ARKIL HOLDING A/S | ANNUAL REPORT 2014

ARKIL

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The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

ABOUT ARKIL

Arkil was founded in Haderslev, Denmark, by Ove Arkil, Civil Engineer, in 1941. Today it is one of Denmark's largest contractors, with activities in Northern Europe. It has over 1,700 employees and, in 2014, it achieved revenuer of nearly DKK 3 billion.

Our knowledge and core competences within construction work, asphalt, foundations and piping have been developed through more than 70 years of activity. We plan and carry out large, complex infrastructure projects for railways, roads and harbours, as well as general contracting projects for local authorities, utilities and private developers. For all of our projects, Arkil bases its approach and solutions on its unique spirit and inheritance, which imbues us with responsibility, professionalism, trustworthiness and a relentless focus on satisfaction and quality on time.

Growth and value through specialisation

Target-oriented specialisation, increased efficiency and consistent project management constantly strengthens Arkil's market position and, since 2011, has significantly improved the group's operations results.

In the years to come, Arkil will exploit a positive development of the underlying market conditions to increase asset creation. By achieving ambitious, long-term goals, which balance the growth and development of the company's strategic business areas with profit and business requirements, as well as considerable financial reserves, Arkil will provide a satisfactory return, taking a controlled and conservative risk profile into account.

By increasing the focus on turnkey contracts and large infrastructure projects, as well as optimising conditions for growth and earning capacity in all segments, an average annual turnover growth of approximately 5-10% and an increased profit ratio over a number of years of at least 3.5% are expected. To ensure strategic and financial freedom of action, the goal is that the share of equity must be at the level of 45%, although deviations may, however, occur and be acceptable in case of acquisitions or similar activities.

Arkil wishes to:

- Be regarded as a company with professional competency and a good form in a cooperative environment of high credibility and integrity.
- Be decentralised with delegated responsibility, great flexibility and cross-disciplinary cooperation.
- Further train the employees in order to maintain and increase professional competency at all levels.
- Maintain a strong professional community between colleagues with open and well-functioning communication.
- Demonstrate dedication, consideration and risk awareness in our activities.
- Maintain strong, central financial control.
- Remain an independent company.
- Be a safe workplace and constantly work on improving the safety of our employees.
- Engage in the surrounding society, which we are a part of, through social awareness, technological development and reduction of our environmental impact.

MAIN FIGURES AND KEY RATIOS FOR THE GROUP

(DKK million)	2014	2013	2012	2011	2010
Income statement					
Revenue	2,871.4	2,738.3	2,881.8	2,568.5	2,061.9
Primary operating profit	74.4	58.2	59.8	17.4	(44.2)
Profit/loss from financial items	(2.2)	(4.3)	(5.0)	(5.6)	(3.0)
Profit/loss before tax and minority interests' share	72.2	54.0	54.8	11.8	(47.2)
Annual profit	**55.1**	**43.2**	**40.9**	**7.8**	**(27.5)**
Balance Sheet					
Long-term assets	656.3	631.7	610.7	632.6	677.9
Short-term assets	944.3	889.4	960.8	843.5	792.3
Total assets	**1,600.6**	**1,521.1**	**1,571.5**	**1,476.1**	**1,470.2**
Share capital	49.1	49.1	49.1	49.1	49.1
Total equity	**740.5**	**703.7**	**662.4**	**643.9**	**645.6**
Long-term liabilities	267.4	281.5	320.0	323.8	330.7
Current liabilities	592.7	535.9	589.1	508.4	493.8
Total obligations	**860.1**	**817.4**	**909.1**	**832.2**	**824.5**
Cash flow statement					
Cash flows from operating activities	162.0	138.0	115.3	(23.6)	88.6
Cash flows from investing activities	(71.0)	(66.3)	(31.3)	(38.7)	(113.7)
Cash flows from financing activities	(58.0)	(73.7)	(40.2)	(36.2)	(13.2)
Total cash flow	**33.0**	**(2.0)**	**43.9**	**(98.5)**	**(38.3)**
Investment in tangible fixed assets	(96.9)	(98.6)	(57.8)	(57.8)	(44.8)
Key figures					
Profit ratio, %	2.6	2.1	2.1	0.7	(2.1)
Return on invested capital (ROIC) incl. goodwill, %	8.4	6.6	6.8	2.0	(5.5)
Return on invested capital (ROIC) excl. goodwill, %	9.8	7.7	7.9	2.3	(6.6)
Liquidity ratio	159.3	166.0	163.1	165.9	160.4
Equity ratio (solidity), %	46.3	46.3	42.2	43.6	43.9
Return on equity, %	7.6	6.3	6.3	1.2	(4.1)
Average number of employees	**1,789**	**1,741**	**1,766**	**1,766**	**1,717**

These key figures have been presented in accordance with the Danish Society of Investment Professionals' "Recommendations & Key Figures 2010".

The key figures for 2010-2012 have not been adjusted in line with the changed accounting policies for joint ventures, cf. information in note 1 under accounting policies applied.

Please refer to note 42 which contains key figure definitions.

THE YEAR AT A GLANCE

In 2014, Arkil achieved a revenue of DKK 2,871 million, corresponding to an increase of 4.9% compared to 2013, which is in line with expectations. The growth has been generated from foreign activities, whereas the Danish business has maintain its activity level.

The primary operating profit for 2014 comprised DKK 74 million, corresponding to a profit ratio of 2.6% compared to 2.1% last year. A focus on profitability has increased the profit ratio for both segments.

Profit for the year before tax was DKK 72 million in 2014, which is a significant and satisfactory progress in line with the expectations announced most recently. After tax, the annual profit was DKK 55 million, compared to DKK 43 million in 2013.

Cash flow from operations in 2014 amounts to a total of DKK 162 million, and investments in tangible fixed assets were realised at DKK 97 million.

The share of equity at the end of 2014 was 46% and the interest-bearing net holding was DKK 47 million. The profit for the year carry interest of 8.4% on the invested capital (ROIC).

For the financial year 2014, the Board determined that dividend of DKK 10 per DKK 100 of shares be paid, corresponding to a total of DKK 4.9 million. The remaining part of the year's results is transferred to the equity in order to finance the growth-promoting initiatives.

Harbour expansion, Skovshoved

PREFACE

For Arkil, 2014 has been an exciting year in an industry that is undergoing great change. In Denmark, decisions on more investments in infrastructure, which were made during the financial crisis, took off, and in the contracting industry we are pleased that now and in the near future there will be a satisfactory volume of tenders, in any case with regard to major infrastructure projects. There is no doubt that it makes sense to invest in mobility and reducing congestion, and the current situation makes it possible to count on training apprentices, further qualifying the workforce and improving our competitiveness, to the benefit of the industry and to society as a whole. Therefore, among other things, Arkil has an unparalleled apprentice programme, and we are pleased to have some of Denmark's best apprentices and skilled workers working for us.

Neither is there any doubt that competitiveness will be crucial in the future. Of course, the country's large public contractors, whether or not they are in the government or the local authorities, are primarily concerned with getting as much infrastructure as possible for the money. Therefore, they work towards the goal of ensuring international competition by tendering the projects in large packages, through EU tenders and professionalisation of the tender process. Because of the very low level of activity in large parts of Central and Southern Europe, there is a great interest among international contracting companies in Denmark and Northern Europe, and it is very clear that the contracting industry in Denmark is now, more than ever before, a small part of a large European market, rather than being an isolated market in itself.

This has changed the framework conditions for domestic companies. The volume, professionalism and more knowledge-demanding competences are important ingredients of future development. International contact and experience may increase the spectrum of opportunities both inside and outside our national borders. It is precisely here that Arkil has a strong position for creating further growth and taking on the competition with our larger foreign competitors. As stated in the annual report, we therefore have made a number of changes during the year, including the establishment of the "Civil Works" business area. This will provide a future-oriented focus on carrying out more complex, multidisciplinary projects for exploiting our special knowledge better, also when it comes to our foreign markets. This takes place as a supplement to – not at the expense of – our broad presence in the contracting market in Northern Europe. In this way, the earning capacity must be forward-looking and gradually increased by both further increasing activity in markets where parameters such as quality a technical ability are given more weight than price alone, and by constantly optimising our processes for our existing activities, which also comprise significant potential.

On this basis, the Arkil Group's expectations for the future are generally positive, with the expectation of the growth of both the top and bottom lines, and an expansion of positioning in our Danish and foreign markets, always based on our basic values of reliability and quality on time.

Jesper Arkil
Managing Director

TARGETS, STRATEGY AND EXPECTATIONS

After a sudden drop in the number of construction project tenders and aggressive competition, in 2011 Arkil's management implemented a strategy in order to strengthen the group's earning capacity and prepare it for future, sustainable growth, especially within infrastructure projects.

Management systems and internal processes were strengthened, and a centralised project management model created a consistent overview and better control of costs. In parallel with this, we increased our focus on knowledge sharing and cooperation across the group's areas of competence and national boundaries, and as a central element of the strategy, we specialised in railways, bridges, hydraulic engineering and foundations, where the growth of large infrastructure construction projects is expected to be greatest.

Successful execution of the strategy up to 2014 has satisfactorily increased revenue by 12% and increased profits from 0.7% to 2.6%.

Greater organisational focus and specialisation; the motor for accelerating profitable growth

Based on the foundation of a focused, efficient and international business platform, the strategic development of the group continues. Under the heading, 'Growth and Value through Specialisation', the goal of the coming years is to take advantage of Arkil's size, competences and solid capital base to accelerate profitable growth and thus consolidate our position as a significant player in Northern Europe.

Up to 2018, the market for infrastructure projects in Denmark will grow by more than 10% to a value of approximately DKK 45 billion. The investments are expected to be especially in railways with related bridges and foundation work, as well as increased accessibility in cities and projects for handling increasing amounts of precipitation and expansion of district heating. At the end of 2014, the Group divided the Danish organisation in the subsidiary Arkil A/S into 'Civil Works' and 'Denmark' to position us optimally for this development. In addition, the increased growth potential for the subsidiary, Arkil Fundering A/S, which carries out foundation and hydraulic engineering projects, including, not least, harbour expansions.

'Civil Works' combines services and management resources for turnkey contracts, bridges and concrete, railways and environmental techniques in a dedicated unit. It is to exclusively – and together with Arkil Fundering A/S – focus on the large construction projects of the future within railways, bridges and harbour expansions, which are areas about which

Sand pumping, Port of Esbjerg

Arkil has extensive knowledge and unique competences. Therefore, the knowledge-demanding part of the organisation will be strengthened significantly so that we, in part, maintain the quality, professionalism and risk awareness that characterises our project management and, in part, integrate a larger share of the value chain when the level of activity – either in turnkey contracts or with consortium partners – expands significantly in the years to come.

The activities in the local construction departments, which typically work on individual trade contracts and general contracts, as well as asphalt and road service activities, from now on, will be combined organisationally in 'Denmark'. In an area with a more moderate growth potential, the management focus must support Arkil's strong customer relationships with local authorities and utilities, as well as further develop the cooperation between construction, asphalt and road service so that the earning capacity is optimised and the profit ratio is increased. Also in the future, there will be close collaboration between the two business areas Denmark and Civil Works to the benefit of flexibility and competitiveness.

'Foundation and Hydraulic Engineering' is oriented towards infrastructure and construction with special competences within foundations and post-foundation work, as well as establishing and maintaining harbour construction, coastal protection etc. In an area characterised by growth, the activity level is expected to further increase, due, among other things, to other speciality areas across the organisation.

With regard to our international activities in Germany and Ireland, we are expanding and developing the organisations so that these markets also will develop competences for carrying out large and more complex construction projects, which are expected to be put out to tender in the years to come after a long period of saved investment requirements for upgrading infrastructure. In addition, the optimisation of the revenue basis will continue, which has already successfully resulted in increased profitability in both Germany and Ireland.

