

Notice to Nasdaq Copenhagen

Interim financial report for Arkil Holding A/S for Q2 2017

Positive developments result in upward adjustment

The Board of Directors of Arkil Holding A/S has today discussed and approved the consolidated interim financial report for the period 1 January to 30 June 2017.

Highlights for Q2 and the first six months of 2017

- Revenue in Q2 2017 amounted to DKK 810.9 million compared to DKK 840.9 million last year.
- Revenue in the first six months of 2017 amounted to DKK 1,329.2 million compared to DKK 1,305.8 million last year.
- The Group's earnings before interest and taxes (EBIT) in Q2 2017 have been realised at DKK 64.5 million compared to DKK -4.6 million last year.
- The earnings before interest and taxes (EBIT) for the period have been realised at DKK 32.5 million, compared to DKK -72.1 million the previous year. EBIT in 2016 was negatively affected by depreciation on troubled projects by DKK 63.1 million.
- The Group's return before tax in the first six months has been realised at DKK 31.4 million compared to DKK -72.5 million last year.

Upward adjustment of 2017 forecast

- The Group's revenue for 2017 is expected to be realised at a level of DKK 3,100 million.
- Based on the realised results from the first six months, the 2017 result before taxes is now expected to be realised at a level of DKK 90 - 120 million, as stated in the official statement of 24 August 2017.

Jesper Arkil, CEO, states:

"The second quarter has brought about some great results – better than expected, in fact – and a realised profit margin of 8% in the autumn quarter in our seasonal-dependent activities can be considered as very satisfactory. In part, we have managed to maintain a healthy level of activity and financial performance in our foreign markets, just as our Danish activities again this year have managed to raise the earnings in our core business. Unlike last year, we have not seen large-scale activities with low earnings or losses, and the Group's total performance is very positive, which is the reason behind the announced upward forecast adjustment".

Any questions can be directed to CEO Jesper Arkil by phone on +45 2066 9308.

Haderslev, Denmark - 30 August 2017

Arkil Holding A/S

Agnete Raaschou-Nielsen
Chairman of the Board of Directors

Interim report for 1 January to 30 June 2017

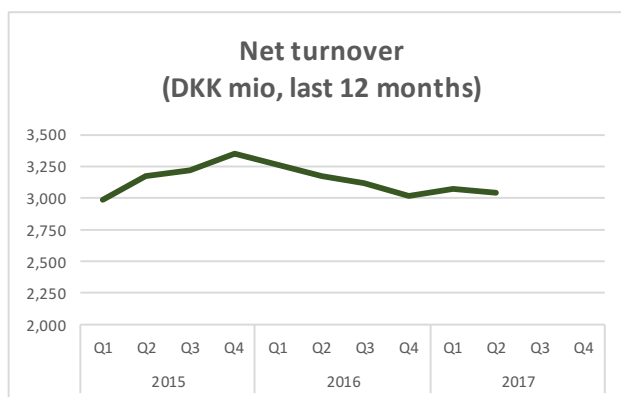
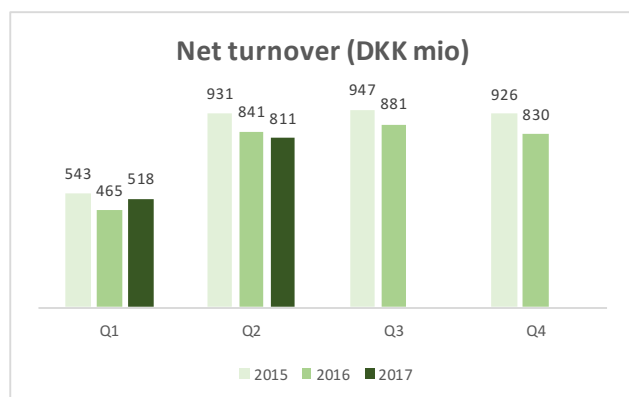
Group key figures (DKK million)	1 April to 30 June 2017	1 April to 30 June 2016	1 Jan to 30 June 2017	1 Jan to 30 June 2016	31 Dec, 2016
Income statement					
Net turnover	810.9	840.9	1,329.2	1,305.8	3,017.0
Primary operating profit (EBIT)	64.5	-4.6	32.5	-72.1	6.4
Net financial items	-0.4	-0.4	-1.1	-0.4	-1.3
Profit/loss before tax	64.1	-5.0	31.4	-72.5	5.0
Profit/loss after tax	47.9	-5.2	23.2	-56.4	5.6
Balance Sheet					
Intangible assets			148.1	149.1	148.4
Tangible assets			581.4	563.3	568.3
Other long-term assets			41.0	50.2	53.6
Short-term assets			1,042.0	951.4	1,046.7
Total assets			1,812.5	1,714.0	1,817.0
Equity			785.7	696.7	759.2
Long-term obligations			340.3	367.3	340.8
Short-term obligations			686.5	650.0	717.0
Total obligations			1,026.8	1,017.3	1,057.8
Total liabilities			1,812.5	1,714.0	1,817.0
Cash flow statement					
Cash flows from operating activities	-134.5	-119.3	-49.3	-95.8	68.7
Cash flows from investing activities	0.4	-22.7	-16.5	-7.3	-19.8
Acquisition of companies and new activities	0.0	0.0	0.0	0.0	0.0
Cash flows from financing activities	-16.7	-22.2	-30.2	-24.1	-62.0
Changes in cash flow for the period	-150.8	-164.2	-96.0	-127.1	-13.1
Key ratios for the Group					
Profit ratio	8.0	-0.5	2.4	-5.5	0.2
Return on net assets (ROIC) incl. goodwill	5.6	-0.4	2.8	-6.6	0.6
Return on net assets (ROIC) excl. goodwill	6.4	-0.5	3.2	-7.6	0.7
Liquidity ratio			151.8	146.4	146.0
Equity ratio			43.3	40.6	41.8
Return on equity			3.0	-7.6	0.7
Earnings per share (DKK)					
Earnings per DKK 100 share	96.5	-14.0	47.0	-120.0	-2.5
Diluted earnings per share at DKK 100	96.5	-14.0	47.0	-120.0	-2.5
Average number of employees			1,811	1,846	1,862

