

Notice to Nasdaq Copenhagen

Interim financial report for Arkil Holding A/S for Q3 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 30 September 2018.

Highlights for Q3 2018

- Revenue in Q3 2018 amounted to DKK 970.4 million compared to DKK 913.8 million last year.
- In the first 9 months of 2018, revenue amounted to DKK 2,434.4 million compared to DKK 2,243.0 million in the previous year.
- The Group's earnings before interest and taxes (EBIT) in Q3 2018 have been realised at DKK 79.5 million compared to DKK 83.6 million last year.
- The Group's operating income (EBIT) in the first nine months of 2018 has been realised at DKK 72.0 million compared to DKK 116.1 million last year.
- Earnings before tax for the first nine months have been realised at DKK 69.8 million compared to DKK 114.0 million in the previous year.

Expectations for 2018 remain the same

- The Group's revenue for 2018 is still expected to be in the region of DKK 3.3 billion.
- Earnings before tax for 2018 are still expected to amount to around DKK 90-120 million.

Jesper Arkil, CEO, said:

"We have succeeded in maintaining high activity in Q3, with the greatest increase in activity abroad and the Group's EBIT margin of 8.2% in Q3 meets expectations. In spite of a notable decline in government infrastructure investments, revenue in Denmark is slightly higher than last year, but growth in the Danish part of the business, especially within civil engineering and foundations, is less satisfactory when viewed in isolation. The opposite is true abroad, where the investment level from the public sector is stable and high, and has provided the Group with good conditions for profitable growth abroad. Growth is expected to follow the same trends in Q4."

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

Haderslev, 28 November 2018

Arkil Holding A/S

Agnete Raaschou-Nielsen
Chairman of the Board of Directors

Interim report for 1 January to 30 September 2018

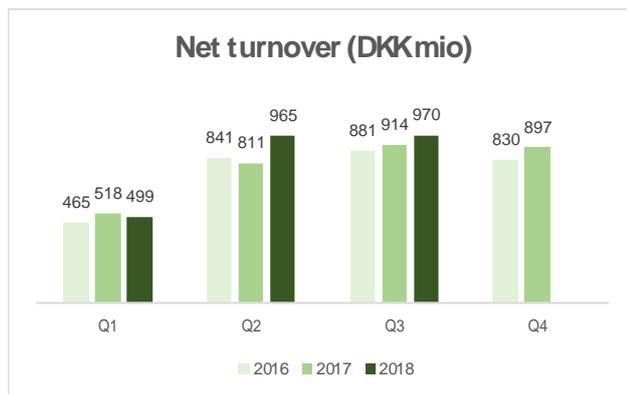
Group key figures (DKK million)	1 Jul to 30 Sep 2018	1 Jul to 30 Sep 2017	1 Jan to 30 Sep 2018	1 Jan to 30 Sep 2017	31 Dec, 2017
Income statement					
Net turnover	970.4	913.8	2,434.4	2,243.0	3,140.4
Primary operating profit (EBIT)	79.5	83.6	72.0	116.1	151.5
Net financial items	-0.7	-1.0	-2.2	-2.1	-3.8
Profit/loss before tax	78.8	82.6	69.8	114.0	147.7
Profit/loss after tax	59.5	61.9	51.8	85.1	111.5
Balance Sheet					
Intangible assets			148.9	147.9	147.9
Tangible assets			616.7	591.6	623.6
Other long-term assets			39.9	39.8	43.7
Short-term assets			1,267.0	1,150.6	1,202.6
Total assets			2,072.5	1,929.9	2,017.7
Equity			881.6	846.8	868.0
Long-term obligations			376.5	364.0	378.5
Short-term obligations			814.4	719.1	771.3
Total obligations			1,190.9	1,083.1	1,149.8
Total liabilities			2,072.5	1,929.9	2,017.7
Cash flow statement					
Cash flows from operating activities	19.3	159.9	31.6	110.6	263.4
Cash flows from investing activities	-9.2	-14.7	-40.2	-31.2	-67.4
Cash flows from financing activities	-10.5	-13.5	-53.6	-43.7	-57.1
Changes in cash flow for the period	-0.5	131.7	-62.2	35.7	138.9
Key ratios for the Group					
Profit ratio	8.2	9.1	3.0	5.2	4.8
Return on net assets (ROIC) incl. goodwill	7.2	7.6	6.5	10.6	14.6
Return on net assets (ROIC) excl. goodwill	8.2	8.7	7.4	12.1	16.8
Liquidity ratio			155.6	160.0	155.9
Equity ratio			42.5	43.9	43.0
Return on equity			5.9	10.6	13.7
Earnings per share (DKK)					
Earnings per DKK 100 share	112.4	122.9	96.0	169.9	219.5
Diluted earnings per share at DKK 100	112.4	122.9	96.0	169.9	219.5
Average number of employees			1,927	1,817	1,823

