

Notice to Nasdaq Copenhagen

## **Interim financial report for Arkil Holding A/S for the first six months of 2018**

### **HIGHER LEVEL OF ACTIVITY, BUT LOWER MARGINS IN THE DANISH CONSTRUCTION ACTIVITIES**

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 2018.

#### **Highlights for Q2 and the first six months of 2018**

- Revenue in Q2 2018 amounted to DKK 964.6 million compared to DKK 810.9 million last year.
- Revenue in the first six months of 2018 amounted to DKK 1,464.0 million compared to DKK 1,329.2 million last year.
- The Group's earnings before interest and taxes (EBIT) in Q2 2018 have been realised at DKK 56.9 million compared to DKK 64.5 million last year.
- The Group's earnings before interest and taxes (EBIT) in the first six months of 2018 have been realised at DKK -7.5 million compared to DKK 32.5 million last year.
- The Group's return before tax in the first six months has been realised at DKK -9.0 million compared to DKK 31.4 million last year.

#### **Forecasts for 2018 have been adjusted, as stated in the company announcement of 23 August 2018.**

- The Group's revenue for 2018 is now expected to be in the range of DKK 3.3 billion (from DKK 3.0 to 3.2 billion).
- Profit before tax for 2018 is now expected to range between DKK 90 and 120 million (from DKK 110 to 140 million).

*Jesper Arkil, CEO, said:*

"As expected at the beginning of Q2, following a weak Q1, the Group's activity has been high during the summer period. The profit for Q2 of approximately DKK 57 million – which corresponds to a profit margin of 5.9% – is decent, but still not sufficient to live up to our own expectations from the start of the year. Margins in Denmark are hard-pressed by high capacity and the resulting price pressure on foundation and hydraulic engineering projects in particular, as well as on roadway construction activity. The same situation does not apply outside of Denmark, where earnings are slightly better than anticipated. A continued high level of activity is expected for the rest of the year, as based on the present order stock, which is the basis for the upward adjustment in expected revenue. However, this is not enough to lift earnings to the expected level, which is why the full-year result is now expected to be lower than anticipated at the beginning of the year."

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

Haderslev, Denmark - 31 August 2018

Arkil Holding A/S

Agnete Raaschou-Nielsen  
Chairman of the Board of Directors

## Interim report for 1 January to 30 June 2018

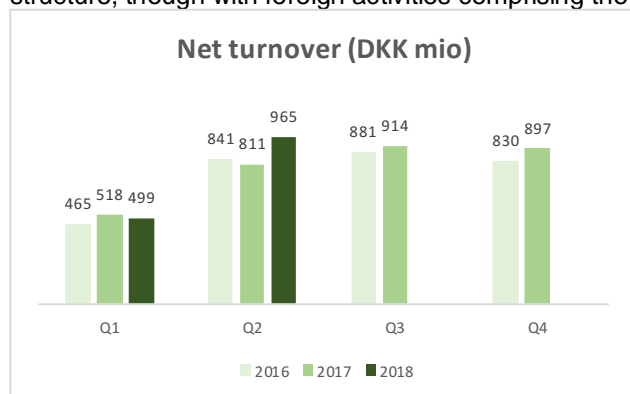
Group key figures (DKK million)	1 Apr to 30 Jun 2018	1 Apr to 30 Jun 2017	1 Jan to 30 Jun 2018	1 Jan to 30 Jun 2017	31 Dec, 2017
<b>Income statement</b>					
Net turnover	964.6	810.9	1,464.0	1,329.2	3,140.4
Primary operating profit (EBIT)	56.9	64.5	-7.5	32.5	151.5
Net financial items	-0.9	-0.4	-1.5	-1.1	-3.8
Profit/loss before tax	56.0	64.1	-9.0	31.4	147.7
Profit/loss after tax	42.4	47.9	-7.7	23.2	111.5
<b>Balance Sheet</b>					
Intangible assets			149.3	148.1	147.9
Tangible assets			615.1	581.4	623.6
Other long-term assets			43.9	41.0	43.7
Short-term assets			1,191.3	1,042.0	1,202.6
<b>Total assets</b>			<b>1,999.6</b>	<b>1,812.5</b>	<b>2,017.7</b>
<b>Equity</b>			<b>824.9</b>	<b>785.7</b>	<b>868.0</b>
Long-term obligations			359.2	340.3	378.5
Short-term obligations			815.5	686.5	771.3
<b>Total obligations</b>			<b>1,174.7</b>	<b>1,026.8</b>	<b>1,149.8</b>
<b>Total liabilities</b>			<b>1,999.6</b>	<b>1,812.5</b>	<b>2,017.7</b>
<b>Cash flow statement</b>					
Cash flows from operating activities	-7.5	-134.5	12.3	-49.3	263.4
Cash flows from investing activities	-15.7	0.4	-31.0	-16.5	-67.4
Cash flows from financing activities	-30.9	-16.7	-43.1	-30.2	-57.1
<b>Changes in cash flow for the period</b>	<b>-54.2</b>	<b>-150.8</b>	<b>-61.7</b>	<b>-96.0</b>	<b>138.9</b>
<b>Key ratios for the Group</b>					
Profit ratio	5.9	8.0	-0.5	2.4	4.8
Return on net assets (ROIC) incl. goodwill	6.7	5.6	-0.9	2.8	14.6
Return on net assets (ROIC) excl. goodwill	8.1	6.4	-1.1	3.2	16.8
Liquidity ratio			146.1	151.8	155.9
Equity ratio			41.3	43.3	43.0
Return on equity			-0.9	3.0	13.7
<b>Earnings per share (DKK)</b>					
Earnings per DKK 100 share	84.5	96.5	-19.8	47.0	219.5
Diluted earnings per share at DKK 100	84.5	96.5	-19.8	47.0	219.5
<b>Average number of employees</b>			<b>1,882</b>	<b>1,811</b>	<b>1,823</b>