Target-oriented specialisation creates the basis for the growth of revenue, earnings and returns

With 'Growth and Value through Specialisation', Arkil will implement a set of ambitious, long-term goals, which balance growth and development of the Group's strategic business areas with the requirement for earnings and interest, as well as considerable financial reserves. This must ensure a satisfactory return, taking a controlled and conservative risk profile into consideration.

The reorganisation of service areas increase the focus on capitalising on Arkil's competences across contracts and national borders, where we must perform as the Northern European player we have developed into. Together

with positive developments in the underlying market conditions, it provides the basis for management's expectations for the Group realising an annual growth that is significantly higher than in recent years.

The positive development of profitability that Arkil has experienced in recent years based on specialised services, a high level of efficiency and solid project management is expected to continue in the future. Thus, by focusing on ensuring greater profitability of all services, the profit ratio for all services must increase over the years to at least 3.5% and Arkil must be able to create a return on invested capital (ROIC) of at least 9%.

A solid capital base is a significant element of the growth strategy

Arkil's activities include, among other things, large construction projects with varying liquidity requirements, as well as activities with significant seasonal fluctuations. It makes especially high requirements on the financial reserves to ensure the Group's strategic and financial freedom of action, also during periods when liquidity is significantly drained. It is therefore management's goal that the share of equity at Arkil must be at the level of 45%, although deviations may, however, occur and be acceptable in case of acquisitions or similar activities.

It will be attempted to have the Group's activities be self-financing. To the extent that it is assessed as being appropriate and relevant with regard to ensuring flexibility and optimisation of the return on invested capital, foreign capital will also be used for periods of time for financing the Group's activities and growth strategy. Based on the desire to have a conservative capital structure policy and a moderate financial risk, it is the Group's policy that the interest-bearing debt, including pension obligations, must not exceed 50% of the equity.

Long-term financial goals for Arkil Holding A/S

- To achieve an average annual growth of approximately 5-10% as considerations regarding earnings are given a higher priority than considerations regarding turnover
- To achieve a profit ratio (EBIT margin) of at least 3.5%
- To achieve a return on the invested capital of at least 9% (ROIC)
- To maintain a solidity level of 45% throughout the period

Dividends at Arkil Holding

Arkil's activities and capital structure must support a continually high level of value creation through target-oriented realisation of the Group's growth and earning potential.

While taking due consideration into account of continually considerable financial reserves, on-going clarification of the Group's financial requirements and the wish to have a solid capital structure, Arkil will also try to ensure attractive, long-term returns to the shareholders through, for example, the allotment of surplus capital as dividend distributions, share repurchases or a combination of these to the extent that the capital requirements and reserves allow

The Board of Directors of Arkil Holding will, based on an evaluation of the strategic situation, the company's capital structure and expectations for future activity and earning developments, make decisions on the specific determination of dividends from year to year.

For the financial year 2014, the Board determined that the dividend of DKK 10 per DKK 100 of shares be paid, corresponding to a total of DKK 4.9 million. The remaining part of the year's results is transferred to the equity in order to finance the growth-promoting initiatives.

Expectations regarding the growth of revenue and results in 2015

In 2015, management expects that Arkil will achieve revenue at the level of DKK 3,100 million, corresponding to a growth of approximately 8%. The Group's profit ratio is expected to be approximately 2.4% to 3.0% with the result before tax at the level of DKK 70-90 million.

In the Danish activities, the volume of orders at the beginning of 2015 was larger than at the same time last year, and it is expected that the activities in both Civil Works and Denmark will increase as the result of the increased focus on the target-oriented use of special competences in both large projects and general contracting projects. The profit ratio of the segment in 2015 is expected to be maintained at the 2014 level, despite increased costs related to expanding the organisation.

In the foreign activities, revenue and earnings are expected to be maintained at the current level.

DEVELOPMENTS IN THE DANISH ACTIVITIES

The order intake in the Danish activities in 2014 was positive, but a large share of the orders won will not be carried out until 2015 or later. Therefore, revenue in the segment in 2014 was at the same level as the year before.

The tendering and turnover part of large projects, where a number of special competences are involved and the complexity of the engineering planning and completion are great, are expected to increase due to the new infrastructure investments and tenders, including for railways, coastal and environmental protection, and, in part, also the road network. On the other hand, it can be seen that the market for local and regional activities in 2015 continues to be under pressure due to limited investment activity on the part of local authorities and utilities. However, the need for handling of rain water and improved traffic management, among other things, especially in large cities, will in the somewhat longer term, lead to growth in these areas as well.

As expected, the profit ratio in 2014 increased from 2.1% to 2.6%. The improved profitability is partly due to a larger share of projects won, in which Arkil exploits its special competences, knowledge and engineering planning qualifications for optimising earnings and risks, and partly the Group's focus on increasing efficiency throughout the value chain. On the other hand, the profitability is under pressure by continuously heavy competition – both with regard to large infrastructure projects and smaller local and regional projects.

Higher level of activity in connection with large projects

Investments in large infrastructure projects in Denmark are increasing. In 2014, this contributed to a high level of activity in Civil Works, where Arkil has combined its engineering planning and turnkey contract knowledge, as well as a number of the special competences, across professional areas and services, which are to ensure increased turnover and earnings from large projects in the future.

The expansion of infrastructure in and around Copenhagen is increasing, driven by, among other things, more construction activity. At the same time, Arkil has an increasing intake of orders for projects resulting from destructive storms in previous years, which has created a need for a high level of protection activity and expansion of sewage pipelines and utility and supply piping. For example, in 2014 we completed tunnelling the Damhus piping for HOFOR and bid for a number of major drainage projects of a similar nature.

Arkil has also increased its activity on road network contracts in 2014 and, among other things, has completed the expressway from Sdr. Borup to Assentoft, the motorway from Funder to Hårup and the motorway merging section near Silkeborg. To an increasing degree, however, it is the railway and bridge building area where investments are being made, driven by, among other things, the upgrading of the railway section from Copenhagen to Ringsted and from Ringsted to Femern, as well as bridge, earth and platform projects for the Danish Rail Network, for which Arkil participates in a number of contracts. In the future, Train Fund Denmark will also mean further investments in railway construction and track renovation.

In the foundation, harbour and hydraulic engineering area in Foundations and Hydraulic Engineering, there is great demand with regard to expansion of piers and quay construction, among other things. Arkil has special specialist competences in these areas, and in 2014 we succeeded in strengthening our market position. Among other things, we have implemented a large capacity expansion project in Skovshoved Harbour and a number of other major foundation projects.

The increased construction activity in Denmark on large infrastructure projects together with the Arkil's stronger focus on this type of project, mean that the Group's order volume at the start of 2015 is larger than the year before. With the presence of more foreign players, the competition situation has remained heavy since the financial crisis, which confirms the structural market development in which small, national markets with relatively few large local contractors become a huge European market with many large and small international players.

Heavy local and regional competition

The local and regional building activities are limited by general investment restraints among local authorities and utilities, particularly in small towns.

Thus, the developments in 2014 have not offered the expected increase of activity within, among other things, sewer pipes and supply piping. The many small local players intensify the market development of increased competition and make it difficult to obtain an attractive earning basis. However, for a number of customers there is a tendency to look more at types of contracts containing requirements for the overall economy for the project, as well as the quality of both execution and the end product, than only for the price at the time of the tender. This places greater demands on the contractor but also gives optimisation opportunities to the benefit of both the customer and the supplier. Thus, Arkil has a long-term partner contract with the Municipality of Silkeborg and has entered into a similar agreement with the utility company, Arwos, in the Municipality of Aabenraa.

In 2014, Arkil focused more on the large cities, where the investment level is moderately higher, driven by an increase of construction, among other things. Furthermore, we have tried to strengthen our earning power by improving efficiency, which has resulted in a better degree of coverage.

Arkil has maintained its market share with regard to asphalt, where the commercial conditions continue to be subject to heavy price competition as the result of excess capacity. Therefore, in order to strengthen its earning power, Arkil focuses on process optimisation, partly by using a consistent process for submitting tenders, and partly by strengthening the execution of the implementation phase.

In 2014, the operations contracts for the Danish Road Directorate for state roads were optimised so that the profitability of these contracts has been improved compared to last year. In addition, there has also been a focus on winning new projects from local authorities, which has been successful. This includes the establishment by Arkil, together with the Municipality of Greve, of PV Greve A/S in mid-2014 as what is called a public-private cooperation (OPS – Offentlig-Privat Samarbejde) which, based on a five-year contract, is to carry out operations and maintenance of the city's roads and green areas.

Specialisation and focus will increase growth in 2015

Through the establishment of Civil Works and harbour building in Arkil Fundering A/S, Arkil has strengthened its prerequisites for capitalising on the growth in large, more complex infrastructure projects that are expected to materialise in Denmark in the future. The target-oriented use of special competences and large consulting and engineering planning involvement will thus create the basis for attractive growth in Arkil's activities already in 2015. In order to support the realisation of the growth potential, in 2015 Arkil will strengthen the part of the staff that has the needed knowledge in Civil Works.

Financial information for Danish activities

(DKK million)	**2014**	2013	2012
Revenue	**2,005.0**	1,956.4	2,118.9
Primary operating profit	**45.6**	41.9	35.8
Segment assets	**1,057.7**	986.4	1,052.2
Growth in turnover, %	**2.5**	(7.7)	24.4
Profit ratio, %	**2.3**	2.1	1.7
Return on invested capital (ROIC) incl. goodwill, %	**6.7**	7.1	6.0
Return on invested capital (ROIC) excl. goodwill, %	**7.6**	8.1	6.9
Number of employees	**1,207**	1,166	1,199

This is regarded as a necessary prerequisite for ensuring the quality, competitiveness, project management and profitability of this type of projects.

The activity in the regional and local departments in 2015 is expected to increase due to increased focus and moderately large investments in the large cities in which Arkil has a solid presence. The capacity will continue to be greater than what is offered, and thus the intense competition with pressure on general profitability will continue. Optimisation of business processes will, therefore, continue and provide the basis for improved earning power.

In all, activity growth is expected in the Danish activities. Despite increased costs for expanding the Civil Works organisation and increasing competition for all services, the profit ratio is expected to be maintained compared to 2014 due to greater efficiency and profitability of the completed projects.

Trapezoidal ditch, motorway, Silkeborg

DEVELOPMENTS IN THE FOREIGN ACTIVITIES

With an increase in revenue of 10.8%, the level of activity abroad became higher than originally expected. In a very satisfactory manner, the profit ratio increased significantly from 2.1% in 2013 to 3.3% in 2014. The improvement of the segment's earnings is better than originally expected. The foreign activities have succeeded in improving risk management and focusing on efficient project completion. In addition, 2014 was characterized by having a relatively mild winter with the resulting possibility to limit season-related operations losses.

Increasing profitability in Germany on the same activity basis

In Germany, where the activities are concentrated on construction, asphalt, pipe renovation and foundations, Arkil has maintained its strong regional position in the Northern German market and has, as expected, increased its level of activity moderately. The market activity in 2014 has been at the same level as in 2013 on the basis of a stable level of investment in infrastructure from the local, regional and state authorities.

In Germany, through its subsidiaries, SAW GmbH & Co. KG and ASA-Bau GmbH, Arkil has carried out a large number of road, construction and sewerage work throughout Northern Germany from Hamburg to Greifswald along the German north coast, as well as in Arkil Inpipe GmbH from Cologne through Hannover to Dresden. Climate and storm protection has also been carried out in Löbnitz, among other places. With an output of approximately 300,000 tonnes, Arkil's asphalt production in 2014 has been stable even though the market is still suffering from a large investment backlog regarding the German road network.

The profitability of the German activities has increased, as expected, because despite heavy competition and increased price pressure, large provisions and delays of projects were successfully avoided; on-going efficiency improvements were also carried out in the organisations.

Increasing optimism in Ireland

The Irish activities have been exposed to the general building and construction activity that has remained completely still since 2008. Despite a weak economy, in 2014 the Irish market showed signs of increased interest in public investments. A number of tenders from local authorities for construction and road maintenance towards the end of the year had a positive effect on the Group's activities with regard to asphalt and stone production, but the price development was affected by a low level of activity and excess capacity. Given these conditions, it is satisfactory that Arkil's Irish activities have increased revenue by approximately 12.5% and maintained the profitability.

