. The portfolio of treasury shares is still 2,645 nos.

Statement by the Executive and Supervisory Boards

The Supervisory and Executive Boards have today considered and approved the interim report for the period 1 January – 30 June 2005 of Monberg & Thorsen A/S.

The interim report has been prepared in accordance with the provisions on recognition and measurement in IFRS and Danish disclosure requirements concerning quarterly reporting for listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's financial position at 30 June 2005 and of the results of the Group's operations and the consolidated cash flows for the accounting period 1 January - 30 June 2005.

Copenhagen, 29 August 2005

Executive Board

Jørgen Nicolajsen
President and CEO

Supervisory Board

Mogens Granborg
Chairman

Hans Bennetzen
Deputy Chairman

Magnus Bertelsen
Employee-elected member

Anders Colding Friis

Jan Munkholm
Employee-elected member

Henrik Thorsen

Gerrit Dirk Toet
Employee-elected member

Carsten Tvede-Møller

Appendices: *Financial highlights*
Consolidated balance sheet and Statement of changes in consolidated equity
Quarterly statements
Detailed statement – First half 2005 - Dyrup A/S

Financial highlights

DKKm	Year 2004	First half 2004	First half **2005**
Income statement			
Revenue:			
Dyrup	1,668	910	**908**
MT Højgaard (46%)	3,387	1,594	**1,666**
	5,055	2,504	**2,574**
Operating profit before associates	204	158	**57**
Share of profit after tax of associates	13	9	**15**
Operating profit (EBIT)	217	167	**72**
Financial items, net	0	(8)	**(8)**
Profit before tax	217	159	**64**
Profit after tax	188	127	**49**
Monberg & Thorsen’s share of consolidated profit	187	126	**49**
Balance sheet			
Interest-bearing assets	377	437	**214**
Interest-bearing liabilities	511	752	**764**
Invested capital	1,584	1,702	**1,996**
Equity	1,362	1,296	**1,353**
Balance sheet total	3,110	3,404	**3,486**
Cash flow statement			
From operating activities	55	(139)	**(181)**
For investing activities	(169)	(131)	**167**
Portion relating to property, plant and equipment	187	64	**44**
From financing activities	(61)	(65)	**(79)**
Financial ratios (%)			
Operating margin (EBIT margin)	2.7	3.9	**2.2**
Return on invested capital (ROIC)	14	7*	**4***
Return on equity (ROE)	15	10*	**4***
Equity ratio	44	38	**39**
Share ratios (DKK per DKK 20 share)			
Earnings per share	52	35	**14**
Cash flow from operations	15	(39)	**(51)**
Book value	378	359	**376**
Market price	390	360	**520**
Market price/book value	1.0	1.0	**1.4**
Market capitalisation DKKm (incl. holding of treasury shares)	1,398	1,280	**1,864**

*) Not converted to full-year figures

The accounting policies have been changed with effect from 1 January 2005 and the comparative figures have been restated accordingly, as described on page 4.

Consolidated balance sheet and Statement of changes in consolidated equity

Consolidated balance sheet (DKKm)	Year 2004	First half 2004	**2005**
ASSETS			
Intangible assets	127	121	**143**
Property, plant and equipment	860	885	**849**
Investments	193	220	**302**
Total fixed assets	1,180	1,226	**1,294**
Inventories	459	479	**497**
Work in progress, net	80	53	**132**
Receivables	1,015	1,267	**1,349**
Cash and securities	376	379	**214**
Total current assets	1,930	2,178	**2,192**
Total assets	3,110	3,404	**3,486**
EQUITY AND LIABILITIES			
Equity attributable to Monberg & Thorsen	1,355	1,289	**1,346**
Equity attributable to minority interests'	7	7	**7**
Total consolidated equity	1,362	1,296	**1,353**
Non-current liabilities, provisions	111	79	**107**
Non-current liabilities, interest-bearing	343	362	**327**
Work in progress, net	229	209	**258**
Current liabilities, interest-bearing	164	390	**436**
Other current liabilities	901	1,068	**1,005**
Total equity and liabilities	3,110	3,404	**3,486**

Statement of changes in consolidated equity (DKKm)	Year 2004	First half 2004	**2005**
Equity at start of period	1,212	1,212	**1,362**
Foreign exchange adjustments, etc.	5	0	**(1)**
Share of profit for the period after tax	188	127	**49**
Dividend to shareholders	(43)	(43)	**(57)**
Buyback of treasury shares	0	0	**0**
Equity at end of period	1,362	1,296	**1,353**

The accounting policies have been changed with effect from 1 January 2005 and the comparative figures have been restated accordingly, as described on page 4.