CONSOLIDATED ACCOUNTS

The financial performance of the Arkil Group

In Q2 2017 the Group's revenue was realised at DKK 810.9 million compared to DKK 840.9 million in the same quarter last year, corresponding to a decline of 3.6%.

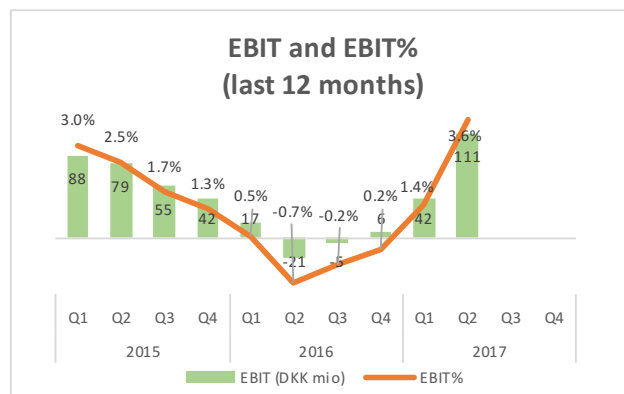
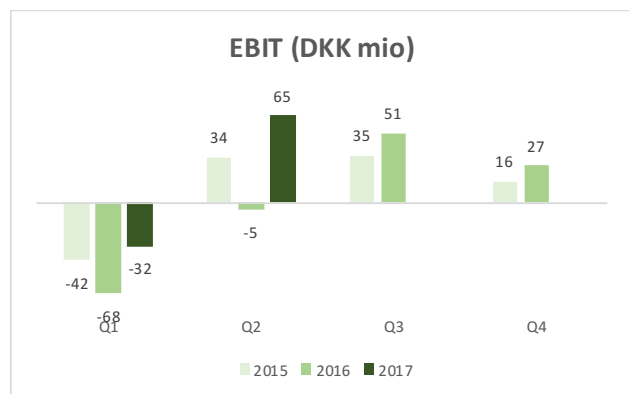
In the first six months of 2017 the Group realised a revenue of DKK 1,329.2 million compared to DKK 1,305.8 million last year, corresponding to an increase of 1.8%. The increased revenue was realised in the Danish activities.



The Group's gross returns in Q2 2017 have been realised at DKK 128.3 million compared to DKK 61.6 million in the same quarter last year. The Group's gross returns in the first six months of 2017 have been realised at DKK 164.0 million compared to DKK 59.8 million in the same period last year, corresponding to a gross profit of 12.3% and 4.6%, respectively, for the same period last year. The improved gross profit is due to an adaptation and the better use of the fixed production costs, improved performance as well as to the fact that the gross profit in 2017 has not been affected by the depreciation of specific, large-scale projects, which was the case in 2016. The total depreciation applied in the first six months of 2016 amounted to DKK 63.1 million.

Administration costs in Q2 2017 have been realised at DKK 63.4 million compared to DKK 66.1 million the previous year. Administration costs in the first six months of 2017 have been realised at DKK 128.1 million compared to DKK 128.7 million the previous year. Administration costs amounted to 9.6% compared to 9.9% the previous year.

