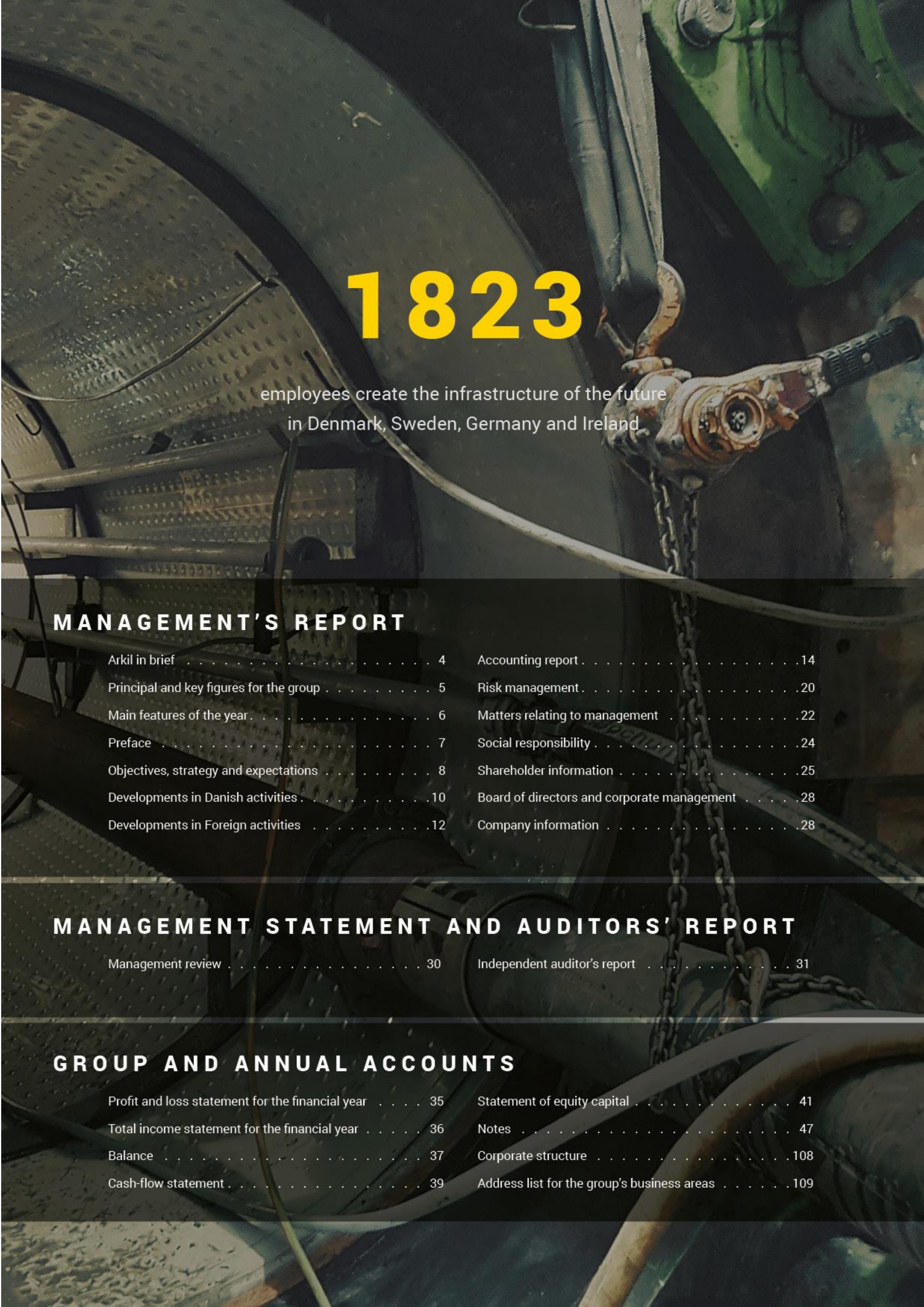
ARKIL

ARKIL HOLDING A/S **ANNUAL REPORT** 2017

Arkil Holding A/S · Søndergård Alle 4 · DK-6500 Vojens · Tel. +45 73 22 50 50 · CVR 36 46 95 28 · arkil@arkil.dk · www.arkil.dk



1823

employees create the infrastructure of the future
in Denmark, Sweden, Germany and Ireland

MANAGEMENT'S REPORT

MANAGEMENT STATEMENT AND AUDITORS' REPORT

GROUP AND ANNUAL ACCOUNTS

ARKIL IN BRIEF

Arkil was founded in Haderslev in 1941 by Civil Engineer Ove Arkil, and is now a listed construction company which, in addition to the Danish parent company, consists of subsidiaries in Denmark, Sweden, Northern Germany and Ireland.

The Group is organised into independent departments and subsidiaries, each with its own specialist expertise.

There is ongoing focus on the integration of specialist construction expertise across the Group's business areas, comprising contracting activities in technical, principal and turnkey contracts, asphalt production and spreading, foundations, water construction, tunnelling and geotechnical and environmental activities as well as renovation, operation and maintenance of sewage systems and road infrastructure, including municipal park and road projects.

Arkil places great emphasis on its values, with responsibility, integrity and reliability being the key parameters for the company's future growth in all business areas and locations.

.

ARKIL STRIVES TO:

- Be considered a company with professional talent and a positive attitude as part of a close collaboration with high levels of trust and integrity.
- Be a decentralised organisation with the delegation of responsibilities, great flexibility and interdisciplinary collaboration.
- Further educate the Group's employees to retain and increase professional expertise at all levels.
- Maintain a strong professional sense of community between employees, with open and well-functioning communication.
- Display care, consideration and awareness of risk in our activities.
- Maintain highly centralised financial control.
- Remain an independent business.
- Be a safe workplace and continuously work to improve the safety of all employees.
- Be involved in the local communities that we are part of through social awareness, technological development and a limited environmental impact.

PRINCIPAL AND KEY FIGURES FOR THE GROUP

(DKK million)	2017	2016	2015	2014	2013
PROFIT AND LOSS STATEMENT					
Revenue	3,140.4	3,017.0	3,346.8	2,871.4	2,738.3
Returns on primary operations	151.5	6.4	42.3	74.4	58.2
Financial entries	(3.8)	(1.3)	10.1	(2.2)	(4.3)
Net profit before taxes	147.7	5.0	52.3	72.2	54.0
Net profit for the year	**111.5**	**5.6**	**37.5**	**55.1**	**43.2**
BALANCE SHEET					
Long-term assets	815.2	770.4	743.3	656.3	631.7
Short-term assets	1,202.6	1,046.7	977.6	944.3	889.4
Total assets	**2,017.8**	**1,817.1**	**1,720.9**	**1,600.6**	**1,521.1**
Share capital	49.1	49.1	49.1	49.1	49.1
Total equity	**868.0**	**759.2**	**779.3**	**740.5**	**703.7**
Long-term liabilities	378.5	340.8	311.8	284.8	281.5
Short-term liabilities	771.3	717.1	629.8	575.3	535.9
Total liabilities	**1,149.8**	**1,057.9**	**941.6**	**860.1**	**817.4**
CASH FLOW STATEMENT					
Cash flow from operating activities	263.3	68.7	76.2	162.0	138.0
Cash flow from investment activities	(67.4)	(19.8)	(89.7)	(71.0)	(66.3)
Cash flow from financing activities	(57.1)	(62.0)	(58.5)	(58.0)	(73.7)
Total cash flow	**138.8**	**(13.1)**	**(72.0)**	**33.0**	**(2.0)**
Investments in tangible assets	**(150.5)**	**(108.8)**	**(120.3)**	**(96.9)**	**(98.6)**
KEY FIGURES					
Profit margin, %	4.8	0.2	1.3	2.6	2.1
Return on invested capital (ROIC), including goodwill, %	14.6	0.6	4.2	8.4	6.6
Return on invested capital (ROIC), excluding goodwill, %	16.8	0.7	4.9	9.8	7.7
Profits per DKK 100 share	219.5	(2.5)	65.5	108.4	85.6
Liquidity ratio	155.9	146.0	155.2	164.1	166.0
Equity ratio (solvency), %	43.0	41.8	45.3	46.3	46.3
Return on equity, %	13.7	0.7	4.9	7.6	6.3
Average number of employees	**1,823**	**1,862**	**1,967**	**1,789**	**1,741**

Key figures have been prepared in accordance with the CFA Society Denmark's "Recommendations & Key Figures".

Please refer to note 44 in which the key figure definitions can be found.

MAIN FEATURES OF THE YEAR

Arkil realised a revenue of DKK 3,140 million in 2017, an increase of 4.1% compared to 2016, which is around the same level as anticipated.

The primary operating result for 2017 amounted to DKK 151 million, corresponding to a profit margin of 4.8% compared to 0.2% the previous year.

The year's primary operating result and profit margin have improved substantially on the basis of improved performance and the fact that the primary operating result for 2017 has not been affected by major depreciation to the same extent as in 2016.

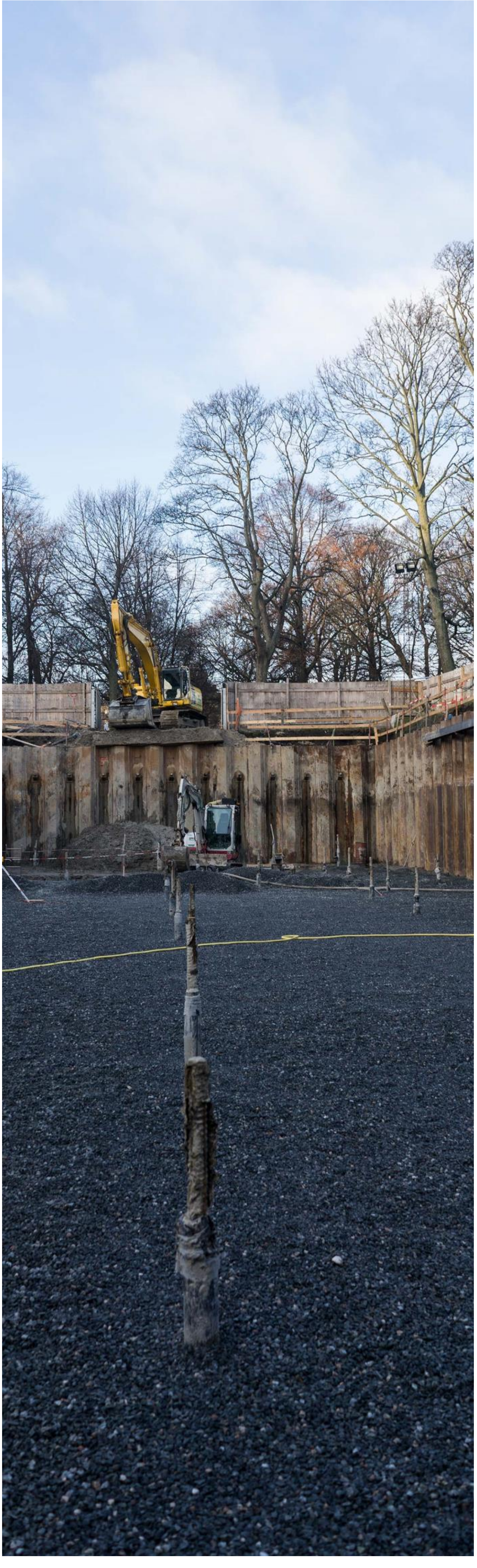
The year's profits before tax constituted DKK 148 million in 2017, which is at the upper end of the latest expectations announced. After tax, the year's profit was DKK 112 million compared to DKK 6 million in 2016.

Cash flows from operating activities totalled DKK 263 million in 2017 and investments in tangible fixed assets were realised at DKK 153 million.

At the end of 2017 the equity ratio constituted 43% and net interest-bearing holdings constituted DKK 29 million. The year's profit made a 14.6% return on invested capital (ROIC).

For the 2017 financial year, the Board of Directors proposes that dividends of DKK 15 are paid per DKK 100 share compared to DKK 10 per DKK 100 share last year. The dividends amount to DKK 7.4 million in total, corresponding to 6.6% of the Group's profit after tax.

Furthermore, the Board of Directors intends to initiate a share buyback programme totalling DKK 5 million, subject to the Board of Directors being authorised to acquire own shares at the upcoming annual general meeting.



PREFACE

The improved economic conditions characterising northern European countries in recent years have continued in 2017, with the financial upside having a positive impact on the construction and civil engineering industry. After 2016, which the Arkil Group will remember as the year in which strong growth was overshadowed by losses in individual projects, 2017 became the year in which Arkil succeeded in benefiting from a relatively favourable market overall. Denmark experienced stagnation in government infrastructure projects, particularly within the road sector, while there has been rising municipal and regional demand both in Denmark and abroad. While the market for production and spreading of asphalt is experiencing pressure due to excess capacity and falling prices, the highest activity levels since the financial crisis are now being experienced within commercial construction, and this is having a positive impact on the broader construction market, including the market for concrete-related activities.

On this basis, the year has been characterised by a rising number of small and medium-sized projects, offered in many cases as multi-year framework and partnership agreements, supplemented with a small number of larger projects. A conscious opt-out from individual projects with too high a risk profile, particularly within the railway sector, has resulted in reduced growth in the Group's overall turnover. However, this has allowed for more focused risk management in other activities, which has reduced complexity and allowed for optimisation of operations that have also further benefited from generally high demand, at home and abroad. This is the highest profit seen in the 76 years in which the company has been in existence.

While the challenges in the near future are not, as such, the activity in society, there are other topics that Arkil and the construction and civil engineering industry in general should be alert to. The ratio of occupational accidents in the industry is significantly higher than in society as a whole, and we should therefore, for example, learn from other industries to work more safely in future. Another topic is the fact that more than 90% of employees within the construction and civil engineering industry are men. There are clear advantages associated with increasing the number of females in the industry, which would benefit diversity, work culture and not least the basis for recruitment. And recruitment for the future is key. Arkil will therefore further intensify the training of existing employees at all levels of the organisation and supplement the workforce to the extent possible with skilled and unskilled employees, minorities, refugees and foreign workforce. The common starting point will be ongoing qualification and permanent employment for the benefit of continuity, efficiency and attractiveness.

The Arkil Group started 2018 in a strong and well-consolidated position. The generally positive economic conditions and the current order backlog represent a good basis for the business, while falling levels of investment in major infrastructure are putting a dampener on expectations for short-term growth, and, as always, the Group is highly dependent upon the economic conditions in the markets in which it operates. Our focus will continue to be characterised by stability and long-term developments, and, based on current prospects for the future, we anticipate moderate growth in the Group's activities over time.

Jesper Arkil

Chief Executive Officer

OBJECTIVES, STRATEGY AND EXPECTATIONS

In 2016, the Group implemented a strategic and structural change in its Danish organisation, for the purpose of strengthening the focus on the core business and adapting the organisation for an anticipated reduction in government infrastructure and an anticipated increase in local, regional and private sector construction activities in future years.

This initiative proved its worth in 2017 when the Danish organisation succeeded in substantially increasing its profit through an optimised core business, which has resulted in both better earnings on completed assignments and fewer losses through conscious opt-out of assignments with an unattractive risk profile. Arkil's nationwide position has also allowed us to participate in the positive developments in local and regional markets which have resulted from improved economic conditions. In line with the strategy, Arkil is also continually expanding its activities in Denmark and in 2017 this was expressed e.g. through the decision to establish an office in Aarhus and a department focusing on shell structures.

In 2017, foreign activities also contributed to improvements in the Group's total profit, and both activity levels and earning levels have been improved. Here, the activities have primarily focused on local and regional markets, where there is currently also good demand for Arkil's core services.

Overall, the Group has realised a growth of DKK 123 million, corresponding to 4% and a profit margin of 4.8% with a profit before tax of DKK 148 million.

Continued strategic focus on the core business

On this basis, the strategic direction remains unchanged and is focused on creating steady and controllable growth both organically and through relevant acquisitions to expand the Group's core business within construction projects and related specialist and other services. The success of this strategy is very much dependent upon it being possible, including in future years, to attract and retain talented, committed and well-qualified workforce, which is therefore a significant element in the strategic focus. At the same time, there is a strong focus on market development and preparedness for restructuring in order to ensure that the business is ready to act when new opportunities arise in the market or when the economic conditions change.

Expectations in 2018

At the start of 2018, there are prospects of a market that is comparable to 2017, albeit with a certain decline within parts of the construction area, but these will be balanced out by other activity. The Arkil Group has strong financial contingency, and there are possibilities for profitable growth, although the availability of qualified workforce during the course of the year, etc., could turn out to be a limiting factor. For 2018, a revenue of around DKK 3-3.2 billion is anticipated, which is around the same level as 2017 and the anticipated profit before tax is in the range of DKK 110-140 million. The slightly lower anticipated profit compared to 2017 is because the 2018 surplus is expected to be under mild pressure due to a general decline in construction activities in Denmark, including harbour and water-related construction.

Long-term goals for growth and profit margin will be maintained

The earning level in 2017 was higher than the Group's long-term goal of a profit margin of 3.5%, which was better than expected. The Group still anticipates that the long-term average earnings will be around 3.5% over the economic cycles, and that it will be higher in some periods and lower in others. Long-term growth is expected to continue to be in the region of 5% per annum, and earnings are still prioritised over revenue.

Continued solid capitalisation and strong contingency in terms of liquidity

Arkil's activities include construction projects with varying cash flow requirements and activities with substantial seasonal fluctuations. This results in extremely high requirements concerning financial contingency in order to ensure the Group's strategic and financial freedom to act, including during periods with major cash withdrawals. Management therefore aims for Arkil's equity ratio to be in the region of 45% but deviations may occur and will be permitted in connection with acquisitions, for example.

Arkil aspires for the Group's activities to be self-financed. To the extent deemed appropriate and relevant in relation to ensuring flexibility and optimising returns on invested capital, borrowed capital is also periodically used to finance the Group's activities. Based on the desire for a conservative capital structure policy and a moderate financial risk, the Group's policy is for interest-bearing debt, including pension liabilities, not to exceed 50% of equity

The combination of the desired capital structure and long-term earnings goal results in a return on invested capital goal of around 9.5% ROIC including goodwill.

ARKIL'S LONG-TERM FINANCIAL OBJECTIVES

- To achieve an average annual growth of approximately 5%, as considerations for profits have higher priority than considerations for revenue.
- To achieve a profit ratio (EBIT margin) of at least 3.5%.
- To achieve a return on invested capital of at least 9.5% (ROIC), including goodwill.
- To achieve and maintain solvency at a level of 45% throughout the period.

DEVELOPMENTS IN DANISH ACTIVITIES

With the general decline in the number of government infrastructure projects put out for tender, and opting out of projects with too high a risk profile, e.g. in the railway sector since the middle of 2016, the order backlog at the start of 2018 has reduced in Denmark compared to previous years, which was also the case at the start of 2017. Nevertheless, revenue has increased from DKK 2.1 billion to DKK 2.2 billion, which is an expression of the falling activity in major and long-term projects being balanced out by ongoing local and regional activity, which is not reflected in the same way in the order backlog.

Specific, major construction projects being implemented during the course of the year include the construction of the Tvis-Aulum motorway contract between Herning and Holstebro, the side expansion of the E45 between Skanderborg and Århus, section II in the Damhusledningen climate protection project for HOFOR in Hvidovre, structures for storage and transport of biomass at the Amagerværket plant, a platform bridge on the coast at Køge, construction work for the light rail network in Odense and a number of different road, construction and sewage projects across the entire country. While there is currently a decline in the number of bridge constructions being put up for tender, there are increases in terms of other types of structures relating to rising construction activity. The interest in long-term strategic partnerships in the supply area is also rising, and a six-year framework agreement was entered into with Vejle Forsyning at the end of the year. Arkil has similar contracts in Århus and the surrounding region as well as in Silkeborg and Aabenraa.

Production from the four Danish asphalt plants at Næstved, Skive, Århus and Skrydstrup has increased since 2016, as a result of the contracts for the Holstebro motorway and the expansion of the E45, among others. The increased capacity utilisation has contributed to improved earnings on the Group's overall asphalt activities. The local authorities' investments in remediation of asphalt surfacing is considered to be similar to previous years, and supplemented by slightly increasing activity within land development. During the course of the year, investments have been made in several initiatives to reduce energy consumption in asphalt production for the benefit of both the environment and the economy, and the machine park for milling and specialist surfacing has been supplemented.

Within operations and maintenance of roads and parks, 2017 was the first full year of the operating contract in the municipality of Tønder, which was won in 2015 and commenced in 2016. It has been a lengthy process in which synergies and optimisation of production have been utilised and this is now coming to fruition, and the continued contract in the municipality of Greve as part of the PV Greve joint venture is also contributing to activity and the bottom line in Arkil Vejservice. 2017 was also the last year of the previous operating contract for the state road network on behalf of the Danish Road Directorate, for which Arkil has had a contract across all of Jutland and Funen. The tender competition concluded in late summer 2017 with a new four-year period and Arkil won the contract again for Southern Jutland and Funen and was awarded a new contract in Zealand, but did lose its activities in Northern and Western Jutland from the start of 2018.

Favoured by increasing residential and commercial construction, the Group's foundation activities have been busy when it comes to piling and sheet piling with high activity throughout the year with both public and private sector customers. The same applies to groundwater reduction activities, while remediation of soil pollution has been more limited during the year. Climate protection projects that e.g. include major underground tunnel structures for the storage and transport of large volumes of water have not seen the anticipated increase in supply but remain an area in which decent levels of activity are expected now and in coming years. Within harbour and water developments, there have been high levels of activity in the project for upgrades and renovation of the harbour facility at Naval Base Frederikshavn (FLS FRH), which was awarded in 2016 but has now been completed.

With increased revenue of 3% in Denmark and a primary operating result of DKK 100 million compared to DKK -38 million last year, there have, as expected, been very positive developments for the Group's Danish activities. Adjusted for the depreciations from 2016, which amounted to DKK 94 million, we are looking at increased earnings of DKK 44 million. As such, the profit margin in Denmark is 4.5%. This is somewhat above the Group's overall goal, and must be considered satisfactory and based on broadly positive developments in the above-mentioned activities and the absence of any new major loss-making projects.

There are still ongoing legal disputes regarding certain previously mentioned projects from 2016, which have now been completed. This relates to the railway renewal in Eastern Funen and a project comprising 18 road bridges across the railway at Lolland/Falster. During the course of the year, the legal process has been advancing slowly and the cases have been considered and adjusted continually in relation to potential outcomes.

A key element in the effort to avoid greater losses in the project has been a structured and systematic approach to the assessment of potential risks, with the inclusion of the correct expertise and experience in such assessments through the establishment of a risk committee. This is also a prerequisite for being able to take on major projects and comprehensive contracts in future, where the risk of major individual losses is greater than in less extensive projects.

Expectations for 2018

Compared to the years after the financial crisis, the economic activity in society is substantially higher, with growth in both private and public sector construction. This activity generates a broader basis for activity for the construction area, which is a key reason for the progress in terms of revenue and profits on Danish activities. Another important factor is the financial situation in the municipalities, which is generally good and could mean that the general need for maintenance and new developments in municipal infrastructure will be better managed than before. Municipal construction activities are governed by the construction budget, which is currently set at DKK 17 billion for the country as a whole. This does not cover the investment need, and activities could therefore slow down in 2018, depending on the outcome of the ongoing negotiations between the Ministry of Finance and Local Government Denmark.

There is a downtrend in the government sector, particularly when it comes to investments in road infrastructure. The railway sector is stable, and the need for renewal – including as a result of the effects of the electrification programme – is pronounced. In spite of a relatively high supply of railway projects, Arkil has opted out of a number of projects of this type due to uncertainties in terms of scope, schedule and other contractual risks that could not be determined to a satisfactory level. The sector remains of interest to the Group but will be prioritised solely for projects where the probability of a mutually satisfactory outcome of the project is adequately high.

Within the road sector, the activity level is characterised by lack of a long-term plan for government infrastructure now that the 2008 Infrastructure Fund is running out. The rising congestion underlines the need, but the currently scheduled investments are inadequate for rectifying the problem. This has resulted in excess capacity on the part of construction companies, accompanied by an increased willingness to accept risks and pricing pressure.

With regard to construction and asphalt activities in Arkil, there is broad capacity both professionally and geographically, and an individual area such as government investments in motorway expansions cannot individually have a determining influence on the year's activities and earnings. It is the total supply across professional and geographical areas that is of importance to the Group's development, and the current trend is flat overall and the risk of stagnation in a highly competitive market is real.

