

Notice to Nasdaq Copenhagen

## Interim financial report for Arkil Holding A/S for Q1 2018

### Arkil maintains its expectations

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 31 March 2018.

#### Highlights for Q1 2018

- Revenue in Q1 2018 amounted to DKK 499.5 million compared to DKK 518.3 million in the previous year.
- The Group's earnings before interest and taxes (EBIT) in Q1 2018 have been realised at DKK -64.4 million compared to DKK -32.0 million last year.
- Earnings before tax for the first 3 months of 2018 amounted to DKK -65.0 million compared to DKK -32.7 million in the previous year.

It should be noted that production is affected by the season in the first three months of the year, and that the realised EBIT, as in previous years, is not indicative of the year as a whole.

#### Expectations for 2018 remain the same

- The Group's revenue for 2018 is expected to be in the region of DKK 3.0-3.2 billion.
- Profit before tax in 2018 is expected to amount to DKK 110-140 million.

Jesper Arkil, CEO, said:

"Compared to 2017, Q1 was somewhat more affected by the unfavourable weather conditions, which was reflected in asphalt activities in both Denmark and abroad, and lower activity levels within Foundations and Hydraulic Engineering during the first few months of the year. The quarter was slightly weaker than anticipated, but with the current market situation and order stock across business and geographical areas, we can look forward to a particularly busy peak season in which production will enter top gear".

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

Haderslev, 30 May 2018

Arkil Holding A/S

Agnete Raaschou-Nielsen  
Chairman of the Board of Directors

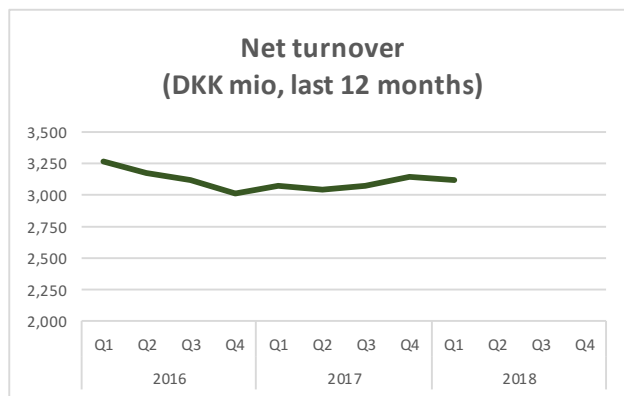
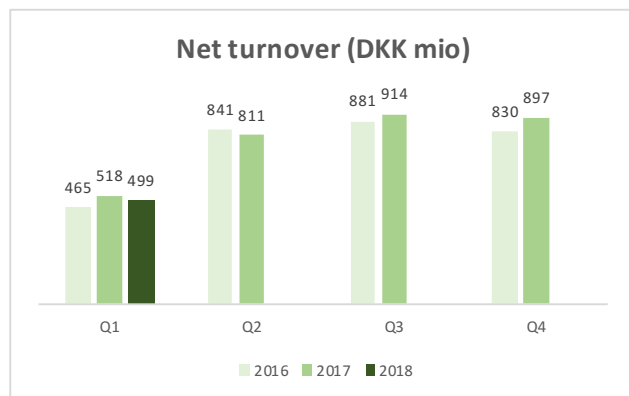
## Interim report for 1 January to 31 March 2018

Group key figures (DKK million)	1 Jan to 31 March 2018	1 Jan to 31 March 2017	31 Dec, 2017
<b>Income statement</b>			
Net turnover	499.4	518.3	3,140.4
Primary operating profit (EBIT)	-64.4	-32.0	151.5
Net financial items	-0.6	-0.7	-3.8
Profit/loss before tax	-65.0	-32.7	147.7
Profit/loss after tax	-50.1	-24.7	111.5
<b>Balance Sheet</b>			
Intangible assets	147.8	148.2	147.9
Tangible assets	613.4	577.4	623.6
Other long-term assets	45.3	46.9	43.7
Short-term assets	952.5	819.8	1,202.6
<b>Total assets</b>	<b>1,759.0</b>	<b>1,592.3</b>	<b>2,017.7</b>
<b>Equity</b>	<b>799.1</b>	<b>734.6</b>	<b>868.0</b>
Long-term obligations	349.0	335.4	378.5
Short-term obligations	610.9	522.3	771.3
<b>Total obligations</b>	<b>959.9</b>	<b>857.7</b>	<b>1,149.8</b>
<b>Total liabilities</b>	<b>1,759.0</b>	<b>1,592.3</b>	<b>2,017.7</b>
<b>Cash flow statement</b>			
Cash flows from operating activities	19.8	85.2	263.4
Cash flows from investing activities	-15.2	-16.9	-67.4
Acquisition of companies and new activities	0.0	0.0	0.0
Cash flows from financing activities	-12.1	-13.4	-57.1
<b>Changes in cash flow for the period</b>	<b>-7.6</b>	<b>54.9</b>	<b>138.9</b>
<b>Key ratios for the Group</b>			
Profit ratio	-12.9	-6.2	4.8
Return on net assets (ROIC) incl. goodwill	-6.9	-3.4	14.6
Return on net assets (ROIC) excl. goodwill	-8.2	-4.1	16.8
Liquidity ratio	155.9	157.0	155.9
Equity ratio	45.4	46.1	43.0
Return on equity	-6.0	-3.3	13.7
<b>Earnings per share (DKK)</b>			
Earnings per DKK 100 share	-103.8	-49.5	219.5
Diluted earnings per share at DKK 100	-103.8	-49.5	219.5
Average number of employees	1,747	1,726	1,823