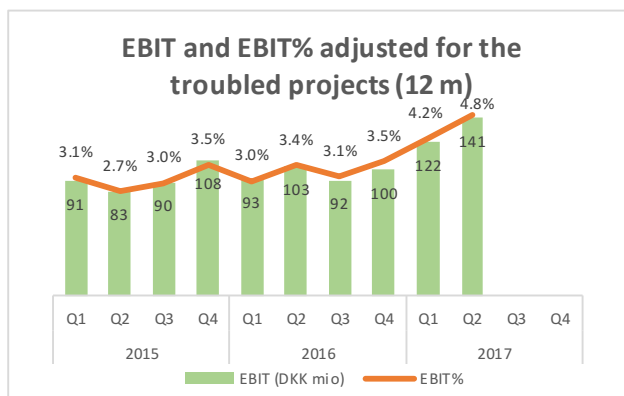
The Group's earnings before interest and taxes (EBIT) in Q2 2017 have been realised at DKK 64.5 million compared to DKK -4.6 million last year. The Group's earnings before interest and taxes (EBIT) in the first six months of 2017 have been realised at DKK 32.5 million compared to DKK -72.1 million last year.



Compared to previous years, it must be taken into account that the Group's primary earnings before interest and taxes (EBIT) for the first six months of 2016 were affected by depreciation of DKK 63.1 million, of which DKK 13.6 million was distributed to Q1, and DKK 49.5 million to Q2 2016.

In the first six months of 2017, net financial items have been realised at DKK -1.1 million compared to DKK -0.4 million in the same period last year.

The Group's return before tax in Q2 2017 has been realised at DKK 64.1 million compared to DKK -5.0 million last year.



The Group's return before tax in the first six months of 2017 has been realised at DKK 31.4 million compared to DKK -72.5 million last year.

The table below shows the quarterly effects of depreciation on profits in 2016 on specific projects:

(DKK mio)

Profit/loss before tax
Hereof depreciation on the troubled projects
Adjusted profit/loss before tax

Profit/loss before tax

Q1	Q2	Q3	Q4
2016			
-67.5	-5.0	50.4	27.1
-13.6	-49.5	-4.0	-26.4
-53.9	44.5	54.4	53.5
2017			
-32.7	64.1		

In the first six months of 2017, the Group recorded pre-tax earnings of DKK 31.4 million compared to DKK -9.4 million in 2016 (adjusted).

Please note that activity and financial performance can vary considerably over the year as a consequence of seasonal fluctuations, inclusive of the weather.

Balance sheet and cash flow

As of 30 June 2017, the balance sheet sum was DKK 1,812.5 million compared to DKK 1,817.0 million at the start of the financial year. Tangible fixed assets have increased by DKK 13.1 million to DKK 581.4 million since the start of the financial year. Construction contracts have increased by DKK 198.9 million since the end of 2016.

Receivables on the balance sheet date amounted to DKK 534.6 million compared to DKK 637.5 million at the start of the year. Supplier debt and other liabilities amounted to DKK 520.2 million as of 30 June 2017, compared to DKK 542.1 million at the end of 2016. Overall, the net working capital amounted to DKK 388.8 million as of 30 June 2017 compared to DKK 270.2 million at the end of 2016.

On the balance sheet date, equity amounted to DKK 785.7 million, corresponding to an equity ratio of 43.3%. Interest-bearing debt amounted to DKK 277.3 million at the end of June 2017. When deducted from the cash and cash equivalents and securities of DKK 90.6 million, the interest-bearing net debt amounted to DKK 186.7 million.

Cash flow from operations amounted to DKK -49.3 million in the first six months of 2017 compared to DKK -95.8 million for the same period last year.

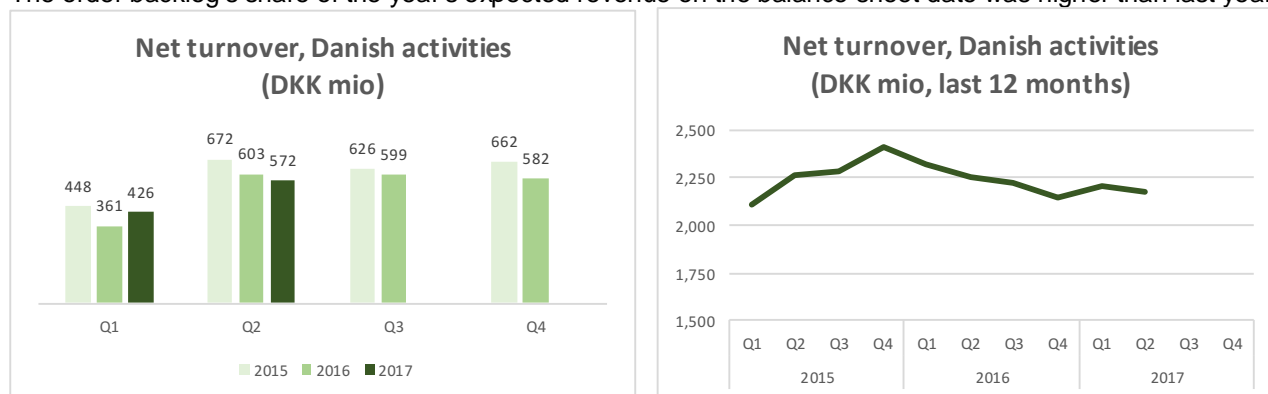
During the period, DKK 16.5 million was invested in assets and the acquisition of activities, compared to DKK 7.3 million last year, while cash flow from financing activities, including deductions for long-term debts, amounted to a net withdrawal of DKK 30.2 million.