The degree of outsourcing of municipal construction activities in the park and road sector still shows room for improvement. There are major differences between municipalities, and there is therefore unused potential. Nevertheless, no substantial increase is expected in the coming year, and while Arkil Vejservice has renewed its contract within the Danish Road Directorate's area for the next four years, the scope of the contract is somewhat smaller than the contract that came to an end in 2017, and some decline in this type of activity is therefore anticipated.

The market for harbour and water-related developments looks to have peaked for now, with the conclusion of a number of major tenders in 2017, and the order backlog at the start of 2018 is somewhat lower than at the same time last year in this area.

As such, the overall situation in Denmark is a construction market supported by relatively positive economic conditions that partly compensate for stagnation in government infrastructure investments. Arkil remains in a good position to benefit from this market situation, and, during the course of the year, Arkil has increased its presence in Copenhagen, Odense and Århus, and within concrete activities there is also an increased focus on building structures and shell constructions in line with declining bridge and construction developments.

Based on the above, a revenue in line with 2017 is expected in Denmark for 2018 and the anticipated profit before tax is expected to be slightly lower than 2017.

Financial information for Danish activities

(DKK million)	2017	2016	2015
Revenue	**2,213.3**	2,144.0	2,407.8
Returns on primary operations	**100.0**	(37.6)	(4.8)
Segment assets	**1,377.6**	1,211.9	1,084.4
Growth in revenue, %	**3.2**	(11.0)	20.1
Profit margin, %	**4.5**	(1.8)	(0.2)
Return on invested capital (ROIC), including goodwill, %	**14.3**	(5.0)	(0.7)
Return on invested capital (ROIC), excluding goodwill, %	**16.0**	(5.6)	(0.8)
Number of employees	**1,228**	1,272	1,377

DEVELOPMENTS IN FOREIGN ACTIVITIES

Activities abroad include construction activities in Germany, Ireland and Sweden.

Revenue abroad increased overall as a result of moderate growth in all markets. Revenue was DKK 927 million compared to DKK 873 million the previous year, corresponding to a growth of 6%. Foreign profit has increased from 5.0% in the previous year to 5.6% in 2017. This is slightly better than anticipated at the start of the year.

Germany

The order backlog at the start of the year was slightly better than the previous year, but the very wet weather meant that full production could not be achieved early in the year, which resulted in some backlog into the spring, but this was corrected during summer and autumn. Activities in the western part of the Group's market area, from Schleswig-Holstein down to Hamburg, has otherwise been characterised by high demand and increasing activity, driven by improved economic conditions. Things have been somewhat slower in the eastern part, in Mecklenburg-Vorpommern, and asphalt production in particular has this year experienced lower activity again in this area, while construction activities have been somewhat better. Overall, the activity and profit growth is satisfactory and slightly better than anticipated.

The market for pipe renovations without excavations (CIPP linings) is experiencing intensive price pressure and the returns on this smaller niche in the Group's German activities have been lower than expected. In spite of the continued trend of moving from felt liners to fibreglass-reinforced liners, which Arkil installs, the capacity among both manufacturers and installers is higher than the demand.

Following a long period in which many German cities have reduced investments in climate protection through e.g. tunnelling of larger retention basins and transport pipes for rain and waste water, there is once more increasing demand.

In terms of larger contracts in development, the expansion and renewal of Bundessstraße B76 in Kiel, sewage renovation in the coastal town of Skt. Peter-Ording, the sewage project in Flensborg, resurfacing and improvements in Lübeck, development of the L12 road, Wismar and pressurised pipes in Riems can be noted. Additionally, there are a large number of sewage linings carried out by Arkil Inpipe in Hanover, Dresden and central Germany in general. In Arkil Spezialtiefbau, similar levels of piling and tunnelling of pipes in large dimensions for rain and waste water are also performed, and the company is involved in projects in e.g. Hamburg, Dortmund and Wertheim near Frankfurt.

At the start of 2018, the order backlog in Germany, particularly within roads and construction, was somewhat higher than at the same time last year and the market is generally positive with good levels of demand. The production volume at the five German asphalt factories can however vary somewhat, and the renovation tempo for the road network in the eastern part of the market area continues to be lower than in the western part.

Ireland

The developments that characterised Arkil Ltd. in Ireland in both 2015 and 2016 continued in 2017. Construction activities and propensity to invest in society are stable, demand is relatively broadly based across the sectors and this is reflected in the demand for the company's main activity area, which is the quarrying and production of stone materials for the construction and civil engineering industry, as well as production and spreading of asphalt. To a lesser extent, traditional construction work will also be undertaken in collaboration with local subcontractors and partners. Overall, there has been a slight growth in revenue and satisfactory returns around the same level as last year.

Major projects that the Group has contributed to through the delivery of materials and/or specific works include land development in Dublin and the surrounding area, a railway bridge in Oberstown, a school building in Maynooth, supply of ballasting for the railway authorities in the southern part of the country, and asphalting and renewal in Carrigaline, Cork and surrounding towns. In Kerry, the supply of stone materials for the multi-year project to expand the N86 road on the Dingle peninsula has commenced, while the supply of high-friction materials from e.g. England has dropped substantially as a result of the weakening of the British pound following the Brexit vote.

Prospects in Ireland remain moderately positive, but there are great uncertainties regarding the consequences of Brexit, which are having a substantial effect on Ireland when it comes to policy and the economy. However, we do note that activities and propensity to invest remain high, the lack of housing is pronounced following years of stagnation in the housing market, and the demographic composition of the country is relatively favourable for continued economic growth. The need for development of new infrastructure and modernisation of the local road network in the region are pronounced, and, subject to stability in current economic conditions, activity and earnings could be maintained at a satisfactory level.

Sweden

Activities in the Swedish market continue to consist predominantly of the manufacturing and sale of fibreglass-reinforced liners for sewage CIPP linings. The product is sold internationally with the main market being the Nordic region. This is always a case of sale of liners to construction companies that carry out the installation of the product on behalf of the end customer.

Developments in 2017 were positive, with growth in both revenue and earnings, favoured through stable demand in the important Nordic market and an increasing demand in the Irish market.

The renovation tempo for sewage pipes held by end customers is still not fast enough to catch up, and the manufacturers have the capacity for higher production than is currently the case. There is generally an increasing interest in the stronger, fibreglass-reinforced liner, and Inpipe Sweden recently achieved WRC authorisation for its product, an authorisation required for the sale of liners to end customers in the UK.

Operational optimisation and the reduction of errors in production, as well as the training of customers in correct handling and installation of the product have been key focus areas, and this has had a positive effect and contributed to the positive developments in terms of results.

The market situation in 2018 is expected to be unchanged, with the focus on increased supply to existing customers and an expansion of market areas in which the opportunities and potential for earnings indicate this.

Expectations for 2018

For the entire international segment, activities around the same level as 2017 and a profit before tax slightly lower than 2017 are expected based on the above.

Financial information for international activities

(DKK million)	2017	2016	2015
Revenue	**927.1**	873.0	938.9
Returns on primary operations	**51.5**	43.9	47.1
Segment assets	**640.2**	605.1	636.6
Growth in revenue, %	**6.2**	(7.0)	8.4
Profit margin, %	**5.6**	5.0	5.0
Return on invested capital (ROIC), including goodwill, %	**14.4**	15.1	15.7
Return on invested capital (ROIC), excluding goodwill, %	**17.6**	19.5	20.1
Number of employees	**595**	590	590

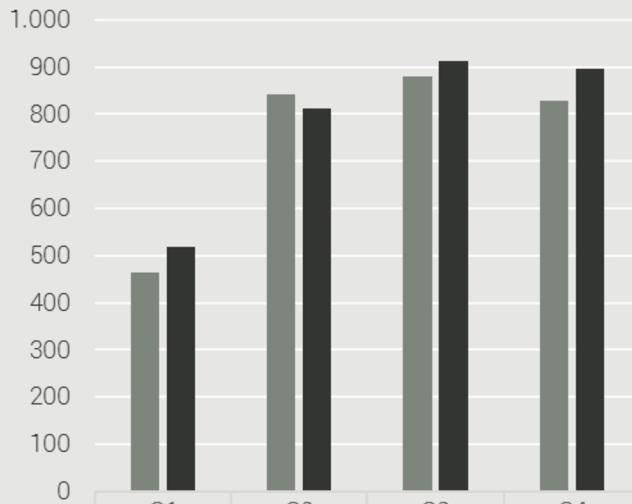
ACCOUNTING REPORT

Activities in Q4 2017

Arkil's revenue in Q4 2017 amounted to DKK 898 million, thus increasing by 8.1% from DKK 830 million compared to the same period last year. Operating profit (EBIT) for the period has been realised at DKK 35 million and a profit ratio of 3.9%, compared to last year DKK 28 million and a profit ratio of 3.4%. Profits before tax in the quarter were DKK 34 million compared to DKK 27 million last year.

It is noted that Arkil's operations vary from quarter to quarter as a result of the underlying seasonal market in which the Group operates.

NET REVENUE (DKK MILLION)



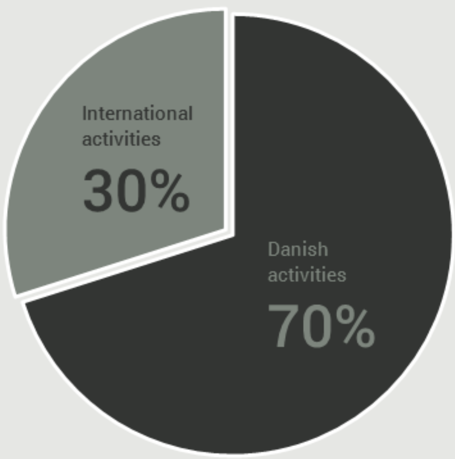
	Q1	Q2	Q3	Q4
2016	465	841	881	830
2017	518	811	914	897

RETURNS ON PRIMARY OPERATIONS (DKK MILLION)

	Q1	Q2	Q3	Q4
2016	(68)	(5)	51	28
2017	(32)	65	84	35

REVENUE DISTRIBUTED BY SEGMENT
Q4 2017

REVENUE DISTRIBUTED BY SEGMENT
Q4 2016



Trend in 2017 expectations

DKK million	Expectations in the 2016 annual report	Changed expectations for revenue, Q2 2017	Changed expectations for profits, Q3 2017	Net for 2017
Revenue	Approximately 3,000	Approximately 3,100	Approximately 3,100	3,140
Net profit before taxes	60-90	90-120	120-150	148

Profit trend in 2017

Net profit before tax was substantially higher than in 2016 due to improved operations across the Group's broader activities and the fact that 2017 profits were not affected by any major depreciation to the same extent as in 2016. The total depreciation in 2016 amounted to DKK 94 million.

For the 2017 financial year, revenue has been realised at DKK 3,140 million compared to DKK 3,017 million in the previous year, corresponding to a decline in revenue of 4.1%. As such, revenue was realised in line with the most recently announced expectations and reflects an increase in activities of 6.2% in the international activities segment and an increase in activity of 3.2% in the Danish activities segment.

Production costs amounted to DKK 2,719 million and the gross margin was realised at 13.4%, compared to 9.0% in 2016.

The gross margin has improved substantially on the basis of adjustments and improved utilisation of production costs, improved performance and the fact that the production costs in 2017 were not affected by major depreciation to the same extent as in 2016.

In 2017, the Group's administration costs amounted to DKK 266 million and therefore rose by DKK 4 million or 1.5% compared to 2016, as a result of increased activity and general cost increases. Administration costs amounted to 8.5% of revenue in 2017 compared to 8.7% in 2016.

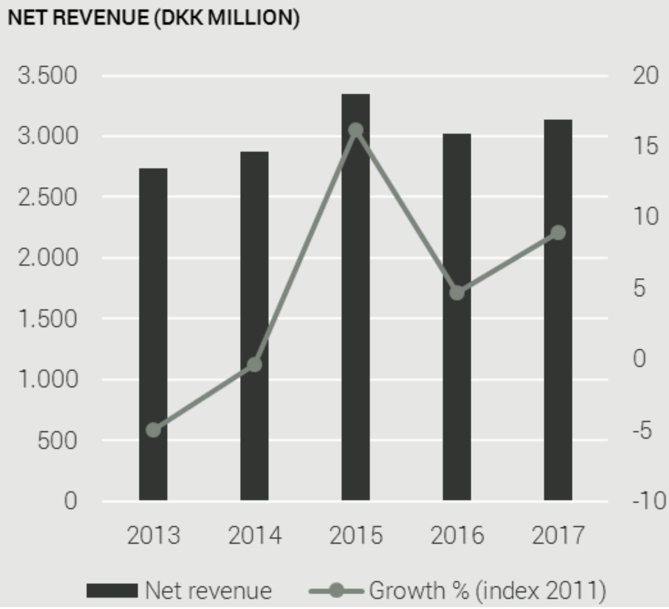
Operating profit (EBIT) was realised at DKK 151 million in 2017 compared to DKK 6 million last year, corresponding to a realised profit margin of 4.8% in 2017 compared to a realised profit margin of 0.2% the previous year.

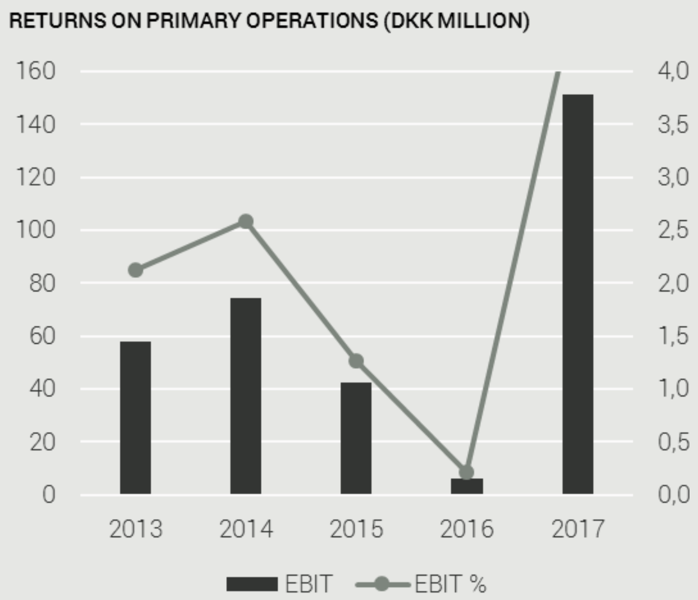
Financial income amounted to DKK 2 million compared to DKK 3 million in 2016.

Financial costs amounted to DKK 6 million in 2017 compared to DKK 4 million in 2016.

Before tax, the Group realised a profit of DKK 148 million in 2017 compared to DKK 5 million in 2016. The profits were realised at the upper end of the latest expectations announced.

Taxes for the year amounted to DKK 36 million, corresponding to a tax percentage of 25%. After tax, the Group realised a profit of DKK 112 million compared to DKK 6 million in 2016.

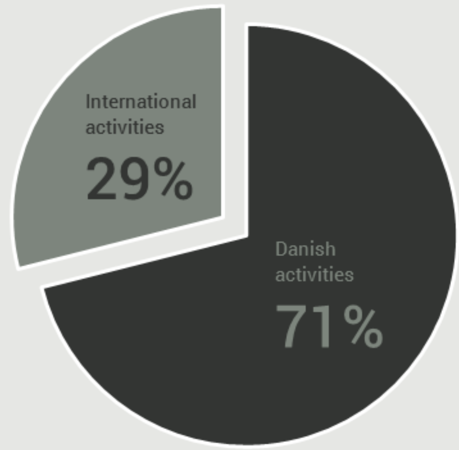




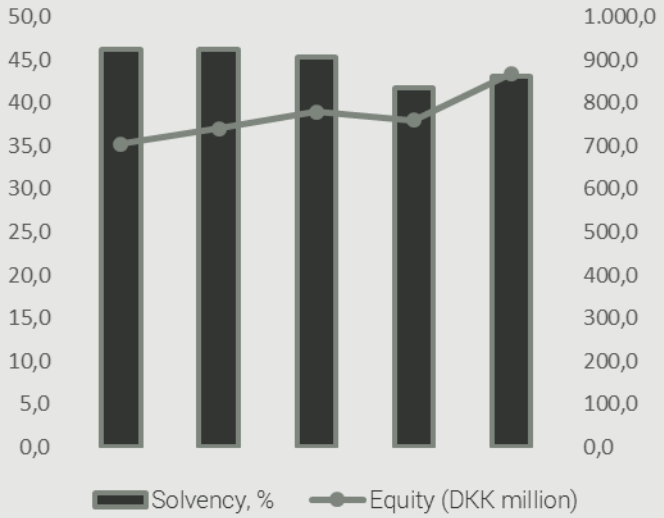
PERFORMANCE OF ASSETS (DKK MILLION)

REVENUE PERCENTAGE 2017

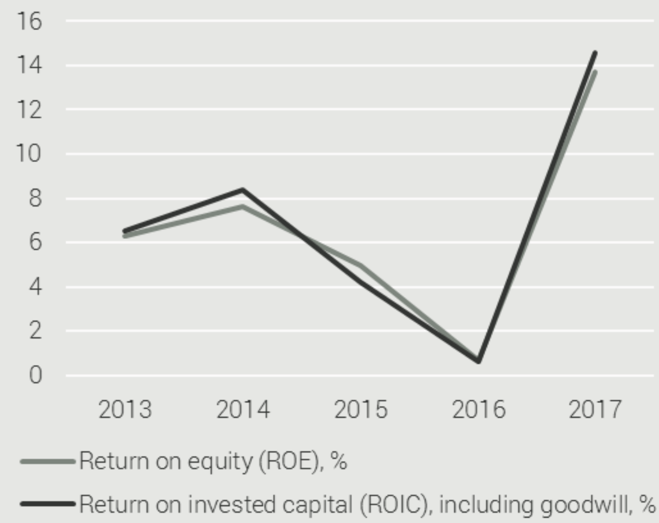
REVENUE PERCENTAGE 2016



EQUITY AND SOLVENCY



ROIC AND ROE



Balance with solid capitalisation

As of 31 December 2017, the Group's balance amounted to DKK 2,018 million, representing an increase of DKK 201 million compared to the balance at the end of 2016.

On the balance sheet day, long-term assets amounted to DKK 815 million, corresponding to an increase of DKK 45 million compared to the same time in 2016.

Short-term assets increased throughout the year by DKK 156 million to DKK 1,203 million. The Group's amounts owed constituted DKK 740 million, compared to DKK 638 million in 2016. Cash and cash equivalents were increased by DKK 67 million to DKK 226 million.

On the balance sheet day, equity amounted to DKK 868 million, corresponding to an equity ratio of 43.0%, which is 1.2 percentage points higher than last year. Realised profit in 2017 thereby paid interest on equity of 13.7% compared to 0.7% in 2016.

Long-term liabilities increased by DKK 38 million and amounted to DKK 379 million at the end of 2017.

Total short-term liabilities amounted to DKK 771 million at the end of 2017 compared to DKK 717 million in 2016.

Interest-bearing debt had decreased by DKK 39 million to DKK 223 million as of 31 December 2017. Added to cash and cash equivalents and securities of DKK 252 million, the net interest-bearing holding amounted to DKK 29 million.

Invested capital including goodwill amounted to DKK 1,046 million, and return on invested capital (ROIC) including goodwill was realised at 14.5% in 2017.

Cash flows and cash position

On the basis of increased operating results, the Group's cash flow from operating activities has increased by DKK 195 million to DKK 263 million in 2017.

The year's net investments in tangible and intangible assets amounted to DKK 151 million compared to DKK 109 million in the previous year.

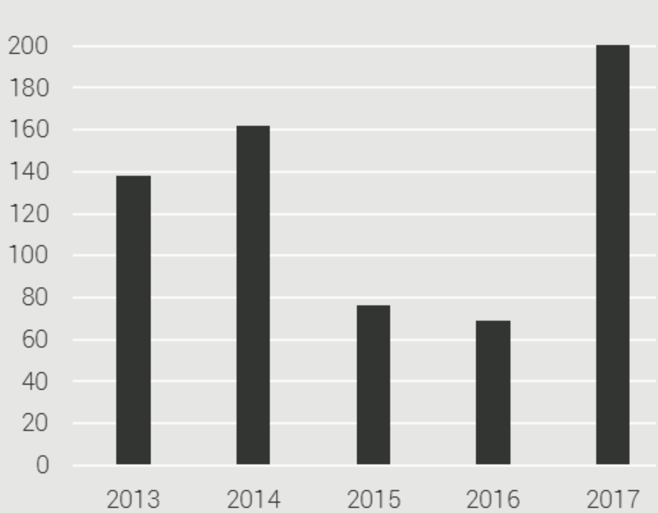
Cash flows from financing amounted to DKK -57 million, compared to DKK -62 million in the previous year.

As a result, cash and cash equivalents were increased by DKK 139 million from DKK 87 million in 2016 to DKK 226 million in 2016.

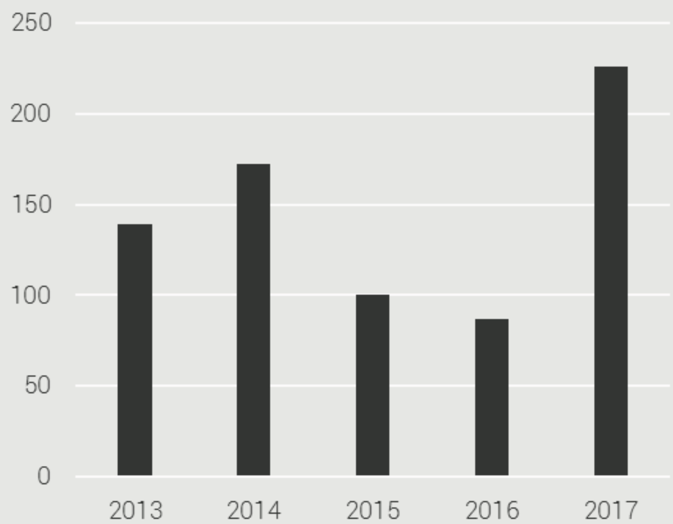
Events after the end of the financial year

The Board of Directors and Management are not aware of any events of importance to the Group and the company's financial position occurring after the end of the financial year.

CASH FLOW FROM OPERATING ACTIVITIES (DKK MILLION)



CASH AT BANK OR IN HAND (DKK MILLION)



RISK MANAGEMENT

The Board of Directors of Arkil Holding annually evaluates and approves the strategic plans for the Arkil Group and the individual business segments. Arkil Holding Group activities that fall within the construction industry involve a number of commercial and financial risks.

Risk management is predominantly aimed at hedging risks in the Group's most crucial business process, project management. Project management covers the phases from invitation to tender to implementation. Based on the scope and complexity of each assignment, a systematic assessment will be carried out on project risks in all phases, and various parts of the organisation may be involved at different times in the process. A risk committee has been established, tasked with ensuring that significant risks are highlighted and managed in advance and always receive the necessary attention within the implementing organisation and line management. The risk management process contributes to ensuring that the Group only engages in projects with an acceptable risk profile within the Group's core expertise.

Commercial risks

Arkil Holding's activities involve a number of commercial and financial risks. The Group's strategy is to minimise and hedge commercial and financial risks through established risk management.

The Group's key activities are predominantly routine tasks with known risks that can be minimised through risk management. The most significant operating risk for the Group depends on the ability to be flexible, where the possibility of rapid adjustment to current market conditions within the Group's business areas is a key factor.

Major specialist projects are often carried out as joint ventures with experienced partners as well as in collaboration with specialists, ensuring that risks are reduced. Collaborations based on partnering and early tendering, in which contractors are involved in the projects before initiation of the design and planning phases, strengthen risk coverage in projects.

The Group's insurance strategy is to cover significant risks that the Group itself does not have direct influence over and that may pose a threat to the Group's financial circumstances and existence.

Factors that may result in the achieved returns deviating substantially from expectations include, but are not limited to, developments in economic trends and financial markets, technological development, changes to laws and regulations in Arkil's markets, competition, the supply of assignments within the Group's business areas, weather and climate conditions in the Group's markets and the acquisition and sale of activities and companies.

Raw material risks

Based on a risk assessment, the Group's policy is to cover financial risks relating to future fluctuations in raw material prices included in the Group's services.