## CONSOLIDATED ACCOUNTS

### Financial performance of the Arkil Group

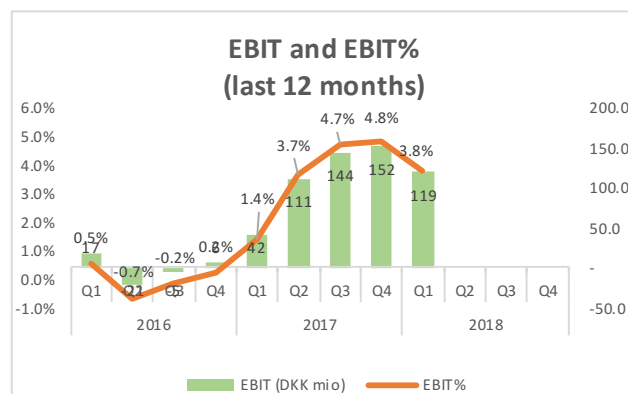
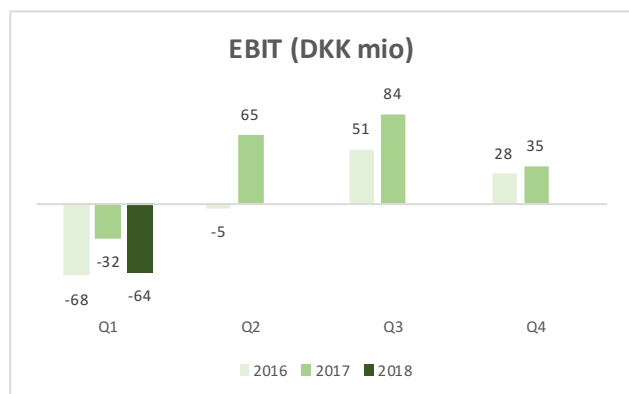
In Q1 2018, the Group's revenue was realised at DKK 499.4 million compared to DKK 518.3 million in the same quarter last year, corresponding to a decline of 3.6%.



The Group's gross returns in Q1 2018 have been realised at DKK 3.5 million compared to DKK 35.7 million in the same quarter last year, corresponding to a gross profit of 0.7% compared to 6.9% for the same period last year. The lower gross profit is due to lower utilisation of fixed production costs, and the fact that the gross profit in 2018 is affected by a longer and harder winter than was the case in Q1 2017.

Administration costs in Q1 2018 have been realised at DKK 66.8 million compared to DKK 64.7 million the previous year. Administration costs amounted to 13.4% of revenue compared to 12.5% in the previous year.

The Group's earnings before interest and taxes (EBIT) in Q1 2018 have been realised at DKK -64.3 million compared to DKK -32.0 million last year.



In Q1 2018, net financial items have been realised at DKK -0.6 million compared to DKK -0.7 million in the same period last year.

The Group's return before tax in Q1 2018 has been realised at DKK -65.0 million compared to a profit of DKK -32.7 million last year.

Please note that activity and financial performance may vary significantly over the year as a consequence of seasonal fluctuations, including the weather.

**Balance sheet and cash flow**

As of 31 March 2018, the balance sheet sum was DKK 1,759.0 million compared to DKK 2,017.7 million at the start of the financial year. Tangible fixed assets have been reduced by DKK 10.2 million to DKK 613.4 million since the start of the financial year. Construction contracts have increased by DKK 78.2 million since the end of 2017.

Receivables on the balance sheet date amounted to DKK 424.7 million compared to DKK 751.5 million at the start of the year. Supplier debt and other liabilities amounted to DKK 530.2 million as of 31 March 2018, compared to DKK 678.3 million at the end of 2017. Overall, the net working capital amounted to DKK 145.6 million as of 31 March 2018 compared to DKK 236.5 million at the end of 2017.