CONSOLIDATED ACCOUNTS

Financial performance of the Arkil Group

In Q3 2018, the Group recorded revenue of DKK 970.4 million compared to DKK 913.8 million in the same quarter in the previous year, corresponding to an increase of 6.2%.

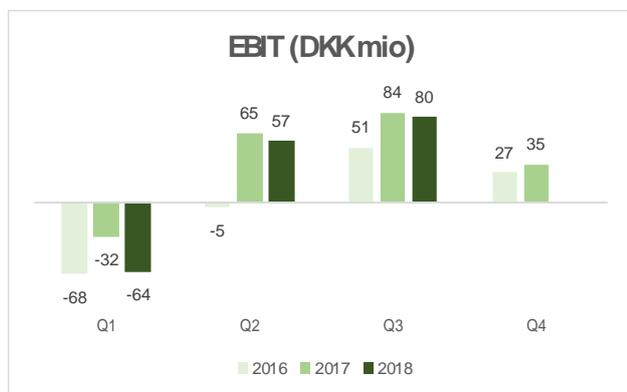
In the first 9 months of 2018, the Group recorded revenue of DKK 2,434.4 million compared to DKK 2,243.0 million in the previous year, corresponding to an increase of 8.5%. Revenue increases have been realised from across our geographical structure, though with foreign activities comprising the bulk of our revenue.



The Group's gross returns in Q3 2018 have been realised at DKK 142.0 million compared to DKK 143.3 million in the same quarter last year. The Group recorded gross profit of DKK 269.9 million in the first nine months of 2018 compared to DKK 307.3 million in the same period in the previous year, corresponding to a gross profit margin of 11.1% compared to 13.7% for the same period in the previous 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.

Administrative costs amounted to DKK 63.3 million in Q3 2018 compared to DKK 59.3 million in the previous year. Administrative costs amounted to DKK 198.5 million in the first nine months of 2018 compared to DKK 187.4 million in the previous year. Administration costs amounted to 8.2% compared to 8.4% the previous year.

The Group's earnings before interest and taxes (EBIT) in Q3 2018 have been realised at DKK 79.5 million compared to DKK 83.6 million last year. The Group recorded earnings before interest and taxes (EBIT) of DKK 72.0 million in the first nine months of 2018 compared to DKK 116.1 million in the previous year.





In the first nine months of 2018, net financial items amounted to DKK -2.2 million compared to DKK -2.1 million for the same period in the previous year.

The Group's return before tax for the first nine months of 2018 has been realised at DKK 69.8 million compared to a profit of DKK 114.0 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 September 2018, the balance sheet total was DKK 2,072.5 million compared to DKK 2,017.7 million at the start of the financial year. Tangible fixed assets have been reduced by DKK 6.9 million to DKK 616.7 million since the start of the financial year.

Construction contracts have increased by DKK 263.9 million since the end of 2017. Receivables on the balance sheet date amounted to DKK 599.4 million compared to DKK 751.5 million at the start of the year. Supplier debt and other liabilities amounted to DKK 722.1 million as of 30 September 2018, compared to DKK 678.3 million at the end of 2017. Overall, net working capital amounted to DKK 325.8 million as of 30 September 2018 compared to DKK 236.5 million at the end of 2017.

On the balance sheet date, equity amounted to DKK 881.6 million, corresponding to an equity ratio of 42.5%. Interest-bearing debt amounted to DKK 223.6 million at the end of September 2018. After deduction of cash and cash equivalents and securities of DKK 192.9 million, interest-bearing net debt amounted to DKK 30.7 million compared to net receivables of DKK 29.0 million at the end of 2017.