Such risks are generally covered by entering into fixed price agreements with suppliers concerning the supply to projects. To the extent that fixed price agreements are not entered into, the risk will be covered selectively based on a risk assessment in accordance with the Group's policy using financial instruments in the form of raw material swaps.

Financial risks

As a result of operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group's policy is to not carry out active speculation involving financial risks. The Group's financial management is therefore aimed only at the management of risks that form a natural part of the operations. The Group's financial risks are predominantly covered through the allocation of revenue and costs in the same currency and the use of derivative financial instruments in accordance with policies approved by the Board of Directors.

Foreign exchange risk

The Group's policy is to limit the impact of currency exchange fluctuations on the Group's return and financial position. Revenue in foreign currency is not indicative of the Group's foreign exchange risk as the majority of costs relating to foreign revenue are in the same currency.

The Group's foreign exchange position is centrally managed and coverage is selective. Only positions based on business conditions will be taken. The Group has substantial transactions/exposure in EUR but the management does not consider there to be any significant currency exchange risks in relation to this. The Group does not otherwise have any substantial currency exposure.

Interest risk

The Group's cash and cash equivalents are invested on demand or as scheduled deposits with a maturity of up to three months in high-interest financial institutions and listed bonds and shares.

Interest on interest-bearing holdings is variable. The Group's interest-bearing net holdings, specified as debt to credit institutions less holdings of negotiable securities and cash and cash equivalents, constituted DKK 29 million at the end of 2017 compared to DKK -77 million at the end of

2016. A 1% rise or drop in the interest level compared to the balance sheet day would have only insignificant impact on the Group's returns and equity.

Cash flow risks

The Group's policy in connection with borrowing is to ensure the greatest possible flexibility through diversification of borrowing at maturity/renegotiation dates and counterparties with regard to pricing. The Group's cash reserves consist of cash and cash equivalents, securities and unused credit facilities. The Group's aim is to have a sufficient cash position to continue to act effectively in the event of large seasonal fluctuations in cash flow, as is characteristic of the construction industry.

Credit risks

The vast majority of the Group's customers are public and semi-public clients for which the risk of financial loss is considered minimal. The Group's receivables from sales to other customers are exposed to ordinary credit risk.

A critical credit check is carried out of customers before construction contracts are entered into. Furthermore, receivables from sales to other customers are covered to the extent appropriate and necessary through payment guarantees in the form of bank guarantees. The Group does not have any significant risks relating to individual customers or partners.

IT Security

The Group's activities are highly dependent upon the use of established IT systems and the security relating to these. Any prolonged downtime or other system weaknesses could be substantially damaging to the Group.

The management has created an IT policy that is discussed and updated by management on an ongoing basis. The purpose of the policy is to protect the Group's data, systems and intellectual property. Specific data security systems have been established in the form of e-mail filters, anti-virus software, firewalls and monitoring programmes.

Internal control and risk management in connection with financial reporting

Arkil Holding's internal control systems and procedures for financial reporting are included in 'Corporate governance,' which is part of the 2017 Annual Report, cf. Section 107b of the Danish Financial Statements Act, available at https://www.arkil.dk/investors/shareholder-information/corporate-governance.

MATTERS RELATING TO MANAGEMENT

Recommendations for corporate governance

As a listed company, Arkil Holding A/S is obliged to follow the rules that apply to companies listed on Nasdaq Copenhagen. The rules include a national code of corporate governance.

According to item 4.3 of the "Rules for issuers of shares – Nasdaq Copenhagen", Danish companies must report on how they relate to the Committee on Corporate Governance's "Recommendations for Corporate Governance" of 6 May 2014, based on the "comply or explain" principle. The recommendations are available at www.corporategovernance.dk and set out that it is just as legitimate to explain as it is to comply with a specific recommendation, as the key is to create transparency in corporate governance matters.

With certain exceptions, Arkil Holding complies with the recommendations. The exceptions are:

- The company has no age/time limits for board members set down in the articles of association, but there has been natural replacement of the board over the years. The composition of the Board of Directors will be determined based on the expertise, professional qualifications, business experience and personal characteristics of the board members.
- A nomination committee has not been established. The Board of Directors continuously evaluates the relevance of a nomination committee and has thus far not considered it necessary to establish such a committee. The task is managed by the Chairman of the Board/the entire board.
- A remuneration committee has not been established. The Board of Directors does not currently consider it necessary to establish a remuneration committee, based on the size of the board. The task is managed by the Chairman of the Board/the entire board.
- Remuneration for the management has not, as recommended, been specified for individual members. It is considered sufficient to provide information about the remuneration for the overall management.

Further information about how Arkil Holding complies with the individual recommendations in 'Den lovpligtige redegørelse for virksomhedsledelse' (Corporate Governance), cf. Section 107b of the Danish Financial Statements Act can be found on Arkil's website – https://www.arkil.dk/investors/shareholder-information/corporate-governance.

The role of the shareholders and interaction with corporate management

The company strives to provide information and opportunities for dialogue with its shareholders through regular publication of news, financial reports and annual reports, as well as at the annual general meeting. All published information is made available to investors on the company's website on an ongoing basis.

Shareholders also have ongoing opportunities to communicate with corporate management and the Chairman of the Board.

The general meeting is the company's highest authority. Annual general meetings are ordinarily held in the month of April.

The Board of Directors will convene the general meeting with a notice period of at least three weeks and at most five weeks. The notice will include the agenda of any matters that will be discussed. The annual report and proposals will be issued to named shareholders who have expressed a desire to receive such information no later than eight days prior to the general meeting. All shareholders are entitled to attend and vote, in person or by proxy, and to submit proposals for matters to be discussed. Shareholders may authorise the Board of Directors in respect of any agenda item.

The company strives to ensure that the entire Board of Directors is present at the general meeting.

Stakeholders' role and importance to the company and corporate social responsibility

The company wishes to enter into constructive dialogue with its shareholders and other stakeholders and to maintain a high level of transparency in its communications. Policies have therefore been established for a number of focus areas, such as communication, employees, environment and responsibility towards customers and society as a whole.

For a description of corporate social responsibility, please refer to the specific statement in the annual report.

Openness and transparency

The company believes that adequate and timely communication of information to shareholders and the financial markets is necessary to ensure rational and fact-based valuation of the company's shares.

The company is committed to providing all investors and other stakeholders with equal access to information concerning the company's affairs. Information to the market is published via Nasdaq Copenhagen in Danish and, to the extent necessary, also in English. All information is also made available on the company's website at the time of publication.

The purpose and responsibility of the senior and central governing body

The Board of Directors is responsible for the overall management of Arkil and ensures that the management works in accordance with established objectives, strategies and business procedures.

The Board of Directors meets 5-7 times per year in accordance with a fixed schedule and one of the meetings is dedicated to determining the objectives and strategies for the Group and the individual business areas. Extraordinary meetings will also be convened if necessitated by circumstances.

The Board of Directors' rules of procedure form the basis for the Board of Directors' work. The rules of procedure will be updated at least once per year.

As a natural part of its work, the Board of Directors discusses the Group's management processes to ensure that they largely comply with international recommendations and views and meet statutory requirements for corporate governance.

The Board of Directors has established guidelines for management reporting to the Board of Directors. The Board of Directors also receives reports concerning the company's situation from the management, as well as special reports when required. As such, the management will inform the Board of Directors on an ongoing basis about development and profitability, financial position and other operational matters relating to the business areas. Information will be systematic, both through meetings and written and verbal communication.

The Board of Directors will elect a chairman and a deputy chairman who together constitute the chairmanship. The duties, obligations and responsibilities of the chairmanship have been set down in the rules of procedure and include the facilitation of board meetings in collaboration with corporate management.

The Board of Directors can establish a committee to manage specific tasks. Pursuant to Section 31 of the Danish Auditors Act, an audit committee comprising two board members, Birgitte Nielsen (Chairman) and Per Toelstang (member), has been established. The committee held four meetings during the course of this year. The mandate of the committee can be found at www.arkil.dk. Ongoing assessment is carried out to determine whether it is relevant to establish other committees.

The Board of Directors comprises a total of five members. The Board of Directors is elected by the general meeting for one year at a time. The company has no age/time limits for board members set down in the articles of association, but there has been natural replacement of the board over the years.

The Board of Directors evaluates the composition and number of board members on an ongoing basis.

The Board of Directors carries out an annual evaluation of board composition, the way in which the board works and acts and the collaboration between the Board of Directors and the management, etc. The evaluation of the Board of Directors' work for 2017 was managed by the Chairman by individual completion of a questionnaire and subsequent joint discussion of the results and opportunities for improvement of the board works.

The procedures for nomination of new candidates for the Board of Directors ensure that the composition of expertise and diversity are taken into account so that the Board of Directors can perform its duties in the best possible manner. Specific targets have been set out for the proportion of the underrepresented gender on the Board of Directors. Two of the five members of the Board of Directors are female. Arkil therefore complies with the statutory definition of an equal gender distribution. In this connection, please refer to page 22 of the CSR report.

Rules for amendments to the Articles of Association

Changes to the Articles of Association proposed or adopted by the Board of Directors require that decisions relating to changes are adopted by at least 2/3 of both the votes cast and the share capital represented at the general meeting, unless otherwise set down in legislation or the company's Articles of Association, which can be viewed at www.arkil.dk.

Management remuneration

Principles for remuneration of the corporate management for the purpose of ensuring that these are in accordance with common practice for comparable companies and that they reflect the required performance.

SOCIAL RESPONSIBILITY

No unusual severance packages have been agreed with the Board of Directors, corporate management or employees in management positions.

In the event of termination of employment in connection with a "change of control" in the form of the controlling interest in the company changing hands or the company being dissolved through a merger, the company's notice of termination to corporate management may be extended to 36 months.

The Board of Directors are paid a fixed remuneration, approved annually by the general meeting.

The Group does not have any share option schemes or similar.

Remuneration for corporate management has been described in more detail in the notes to the annual report.

Report on corporate social responsibility, cf. Section 99 of the Danish Financial Statements Act a and b

Social responsibility is an integrated part of the Arkil business strategy. The Group has a desire to act responsibly towards customers, employees, business partners and society. Arkil has chosen to publish its report on corporate social responsibility in a CSR report, available on the Group's website, see www.arkil.dk/Files/Files/CSRreport.pdf

SHAREHOLDER INFORMATION

Share capital and ownership

The share capital in Arkil Holding amounts to DKK 49.1 million, of which DKK 6.1 million is A shares and DKK 43.0 million is B shares. Arkil Holding's B shares are listed on Nasdaq Copenhagen, and the B capital is distributed across 429,820 shares with a nominal value of DKK 100 each. A shares carry ten times the voting rights of B shares.

The Board of Directors regularly evaluates whether the Group's capital structure is in line with the interests of the company and shareholders. The overarching goal is to ensure a structure that can support long-term profitable growth, including ensuring that the Group remains capitalised so that financing can be achieved at customary and appropriate terms.

The number of registered shareholders as of 31 December 2017 was 1,346. Registered capital amounted to DKK 35.1 million, corresponding to 71.5% of share capital.

Shareholders who, pursuant to Section 29 of the Danish Securities Trading Act, have reported shareholding in excess of 5% of the total share capital or voting rights can be found in the following form:

Shareholder composition

	A shares Nominal value (DKK)	B shares Nominal value (DKK)	Total shares Nominal value (DKK)	Number of votes	Vote %	% of share capital
Chief Executive Officer Jesper Arkil, 6100 Haderslev **	3,663,500	1,973,900	5,637,400	386,089	36.95%	11.47%
Director Jens Skjøt-Arkil, 6000 Kolding **	2,425,000	1,875,200	4,300,200	261,252	25.00%	8.75%
Lind Invest Aps, 8000 Århus C **		8,852,200	8,852,200	88,250	8.47%	18,01%
Ellen og Ove Arkils Fond, 6500 Vojens, including subsidiaries		2,437,500	2,437,500	24,375	2.33%	4.96%
The Group's own shares *		1,730,000	1,730,000	17,300	1.66%	3.52%
Other shareholders	61,500	26,113,700	26,175,200	267,287	25.58%	53.29%
Total	**6,150,000**	**42,982,300**	**49,132,300**	**1,044,823**	**100.00%**	**100.00%**

* No voting rights

** Shareholders who, pursuant to Section 29 of the Danish Securities Trading Act, have reported shareholding in excess of 5% of the total share capital or voting rights

Cf. Article 3.4 of the company's Articles of Association, B shares are securities issued to the bearer but can be listed by name in the company's register of shareholders. A shares are named shares and not securities. Division into two share classes has been established to ensure the company's independence for the benefit of shareholders, employees and other stakeholders. Furthermore, this contributes to ensuring a strong corporate culture.

The Group has not entered into any significant agreements that take effect, change or expire if the control of the Group is changed as a result of a successful takeover bid.

Please refer to page 23 concerning "change of control".

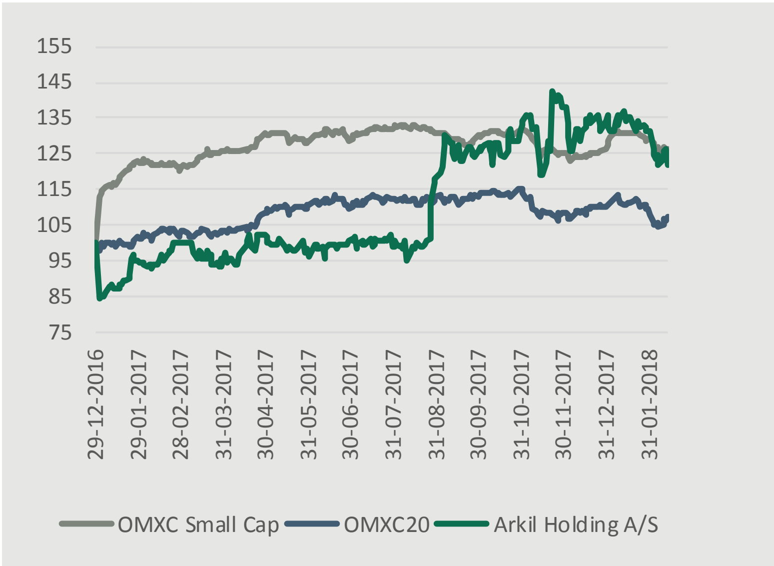
Pursuant to the authorisation of the general meeting, the corporate management may allow the company to acquire its own shares up to a total nominal value of 10% of the share capital. The authorisation shall be valid until the next annual general meeting. Pursuant to the authorisation of the general meeting, the corporate management may increase share capital by up to nominally DKK 15 million. The authorisation shall be valid until 1 April 2019.

As of 31 December 2017, the Group's own shares amount to 17,300 B shares, corresponding to 3.5% of share capital. The purpose is to achieve flexibility in connection with future acquisitions and strategic partnerships.

Price development and cash position

The stock exchange quotation for the company's B shares was 1,400 as of 31 December 2017, an increase of 60% compared to the quotation at the end of 2016. During the 2017 financial year, B shares were sold for a total of DKK 85 million, corresponding to average daily sales of around DKK 351,760.

Price development (End of 2016, Index 100)



Dividends

The aim is for shareholders to achieve a return on their investment in the form of price increases and dividends exceeding a risk-free investment in bonds. Payment of dividends will be made taking into account any necessary consolidation of equity as the basis for the Group's continued expansion.

General meeting

Arkil Holding will hold its annual general meeting on Thursday 26 April 2018 at 15:00 at the company's head office, Søndergård Alle 4, 6500 Vojens, Denmark.

Key figures relating to shareholders

		2017	2016	2015	2014	2013
Proposed dividend per DKK 100 share	DKK	15.00	10.00	15.00	10.00	10.00
Profits per DKK 100 share	DKK	219	(2)	66	108	86
Growth in profits per DKK 100 share	%	9,015	(104)	(40)	27	6
Internal value per DKK 100 share	DKK	1,767	1,546	1,586	1,507	1,432
Market value per DKK 100 share	DKK	1,400	875	1,044	848	610
Market value / internal value		0.79	0.57	0.66	0.56	0.43
Price / earning, end	DKK	6	N/A	16	8	7
Market value calculated based on quotation	DKK million	688	430	513	417	300

Company announcements in 2017/2018

17.02.2017	Reporting of managerial employees' transactions in Arkil Holdings' shares
17.02.2017	Reporting of managerial employees' transactions in Arkil Holdings' shares
17.02.2017	Major shareholder announcements
29.03.2017	Annual Report 2016
31.03.2017	Notice of general meeting
26.04.2017	Outcome of the annual general meeting of Arkil Holding A/S 2017
26.04.2017	Arkil Holding Annual Report 2016
24.05.2017	Interim financial report for Arkil Holding A/S for Q1 2017
24.08.2017	Upward revision of anticipated annual returns for the 2017 financial year
30.08.2017	Interim financial report for Arkil Holding A/S for Q2 2017
05.09.2017	Arkil enters into a contract with the Danish Road Directorate for the operation and maintenance of state roads
13.09.2017	Announcement of changes to the Board of Directors of Arkil Holding A/S
23.11.2017	Upward revision of anticipated annual returns for the 2017 financial year
29.11.2017	2018 Financial Calendar
29.11.2017	Interim financial report for Arkil Holding A/S for Q3 2017
29.01.2018	New CFO appointed

2018 Financial Calendar

22.03.2018	Publication of annual report for the 2017 financial year
26.04.2018	The Annual General Meeting
30.05.2018	Publication of interim report for Q1 of the 2018 financial year
31.08.2018	Publication of interim report for first 6 months of the 2018 financial year
28.11.2018	Publication of interim report for Q3 of the 2018 financial year

BOARD OF DIRECTORS AND CORPORATE MANAGEMENT/ COMPANY INFORMATION

■ **BESTYRELSE**

Director
Agnete Raaschou-Nielsen (Chairman)

Director
Birgitte Nielsen (Deputy Chairman)

Director
Per Toelstang

Director
Steen Brødbæk

Director
Steffen Baungaard

Agnete Raaschou-Nielsen *
Chairman

Born 1957, member of the Board of Directors of Arkil Holding since 2011
Education: Licentiate

Managerial office:

Brdr. Hartmann A/S
(Chairman of the Board of Directors)
Investment associations Danske Invest, Danske Invest Select, Profil Invest and ProCapture and the alternative investment funds Danske Invest Institutional and AP Invest (Chairman)
Novozymes A/S (Deputy Chairman and member of the audit committee)
Danske Invest Management A/S
(member of the Board of Directors)
Limited company Schouw & Co.
(member of the Board of Directors and member of the audit committee)

Birgitte Nielsen *
Deputy Chairman

Born 1963,
member of the Board of Directors of Arkil Holding since 2006
Chairman of the Audit Committee at Arkil Holding A/S
Education: HD (R), HD (U)

Managerial office:

Kirk Kapital A/S
(member of the Board of Directors)
Matas A/S (member of the Board of Directors and
Chairman of the audit committee)
De Forenede Ejendomsselskaber A/S (member of the Board of Directors)
Valby Maskinfabrik 7 Aps
(member of the Board of Directors)
Valby Maskinfabrik 8 Aps
(member of the Board of Directors)
Valby Maskinfabrik 10 Aps
(member of the Board of Directors)
Nimbusparken I Aps
(member of the Board of Directors)
Valbymaskinfabrik 11 Aps
(member of the Board of Directors)
Valbymaskinfabrik 12 Aps
(member of the Board of Directors)
Coloplast A/S (member of the Board of Directors)

Per Toelstang *

Born 1966, member of the Board of Directors of Arkil Holding since 2017.
Member of the Audit Committee in Arkil Holding A/S
Education: MBA, Chartered Accountant

Managerial office:

Uhrenholt A/S (Group CFO)
VN Glas A/S (member of the Board of Directors)
GP Horserider ApS
(member of the Board of Directors)

Arkil Holding A/S

Søndergård Alle 4
DK-6500 Vojens, Denmark

Telephone: 73 22 50 50
Website: www.arkil.dk
E-mail: arkil@arkil.dk
CVR no.: 36 46 95 28

Established in 1955

Home municipality: Haderslev

Auditor

Ernst & Young
Authorised Auditor

General meeting

The Annual General Meeting will be held on 26 April 2018 at the company's office,
Søndergård Alle 4,
DK-6500 Vojens, Denmark

Steen Brødbæk *
Born 1964,
member of the Board of Directors of Arkil Holding since 2014
Education: Electrical Power Engineer

Managerial office:
Semco Maritime A/S
(President & CEO)
Semco Maritime Drift AS, Norway
(member of the Board of Directors)
Semco Maritime AS, Norway
(member of the Board of Directors)
Semco Maritime Inc., USA
(member of the Board of Directors)
DI Energi (member of the Board of Directors)
Carl Ras A/S (member of the Board of Directors)

Steffen Martin Baungaard *
Born 1967,
member of the Board of Directors of Arkil Holding since 2014
Education: Building Constructor, MSc, Business Economics

Managerial office:
HusCompagniet A/S (CEO)
Die HausCompagnie GmbH
(Chairman of the Board of Directors)
Svenska HusCompagniet AB
(Chairman of the Board of Directors)
Vårgårdahus AB
(Chairman of the Board of Directors)
M. B. Packaging A/S
(member of the Board of Directors)
Frederikshøj Ejendomme A/S
(member of the Board of Directors)

DIREKTION

Chief Executive Officer
Jesper Arkil

Director,
Business Development,
Jens Skjøt-Arkil

CFO
Heine Heinsvig

Jesper Arkil
Chief Executive Officer
Born 1974
Education: MSc, Business Administration and Computer Science

Managerial office:
Danske Anlægsentreprenører
(Chairman)
Ellen og Ove Arkils Fond
(Chairman of the Board of Directors)
Shareholding, Arkil Holding shares: nominal value DKK 5,637,400
(A and B shares)

Jens Skjøt-Arkil
Director, Business Development
Born 1981
Education: Engineer

Managerial office:
Ellen og Ove Arkils Fond
(member of the Board of Directors)
Traffics A/S (member of the Board of Directors)
Shareholding, Arkil Holding shares: nominal value DKK 4,300,200
(A and B shares)

Heine Heinsvig
CFO
Born 1950
Education: HD (R)

Managerial office:
Ellen og Ove Arkils Fond
(member of the Board of Directors)
Shareholding, Arkil Holding shares: nominal value DKK 21,700

*Independent member according to the Recommendations on proper corporate governance

MANAGEMENT REVIEW

The Board of Directors and Corporate Management have today discussed and approved the 2017 annual report for Arkil Holding A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and additional requirements set down in the Danish Financial Statements Act.

In our opinion, the consolidated and annual accounts give a true and fair view of the Group and parent company's assets, liabilities and financial position as of 31 December 2017, as well as of the performance of the Group and parent company's activities and cash flow for the financial year 1 January – 31 December 2017.

The management report does, in our opinion, provide a true and fair report of developments in the Group and company's activities and financial affairs, profit for the year, and the company's financial position and the financial position for all companies covered by the consolidated accounts as a whole, as well as a description of the principal risks and uncertainty factors that the Group and company faces.

The annual report will be presented at the annual general meeting for approval.

Haderslev, Denmark - 22 March 2018

EXECUTIVE MANAGEMENT

Jesper Arkil
Chief Executive Officer

Heine Heinsvig
CFO

Jens Skjøt-Arkil
Director,
Business Development

BOARD OF DIRECTORS

Agnete Raaschou-Nielsen
Chairman

Birgitte Nielsen
Deputy Chairman

Per Toelstang

Steen Brødbæk

Steffen M. Baungaard

THE INDEPENDENT AUDITOR'S REPORT

To shareholders in Arkil Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Arkil Holding A/S for the financial year 1 January - 31 December 2017, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group as well as the Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2017 in accordance with International Financial Re-porting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Arkil Holding A/S on 15 May 1995 for the financial year 1995. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 23 years up until the financial year 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent company financial statements for the financial year ended 31 December 2017. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section, including in relation to the key audit matter below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements and parent company financial statements as a whole.

Valuation of goodwill

The Group has recognised goodwill totaling DKK 140 million in the balance sheet at 31 December 2017. The useful life of goodwill is indefinite, and according to International Financial Reporting Standards as adopted by the EU (IAS 36), goodwill must be tested for impairment at least annually. There was no evidence of impairment of goodwill in the financial year. The annual impairment test is key to our audit, as it includes Management's assumptions and estimates relating to, for instance, future earnings.