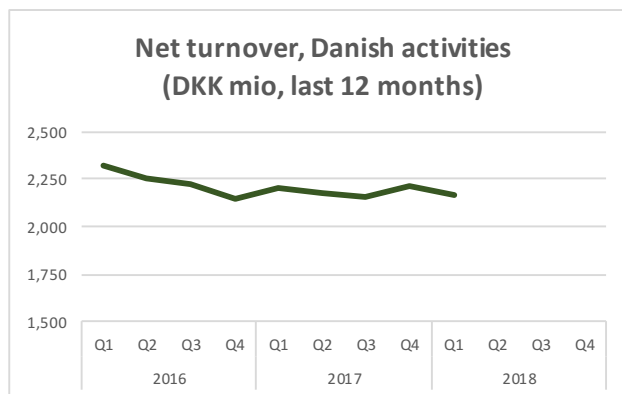
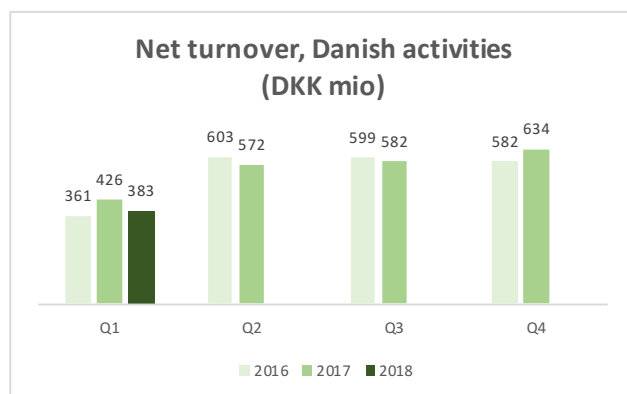
On the balance sheet date, equity amounted to DKK 799.1 million, corresponding to an equity ratio of 45.4%. Interest-bearing debt amounted to DKK 215.0 million at the end of March 2018. After deduction of cash and cash equivalents and securities of DKK 246.3 million, interest-bearing net receivables amounted to DKK 31.3 million.

Cash flow from operations amounted to DKK 19.8 million in Q1 2018, compared to DKK 85.2 million for the same period last year.

During the period, DKK 15.2 million was invested in assets, compared to DKK 16.9 million in the previous year, while cash flow from financing activities, including deductions for long-term debts, amounted to a net withdrawal of DKK 12.1 million.

## DEVELOPMENTS IN DANISH ACTIVITIES

In Q1 2018, the Group's Danish activities generated revenue of DKK 382.7 million compared to DKK 425.7 million last year, corresponding to a decline of 10.1%.



### Lower revenue and earnings in Danish activities

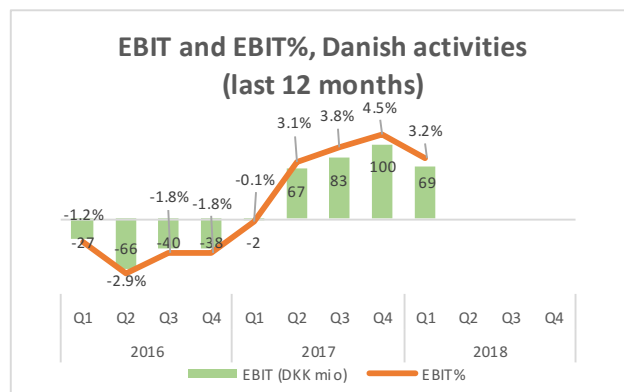
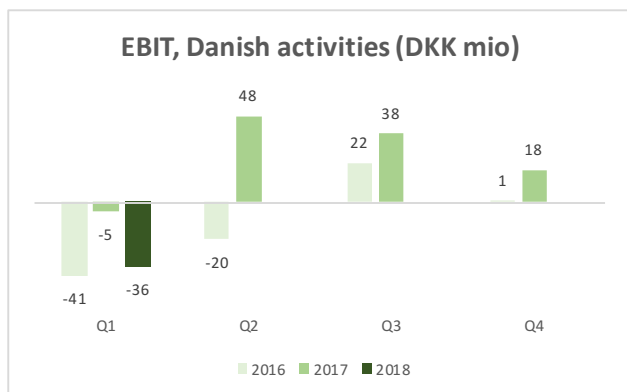
Revenue realised in Danish activities has been somewhat lower than anticipated at the start of the year. As such, revenue and earnings in Danish activities during the winter quarter have been affected by poor production weather and changes to the order composition.

EBIT has been realised at DKK -35.9 million in Q1 2018 compared to DKK -5.0 million in the previous year.

Major projects in development include the expansion of the E45 at Skanderborg, cabling projects for Energinet, climate protection projects in the Copenhagen area, sewage renovation work in major cities across the entire country and operational work on the state-owned road network in Denmark.

During winter, there has been low activity within Foundations and Hydraulic Engineering, where incoming orders at the start of the year were lower than expected and the winter weather has also resulted in low levels of activity within the production and spreading of asphalt.

Nevertheless, the overall order stock for implementation in Denmark in 2018 is satisfactory, and there is now a steady influx of new orders in a market generally characterised by high supply in almost all of our business areas.