## CONSOLIDATED ACCOUNTS

### Financial performance of the Arkil Group

In Q2 2018, the Group's revenue was realised at DKK 964.6 million, compared to DKK 810.9 million in the same quarter last year, corresponding to a decline of 19.0%.

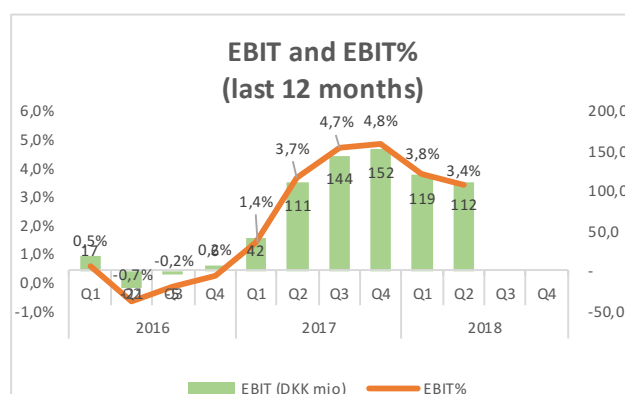
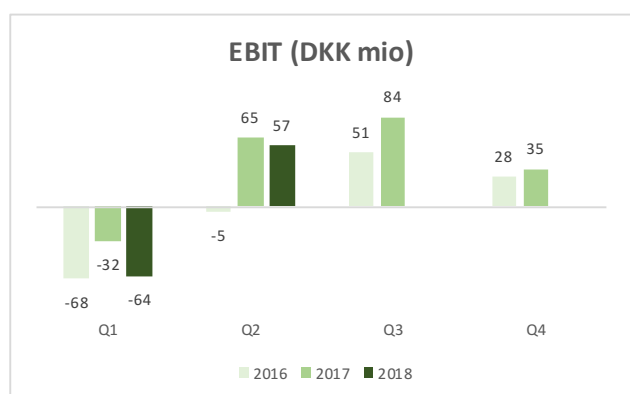
In the first six months of 2018 the Group realised a revenue of DKK 1,464.0 million, compared to DKK 1,329.2 million last year, corresponding to an increase of 10.1%. Revenue has been realised from across our geographical structure, though with foreign activities comprising the bulk of our revenue.



The Group's gross returns in Q2 2018 have been realised at DKK 124.4 million compared to DKK 128.3 million in the same quarter last year. The Group's gross returns in the first six months of 2018 have been realised at DKK 127.9 million compared to DKK 164.0 million in the same period last year, corresponding to a gross profit of 8.7% and 12.3%, respectively, for the same period last year. The lower gross profit is due to lower earnings on the completed projects, as well as to the fact that gross profit in 2018 has been affected by a longer and tougher winter than that of 2017.

Administration costs in Q2 2018 have been realised at DKK 68.4 million compared to DKK 63.4 million the previous year. Administration costs in the first six months of 2018 have been realised at DKK 135.2 million compared to DKK 128.1 million the previous year. Administration costs amounted to 9.2% compared to 9.6% the previous year.

The Group's earnings before interest and taxes (EBIT) in Q2 2018 have been realised at DKK 56.9 million compared to DKK 64.5 million last year. The Group's earnings before interest and taxes (EBIT) in the first six months of 2018 have been realised at DKK -7.5 million compared to DKK 32.5 million last year.