A massive backlog of construction and infrastructure investments, together with the dawning Irish economy, means that the potential in the market has improved and that the years to come will present good opportunities for growth within both the existing business areas and large construction projects.

Focus on core customers in the Swedish reliner activities

In the Swedish business, the activity and the profitability have been lower than in 2013. This is because, among other things, the focus in 2014 has been to strengthen the cooperation with core customers, which has resulted in a number of organisational changes, resulting in costs. Combined with the optimisations of raw materials purchasing and production processes that have been carried out, this means that the business is positioned well for efficient and profitable service to its core customers in the future.

Financial information for Foreign activities

(DKK million)	2014	2013	2012
Revenue	**866.4**	781.9	763.0
Primary operating profit	**28.8**	16.3	24.1
Segment assets	**542.9**	534.7	519.3
Growth in turnover, %	**10.8**	2.5	(11.8)
Profit ratio, %	**3.3**	2.1	3.2
Return on invested capital (ROIC) incl. goodwill, %	**13.7**	5.9	8.3
Return on invested capital (ROIC) excl. goodwill, %	**18.6**	7.3	10.3
Number of employees	**582**	575	567

Expectations for 2015

In 2015, the underlying market conditions in Germany, Ireland and Sweden are expected to be stable. Therefore, at Arkil the focus will be on consolidating the international activities at the higher level of activity that was achieved in 2014. At the same time, we will start to position ourselves towards being able to plan and complete larger, more complex projects as the demand develops in the underlying markets in both Germany and Ireland.

In all, revenue and earnings are expected to be maintained at the same level as in 2014.

ANNUAL ACCOUNTS

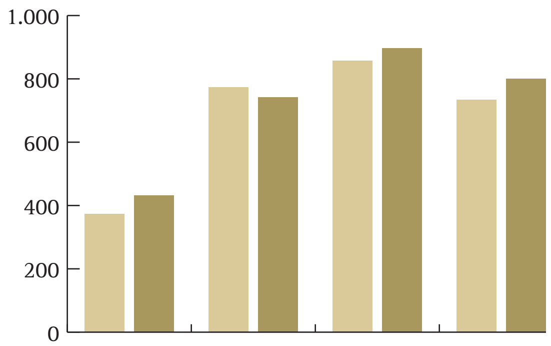
Increase in activities in Q4 2014

Arkil's revenue in Q4 of 2014 comprises DKK 800 million, which is a rise of 8.8% from DKK 735 million for the same period last year. Primary operating profit (EBIT) for the fourth quarter was realised at DKK 28.5 million and a profit ratio of 3.6% compared to DKK 29.3 million and a profit ratio of 4.0% for the same period last year.

Pre-tax profit for the period showed a profit of DKK 29 million compared to a profit of DKK 29 million last year.

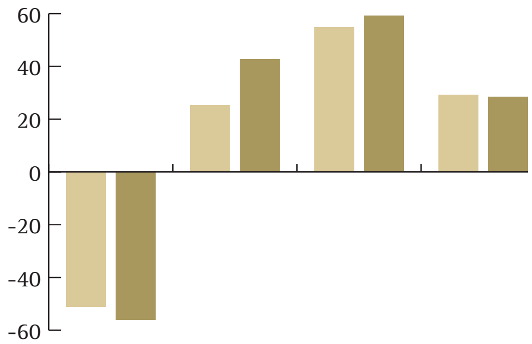
It is mentioned that Arkil's operations vary from quarter to quarter because of the underlying seasonal market in which the Group operates.

Net turnover (DKK mio)



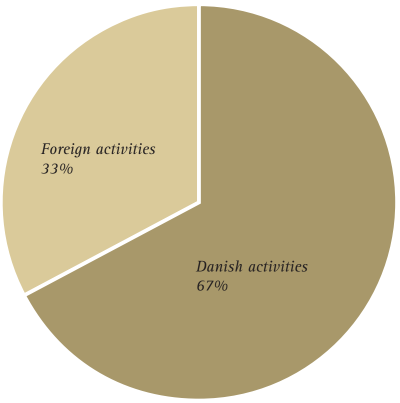
	Q1	Q2	Q3	Q4
2013	372.9	773.0	857.6	734.8
2014	431.8	742.3	897.4	799.9

Primary operating profit (DKK mio)

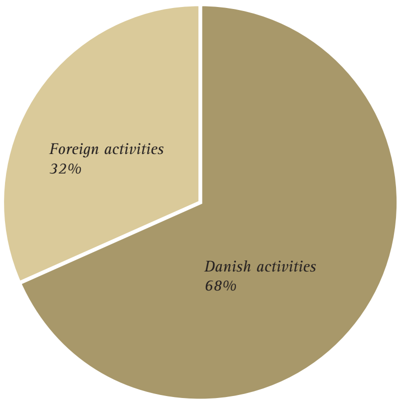


	Q1	Q2	Q3	Q4
2013	(51.2)	25.2	54.9	29.3
2014	(56.0)	42.7	59.2	28.5

Turnover for the various segments Q4 2014



Turnover for the various segments Q4 2013



Improved results in 2014 as expected

Development of expectations for 2014

	Expectations in the annual report 2013	Updated expectations, Q2 2014	Updated expectations, Q3 2014	Realised in 2014
Revenue	Approx. DKK 3.000 million	Approx. DKK 2.900 million	Approx. DKK 2.900 million	DKK 2.871 million
Profit before tax	DKK 50-80 million	DKK 50-80 million	DKK 60-80 million	DKK 72 million

In the financial year 2014, Arkil increased revenue by 4.9% to DKK 2,871 million from DKK 2,738 million last year. This means that revenue was achieved in line with the expectations announced most recently and reflects an increase in activity in the foreign activities segment, whereas revenue in the Danish activities segment was at the same level as last year.

Production costs were DKK 2,576 million, which means that the gross margin was realised at 10.3% compared to 9.3% last year.

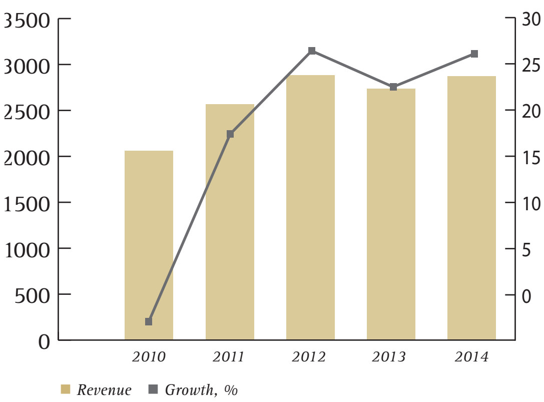
The Group's administrative costs in 2014 comprised a total of DKK 228 million and thus increased by DKK 24 million, corresponding to 11.8% compared to 2013 as a result of increased costs for strengthening the Group's project management competencies. The administrative costs comprised 7.9% of the revenue in 2014 compared to 7.4% last year.

After a profit after tax in associated companies and joint ventures of DKK 6.2 million, Arkil thereby realised primary operating profit (EBIT) of DKK 74 million in 2014, corresponding to a profit ratio of 2.6%. The profit ratio thus increased from 2.1% last year, primarily as a result of greater efficiency and a larger gross profit margin on the growth in revenue.

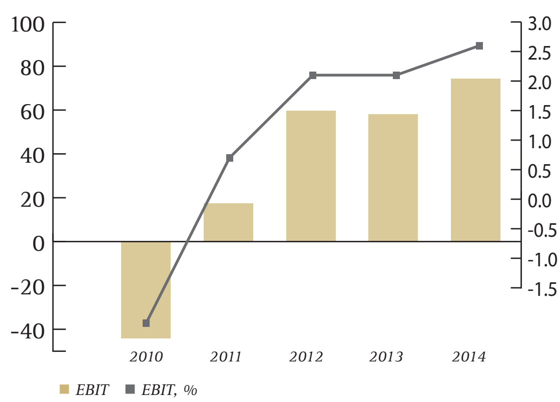
Financial income comprised DKK 3 million compared to DKK 3 million in 2013, and the total financial costs in 2014 comprised DKK 5 million compared to DKK 7 million last year.

Arkil thus realised a profit before tax of DKK 72 million. The result lies within the expectations announced and strengthens the Group's result by DKK 18 million compared to 2013. Management considers the performance to be satisfactory.

Turnover (DKK mio)

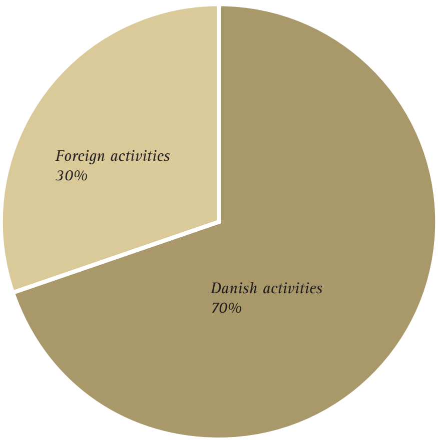


Primary operating profit (EBIT) (DKK mio)

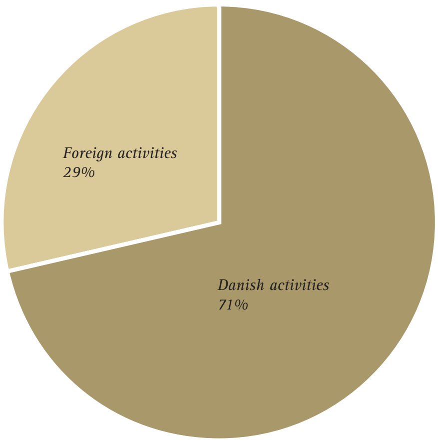


Tax for the year comprises DKK 17 million, corresponding to a tax rate of 23.6%. After tax, Arkil realises a result of DKK 55 million compared to DKK 43 million last year.

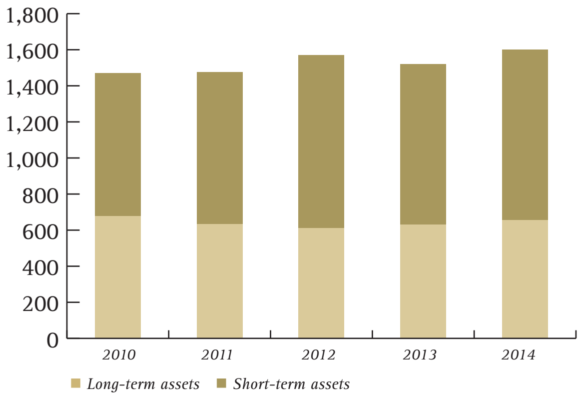
Share of turnover 2014



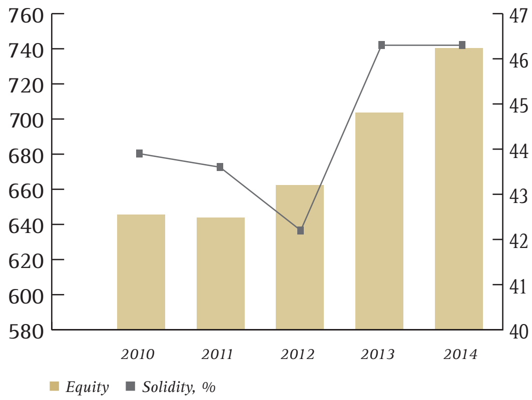
Share of turnover 2013



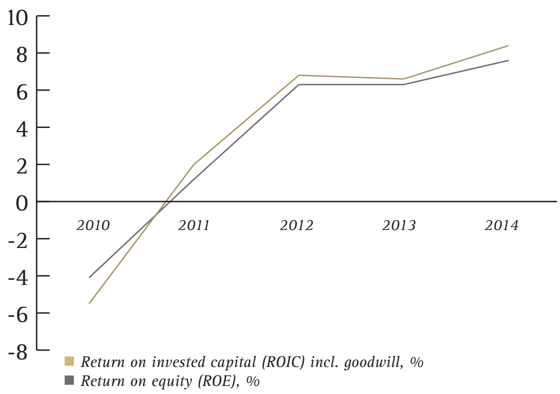
Development in assets (DKK mio)



Equity and solidity (DKK mio)



ROIC og ROE



Strong balance with solid capitalisation

As of 31 December 2014, the Group's balance was DKK 1,601 million, which represents an increase of DKK 80 million compared to the balance at the end of 2013. The increase is a natural consequence of the increased activity during the financial year.