### Expectations for 2018

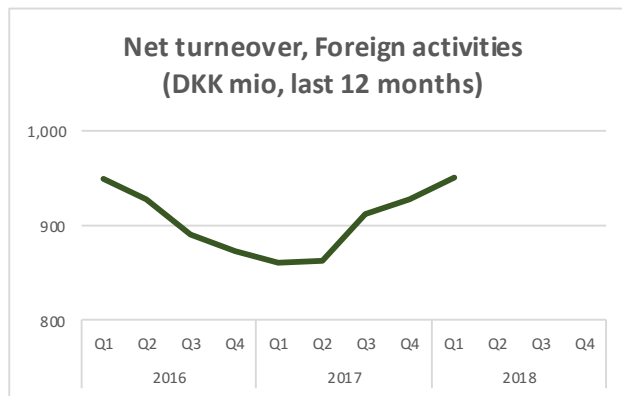
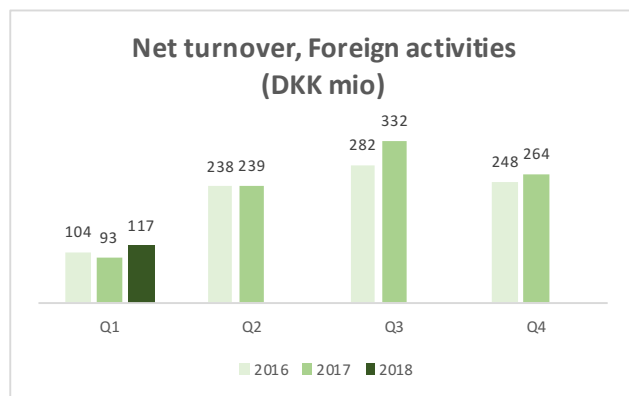
Based on the developments in the first 3 months of 2018 and the current order and market situation, Danish activities are expected to generate slightly higher revenue than in 2017. Earnings are still expected to be realised at a lower level than in 2017, which benefited from good earnings due to the good weather and the order composition at the time.

Arkil is, as previously announced in the 2017 annual report, party to certain major arbitration matters. The outcome of these cases may have a positive or negative impact on results, but the proceedings not expected to be completed in this financial year.

## DEVELOPMENTS IN INTERNATIONAL ACTIVITIES

In Q1 2018, the Group's international activities generated revenue of DKK 116.7 million compared to DKK 92.6 million last year, corresponding to an increase of 26.0%.

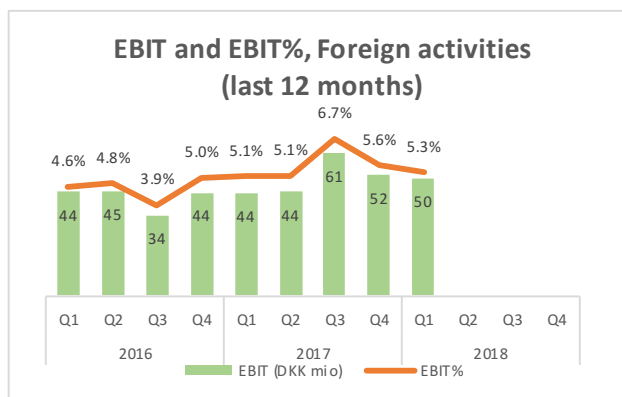
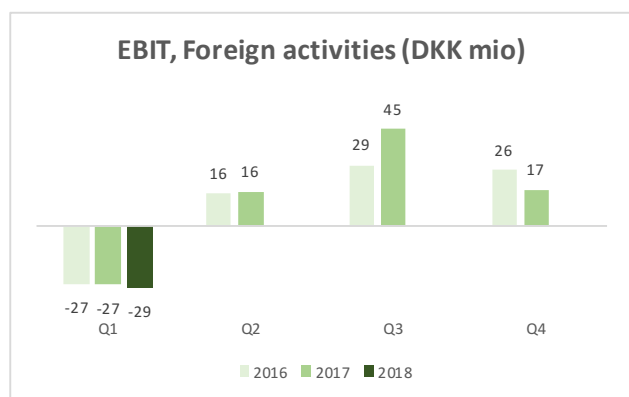
Order volume on the balance sheet date was slightly higher than in the previous year.



The market conditions within road construction, sewage and general construction activities have been relatively favourable, particularly in Germany and Ireland, while liner production in Sweden, which constitutes a smaller part of overall production, has experienced lower activity levels. Activities in the first three months have therefore been slightly higher than anticipated and slightly higher than the previous year.

In Germany, the order stock is at a higher level than usual due to a prolonged period of relatively high supply of road and construction projects, and currently comprises a slightly larger proportion of long-term projects, including a multi-year contract for sewage renovation in the tourist and spa town of St. Peter-Ording, as well as surfacing works in Lübeck.

During the period, EBIT has been realised at -28.5 million compared to DKK -27.0 million in the previous year, and is as expected. It should be noted that asphalt activities in particular are affected by winter conditions and costs for the maintenance of the production equipment.



### Expectations for 2018

Due to the market conditions and the current order situation in foreign business areas, revenue and earnings in line with or slightly higher than previous year are expected overall.