In the first six months of 2018, net financial items have been realised at DKK -1.5 million compared to DKK -1.1 million in the same period last year.

The Group's return before tax in the first six months of 2018 has been realised at DKK -9.0 million compared to DKK 31.4 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 30 June 2018, the balance sheet sum was DKK 1,999.6 million compared to DKK 2,017.7 million at the start of the financial year. Tangible fixed assets have been reduced by DKK 8.5 million to DKK 615.1 million since the start of the financial year.

Construction contracts have increased by DKK 206.1 million since the end of 2017. Receivables on the balance sheet date amounted to DKK 578.8 million compared to DKK 751.5 million at the start of the year. Supplier debt and other liabilities amounted to DKK 728.7 million as of 30 June 2018, compared to DKK 678.3 million at the end of 2017. Overall, the net working capital amounted to DKK 236.3 million as of 30 June 2018, compared to DKK 236.5 million at the end of 2017.

On the balance sheet date, equity amounted to DKK 824.9 million, corresponding to an equity ratio of 41.3%. Interest-bearing debt amounted to DKK 210.1 million at the end of June 2018. When deducted from the cash and cash equivalents and securities of DKK 190.9 million, the interest-bearing debt amounted to DKK 19.2 million.

Cash flow from operations amounted to DKK 12.3 million in the first six months of 2018, compared to DKK -49.3 million for the same period last year.

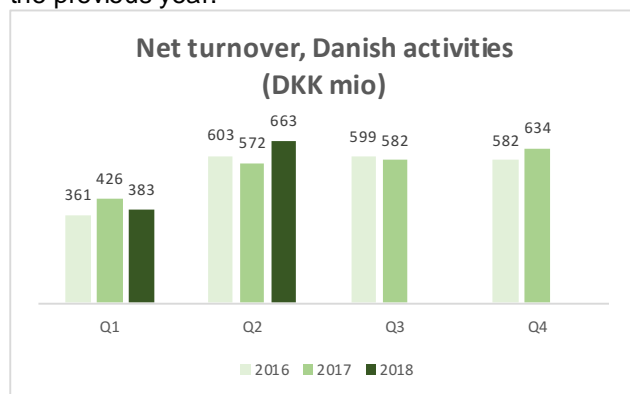
During the period, DKK 31.0 million was invested in assets and the acquisition of activities, compared to DKK 16.5 million last year, while cash flow from financing activities, including deductions for long-term liabilities, amounted to a net withdrawal of DKK 43.1 million, compared to DKK 30.2 million last year.

## DEVELOPMENTS IN DANISH ACTIVITIES

In Q2 2018, the Group's Danish activities realised a revenue of DKK 663.0 million compared to DKK 571.8 million last year, corresponding to a decline of 15.9%.

The Group's Danish activities in the first six months of 2018 realised a revenue of DKK 1,045.7 million compared to DKK 997.5 million last year, corresponding to an increase of 4.8%.

The order book's share of the expected revenue for the year on the balance sheet date was slightly lower than in the previous year.



### Higher revenue but lower earnings in the Danish activities

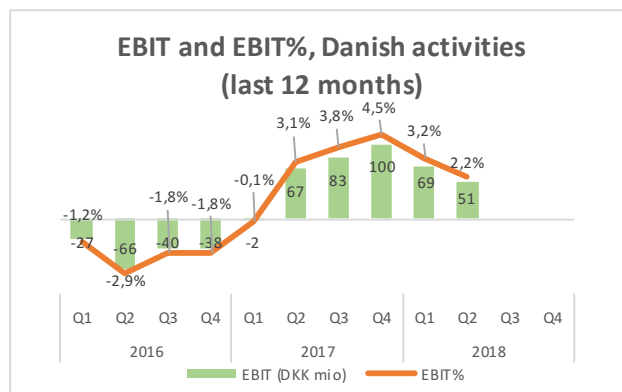
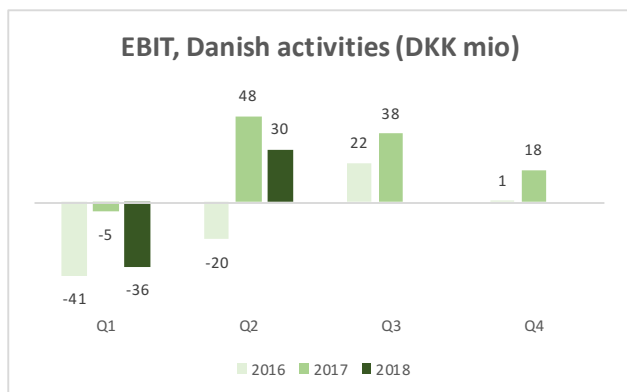
Thanks to a healthy level of activity in Q2, revenue in the Danish activities at the start of the year was higher than expected before the year began. The completed activities are, however, marked by price pressure in the market, in which earnings on the completed activities are not on the same level as last year.