The long-term assets comprise DKK 656 million on the balance sheet date, corresponding to an increase of DKK 24 million compared to the same time last year.

The short-term assets during the year increased by DKK 55 million to DKK 944 million. The Group's receivables comprise DKK 529 million compared to DKK 556 million last year. The liquid holdings increased by DKK 32 million to DKK 172 million.

The equity on the balance sheet day comprised DKK 740 million, corresponding to an equity ratio of 46% compared to 46% last year. The realised result in 2014 thus has interest at 7.6% compared to 6.3% last year.

The long-term obligations have increased by DKK 5 million and at the end of 2014 comprised DKK 287 million, primarily as the result of a change of pensions and similar obligations.

The total short-term obligations at the end of 2014 comprised DKK 573 million compared to DKK 536 million last year.

The interest-bearing liabilities were reduced by DKK 34 million to DKK 155 million as of 31 December 2014. With the liquid holdings and securities at DKK 202 million, the interest-bearing net holdings comprise DKK 47 million.

The invested capital comprises DKK 758 million and the return on invested capital (ROIC), including goodwill in 2014, was realised at 8.4%.

Roadside maintenance, Road Servicing

Cash flows strengthen the liquidity

Based on an increased operations result and reduction of tied-up capital in the working capital at DKK 25 million compared to the balance sheet day last year, the Group's cash flows from operations activities increased by DKK 24 million to 162 million in 2014.

The year's net investments in tangible and intangible assets comprise DKK 99 million, as was the case last year.

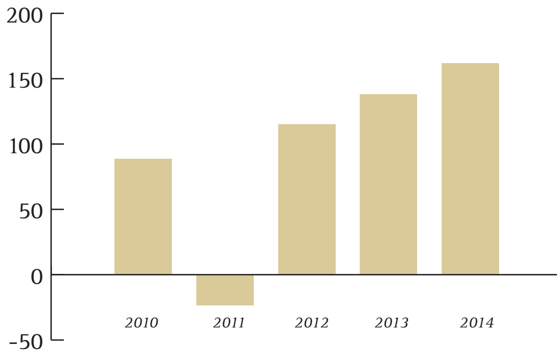
The cash flows from financing in 2014 comprised DKK -58 million compared to DKK -74 million in 2013.

The liquid assets that resulted from this increased by DKK 32 million from 140 million in 2013 to 172 million in 2014. Together with DKK 150 million of unused credit facilities, Arkil thus has considerable financial reserves to support the Group's long-term growth objectives.

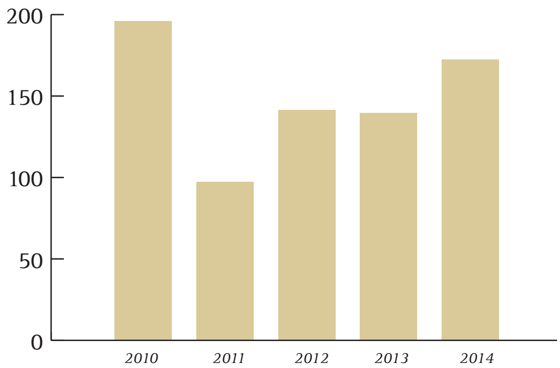
Events after the end of the period

The Board of Directors and the Executive Board are not aware of any events with significance for the Group's economic or financial position that have occurred after the end of the financial year.

Cash flows from operating activities (DKK mio)



Liquid assets (DKK mio)



Membrane and bridge flooring, Asphalt

RISK MANAGEMENT

The Board of Arkil Holding A/S assesses and approves the strategic plans for the Arkil Group and for the individual business segments on an annual basis. The Arkil Holding Group's activities, which are in the building contracting sector, involve a number of commercial and financial risks.

Risk management is primarily targeted at uncovering risks in the group's primary business process: project management. Project management covers the stages from offering to completion. Project risks at all stages will be evaluated systematically and adapted to the scope and complexity of each task, and different parts of the organisation will be involved during different points of the process. This helps ensuring that the Group only commits to projects with an acceptable risk profile within the core competencies of the Group.

Commercial risks

The activities in Arkil Holding involve a number of commercial and financial risks. The Group's strategy is to apply specific risk management to minimise and deal with commercial and financial risks.

The Group's main activities primarily lie within routine jobs involving well-known risks that can be minimised through risk management. The most important operating risk for the Group is affected in particular by its ability to be flexible, with the possibility of rapid adaptation to current market trends within the main business areas of the Group being a key factor.

Large specialist contracts are often carried out in consortia with experienced partners and in collaboration with specialists, which reduces the risks. With the future strategy and mix of offerings, the share of larger and more complex projects in the Arkil Group will increase, which could lead to single project losses having a relative higher effect on the result than previously. This will make the demands for risk assessment and management during the project execution higher. Forms of collaboration based on partnerships and early procurement, in which the contractor is involved in the project before the projecting and planning phases have started, will improve the uncovering of risks for the projects.

The Group's insurance strategy involves uncovering significant risks over which the Group itself has no direct influence and which may constitute a threat to the Group's financial status and existence.

Factors that could lead to significant deviations from the expected results include, but are not limited to, economic trends and the development in the financial markets, technological developments, changes to legislation and regulations in the markets where Arkil operates, competitive conditions, job offerings within the Group's areas of business, weather and climate conditions in the markets where the Group operates, and the acquisition and sale of activities and companies.

Commodities risk

The policy of the Group is to cover the financial risks of future fluctuations in the price of commodities and raw materials used in the Group's products. This is done based on a risk assessment.

The risk is generally covered by making fixed price contracts with the suppliers for deliveries for projects. Where fixed price contracts are not concluded, the risk is covered selectively based on a risk assessment according to the policy of the Group using financial instruments in the form of commodity swaps.

Financial risks

As a consequence of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest rates. The policy of the Group is not to actively speculate in financial risks. Thus, the financial management of the Group is only directed towards management of risks that are a natural result of operations. The Group's financial risks are primarily covered by distributing income and expenditure in the same currency and using derivative financial instruments in accordance with a policy approved by the board of directors.

Foreign exchange risks

The policy of the Group is to limit the effect of currency fluctuations on the Group's financial results and financial position. Turnover in foreign currencies is not an indication of the Group's foreign exchange risks, as most of the costs involved in foreign business are paid for in the same currency.

The Group's foreign currency position is controlled centrally, and selective hedging is carried out. Only positions based on business opportunities are taken up. The Group has considerable transactions/exposures in EUR, but, in spite of the current pressure on the Danish krone against the euro, management does not find that this should involve any significant currency risks. Apart from this, the Group has no significant currency exposure.

Interest-rate risks

The Group's liquid assets are placed on demand or term deposit with a term of up to 3 months in highly rated financial institutions and in listed bonds and shares.

Interest-bearing debts are floating-rate loans. The Group's interest-bearing net liabilities, defined as the sum of debt owed to mortgage credit institutions minus holdings in negotiable securities and liquid assets, amounted to a positive net balance of DKK 47 million, compared to a liability of DKK 21.8 million as at 31 December 2013. An increase or a fall in the interest level of 1% in relation to the balance sheet day would be insignificant for the Group's result and equity.

Liquidity risks

It is the Group's policy in connection with borrowing to ensure the greatest possible flexibility through spreading the borrowing on due dates/renegotiation dates and counterparts with due consideration to the pricing. The Group's liquid reserves consist of liquid assets, securities and unused credit facilities. It is the Group's goal to have sufficient liquidity resources to continue to be able to make arrangements in the event of heavy seasonal fluctuations in liquidity, characteristic for the building contracting sector.

Credit risks

By far the majority of the Group's customers are public and semi-public clients, therefore the risk of financial losses are considered to be minimal. The Group's accounts receivable from sales to other customers are exposed to the usual credit risk.

A critical risk assessment of the customers is carried out prior to a construction contract being entered into. Accounts receivable from sales to other customers are also covered to the extent considered appropriate and possible, by security in the form of bank guarantees. The Group has no significant risks concerning one single customer or working partner.

Internal control and risk management in connection with the presentation of accounts

Arkil Holding's internal control systems and procedures in connection with the presentation of accounts are included in the statutory statement for company management, which is a part of the Annual Report for 2014, cf. section 107b of the Danish Company Accounts Act, and available at Arkil's website
– http://www.arkil.dk/CorporateGovernance-2316.aspx.
'The statutory statement for company management' is part of the management's review in the annual report for 2014 and, as the report, covers the period from 1 January 2014 to 31 December 2014.

Decontamination, Kærgård Klitplantage (plantation area)

MANAGEMENT-RELATED MATTERS

Recommendations on corporate governance

As a listed company, Arkil Holding A/S is obliged to follow the rules and regulations applying to the companies listed on Nasdaq Copenhagen, which, amongst others, includes a national code on corporate governance.

With regard to section 4.3 in "Rules for issuers of shares – Nasdaq Copenhagen", Danish companies must explain their position on the Committee on Corporate Governance's "Recommendations on corporate governance" of 6 May 2013 based on the 'comply or explain' principle. The recommendations are available at www.corporategovernance.dk and clarify that it is just as legitimate to explain, as it is to comply with a specific recommendation because it is most important that the companies' management-related matters are transparent.

Arkil Holding A/S complies with the recommendations with a few exceptions. The exceptions are the following:

- There are no limitations specified in the Articles of Association as to the age of directors or the length of their involvement with the company. However, over the years, there has been a natural replacement of Board members. The composition of the Board is assessed on the basis of the Board members' competences, professional qualifications, business experience and personal qualities.
- A nomination committee has not been established. The Board considers the relevance of a nomination committee on an on-going basis and so far has not found it appropriate to establish such a committee. The task is carried out by the Chairman of the Board/the entire Board.
- A remuneration committee has not been established. The Board does not currently find it necessary to establish a remuneration committee on the basis of the size of the company and the composition of the Board. The task is carried out by the Chairman of the Board/the entire Board.
- Remuneration to the Executive Board is not, as recommended, specified for the individual members. It is assessed as being sufficient to provide information about remuneration to the Executive Board jointly.

More information on Arkil Holding A/S's view on the individual recommendations in the "Statutory Annual Corporate Governance Statement", cf. section 107b of the Danish Financial Statements Act can be found on Arkil's website: http://www.arkil.dk/CorporateGovernance-2361.apsx

The role of the shareholders and their cooperation with the company's management

The company seeks to ensure information to and the possibility for dialogue with the Group's shareholders through regular publication of news, financial statements and annual reports as well as at the Annual General Meeting. All published information is made available to the investors on the company's website.

Furthermore, the shareholders have the possibility to communicate with the company's Executive Board and Chairman of the Board.

The General Meeting is the superior authority of the company. The Ordinary General Meeting will normally take place in April.

General Meetings are convened by the Board of Directors with at least three weeks' and no more than five weeks' notice. The notice contains the agenda of matters to be discussed. The annual report and any proposals to be discussed will be forwarded no later than eight days before the General Meeting to shareholders on the registry who have requested this. All shareholders have the right to participate and vote personally or by power of attorney, as well as present proposals for consideration. The shareholders may give power of attorney to the Board for each individual item on the agenda.

At best, the entire Board of Directors should be present at the Annual General Meeting.

The role and significance of the stakeholders for the company as well as the company's corporate and social responsibility

The company wishes to enter into constructive dialogue with its shareholders and other stakeholders and to maintain a high degree of transparency in its communication. Therefore, policies have been drawn up for a number of focus areas, such as communication, staff, environment and responsibility towards customers and society as a whole.