### RECONCILIATION OF PROFIT BEFORE TAX FOR THE PERIOD

(DKK mio)	1 Jan to 31 March 2018	1 Jan to 31 March 2017
<b>Primary operating profit</b>		
Denmark segment	-35.9	-5.0
Abroad segment	-28.5	-27.0
<b>Primary operating profit</b>	<b>-64.4</b>	<b>-32.0</b>
Net financial items	-0.6	-0.7
<b>Profit/loss before tax</b>	<b>-65.0</b>	<b>-32.7</b>

### EVENTS AFTER THE END OF THE PERIOD

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

### EXPECTATIONS FOR THE 2018 FINANCIAL YEAR

The Arkil Group still expects a total revenue in the region of DKK 3.0-3.2 billion.

Profit before tax in 2018 is still expected to be realised in the range of DKK 110-140 million.

Arkil is, as previously announced in the 2017 annual report, party to certain major arbitration matters. The outcome of these cases may have a positive or negative impact on results, but the proceedings not expected to be completed 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 2018 are associated with uncertainty, and the results achieved may therefore deviate from expectations.

Factors that may lead to results achieved 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 volume of tenders within the Group's business areas, weather and climate conditions in the Group's markets, and the acquisition and sale of operations and companies.

### POLICY REGARDING COMPANY STATEMENTS WHEN ENTERING INTO MAJOR CONTRACTS

A decision has been made to raise the threshold regarding when Arkil will issue a company statement in conjunction with signing major contracts. The threshold will be raised from DKK 150 million to DKK 500 million or above, even though a concrete assessment of the significance of the contract for the company is always performed.



## MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today discussed and approved the interim financial report for the period 1 January – 31 March 2018 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 31 March 2018, as well as of the profits from the Group's activities and cash flows for the period 1 January – 31 March 2018.

It is also our view that the Annual Report provides a true and fair account of developments in the Group's activities and financial position, profit for the period and the Group's financial position as a whole, as well as a description of the principal risks and uncertainties that the Group faces.

Haderslev, Denmark - 31 May 2018

### Executive Management

Jesper Arkil  
(Chief Executive Officer)

Dan Jensen  
(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 Jan to 31 March 2018	1 Jan to 31 March 2017
Turnover	499.4	518.3
Production costs	-495.9	-482.6
<b>Gross profit</b>	<b>3.5</b>	<b>35.7</b>
Administration costs	-66.8	-64.7
Share of profit after tax in affiliated companies	-1.1	-3.0
<b>Primary operating profit</b>	<b>-64.4</b>	<b>-32.0</b>
Net financial items	-0.6	-0.7
<b>Profit/loss before tax</b>	<b>-65.0</b>	<b>-32.7</b>
Tax on profit/loss for the period	14.9	8.0
<b>Profit/loss for the period</b>	<b>-50.1</b>	<b>-24.7</b>
Earnings per DKK 100 share	-103.8	-49.5
Diluted earnings per share at DKK 100	-103.8	-49.5

# Statement of comprehensive income

Amounts in DKK millions

	1 Jan to 31 March 2018	1 Jan to 31 March 2017
<b>Profit/loss for the period</b>	<b>-50.1</b>	<b>-24.7</b>
<b>Other comprehensive income:</b>		
<b>Items which cannot be reclassified for the income statement:</b>		
Value adjustment of derivatives	1.5	4.6
Tax on other comprehensive income	-0.5	-1.4
	<b>1.0</b>	<b>3.2</b>
<b>Items which may be reclassified for the income statement:</b>		
Exchange-rate adjustment for conversion of foreign entities	0.0	0.0
Value adjustment of derivatives:		
Value adjustment for the period	0.0	0.0
Tax on other comprehensive income	0.0	0.0
	<b>0.0</b>	<b>0.0</b>
<b>Total comprehensive income</b>	<b>-49.1</b>	<b>-21.5</b>
<b>Distribution:</b>		
Shareholders of Arkil Holding A/S	-48.3	-20.7
Minority interests	-0.8	-0.8
<b>Total</b>	<b>-49.1</b>	<b>-21.5</b>