Additional information about the goodwill recognised in the year appears from note 15 to the consolidated financial statements.

In connection with our audit, we tested the impairment test prepared by Management, which was performed as a value in use calculation using a discounted cash flow model, and assessed whether the assumptions made by Management are substantiated. We assessed whether the calculation model is relevant and assessed the discount factor level and growth rate applied for extrapolation in the terminal period. The expected net cash flows are based on budgets for the years 2018-2022 and a terminal value. We examined procedures for the budget preparation and compared budgets with the Group's strategy plan in the individual areas. Further, we examined if the information disclosed related to the goodwill impairment test in note 15 is appropriate under applicable accounting standards.

Valuation of ongoing construction contracts and related revenue recognition

In the balance sheet at 31 December 2017, the Group has recognised construction contracts in the amount of DKK 128 million as receivables and DKK 42 million as liabilities. Construction contracts are recognised in accordance with the percentage-of-completion method and the ongoing production value totals DKK 2,226 million of which DKK 2,141 million has been invoiced on account. The principal activity of the Group and revenue arise from construction contracts, which involve significant estimates and assessments on the part of Management, and therefore, the area is a key audit matter.

During our audit, we assessed the Group's business procedures and tested selected controls for the recognition of construction contracts and revenue. We analysed the project accounts prepared by Management and based on selected projects, we assessed and reconciled revenue recognised and production costs incurred to the calculation of standard costs in the proposal, the actual stage of completion and the latest estimated cost to complete. Our audit includes an evaluation of significant estimates and assessments made by Management, and we have examined project documentation and discussed status of work in progress with management, the finance function and project staff. In order to assess disputes and/or litigations, we obtained attorney's letters from the Group's legal advisers and assessed other legal documents and legal opinions.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, , we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatements of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Haderslev, Denmark - 22 March 2018

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Peter Gath	**Anders Blaavand**
State Authorised Public Accountant MNE no.: mne19718	State Authorised Public Accountant MNE no.: mne36185

PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR 1. JANUARY TO 31 DECEMBER

Parent company		Note		Group	
2016	2017	no.	(Amounts in DKK 1,000)	2017	2016
		4	Revenue	3,140,444	3,017,006
		5	Production costs	(2,718,982)	(2,745,275)
			Gross profit	**421,462**	**271,731**
(3,488)	(6,990)	5.6	Administration costs	(266,029)	(262,036)
5,372	4,372	5.7	Other operating income	0	0
		9	Share of results after taxes in associated companies	(3,958)	(3,341)
		10	Share of results after taxes in joint ventures	0	0
1,884	**(2,618)**		**Returns on primary operations**	**151,475**	**6,354**
40,719	9,986	11	Financial income	1,795	3,051
(368)	(146)	12	Financial costs	(5,600)	(4,397)
42,235	**7,222**		**Net profit before taxes**	**147,670**	**5,008**
(170)	(398)	13	Taxes on profit for the year	(36,122)	569
42,065	**6,824**		**Net profit for the year**	**111,548**	**5,577**
			Allocation of Group results:		
			Arkil Holding A/S shareholders	104,033	(1,167)
			Minority interests	7,515	6,744
				111,548	**5,577**
		14	Profits per DKK 100 share	219	(2)
		14	Diluted profits per DKK 100 share	219	(2)

TOTAL INCOME STATEMENT FOR THE FINANCIAL YEAR 1. JANUARY TO 31 DECEMBER

Parent company		Note		Group	
2016	2017	no.	(Amounts in DKK 1,000)	2017	2016
42,065	**6,824**		**Net profit for the year**	**111,548**	**5,577**
			Other total income:		
			Entries that cannot be reclassified for the profit and loss statement:		
		28	Actuarial profit/loss on performance-based pension schemes	9,014	(13,675)
		13	Taxes on other total income	(2,704)	4,109
				6,310	**(9,566)**
			Entries that can be reclassified for the profit and loss statement:		
			Foreign currency translation adjustments when con-verting foreign units	(360)	(1,413)
			Revaluation of hedging instruments:		
			Revaluation for the year	629	0
		13	Taxes on other total income	(138)	0
				131	**(1,413)**
0	**0**		**Other total income after taxes**	**6,441**	**(10,979)**
42,065	**6,824**		**Total income in total**	**117,989**	**(5,402)**
			Allocated as follows:		
			Arkil Holding A/S shareholders	109,385	(10,554)
			Minority interests	8,604	5,152
				117,989	**(5,402)**

BALANCE AS OF 31 DECEMBER

Parent company		Note		Group	
2016	2017	no.	(Amounts in DKK 1,000)	2017	2016
			Assets		
			Long-term assets		
			Intangible assets		
		15	Goodwill	139,664	139,668
		16	Acquired know-how	744	1,239
		17	Licenses and rights	7,499	7,511
			Total intangible assets	**147,907**	**148,418**
			Tangible assets		
1,208	0	18	Land and buildings, domicile properties	140,305	138,790
62,562	67,057	19	Investment properties	1,371	1,371
2,312	2,377	20	Technical plants, equipment, fixtures and fittings	465,532	427,047
0	15,642	21	Plants under construction and advance payments	16,357	1,082
66,082	**85,076**		**Total tangible assets**	**623,565**	**568,290**
			Other long-term assets		
401,570	401,570	8	Equity interests in subsidiaries		
		9	Equity interests in associated companies	4,227	8,185
		10	Equity interests in joint ventures	11,710	13,211
		22	Long-term amounts owed	2,410	4,626
		29	Postponed tax assets	25,328	27,618
401,570	**401,570**		**Total other long-term assets**	**43,675**	**53,640**
467,652	**486,646**		**Total long-term assets**	**815,147**	**770,348**
			Short-term assets		
		23	Inventories	70,794	92,250
		24	Construction contracts	127,755	131,449
27,635	3,761	25	Amounts owed	740,476	637,541
399	11,994	34	Amounts owed, corporation tax	10,993	0
1,099	1,051	26	Securities	26,258	26,181
209	1,283		Liquid assets	226,314	159,318
29,342	**18,089**		**Total short-term assets**	**1,202,590**	**1,046,739**
496,994	**504,735**		**Total assets**	**2,017,737**	**1,817,087**

BALANCE AS OF 31 DECEMBER

Parent company		Note		Group	
2016	2017	no.	(Amounts in DKK 1,000)	2017	2016
			Liabilities		
		27	**Equity capital**		
49,132	49,132		Share capital	49,132	49,132
			Reserve for foreign currency translation adjustments	(1,427)	(924)
			Reserve for hedging transactions	491	0
431,647	431,223		Retained profits	785,645	683,445
4,913	7,370		Proposed dividends	7,370	4,913
485,692	**487,724**		**Arkil Holding shareholders' share of the equity capital**	**841,211**	**736,566**
			Minority interests	**26,741**	**22,599**
485,692	**487,724**		**Total equity**	**867,952**	**759,165**
			Liabilities		
			Long-term liabilities		
		28	Pensions and similar liabilities	151,500	161,566
3,127	2,861	29	Deferred taxes	49,798	24,022
		30	Provisions	4,418	8,346
343	584	31	Credit institutions	172,737	146,910
3,470	**3,445**		**Total long-term liabilities**	**378,453**	**340,844**
			Short-term liabilities		
1,024	189	31	Credit institutions	50,664	115,300
		10	Liabilities to joint ventures	0	0
		24	Construction contracts	42,175	59,626
6,808	13,377	33	Supplier debt and other debt liabilities	660,594	531,393
0	0	34	Corporation tax	0	625
		30	Provisions	17,899	10,134
7,832	**13,566**		**Total short-term liabilities**	**771,332**	**717,078**
11,302	**17,011**		**Total liabilities**	**1,149,785**	**1,057,922**
496,994	**504,735**		**Total liabilities**	**2,017,737**	**1,817,087**
		1	Accounting policies used		
		2	Significant accounting estimates, assumptions and assessments		
		3	Segment information		
		35	Contingent liabilities and collateral security		
		36-44	Notes without reference		

CASH FLOW STATEMENT

Parent company		Note		Group	
2016	2017	no.	(Amounts in DKK 1,000)	2017	2016
42,235	7,222		Net profit before taxes	147,670	5,008
			Adjustment for non-liquid operating entries, etc.:		
1,985	2,440		Depreciation and amortisation	108,650	97,552
(1,869)	(923)		Other operating entries, net	(6,940)	(18,503)
			Provisions	2,785	(5,579)
(40,719)	(9,986)		Financial income	(1,796)	(3,051)
369	146		Financial costs	5,600	4,397
2,001	**(1,101)**		**Cash flow from primary operations before changes in operating capital**	**255,969**	**79,824**
27,520	30,443	36	Changes in operating capital	33,965	15,512
29,521	**29,342**		**Cash flow from primary operations**	**289,934**	**95,336**
2,062	1,062		Interest receivable, received	1,258	2,415
(369)	(98)		Interest costs, paid	(5,225)	(4,064)
31,214	**30,306**		**Cash flow from ordinary operations**	**285,967**	**93,687**
(9,003)	(12,259)		Corporation tax paid	(22,518)	(24,911)
22,211	**18,047**		**Cash flow from operating activities**	**263,449**	**68,776**
(7,599)	(22,217)	37	Purchase of tangible assets	(91,196)	(48,213)
3,300	2,212		Sale of tangible assets	21,727	24,040
			Purchase of intangible assets	(265)	0
			Repayment of long-term amounts owed	2,216	4,357
			Purchase of securities	(2,067)	(5,228)
			Sale of securities	2,155	5,220
(50,000)	0		Acquisition/sale of subsidiaries	0	0
38,618	8,924		Returns from subsidiaries		
(15,681)	**(11,081)**		**Cash flow from investment activities**	**(67,430)**	**(19,824)**

Parent company		Note		Group	
2016	2017	no.	(Amounts in DKK 1,000)	2017	2016
			External financing:		
(76)	(151)		Repayment of long-term liabilities	(47,923)	(48,059)
			Proceeds when taking out long-term loans, etc.	0	785
			Shareholders:		
(7,190)	(4,792)		Dividends paid	(4,740)	(7,188)
			Dividends paid to minority interests	(5,830)	(8,084)
			Minority investments	1,368	500
(7,266)	**(4,943)**		**Cash flow from financing activities**	**(57,125)**	**(62,046)**
(736)	**2,023**		**Cash flow for the year**	**138,894**	**(13,094)**
(4)	(740)		Cash and cash equivalents, start of year	87,081	100,525
			Value adjustment of cash and cash equivalents	(11)	(350)
(740)	**1,283**		**Cash and cash equivalents, end of year**	**225,964**	**87,081**
209	1,283		Liquid assets	226,314	159,318
(949)	0		Bank financing (overdraft facility)	(350)	(72,237)
(740)	**1,283**		**Cash and cash equivalents, end of year**	**225,964**	**87,081**

STATEMENT OF EQUITY CAPITAL

(Amounts in DKK 1,000)

Group	Share capital	Reserve for foreign currency translation adjust-ments	Reserve for hed-ging transac tions	Retained profits	Proposed dividends	Total	Minority interests	Total
Equity capital 1 January 2016	**49,132**	**333**	**0**	**697,473**	**7,370**	**754,308**	**25,031**	**779,339**
Total income in 2016								
Net profit for the year				(6,080)	4,913	**(1,167)**	6,744	**5,577**
Other total income								
Foreign currency translation adjustments, foreign compa-nies		(1,257)				**(1,257)**	(156)	**(1,413)**
Actuarial profit/loss on per-formancebased pension schemes				(11,624)		**(11,624)**	(2,051)	**(13,675)**
Revaluation of hedging in-struments:								
Revaluation for the year						**0**		**0**
Taxes on other total income				3,494		**3,494**	615	**4,109**
Total other income	**0**	**(1,257)**	**0**	**(8,130)**	**0**	**(9,387)**	**(1,592)**	**(10,979)**
Total income for the period	**0**	**(1,257)**	**0**	**(14,210)**	**4,913**	**(10,554)**	**5,152**	**(5,402)**
Transactions with owners								
Minority investments						**0**	500	**500**
Allocated dividends					(7,370)	**(7,370)**	(8,084)	**(15,454)**
Dividends, own shares				182		**182**		**182**
Total transactions with ow-ners	**0**	**0**	**0**	**182**	**(7,370)**	**(7,188)**	**(7,584)**	**(14,772)**
Equity capital 31 December 2016	**49,132**	**(924)**	**0**	**683,445**	**4,913**	**736,566**	**22,599**	**759,165**

(Amounts in DKK 1,000)

Group	Share capital	Reserve for foreign currency translation adjust-ments	Reserve for hed-ging transac tions	Retained profits	Proposed dividends	Total	Minority interests	Total
Equity capital 1 January 2017	**49,132**	**(924)**	**0**	**683,445**	**4,913**	**736,566**	**22,599**	**759,165**
Total income in 2017								
Net profit for the year				96,663	7,370	**104,033**	7,515	**111,548**
Other total income								
Foreign currency translation adjustments, foreign compa-nies		(503)				**(503)**	143	**(360)**
Actuarial profit/loss on per-formancebased pension schemes				7,662		**7,662**	1,352	**9,014**
Revaluation of hedging in-struments:								
Revaluation for the year			629			**629**		**629**
Taxes on other total income			(138)	(2,298)		**(2,436)**	(406)	**(2,842)**
Total other income	**0**	**(503)**	**491**	**5,364**	**0**	**5,352**	**1,089**	**6,441**
Total income for the period	**0**	**(503)**	**491**	**102,027**	**7,370**	**109,385**	**8,604**	**117,989**
Transactions with owners								
Minority investments					0	**0**	1,368	**1,368**
Allocated dividends					(4,913)	**(4,913)**	(5,830)	**(10,743)**
Dividends, own shares				173		**173**		**173**
Total transactions with ow-ners	**0**	**0**	**0**	**173**	**(4,913)**	**(4,740)**	**(4,462)**	**(9,202)**
Equity capital 31 December 2017	**49,132**	**(1,427)**	**491**	**785,645**	**7,370**	**841,211**	**26,741**	**867,952**

(Amounts in DKK 1,000)

Parent company	Share capital	Retained profits	Proposed dividends	Total
Equity capital				
1 January 2016	**49,132**	**394,314**	**7,370**	**450,816**
Changes in shareholders' equity in 2016				
Total income for the year		37,152	4,913	**42,065**
Total income in total	**0**	**37,152**	**4,913**	**42,065**
Allocated dividends			(7,370)	**(7,370)**
Dividends, own shares		181		**181**
Total changes in shareholders' equity in 2016	**0**	**37,333**	**(2,457)**	**34,876**
Equity, 31 December 2016	**49,132**	**431,647**	**4,913**	**485,692**
Changes in shareholders' equity in 2017				
Total income for the year		(546)	7,370	**6,824**
Total income in total	**0**	**(546)**	**7,370**	**6,824**
Allocated dividends			(4,913)	**(4,913)**
Dividends, own shares		121		**121**
Total changes in shareholders' equity in 2017	**0**	**(425)**	**2,457**	**2,032**
Equity, 31 December 2017	**49,132**	**431,223**	**7,370**	**487,724**

LARGE-SCALE INFRASTRUCTURE PROJECTS

Arkil undertakes large-scale, complex construction projects in railways, motorways, bridges and port expansion.

ROAD MAINTENANCE

Arkil is one of the pioneers in private road maintenance in Denmark. As early as 1978, the company began to offer maintenance services for green areas and stretches of road. Today, Arkil Road Services is one of the largest private providers on the Danish market.

CLIMATE PROOFING

We climate proof Denmark. Arkil carries out comprehensive waste water activities and possesses advanced tunnelling equipment, which can construct tunnels in connection with the reservoir mains and drainage systems needed to process the large volumes of rainwater of the future.

BRIDGE & CONCRETE

Arkil Bridge & Concrete specialises in new construction and renovation of concrete structures and bridges. This division undertakes construction work with concrete structures in trade contracts, main contracts and turnkey contracts.

RAIL

The expertise in Arkil Rail covers all technical disciplines associated with railway engineering in track construction and maintenance and traction. In addition, this branch has its own specialist track materials and specially-trained personnel.

NOTES

TRADITIONAL PUBLIC WORKS PROJECTS

Arkil has 75 years of experience with carrying out all types of construction and infrastructure projects. This includes state motorway projects, underground plants, land development, road and sewerage tasks and the laying of cable and power supply lines.

FOUNDATIONS

Arkil Foundation builds on more than 35 years of experience with all types of foundation and post-construction foundation projects in Denmark and Northern Germany. In addition to pure foundation-centred projects, we also offer timbered trench construction and sheet piling installation.

MARINE WORKS

The marine works department completes all kinds of port development and marine works tasks across all of Denmark. This applies to both new building and the renovation of quay installations, ferry berths, jetties and marinas.

ASPHALT

Asphalt surfacing and maintenance work on motorways, highways, municipal roads, airports, car parks and industrial estates is one of our core competences.

ENVIRONMENTAL ENGINEERING

Arkil offers turnkey solutions in soil and ground-water pollution, and over the course of more than 20 years has built up a large body of exper-tise within the clean-up of contaminated land using a variety of different clean-up techniques.

OVERVIEW OF NOTES

NOTES Note no. 1 Accounting practice

Arkil Holding A/S is a limited company registered in Denmark. The annual report for the period 1 January - 31 December 2017 covers both the consolidated accounts for Arkil Holding A/S and its subsidiaries (the Group), as well as separate annual accounts for the parent company.

The annual report for Arkil Holding A/S for 2017 has been prepared in accordance with International Financial Reporting Standards, as adopted by the EU and additional requirements set down in the Danish Financial Statements Act.

Basis for preparation

The annual report is presented in Danish kroner rounded to the nearest DKK 1,000.

The annual report has been prepared using the historical cost principle, with the exception of the following assets and liabilities which were measured at market value: derivatives, financial instruments held for trading and financial instruments classified as available for sale.

Long-term assets and disposal groups determined for sale are measured at the lowest value of the book value before change of classification or market value less any sales costs.

The accounting policy used, described below, has been used consistently during the financial year and for the comparative figures. For standards that will be implemented prospectively, the comparative figures will not be corrected.

Changes to the accounting practice used

Arkil Holding A/S implemented the following amended standards and interpretations with effect from 1 January 2017:

- Amendments to IAS 7 Disclosure Initiative
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised losses
- Part of the Annual Improvements to IFRSs Cycle 2014-2016

The Annual Improvements to IFRSs 2014-2016 include only the amendment to IFRS 12 Information regarding interests in other companies with specification of the scope of reporting requirements in IFRS 12, which entered into force on 1 January 2017. The other parts of the Annual Improvements to IFRSs 2014-2016 enter into force on 1 January 2018. The amendments must be characterised as very specific changes with a very narrow range of application.

None of the amended standards and interpretations have affected recognition and measurements in 2017 and thus also did not affect the returns and diluted returns per share.

Consolidated accounts

The consolidated accounts include the parent company Arkil Holding A/S (the company) and subsidiaries in which Arkil Holding A/S has a controlling interest.

The Group has a controlling interest in a company if the Group is exposed to or is entitled to variable returns on its involvement in the company and has the ability to influence such returns through its control of the company.

When assessing whether the Group has a controlling interest, de facto control and potential voting rights that are real and substantial on the balance sheet date will be taken into account.

Companies in which the Group exercises a significant but not controlling influence on operational and financial decisions are classified as associated companies. Significant influence occurs when the Group directly or indirectly owns or controls more than 20% of voting rights but no more than 50%.

Joint arrangements are activities or companies in which the group has a joint controlling influence through partnership agreements with one or more parties. Joint controlling influence means that decisions concerning relevant activities require unanimity among the parties that have a joint controlling influence.

Joint arrangements are classified as joint ventures or joint operations. Joint operations refers to activities in which the participants have direct rights to assets and direct liability for obligations, whereas joint ventures refers to activities for which the partners have rights only to net assets.

A Group outline can be seen on page 107.

NOTES Note no. 1 Accounting practice used (continued)

The consolidated accounts have been prepared as a consolidation of the parent company and individual subsidiaries' accounts in accordance with Group accounting practice(s), with the elimination of intragroup income and costs, shareholdings, outstanding internal accounts, dividends, and realised and unrealised gains on transactions between the consolidated companies. Unrealised gains on transactions with associated companies are eliminated in proportion to the Group's equity interest in the company. Unrealised loss is eliminated in the same way as unrealised gains, to the extent that no depreciation has taken place.

Equity interests in subsidiaries are eliminated by the proportional share of the subsidiary's market value of identifiable net assets and recognised contingent liabilities on the acquisition date.

Mergers

Newly acquired or newly established companies are included in the consolidated accounts from the acquisition date. Sold or liquidated companies are included in the consolidated profit and loss statements until the cession date. Comparative figures are not adjusted for newly acquired, sold or liquidated companies. Nevertheless, discontinued activities are presented separately, cf. the below.

When acquiring new companies for which a controlling interest is obtained, the acquisition method is used. The identifiable assets, liabilities and contingent liabilities of the acquired companies are measured at market value on the acquisition date. Identifiable intangible assets are recognised provided they are separable or arise from contractual rights and the market value can be reliably measured. Deferred tax on the assessments is recognised.

The acquisition date is the date on which Arkil Holding A/S actually achieves control of the acquired company.

Positive differences (goodwill) between the cost price of the company and the market value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under intangible assets. Goodwill is not amortised, though it is tested annually for depreciation. The first depreciation test is performed by the end of the acquisition year. Upon acquisition, goodwill is allocated to cash-generating entities that subsequently form the basis of the depreciation test. Goodwill and market value adjustments in connection with the acquisition of foreign entities with a functional currency other than the Arkil Group's presentation currency are treated as assets and liabilities of the foreign entity and converted to the foreign entity's functional currency on the transaction date. Negative differences (negative goodwill) are recognised in the profit and loss statement on the acquisition date.

The acquisition price for a company consists of the market value of the agreed payment in the form of acquired assets, assumed liabilities and issued equity instruments. If parts of the acquisition price are contingent on future events or fulfilment of agreed conditions, this part of the acquisition price is to be recognised at market value on the acquisition date. Costs that can be attributed to mergers are recognised directly in the profit and loss statement on the payment date.

If, on the acquisition date, there are uncertainties concerning identification or measuring of acquired assets, liabilities or contingent liabilities, or the determination of the acquisition price, the initial recognition must be made based on provisional values. If it is subsequently found that the identification or measurement of the acquisition price, acquired assets, liabilities or contingent liabilities was wrong on initial recognition, the settlement is to be adjusted retroactively, including goodwill, for up to 12 months after the acquisition, and comparative figures are to be adjusted. Goodwill is not to be subsequently adjusted. Changes in estimates of contingent acquisition prices are recognised directly in the profit and loss statement.

Profits and losses on the sale or liquidation of subsidiaries and associated companies are calculated as the difference between the sales price or settlement price and the book value of net assets, including goodwill on the sales date and costs for sale or liquidation.

Minority interests

On initial recognition, minority interests are measured either at market value or at their proportional share of the market value of the acquired company's identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill concerning the minority interests' share in the acquired company are also to be recognised, while, in the latter scenario, goodwill concerning minority interests is not to be recognised. Measurement of minority interests is selected for each transaction and disclosed in the notes in connection with the specification of acquired companies.

Conversion of foreign currency

A functional currency is determined for each of the reporting companies in the Group. The functional currency is the currency used in the primary economic environment in which the individual reporting company operates.

NOTES Note no. 1 Accounting practice used (continued)

Transactions in currencies other than the functional currency are transactions in foreign currencies. Transactions in foreign currencies are converted at initial recognition to the functional currency using the exchange rate applicable on the transaction date. Currency exchange differences that arise between the exchange rate on the transaction date and the exchange rate on the payment date are recognised in the profit and loss statement under financial income and costs.

Outstanding amounts, debts and other monetary entries in foreign currencies are converted at the exchange rate applicable on the balance sheet date. The difference between the exchange rate on the balance sheet date and at the time of the amounts owed or debt arising or the exchange rate in the latest annual report are recognised in the profit and loss statement under financial income and costs.