DEVELOPMENTS IN DANISH ACTIVITIES

In Q2 2017, the Group's Danish activities realised a revenue of DKK 571.8 million compared to DKK 602.6 million last year, corresponding to a decline of 5.1%.

In the first six months of 2017, the Group realised a revenue of DKK 997.5 million compared to DKK 963.2 million last year, corresponding to an increase of 3.6%.

The order backlog's share of the year's expected revenue on the balance sheet date was higher than last year.



Increased revenue and significantly improved earnings in the Danish activities

Thanks to a healthy level of activity in Q1, revenue in the Danish activities at the start of the year was higher than expected before the year began.

In spite of a decreased supply of new, large-scale infrastructure projects, the Group has been able to maintain the same level of activity as in 2016, thanks to a significantly higher level of activity within the segment of local and regional construction projects.

Major projects under development include tunnelling work for the Damhus line sewer project, the Tvis-Aulum motorway contract, the Amagerværket expansion project, the upgrades and renovation of the quays at Frederikshavn Flådestation, and cable installation projects for Energinet. Also in the works is a multi-year partnership in the area of sewage management in Aarhus and Åbenrå, as well as operational assignments on the state's road network for the Danish Road Directorate.

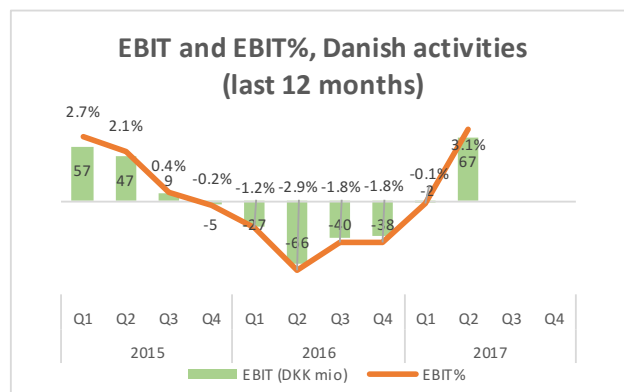
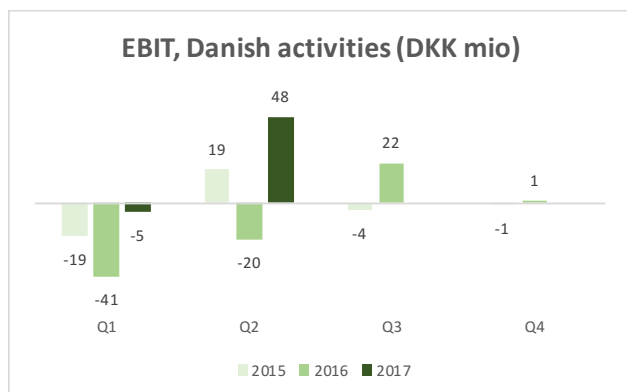
There is an improved market situation especially within the area for local and regional construction projects. The supply of new projects within the area remains at a high level, and Arkil has achieved a steady intake of new projects.

Asphalt and road service activities have been slightly higher than last year.

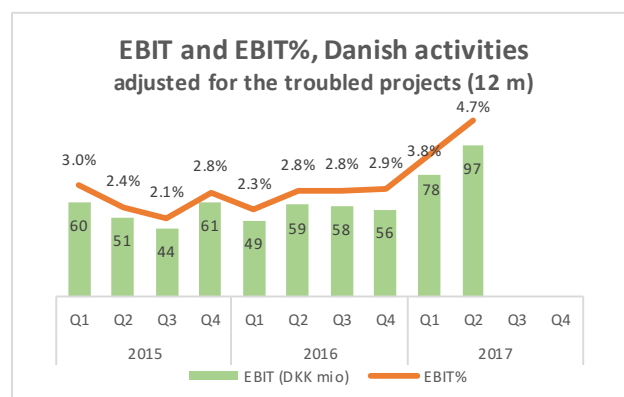
Danish activities in Q2 2017 have realised an EBIT of DKK 48.3 million, compared to DKK -20.3 million last year.

In the first six months of 2017, EBIT has been realised at DKK 43.3 million compared to DKK -61.0 last year.

The improved EBIT is the result of an adaptation and the improved use of the fixed production costs as well as an improved performance on completed production, and it is also due to the fact that 2017 has not been negatively affected by depreciation on troubled projects. The depreciation applied to the 2016 EBIT amounted to DKK 63.1 million.