## Group balance

Amounts in DKK millions

	Note	31 March 2018	31 March 2017	31 Dec 2017
<b>Assets</b>				
Goodwill	2	139.7	139.7	139.7
Intangible assets		8.1	8.5	8.2
Tangible assets		613.4	577.4	623.6
Deferred tax assets		23.4	25.7	25.3
Investment in affiliated companies and joint ventures		19.8	16.9	15.9
Other long-term assets		2.1	4.3	2.4
<b>Total long-term assets</b>		<b>806.5</b>	<b>772.5</b>	<b>815.1</b>
Stock on hand		75.5	99.8	70.8
Contract works		206.0	207.0	127.8
Accounts receivable		424.7	343.6	751.5
Securities		26.3	25.1	26.2
Liquid assets	3	220.0	144.3	226.3
<b>Total short-term assets</b>		<b>952.5</b>	<b>819.8</b>	<b>1,202.6</b>
<b>Total assets</b>		<b>1,759.0</b>	<b>1,592.3</b>	<b>2,017.7</b>
<b>Equity</b>		<b>799.1</b>	<b>734.6</b>	<b>868.0</b>
Provisions for obligations		183.1	177.0	205.8
Credit institutions		165.9	158.4	172.7
Employee's bonds		0.0	0.0	0.0
<b>Total long-term obligations</b>		<b>349.0</b>	<b>335.4</b>	<b>378.5</b>
Credit institutions		49.1	37.0	50.7
Contract works		31.6	57.3	42.2
Accounts payable and other debts		530.2	428.0	678.3
<b>Total short-term obligations</b>		<b>610.9</b>	<b>522.3</b>	<b>771.2</b>
<b>Total obligations</b>		<b>959.9</b>	<b>857.7</b>	<b>1,149.7</b>
<b>Total liabilities</b>		<b>1,759.0</b>	<b>1,592.3</b>	<b>2,017.7</b>

## Group cash flow analysis

Amounts in DKK millions

	1 Jan to 31 March 2018	1 Jan to 31 March 2017
<b>Operation's effect on liquidity</b>		
Profit/loss before tax	-65.0	-32.7
Depreciation and write-downs	28.9	26.1
Other net operating items	-2.4	0.9
Changes in working capital	65.4	95.7
Corporation tax paid	-7.0	-4.8
<b>Cash flows from operating activities</b>	<b>19.8</b>	<b>85.2</b>
<b>Effect of investments on liquidity</b>		
Net investments in tangible and intangible assets	-15.2	-16.9
Net investments in subsidiaries	0.0	0.0
<b>Cash flows from investing activities</b>	<b>-15.2</b>	<b>-16.9</b>
<b>External financing</b>		
Repayment of long term debt	-12.1	-10.4
Proceeds of long-term debt, etc.	0.0	0.0
Capital contributions from minority shareholders	0.0	0.0
Dividend payments	0.0	-3.0
<b>Cash flows from financing activities</b>	<b>-12.1</b>	<b>-13.4</b>
<b>Cash flows for the year</b>	<b>-7.6</b>	<b>54.9</b>
Opening liquid holdings	226.0	87.1
Rate adjustments to liquid holdings	0.0	0.0
<b>Closing liquid holdings</b>	<b>218.4</b>	<b>141.9</b>
Liquid assets	220.0	144.3
Bank loan (bank overdraft)	-1.6	-2.4
<b>Closing liquid holdings</b>	<b>218.4</b>	<b>141.9</b>

# 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 2018	49.1	-1.4	0.5	785.6	7.4	841.2	26.7	867.9
Changes to the accounting practice used								
IFRS 15				-25.0		-25.0		-25.0
IFRS 9				-0.2		-0.2		-0.2
Tax				5.5		5.5		5.5
<b>Adjusted Equity as at 1 January</b>	<b>49.1</b>	<b>-1.4</b>	<b>0.5</b>	<b>765.9</b>	<b>7.4</b>	<b>821.5</b>	<b>26.7</b>	<b>848.2</b>
Revaluation of pension liabilities				1.3		1.3	0.2	1.5
Tax on other comprehensive income				-0.4		-0.4	-0.1	-0.5
<b>Net gains included directly in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.9</b>	<b>0.0</b>	<b>0.9</b>	<b>0.1</b>	<b>1.0</b>
Profit/loss for the period				-49.2		-49.2	-0.9	-50.1
<b>Total income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-48.3</b>	<b>0.0</b>	<b>-48.3</b>	<b>-0.8</b>	<b>-49.1</b>
<b>Transactions with owners</b>								
Distributed dividend						0.0		0.0
Dividend, own shares						0.0		0.0
<b>Equity as at 31 March 2018</b>	<b>49.1</b>	<b>-1.4</b>	<b>0.5</b>	<b>717.6</b>	<b>7.4</b>	<b>773.2</b>	<b>25.9</b>	<b>799.1</b>

# 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				3.9		3.9	0.7	4.6
Tax on other comprehensive income				-1.2		-1.2	-0.2	-1.4
<b>Net gains included directly in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.7</b>	<b>0.0</b>	<b>2.7</b>	<b>0.5</b>	<b>3.2</b>
Profit/loss for the period				-23.5		-23.5	-1.2	-24.7
<b>Total income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-20.8</b>	<b>0.0</b>	<b>-20.8</b>	<b>-0.7</b>	<b>-21.5</b>
<b>Transactions with owners</b>								
Distributed dividend						0.0	-3.0	-3.0
Dividend, own shares						0.0		0.0
<b>Equity as at 31 March 2017</b>	<b>49.1</b>	<b>-0.9</b>	<b>0.0</b>	<b>662.6</b>	<b>4.9</b>	<b>715.7</b>	<b>18.9</b>	<b>734.6</b>

**Note 1. Accounting policies 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 following, the accounting policies used remain unchanged in relation to the consolidated accounts and annual accounts for 2017 to which reference is made.