When recognising companies with a functional currency other than Danish kroner in the consolidated accounts, the total income statements are converted at the exchange rate on the transaction date, and the balance sheet entries are converted at the exchange rates on the balance sheet date. The average for some months is used as the exchange rate for the transaction date to the extent that this does not significantly change the situation. Currency exchange differences arising on the conversion of the companies' equity at the start of the year to the exchange rates on the balance sheet date, and when converting total income from the exchange rate on the transaction date to the exchange rate on the balance sheet date, are recognised in other total income as a separate reserve for exchange adjustments under equity. exchange adjustments are allocated between the parent company and minority shareholders' share of equity.

Currency exchange adjustment of outstanding accounts considered to be part of the overall net investment in companies with a functional currency other than Danish kroner are recognised in the consolidated accounts under other total income in a separate conversion reserve for exchange adjustments under equity. Similarly, currency exchange gains and losses on the part of loans and derivative financial instruments designated for hedging of net investments in these companies and that effectively hedge against corresponding foreign exchange gains/losses on net investments in the company are recognised in the consolidated accounts under other total income in a separate reserve for exchange adjustments under equity.

When recognising companies with a functional currency other than Danish kroner in the consolidated accounts, the share of the year's profits are converted using the average exchange rate, and the share of equity including goodwill is converted using the exchange rates on the balance sheet date. Currency exchange differences arising from the conversion of the share of foreign associated companies' equity at the start of the year to the exchange rates on the balance sheet date, and when converting the share of the year's profit from average exchange rates to the exchange rates on the balance sheet date, are recognised in other total income in a separate reserve for exchange adjustments under equity.

In connection with cession of wholly owned foreign entities, the currency exchange adjustments accumulated in equity via other total income and which can be attributed to the entity are reclassified from the "reserve for exchange adjustment" to the profit and loss statement together with any gains or losses on the cession.

In connection with cession of partially owned foreign subsidiaries, the part of the exchange rate reserve concerning minority interests is not attributed to the profit and loss statement.

In connection with partial cession of foreign subsidiaries without loss of control, a proportional share of the exchange adjustment reserve is transferred from the parent company shareholders to the minority shareholders' share of equity.

Derivative financial instruments

Derivative financial instruments are recognised from the trading date and measured in the balance sheet at market value. Positive and negative market values on derivative financial instruments are included in other receivables and payables, and the offsetting of positive and negative values is performed only when the company is entitled to and intends to settle several financial instruments net. Market values of derivative financial instruments are recognised based on current market data and recognised valuation methods.

Market value hedging

Changes in the market value of derivative financial instruments that are classified and qualify as hedges for market value of a recognised asset or liability are recognised in the profit and loss statement together with changes in the value of the hedged asset or liability with respect to the hedged element. Hedging of future cash flows in accordance with firm commitments, except for currency hedging, is treated as market value hedging.

The part of the derivative financial instrument not hedged is presented under financial items.

NOTES Note no. 1 Accounting practice used (continued)

Cash flow hedging

Changes to the part of the market value for derivative financial instruments that are classified as and qualify for the conditions for hedging of future cash flow, and which effectively hedge changes in future cash flow, are recognised in other total income in a separate hedging reserve under equity until the hedged cash flows affect the profit and loss statement. On this date, any gains or losses concerning suchhedging transactions will be reclassified from other total income and recognised in the same accounting item as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, the hedging relationship is prospectively discontinued. The accumulated change of value recognised in other total income is reclassified to the profit and loss statement when the hedged cash flows affect profit or loss or are no longer probable.

If the hedged item's future cash flows changes so that the criteria for hedge accounting are no longer met, the accumulated change in value of the hedged instruments will immediately be reclassified from other total income to the profit and loss statement.

The part of the value adjustment of a derivative financial instrument not hedged is presented under financial items.

Other derivative financial instruments

For derivative financial instruments that do not meet the conditions for hedge accounting, changes in market value are recognised on an ongoing basis in the profit and loss statement under financial items. Certain contracts include conditions that correspond to derivative financial instruments. Such embedded derivative financial instruments are recognised separately and are continuously measured at market value if they differ significantly from the contract concerned, unless the overall contract has been recognised and is continuously measured at market value.

Profit and loss statement
Revenue

Revenue on sales of commodities and finished goods is recognised in the profit and loss statement, provided delivery and invoicing have taken place before the end of the year. Construction contracts are recognised in revenue using the production method. As such, contract sums and profits or loss are recognised proportionally in line with the implementation of production, and revenue corresponds to the sales value of the year's completed works. Reservations and expensing of expected losses are performed.

Government subsidies

Government subsidies include subsidies for investments, etc. Subsidies for research and development costs recognised directly in profit and loss statements are recognised under production costs as the eligible costs are incurred.

Subsidies for the procurement of assets, etc. are presented in the balance sheet by deducting the subsidy from the book value of the asset.

Production costs

Production costs include costs, including provisions for depreciation and wages, which are paid to achieve the year's revenue. Production costs also include development costs that do not fulfil the criteria for capitalisation.

Furthermore, provisions for losses on construction contracts are also recognised.

Administration costs

Administration costs include costs incurred in the year for management and administration, including costs for administrative personnel, office premises and office expenses and depreciations. Furthermore, amortisation of amounts owed from sales will also be included.

Other operating income and costs

Other operating income and costs include accounting items of a secondary nature to the activities of the company, including profit and loss on sale of intangible and tangible assets. Profit and loss on the sale of intangible and tangible assets will be recognised as the sales price less sales costs and the book value on the sales date.

Share of profits after tax in associated companies and joint ventures

The Group's share of the associated companies and joint ventures' profits after tax and after elimination of the proportional share of internal profits/loss will be recognised in the profit and loss statement.

Dividends on equity shares in subsidiaries and associated companies in the parent company's annual accounts

Dividends from equity shares in subsidiaries and associated companies will be recorded as income in the parent company's profit and loss statement for the financial year in which the dividends are declared.

NOTES Note no. 1 Accounting practice used (continued)

Financial income and costs

Financial income and costs include interest, capital gains and losses and depreciation of securities, debts and transactions in foreign currencies, amortisation of financial assets and liabilities, including leasing obligations as well as supplements and refunds under on-account tax schemes, etc. Furthermore, realised and unrealised gains and losses concerning derivative financial instruments that cannot be classified as hedging agreements will also be included.

Borrowing costs

Borrowing costs from general borrowing or loans that directly relate to the acquisition, erection or development of qualified assets are attributed at cost price for such assets.

Income tax
Taxes on profit for the year

Arkil Holding A/S is jointly taxed with all Danish subsidiaries. The applicable Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable incomes. The jointly taxed companies are part of the on-account taxation scheme.

Taxes for the year, consisting of the current tax for the year and changes to deferred tax, are recognised in profits and losses for the year, other total income or directly in equity.

Payable tax and deferred tax

Current tax liabilities and tax assets are recognised in the balance sheet as tax calculated on the year's taxable income, adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred tax is measured using the balance-oriented debt method on all intermediate differences between book and tax values on assets and liabilities. Deferred tax is not recognised on temporary differences concerning taxable non-depreciation goodwill and office premises and other items for which temporary differences, except for company acquisitions, have arisen on the acquisition date without having any effect on profits or taxable income.

In cases where the tax value can be settled according to different taxation rules, deferred tax will be measured based on the management's planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the taxable value on tax loss carry-forwards are recognised under other long-term assets with the value at which they are expected to be used, either by elimination in tax on future earnings or against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised. Deferred tax assets and liabilities are offset if the Group has a legal right to offset current tax liabilities and tax assets or intends to either settle current tax liabilities and tax assets on a net basis or realise the assets and liabilities at the same time.

Adjustments are made to deferred tax resulting from elimination of unrealised intragroup profits and losses.

Deferred tax is measured on the basis of the tax rules and rates in the respective countries that apply on the balance sheet date when the deferred tax is expected to be redeemed as current tax. Changes to deferred tax resulting from changed tax rates will be recognised in total income for the year.

Balance sheet
Intangible assets
Goodwill

Goodwill is initially recognised in the balance sheet at cost price as described under "Mergers". Goodwill is subsequently measured at cost price less deductions for accumulated depreciation. Amortisation of goodwill is not performed.

The book value of goodwill is allocated to the Group's cash-generating entities on the acquisition date.

Acquired know-how

Acquired know-how is measured at cost price less deductions for accumulated amortisation and depreciation or recoverable value if this is lower. The cost price includes all direct and indirect costs relating to the acquisition.

Acquired know-how is depreciated in a linear fashion over the usage period. The depreciation period amounts to five years.

Profit and loss on the sale of knowledge will be recognised as the sales price less sales costs and the book value on the sales date. Profits or losses are recognised in the profit and loss statement under other operating income and other operating costs respectively.

NOTES Note no. 1 Accounting practice used (continued)

Development projects, licenses and rights

Development costs include wages, amortisation and other costs that can be attributed to the company's development activities. Development projects that are clearly defined and identifiable for which the technological utilisation, sufficient resources and potential future market or potential for use in the company can be demonstrated and for which the intention is to manufacture, market or otherwise use the project, will be recognised as intangible assets provided that the cost price can be reliably recognised and there is sufficient assurance that the future earnings or net sales price can cover production, sales and administration costs as well as development costs. Other development costs are recognised in the profit and loss statement in line with costs arising.

Recognised development costs are measured at cost price less accumulated amortisation and depreciation. The cost price includes wages, depreciation and other costs that can be attributed to the Group's development activities and borrowing costs from specific and general borrowing that directly affects the development of development projects.

Upon completion of development work, the development project will depreciate in a linear fashion over the estimated financial service life. The depreciation period amounts to a maximum of five years. The basis for depreciation will be reduced by any amortisation. Depreciation is included in production costs.

Licenses and rights are measured at cost price less accumulated amortisation and depreciation. Licenses and rights are depreciated in a linear fashion over the remaining agreement period or usage period if this is shorter. The basis for depreciation will be reduced by any amortisation.

Other intangible assets, including intangible assets acquired in connection with company mergers, are measured at cost price less deduction of accumulated amortisation and depreciation. Other intangible assets are depreciated in a linear fashion over the anticipated usage period.

Tangible assets

Land and buildings and technical structures, materials and fixtures and fittings are measured at cost price less accumulated amortisation and depreciation.

When measuring land and buildings classified as investment properties, the cost price method is used.

Cost price includes the acquisition price and costs directly linked to the acquisition up to the date on which the asset is ready for use. For self-constructed assets, the cost price includes direct and indirect costs for materials, components, subcontractors and wages as well as borrowing costs from specific and general borrowing that directly affects the construction of each asset. The cost price includes the current value of estimated liabilities for the dismantling and removal of the asset and restoration of the site at which the asset was used.

For financially leased assets, the cost price is the lower of the asset's market value or the present value of future minimum lease payments. The internal base interest in the leasing agreement or the Group's alternative borrowing interest will be used as the discount rate when calculating present value.

Subsequent costs, for example for the replacement of components in a tangible asset, will be recorded at the book value for the asset concerned when it is probable that the cost will result in future financial benefits for the Group. The book value of the replaced components will be derecognised in the balance sheet and transferred to the profit and loss statement. All other costs for ordinary repairs and maintenance will be recognised in the profit and loss statement on the implementation date.

Material assets are depreciated in a linear fashion over the anticipated usage period for the assets:

Buildings, domicile properties	30-50 years
Buildings, investment properties	30-50 years
Production facilities	10-15 years
Other technical plants, machinery and fixtures and fittings	3-7 years

Land is not depreciated.

The basis for amortisation takes into account the residual value of the asset and is reduced by any devaluation. The residual value is determined on the acquisition date and reviewed annually. If the residual value exceeds the book value of the asset, depreciation will cease.

In the event of changes to the period of depreciation or residual value, the effect will be recognised prospectively as a change in accounting estimates.

Depreciations are recognised in the profit and loss statement under production and administration costs respectively.

NOTES Note no. 1 Accounting practice used (continued)

Equity interests in associated companies and joint ventures in the consolidated accounts

Equity interests in associated companies and joint ventures are measured using the net asset value where the equity interests in the balance sheet are measured as the proportional share of the companies' net asset value, applying the Group's accounting policies with deductions or surcharges for the proportional share of unrealised intragroup profits and losses and surcharges for added value on the acquisition, including goodwill.

Equity interest in associated companies and joint ventures is tested for depreciation requirements when there are indications of depreciation.

Associated companies and joint ventures with negative net asset book value must be measured at DKK 0. If the Group has a legal or actual obligation to cover the associated company or joint venture's deficit, it will be recognised under liabilities.

Any amounts owed from associated companies and joint ventures will be depreciated to the extent that the amount owed is considered irrecoverable.

In the event of acquisition of equity interests in associated companies and joint ventures, the acquisition method is used, cf. description of mergers.

Equity interests in subsidiaries and associated companies in the parent company's annual accounts

Equity interests in subsidiaries are measured in the parent company's annual accounts at cost price. The cost price includes the acquisition price recognised at market value plus direct purchase costs.

Depreciation of long-term assets

Goodwill and intangible assets with indefinite useful lives are reviewed annually for depreciation, for the first time before the end of the acquisition year. Ongoing development projects are also reviewed annually for depreciation.

The book value of goodwill is reviewed for depreciation together with other long-term assets in the cash-generating entity for which goodwill has been allocated and is depreciated at recovery value in the profit and loss statement, provided the book value is higher. The recoverable value is generally recorded as the present value of the anticipated future net cash flow from the company or activity (cash-generating entity) to which goodwill is allocated.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised.

The book value on other long-term assets is reviewed annually to determine whether there is any indication of depreciation. When such indication is present, the recoverable value of the asset will be calculated. The recoverable value is the highest of the market value of the asset less deductions for expected sales costs or the capitalised value. The capitalised value is calculated as the market value of anticipated future cash flows from the asset or the cash-generating entity that the asset is part of.

A depreciation loss will be recognised when the book value of an asset or a cash-generating entity exceeds the asset or cash-generating entity's recoverable value. Depreciation loss is recognised in the profit and loss statement under production, distribution and administration costs respectively.

However, depreciation of goodwill is recognised in a separate line in the profit and loss statement. Depreciation on goodwill will not be returned. Depreciation on other assets will be returned to the extent that there have been changes to the conditions and estimates that resulted in the depreciation. Depreciations are only returned to the extent that the asset's new book value does not exceed the book value the asset would have had after amortisation, provided the asset had not depreciated.

Inventories

Inventories are measured at cost price using the FIFO method. If the net realisation value is lower than the cost price, it will be depreciated to this lower value. The cost price for commodities, as well as raw materials and ancillary materials, includes the acquisition price plus transport costs. The net realisation value for inventories is recorded as the sales price less completion costs and costs incurred to execute the sale and is determined taking into account marketability, obsolescence and developments in anticipated sales price.

NOTES Note no. 1 Accounting practice used (continued)

Amounts owed

Amounts owed are measured at amortised cost price. Provisions are made for losses where depreciation is deemed to have been incurred. Depreciation is performed at individual level.

Depreciation is recognised as the difference between the book value and the present value of the anticipated cash flows, including the realisation value of any securities. The effective interest for each amount owed will be used as the discount rate.

Recognition of interest on depreciated amounts owed will be calculated using the depreciated value but using the effective interest for each amount owed.

Construction contracts

Construction contracts are measured at sales value for the implemented work less on-account invoicing and anticipated loss. Construction contracts are characterised by the produced values containing a high degree of individualisation in terms of design. Furthermore, a requirement is that a binding contract must be entered into prior to work commencing and the contract shall be subject to penalty fines or damages in the event of subsequent termination.

The sales value is measured based on the degree of completion on the balance sheet date and the total expected income for each ongoing piece of work. The degree of completion will be determined based on completion statements.

When it is probable that the total contract costs for a construction contract will exceed the total contract revenue, the expected loss on the construction contract will immediately be recognised as a cost. When the sales value on a construction contract cannot be reliably recognised, the sales value of the costs incurred for which recovery is probable will be measured.

Construction contracts for which the sales value of the implemented work exceeds on-account invoicing and anticipated loss will be recognised under amounts owed. Construction contracts for which on-account invoicing and anticipated loss exceed the sales value will be recognised under liabilities.

Advance payments from customers are recognised under liabilities.

Costs in connection with sales and contracting will be recognised in the profit and loss statement as they are incurred.

Accruals and deferred expenses

Accruals and deferred expenses recognised under assets include costs paid concerning subsequent financial years measured at cost price.

Securities

Listed bonds that are continuously monitored, measured and reported at market value in accordance with the Group's investment policy are recognised on the trading date at market value under short-term assets and subsequently measured at market value. Changes in market value are continuously recognised in the profit and loss statement under financial items. Liability interest received is shown as a separate item in the notes.

Equity capital

Dividends

Proposed dividends are recognised as a liability at the time of adoption at the annual general meeting (declaration date). Dividends that are expected to be paid for the year are shown as a separate item under equity.

Reserve for foreign currency translation adjustments

The reserve for foreign currency translation adjustments includes exchange rate differences arising from the conversion of accounts for entities with functional currencies other than Danish kroner, exchange adjustments concerning assets and liabilities that form part of the Group's net investment in such entities and exchange adjustments concerning hedging transactions that hedge the Group's net investment in such entities.

Reserve for hedging transactions

Hedging reserves include the accumulated net change in market value on hedging transactions that meet the criteria for hedging of future cash flows and for which the hedged transaction has not yet been realised.

NOTES Note no. 1 Accounting practice used (continued)

Pension contributions and similar long-term liabilities

The Group has entered into pension agreements and similar agreements with the majority of the Group's employees.

Contributions to defined contribution pension schemes are recognised in the profit and loss statement for the period in which they are accrued and contributions payable are recognised in the balance sheet under other debt.

For performance-based schemes, annual actuarial estimations (Projected Unit Credit Method) are performed on the capital value of future benefits payable under the scheme. The capital value is calculated based on assumptions about the future developments in e.g. salary levels, interest, inflation and mortality. The capital value is determined only for benefits to which employees have accrued rights through their employment with the Group. The actuarial calculation of the capital value less deductions for the market value of any assets linked to the scheme will be included in the balance sheet under pension contributions.

Pension costs for the year are recognised in the profit and loss statement based on actuarial estimates and financial expectations at the start of the year. Differences between estimated performance of pension assets and liabilities and realised values are referred to as actuarial gains or losses and recognised under other total income.

In the event of changes to benefits relating to employees' employment in the company, there will be a change in the actuarial capital value recognised as a historical cost. Historical costs are recognised as costs immediately if employees have already accrued a right to the changed benefit. They will otherwise be recognised in the profit and loss statement over the period in which employees accrue the right to the changed benefit.

If a pension scheme is a net asset, the asset will only be recognised to the extent it corresponds to unrecognised actuarial loss, future repayments from the scheme or will lead to reduced future payments to the scheme.

Provisions

Provisions primarily cover liabilities concerning contracts.

Provisions for liabilities are recognised when the Group, as a result of an event arising before or at the balance sheet date resulting in a legal or actual liability and it is probable that financial benefits must be issued to settle the liability.

Provisions for liabilities must be measured at the best estimate of management regarding the amount at which the liability is expected to be settled.

When measuring provisions for liabilities, discounted cash flow must be performed on the costs necessary to settle the liability if this has had a significant effect on the measurement of the liability. A pre-tax discounting rate reflecting the general interest rate plus the specific risks that are estimated to apply to the liability is used. The financial year's changes in present value are recognised under financial costs.

Guarantee commitments are recognised in line with the implementation of contracts. Provisions are made for liabilities concerning loss-making contracts when the anticipated benefits to the Group from a contract are lower than the unavoidable costs under the contract (loss-making contracts).

Financial liabilities

Debt to credit institutions, etc. is recognised at the time of borrowing as the received proceeds after deductions for any transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost price using the "effective interest method" so that the difference between the proceeds and the nominal value is recognised in the profit and loss statement under financial costs over the borrowing period.

The capitalised residual leasing liability on financial leasing contracts is also recognised in financial liabilities, measured at amortised cost price.

Non-financial liabilities

Non-financial liabilities are measured at net realisation value.

Leasing

Leasing liabilities are allocated to financial and operational leasing liabilities.

A leasing agreement is classified as financial when it transfers all significant risks and benefits of owning the leased asset. Other leasing agreements are classified as operational.

The accounting treatment of financially leased assets and associated liabilities has been described in the sections concerning tangible assets and financial liabilities respectively.

NOTES Note no. 1 Accounting practice used (continued)

Leasing payments concerning operational leasing agreements are recognised in a linear fashion in the profit and loss statement over the leasing period.

Assets determined for sale

Assets determined for sale include long-term assets and disposal groups held for sale. Disposal groups are a group of assets that will be disposed of collectively through sale or similar in a single transaction and liabilities linked directly to these assets that will be transferred as part of the transaction. Assets are classified as "determined for sale" when the book value will primarily be recovered through sale within 12 months in relation to a formal schedule rather than continued use.

Assets or disposal groups determined for sale are measured at the lowest value of the book value or market value less sales costs. Depreciation and amortisation are not performed on assets from the date on which they are classified as "determined for sale".

Loss through depreciation arising on initial classification as "determined for sale" and gains or losses at subsequent measurement at the lowest level of the book value or market value less sales costs is recognised in the profit and loss statement under the items to which it relates. Gains and losses are specified in notes.

Assets and associated liabilities are allocated to separate lines in the balance sheet and the main items are specified in notes.

Presentation of discontinued activities

Discontinued activities constitute an entity whose activities and cash flows can, for operational and accounting purposes, be separated clearly from other operations and for which the entity has either been liquidated or determined for sale and the sale is expected to be implemented within one year in accordance with a formal plan. Discontinued activities also include companies purchased for the purpose of resale.

Profits and value adjustments after tax on discontinued activities are presented in a separate line in the profit and loss statement with comparative figures. The notes provide information about revenue, costs and taxes for the discontinued activity. Similarly, assets and associated liabilities are allocated to separate lines in the balance sheet, cf. the section concerning assets determined for sale, and the main items are specified in notes.

Cash flows from operating, investment and financing activities for the discontinued activities are specified in a note.

Market value measurement

The Group uses the market value term in connection with certain disclosure requirements and for the recognition of financial instruments. The market value is defined as the price that can be achieved by selling an asset or that must be paid to transfer a liability through an ordinary transaction between market players ("exit price").

The market value is market-based and not a company-specific valuation. The company applies the assumptions that market players would use when determining the price of the asset or liability based on existing market conditions, including assumptions relating to risks. As such, it does not take into account the company's intention to own the asset or settle the liability when the market value is determined.

Market value determination is based on the primary market. If a primary market does not exist, the basis will be the most advantageous market, i.e. the market that maximises the price of the asset or liability, less transaction and transport costs.

Market value measurements are, as far as possible, based on market values in active markets (level 1) or alternatively on values derived from observable market information (level 2).

To the extent that such observable information is not present or cannot be used without significant modification, recognised valuation methods and reasonable estimates must be used as the basis for market values (level 3).

Cash flow statement

The cash flow statement presents cash flows allocated to operating, investment and financing activities for the year, as well as displacement of cash and cash equivalents at the beginning and end of the year.

Cash flows from acquisitions and sales of companies are shown separately under cash flows from investment activities. The acquired companies' cash flows will be recognised in the cash flow statement from the acquisition date and sold companies' cash flows will be recognised until the sales date.

Cash flows from operating activities are recognised using the indirect method based on the profits after taxes adjusted for non-cash operating items, changes in working capital, interest received and paid, dividends received and income taxes paid.

NOTES Note no. 1 Accounting practice used (continued)

Cash flow from investment activities includes payments in connection with the acquisition and sale of companies and activities, acquisition and sale of intangible, tangible and other long-term assets, as well as securities not presented as cash and cash equivalents.

Cash flows from financing activities include changes to the size or composition of share capital and related costs as well as borrowing, repayment of interest, acquisition and sale of own shares and payment of dividends to shareholders.

Cash flows relating to financially leased assets are recognised under financing activities as payment of interest and repayment of debt.

Cash and cash equivalents include cash holdings and securities with a residual maturity of less than three months on the acquisition date and that can be converted to cash holdings without hindrance and for which there is only insignificant risk of value changes.

Cash flows in currencies other than the functional currency are converted using average currency translations unless these deviate substantially from the exchange rates on the transaction date.

Segment information

Segment information has been prepared in accordance with the Group's applied accounting policy and follows internal management reporting.

Segment income and costs and segment assets and liabilities include the items that can be directly attributed to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Unallocated items primarily include assets and liabilities and income and costs relating to the Group's administrative functions, investment activities, income taxes, etc.