Please refer to the separate statement in the annual report for a description of the company's corporate and social responsibility.

Openness and transparency

It is the Company's view that adequate and punctual information to the shareholders and the financial markets is necessary in order to ensure a well-founded and fact-based valuation of the Company's assets.

The company places great emphasis on giving all investors and other stakeholders consistent access to information about the company. Information to the market will be published through NASDAQ OMX in Danish and, to the extent it is deemed necessary, in English. Furthermore, all information will be available on the company's website at the same time as the publication.

The tasks and responsibilities of the corporate management

The Board of Directors is responsible for the overall management of Arkil and for ensuring that the Executive Board works according to the objectives, strategies and business procedures that have been decided upon.

Meetings of the Board of Directors will be convened five to seven times a year with the participation of the Executive Board according to an agreed schedule. The purpose of one of these meetings is to determine the objectives and strategies of the Group and its individual business areas. Extraordinary meetings may be convened if required.

The rules of procedure for the Board of Directors form the basis for the activities of the Board. The rules of procedure are updated at least once a year.

As a natural element of its work, the Board of Directors discusses the Group's management processes on an on-going basis, in order to ensure that they are essentially in accordance with international recommendations and practices and also satisfy the legal requirements of company management.

The Board of Directors has stipulated guidelines for the reporting by the Executive Board to the Board of Directors. The Board also receives a report about the state of the company from the Executive Board, and specific announcements when required. Thus, the Executive Board continually informs the Board of Directors of the development and profitability as well as the financial position and other relevant operational issues within each business area. Information is provided systematically at meetings and by means of verbal and written communication.

The Board of Directors appoints a Chairman and a Deputy Chairman who constitute the Chairmanship. The duties, obligations and responsibilities of the Chairmanship are set out in the rules of procedure and include scheduling Board meetings in collaboration with the Executive Board.

The Board of Directors may appoint committees to attend to particular issues. In accordance with section 31 of the Danish Act on Registered and State-Authorised Public Accountants, an audit committee has been established consisting of two members of the Board, Birgitte Nielsen (chairman) and Walther V. Paulsen (member). The committee has held three meetings during the course of the year. The mandate of the committee can be found at www.arkil.dk.

The Board of Directors has seven members. The Board is appointed by the General Meeting with a term of office of one year. There are no limitations specified in the Articles of Association as to the age of directors or the length of their involvement with the company. However, over the years, there has been a natural replacement of Board members.

The Board regularly reviews the composition of the Board and the number of directors.

The Board of Directors carries out an annual evaluation of, among other things, the composition of the Board, the way the Board functions and works, and the cooperation between the Board of Directors and the Executive Board. In the evaluation for 2013, it was concluded that it would be an advantage for the Board of Directors to strengthen itself within project and risk management. Therefore, at the General Meeting in 2014, the Board of Directors was expanded with two new members with exactly these competences. In order for the Board's discussions to further focus on the company's strategic and business aspects, in connection with the evaluation of 2013 it was also decided to establish an actual audit committee. This was formed after the General Meeting in 2014 and assessments are made on an on-going basis about whether it is relevant to set up other committees. The evaluation of the work of the Board of Directors in 2014 was carried out by the Chairman of the Board using a questionnaire and individual follow-up meetings with each member of the Board.

Rules for amendments to the Articles of Association

Amendments to the Articles of Association that are proposed or adopted by the Board require that the amendments are supported by at least 2/3 of both the

Tunnelling work for HOFOR, Hvidovre, Copenhagen area votes made and the represented share capital that is eligible to vote unless otherwise stated in legislation or as the result of the company's Articles of Association, which can be seen at www.arkil.dk.

Remuneration of the Executive Board

The Board continually discusses and considers the principles for the remuneration of the Executive Board with a view to ensuring that these principles are in accordance with general practises for comparable companies and reflect the performance required.

No agreements have been made with the Board of Directors, Executive Board or any leading employees on extraordinary severance payments.

Upon termination in connection with "change of control" in the form of the controlling interest in the company changing hands or if the company is liquidated by a merger, the company's notice to the members of the Board of Directors may be extended to 36 months.

The Board receives a fixed remuneration, which is approved by the Annual General Meeting on an annual basis.

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

The Executive Board's remuneration is described in greater detail in the notes to the annual report.

Equal rights and diversity policy

It is the company's policy to address gender imbalances within different types of positions by actively encouraging applicants of the underrepresented gender to apply for advertised position vacancies and thereby – in the course of time – reduce the imbalance.

The company maintains statistics on the gender distribution among applicants for advertised position vacancies and the gender distribution of the employees so that, with reasonable tolerance, the relationship between the gender distribution of a business area and the gender distribution among the employees is ensured, and this is also the case for management positions.

The company attempts to recruit an equal number of male and female applicants to interviews, on the condition that the advertised qualification requirements are fulfilled by applicants of both genders.

In 2014, Arkil employed applicants for three vacant management positions. The number of female applicants was extremely limited and the positions all went to male candidates following a structured process, which, among other things, took Arkil's equal rights and diversity policy into account.

No targets have been made for the gender composition of the Executive Board, which consists of three men, or for other management levels in the Arkil Group. Arkil will continue its efforts to reduce the imbalance between the genders at the company's management level by actively encouraging qualified female candidates to apply for management positions.

Career development

The company wants to ensure that all employees, regardless of gender, have equal opportunities for having a career in the company.

Targets and policies for the underrepresented gender

A target of 40% has been set for the Board of Directors regarding the percentage of female members of the Board elected at the General Meeting. It will be attempted to achieve the target before the General Meeting in 2017.

At the beginning of 2014, the Board consisted of five members who were elected by the General Meeting, of which two were women, which means that the target of 40% was achieved. After the accession of two new male members of the Board after the General Meeting in 2014, the percentage of female members dropped to almost 30%.

Arkil Holding A/S attempts to ensure that the target will be achieved by increasing the percentage of women in the Board through natural wastage and the candidacy and election of new members of the Board, taking the joint competences of the Board and individual qualifications into account.

Female employees in the Arkil Group	152 out of 1,789 (8.5%)
Female managers and mid-level managers in the Arkil Group	5 out of 84 (6.0%)
Female members of the Executive Board of Arkil Holding A/S	0 out of 3 (0%)
Female members of the Board of Directors of Arkil Holding A/S	2 out of 7 (28.5%)

CORPORATE SOCIAL RESPONSIBILITY

Statutory Statement cf. section 99a of the Danish Company Accounts Act

Corporate social responsibility has always been very important for Arkil with its goal to deliver services of a high quality, maintaining good and long-lasting customer and supplier relations, retaining motivated and skilful employees and living in harmony with the local environment And in the light of the stricter requirements from customers, clients and other stakeholders as regards responsibility, orderliness and decency, sustainability – both socially and financially – is a still more important parameter for the group's company mission, development and operations.

The corporate social responsibility work is based on Arkil's formulated CSR policy and is rooted in the Group Values. We comply with all legislation, rules and regulations, no matter where we are. Our focus is targeted at climate, environmental and work related conditions, and we embrace the United Nations Global Compact initiative. This means that respecting human rights, employee rights and zero tolerance as to corruption and bribery is a fully integrated part of our code of business principles, which can be found on our website.

Arkil's CSR Policy

In Arkil, we recognise and acknowledge our corporate responsibility and contribute to the society we are part of – no matter where we operate. This is done through our Group CSR Policy, which are formulated around four key areas:

Ensuring decent working conditions and a safe workplace for our employees
Arkil will not contribute to social dumping or exploitation. Arkil employees enjoy decent pay conditions and terms of employment that are all in compliance with collective agreements and applicable law. We also require that our workplace safety is top-of-the-line, and Arkil not only complies with working environment laws – it is our declared goal to be a leader in terms of safety for our employees.

Educating our employees
Arkil employs a relatively large number of people without any particular educational qualifications. Arkil recognises that it is in the interest of both the company, the employees and society that the prospects for this job group are taken properly care of. Therefore, it is the Group's policy to train e.g. building apprentices and asphalters concurrently with our activities and also to carry out supplementary training courses for all staff groups.

Investing in the best solutions
Arkil intends to work to prevent pollution in every way possible by investing in energy efficient solutions and promoting energy efficiency initiatives in the Group's activities. Arkil also takes active part in experiments with reusing/recycling materials such as construction materials, incineration slag and asphalt in our projects. As part of our daily business, we also research and develop advanced environmental solutions and methods to prevent and clean up pollution caused by others.

Guaranteeing
Our clients should be confident that we always live up to our responsibility towards society in every aspect, and in order to achieve this we will actively and to the widest extent possible follow up on and commit our working partners and subcontractors to our CSR policy.

Human rights

Arkil does not have a separate human rights policy, but the group's code of business principles include the requirement that all suppliers support and respect the human rights acknowledged on an international basis. Non-compliance will result in the termination of any collaboration with such supplier. (Please see Code of Business Principles on arkil.dk, which are updated on an ongoing basis).

Knowledge, qualifications and education

In 2014, Arkil employed 1,789 people, 419 of whom were administrative staff. Of these, 245 have an engineering/ technical background. Having the right employees with the right skills and qualifications are crucial prerequisites in order to be able to deliver "Quality On Time" and achieve Arkil's strategic goals.

Arkil has a dedicated and stable workforce with a high level of expert knowledge of the Group's business areas. The level of knowledge of the employees and their continued ability to add value to our customers' projects represent a significant competitive advantage, in which we invest considerable educational resources to ensure and develop.

Therefore, Arkil has implemented a structured HR approach, which is to increase the recruitment base through an active personnel and education policy, which is constantly to expand the employee base's competence and level of knowledge through external and internal courses. The increasing specialisation and internationalisation of Arkil's activities make these activities key to attracting and retaining, as well as providing further education to the most skilled employees in the contracting industry.

Activities and results in 2014
In 2014, our focus has been on the apprentice area, as well as further development of the frameworks for

management education. In addition, we have focused on the introduction of educational aids to support efficiency and quality.

Arkil has a tradition of training many skilled apprentices. At the end of 2014, Arkil had 53 construction and paving apprentices and 11 apprentices working as machine operator, road asphalt, driver, mechanic, and office apprentices, which is at the same level as last year and maintains the share of apprentices at about 10% in the relevant departments that are training them. This is one of the highest levels in the industry.

Arkil works on improving the apprentice training on an on-going basis through, among other things, follow-up and feedback. The evaluation from 2014 shows that in 2014, the apprentices were very satisfied with their training programme and they explain that the quality of the labour that was provided is increasing. In 2014, 16 apprentices finished their training at Arkil. Eleven of them passed their apprenticeship tests with praise or a medal, which shows that the structured training efforts and mentor programme that Arkil offers result in skilled apprentices. All this contributes to the reasons why a large number of the apprentices continue working at Arkil after completing their apprenticeship.

Arkil conducts training of the personnel who are paid by the hour on an on-going basis to strengthen the individuals' competences related to the needs of the Group.

At salaried employee level, Arkil Academy re-evaluated its activities in 2014. A new management-training programme will be developed, which is to ensure on-going upgrading of competences at both operational and strategic levels.

Finally, in 2014, Arkil continued to roll out e-learning as a cross-disciplinary and geographic tool for achieving increased training volume and create focus on safety and the working environment in the organisation.

Goals for 2015

In 2015, our training efforts will focus on further systematisation of Arkil's HR activities. This is partly to ensure continuous maintenance and upgrading of the employees' competences and partly to make it possible to gather more data so that the programmes can be evaluated in the best possible manner.

We will also continue to upgrade reading and writing competences of employees who want this – partly to strengthen professional competences and partly to ensure a better working environment and increased efficiency.

Our growth goals require that we have more employees at Arkil. Therefore, in 2015, we will intensify our recruitment efforts in order to attract more of the most highly skilled employees in the contracting industry.

Environmental and climate conditions

The Group's policies in the area of the environment and climate must ensure that we constantly improve our environmental efforts within the framework of the technical and financial possibilities.