In the first six months of 2018, EBIT has been realised at DKK -6.2 million compared to DKK 43.3 million last year.

Major activities 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 and operational work on the state-owned road network in Denmark.

There has been an usually low level of activity throughout the first half of 2018 in foundation and hydraulic engineering activities, in which the amount of incoming orders has been lower than expected.

Nevertheless, the overall order stock for implementation in 2018 is satisfactory, and there is now a steady influx of new orders in a market generally characterised by high supply in a majority of our domestic business areas. A high capacity in segments of the market and a low supply from the governmental side is, however, applying pressure on prices.



### Expectations for 2018

Based on the developments in the first six months of 2018 and the current order and market situation, Danish activities are expected to generate slightly higher revenue than in 2017. Earnings are expected to remain lower than in 2017, a year which benefited from better margins on awarded and completed projects.

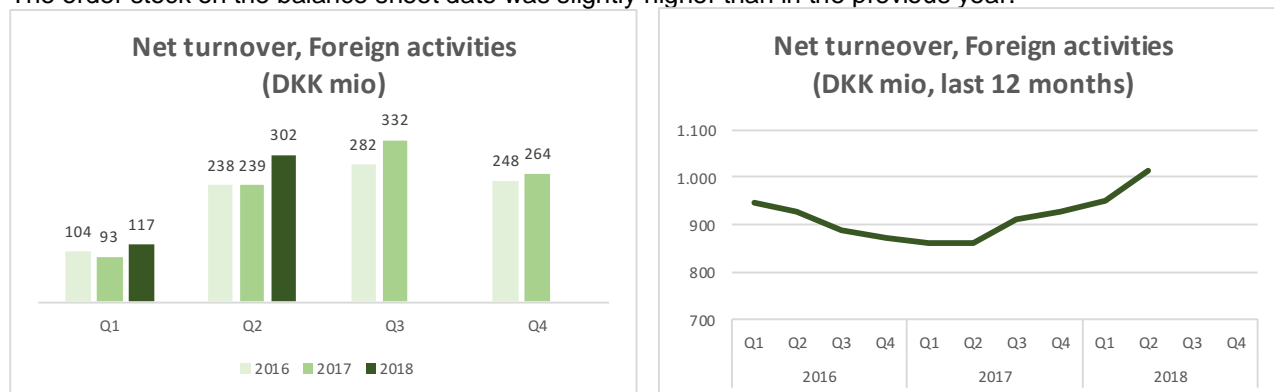
As previously indicated in the 2017 annual report, Arkil is involved in several arbitration proceedings related to the aforementioned projects from previous years. The outcome of these cases may have a positive or negative impact on results, but the proceedings not expected to be completed in this financial year.

## DEVELOPMENTS IN INTERNATIONAL ACTIVITIES

In Q2 2018, the Group's international activities generated revenue of DKK 301.6 million compared to DKK 239.1 million last year, corresponding to an increase of 26.2%.

The Group's foreign activities in the first six months of 2018 realised a revenue of DKK 418.3 million compared to DKK 331.7 million last year, corresponding to an increase of 26.1%.

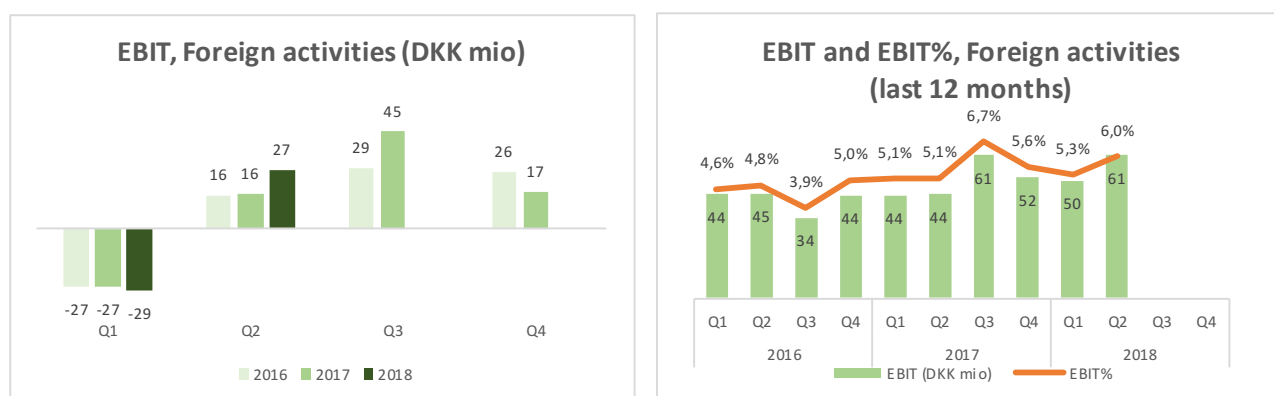
The order stock on the balance sheet date was slightly higher than in the previous year.