Cash flow from operations in the first nine months of 2018 amounted to DKK 31.6 million compared to DKK 110.6 million for the same period in the previous year.

During the period, DKK 40.2 million was invested in assets and the acquisition of activities, compared to DKK 31.2 million last year, while cash flow from financing activities, including deductions for long-term liabilities, amounted to a net withdrawal of DKK 53.6 million, compared to DKK 43.7 million last year.

The share buyback scheme of DKK 5.0 million initiated on 1 May 2018 has been concluded. Arkil Holding A/S now owns 21,449 of its own shares, corresponding to 4.37% of the company's share capital.

DEVELOPMENTS IN DANISH ACTIVITIES

In Q3 2018, the Group's Danish activities realised a revenue of DKK 609.2 million compared to DKK 582.1 million last year, corresponding to a decline of 4.7%.

The Group's Danish activities in the first nine months of 2018 realised a revenue of DKK 1,654.9 million compared to DKK 1,579.6 million in the previous year, corresponding to an increase of 4.8%.

The order backlog's share of the year's expected revenue on the balance sheet date was at the same level as that from the previous year.



Higher revenue but lower earnings in the Danish activities

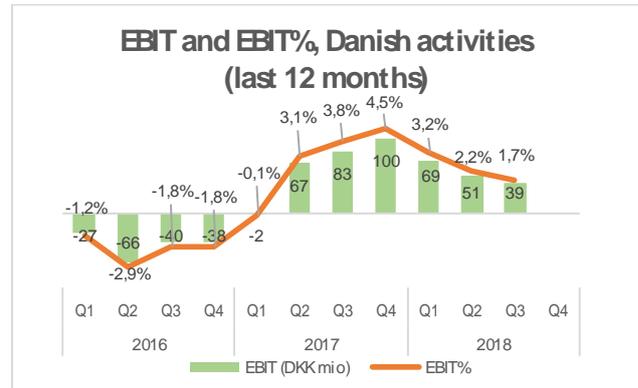
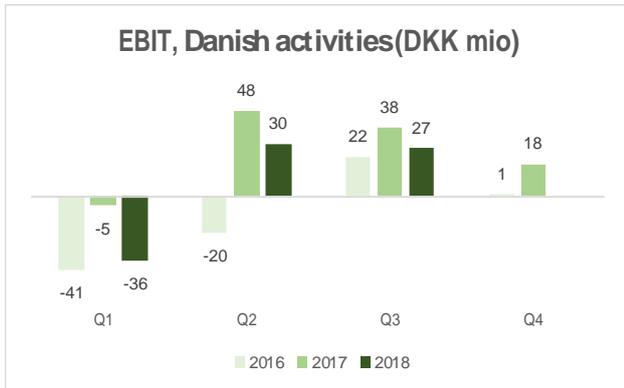
Thanks to a healthy level of activity in Q2, revenue in the Danish activities at the start of the year was higher than expected before the year began. The completed activities are, however, marked by price pressure in the market, in which earnings on the completed activities are not on the same level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

Major activities in development include the expansion of the E45 at Skanderborg, construction and erection of shell structures, erection of the Alfred Nobel Bridge in Copenhagen Harbour, framework agreements for surfacing and sewage renovations, as well as operational work on the state-owned road network in Denmark.

There has been an unusually low level of activity throughout the first nine months of the year within 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 low supply from the governmental side does however still apply pressure on the prices.

EBIT of DKK 20.8 million was generated in the first nine months of 2018 compared to DKK 81.7 million in the previous year.



Expectations for 2018

Based on the developments in the first nine 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.