Arkil's asphalt activities are certified according to the quality standard ISO 9001, the environmental standard ISO 14001 and the working environment standard OHSAS 18001. In addition, all of our asphalt products are CE labelled in accordance with DS/EN 13108. The environmental management system is described in a manual that covers the three ISO standards and the product standard DS/EN 13108. Arkil's other divisions have developed their own environmental management systems based on the knowledge and experience of the Asphalt division.

The effort for a better environment and larger sustainability takes place on an on-going basis in relation to customers, production and services in connection with product development as well as in relation to the Group's own direct external impacts on the environment and the climate. No report has been prepared on the total result of the activities that were carried out because reliable measurements of this cannot be made.

Activities in 2014

Arkil has focus on increased reuse of raw materials and reduction of energy consumption to the benefit of the environment. Thus, recycling plants have been installed at all of the Group's 100% owned asphalt plants in Denmark and Germany, which have an average production of at least 40,000 tonnes per year.

Increased use of recycled materials in the products contributes to reducing the consumption of oil products and stone materials etc. The use of recycled material in the products is, to a certain extent, determined by the product range of the orders that are won, as well as the customers' production specifications.

Investment in better warehouse facilities at the asphalt plants is made on an on-going basis; these being in the form of covered storage spaces for storing recycled materials and raw materials for the asphalt production, so that the materials can be kept dry. The use of dry materials in production contributes to significant reductions in energy consumption.

Goals for 2015

Arkil continuously works on initiatives and matters, which can contribute to reducing the total environmental impact by minimising fuel consumption. When replacing or purchasing machinery, energy consumption should be considered as a key parameter when selecting machinery brand.

As part of the production planning of construction projects, there is also a focus on optimising energy consumption. There is also a great focus on the driving patterns of the machine operators, because considerable savings can be achieved when applying an optimal driving pattern.

Working environment and conditions

The overall goal for Arkil's working environment is to reduce the number of work accidents and ensure that no employees are exposed to greater risks than can be justified when using our best insight and knowledge.

We try to realise this through a high prioritisation on the part of management of the working environment and safety, and through on-going training and follow-up to prevent and avoid accidents. The active efforts to promote a good working environment and a culture of safety awareness are carried out by Arkil's working environment organisation.

Activities in 2014

One of Arkil's goals is to be one of the safest workplaces of its kind. This means that the accident frequency must be reduced to 15 in 2015, from 21.8 in 2013, and that the number of days of absence due to accidents must be reduced significantly.

In order to achieve the goal in 2014, Arkil started the development of a new management system to standardise the environmental policy and support the rolling out of a seven-pronged action plan. The focus areas of the plan are the following:

- **Mapping out and measuring the working environment for projects over DKK 5 million** Risk assessments, procedures, checks, information meetings and instructions are reviewed and reported centrally on an on-going basis. A key element, also for developers, who make increasing requirements for documentation of quality from the contractor – not least for turnkey contracts.
- **Communication and dialogue** Increased communication about the working environment and safety must create a focus by all employees on exhibiting consideration and promoting safe behaviour with regard to best practice. This included producing four newsletters in 2014 regarding initiatives, legislation, etc. within the areas of quality,

Quarry in Ireland

the environment and working environment, as well as near accidents, including selected episodes, their consequences and future preventive activities.

- **Training throughout the entire organisation** An internal training programme on the working environment and safety for all Arkil employees, depending on areas of responsibility, including e-learning. In 2014, as previously, working environment and safety-related courses were held. A total of 131 employees completed such courses in 2014.
- **Incentive model** Rewarding the department with the best performance with regard to reducing accident frequency and increasing the reporting of near accidents to create a focus on safety.
- **Reduction of days of absence** Goals and guidelines for employees and foremen on how injured employees can get back to work quickly after an accident.
- **Learning from work accidents** Careful accident analysis as the basis for carrying out changes that can increase safety.
- **Health and safety committee** Greater focus on the health and safety committee as a tool for ensuring development, prevention, investigation and corrective actions. In 2014, Arkil trained and assigned approximately 100 new health and safety representatives and health and safety managers so that the number today is higher than ever before.

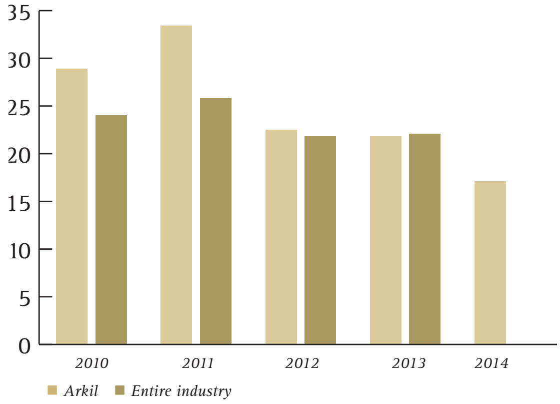
At the end of 2014, it can be concluded that the results materialise as expected. The number of work accidents at Arkil requiring notification in 2014 was 34, corresponding to a frequency of 17.1, which is a clear improvement compared to last year.

The absence frequency also dropped from 4.6 hours of absence for every 1,000 work hours in 2013 compared to 3.7 hours of absence for every 1,000 work hours in 2014. In addition to a general improvement, the strong reduction can also be attributed to the fact that, in 2013, there were few isolated cases of employees with long-term illness.

The development in absence due to illness is carefully followed in Arkil and the prevention of absence due to illness has a high priority in the HR department. In 2014, absence due to illness comprised 3.90% compared to 3.76% last year.

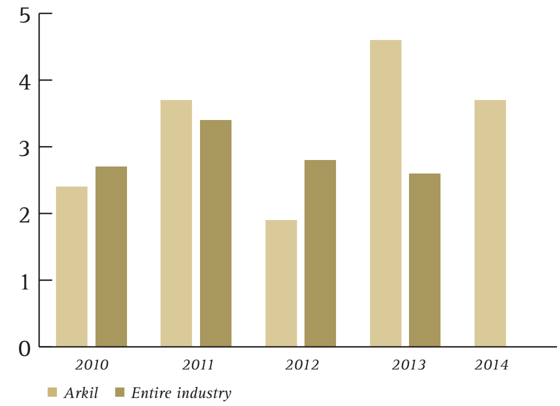
Accident frequency 2010 – 2014

Accident frequency is calculated as the number of accidents per 1 million man-hours worked.



Work absence 2010 – 2014

Absence is calculated as the number of hours lost per 1000 man-hours worked



Goals for 2015

In 2015 and onwards, the health and safety organisation will continue to focus on carrying out the seven-pronged plan, which is to further reduce accident frequency and absence due to accidents. In addition, attention will be given to the psychological working environment, including the occurrence of stress among Arkil employees.

SHAREHOLDERS' MATTERS

Share capital and ownership

Arkil Holding's share capital constitutes DKK 49.1 million, of which DKK 6.1 million are in class A shares and DKK 43.0 million are in class B shares.

Arkil Holding class B shares are listed on NASDAQ OMX Copenhagen, and the class B capital is distributed in 429.820 shares with a nominal value of DKK 100 each. Class A shares carry 10 times the voting rights of class B shares.

Composition of shareholders	Class A shares Nominal value (DKK)	Class B shares Nominal value (DKK)	Shares in total Nominal value (DKK)	Number of votes	Votes %	% of share capital
Managing Director Jesper Arkil, DK-6100 Haderslev	3,663,500	126,900	3,790,400	367,619	35.18%	7.71%
Director Jens Skjøt-Arkil, DK-6100 Haderslev	2,425,000	28,100	2,453,100	242,781	23.24%	4.99%
Niels Arkil, 6100 Haderslev	61,500	3,694,100	3,755,600	43,091	4.12%	7.64%
Lind Invest Aps, Værkmestergade 25, Niveau 14, DK-8000 Århus C		8,250,700	8,250,700	82,507	7.90%	16.79%
Ellen & Ove Arkils Fond, Søndergård Alle 4, DK-6500 Vojens		2,437,500	2,437,500	24,375	2.33%	4.96%
Group's own share component *		1,730,000	1,730,000	17,300	1.66%	3.52%
Other shareholders		26,715,000	26,715,000	267,150	25.57%	54.39%
Total	6,150,000	42,982,300	49,132,300	1,044,823	100.00%	100.00%

** No voting rights*

Road surfacing work on the A7 carried out by SAW, Schleswig

Class B shares are negotiable instruments that are issued to the bearer, but can be registered in the name of the holder in the company's register of shareholders. Class A shares are nominal shares and are non-negotiable instruments. The division into two share classes has been established to ensure the independency of the company for the benefit of the shareholders, the employees and other interest groups. Furthermore, it helps ensuring a strong company culture.

The Group has not entered into any essential agreements that will be effective, amended or expire, should the control of the Group be changed following an offer for takeover.

The number of registered shareholders was 1,450 as at 31 December 2014. Registered capital was DKK 36.1 million, or 73.45% of the share capital.

The following shareholders has in accordance with section 29 of the Danish Act on Trade on Securities reported a share holding of more than 5% of the total share capital or share capital voting rights:

Shareholders	Class A and B Shares Nom.	Proportion of listed capital as a %	Proportion of the Company's A/S capital as a %	Votes %
Managing Director Jesper Arkil, DK-6100 Haderslev	37.904	0,30	7,71	35,18
Director Jens Skjøt-Arkil DK-6100 Haderslev	24.531	0,07	4,99	23,24
Lind Invest Aps, Værkmestergade 25, Niveau 14, DK-8000 Aarhus C	82,507	19.20	16.79	7.9
Niels Arkil, DK-6100 Haderslev	37.556	8,59	7,64	4,12
Ellen & Ove Arkil's Fond, Søndergård Alle 4, DK-6500 Vojens	24.375	5,67	4,96	2,33

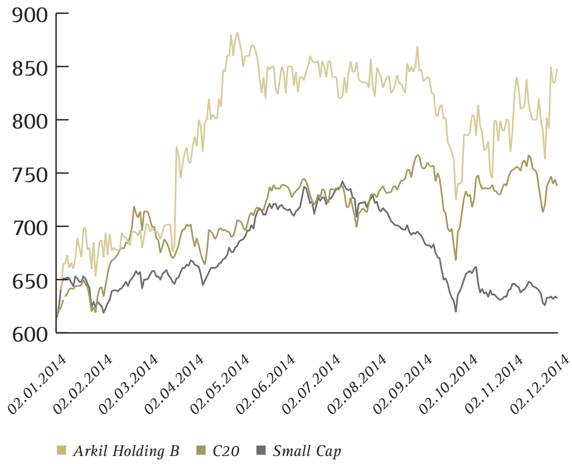
In accordance with the powers of the General Meeting, the management of the company may permit the company to purchase its own shares up to a total nominal value of 10% of the share capital. This power is valid until 30 October 2015. The management of the company may, in accordance with the powers of the General Meeting, permit the company to raise the share capital with up to nominally DKK 15 million. This power is valid until 1 April 2019.

The group's holding of own shares as at 31 December 2014 constitutes 17,300 class B shares, or 3.5% of the share capital. The purpose of this is to achieve flexibility in connection with future acquisition of companies and the conclusion of strategic partnership agreements.

Trend in market prices and liquidity

The Stock Exchange quotation for the company's class B shares as at 31 December 2014 was 848 – an increase of 39% compared to the price at the end of 2013. Class B shares worth approx. DKK 58 million was traded in the financial year 2014, equal to an average daily turnover of approx. DKK 240,000.

Trend in market prices



Dividends

It is the aim that shareholders should achieve a return from their investment in the form of an increase in the share price and a dividend more profitable than risk-free investment in bonds. Distribution of any dividend must take place with due consideration of the necessary consolidation of equity capital as the basis for the continued expansion of the Group.

Annual General Meeting

Arkil Holding will hold its Annual General Meeting Tuesday 28 April 2015, at 15:00 pm, at company's headquater Søndergård Alle 4, 6500 Vojens, Denmark.