Long-term assets in the segment include long-term assets directly used for segment operations, including intangible and tangible assets and equity shares in associated companies. Short-term assets in the segment include the short-term assets used directly for segment operations, including inventories, amounts owed from sales, other amounts owed, prepaid costs and cash and cash equivalents.

Segment liabilities include liabilities derived from segment operations, including suppliers of goods and services and other debts.

NOTES Note no. 2 Significant accounting estimates, assumptions and assessments

Estimation uncertainty

Recognition of the book value of certain assets and liabilities requires assessments, estimation and assumptions about future events.

Estimates that are significant to financial reporting are made, for example, in connection with the settlement of depreciation and amortisation, sales price in construction contracts, pensions and similar liabilities, provisions and contingent liabilities and assets.

It may be necessary to change previous estimations as a result of changes to the circumstances that formed the basis for the previous estimations or due to new knowledge or subsequent events.

Construction contracts

The main estimates include completion rates for construction contracts calculated on the basis of progress reports.

The extent of completion for construction contracts is recognised for each contract as the ratio of the realised progress measured by the value of produced units and the anticipated end value of the construction contracts, including the outcome of disputes.

Assessment of disputes regarding additional works, deadline extensions, daily penalty fine demands, etc. is generally done based on the nature of the circumstances, relationship with the client, stage of negotiation, previous experience and thus also an assessment of the probable outcome of each case. For significant disputes, external legal reviews are included in the basis for the assessment.

Estimations linked to the future execution of residual work depend on a number of factors, as the assumptions for a project may be changed in line with the execution of the work. Similarly, the assessment of disputes may change in line with the progress of the cases.

The actual results could therefore deviate from the anticipated results.

Estimates and assumptions are made based on historical experience and other factors that management consider reasonable under the circumstances but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unexpected events or circumstances may arise. Furthermore, the company is exposed to risks and uncertainties that may result in the actual outcomes deviating from these estimations. Risks for the Arkil Holding Group have been addressed in the report of the Board of Directors and the management and note 39.

Pension liabilities

Some of the Group's foreign companies have defined benefit pension obligations that are not covered by insurance. Significant estimates used in the recognition of the pension liabilities in these companies are the discount rate and life expectancy. A description of these estimates and information about sensitivity to changes to the estimates can be found in note 28.

Depreciation test for goodwill

The annual depreciation test for goodwill includes estimation of how the parts of the company (cash-generating entities) to which goodwill relates will be able to generate sufficient positive net cash flows in future to support the value of goodwill and other net assets in the part of the company concerned.

Estimates on future unrestricted net cash flow are based on budgets and business plans for the next five years and projections for subsequent years. Key parameters are revenue developments, operating margin, profit margin, future capital investments and growth expectations for the years beyond the next five years. Budgets and business plans for the next five years are based on specific future business initiatives for which the risks in key parameters have been assessed and incorporated in expected unrestricted future cash flows. Projections beyond the next five years are based on general expectations and risks.

The discount rates used to calculate the recoverable values are before tax and reflect the risk-free interest plus specific risks in individual cash flow-generating units. The effect on future risks has been incorporated in the cash flows used and such risks are not included in the discount rates used.

Due to the nature of the business, estimations of future cash flows many years into the future must be made and this naturally leads to some uncertainties. Uncertainties are reflected in the discount rate chosen.

The depreciation test and the particularly sensitive circumstances in connection with this have been described further in note 15 to the consolidated accounts.

NOTES Note no. 2 Significant accounting estimates, assumptions and assessments (continued)

Recovery of deferred tax assets

Deferred tax assets are recognised for all unused tax deficits to the extent it is considered probable that taxable surpluses can be realised in the foreseeable future and the deficits can thereby be offset.

As of 31 December 2017, deferred tax assets of DKK 42 million can largely be attributed to pension liabilities.

NOTES Note no. 3 Segment information

2017 (Amounts in DKK 1,000)	Danish activities	Foreign activities	Total reportable segments
Revenue	2,315,610	954,429	**3,270,039**
Internal revenue	(102,257)	(27,338)	**(129,595)**
Revenue	**2,213,353**	**927,091**	3,140,444
Returns on primary operations	100,008	51,467	**151,475**
Share of profits in associated companies	(2,731)	(1,227)	**(3,958)**
Segment assets	1,377,518	640,219	**2,017,737**
Of which equity interests in associated companies	751	3,476	**4,227**
Capital investment, including acquisition of companies	114,809	39,021	**153,830**
Amortisation	75,798	32,866	**108,664**
Depreciations	0	0	**0**
Cash flow from operating activities	232,971	30,478	**263,449**
Cash flow from investment activities	(39,312)	(28,118)	**(67,430)**
Cash flow from financing activities	(50,609)	(6,516)	**(57,125)**
Segment liabilities	815,015	334,770	**1,149,785**

Trade between the Groups' segments takes place under normal market terms.

NOTES Note no. 3 Segment information (continued)

2016 (Amounts in DKK 1,000)	Danish activities	Foreign activities	Total reportable segments
Revenue	2,204,976	897,490	**3,102,466**
Internal revenue	(60,969)	(24,491)	**(85,460)**
Revenue	**2,144,007**	**872,999**	3,017,006
Returns on primary operations	(37,560)	43,914	**6,354**
Share of profits in associated companies	(2,309)	(1,032)	**(3,341)**
Segment assets	1,211,964	605,123	**1,817,087**
Of which equity interests in associated companies	3,482	4,703	**8,185**
Capital investment, including acquisition of companies	94,898	13,898	**108,796**
Amortisation	65,587	32,022	**97,609**
Depreciations	0	0	**0**
Cash flow from operating activities	(39,852)	108,628	**68,776**
Cash flow from investment activities	29,779	(49,603)	**(19,824)**
Cash flow from financing activities	(52,602)	(9,444)	**(62,046)**
Segment liabilities	725,476	332,446	**1,057,922**

Trade between the Groups' segments takes place under normal market terms.

NOTES Note no. 3 Segment information (continued)

	Group	
(Amounts in DKK 1,000)	2017	2016
Balancing of reportable segments' revenue, profit and loss, assets and liabilities		
Revenue		
Segment revenue for reportable segments	3,270,039	3,102,466
Elimination of internal revenue	(129,595)	(85,460)
Segment revenue for non-reportable segments	0	0
Total revenue, cf. profit and loss statement	**3,140,444**	**3,017,006**
Returns on primary operations		
Segment profits for reportable segments	151,475	6,354
Segment profits for non-reportable segments	0	0
Profits on primary operations, cf. profit and loss statement	**151,475**	**6,354**
Assets		
Segment assets for reportable segments	2,017,737	1,817,087
Segment assets for non-reportable segments	0	0
Assets cf. balance sheet	**2,017,737**	**1,817,087**
Liabilities		
Segment liabilities for reportable segments	1,149,785	1,057,922
Segment liabilities for non-reportable segments	0	0
Liabilities cf. balance sheet	**1,149,785**	**1,057,922**

NOTES Note no. 4 Revenue

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Sale of goods	266,815	243,881
		Sales value of the year's production in construction contracts	2,873,629	2,773,125
			3,140,444	**3,017,006**

NOTES Note no 5. Costs

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Production costs		
		Cost of sales for the year	240,786	205,600
		Amortisation of inventories for the year	0	0
		Reversed amortisation of inventories	0	0
		Employee costs		
22,152	23,884	Salaries and wages	728,563	756,676
3,069	3,129	Contribution-based pension schemes	73,431	74,950
		Performance-based pension schemes	5,440	5,975
499	418	Other employee costs	56,326	57,758
25,720	**27,431**		**863,760**	**895,359**
1,635	1,575	Remuneration of directors	1,575	1,635
5,498	5,747	Wages, Board of Directors	7,411	7,505
739	649	Pension, Board of Directors	649	739
		Wages, other managing employees	4,095	4,205
		Pension, other managing employees	492	498
17,848	19,460	Other employees	849,538	880,777
25,720	**27,431**		**863,760**	**895,359**
		Directors receive a fixed remuneration and bonuses in foreign subsidiaries.		
		Remuneration for the Board of Directors		
540	540	Chairman of the Board (3 x rank-and-file remuneration)	540	540
270	270	Deputy Chairman (1.5 x rank-and-file remuneration)	270	270
600	540	Rank-and-file (DKK 180,000 per member)	540	600
225	225	Audit committee	225	225
1,635	**1,575**		**1,575**	**1,635**
		Remuneration for the Board of Directors is a fixed monetary amount which is presented at the company's annual general meeting.		
		Employee costs are included as follows:		
		Production costs	672,975	700,556
25,720	27,431	Administration costs	190,785	194,803
25,720	**27,431**		**863,760**	**895,359**
34	35	Average number of employees	1,823	1,862

NOTES Note no. 5 - 7

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Note no. 5 Costs (continued)		
		Depreciation and amortisation		
		Depreciation, intangible assets	772	835
1,985	2,440	Depreciation, tangible assets	107,892	96,774
1,985	**2,440**		**108,664**	**97,609**
		Depreciation and amortisation are included as follows:		
		Production costs	103,292	92,539
825	905	Administration costs	5,372	5,070
1,160	1,535	Other operating income/costs	0	0
1,985	**2,440**		**108,664**	**97,609**
		Note no. 6 Remuneration for the auditor elected at the annual general meeting		
		The total remuneration for the auditor elected at the annual general meeting can be specified as follows:		
170	160	Statutory audit	1,831	1,783
0	0	Other assurance statements	15	0
29	8	Tax and VAT consulting	45	146
183	146	Other services	516	481
382	**314**		**2,407**	**2,410**
0	0	Of which to other auditors – Statutory audit	179	225
0	0	Of which to other auditors – Other services	193	286
0	**0**	**Of which to other auditors**	**372**	**511**

Remuneration for non-auditor services delivered by Ernst & Young to the Group amounts to 0.3 mio. DKK and comprises a number of minor assurance and counseling tasks.

Note no. 7 Other operating income

Other operating income covers accounting entries of a secondary nature in relation to the main purpose of the company, including returns from renting out properties.

NOTES Note no. 8 Equity interests in subsidiaries

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
351,570	401,570	Cost price, 1 January		
50,000	0	Increase for the year		
401,570	**401,570**	**Cost price, 31 December**		
0	0	Amortisation, 1 January		
0	0	Depreciations		
0	**0**	**Amortisation, 31 December**		
401,570	**401,570**	**Book value, 31 December**		

Ownership interest (%)		
2016	2017	
100	100	Arkil A/S, Haderslev, Denmark
100	100	Arkil Fundering A/S, Middelfart, Denmark
100	100	Arkil Holding GmbH, Germany
100	100	Inpipe Sweden AB, Sweden
100	100	Arkil Inpipe GmbH, Germany
100	100	Arkil Ltd., Ireland

Information about ownership interests, names and domicile of the Group's subsidiaries can be found in the Group Overview etc. on page 107.

NOTES Note no. 9 Equity interests in associated companies

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Cost price, 1 January	9,934	9,959
		Foreign currency translation adjustments	0	(25)
		Increase for the year	0	0
		End of year	0	0
		Cost price, 31 December	**9,934**	**9,934**
		Adjustments, 1 January	(1,749)	3,453
		Foreign currency translation adjustments	0	(2)
		End of year	0	0
		Allocation	0	(1,859)
		Share of profit for the year	(3,958)	(3,341)
		Adjustments, 31 December	**(5,707)**	**(1,749)**
		Book value, 31 December	**4,227**	**8,185**

	Ownership interest (%)	
	2017	2016
Associated companies comprise the following:		
Traffics A/S, Roskilde, Denmark	50	50
Hanse Asphalt GmbH, Rostock, Germany	46	46
GAM Greifswalder Asphaltmischwerke GmbH & Co. KG, Rostock, Germany	46	46
GAM Greifswalder Asphaltmischwerke Verwaltungs GmbH, Rostock, Germany	46	46

NOTES Note no. 9 Equity interests in associated companies (continued)

Subsidiaries with ownership interest of 50%

The Group has a 50% stake in PV Greve A/S. The Group is entitled to appoint the chairman of the company, who has the decisive vote in the event of a tie in Board resolutions. On this basis it has been determined that the Group has a controlling interest in the company's activities and the company is therefore recognised as a subsidiary in the consolidated accounts.

Subsidiaries with minority interests

There has been an evaluation of materiality to identify any subsidiaries with minority interests that are significant to the group.

The assessment has been made based on minority stakes and the size of the subsidiaries concerned. It has been found that no subsidiaries have minority interests that are significant to the group.

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		The Group does not own any individual associated companies that are considered significant. The total figure for the activities of associated companies can be seen below:		
		Total income statement:		
		Revenue	69,867	80,912
		Net profit for the year	(7,923)	(6,682)
		Other total income	0	0
		Total income	**(7,923)**	**(6,682)**
		Share of profit	(3,958)	(3,341)
		Dividends received	0	1,859
		Balance sheet		
		Long-term assets	7,563	11,073
		Short-term assets	23,181	25,663
		Long-term liabilities	0	0
		Short-term liabilities	(22,291)	(20,656)
		Equity capital	**8,453**	**16,080**
		Arkil Holding Group's interest in associated companies	4,227	8,185

NOTES Note no. 10 Equity interests in joint ventures

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016

The Arkil Holding Group participates in the following joint ventures.

Arkil-Stürup-CGJensen I/S (66.66%) - Haderslev, Denmark
Asfaltkonsortiet Pankas-Arkil I/S (50%) - Haderslev, Denmark
Arkil-CJ Anlæg I/S (50%), Haderslev, Denmark
Konsortiet Arkil-Bilfinger I/S (86.8%) - Randers, Denmark
Arkil-Volker I/S (99%) - Esbjerg, Denmark
Strukton - Arkil JV I/S (50%) - Haderslev, Denmark

The contractual conditions mean that the parties to the arrangements have sole rights to the net assets, and they are therefore classified as equity shares in joint ventures.

For all of the above joint ventures, decisions concerning relevant activities require unanimity among the participating parties.

As the activities in the consortiums exclusively cover intercompany invoicing for services from participating stakeholders to the developer, no joint ventures are considered independently significant to the Group.

2016	2017	(Amounts in DKK 1,000)	2017	2016
		Cost price, 1 January	31,562	22,062
		Increase for the year		9,500
		Cost price, 31 December	**31,562**	**31,562**
		Adjustments, 1 January	(18,351)	(18,351)
		Allocation	(1,500)	0
		Share of profit for the year	0	0
		Adjustments, 31 December	**(19,851)**	**(18,351)**
		Book value, 31 December	**11,711**	**13,211**

NOTES Note no. 10 Equity interests in joint ventures (continued)

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Overall financial information concerning the Group's joint ventures that are not individually significant and that are included in accordance with the internal value method:		
		The year's profit on ongoing contracts	0	0
		The year's profit on completed contracts	0	0
		Other total income	0	0
		Total income in total	**0**	**0**
		Book value of equity interests in individually insignificant joint ventures	11,710	13,211
		Can be divided as follows:		
		Joint ventures with positive equity	11,710	13,211
		Joint ventures with negative equity	0	0
		Total equity	**11,710**	**13,211**
		Joint ventures, Group interest		
		Group, external revenue	12,326	85,598
		Group, external costs	(12,353)	(85,566)
		Financial entries, net	27	(32)
		Profit	**0**	**0**
		Long-term assets	0	0
		Short-term assets, Group internal	0	0
		Short-term assets, Group external	68,347	91,183
		Total assets	**68,347**	**91,183**
		Equity capital	**11,710**	**13,211**
		Long-term liabilities	0	0
		Short-term liabilities, Group internal	22,308	29,412
		Short-term liabilities, Group external	34,329	48,560
		Total liabilities	**56,637**	**77,972**
		Total liabilities	**68,347**	**91,183**

NOTES Note no. 11 - 13

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Note no. 11 Financial income		
2,004	1,005	Interest receivable, subsidiaries		
57	57	Interest and returns on securities (market value)	785	619
40	0	Value adjustment of and profit on securities (market value)	538	636
38,618	8,924	Returns from subsidiaries		
0	0	Interest, credit institutions, etc.	472	1,796
40,719	**9,986**	**Total financial income**	**1,795**	**3,051**
		Note no. 12 Financial costs		
368	98	Interest on liabilities measured at amortised cost price	4,840	3,719
0	48	Value adjustment of and loss on securities (market value)	375	333
		Interest element, discounted provisioned liabilities	67	77
		Foreign exchange loss	318	268
368	**146**	**Total financial costs**	**5,600**	**4,397**
		Note no. 13 Taxes		
		The taxes for the year can be divided as follows:		
170	398	Taxes on profit for the year	36,122	(569)
0	0	Taxes on other total income	2,843	(4,109)
170	**398**		**38,965**	**(4,678)**
		Taxes on the year's profits are as follows:		
284	120	Taxes payable	10,817	9,578
(109)	(1)	Deferred taxes	24,621	(10,879)
0	(265)	Deferred taxes for previous years	604	1,232
(5)	544	Taxes payable for previous years	80	(500)
170	**398**		**36,122**	**(569)**

NOTES Note no. 13 Taxes (continued)

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Taxes on the year's profit can be explained as follows:		
9,292	1,589	22% tax calculated on profits before tax	32,487	1,102
		Adjustment of calculated tax in foreign associated companies in relation to 22%	2,176	(2,392)
		Tax effect of:		
(8,496)	(1,963)	Tax-exempt dividends		
(307)	494	Other adjustments	(96)	(746)
		Share of profits after tax in associated companies and joint ventures	871	735
(319)	278	Adjustment of taxes for previous years	684	732
170	**398**		**36,122**	**(569)**
0.4%	5.5%	Effective tax percentage	24.5%	(11.4%)

NOTES Note no. 13 Taxes (continued)

Taxes on other total income						
	2017			2016		
	Before tax	Taxable in-come/costs	After tax	Before tax	Taxable in-come/costs	After tax
Entries that cannot be reclassified for the profit and loss statement:						
Actuarial profit/loss on performance-based pension schemes	9,014	(2,704)	6,310	(13,675)	4,109	(9,566)
	9,014	**(2,704)**	**6,310**	**(13,675)**	**4,109**	**(9,566)**
Entries that can be reclassified for the profit and loss statement:						
Currency exchange adjustments when converting foreign units	(360)	0	(360)	(1,413)	0	(1,413)
Revaluation of hedging instruments:	629	(138)	491			
Revaluation for the year	0	0	0	0	0	0
	269	**(138)**	**131**	**(1,413)**	**0**	**(1,413)**
	9,283	(2,842)	6,441	(15,088)	4,109	(10,979)

NOTES Note no. 14 Profits per share

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Net profit for the year	111,548	5,577
		Minority interest share of Group profits	(7,515)	(6,744)
		Arkil Holding A/S shareholders	**104,033**	**(1,167)**
		Average number of shares of DKK 100	49,132	49,132
		Average number of own shares	(1,730)	(1,730)
		Average number of shares in circulation	**47,402**	**47,402**
		Earnings per share (EPS) of DKK 100	219	(2)
		Diluted earnings per share (EPS-D) of DKK 100	219	(2)

NOTES Note no. 15 Goodwill

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Cost price, 1 January	139,668	139,917
		Foreign currency translation adjustments	(4)	(249)
		Cost price, 31 December	**139,664**	**139,668**
		Amortisation, 1 January	0	0
		Depreciations	0	0
		Amortisation, 31 December	**0**	**0**
		Book value, 31 December	**139,664**	**139,668**

Goodwill

Goodwill is distributed as follows on the following cash-flow-generating entities:

		Segment Danish activities:		
		Arkil A/S	61,263	61,263
		Arkil Fundering A/S	12,963	12,963
		Segment Total Danish activities	**74,226**	**74,226**
		Segment Foreign activities:		
		Arkil Holding GmbH	65,438	65,442
		Segment Total foreign activities	**65,438**	**65,442**
		Book value, 31 December	**139,664**	**139,668**

The management has conducted a valuation of the book value of goodwill.

The recoverable value is based on the capital value determined using anticipated cash flows based on budgets for the years 2018-2022 as approved by the management and a discount rate before tax of 12% which remains unchanged compared to previous years.

The budgets have been prepared based on the management's assessments and expectations of the individual entities' market development and earnings situation. Key assumptions that form the basis for the budgets prepared are the expectations concerning public investment in large infrastructure projects. These are expected to remain at the same level as 2017 both in the short and long term.

The weighted average growth rate used for extrapolation has been estimated to amount to the following after 2022:

Arkil A/S	2%-point
Arkil Fundering A/S	2%-point
Arkil Holding GmbH	2%-point

The growth rates are estimated to not exceed the long-term average growth rate within the company's markets. The growth rates remain unchanged compared to recent years. The dispersion of the three cash-generating entities is very small, taking industry and geographical location into account, and they are therefore considered to have identical growth rates.

The present value of expected future net cash flows is sufficient to offset the book value of goodwill as of 31/12/2017.

NOTES Note no. 15 Goodwill (continued)

Sensitivity analysis

Sensitivity calculations have been performed and show that if there are reasonably probable changes in the primary assumptions that form the basis for the calculation of recoverable values, these will continue to exceed the book values.

NOTES Note no. 16 - 17

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Note no. 16 Acquired know-how		
		Cost price, 1 January	2,477	2,477
		Increase	0	0
		Cost price, 31 December	**2,477**	**2,477**
		Depreciation and amortisation, 1 January	(1,238)	(743)
		Amortisation for the year	(495)	(495)
		Depreciation and amortisation, 31 December	**(1,733)**	**(1,238)**
		Book value, 31 December	**744**	**1,239**
		Note no. 17 Licenses and rights		
		Cost price, 1 January	11,156	11,207
		Foreign currency translation adjustments	1	(51)
		Increase	265	0
		Cost price, 31 December	**11,422**	**11,156**
		Depreciation and amortisation, 1 January	(3,645)	(3,327)
		Foreign currency translation adjustments	(1)	21
		Amortisation for the year	(277)	(339)
		Depreciation and amortisation, 31 December	**(3,923)**	**(3,645)**
		Book value, 31 December	**7,499**	**7,511**

NOTES Note no. 18 Land and buildings, domicile properties

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
3,726	1,709	Cost price, 1 January	199,069	190,590
		Foreign currency translation adjustments	(155)	(510)
0	0	Increase	8,874	10,587
		Reclassification from technical plants, equipment, fixtures and fittings	0	579
(2,017)	(1,709)	Decrease	(3,759)	(2,177)
1,709	**0**	**Cost price, 31 December**	**204,029**	**199,069**
(1,092)	(501)	Depreciation and amortisation, 1 January	(60,279)	(56,857)
		Foreign currency translation adjustments	103	294
		Amortisation	(4,564)	(4,467)
591	501	Decrease	1,016	751
(501)	**0**	**Depreciation and amortisation, 31 December**	**(63,724)**	**(60,279)**
1,208	**0**	**Book value, 31 December**	**140,305**	**138,790**
0	**0**	**Of which financially leased assets**	**0**	**0**
0	**0**	**Investment liabilities**	**0**	**0**

NOTES Note no. 19 Investment properties

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
73,915	81,979	Cost price, 1 January	3,645	3,645
7,485	6,030	Increase	0	0
579	0	Reclassification from technical plants, equipment, fixtures and fittings	0	0
0	0	Decrease	0	0
81,979	**88,009**	**Cost price, 31 December**	**3,645**	**3,645**
(18,257)	(19,417)	Depreciation and amortisation, 1 January	(2,274)	(2,274)
(1,160)	(1,535)	Amortisation	0	0
0	0	Decrease	0	0
(19,417)	**(20,952)**	**Depreciation and amortisation, 31 December**	**(2,274)**	**(2,274)**
62,562	**67,057**	**Book value, 31 December**	**1,371**	**1,371**
86,517	**92,564**	**Market value of investment properties**	**2,500**	**2,500**

Market value for investment properties (level 3 in the market value hierarchy) has been calculated based on a discounted cash flow model with a minimum return on interest requirement of 5-7%. Investment properties in the parent company predominantly comprise properties used for Group operations. The market value calculations are based on the tenancy agreements that have been entered into.