The consolidated accounts and annual accounts for 2017 contain a full description of the accounting policies used.

**Changes to the accounting policies used**

Arkil Holding A/S implemented the following new or amended standards and interpretations with effect from 1 January 2018:

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Contracts with Customers.
- Amendments to IFRS 2 on the classification and measurement of asset-based remuneration.
- Amendments to IAS 40 on transfers to or from investment properties.
- IFRIC 22 on transactions in foreign currencies and advance payments.
- Part of the Annual Improvements to IFRSs 2014-2016.

Annual Improvements to IFRS 2014-2016 includes an outstanding section concerning IFRS 1 and IAS 28 that enters into effect from 1 January 2018.

Of the above, only IFRS 9 and IFRS 15 have affected recognition and measurements in the interim financial report.

The effect on recognition and measurements can be found below. The effect has only an insignificant impact on results and diluted results per share and no impact on the cash flow statement.

**The effect of IFRS 9**

The implementation of IFRS 9 has only had an effect on the Group's depreciation of financial assets measured at amortised cost price. For receivables from the sale of services and other contract assets, including the value of construction contracts, IFRS 9's simplified expected credit loss model is used and the total expected loss is immediately recognised.

The change from the previous depreciation model, in which the depreciation is recognised only when there are indications of loss (incurred loss model) to IFRS 9's expected credit loss model, has resulted in the recognition of expected losses both at the initial and subsequent recognitions.

The Group has implemented the changed depreciation model with retroactive effect, however in such a way that the accumulated effect of the change is recognised in the carried result at the start of equity on 1 January 2018 without any adjustment of comparison figures. The effect of IFRS 9 on results and equity has been insignificant in terms of figures.

The accounting effect is specified in note 5.



**The effect of IFRS 15**

IFRS 15 "Revenue from Contracts with Customers" replaces the current revenue standards (IAS 11 and IAS 18) and interpretation guidelines. 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 has applied 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. The implementation of IFRS 15 has resulted in a reduction in equity of DKK 19.5 million. The effect on results has been insignificant.

The accounting effect is specified in note 5.

**Assumptions and estimates**

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

Key assumptions made by management when applying the Group's accounting policies and the significant uncertainties associated with this 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 2017.

## Note 2. Goodwill

Amounts in DKK millions

	31 March 2018	31 March 2017	31 Dec 2017
Cost price beginning of year	139.7	139.7	139.7
Additions through acquisition	0.0	0.0	0.0
Exchange rate adjustment	0.0	0.0	0.0
<b>Cost price end of year</b>	<b>139.7</b>	<b>139.7</b>	<b>139.7</b>
<b>Goodwill</b>	<b>139.7</b>	<b>139.7</b>	<b>139.7</b>

## 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.

	31 March 2018	
Amounts in DKK million	Market value	Book value
<b>Financial assets</b>		
Securities (fair value option) – level 1	26.3	26.3
	<b>26.3</b>	<b>26.3</b>

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 2018.

#### Note 4 Revenue - breakdown of revenue from contracts with customers

Amounts in DKK million	31 March 2018	31 March 2017	31 Dec 2017
<b>Danish activities</b>			
Sale of goods	5.5	5.8	26.3
Contract works*	377.2	420.0	2,187.0
<b>Danish activities total</b>	<b>382.7</b>	<b>425.8</b>	<b>2,213.3</b>
<b>Foreign activities</b>			
Sale of goods	10.5	14.3	240.5
Contract works*	106.1	78.2	686.6
<b>Foreign activities total</b>	<b>116.7</b>	<b>92.6</b>	<b>927.1</b>
<b>Total</b>			
Sale of goods	16.1	20.1	266.8
Contract works*	483.3	498.2	2,873.6
<b>Total</b>	<b>499.4</b>	<b>518.3</b>	<b>3,140.4</b>

\*Construction contracts are all recognised over time.