In the first six months of 2017, EBIT excluding depreciation has been realised better than in the first six months of 2016.



EBIT adjusted for depreciation on the troubled projects

(DKK mio)

EBIT, Denmark

Hereof depreciation on the troubled projects

Adjusteret EBIT, Denmark

EBIT, Denmark

Q1	Q2	Q3	Q4
2016			
-40.7	-20.3	22.4	1.0
-13.6	-49.5	-4.0	-26.4
-27.1	29.2	26.4	27.4
2017			
-5.0	48.3		

2017 expectations

Based on the developments in the first six months of the year and the current order backlog and market situation, the Danish activities are expected to result in a revenue that is slightly higher than that of 2016. Earnings are expected to be realised significantly better in relation to 2016, which is partly due to improved performance, and in part to the fact that 2016 was significantly affected by depreciation on specific projects.

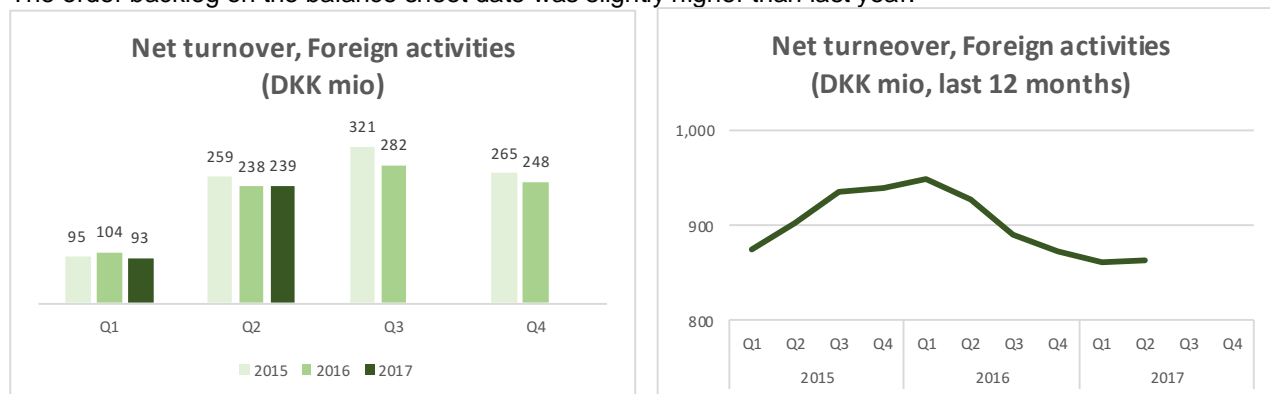
As previously announced in the 2016 annual report, Arkil is an involved party in mid-scale arbitration procedures related to the aforementioned projects. The outcome of the cases may have a positive or negative impact on the returns, but the proceedings are not expected to be concluded in this financial year.

DEVELOPMENTS IN INTERNATIONAL ACTIVITIES

In Q2 2017, the Group's international activities realised a revenue of DKK 239.1 million compared to DKK 238.3 million last year, corresponding to an increase of 0.3%.

In the first six months of 2017, the Group realised a revenue of DKK 331.7 million compared to DKK 342.6 million last year, corresponding to a decline of 3.2%. The downturn has been realised in the German business area.

The order backlog on the balance sheet date was slightly higher than last year.



German activities characterised by relative stability

In Germany, the market conditions for the construction of roads, sewerage and foundations have remained stable, as expected. In the first six months of 2017, Arkil has had somewhat lower activity than normal due to the order composition.

Activities in Ireland as expected

In the first six months of 2017, activities in Ireland have been somewhat lower when compared to 2016.

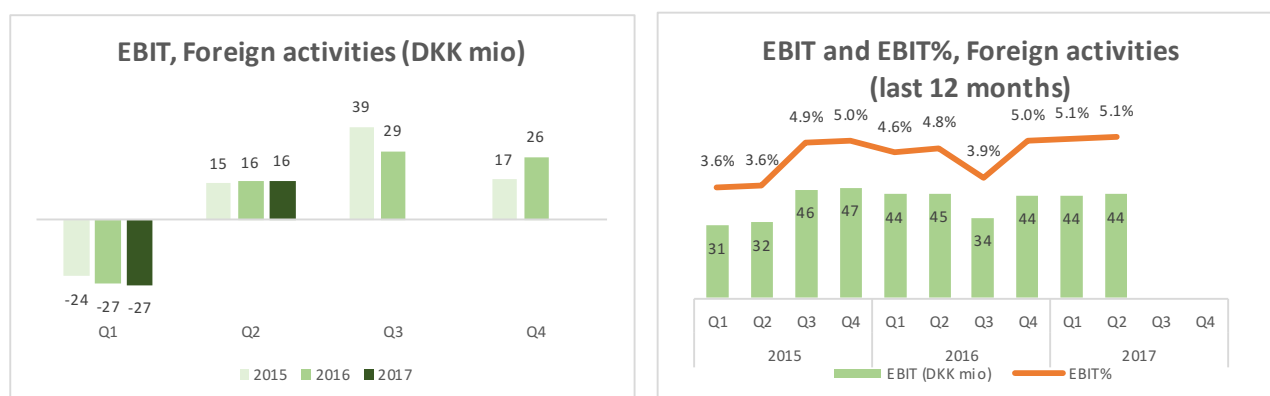
Growth in Sweden

In the first six months of 2017, the Swedish piping activities have increased.