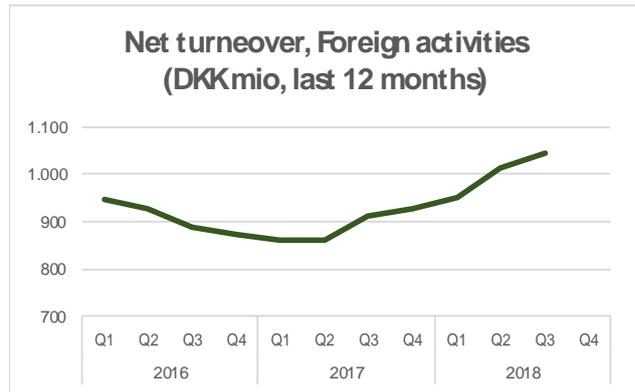
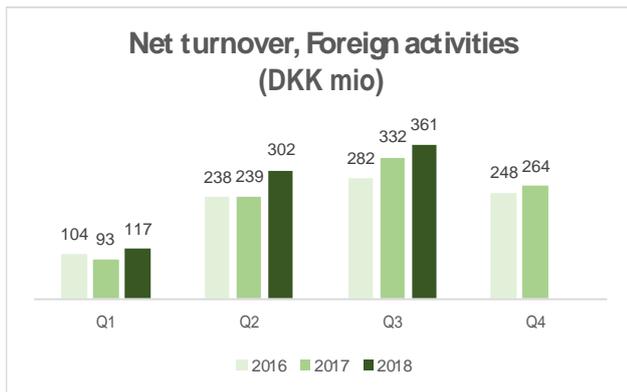
As previously indicated in the 2017 annual report, Arkil is involved in several arbitration proceedings related to the aforementioned projects from previous years. The outcome of these cases may have a positive or negative impact on results, but the proceedings are not expected to be completed in this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

DEVELOPMENTS IN INTERNATIONAL ACTIVITIES

In Q3 2018, the Group's international activities generated revenue of DKK 361.2 million compared to DKK 331.7 million last year, corresponding to an increase of 8.9%.

Foreign activities in the first nine months of 2018 realised a revenue of DKK 779.5 million compared to DKK 663.4 million in the previous year, corresponding to an increase of 17.5%.

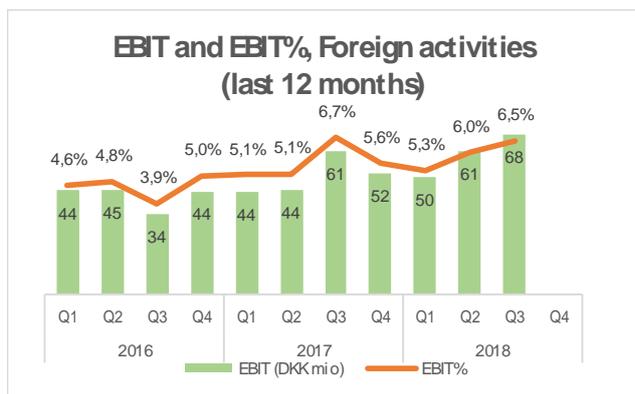
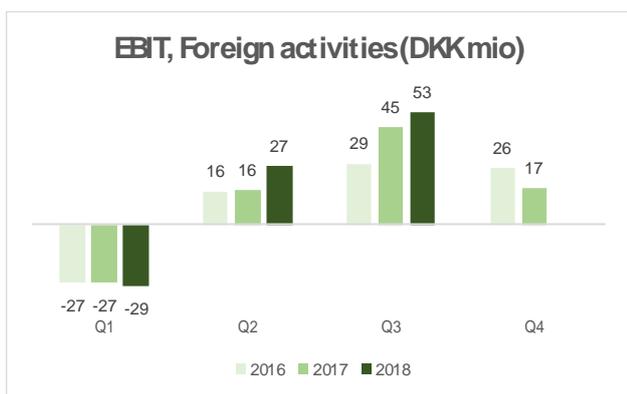
The order stock on the balance sheet date was slightly higher than in the previous year.



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 nine months have therefore, overall, been somewhat higher than anticipated and somewhat 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 and Rostock.

During the period, EBIT has been realised at DKK 51.2 million compared to DKK 34.4 million in the previous year, and is higher than expected at the start of the year.





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 Jul to 30 Sep 2018	1 Jul to 30 Sep 2017	1 Jan to 30 Sep 2018	1 Jan to 30 Sep 2017
Primary operating profit				
Denmark segment	27.0	38.4	20.8	81.7
Abroad segment	52.5	45.2	51.2	34.4
Primary operating profit	79.5	83.6	72.0	116.1
Net financial items	-0.7	-1.0	-2.2	-2.1
Profit/loss before tax	78.8	82.6	69.8	114.0

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 activities in the first nine months of 2018 and the present order stock, the Arkil Group still expects a 2018 revenue in the range of DKK 3.3 billion.