Quarterly statements

DKKm	2005 Q1	**Q2**	Q3	Q4	Total
Income statement					
Revenue:					
Dyrup	381	**527**			
MT Højgaard (46%)	690	**976**			
	1,071	**1,503**			
Operating profit (loss) (EBIT)					
Dyrup	(2)	**46**			
MT Højgaard (46%)	(9)	**25**			
Oil interests	6	**9**			
Parent company	(2)	**(1)**			
Total operating profit (loss) (EBIT)	(7)	**79**			
Financial items	(3)	**(5)**			
Profit (loss) before tax	(10)	**74**			
Profit (loss) after tax	(5)	**54**			
Monberg & Thorsen's share of consolidated profit (loss)	(5)	**54**			
Cash flow statement					
From operating activities	(113)	**(68)**			
For investing activities	43	**124**			
Portion relating to property, plant and equipment	21	**23**			
From financing activities	(9)	**(70)**			
Net increase (decrease) in cash and cash equivalents	(165)	**(262)**			

DKKm	2004 Q1	Q2	Q3	Q4	Total
Income statement					
Revenue:					
Dyrup	392	518	469	289	1,668
MT Højgaard (46%)	739	855	880	913	3,387
	1,131	1,373	1,349	1,202	5,055
Operating profit (loss) (EBIT)					
Dyrup	12	79	69	(59)	101
MT Højgaard (46%)	(10)	19	13	22	44
Oil interests	9	0	4	1	14
Parent company	1	57	(1)	1	58
Total operating profit (loss) (EBIT)	12	155	85	(35)	217
Financial items	(5)	(3)	0	8	0
Profit (loss) before tax	7	152	85	(27)	217
Profit after tax	9	118	60	1	188
Monberg & Thorsen's share of consolidated profit	9	117	61	0	187
Cash flow statement					
From operating activities	(62)	(77)	111	83	55
For investing activities	25	(156)	32	(70)	(169)
Portion relating to property, plant and equipment	34	30	32	91	187
From financing activities	(10)	(55)	(3)	7	(61)
Net increase (decrease) in cash and cash equivalents	(97)	24	76	160	163

Detailed statement – First half 2005 - Dyrup A/S

- **Unexpected adverse trend in a few of Dyrup's markets led to a substantial fall in earnings.**
- **Efficiency improvement programme put in motion in order to restore Dyrup's earnings to the level up till now.**
- **Elements of Dyrup's strategy.**

Although there were no signs of any general economic recovery in the European markets and in the face of a markedly adverse trend in two of Dyrup's large markets in Portugal and Germany, Dyrup delivered revenue of DKK 908 million, on a par with the first half 2004, which is somewhat lower than anticipated.

The trend in these two markets and the resulting consequences of the lack of sales for the Danish company's operations, were the main drivers behind the falling earnings. To this should be added the fact that Dyrup has deliberately maintained an organisation and a cost level that were geared towards a considerably higher level of market activity.

The market conditions in the first half were generally more difficult than anticipated at the start of the year. A European retail trade marred by weakened consumer confidence, and increased raw material prices that could not be compensated for in full through price increases, impacted on operating profit for the period, which amounted to only DKK 44 million.

First-half capital expenditure was DKK 27 million compared with DKK 46 million last year. Capital expenditure for 2004 included the enlargement of the white spirits-based production facility in Søborg.

Dyrup has put in motion a major efficiency improvement programme

An efficiency improvement programme has been put in motion with immediate effect in order to restore Dyrup's earnings to the level up till now, as both revenue and earnings were unsatisfactory. Unfortunately, the efficiency improvement programme will entail substantial redundancies in several countries.

The key elements of the efficiency improvement programme are as follows:

- Staff reduction in all companies amounting to approx. 110 employees in total. The staff reduction can be broken down as follows: approx. 30 in Denmark, approx. 40 in Portugal, approx. 15 in Germany and approx. 25 in the other countries, including vacancies that will not be filled.
- The ongoing establishment of regions will be brought forward, with sharpened focus on centralisation and exploitation of synergies. In future, the small markets without any production sites will be attached, as far as concerns sales and management, to one of Dyrup's large markets, which will handle all back-office and administrative functions.

- Establishment of strong customer service centres by means of rationalisation and amalgamation of technical service and order management.
- Review of the production and warehousing areas with a view to optimisation and efficiency improvements.

Necessary staff reductions will be effected in close liaison with the employees. Every effort will be made to alleviate the consequences for the staff involved in the best possible manner.

Optimisation of the production and warehousing structure will be analysed and evaluated in the months ahead, and establishment of shared service centres within finance and administration will also be focused on. These measures are not expected to have any financial effect in the current year.

Market conditions

Dyrup estimates that the European market for paint and wood care in Dyrup's relevant markets has picked up slightly in the second quarter, but is lagging behind 2004.

Group revenue by principal market compared with the first half 2004:

DKKm	First half 2004	**First half 2005**	Change %
Denmark	217	**218**	0
France	240	**250**	4
Germany	149	**138**	-7
Portugal	122	**107**	-13

Following a cold and wet start to the year, April showed promise of a favourable second quarter, but the pace was not sustained, and the expectations concerning a normal season were not realised for the first half 2005.