Operating profits in line with expectations

In Q2 2017, foreign activities realised an EBIT of DKK 16.2 million compared to DKK 15.7 million last year.

In the first six months of 2017, EBIT has been realised at DKK -10.8 million compared to DKK -11.1 last year. The EBIT development is as expected.



2017 expectations

Due to the market conditions and the current order situation in Germany, Ireland and Sweden, projected revenue remains in line with 2016, and slightly lower earnings compared to 2016 are expected. There is a healthy level of activity in the construction area, particularly in the west half of Germany, while falling demand and excess capacity in the asphalt area is giving rise to intensified price pressure.

RECONCILIATION OF PROFIT BEFORE TAX FOR THE PERIOD

(DKK mio)	1 April to 30 June 2017	1 April to 30 June 2016	1 Jan to 30 June 2017	1 Jan to 30 June 2016
Primary operating profit				
Denmark segment	48.3	(20.3)	43.3	(61.0)
Abroad segment	16.2	15.7	(10.8)	(11.1)
Primary operating profit	64.5	-4.6	32.5	-72.1
Net financial items	(0.4)	(0.4)	(1.1)	(0.4)
Profit/loss before tax	64.1	-5.0	31.4	-72.5

EVENTS AFTER THE END OF THE PERIOD

The Board of Directors and Executive Management are not aware of any events of importance to Arkil's economic or financial position having occurred after the end of the financial period.

EXPECTATIONS FOR THE 2017 FINANCIAL YEAR

The Arkil Group expects a total revenue in the range of DKK 3,100 million.

Based on the realised results from the first six months, the 2017 result before taxes is now expected to be realised at a level of DKK 90 - 120 million, as stated in the official statement of 24 August 2017.

As previously announced in the 2016 annual report, Arkil is an involved party in mid-scale arbitration procedures related to the aforementioned projects. The outcome of the cases may have a positive or negative impact on the returns, but the proceedings are not expected to be concluded in this financial year.

STATEMENTS CONCERNING FUTURE DEVELOPMENTS

Statements concerning future developments that have been expressed in this interim financial report reflect the management's current expectations for future events and financial results. Naturally, any statements concerning the rest of 2017 are associated with uncertainty, and the results achieved may therefore deviate from expectations.

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.

MANAGEMENT REVIEW

The Board of Directors and Executive Management have today discussed and approved the interim financial report for the period 1 January – 30 June 2017 for Arkil Holding A/S.

The interim financial report, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 "Presentation of interim financial reports", as approved by the EU and additional requirements set forth in the Danish Financial Statements Act.

In our opinion, the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position as of 30 June 2017, as well as of the profits from the Group's activities and cash flows for the period 1 January – 30 June 2017.

It is also our view that the management report provides a true and fair report of developments in the Group's activities and financial matters, profit for the period and the Group's financial position as a whole, as well as a description of the principal risks and uncertainty factors that the Group faces.

Haderslev, Denmark - 30 August 2017

Corporate Management

Jesper Arkil
(Chief Executive Officer)

Heine Heinsvig
(Chief Financial Officer)

Jens Skjøt-Arkil
(Director, Business Development)

Board of Directors

Agnete Raaschou-Nielsen
(Chairman)

Birgitte Nielsen
(Deputy chairman)

Per Toelstang

Steen Brødbæk

Steffen M. Baungaard

Group statement of profit/loss

Amounts in DKK millions

	1 April to 30 June 2017	1 April to 30 June 2016	1 Jan to 30 June 2017	1 Jan to 30 June 2016
Turnover	810.9	840.9	1,329.2	1,305.8
Production costs	-682.6	-779.3	-1,165.2	-1,246.0
Gross profit	128.3	61.6	164.0	59.8
Administration costs	-63.4	-66.1	-128.1	-128.7
Share of profit after tax in affiliated companies	-0.4	-0.1	-3.4	-3.2
Primary operating profit	64.5	-4.6	32.5	-72.1
Net financial items	-0.4	-0.4	-1.1	-0.4
Profit/loss before tax	64.1	-5.0	31.4	-72.5
Tax on profit/loss for the period	-16.2	-0.2	-8.2	16.1
Profit/loss for the period	47.9	-5.2	23.2	-56.4
Earnings per DKK 100 share	96.5	-14.0	47.0	-120.0
Diluted earnings per share at DKK 100	96.5	-14.0	47.0	-120.0