The 2018 profit before taxes is still expected, based on the realised results for the first nine months of 2018 and the present order situation, to be realised in the region of DKK 90-120 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 September 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 provides a true and fair picture of the Group's assets, liabilities and financial position as at 30 September 2018, as well as of the profits from the Group's activities and cash flows for the period 1 January – 30 September 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, 28 November 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 Jul to 30 Sep 2018	1 Jul to 30 Sep 2017	1 Jan to 30 Sep 2018	1 Jan to 30 Sep 2017
Turnover	970.4	913.8	2,434.4	2,243.0
Production costs	-828.4	-770.5	-2,164.5	-1,935.7
Gross profit	142.0	143.3	269.9	307.3
Administration costs	-63.3	-59.3	-198.5	-187.4
Share of profit after tax in affiliated companies	0.8	-0.4	0.6	-3.8
Primary operating profit	79.5	83.6	72.0	116.1
Net financial items	-0.7	-1.0	-2.2	-2.1
Profit/loss before tax	78.8	82.6	69.8	114.0
Tax on profit/loss for the period	-19.3	-20.7	-18.0	-28.9
Profit/loss for the period	59.5	61.9	51.8	85.1
Earnings per DKK 100 share	112.4	122.9	96.0	169.9
Diluted earnings per share at DKK 100	112.4	122.9	96.0	169.9

Statement of comprehensive income

Amounts in DKK millions

	1 Jul to 30 Sep 2018	1 Jul to 30 Sep 2017	1 Jan to 30 Sep 2018	1 Jan to 30 Sep 2017
Profit/loss for the period	59.5	61.9	51.8	85.1
Other comprehensive income:				
Items which cannot be reclassified for the income statement:				
Value adjustment of derivatives	-0.2	-0.9	1.3	14.3
Tax on other comprehensive income	0.1	0.3	-0.4	-4.3
	-0.1	-0.6	0.9	10.0
Items which may be reclassified for the income statement:				
Exchange-rate adjustment for conversion of foreign entities	-0.1	-0.2	-0.1	0.0
Value adjustment of derivatives:				
Value adjustment for the period	-0.2	0.0	-0.2	0.0
Tax on other comprehensive income	0.0	0.0	0.0	0.0
	-0.3	-0.2	-0.3	0.0
Total comprehensive income	59.1	61.1	52.4	95.1
Distribution:				
Shareholders of Arkil Holding A/S	54.0	57.5	45.6	89.0
Minority interests	5.1	3.6	6.8	6.1
Total	59.1	61.1	52.4	95.1

Group balance

Amounts in DKK millions

	Note	30 Sep 2018	30 Sep 2017	31 Dec 2017
Assets				
Goodwill	2	141.0	139.7	139.7
Intangible assets		7.9	8.2	8.2
Tangible assets		616.7	591.6	623.6
Deferred tax assets		18.1	19.9	25.3
Investment in affiliated companies and joint ventures		20.1	16.1	15.9
Other long-term assets		1.7	3.8	2.4
Total long-term assets		805.5	779.3	815.1
Stock on hand		83.0	75.7	70.8
Contract works		391.7	385.6	127.8
Accounts receivable		599.4	530.4	751.5
Securities	3	26.5	26.6	26.2
Liquid assets		166.4	132.3	226.3
Total short-term assets		1,267.0	1,150.6	1,202.6
Total assets		2,072.5	1,929.9	2,017.7
Equity				
Provisions for obligations		208.5	196.6	205.8
Credit institutions		168.0	167.4	172.7
Total long-term obligations		376.5	364.0	378.5
Credit institutions		55.6	53.0	50.7
Contract works		36.7	27.9	42.2
Accounts payable and other debts		722.1	638.2	678.3
Total short-term obligations		814.4	719.1	771.2
Total obligations		1,190.9	1,083.1	1,149.7
Total liabilities		2,072.5	1,929.9	2,017.7