5,108	5,563	Rental income on investment properties	178	237
(258)	(294)	Operating costs for investment properties	(124)	(79)
4,850	**5,269**	**Operation of investment properties**	**54**	**158**

NOTES Note no. 20 - 21

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Note no. 20 Technical plants, equipment, fixtures and fittings		
4,104	3,639	Cost price, 1 January	1,178,480	1,144,437
		Foreign currency translation adjustments	(868)	(2,965)
114	1,050	Increase	148,048	121,806
(579)	0	Reclassification to property	0	(579)
0	(80)	Decrease	(60,576)	(84,219)
3,639	**4,609**	**Cost price, 31 December**	**1,265,084**	**1,178,480**
(502)	(1,327)	Depreciation and amortisation, 1 January	(751,433)	(737,250)
		Foreign currency translation adjustments	845	2,473
(825)	(905)	Amortisation	(103,314)	(92,251)
0	0	Decrease	54,350	75,595
(1,327)	**(2,232)**	**Depreciation and amortisation, 31 December**	**(799,552)**	**(751,433)**
2,312	**2,377**	**Book value, 31 December**	**465,532**	**427,047**
529	**830**	**Of which financially leased assets**	**220,342**	**183,255**
0	**0**	**Investment liabilities**	**0**	**0**
		Note no. 21 Plants under construction and advance payments		
0	0	Cost price, 1 January	1,082	1,229
		Foreign currency translation adjustments	0	(11)
0	15,642	Increase	16,357	126
0	0	Carried	(1,082)	(262)
0	**15,642**	**Cost price, 31 December**	**16,357**	**1,082**
0	**15,642**	**Book value, 31 December**	**16,357**	**1,082**

NOTES Note no. 22 - 24

Parent company 2016	2017	(Amounts in DKK 1,000)	Group 2017	2016
		Note no. 22 Long-term amounts owed		
		Cost price, 1 January	4,626	8,983
		Foreign currency translation adjustments	0	0
		Increase	0	0
		Instalments	(2,216)	(4,357)
		Cost price, 31 December	**2,410**	**4,626**
		Book value, 31 December	**2,410**	**4,626**
		Note no. 23 Inventories		
		Raw materials and ancillary materials	59,220	79,802
		Goods in production	208	358
		Finished goods	11,366	12,090
			70,794	**92,250**
		Book value of inventory depreciated to market value	0	0
		Note no. 24 Construction contracts		
		Sales value of construction contracts	2,226,287	2,169,016
		On-account invoicing	(2,140,707)	(2,097,193)
			85,580	**71,823**
		Included as follows:		
		Construction contracts (assets)	127,755	131,449
		Construction contracts (liabilities)	(42,175)	(59,626)
			85,580	**71,823**
		Advance payments from customers concerning contracts that have yet to commence	2,975	4,124
		Retained payments	71,591	71,060

NOTES Note no. 25 Amounts owed

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Amounts owed from sales and service provisions	628,875	560,080
27,069	3,493	Amounts owed to associated companies		
		Amounts owed to joint ventures	41,452	54,589
566	268	Other amounts owed	70,149	22,872
27,635	**3,761**		**740,476**	**637,541**
		Amortisation included in the above amounts owed has developed as follows:		
		1 January	4,979	6,799
		Value adjustment	0	(14)
		Amortisation for the year	961	365
		Net for the year	(50)	(1,527)
		Returned	(1,264)	(644)
		31 December	**4,626**	**4,979**
		Of which individual amortisation	4,626	4,979

Credit risks linked to the individual amounts owed are primarily dependent on the domicile of the debtors. The credit quality of non-amortised amounts owed has been assessed in accordance with the Group's internal credit rating procedures and external assessments as being of a high quality with a low risk of loss; refer also to note 39 for information about credit rating procedures etc.

Non-amortised amounts owed from sales have the following geographical distribution:

	2017	2016
Scandinavia	569,209	523,424
Rest of Europe	101,118	91,245
	670,327	**614,669**

The Group's amounts owed from sales as of 31 December 2017 include an amortisation of TDKK 4,626. (2016: TDKK 4,979). The amortisations were predominantly caused by customer bankruptcy or anticipated bankruptcy. Additionally, amounts owed that, as of 31 December, were overdue but not amortised have been included as follows:

	2017	2016
Payment term:		
Up to 30 days	130,182	117,739
Between 30 and 90 days	18,887	13,501
More than 90 days	98,100	97,778
	247,169	**229,018**

NOTES Note no. 26 Securities

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
1,099	1,051	Listed securities (level 1)	26,258	26,181
1,099	**1,051**		**26,258**	**26,181**

NOTES Note no. 27 Equity

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Share capital		
49,132	49,132	1 January	49,132	49,132
49,132	**49,132**	**31 December**	**49,132**	**49,132**
		Share capital can be divided as follows:		
6,150	6,150	A shares	6,150	6,150
42,982	42,982	B shares	42,982	42,982
49,132	**49,132**		**49,132**	**49,132**
		A share capital is distributed as follows:		
1,367	1,367	1 share of DKK 1,367,400.	1,367	1,367
83	83	1 share of DKK 82,600.	83	83
3,450	3,450	69 shares of DKK 50,000.	3,450	3,450
1,105	1,105	221 shares of DKK 5,000.	1,105	1,105
130	130	130 shares of DKK 1,000.	130	130
15	15	30 shares of DKK 500.	15	15
6,150	**6,150**		**6,150**	**6,150**
		The B share capital constitutes 429,823 shares at DKK 100 each.		
		Voting rights:		
10	10	A shares of DKK 100.		
1	1	B shares of DKK 100.		
		Own shares		
12,100	12,100	Start	17,300	17,300
0	0	Increase	0	0
12,100	**12,100**	**Quantity, end**	**17,300**	**17,300**
1,210	1,210	Nominal value	1,730	1,730
2.5%	2.5%	% of share capital	3.5%	3.5%
10	15	Proposed dividend per DKK 100 share		

In previous years, the Group has acquired own shares with a nominal value of TDKK 1,730 at an average price of 836, corresponding to a cost price of TDKK 14,462.

Of this, shareholdings in subsidiaries amount to nominally TDKK 520 with a cost price of TDKK 3,641.

The Board of Directors has been authorised, until the next annual general meeting, to allow the company to acquire its own shares up to a total nominal value of a maximum of 10% of the share capital available at any time. Acquisition shall take place at a price that is no higher than the listed end buyer price for B shares plus 10% on Nasdaq Copenhagen on the acquisition date.

Pursuant to the authorisation of the general meeting, the corporate management may increase share capital by up to nominally DKK 15,000,000. The authorisation shall be valid until 1 April 2019.

The purpose is to achieve flexibility in connection with company acquisitions and strategic partnerships.

NOTES Note no. 28 Pensions and similar liabilities

In defined contribution pension schemes, the employer is obliged to pay a defined contribution (e.g. a fixed amount or fixed percentage of salary). In a contribution-based scheme, the Group will not be liable for risks relating to future developments in interest, inflation, mortality and incapacity for work.

In performance-based pension schemes, the employer is obliged to pay a defined contribution (e.g. a retirement pension as a fixed amount or fixed percentage of final salary). In a performance-based scheme, the Group will be liable for risks relating to future developments in interest, inflation, mortality and incapacity for work.

The pension obligations of Danish companies are covered by insurance. Certain foreign companies are also covered by insurance. Foreign companies that are not or are only partly covered by insurance (performance-based schemes) recognise the actuarial liability at present value on the balance sheet date. Performance-based schemes can be found in some of the Group's German companies. Under liabilities in the consolidated accounts, TDKK 151,500 has been recognised (2016: TDKK 161,566) concerning the Group's liabilities for current and former employees. Non-covered pension schemes include schemes for all employee groups. The parent company has only contribution-based pension schemes.

Future pension benefits are based on the employee's seniority in the scheme, as the size of the pension elements is independent on each employee's salary level.

The risks associated with performance-based schemes can generally be classified as risks relating to mortality and interest level.

The latest actuarial assessment of pension liabilities has been performed by Uhlmann, Ludewig & Menzel. The present value of the scheme's liabilities and associated pension costs concerning current and previous financial years has been recognised using the Projected Unit Credit Method.

The key assumptions for the actuarial estimations on the balance sheet date can, on average, be said to be as follows:

	Group	
(Amounts in DKK 1,000)	2017	2016
Discount rate	1.6%	1.6%
Mortality table based on anticipated lifespans for the economically active population in Germany (trends extrapolated to 2060)	G2005	G2005

NOTES Note no. 28 Pensions and similar liabilities (continued)

	Group	
(Amounts in DKK 1,000)	2017	2016
Current value of performance-based schemes	151,500	161,566
Market value of the schemes' assets	0	0
Total	**151,500**	**161,566**
Current value development of the included pension liabilities:		
Net liability, 1 January	161,566	149,840
Foreign currency translation adjustments	15	(579)
Pensions paid	(6,508)	(7,345)
Pension costs for the financial year in question	5,441	5,975
Actuarial loss (profits), changed demographics	(8,098)	920
Actuarial loss (profits), changed financial conditions	(916)	12,755
Net liabilities, 31 December	**151,500**	**161,566**
Pension costs included in the profit and loss account:		
Pension costs for the financial year in question	2,963	2,560
Interest calculated for liabilities	2,478	3,415
Total included for performance-based schemes	**5,441**	**5,975**
Included in contribution-based schemes	73,430	74,950
Total recognised	**78,871**	**80,925**
Costs have been included in the following accounting entries in the profit and loss statement:		
Production costs	61,467	63,988
Administration costs	17,404	16,937
Total recognised	**78,871**	**80,925**

NOTES Note no. 28 Pensions and similar liabilities (continued)

Sensitivity analyses

The table below shows the pension liability's sensitivity to changes in key assumptions for recognition of the liability on the balance sheet date. Key actuarial assumptions in the recognition of pension liabilities relate to interest levels and mortality.

The analysis is based on reasonably probable changes in the key assumptions used, provided the other parameters in the estimates remain unchanged and the impact is not modified.

There are no changes to the methods used compared to 2016.

	Group	
(Amounts in DKK 1,000)	2017	2016
Anticipated pension liabilities as of 31 December 2018	150,652	160,744
Reported pension liabilities	151,500	161,566
Sensitivity concerning discount rate (pension liabilities in the event of changed assumptions):		
1.1% (assumption -0.5%)	164,430	175,069
2.1% (assumption +0.5%)	141,145	150,856
Sensitivity concerning mortality:		
Anticipated + 1 year lifespan	157,348	168,088
Anticipated - 1 year lifespan	146,796	156,415
The anticipated weighted duration of the liability at the end of 2017 is 15.6 years (2016: 15.2):		
Active employees	24	24
Retired employees	10	10
Survivors	11	22
The pension liabilities are anticipated to fall due for payment as follows:		
0-1 years	6,224	7,005
1-5 years	26,219	29,152
>5 years	119,057	125,409
	151,500	**161,566**
The liabilities can be divided into:		
Active employees	50,993	52,067
Retired employees	61,099	99,454
Survivors	39,408	10,045
	151,500	**161,566**

NOTES Note no. 28 Pensions and similar liabilities (continued)

	Group	
(Amounts in DKK 1,000)	2017	2016
In the statement of included profit and loss, the following accumulated actuarial profits/losses since 1 January 2005 have been included:		
Accumulated actuarial loss	**55,815**	**64,829**
In 2018, the Group anticipates paying in TDKK 7,005 to the performance-based pension scheme.		

NOTES Note no. 29 Deferred taxes

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
3,236	3,127	Deferred taxes, 1 January	(3,596)	10,081
		Foreign currency translation adjustments	(2)	79
(109)	(266)	The year's deferred tax included in the year's profits	25,225	(9,647)
		The year's deferred tax included in other total income	2,843	(4,109)
3,127	**2,861**	**Deferred tax, 31 December**	**24,470**	**(3,596)**
		Deferred tax is included in the balance sheet as follows:		
		Deferred taxes (assets)	(25,328)	(27,618)
3,127	2,861	Deferred taxes (liabilities)	49,798	24,022
3,127	**2,861**	**Deferred tax, 31 December, net**	**24,470**	**(3,596)**
		Deferred tax relates to:		
		Intangible assets	6,675	6,728
3,219	3,031	Tangible assets	61,244	59,002
		Financial assets	0	0
		Short-term assets	17,126	3,165
		Provisions	(41,644)	(33,462)
(92)	(170)	Other liabilities	(18,164)	(37,834)
		Tax deficit	(767)	(1,195)
3,127	**2,861**		**24,470**	**(3,596)**

The taxable value of the residual assessment balance for Inpipe Sweden AB, which exited the joint taxation as of 1 January 2005 and is not included in the statement of deferred tax. The tax value hereof constitutes TDKK 4,047.

NOTES Note no. 30 Provisions

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Full faith-and-credit guarantees, 1 January	10,459	11,859
		Foreign currency translation adjustments	(10)	(67)
		Used in the year	(1,966)	(2,081)
		Returned	(922)	(2,732)
		Allocated in the year	7,344	3,480
		Full faith-and-credit guarantees, 31 December	**14,905**	**10,459**
		Other liabilities, 1 January	8,021	10,938
		Foreign currency translation adjustments	1	(41)
		Used in the year	(1,763)	(248)
		Returned	(177)	(4,749)
		Allocated in the year	1,330	2,121
		Other liabilities, 31 December	**7,412**	**8,021**
		Provisions, 31 December	**22,317**	**18,480**
		The due dates for provisions are expected to be:		
		Short-term liabilities	17,899	10,134
		Long-term liabilities	4,418	8,346
		Provisions, 31 December	**22,317**	**18,480**

Full faith-and-credit guarantees concerning completed contracts performed against a guarantee of normally up to
5 years.

Other liabilities concerning the restoration of quarries and known liabilities for completed contracts. The liabilities have been calculated based on the management's specific expectations for future costs.

NOTES Note no. 31 Debt to credit institutions

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Loan	11,411	15,135
418	773	Leasing debt	211,640	174,838
949	0	Bank financing (overdraft facility)	350	72,237
1,367	**773**	**Book value**	**223,401**	**262,210**
0	0	Of which fixed interest	0	0
343	584	Long-term liabilities	172,737	146,910
1,024	189	Short-term liabilities	50,664	115,300
1,367	**773**		**223,401**	**262,210**
1,367	773	Nominal value	223,401	262,210

Market value is recognised as the present value of expected future contribution and interest payments. The Group's applicable borrowing rate for equivalent maturities has been used as the discount rate.

The Group's policy in connection with borrowing is to ensure the greatest possible flexibility through diversification of borrowing on maturity dates and counterparties.

Financial leasing liabilities

Liabilities concerning financially leased assets are included in debt to credit institutions as follows:

	Group					
	2017			2016		
	Mini mum leasing perfor-mance	Interest element	Current value	Mini mum leasing perfor-mance	Interest element	Current value
0-1 years	50,112	2,339	47,773	41,353	1,995	39,358
1-5 years	153,849	4,082	149,767	123,596	3,622	119,974
> 5 years	14,237	137	14,100	15,715	209	15,506
	218,198	**6,558**	**211,640**	**180,664**	**5,826**	**174,838**

According to the leasing contracts there are no conditional leasing services.

The current value of the liabilities concerning financially leased assets corresponds to the book value.

NOTES Note no. 32 Liabilities from financing activities

2017

TDKK	Start	Cash flows	Non-cash changes: Acquisitions	Non-cash changes: Currency adjustments	End of year
Loan	15,135	(3,724)	0	0	11,411
Leasing debt	174,838	(44,199)	81,001	0	211,640
Liabilities from financing activities	**189,973**	**(47,923)**	**81,001**	**0**	**223,051**

2016

TDKK	Start	Cash flows	Non-cash changes: Acquisitions	Non-cash changes: Currency adjustments	End of year
Loan	21,669	(6,329)	0	(205)	15,135
Leasing debt	131,160	(40,945)	84,623	0	174,838
Liabilities from financing activities	**152,829**	**(47,274)**	**84,623**	**(205)**	**189,973**

NOTES Note no. 33 - 35

Parent company 2016	Parent company 2017	(Amounts in DKK 1,000)	Group 2017	Group 2016
		Note no. 33 Supplier debt and other debt obligations		
1,232	2,980	Supplier debt	355,793	249,107
816	7,010	Debt to associated companies		
4,760	3,387	Other debt	304,801	282,286
6,808	**13,377**		**660,594**	**531,393**
		Note no. 34 Corporation tax		
8,320	(399)	Corporation tax owed, 1 January	625	16,493
		Foreign currency translation adjustments	3	(35)
284	664	Current tax for the year including jointly taxed subsidiaries	10,897	9,078
0	0	Other adjustments	0	0
(9,003)	(12,259)	Corporation tax paid for the year	(22,518)	(24,911)
(399)	**(11,994)**	**Amounts owed, corporation tax 31 December**	**(10,993)**	**625**
		Note no. 35 Contingent liabilities and collateral security		
		Guarantees provided to clients by third parties	749,702	805,592
		Mortgage and mortgage deeds on land and buildings	7,756	7,756

Pending disputes and litigation

The Group is a party in arbitration cases regarding the Eastern Funen project and the road bridges in the Ringsted-Femern project. Based on legal assessments by external consultants, the company is of the opinion that the Group's legal position and the level of provisions made in the proceedings are well-founded. There are always risks associated with the process in such cases. The outcome of the cases may have a positive or negative impact on the returns until the conclusion of the cases.

As part of the nature of its business, the Group is also involved in various disputes and legal and arbitration proceedings, the outcome of which management does not expect to have any significant negative impact on the Group's financial position.

Joint taxation

The parent company is jointly taxed with other Danish Group companies. As an administrative company, the company is jointly and severally liable with other group companies for Danish corporation tax and withholding taxes on dividends, interests and royalties within the joint taxation. The jointly taxed companies' overall known net receivables on corporation tax amounts to TDKK 11,994 as of 31 December 2017. Any subsequent corrections to jointly taxable income and withholding tax, etc. could result in the company's debt amounting to a greater sum.

NOTES Note no. 36 - 37

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
		Note no. 36 Changes in operating capital		
		Changes to inventories	21,456	(2,250)
26,242	23,874	Changes in amounts owed and construction contracts	(99,241)	(1,246)
1,278	6,569	Changes to suppliers and other debts	111,750	19,008
27,520	**30,443**		**33,965**	**15,512**
		Note no. 37 Purchase of tangible assets, net		
(7,599)	(22,722)	Purchase of tangible assets	(172,197)	(132,836)
0	505	Assumption of leasing debt	81,001	84,623
(7,599)	**(22,217)**		**(91,196)**	**(48,213)**

NOTES Note no. 38 Related parties

Shareholders with significant influence:

Lisbeth Arkil, Haderslev

Jesper Arkil, Haderslev, A shareholder.

Jens Skjøt-Arkil, Kolding, A shareholder.

The actuarial value of pension liabilities to related parties with a significant influence amounts to TDKK 26,052 (2016: TDKK 36,407). Pension liabilities incurred through the acquisition of companies in 2004 have been established through SAW Schleswiger Asphaltsplitt-Werke GmbH & Co. KG in 1974.

Arkil Holding A/S' other related parties with significant influence include the company's Board of Directors, corporate management and managers as well as these parties' immediate family members. Related parties also include companies in which the abovementioned people have substantial interests. Remuneration for the Board of Directors and corporate management is specified in note 5.

Works performed on behalf of related parties amount to TDKK 327 (2016: TDKK 581) and have been implemented on market terms. Amounts owed from related parties amount to TDKK 0 (2016: TDKK 0).

Furthermore, the parent company's related parties include the subsidiaries and associated companies, cf. notes 8 and 9, for which the parent company has a controlling or substantial influence.

The Group's related parties also include associated companies and joint ventures in which the Group has a substantial or jointly controlling influence. Associated companies are listed in note 9 and joint ventures are listed in note 10.

Subsidiaries and associated companies and joint ventures

Business relations with subsidiaries and associated companies and joint ventures have included the following:

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016
2,004	1,005	Interest receivable from subsidiaries		
		Purchase of goods and service provisions from associated companies	10,310	22,772
		Sale of goods and service provisions to joint ventures	128,819	296,789
		Sale of goods and service provisions to associated companies	3,605	4,406
36,255	36,051	Sale of service provisions to subsidiaries		
38,259	**37,056**		**142,734**	**323,967**

Transactions with subsidiaries have been eliminated in the consolidated accounts in accordance with the applied accounting policies.

The parent company's outstanding accounts with subsidiaries as of 31 December can be found in notes 25 and 33.

Outstanding accounts with subsidiaries include both borrowing and ordinary outstanding business accounts concerning acquisitions and sales.

Interest on outstanding accounts with subsidiaries can be found in notes 11 and 12.

The parent company has received TDKK 8,924 (2016: TDKK 38,618) in dividends from subsidiaries.

NOTES Note no. 39 Commercial and financial risks

General risks associated with construction activities

Arkil Holding Group activities that fall within the construction industry involve a number of commercial and financial risks.

The Group's strategy is to minimise and hedge commercial and financial risks through established risk management. The Group's risks are generally found not to deviate from what is ordinary for other companies in the construction industry.

The most significant operating risk for the Group is particularly influenced by the ability to be flexible, where the possibility of rapid adjustment to current market terms within the Group's business areas is a key factor.

The Group's customer segments are predominantly public and semi-public authorities and the supply of assignments therefore varies in line with political developments.

Furthermore, the Group's strategy is to establish subsidiaries abroad to achieve geographical distribution of the Group's activities to minimise dependence on the trends in the Danish market.

The Group's key activities are predominantly routine tasks with known risks that can be minimised through risk management.

Major specialist projects are mostly carried out as joint ventures with familiar partners as well as in collaboration with specialists, ensuring that risks are minimised.

Collaborations based on partnering and early tendering, where contractors are involved in the projects before initiation of the design and planning phases, strengthen risk coverage in projects.

The Group's insurance strategy is to cover significant risks that the Group itself does not have direct influence over and that may pose a threat to the Group's financial circumstances and existence.

Raw material risks

Based on a risk assessment, the Group's policy is to cover financial risks relating to future fluctuations in raw material prices included in the Group's services.

Such risks are generally covered by entering into fixed price agreements with suppliers concerning the supply to projects. To the extent that fixed price agreements are not entered into, the risk will be covered selectively based on a risk assessment in accordance with the Group's policy using financial instruments in the form of raw material swaps.

Financial risks

As a result of operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group's policy is to not carry out active speculation involving financial risks. The Group's financial management is therefore aimed only at the management of risks that form a natural part of the operations. The Group's financial risks are predominantly covered through the allocation of revenue and costs in the same currency and the use of derivative financial instruments in accordance with policies approved by the Board of Directors.

For a description of accounting policies and methods, including recognition criteria and basis for measurement, please refer to the section on accounting policies.

Foreign exchange risk

The Group's policy is to limit the impact of currency exchange fluctuations on the Group's return and financial position.

Revenue in foreign currency, amounting to 30% of the Group's revenue, is not indicative of the Group's foreign exchange risk, as the majority of costs relating to foreign revenue are in the same currency.

Sales in foreign currencies that cross borders amount to less than 5% of the consolidated revenue. In addition, the majority of operating financing of foreign activities takes place in the respective currencies.

The Group's foreign exchange position is centrally managed and coverage is selective. Only positions based on business conditions will be taken.

Net investments in foreign subsidiaries are generally not hedged. The exchange adjustment in this regard is carried to other total income in accordance with the accounting practice.

With regard to investments in foreign entities, the Group's equity as of 31 December 2017 would have been reduced by DKK 1.4 million (2016: DKK 1.1 million) if the SEK exchange rate was 10% lower than the actual exchange rate. Other currency risks relating to investments in foreign entities are immaterial.

The Group had no material currency risks relating to amounts owed and debts in foreign currencies as of 31 December 2017 and the Group's profits would therefore not have been significantly affected by changes to the currency translations as of 31 December 2017.

NOTES Note no. 39 Commercial and financial risks (continued)

The Group has substantial transactions/exposure in EUR but the management does not consider there to be any significant currency exchange risks in relation to this. The Group does not otherwise have any substantial currency exposure.

Capital management

The Group continuously reviews the need to adjust its capital structure to balance the requirement for higher returns on equity against the increased uncertainty linked to foreign capital. At the end of 2017, equity as a percentage of total liabilities amounted to 42.9% (2016: 41.8%). To ensure strategic and financial freedom to act, the aim is for the equity ratio to be around 45%, but deviations may occur and will be permitted in connection with acquisitions and similar.

The realised return on equity for 2017 amounted to 13.7% (2016: 0.7%).