Statement of comprehensive income

Amounts in DKK millions

	1 April to 30 June 2017	1 April to 30 June 2016	1 Jan to 30 June 2017	1 Jan to 30 June 2016
Profit/loss for the period	47.9	-5.2	23.2	-56.4
Other comprehensive income:				
Items which cannot be reclassified for the income statement:				
Value adjustment of derivatives	10.6	-7.3	15.2	-22.2
Tax on other comprehensive income	-3.2	2.2	-4.6	6.7
	7.4	-5.1	10.6	-15.5
Items which may be reclassified for the income statement:				
Exchange-rate adjustment for conversion of foreign entities	0.2	-0.2	0.2	-0.1
Value adjustment of derivatives:				
Value adjustment for the period	0.0	-2.4	0.0	-2.4
Tax on other comprehensive income	0.0	0.6	0.0	0.6
	0.2	-2.0	0.2	-1.9
Total comprehensive income	55.5	-12.3	34.0	-73.8
Distribution:				
Shareholders of Arkil Holding A/S	52.2	-12.9	31.5	-72.0
Minority interests	3.3	0.6	2.5	-1.8
Total	55.5	-12.3	34.0	-73.8

Group balance

Amounts in DKK millions

	Note	30 June 2017	30 June 2016	31 Dec 2016
Assets				
Goodwill	2	139.7	139.9	139.7
Intangible assets		8.4	9.2	8.7
Tangible assets		581.4	563.3	568.3
Deferred tax assets		21.6	30.2	27.6
Investment in affiliated companies and joint ventures		16.5	12.0	21.4
Other long-term assets		2.9	8.0	4.6
Total long-term assets		770.5	762.6	770.3
Stock on hand		86.5	87.1	92.3
Contract works		330.3	283.0	131.4
Accounts receivable		534.6	498.7	637.5
Tangible assets earmarked for sale		26.6	26.0	26.2
Securities	3	64.0	56.6	159.3
Liquid assets		0.0	0.0	0.0
Total short-term assets		1,042.0	951.4	1,046.7
Total assets		1,812.5	1,714.0	1,817.0
Equity		785.7	696.7	759.2
Provisions for obligations		179.2	217.4	193.9
Credit institutions		161.1	149.9	146.9
Employee's bonds		0.0	0.0	0.0
Total long-term obligations		340.3	367.3	340.8
Credit institutions		116.2	120.3	115.3
Contract works		50.1	37.6	59.6
Accounts payable and other debts		520.2	492.1	542.1
Total short-term obligations		686.5	650.0	717.0
Total obligations		1,026.8	1,017.3	1,057.8
Total liabilities		1,812.5	1,714.0	1,817.0

Group cash flow analysis

Amounts in DKK millions

	1 April to 30 June 2017	1 April to 30 June 2016	1 Jan to 30 June 2017	1 Jan to 30 June 2016
Operation's effect on liquidity				
Profit/loss before tax	64.1	-5.0	31.4	-72.5
Depreciation and write-downs	26.8	24.3	52.9	48.0
Other net operating items	-9.4	-11.1	-8.5	-11.0
Changes in working capital	-214.2	-120.5	-118.5	-49.4
Corporation tax paid	-1.9	-7.1	-6.6	-10.8
Cash flows from operating activities	-134.5	-119.3	-49.3	-95.8
Effect of investments on liquidity				
Net investments in tangible and intangible assets	0.4	-22.7	-16.5	-7.3
Net investments in subsidiaries	0.0	0.0	0.0	0.0
Cash flows from investing activities	0.4	-22.7	-16.5	-7.3
External financing				
Repayment of long term debt	-12.3	-13.4	-22.7	-15.3
Proceeds of long-term debt, etc.	0.0	0.0	0.0	0.0
Capital contributions from minority shareholders	1.1	0.0	1.1	0.0
Dividend payments	-5.5	-8.8	-8.5	-8.8
Cash flows from financing activities	-16.7	-22.2	-30.2	-24.1
Cash flows for the year	-150.8	-164.2	-96.0	-127.1
Opening liquid holdings	141.9	137.7	87.1	100.5
Rate adjustments to liquid holdings	0.0	0.0	0.0	0.0
Closing liquid holdings	-8.9	-26.6	-8.9	-26.6
Liquid assets	64.0	56.6	64.0	56.6
Bank loan (bank overdraft)	-72.9	-83.1	-72.9	-83.1
Closing liquid holdings	-8.9	-26.6	-8.9	-26.6