Key figures for shares and dividends		2014	2013	2012	2011	2010
Suggested dividend per share	DKK	10.00	10.00	10.00	0.00	0.00
Earnings per share	DKK	108.4	85.6	81.0	10.0	(63.4)
Growth in earnings per share	%	26.6	5.7	707.1	215.8	(228.6)
Book value per share	DKK	1,507	1,432	1,348	1,319	1,314
Share price per share	DKK	848	610	395	390	528
Share price/book value		0.56	0.43	0.29	0.30	0.40
Price/earning, year-end	DKK	7.8	7.1	4.9	38.8	(8.3)
Market capitalisation calculated on the basis of the market price	DKK million	416.6	299.7	194.1	191.6	259.4

Company announcements during 2014

26 Mar 2014	Announcement of annual accounts for the financial year 2013
07 Apr 2014	Summons to Annual Meeting
07 Apr 2014	Annual Report 2013
14 Apr 2014	Class A shares
01 May 2014	Report on Annual General Meeting
27 May 2014	Interim report for Arkil Holding A/S for the first quarter of 2014
27 Aug 2014	Interim report for Arkil Holding A/S for the first six months of 2014
18 Sep 2014	Insider trading
26 Nov 2014	Interim report for Arkil Holding A/S for the third quarter of 2014
11 Dec 2014	Financial calendar 2015

Financial calendar 2015

25 Mar 2015	Publication of the annual accounts for the financial year 2014
28 Apr 2015	Annual General Meeting
28 May 2015	Publication of interim report for the first quarter of the financial year 2015
26 Aug 2015	Publication of interim report for the first six months of the financial year 2015
25 Nov 2015	Publication of interim report for the third quarter of the financial year 2015

BOARD OF DIRECTORS AND EXECUTIVE BOARD

Arkil Holding A/S
Søndergård Alle 4, 6500 Vojens, Denmark
Telephone: +45 73 22 50 50
Fax: +45 73 22 50 00
Website: www.arkil.dk
E-mail: arkil@arkil.dk

Company registration number: 36 46 95 28
Founded 1955
Situated: Haderslev

The Board of Directors
Director Agnete Raaschou-Nielsen (Chairman)
Director Hans Schmidt-Hansen (Deputy Chairman)
Director Walther V. Paulsen
Director Birgitte Nielsen
Director Per Kjærsgaard
Director Steen Brødbæk
Director Steffen M. Baungaard

The Executive Board
Managing Director Jesper Arkil
Finance Director Heine Heinsvig
Director, Business Development, Jens Skjøt-Arkil

Auditors
Ernst & Young
Authorised partnership company
of public accountants

Annual General Meeting
The Annual General Meeting will be held on 28 April 2015 at company's headquater Søndergård Alle 4, 6500 Vojens, Denmark

The Board of Directors

*Agnete Raaschou-Nielsen **
Chairman
Born 1957, on Arkil Holding
Board of Directors since 2011
Education: Lic. polit (PhD)
Management assignments:
Brdr. Hartmann A/S
(chairman of the board)
Novozymes A/S
(deputy chairman and member of the audit committee)
Dalhoff Larsen & Horneman A/S
(deputy chairman and member of the audit committee)
Solar A/S (deputy chairman and member of the audit committee)
Investeringsforeningen Danske Invest, Danske Invest Select, Profil Invest and ProCapture as well as Danske Invest Institutional and AP Invest (deputy chairman)
Danske Invest Management A/S
(member of the board)
Aktieselskabet Schouw & Co.
(member of the board)
Icopal Holding A/S and two subsidiaries (member of the board)

*Hans Schmidt-Hansen **
Deputy Chairman
Born 1943, on Arkil Holding
Board of Directors since 2003
Education: Engineer
Management assignments:
Agena A/S (CEO)
HM Systems A/S
(chairman of the board)
SME Invest A/S
(chairman of the board)
Collamat AG, Schweiz
(chairman of the board)
AMC Invest A/S
(chairman of the board)
Flonidan A/S
(member of the board)
Agena A/S (member of the board)
Enghaven Agro A/S
(member of the board)
Holding of Arkil Holding shares:
nominally DKK 1,662,300

*Birgitte Nielsen **
Born 1963, on Arkil Holding
Board of Directors since 2006
Chairman of the audit committee of Arkil Holding A/S
Education: HD (R), HD (U)
(Graduate diplomas in Bus. Ad.)
Management assignments:
Finansiel Stabilitet A/S
(member of the board)
Kirk Kapital A/S
(member of the board)
Topdanmark A/S
(member of the board and member of the audit committee)
Matas A/S
(member of the board and chairman of the audit committee)
De Forenede Ejendomsselskaber A/S (member of the board)

*Walther V. Paulsen **
Born 1949, on Arkil Holding
Board of Directors since 2006
Member of the audit committee of Arkil Holding A/S
Education: MA, Economics
Management assignments:
Investeringsforeningen Danske Invest, Danske Invest Select, Profil Invest and ProCapture as well as Danske Invest Institutional and AP Invest (member of the board)
Det Obelske Familiefond
(member of the board)
Gerda og Victor B. Strands Fond (Toms Fonden)
(member of the board)

Per Kjærsgaard
Born 1942, on Arkil Holding
Board of Directors since 2007
Education: Engineer
Holding of Arkil Holding shares:
nominally DKK 16,200

*Steffen Martin Baungaard **
Born 1967, on Arkil Holding
Board of Directors since 2014
Education: Construction Designer, MSc engineering
Management assignments:
HusCompagniet A/S (CEO)
Die HausCompagnie GmbH
(chairman of the board)
Svenska HusCompagniet AB
(chairman of the board)
LejlighedsCompagniet A/S
(chairman of the board)
M. B. Packaging A/S
(member of the board)
OMØ A/S (member of the board)
Frederikshøj Ejendomme A/S
(member of the board)

*Steen Brødbæk **
Born 1964, on Arkil Holding
Board of Directors since 2014
Education: Electrical engineer
Management assignments:
Semco Maritime A/S
(President & CEO)
DI Energi (member of the board)
W. Giertsen Services AS
(member of the board)
Carl Ras A/S
(member of the board)
Semco Maritime AS, Norway
(member of the board)
Semco Maritime Inc., USA
(member of the board)

The Executive Board

Jesper Arkil
Managing Director
Born 1974
Education: MSc in Business Administration and Computer Science
Management assignments:
Danish Civil Works Contractors
(chairman)
The Road Building Section,
Dansk Byggeri
(chairman)
Ellen & Ove Arkil's Fond
(chairman of the board)
European International
Contractors (EIC), Berlin
(member of the board)
Holding of Arkil Holding shares:
nominally DKK 3,790,400
(class A and B shares)

Jens Skjøt-Arkil
Director, Business Development
Born 1981
Education: Engineer
Management assignments:
Ellen & Ove Arkil's Fond
(member of the board)
Traffics A/S
(member of the board)
Holding of Arkil Holding shares:
nominally DKK 2,453,100
(class A and B shares)

Heine Heinsvig
Finance Director
Born 1950
Education: HD (R) (Graduate diploma in Bus. Ad./Acc.)
Management assignments:
Ellen & Ove Arkil's Fond
(member of the board)
Holding of Arkil Holding shares:
nominally DKK 21,700

** Independent member according to Recommendations for good management*

ENDORSEMENT BY THE BOARD

The Board of Directors and Executive Board have this day examined and approved the Annual Report for 2014 for Arkil Holding A/S.

This Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and Danish reporting requirements for publicly listed companies.

In our view, the Consolidated Accounts and the Annual Report provide a true and fair view of the assets and liabilities of the Group and the Parent Company, the financial position as of 31 December 2014 and of the result of their activities and cash flow during the financial year from 1 January to 31 December 2014.

In our view, the Management's Review gives a true statement of the development in the Group's and the company's activities and economic conditions, the result of the year and the financial position of the company and the financial position in general for the companies included in the consolidated accounts, as well as a description of the most significant risks and the factors of uncertainty which the group and the company are facing.

We recommend that the Annual General Meeting should adopt the Annual Accounts and Consolidated Accounts.

Haderslev, 25 March 2015

The Executive Board

Jesper Arkil
Managing Director

Heine Heinsvig
Finance Director

Jens Skjøt-Arkil
Director, Business Development

The Board of Directors

Agnete Raaschou-Nielsen
Chairman

Hans Schmidt-Hansen
Deputy Chairman

Per Kjærsgaard

Birgitte Nielsen

Walther V. Paulsen

Steen Brødbæk

Steffen M. Baungaard

Preparations for pile driving

Bridge concreting, TP45, Copenhagen-Ringsted track enterprise

RECOMMENDATIONS OF THE INDEPENDENT AUDITORS

To the owners of capital in Arkil Holding A/S

Endorsement on the Consolidated Accounts and the Annual Accounts

We have audited the Consolidated Accounts and the Annual Accounts for the financial year of 1 January to 31 December 2014, which comprise the income statement, statement of comprehensive income, balance sheet, statement of equity, cash flow statement and notes, including the accounting policies applied for the Group as well as the Company. The Consolidated Accounts and the Annual Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and Danish reporting requirements for publicly listed companies.

Management's responsibility for the Consolidated Accounts and the Annual Accounts

Management is responsible for drawing up and preparing Consolidated Accounts and Annual Accounts that give a true and fair view in accordance with International Financial Reporting Standards as approved by the EU and Danish reporting requirements for public listed companies. Management is also responsible for the internal control, which the management considers necessary in order to prepare consolidated accounts and annual accounts without material faults or omissions; regardless of whether these are the result of fraudulent acts or faults.

Auditor's responsibility

It is our responsibility to express our opinion on the consolidated accounts and the annual accounts on the basis of our audit. We have performed the audit in accordance with international auditing standards and additional requirements according to Danish auditing law. This requires that we comply with ethical requirements and plan and execute the audit with a view to achieving a high degree of certainty that the consolidated accounts and the annual accounts do not contain material faults or omissions.

An audit includes accountancy actions in order to obtain audit evidence for amounts and information stated in the consolidated accounts and the annual accounts. The actions chosen are dependent on the auditor's assessment, including the assessment of the risk of material faults or omissions in the consolidated accounts and annual accounts, regardless of whether the material faults or omissions are the result of fraudulent acts or vfaults. When making the risk assessment, the auditor considers internal checking procedures relevant to the company's preparation of consolidated accounts and annual accounts that give a true and fair view. The purpose being to produce accountancy actions appropriate to the circumstances, but not expressing any conclusion on the efficiency of the internal checking procedures of the company. An audit also includes an assessment of whether the accounting policies chosen by the management are appropriate, if the accounting estimates of the management are reasonable as well as an assessment of the overall presentation of the consolidated accounts and annual accounts.

It is our opinion that the audit evidence obtained is sufficient and is suitable for the basis of our conclusion.

The audit did not give rise to any qualifications.

Conclusion

In our opinion, the Consolidated Accounts and the Annual Accounts give a true and fair view of the Group's and the company's assets and liabilities and financial position as at 31 December 2014, as well as of the result of the Group's and the company's activities and cash flow for the 1 January – 31 December 2014 financial year, in accordance with the International Financial Reporting Standards, as approved by the EU and Danish reporting requirements for the annual reports of public listed companies.

Comments on the Management's review

We have examined the Management's review in accordance with the Danish Company Accounts Act. No further actions have been taken in addition to the audit of the Consolidated Accounts and the Annual Accounts. Based on this we find that the information in the Management's review is in accordance with the Consolidated Accounts and the Annual Accounts.