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 slightly lower activity levels. Activities in the first six months have therefore been slightly higher than anticipated and slightly higher than in 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, particularly in the Schleswig-Holstein region, 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 and sewage projects in Lübeck.

During the period, EBIT has been realised at -1.3 million compared to DKK -10.8 million in the previous year, and is at the expected level.



### Expectations for 2018

Due to the market conditions and the current order situation in foreign business areas, overall revenue and earnings are expected to be higher than last year.

### RECONCILIATION OF PROFIT BEFORE TAX FOR THE PERIOD

(DKK mio)	1 Apr to 30 Jun 2018	1 Apr to 30 Jun 2017	1 Jan to 30 Jun 2018	1 Jan to 30 Jun 2017
<b>Primary operating profit</b>				
Denmark segment	29.7	48.3	-6.2	43.3
Abroad segment	27.2	16.2	-1.3	-10.8
<b>Primary operating profit</b>	<b>56.9</b>	<b>64.5</b>	<b>-7.5</b>	<b>32.5</b>
Net financial items	-0.9	-0.4	-1.5	-1.1
<b>Profit/loss before tax</b>	<b>56.0</b>	<b>64.1</b>	<b>-9.0</b>	<b>31.4</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

Based on the higher level of activity during the first six months of the year and the present order stock, the Arkil Group now expects a 2018 revenue in the range of DKK 3.3 billion, as opposed to the previously announced range of DKK 3.0 – 3.2 billion.

Based on the realised results from the first six months and the current order situation, the 2018 result before taxes is now expected to be realised at a level of DKK 90 – 120 million, as opposed to the previously announced range of DKK 110 – 140 million.

As previously indicated in the 2017 annual report, Arkil is involved in several arbitration proceedings related to the aforementioned projects from previous years. 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.



## MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today discussed and approved the interim financial report for the period 1 January – 30 June 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 30 June 2018, as well as of the profits from the Group's activities and cash flows for the period 1 January – 30 June 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 August 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 Apr to 30 Jun 2018	1 Apr to 30 Jun 2017	1 Jan to 30 Jun 2018	1 Jan to 30 Jun 2017
Turnover	964.6	810.9	1,464.0	1,329.2
Production costs	-840.2	-682.6	-1,336.1	-1,165.2
<b>Gross profit</b>	<b>124.4</b>	<b>128.3</b>	<b>127.9</b>	<b>164.0</b>
Administration costs	-68.4	-63.4	-135.2	-128.1
Share of profit after tax in affiliated companies	0.9	-0.4	-0.2	-3.4
<b>Primary operating profit</b>	<b>56.9</b>	<b>64.5</b>	<b>-7.5</b>	<b>32.5</b>
Net financial items	-0.9	-0.4	-1.5	-1.1
<b>Profit/loss before tax</b>	<b>56.0</b>	<b>64.1</b>	<b>-9.0</b>	<b>31.4</b>
Tax on profit/loss for the period	-13.6	-16.2	1.3	-8.2
<b>Profit/loss for the period</b>	<b>42.4</b>	<b>47.9</b>	<b>-7.7</b>	<b>23.2</b>
Earnings per DKK 100 share	84.5	96.5	-19.8	47.0
Diluted earnings per share at DKK 100	84.5	96.5	-19.8	47.0

# Statement of comprehensive income

Amounts in DKK millions

	1 Apr to 30 Jun 2018	1 Apr to 30 Jun 2017	1 Jan to 30 Jun 2018	1 Jan to 30 Jun 2017
<b>Profit/loss for the period</b>	<b>42.4</b>	<b>47.9</b>	<b>-7.7</b>	<b>23.2</b>
<b>Other comprehensive income:</b>				
<b>Items which cannot be reclassified for the income statement:</b>				
Value adjustment of derivatives	0.0	10.6	1.5	15.2
Tax on other comprehensive income	0.0	-3.2	-0.5	-4.6
	<b>0.0</b>	<b>7.4</b>	<b>1.0</b>	<b>10.6</b>
<b>Items which may be reclassified for the income statement:</b>				
Exchange-rate adjustment for conversion of foreign entities	0.0	0.2	0.0	0.2
Value adjustment of derivatives:				
Value adjustment for the period	0.0	0.0	0.0	0.0
Tax on other comprehensive income	0.0	0.0	0.0	0.0
	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>
<b>Total comprehensive income</b>	<b>42.4</b>	<b>55.5</b>	<b>-6.7</b>	<b>34.0</b>
<b>Distribution:</b>				
Shareholders of Arkil Holding A/S	39.9	52.2	-8.4	31.5
Minority interests	2.5	3.3	1.7	2.5
<b>Total</b>	<b>42.4</b>	<b>55.5</b>	<b>-6.7</b>	<b>34.0</b>