Arkil Holding A/S' dividends policy is for shareholders to achieve a return on their investment in the form of price increases and dividends exceeding a risk-free investment in bonds. Payment of dividends will be made taking into account any necessary consolidation of equity as the basis for the Group's continued expansion.

Interest risk

The Group's cash and cash equivalents are placed on demand or as scheduled deposits with a maturity of up to three months in high-interest financial institutions and listed bonds and shares.

The Group's holding of securities amounts to TDKK 26,258 and is distributed as follows:

	2017	2016
Listed securities	26,258	26,181
	26,258	**26,181**
Included as follows:		
Securities, short-term assets	26,258	26,181
	26,258	**26,181**

All interest payable on interest-bearing debt in the Group is variable.

A 1% rise or drop in the interest level compared to the balance sheet day would have only insignificant impact on the Group's returns and equity.

The Group's interest-bearing net debt, specified as debt to credit institutions less holdings of negotiable securities and cash and cash equivalents, constitutes net receivables of DKK 29 million against a net debt of DKK 77 million as of 13/12/2016.

Interest-bearing debt recognised in net debt has fallen from DKK 262 million to DKK 233 million during the year.

The Group continuously reviews interest rate developments for the purpose of possible hedging of interest risk for a greater share of the loan portfolio.

NOTES Note no. 39 Commercial and financial risks (continued)

Cash flow risks

The Group's policy in connection with borrowing is to ensure the greatest possible flexibility through diversification of borrowing on maturity/renegotiation dates and counterparties with regard to pricing. The Group's cash reserves consist of cash and cash equivalents, securities and unused credit facilities. The Group's aim is to have a sufficient cash position to continue to act effectively in the event of large seasonal fluctuations in cash flow, as is characteristic of the construction industry.

The Group's liabilities fall due as follows:

2017

TDKK	Book value	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
Primary financial debt obligations					
Credit institutions	11,761	12,048	3,580	8,408	60
Financial leasing liabilities	211,640	218,198	50,112	153,849	14,237
Supplier debt	355,793	355,793	355,793	0	0
Derivative financial instruments					
Raw material swaps used as hedging instruments (net settlement)	0	0	0	0	0
Total debt liabilities	**579,194**	**586,039**	**409,485**	**162,257**	**14,297**

2016

TDKK	Book value	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
Primary financial debt obligations					
Credit institutions	87,372	87,849	76,143	10,925	781
Financial leasing liabilities	174,838	180,664	41,353	123,596	15,715
Supplier debt	249,107	249,107	249,107	0	0
Derivative financial instruments					
Raw material swaps used as hedging instruments (net settlement)	0	0	0	0	0
Total debt liabilities	**511,317**	**517,620**	**366,603**	**134,521**	**16,496**

NOTES Note no. 39 Commercial and financial risks (continued)

Credit risks

The vast majority of the Group's customers are public and semi-public clients for which the credit risk is considered minimal. The Group's receivables from sales to other customers are exposed to ordinary credit risk.

A critical credit check is carried out of customers before construction contracts are entered into. Furthermore, receivables from sales to other customers are covered to the extent appropriate and necessary through payment guarantees in the form of documentary credit and bank guarantees.

The maximum credit risk is reflected in the book value of each financial asset included in the balance sheet.

The Group does not have any significant risks relating to individual customers or partners.

Similar to 31 December 2016, the Group's depreciations on 31 December 2017 relate solely to financial assets classified as amounts owed. Please also refer to note 25.

Categories of financial instruments

Categories of financial instruments are described below:

	Book value	
	2017	2016
Financial assets, measured at market value via the profit and loss statement	26,258	26,181
Derivative financial instruments included in the hedging of future cash flows	629	0
Lending and amounts owed	969,200	801,485
Financial liabilities measured at amortised cost price	(579,194)	(511,317)

The book value and market value are equal. Please refer to the section "Methods and assumptions for recognition of market values" below.

Amounts owed, cash and cash equivalents and financial liabilities are considered to have a market value equal to the book value.

NOTES Note no. 39 Commercial and financial risks (continued)

2017	Listed prices (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
Financial assets				
Securities	26,258	0	0	26,258
Derivative financial instruments included in the hedging of future cash flows	629	0	0	629
Total financial assets	**26,887**	**0**	**0**	**26,887**
Financial liabilities				
Derivative financial instruments included in the hedging of future cash flows	0	0	0	0
Total financial liabilities	**0**	**0**	**0**	**0**

2016	Listed prices (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
Financial assets				
Securities	26,181	0	0	26,181
Derivative financial instruments included in the hedging of future cash flows	0	0	0	0
Total financial assets	**26,181**	**0**	**0**	**26,181**
Financial liabilities				
Derivative financial instruments included in the hedging of future cash flows	0	0	0	0
Total financial liabilities	**0**	**0**	**0**	**0**

Methods and assumptions for recognition of market values

The methods and assumptions used for recognition of the market value of financial instruments have been described for each class of financial instruments. The methods used remain unchanged compared to 2016.

Listed bonds

The portfolio of listed bonds consists of liquid government bonds and mortgage bonds valued at listed or quoted price.

NOTES Note no. 39 Commercial and financial risks (continued)

Derivative financial instruments

Raw material swaps are valued using generally accepted valuation techniques based on relevant observable swap curves. Externally estimated market values based on discounted future cash flows are used.

Mortgage debt (measured at amortised cost price on the balance sheet)

The market value of mortgage debt is valued based on the market value of the underlying bonds. Short-term variable interest debt to banks is valued at a rate of 100.

Non-observable market data primarily consists of credit risk which is reviewed in the event of changes to Arkil Holding Group's rating or indication of changes to the Group's credit limit. In 2017, the credit risk constituted an insignificant proportion of the market value of the mortgage debt.

Bank loans and financial leasing contracts (measured at amortised cost price in the balance sheet)

The market value of bank loans and financial leasing contracts is calculated based on discount models in which all estimated and fixed cash flows are discounted using zero coupon interest curves. The expected cash flows for each contract are based on contractual cash flows and observable market data such as interest rate curves. The cash flows will be estimated based on the forward interest rate curve when recognising the market value for variable interest borrowing and financial leasing contracts.

Non-observable market data primarily consists of credit risk which is reviewed in the event of changes to Arkil Holding Group's rating or indication of changes to the Group's credit limit. In 2017, the credit risk constituted an insignificant proportion of the market value of bank loans and financial leasing contracts.

Amounts owed from sales, cash and cash equivalents and supplier debt (measured at amortised cost price in the balance sheet)

Amounts owed from sales and supplier debt with short credit periods are considered to have a market value equal to book value.

NOTES Note no. 40 - 42

Parent company			Group	
2016	2017	(Amounts in DKK 1,000)	2017	2016

Note no. 40 Operational leasing and rental obligations

The Group leases the properties and operating equipment on operational leasing terms. The leasing period will typically be a period between 2 and 20 years with the option to extend upon expiration of the period. None of the leasing contracts contain conditional leasing provisions.

Irrevocable operational leasing provisions and leasing liabilities, etc. are as follows:

1,591	1,821	0-1 years	15,675	15,848
3,416	2,293	1-5 years	35,815	42,585
0	0	> 5 years	25,192	30,335
5,007	**4,114**		**76,682**	**88,768**
2,069	2,106	Included in the profit and loss statement concerning operational leasing and leasing liabilities.	14,760	16,887

Note no. 41 Subsequent events

No events of importance to the financial position of the consolidated accounts and annual accounts for 2017 have taken place after the end of the year.

Note no. 42 Distribution of profit

		Proposed allocation of the results:
4,913	7,370	Proposed dividends
37,152	(546)	Retained profits
42,065	**6,824**	

NOTES Note no. 43 New accounting standards

At the time of publication of this annual report the IASB has issued the following relevant new and amended accounting standards and interpretations which are not mandatory for Arkil Holding A/S in the preparation of the annual report for 2017:

- IFRS 9 Financial Instruments and subsequent amendments to IFRS 9, IFRS 7 and IAS 39
- Annual Improvements to IFRSs 2015-17 + IAS 19 amendment issued in December 2017 and February 2018.
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28
- IFRS 15 Revenue from Contracts with Customers — Clarifications to IFRS 15
- IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2
- IAS 40 Transfers of Investment Property — Amendments to IAS 40
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Part of the Annual Improvements to IFRSs 2014-2016 Cycle

Of the above, the IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, IFRS 16 Leases and Annual Improvements to IFRSs 2014-2016 Cycle and related amendments have been approved by the EU.

The adopted but not yet effective standards and interpretations will be implemented in line with becoming mandatory to Arkil Holding A/S. The implementation of IFRS 15 is expected to reduce the Group's equity as of 01/01/2018 in the range of DKK 20 million after tax. None of the new standards or interpretations are otherwise expected to have any significant impact on the recognition and measurements for Arkil Holding A/S as the analysis of the anticipated effect of the implementation is not yet complete, cf. the below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers," which replaces the current revenue standards (IAS 11 and IAS 18) and interpretations, will apply to financial years starting 1 January 2018 or later. The standard introduces a new five step model for recognition and measuring of revenue. Going forward, recognition must take place when there is a transfer of control to the counterparty instead of the transfer of benefits and risks. Recognition must take place in line with the fulfilment of the delivery obligations that the company has assumed in relation to the counterparty. The delivery obligation will be recognised either over time or at a specific date.

The time at which revenue is recognised may, in some cases, be displaced in the event of additional work, claims or recognition of goods consumed in contracts. Furthermore, the new requirements for estimates and assessments of variable payments and identification of sub-elements, etc. may affect the timing of recognition and/or amounts as certain variable payments and any potential bonus earnings will be recognised at a later date going forward.

The Group anticipates applying the future-oriented transition rule, whereby the accumulated amendment to IFRS 15 is recognised as of 1 January 2018 and any effect will be recognised in equity while there is no adjustment of comparison figures for 2017.

Arkil Holding A/S has carried out an analysis of the impact of the new standards on the Group. The implementation is expected to reduce the Group's equity as of 01/01/2018 in the range of DKK 20 million after tax, as a result of the reversal of income as of 31/12/2017 that, according to IFRS 15, must be recognised only at a later date.

IFRS 15 is expected to have a limited impact on the time of recognition of revenue in general as the Group's current principles for the recognition of variable payments, etc. generally comply with the new requirements. Goods in contracts that will, in future, be recognised as revenue earlier do not constitute substantial amounts.

IFRS 9 Financial Instruments

IFRS 9 "Financial Instruments," which replaces IAS 39, changes the classification and the derived measurement of financial assets and liabilities.

A new approach to the classification of financial assets will be introduced based on the company's business model and characteristics of underlying cash flows. At the same time, a new depreciation model will be introduced for all financial assets measured at amortised cost price.

The so-called "Expected loss" model will require more timely recognition of expected losses both on initial recognition and subsequent recognition than the current model where depreciation is recognised only when there is indication of loss (incurred loss model).

NOTES

Finally, new regulations will be introduced for hedge accounting that, compared to current regulations, will make it possible for accounts to reflect the company's commercial hedging strategy.

Arkil Holding A/S has carried out an analysis of the Group's current financial structure, risk profile and experiential bad debt.

On the basis of this analysis, the assessment is that the standard will mean that the Group's receivables from sales will be depreciated by an amount of less than DKK 1 million. The standard is not otherwise expected to have any impact on the Group.

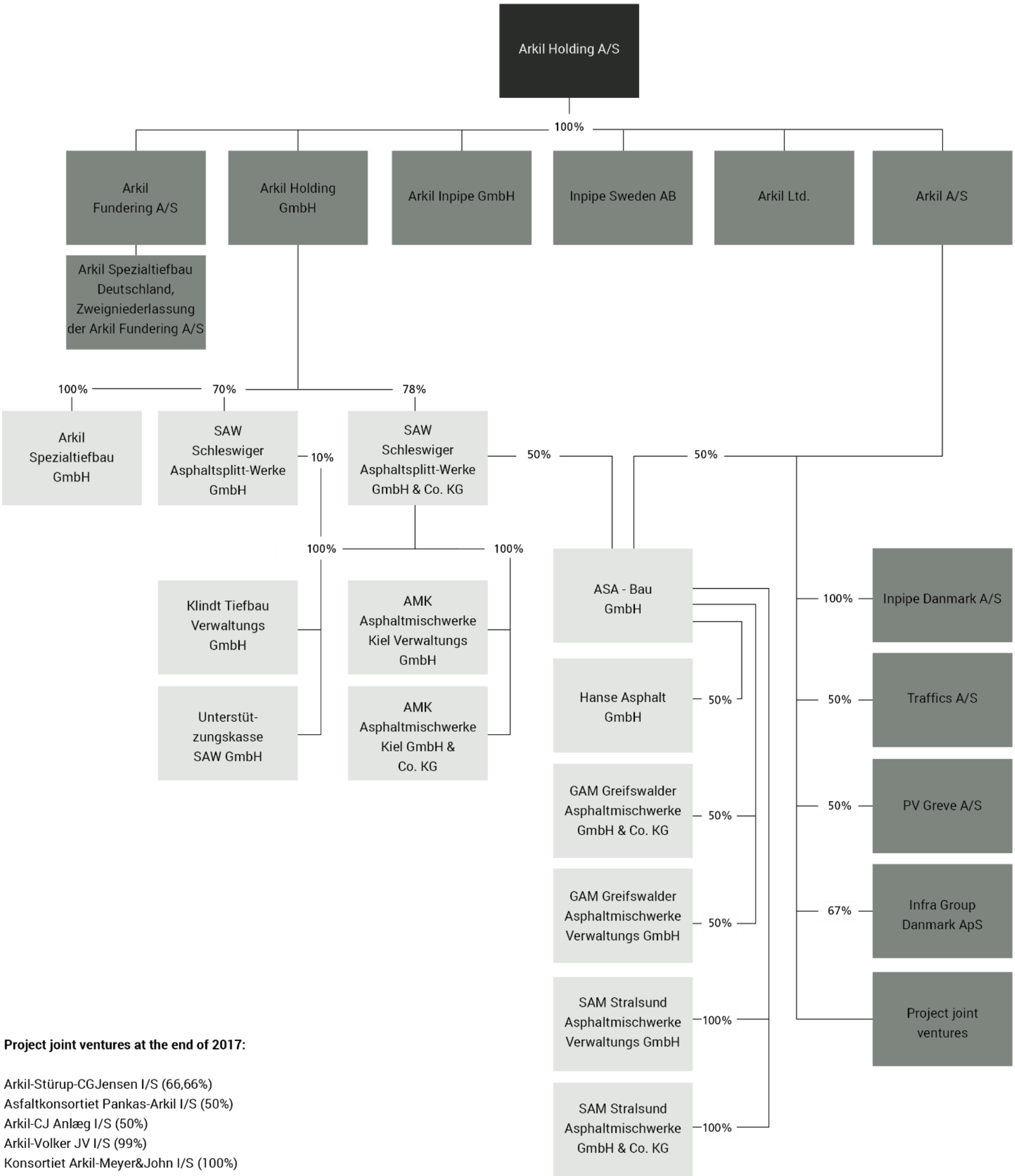
IFRS 16 Leases

IFRS 16 Leases, that enters into force for financial years starting 1 January 2019 or later changes the accounting treatment substantially for leasing contracts that are currently treated as operational leasing agreements. For the lessee, any leasing agreements going forward must be recognised in the balance sheet with a leasing liability and a leasing asset, with two exceptions: short-term leasing agreements (under 12 months) and leasing agreements for assets of low value. The standard will have a limited effect on the balance sheet and key figures, etc. Please refer to the scope of operational leasing and rental obligations in note 40.

NOTES Note 44. Key figure definitions

Profit margin	$\frac{\text{Returns on primary operations x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross returns x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Returns for the year x 100}}{\text{The Group's average equity}}$
Internal value per share (BVPS)	$\frac{\text{The Group's equity}}{\text{Number of shares per DKK 100, end}}$
Returns per DKK 100 share (EPS Basic)	$\frac{\text{The year's returns on ongoing activities}}{\text{Average number of shares of DKK 100}}$
Price/Earnings Basic (P/E Basic)	$\frac{\text{Market value}}{\text{EPS Basic}}$
Market value/internal value (KI)	$\frac{\text{Market value}}{\text{BVPS}}$
Liquidity ratio	$\frac{\text{Short-term assets x 100}}{\text{Short-term liabilities}}$
Equity ratio (solvency)	$\frac{\text{The Group's equity x 100}}{\text{Total assets}}$
Cash flow per DKK 100 share	$\frac{\text{Cash flow from operating activities x 100}}{\text{Number of shares}}$
Return on invested capital (ROIC), including goodwill	$\frac{\text{Returns on primary operations x 100}}{\text{Average invested capital including goodwill}}$
Return on invested capital (ROIC), excluding goodwill	$\frac{\text{Returns on primary operations x 100}}{\text{Average invested capital excluding goodwill}}$

CORPORATE STRUCTURE



Project joint ventures at the end of 2017:

Arkil-Stürup-CGJensen I/S (66,66%)
Asfaltkonsortiet Pankas-Arkil I/S (50%)
Arkil-CJ Anlæg I/S (50%)
Arkil-Volker JV I/S (99%)
Konsortiet Arkil-Meyer&John I/S (100%)
Konsortiet Arkil-Bilfinger I/S (86,9%)
Arkil-JV I/S (100%)
Strukton-Arkil JV I/S (50%)

ADDRESS LIST FOR THE GROUP'S BUSINESS AREAS

HEAD OFFICE

Arkil Holding A/S
Arkil A/S
Søndergård Alle 4
DK-6500 Vojens, Denmark
Tel. +45 7322 5050
arkil@arkil.dk
www.arkil.dk

CONSTRUCTION

Arkil A/S
Høvejen 101A
DK-9400 Nørresundby, Denmark
Tel. +45 9829 1010
anlaeg-aalborg@arkil.dk

Arkil A/S
Mørksøvej 9
DK-8600 Silkeborg, Denmark
Tel. +45 8681 1200
anlaeg-silkeborg@arkil.dk

Arkil A/S
Hestehaven 21G, 1 floor
DK-5260 Odense S, Denmark
Tel. +45 6616 1656
anlaeg-odense@arkil.dk

Arkil A/S
Jernet 4E
DK-6000 Kolding, Denmark
Tel. +45 7553 9999
anlaeg-kolding@arkil.dk

Arkil A/S
Rønsdam 9
DK-6400 Sønderborg, Denmark
Tel. +45 7448 8000
anlaeg-soenderborg@arkil.dk

Stürup A/S
Måde Industrivej 17
DK-6705 Esbjerg, Denmark
Tel. +45 7610 4400
styrup@arkil.dk

Arkil A/S
Mossvej 2 A
DK-8700 Horsens, Denmark
Tel. +45 75 62 95 95
anlaeg-horsens@arkil.dk

Arkil A/S
Toldboden 3. 2. sal
8800 Viborg, Denmark
Tel. +45 8681 1200
anlaeg-viborg@arkil.dk

Arkil A/S
Lægårdsvej 18
8520 Lystrup, Denmark
Tel. +45 8711 0070
anlaeg-aarhus@arkil.dk

Arkil A/S
Hvidemøllevej 7
DK-8920 Randers, Denmark
Tel. +45 8711 0070
anlaeg-randers@arkil.dk

Arkil A/S
Industrivangen 1
DK-4700 Næstved, Denmark
Tel. +45 5554 6450
anlaeg-naestved@arkil.dk

Arkil A/S
Geminivej 5-7
DK-2670 Greve, Denmark
Tel. +45 4357 5858
anlaeg-greve@arkil.dk

CONCRETE

Arkil A/S
Tinvej 9
DK-8940 Randers SV
Tel. 98 38 52 55
bro-beton@arkil.dk

Arkil A/S
Mossvej 2 A
DK-8700 Horsens, Denmark
Tel. +45 7585 7623
bro-beton@arkil.dk

Arkil A/S
Geminivej 5-7
DK-2670 Greve, Denmark
Tel. +45 4357 5858
bro-beton@arkil.dk

ASPHALT

Arkil A/S
Asphalt
Tingvejen 32
DK-6500 Vojens, Denmark
Tel. +45 7454 1100
asfalt-vojens@arkil.dk

Arkil A/S
Asphalt
Birkemosevej 5
DK-8361 Hasselager, Denmark
Tel. +45 8628 3055
asfalt-hasselager@arkil.dk

Arkil A/S
Asphalt
Folmentoftvej 4
DK-7800 Skive
Tel. +45 9752 2888
asfalt-skive@arkil.dk

Arkil A/S
Asphalt
Fiskerhusvej 24
DK-4700 Næstved, Denmark
Tel. +45 5554 1101
asfalt-naestved@arkil.dk

Arkil A/S
Specialist surfacing
Birkemosevej 5
DK-8361 Hasselager, Denmark
Tel. +45 8628 3055
asfalt-special@arkil.dk

ROAD SERVICES

Arkil A/S
Vejservice

Lysbjergvej 12
DK-6500 Vojens, Denmark
Tel. +45 7350 7330
vejservice@arkil.dk

Arkil A/S
Vejservice

Geminivej 5-7
DK-2670 Greve, Denmark
Tel. +45 7350 7330
vejservice@arkil.dk

Arkil A/S
Vejsevice

Håndværkervej 40
DK-6270 Tønder, Denmark
Tel. +45 7430 3200
vejservice-toender@arkil.dk

FOUNDATIONS MARINE WORKS TUNNELLING & ENVIROMENTAL ENGINEERING

Arkil Fundering A/S

Værkstedsvej 9
DK-5500 Middelfart, Denmark
Tel. +45 6441 8770
fundering@arkil.dk

Arkil Fundering A/S

Geminivej 5-7
DK-2670 Greve, Denmark
Tel. +45 4357 5858
fundering@arkil.dk

Arkil Fundering A/S
Hydraulic Engineering

Mossvej 2 A
DK-8700 Horsens, Denmark
Tel. +45 7585 7623
vandbygning@arkil.dk

Arkil Fundering A/S
Environmental Technology

Mossvej 2A
DK-8700 Horsens, Denmark
Tel. +45 7641 2233
miljoe@arkil.dk

Arkil Fundering A/S
Environmental Technology

Geminivej 5-7
DK-2670 Greve, Denmark
Tel. +45 4357 5858
miljoe@arkil.dk

Arkil Fundering A/S
Tunnelling

Mossvej 2A
DK-8700 Horsens, Denmark
Tel. +45 7585 7623
fundering@arkil.dk

Arkil Spezialtiefbau
Deutschland

Gottorfstraße 4
D-24837 Schleswig
Germany
Tel. +49 4621 385 0
spezial-tb@arkil.de

OTHER DANISH SUBSIDIARIES

PV Greve A/S

Svejsegangen 1
DK-2690 Karlslunde, Denmark
Tel. +45 4616 0300
pvgreve@pvgreve.dk

Infra Group Danmark ApS

Industrivej 17
DK-5750 Ringe, Denmark
Tel. +45 5555 2222
infragroup@infragroup.dk

Traffics A/S

Finervej 7
DK-4621 Gadstrup, Denmark
Tel. +45 70 20 20 94
mail@traffics.dk

SUBSIDIARIES OUTSIDE DENMARK

Arkil Ltd.

Drennenstown, Rathangan
Co. Kildare
Ireland
Tel. +353 455 24520
info@arkil.ie

ASA-Bau GmbH

Gottorfstraße 4
D-24837 Schleswig
Germany
Tel. +49 4621 385 0
info@asa-bau.de

SAW Schleswiger Asphaltsplitt-Werke GmbH & Co. KG

Gottorfstraße 4
D-24837 Schleswig
Germany
Tel. +49 4621 385 0
info@saw-kg.de

Arkil Spezialtiefbau GmbH

Gottorfstraße 4
D-24837 Schleswig
Germany
Tel. +49 4621 385 0
spezial-tb@arkil.de

Inpipe Sweden AB

Ekorrvägen 12
SE-912 32 Vilhelmina
Sweden
Tel. +46 940 39530
info@inpipe.se

Arkil Inpipe GmbH

Lohweg 46E
D-30559 Hannover
Germany
Tel. +49 511 95 995 0
info@arkil.de

ARKIL

Arkil Holding A/S

Søndergård Alle 4

DK-6500 Vojens

Tel. +45 73 22 50 50

arkil@arkil.dk

www.arkil.dk