Group cash flow analysis

Amounts in DKK millions

	1 Jul to 30 Sep 2018	1 Jul to 30 Sep 2017	1 Jan to 30 Sep 2018	1 Jan to 30 Sep 2017
Operation's effect on liquidity				
Profit/loss before tax	78.8	82.6	69.8	114.0
Depreciation and write-downs	30.2	27.3	88.2	80.2
Other net operating items	-2.3	-4.1	-8.9	-12.6
Changes in working capital	-89.6	55.4	-115.9	-63.1
Corporation tax paid	2.1	-1.3	-1.7	-7.9
Cash flows from operating activities	19.3	159.9	31.6	110.6
Effect of investments on liquidity				
Net investments in tangible and intangible assets	-9.2	-14.7	-37.2	-31.2
Net investments in subsidiaries	6	0.0	-3.0	0.0
Cash flows from investing activities	-9.2	-14.7	-40.2	-31.2
External financing				
Repayment of long term debt	-8.1	-13.5	-34.6	-36.2
Proceeds of long-term debt, etc.	0.0	0.0	0.0	0.0
Capital contributions from minority shareholders	-2.4	0.0	-4.9	0.0
Dividend payments	0.0	0.0	-14.1	-7.4
Cash flows from financing activities	-10.5	-13.5	-53.6	-43.7
Cash flows for the year	-0.5	131.7	-62.2	35.7
Opening liquid holdings	164.2	-8.9	226.0	87.1
Rate adjustments to liquid holdings	0.0	0.0	0.0	0.0
Closing liquid holdings	163.7	122.8	163.7	122.8
Liquid assets	166.4	132.3	166.4	132.3
Bank loan (bank overdraft)	-2.7	-9.5	-2.7	-9.5
Closing liquid holdings	163.7	122.8	163.7	122.8

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
Adjusted Equity as at 1 January 2018	49.1	-1.4	0.5	765.9	7.4	821.5	26.7	848.2
Revaluation of pension liabilities				1.1		1.1	0.2	1.3
Value adjustment of hedging instruments			-0.2			-0.2		-0.2
Exchange rate adjustments, foreign companies		-0.1				-0.1		-0.1
Tax on other comprehensive income			0.0	-0.3		-0.3	-0.1	-0.4
Net gains included directly in equity	0.0	-0.1	-0.2	0.8	0.0	0.5	0.1	0.6
Profit/loss for the period				45.1		45.1	6.7	51.8
Total income	0.0	-0.1	-0.2	45.9	0.0	45.6	6.8	52.4
Transactions with owners								
Capital contribution				-4.9		-4.9		-4.9
Distributed dividend					-7.4	-7.4	-7.0	-14.4
Dividend, own shares				0.3		0.3		0.3
Equity as at 30 September 2018	49.1	-1.5	0.3	807.2	0.0	855.1	26.5	881.6

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				12.1		12.1	2.1	14.2
Exchange rate adjustments, foreign companies						0.0		0.0
Tax on other comprehensive income				-3.6		-3.6	-0.6	-4.2
Net gains included directly in equity	0.0	0.0	0.0	8.5	0.0	8.5	1.5	10.0
Profit/loss for the period				80.5		80.5	4.6	85.1
Total income	0.0	0.0	0.0	89.0	0.0	89.0	6.1	95.1
Transactions with owners								
Distributed dividend					-4.9	-4.9	-2.6	-7.5
Dividend, own shares				0.1		0.1		0.1
Equity as at 30 September 2017	49.1	-0.9	0.0	772.5	0.0	820.7	26.1	846.8

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 Sep 2018	30 Sep 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
Cost price end of year	141.0	139.7	139.9
Goodwill	141.0	139.7	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 September 2018	
	Market value	Book value
Financial assets		
Securities (fair value option) – level 1	26.5	26.5
	26.5	26.5

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	1 Jul to 30 Sep 2018	1 Jul to 30 Sep 2017	1 Jan to 30 Sep 2018	1 Jan to 30 Sep 2017	31 Dec 2017
Danish activities					
Sale of goods	9.4	6.3	26.0	18.3	26.3
Contract works*	599.8	575.7	1,628.9	1,561.2	2,187.0
Danish activities total	609.2	582.1	1,654.9	1,579.6	2,213.3
Foreign activities					
Sale of goods	71.5	97.7	163.8	189.9	240.5
Contract works*	289.7	234.0	615.7	473.5	686.6
Foreign activities total	361.2	331.7	779.5	663.4	927.1
Total					
Sale of goods	80.8	104.1	189.7	208.3	266.8
Contract works*	889.5	809.7	2,244.6	2,034.7	2,873.6
Total	970.4	913.8	2,434.4	2,243.0	3,140.4