## Group balance

Amounts in DKK millions

	Note	30 June 2018	30 June 2017	31 Dec 2017
<b>Assets</b>				
Goodwill	2	141.0	139.7	139.7
Intangible assets		8.3	8.4	8.2
Tangible assets		615.1	581.4	623.6
Deferred tax assets		21.3	21.6	25.3
Investment in affiliated companies and joint ventures		20.7	16.5	15.9
Other long-term assets		1.9	2.9	2.4
<b>Total long-term assets</b>		<b>808.3</b>	<b>770.5</b>	<b>815.1</b>
Stock on hand		87.7	86.5	70.8
Contract works		333.9	330.3	127.8
Accounts receivable		578.8	534.6	751.5
Securities	3	26.7	26.6	26.2
Liquid assets		164.2	64.0	226.3
<b>Total short-term assets</b>		<b>1,191.3</b>	<b>1,042.0</b>	<b>1,202.6</b>
<b>Total assets</b>		<b>1,999.6</b>	<b>1,812.5</b>	<b>2,017.7</b>
<b>Equity</b>		<b>824.9</b>	<b>785.7</b>	<b>868.0</b>
Provisions for obligations		201.0	179.2	205.8
Credit institutions		158.2	161.1	172.7
<b>Total long-term obligations</b>		<b>359.2</b>	<b>340.3</b>	<b>378.5</b>
Credit institutions		51.9	116.2	50.7
Contract works		34.9	50.1	42.2
Accounts payable and other debts		728.7	520.2	678.3
<b>Total short-term obligations</b>		<b>815.5</b>	<b>686.5</b>	<b>771.2</b>
<b>Total obligations</b>		<b>1,174.7</b>	<b>1,026.8</b>	<b>1,149.7</b>
<b>Total liabilities</b>		<b>1,999.6</b>	<b>1,812.5</b>	<b>2,017.7</b>