## Note 5 - Effect of Changes to the accounting practice used

Amounts in DKK million	Current accounting policies	1 January 2018		New accounting policies
		Effect of Changes to the accounting practice used IFRS 9	IFRS 15	
<b>Assets</b>				
Goodwill	139.7			139.7
Intangible assets	8.2			8.2
Tangible assets	623.6			623.6
Deferred tax assets	25.3			25.3
Investment in affiliated compaines and joint ventures	15.9			15.9
Other long-term assets	2.4			2.4
<b>Total long-term assets</b>	<b>815.1</b>	<b>0.0</b>	<b>0.0</b>	<b>815.1</b>
Stock on hand	70.8		-2.6	68.2
Contract works	127.8		2.6	130.4
Accounts receivable	751.5	-0.2	-25.0	726.3
Securities	26.2			26.2
Liquid assets	226.3			226.3
<b>Total short-term assets</b>	<b>1,202.6</b>	<b>-0.2</b>	<b>-25.0</b>	<b>1,177.4</b>
<b>Total assets</b>	<b>2,017.7</b>	<b>-0.2</b>	<b>-25.0</b>	<b>1,992.5</b>
<b>Equity</b>	<b>868.0</b>	<b>-0.2</b>	<b>-19.5</b>	<b>848.3</b>
Provisions for obligations	205.8	0.0	-5.5	200.3
Credit institutions	172.7			172.7
<b>Total long-term obligations</b>	<b>378.5</b>	<b>0.0</b>	<b>-5.5</b>	<b>373.0</b>
Credit institutions	50.7			50.7
Contract works	42.2			42.2
Accounts payable and other debts	678.3			678.3
<b>Total short-term obligations</b>	<b>771.2</b>	<b>0.0</b>	<b>0.0</b>	<b>771.2</b>
<b>Total obligations</b>	<b>1,149.7</b>	<b>0.0</b>	<b>-5.5</b>	<b>1,144.2</b>
<b>Total liabilities</b>	<b>2,017.7</b>	<b>-0.2</b>	<b>-25.0</b>	<b>1,992.5</b>

# **Note 5 - Effect of Changes to the accounting practice used (continued)**

Amounts in DKK million	31 March 2018			
	Current accounting policies	Effect of Changes to the accounting practice used		New accounting policies
		IFRS 9	IFRS 15	
Turnover	497.3		2.1 <sup>2)</sup>	499.4
Production costs	-493.8		-2.1 <sup>2)</sup>	-495.9
<b>Gross profit</b>	<b>3.5</b>	<b>0.0</b>	<b>0.0</b>	<b>3.5</b>
Administration costs	-66.9	0.1 <sup>1)</sup>		-66.8
Other operating income	0.0			0.0
Share of results after taxes in associated companies	-1.1			-1.1
Share of profit after tax in joint ventures	0.0			0.0
<b>Primary operating profit</b>	<b>-64.5</b>	<b>0.1</b>	<b>0.0</b>	<b>-64.4</b>
Net financial items	-0.6			-0.6
<b>Profit/loss before tax</b>	<b>-65.1</b>	<b>0.1</b>	<b>0.0</b>	<b>-65.0</b>
Tax on profit/loss for the period	14.9	0.0	0.0	14.9
<b>Profit/loss for the period</b>	<b>-50.2</b>	<b>0.1</b>	<b>0.0</b>	<b>-50.1</b>

1) Effect of expected credit-loss model, cf. IFRS 9

2) Effect of the accrual of construction contracts, cf. IFRS 15

# Note 5 - Effect of Changes to the accounting practice used (continued)

31 March 2018

Amounts in DKK million	Current accounting policies	Effect of Changes to the accounting practice used		New accounting policies
		IFRS 9	IFRS 15	
<b>Assets</b>				
Goodwill	139.7			139.7
Intangible assets	8.1			8.1
Tangible assets	613.4			613.4
Deferred tax assets	23.4			23.4
Investment in affiliated companies and joint ventures	19.8			19.8
Other long-term assets	2.1			2.1
<b>Total long-term assets</b>	<b>806.5</b>	<b>0.0</b>	<b>0.0</b>	<b>806.5</b>
Stock on hand	80.2		-4.7 <sup>2)</sup>	75.5
Contract works	201.3		4.7 <sup>2)</sup>	206.0
Accounts receivable	449.9	-0.2 <sup>1)</sup>	-25.0 <sup>2)</sup>	424.7
Securities	26.3			26.3
Liquid assets	220.0			220.0
<b>Total short-term assets</b>	<b>977.7</b>	<b>-0.2</b>	<b>-25.0</b>	<b>952.5</b>
<b>Total assets</b>	<b>1,784.2</b>	<b>-0.2</b>	<b>-25.0</b>	<b>1,759.0</b>
<b>Equity</b>	<b>818.8</b>	<b>-0.2 <sup>1)</sup></b>	<b>-19.5 <sup>2)</sup></b>	<b>799.1</b>
Provisions for obligations	188.6	0.0 <sup>3)</sup>	-5.5 <sup>3)</sup>	183.1
Credit institutions	165.9			165.9
<b>Total long-term obligations</b>	<b>354.5</b>	<b>0.0</b>	<b>-5.5</b>	<b>349.0</b>
Credit institutions	49.1			49.1
Contract works	31.6			31.6
Accounts payable and other debts	530.2			530.2
<b>Total short-term obligations</b>	<b>610.9</b>	<b>0.0</b>	<b>0.0</b>	<b>610.9</b>
<b>Total obligations</b>	<b>965.4</b>	<b>0.0</b>	<b>-5.5</b>	<b>959.9</b>
<b>Total liabilities</b>	<b>1,784.2</b>	<b>-0.2</b>	<b>-25.0</b>	<b>1,759.0</b>

1) Effect of expected credit-loss model, cf. IFRS 9

2) Effect of the accrual of construction contracts, cf. IFRS 15

3) Total effect on tax