In Denmark Dyrup developed favourably, delivering 10% revenue growth in the second quarter, with all the market areas: DIY, the professional trade and Industry, as contributors.

With second-quarter growth of 4%, Dyrup continued its favourable trend in the French market, realising first-half revenue growth that is estimated to exceed the general market growth.

The economic difficulties in Germany and cut-throat competition on prices and from private labels led to a fall in the market in the second quarter, as well, despite a slightly improving trend, to the effect that Dyrup's revenue was again down on the previous year.

In Portugal the adverse market trend in recent years deteriorated still further, with Dyrup realising a 16% decline in revenue in the second quarter. At the same time, the adverse economic trend means that customers have built up large inventories and that a tight credit policy is still necessary. Both of these factors also contributed to the fall in sales – a trend that is set to continue in the second half.

Dyrup strengthened its position in Spain still further, achieving 11% growth, despite a slight slowdown in the rate of economic growth and construction activity.

With second-quarter growth of 6% expressed in Danish kroner, in a market suffering from the VAT increase on building materials in 2004, Dyrup's development in Poland was satisfactory.

Strategy

The efficiency improvement programme that has been put in motion is intended to create a new base that can restore Dyrup's earnings to the level up till now, while at the same time forming the basis for future growth.

The current situation also necessitates a reevaluation of Dyrup's ongoing strategy work in the light of the trend now ascertained in countries for example as Portugal and Germany. The key elements of the strategy are as follows:

- Dyrup will expand its position within the professional trade and Industry, and maintain its position within DIY.
- Dyrup will strengthen its distribution in both the professional trade and within DIY.
- The business unit Industry must be developed still further by ensuring a high level of technological capability.

Dyrup will continue its concerted efforts to reduce the dependence of its revenue and earnings on outdoor products and the weather, including by launching more indoor products and strengthening sales of these.

Expectations for 2005

Unfortunately, the market situation is not expected to improve during the rest of the year, when the market will continue to be marred by fierce price competition. The economic situation in Portugal and Germany is not expected to improve in the second half. Full-year revenue is therefore expected to be on a par with 2004, whereas it was originally expected to be slightly ahead of 2004.

As Dyrup's earnings traditionally come predominantly from the first half, and given that the generally difficult market conditions are expected to continue in the second half, leading to pressure on prices and rising raw material prices, Dyrup expects pre-tax profit on ordinary activities in the region of DKK 20 million against previously in the region of DKK 100 million. To this should be added the fact that the profit will be eroded by non-recurring items in the order of DKK 50 million as a consequence of the efficiency improvement programme that has been initiated. The full-year pre-tax result is therefore expected to be a loss.

Financial highlights for Dyrup A/S

Financial highlights in DKKm	Year	Q2		First half	
	2004	2004	2005	2004	2005
Income statement					
Revenue	1,668	**518**	**527**	**910**	**908**
Operating profit before amortisation of trade marks	107	**80**	**47**	**94**	**46**
Amortisation of trade marks	(6)	**(1)**	**(1)**	**(3)**	**(2)**
Operating profit	101	**79**	**46**	**91**	**44**
Financial items, net	(14)	**(5)**	**(6)**	**(9)**	**(10)**
Profit before tax	87	**75**	**40**	**82**	**34**
Profit after tax	61	**52**	**28**	**57**	**24**
Balance sheet					
Interest-bearing assets	42			**22**	**10**
Interest-bearing liabilities	392			**507**	**614**
Invested capital	1,008			**1,135**	**1,217**
Consolidated equity	579			**569**	**534**
Balance sheet total	1,312			**1,511**	**1,566**
Cash flow statement					
Depreciation – property, plant and equipment	49	**15**	**16**	**29**	**28**
Capital expenditure – property, plant and equipment	86	**25**	**11**	**46**	**27**
Cash flows from operating activities	64	**(36)**	**(34)**	**(124)**	**(147)**
Cash flows for investing activities	97	**25**	**18**	**45**	**38**
Cash flows from financing activities	(90)	**(80)**	**(78)**	**(81)**	**(79)**
Financial ratios (%)					
Operating margin before amortisation of trade marks	6.4	**15.3**	**8.9**	**10.3**	**5.0**
Operating margin	6.0	**15.1**	**8.8**	**9.9**	**4.9**
Return on average invested capital	10.5			**8.9***	**3.8***
Equity ratio	44			**38**	**34**
Number of employees	1,107			**1,128**	**1,075**

*) Realised YTD.

The interim report for the first half 2005 has been prepared applying IFRS provisions on measurement and recognition. The effect of the changed accounting policies is described in the 2004 annual report. The financial highlights above have been restated accordingly.