## Group cash flow analysis

Amounts in DKK millions

	1 Apr to 30 Jun 2018	1 Apr to 30 Jun 2017	1 Jan to 30 Jun 2018	1 Jan to 30 Jun 2017
<b>Operation's effect on liquidity</b>				
Profit/loss before tax	56.0	64.1	-9.0	31.4
Depreciation and write-downs	29.2	26.8	58.1	52.9
Other net operating items	-4.3	-9.4	-6.6	-8.5
Changes in working capital	-91.7	-214.2	-26.3	-118.5
Corporation tax paid	3.2	-1.9	-3.8	-6.6
<b>Cash flows from operating activities</b>	<b>-7.5</b>	<b>-134.5</b>	<b>12.3</b>	<b>-49.3</b>
<b>Effect of investments on liquidity</b>				
Net investments in tangible and intangible assets	-12.8	0.4	-28.0	-16.5
Net investments in subsidiaries	6	0.0	-3.0	0.0
<b>Cash flows from investing activities</b>	<b>-15.7</b>	<b>0.4</b>	<b>-31.0</b>	<b>-16.5</b>
<b>External financing</b>				
Repayment of long term debt	-14.4	-12.3	-26.5	-22.7
Proceeds of long-term debt, etc.	0.0	0.0	0.0	0.0
Capital contributions from minority shareholders	-2.5	0.0	-2.5	0.0
Dividend payments	-14.1	-4.4	-14.1	-7.4
<b>Cash flows from financing activities</b>	<b>-30.9</b>	<b>-16.7</b>	<b>-43.1</b>	<b>-30.2</b>
<b>Cash flows for the year</b>	<b>-54.2</b>	<b>-150.8</b>	<b>-61.7</b>	<b>-96.0</b>
Opening liquid holdings	218.4	141.9	226.0	87.1
Rate adjustments to liquid holdings	0.0	0.0	0.0	0.0
<b>Closing liquid holdings</b>	<b>164.2</b>	<b>-8.9</b>	<b>164.2</b>	<b>-8.9</b>
Liquid assets	164.2	64.0	164.2	64.0
Bank loan (bank overdraft)	0.0	-72.9	0.0	-72.9
<b>Closing liquid holdings</b>	<b>164.2</b>	<b>-8.9</b>	<b>164.2</b>	<b>-8.9</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 2018</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				-9.3		-9.3	1.6	-7.7
<b>Total income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-8.4</b>	<b>0.0</b>	<b>-8.4</b>	<b>1.7</b>	<b>-6.7</b>
<b>Transactions with owners</b>								
Capital contribution				-2.5		-2.5		-2.5
Distributed dividend					-7.4	-7.4	-7.0	-14.4
Dividend, own shares				0.3		0.3		0.3
<b>Equity as at 30 June 2018</b>	<b>49.1</b>	<b>-1.4</b>	<b>0.5</b>	<b>755.3</b>	<b>0.0</b>	<b>803.5</b>	<b>21.4</b>	<b>824.9</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 2017	49.1	-0.9	0.0	683.4	4.9	<b>736.5</b>	22.6	<b>759.1</b>
Revaluation of pension liabilities				12.9		<b>12.9</b>	2.3	<b>15.2</b>
Exchange rate adjustments, foreign companies		0.2				<b>0.2</b>		<b>0.2</b>
Tax on other comprehensive income				-3.9		<b>-3.9</b>	-0.7	<b>-4.6</b>
<b>Net gains included directly in equity</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>9.0</b>	<b>0.0</b>	<b>9.2</b>	<b>1.6</b>	<b>10.8</b>
Profit/loss for the period				22.3		<b>22.3</b>	0.9	<b>23.2</b>
<b>Total income</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>31.3</b>	<b>0.0</b>	<b>31.5</b>	<b>2.5</b>	<b>34.0</b>
<b>Transactions with owners</b>								
Distributed dividend					-4.9	<b>-4.9</b>	-2.6	<b>-7.5</b>
Dividend, own shares				0.1		<b>0.1</b>		<b>0.1</b>
<b>Equity as at 30 June 2017</b>	<b>49.1</b>	<b>-0.7</b>	<b>0.0</b>	<b>714.8</b>	<b>0.0</b>	<b>763.2</b>	<b>22.5</b>	<b>785.7</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

	30 June 2018	30 June 2017	31 Dec 2017
Cost price beginning of year	139.7	139.7	139.9
Additions through acquisition	1.4	0.0	0.0
Exchange rate adjustment	-0.1	0.0	0.0
<b>Cost price end of year</b>	<b>141.0</b>	<b>139.7</b>	<b>139.9</b>
<b>Goodwill</b>	<b>141.0</b>	<b>139.7</b>	<b>139.9</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.

Amounts in DKK million	30 June 2018	
	Market value	Book value
<b>Financial assets</b>		
Securities (fair value option) – level 1	26.7	26.7
	<b>26.7</b>	<b>26.7</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	30 June 2018	30 June 2017	31 Dec 2017
<b>Danish activities</b>			
Sale of goods	16.5	12.0	26.3
Contract works*	1,016.1	978.7	2,187.0
<b>Danish activities total</b>	<b>1,032.7</b>	<b>990.7</b>	<b>2,213.3</b>
<b>Foreign activities</b>			
Sale of goods	92.3	92.2	240.5
Contract works*	339.0	246.3	686.6
<b>Foreign activities total</b>	<b>431.3</b>	<b>338.5</b>	<b>927.1</b>
<b>Total</b>			
Sale of goods	108.8	104.2	266.8
Contract works*	1,355.1	1,225.0	2,873.6
<b>Total</b>	<b>1,464.0</b>	<b>1,329.2</b>	<b>3,140.4</b>

\*Contract works 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 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	8.2			8.2
Tangible assets	623.6			623.6
Deferred tax assets	25.3			25.3
Investment in affiliated companies 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	Current accounting policies	30 June 2018		New accounting policies
		Effect of Changes to the accounting practice used IFRS 9	IFRS 15	
Turnover	1,461.9		2.1 <sup>2)</sup>	1,464.0
Production costs	-1,334.0		-2.1 <sup>2)</sup>	-1,336.1
<b>Gross profit</b>	<b>127.9</b>	<b>0.0</b>	<b>0.0</b>	<b>127.9</b>
Administration costs	-135.3	0.1 <sup>1)</sup>		-135.2
Other operating income	0.0			0.0
Share of results after taxes in associated companies	-0.2			-0.2
Share of profit after tax in joint ventures	0.0			0.0
<b>Primary operating profit</b>	<b>-7.6</b>	<b>0.1</b>	<b>0.0</b>	<b>-7.5</b>
Net financial items	-1.5			-1.5
<b>Profit/loss before tax</b>	<b>-9.1</b>	<b>0.1</b>	<b>0.0</b>	<b>-9.0</b>
Tax on profit/loss for the period	1.3	0.0	0.0	1.3
<b>Profit/loss for the period</b>	<b>-7.8</b>	<b>0.1</b>	<b>0.0</b>	<b>-7.7</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)