Group statement of changes in equity

Amounts in DKK millions

	Share capital	Reserve for exchange rate adjustments	Reserve for hedging- transactions	Retained earnings	Suggested dividends	Total	Minority interests	Total
Equity as at 1 January 2017	49.1	-0.9	0.0	683.4	4.9	736.5	22.6	759.1
Revaluation of pension liabilities				12.9		12.9	2.3	15.2
Value adjustment of hedging instruments						0.0		0.0
Exchange rate adjustments, foreign companies		0.2				0.2		0.2
Tax on other comprehensive income				-3.9		-3.9	-0.7	-4.6
Net gains included directly in equity	0.0	0.2	0.0	9.0	0.0	9.2	1.6	10.8
Profit/loss for the period				22.3		22.3	0.9	23.2
Total income	0.0	0.2	0.0	31.3	0.0	31.5	2.5	34.0
Transactions with owners								
Capital contribution						0.0	1.1	1.1
Distributed dividend					-4.9	-4.9	-3.7	-8.6
Dividend, own shares				0.1		0.1		0.1
Equity as at 30 June 2017	49.1	-0.7	0.0	714.8	0.0	763.2	22.5	785.7

Group statement of changes in equity

Amounts in DKK millions

	Share capital	Reserve for exchange rate adjustments	Reserve for hedging- transactions	Retained earnings	Suggested dividends	Total	Minority interests	Total
Equity as at 1 January 2016	49.1	0.3	0.0	697.5	7.4	754.3	25.0	779.3
Revaluation of pension liabilities				-18.9		-18.9	-3.3	-22.2
Value adjustment of hedging instruments			-2.4			-2.4		-2.4
Exchange rate adjustments, foreign companies		-0.1				-0.1		-0.1
Tax on other comprehensive income			0.6	5.7		6.3	1.0	7.3
Net gains included directly in equity	0.0	-0.1	-1.8	-13.2	0.0	-15.1	-2.3	-17.4
Profit/loss for the period				-56.9		-56.9	0.5	-56.4
Total income	0.0	-0.1	-1.8	-70.1	0.0	-72.0	-1.8	-73.8
Transactions with owners								
Distributed dividend					-7.4	-7.4	-1.6	-9.0
Dividend, own shares				0.2		0.2		0.2
Equity as at 30 June 2016	49.1	0.2	-1.8	627.6	0.0	675.1	21.6	696.7

Note 1. Accounting practice used

The interim financial report is presented in accordance with IAS 34 "Presentation of interim financial report", as approved by the EU and in accordance with Danish disclosure requirements for listed companies.

With the exception of the below, the accounting policies used remain unchanged in relation to the consolidated accounts and annual accounts for 2016, as referenced.

The consolidated accounts and annual accounts for 2016 contain a full description of the accounting policies used.

Changes to the accounting policies used

Effective from 1 January 2017, Arkil Holding A/S has implemented the following new or amended standards and interpretations:

- Amendments to IAS 7 on reporting requirements concerning cash flows.
- Amendments to IAS 12 on accounting for deferred taxable assets for unrealised losses.
- Part of the Annual Improvements to IFRSs 2014-2016.

In the Annual Improvements to IFRSs 2014-2016, it is exclusively the change made to IFRS 12. Information regarding interests in other companies with specification of the scope of the 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 new reporting requirements in IAS 7 are not obligatory for interim annual reports and thereby enter into force for the 2017 annual report.

None of the aforementioned changes have affected calculations and measurements performed for the interim financial report.

Assumptions and estimates

The preparation of interim financial reports requires management to make accounting assumptions and estimates that affect the application of accounting policies and calculated assets, liabilities, earnings and costs. The actual results may deviate from these assumptions.

Key assumptions made by management when applying the Group's accounting policies and the key assumption uncertainties linked thereto are the same for the preparation of the summarised interim financial report as they were during the preparation of the consolidated and annual accounts of 31 December 2016.

Note 2. Goodwill

Amounts in DKK millions

	30 June 2017	30 June 2016	31 Dec 2016
Cost price beginning of year	139.7	139.9	139.9
Additions through acquisition	0.0	0.0	0.0
Exchange rate adjustment	0.0	0.0	0.0
Cost price end of year	139.7	139.9	139.9
Goodwill	139.7	139.9	139.9

Depreciation test

The annual depreciation test for goodwill is performed following the completion of budgets and strategy plans for the coming five-year period. The management finds that there are no indications of devaluation of the accounting values for goodwill.

Note 3. Market value measurement of financial instruments

Relevant disclosure requirements in relation to the Arkil Holding A/S Group's securities portfolio are listed below.

Amounts in DKK million	30 June 2017	
	Market value	Book value
Financial assets		
Securities (fair value option) – level 1	26.6	26.6
	26.6	26.6

The Group's policy is to recognise transfers between the different categories from the time at which an event or change in circumstances results in a change of classification. There have been no transfers between individual levels in 2016.