*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		New accounting policies
		Effect of Changes to the accounting practice used IFRS 9	IFRS 15	
Assets				
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
Total long-term assets	815.1	0.0	0.0	815.1
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
Total short-term assets	1,202.6	-0.2	-25.0	1,177.4
Total assets	2,017.7	-0.2	-25.0	1,992.5
Equity				
Provisions for obligations	205.8	0.0	-5.5	200.3
Credit institutions	172.7			172.7
Total long-term obligations	378.5	0.0	-5.5	373.0
Credit institutions	50.7			50.7
Contract works	42.2			42.2
Accounts payable and other debts	678.3			678.3
Total short-term obligations	771.2	0.0	0.0	771.2
Total obligations	1,149.7	0.0	-5.5	1,144.2
Total liabilities	2,017.7	-0.2	-25.0	1,992.5

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

Amounts in DKK million	Current accounting policies	30 Sep 2018		New accounting policies
		Effect of Changes to the accounting practice used IFRS 9	IFRS 15	
Turnover	2,431.9		2.5 ²⁾	2,434.4
Production costs	-2,162.0		-2.5 ²⁾	-2,164.5
Gross profit	269.9	0.0	0.0	269.9
Administration costs	-198.6	0.1 ¹⁾		-198.5
Other operating income	0.0			0.0
Share of results after taxes in associated companies	0.6			0.6
Share of profit after tax in joint ventures	0.0			0.0
Primary operating profit	71.9	0.1	0.0	72.0
Net financial items	-2.2			-2.2
Profit/loss before tax	69.7	0.1	0.0	69.8
Tax on profit/loss for the period	-18.0	0.0	0.0	-18.0
Profit/loss for the period	51.7	0.1	0.0	51.8

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	30 Sep 2018			New accounting policies
	Current accounting policies	Effect of Changes to the accounting practice used		
		IFRS 9	IFRS 15	
Assets				
Goodwill	141.0			141.0
Intangible assets	7.9			7.9
Tangible assets	616.7			616.7
Deferred tax assets	18.1			18.1
Investment in affiliated companies and joint ventures	20.1			20.1
Other long-term assets	1.7			1.7
Total long-term assets	805.5	0.0	0.0	805.5
Stock on hand	87.7		-4.7 ²⁾	83.0
Contract works	387.0		4.7 ²⁾	391.7
Accounts receivable	624.6	-0.2 ¹⁾	-25.0 ²⁾	599.4
Securities	26.5			26.5
Liquid assets	166.4			166.4
Total short-term assets	1,292.2	-0.2	-25.0	1,267.0
Total assets	2,097.7	-0.2	-25.0	2,072.5
Equity	901.3	-0.2 ¹⁾	-19.5 ²⁾	881.6
Provisions for obligations	214.0	0.0 ³⁾	-5.5 ³⁾	208.5
Credit institutions	168.0			168.0
Total long-term obligations	382.0	0.0	-5.5	376.5
Credit institutions	55.6			55.6
Contract works	36.7			36.7
Accounts payable and other debts	722.1			722.1
Total short-term obligations	814.4	0.0	0.0	814.4
Total obligations	1,196.4	0.0	-5.5	1,190.9
Total liabilities	2,097.7	-0.2	-25.0	2,072.5

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
Purchase of business and activities (1.000 DKK)		
Goodwill	1.4	0.0
Tangible assets	3.6	1.1
Stock on hand	0.3	0.3
Contract works	1.3	1.3
Other short-term assets	4.3	4.3
Total assets	10.8	7.0
Of which liquid assets	-0.7	-0.7
Assets excluding liquid assets	10.1	6.2
Provisions for obligations	0.8	0.1
Long-term obligations	0.2	0.2
Short-term obligations	6.1	6.1
Total obligations	7.1	6.4
Of which bank debt	0.0	0.0
Obligations excluding bank debt	7.1	6.4
Cash and cash equivalents used for the purchase of businesses and activities	3.0	

If the acquisition had been completed by 1 January 2018, the Group's profits before tax would have amounted to DKK 70.4 million and profits after tax would have amounted to DKK 52.2 million.

The acquired company's profits before tax after the acquisition date amount to DKK 0.9 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.