Amounts in DKK million	Current accounting policies	30 June 2018 Effect of Changes to the accounting practice used		New accounting policies
		IFRS 9	IFRS 15	
<b>Assets</b>				
Goodwill	141.0			141.0
Intangible assets	8.3			8.3
Tangible assets	615.1			615.1
Deferred tax assets	21.3			21.3
Investment in affiliated companies and joint ventures	20.7			20.7
Other long-term assets	1.9			1.9
<b>Total long-term assets</b>	<b>808.3</b>	<b>0.0</b>	<b>0.0</b>	<b>808.3</b>
Stock on hand	92.4		-4.7 <sup>2)</sup>	87.7
Contract works	329.2		4.7 <sup>2)</sup>	333.9
Accounts receivable	604.0	-0.2 <sup>1)</sup>	-25.0 <sup>2)</sup>	578.8
Securities	26.7			26.7
Liquid assets	164.2			164.2
<b>Total short-term assets</b>	<b>1,216.5</b>	<b>-0.2</b>	<b>-25.0</b>	<b>1,191.3</b>
<b>Total assets</b>	<b>2,024.8</b>	<b>-0.2</b>	<b>-25.0</b>	<b>1,999.6</b>
<b>Equity</b>	<b>844.6</b>	<b>-0.2 <sup>1)</sup></b>	<b>-19.5 <sup>2)</sup></b>	<b>824.9</b>
Provisions for obligations	206.5	0.0 <sup>3)</sup>	-5.5 <sup>3)</sup>	201.0
Credit institutions	158.2			158.2
<b>Total long-term obligations</b>	<b>364.7</b>	<b>0.0</b>	<b>-5.5</b>	<b>359.2</b>
Credit institutions	51.9			51.9
Contract works	34.9			34.9
Accounts payable and other debts	728.7			728.7
<b>Total short-term obligations</b>	<b>815.5</b>	<b>0.0</b>	<b>0.0</b>	<b>815.5</b>
<b>Total obligations</b>	<b>1,180.2</b>	<b>0.0</b>	<b>-5.5</b>	<b>1,174.7</b>
<b>Total liabilities</b>	<b>2,024.8</b>	<b>-0.2</b>	<b>-25.0</b>	<b>1,999.6</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

#### Note 6 - Acquisition of subsidiaries and activities

As of 17 May 2018 the Group has acquired 100% of the share capital in the German company AS und BE Asphalt- und Betonstraßenbau GmbH.

The acquisition took place as part of the Group's overall strategic objectives.

The purchase price constitutes DKK 3.7 million, including acquired cash and cash equivalents. The fair value of the remuneration can be specified as follows:

	Fair values at the date of purchase	Book values at the date of purchase
<b>Purchase of business and activities (1.000 DKK)</b>		
Goodwill	1,382.7	0.0
Tangible assets	3,591.4	1,148.4
Stock on hand	264.7	264.7
Contract works	1,254.1	1,254.1
Other short-term assets	4,313.1	4,313.1
<b>Total assets</b>	<b>10,806.0</b>	<b>6,980.3</b>
Of which liquid assets	-733.3	-733.3
<b>Assets excluding liquid assets</b>	<b>10,072.7</b>	<b>6,247.0</b>
Provisions for obligations	830.1	97.2
Long-term obligations	180.3	180.3
Short-term obligations	6,078.1	6,078.1
<b>Total obligations</b>	<b>7,088.6</b>	<b>6,355.7</b>
Of which bank debt	0.0	0.0
<b>Obligations excluding bank debt</b>	<b>7,088.6</b>	<b>6,355.7</b>
<b>Cash and cash equivalents used for the purchase of businesses and activities</b>	<b>2,984.1</b>	

If the acquisition had been completed by 1 January 2018, the Group's profits before tax would have amounted to DKK -8.4 million and profits after tax would have amounted to DKK -7.0 million.

The acquired company's profits before tax after the acquisition date amount to DKK 0.0 million.

The work with the purchase sum allocation of the company's acquisition is not complete as of the date of the presentation of this interim financial report, as it has not been possible to perform a final assessment of the individual financial items within the brief period of time following the acquisition.

The most significant outstanding items can be related to the entries: goodwill, tangible fixed assets and deferred tax.