Haderslev, 25 March 2015

Ernst & Young

Authorised partnership company of public accountants

Peter Gath
State-authorised public accountant

INCOME STATEMENT
FOR THE ACCOUNTING YEAR
FROM 1 JANUARY TO 31 DECEMBER

Parent company 2013	Parent company 2014	Note no.	(Amounts in DKK '000)	The Group 2014	The Group 2013
		4	Revenue	2,871,394	2,738,303
		5	Production costs	(2,575,605)	(2,483,653)
			Gross profit	**295,789**	**254,650**
(5,575)	(4,161)	5,6	Administration costs	(227,554)	(203,558)
4,100	3,978	5,7	Other operating income	0	0
		9	Profit shares after taxes in associates	7,992	6,094
		10	Profit shares after taxes in joint ventures	(1,780)	1,049
(1,475)	**(183)**		**Primary operating profit**	**74,447**	**58,235**
22,550	12,249	11	Financial income	3,046	3,148
(8)	(6)	12	Financial expenditure	(5,278)	(7,403)
21,067	**12,060**		**Profit before tax**	**72,215**	**53,980**
(474)	(501)	13	Tax on profit/loss for the year	(17,070)	(10,816)
20,593	**11,559**		**Annual profit**	**55,145**	**43,164**
			Distribution of Group profits:		
			Shareholders of Arkil Holding A/S	51,389	40,583
			Minority interests	3,756	2,581
				55,145	**43,164**
			Proposed appropriation of profits:		
4,913	4,913		Suggested dividend		
15,680	6,646		Retained earnings		
20,593	**11,559**				
		14	Earnings per DKK 100 share	108	86
		14	Diluted earnings per DKK 100 share	108	86

STATEMENT OF COMPREHENSIVE INCOME FOR THE ACCOUNTING YEAR FROM 1 JANUARY TO 31 DECEMBER

Parent company 2013	Parent company 2014	Note no.	(Amounts in DKK '000)	The Group 2014	The Group 2013
20,593	11,559		Annual profit	55,145	43,164
			Other comprehensive income:		
			Items which cannot be reclassified for the income statement:		
		28	Actuarial gains/losses on defined benefit plan pension schemes	(27,405)	7,326
		13	Tax on other comprehensive income	8,222	(2,198)
				(19,183)	**5,128**
			Items which may be reclassified for the income statement:		
			Exchange-rate adjustments for conversion of foreign entities	(1,076)	(382)
			Revaluation of hedging instruments:		
			Value adjustment for the year	(2,491)	528
			Value adjustment reclassified to cost of sales	0	(667)
		13	Tax on other comprehensive income	610	35
				(2,957)	**(486)**
0	**0**		**Other comprehensive income after tax**	**(22,140)**	**4,642**
20,593	**11,559**		**Total comprehensive income**	**33,005**	**47,806**
			Distribution:		
			Shareholders of Arkil Holding A/S	32,226	44,454
			Minority interests	779	3,352
				33,005	**47,806**

BALANCE SHEET AS AT 31 DECEMBER

Parent company 2013	Parent company 2014	Note no.	(Amounts in DKK '000)	The Group 2014	The Group 2013
			Assets		
			Long-term assets		
			Intangible assets		
		15	Goodwill	129,986	130,111
		16	Acquired knowhow	2,229	0
		17	Licences and rights	8,199	8,557
			Total intangible assets	**140,414**	**138,668**
			Tangible assets		
2,634	2,634	18	Land and buildings, owner-occupied properties	135,970	138,078
58,760	56,790	19	Investment properties	1,371	2,208
0	1,414	20	Technical equipment, machinery and fixtures	320,550	305,736
		21	Plants under construction	5,404	2,835
61,394	**60,838**		**Total tangible assets**	**463,295**	**448,857**
			Other long-term assets		
268,257	351,570	8	Interests in subsidiaries		
		9	Interests in associates	15,300	14,052
		10	Interests in joint ventures	411	51
		22	Long-term debtors	11,070	12,950
		29	Deferred tax assets	25,823	17,073
268,257	**351,570**		**Total other long-term assets**	**52,604**	**44,126**
329,651	**412,408**		**Total long-term assets**	**656,313**	**631,651**
			Short-term assets		
		23	Stock on hand	98,656	69,737
		24	Construction contract works	109,913	92,828
111,737	39,319	25	Accounts receivable	528,968	556,052
3,575	6,112	33	Company tax receivable	378	0
1,007	1,005	26	Securities	29,235	26,633
591	407		Liquid assets	172,426	139,869
116,910	**46,843**			**939,576**	**885,119**
4,308	2,300	18-20	Assets earmarked for sale	4,705	4,308
121,218	**49,143**		**Total short-term assets**	**944,281**	**889,427**
450,869	**461,551**		**Total assets**	**1,600,594**	**1,521,078**

Parent company 2013	Parent company 2014	Note no.	(Amounts in DKK '000)	The Group 2014	The Group 2013
			Liabilities		
		27	**Equity**		
49,132	49,132		Share capital	49,132	49,132
			Exchange-rate adjustment reserve	(211)	766
			Reserve for hedging transactions	(1,881)	0
392,132	398,899		Retained earnings	671,235	640,943
4,913	4,913		Suggested dividend	4,913	4,913
446,177	**452,944**		**Shareholders of Arkil Holding A/S' share of equity**	**723,188**	**695,754**
			Minority interests	**17,310**	**7,937**
446,177	**452,944**		**Total equity**	**740,498**	**703,691**
			Liabilities		
			Long-term liabilities		
		28	Pensions and similar liabilities	153,092	126,896
2,653	2,709	29	Deferred tax	41,363	34,333
		30	Provisions for liabilities and charges	5,312	5,495
0	0	31	Credit institutions	67,604	114,753
2,653	**2,709**		**Total long-term liabilities**	**267,371**	**281,477**
			Current liabilities		
0	0	31	Credit institutions	87,143	69,704
106	0		Employee's bonds	0	3,848
		10	Liabilities to joint ventures	0	1,422
		24	Construction contract works	59,177	41,731
1,933	5,898	32	Accounts payable and other debts	431,762	405,752
0	0	33	Corporation tax	0	680
		30	Provisions for liabilities and charges	14,643	12,773
2,039	**5,898**		**Total short-term liabilities**	**592,725**	**535,910**
4,692	**8,607**		**Total obligations**	**860,096**	**817,387**
450,869	**461,551**		**Total liabilities**	**1,600,594**	**1,521,078**
		34	Contingent liabilities and guarantees		
		35-42	Notes without reference		

CASH FLOW STATEMENT

Parent company 2013	Parent company 2014	Note no.	(Amounts in DKK '000)	The Group 2014	The Group 2013
21,067	12,060		Profit before tax	72,215	53,980
			Adjustments for non-cash operating items, etc.:		
1,104	1,132		Depreciations and write-downs	89,256	90,178
(80)	(1,097)		Other net operating items	(13,458)	(13,446)
			Provisions for liabilities and charges	832	(2,746)
(22,550)	(12,249)		Financial income	(3,046)	(4,390)
8	6		Financial expenditure	5,278	8,295
(451)	**(148)**		**Cash flow from ordinary operations before changes in working capital**	**151,077**	**131,871**
(8,806)	76,032	35	Changes in working capital	24,536	14,445
(9,257)	**75,884**		**Cash generated from primary operations**	**175,613**	**146,316**
4,488	1,385		Interest income received	2,411	3,148
(8)	(4)		Interest expenses paid	(5,039)	(7,542)
(4,777)	**77,265**		**Cash generated from ordinary operations**	**172,985**	**141,922**
(160)	(2,690)		Corporation tax paid	(11,022)	(3,895)
(4,937)	**74,575**		**Cash flows from operating activities**	**161,963**	**138,027**
			Additions of intangible assets	(2,477)	0
(7,974)	(1,414)	36	Purchases of tangible assets	(80,711)	(79,149)
80	3,896		Sale of tangible assets	14,410	15,251
			Purchases of securities	(3,591)	(13,008)
			Sale of securities	1,385	10,573
0	(83,313)		Purchase/sale of subsidiaries		
17,812	10,864		Dividends from subsidiaries		
9,918	**(69,967)**		**Cash flows from investing activities**	**(70,984)**	**(66,333)**

Parent company 2013	Parent company 2014	Note no.	(Amounts in DKK '000)	The Group 2014	The Group 2013
			External financing:		
(91)	0		Repayment of leasing commitments	(17,567)	(34,025)
			Repayment of other long-term debt	(64,302)	(36,398)
			Proceeds for contracting of long-term debt, etc.	20,077	3,256
			Minority shareholders contribution	10,673	0
			Shareholders:		
122	121		Dividend, own shares	121	122
(4,913)	(4,913)		Dividend payments	(6,993)	(6,675)
(4,882)	**(4,792)**		**Cash flows from financing activities**	**(57,991)**	**(73,720)**
99	**(184)**		**Cash flows for the year**	**32,988**	**(2,026)**
492	591		Opening liquid holdings	139,537	141,557
			Rate adjustments to liquid holdings	(199)	6
591	**407**		**Closing liquid holdings**	**172,326**	**139,537**
591	407		Liquid assets	172,426	139,869
0	0		Bank loan (bank overdraft)	(100)	(332)
591	**407**		**Closing liquid holdings**	**172,326**	**139,537**

STATEMENT OF EQUITY

(Amounts in DKK '000)	Shareholders of Arkil Holding A/S							
The Group	Share capital	Reserve for exchange-rate adjustments	Reserve for hedging-transactions	Retained earnings	Suggested dividend	Total	Minority interests	Total
Equity as at 01 January 2013	**49,132**	**1,150**	**0**	**600,897**	**4,913**	**656,092**	**6,346**	**662,438**
Comprehensive income in 2013								
Annual profit				35,670	4,913	**40,583**	2,581	**43,164**
Other comprehensive income								
Exchange-rate adjustment, foreign companies		(384)				**(384)**	2	**(382)**
Revaluation of pension liabilities				6,227		**6,227**	1,099	**7,326**
Revaluation of hedging instruments:								
Value adjustment for the year				528		**528**		**528**
Value adjustment reclassified to cost of sales				(667)		**(667)**		**(667)**
Tax on other comprehensive income				(1,833)		**(1,833)**	(330)	**(2,163)**
Other total comprehensive income	**0**	**(384)**	**0**	**4,255**	**0**	**3,871**	**771**	**4,642**
Total comprehensive income for the period	**0**	**(384)**	**0**	**39,925**	**4,913**	**44,454**	**3,352**	**47,806**
Transactions with owners								
Distributed dividend					(4,913)	**(4,913)**	(1,761)	**(6,674)**
Dividend, own shares				121		**121**		**121**
Total transaction with owners	**0**	**0**	**0**	**121**	**(4,913)**	**(4,792)**	**(1,761)**	**(6,553)**
Equity as at 31 December 2013	**49,132**	**766**	**0**	**640,943**	**4,913**	**695,754**	**7,937**	**703,691**

(Amounts in DKK ’000)	Shareholders of Arkil Holding A/S							
The Group	Share capital	Reserve for exchange-rate adj-ustments	Reserve for hedging-transactions	Retained earnings	Suggested dividend	Total	Minority interests	Total
Equity as at 01 January 2014	**49,132**	**766**	**0**	**640,943**	**4,913**	**695,754**	**7,937**	**703,691**
Comprehensive income in 2014								
Annual profit				46,476	4,913	**51,389**	3,756	**55,145**
Other comprehensive income								
Exchange-rate adjust-ment, foreign companies		(977)				**(977)**	(99)	**(1,076)**
Revaluation of pension liabilities				(23,294)		**(23,294)**	(4,111)	**(27,405)**
Revaluation of hedging instruments:								
Value adjustment for the year			(2,491)	0		**(2,491)**		**(2,491)**
Value adjustment reclassified to cost of sales						**0**		**0**
Tax on other comprehensive income			610	6,989		**7,599**	1,233	**8,832**
Other total comprehensive income	**0**	**(977)**	**(1,881)**	**(16,305)**	**0**	**(19,163)**	**(2,977)**	**(22,140)**
Total comprehensive income for the period	**0**	**(977)**	**(1,881)**	**30,171**	**4,913**	**32,226**	**779**	**33,005**
Transactions with owners								
Minority share-holders contribution					0	**0**	10,673	**10,673**
Distributed dividend					(4,913)	**(4,913)**	(2,079)	**(6,992)**
Dividend, own shares				121		**121**		**121**
Total transaction with owners	**0**	**0**	**0**	**121**	**(4,913)**	**(4,792)**	**8,594**	**3,802**
Equity as at 31 December 2014	**49,132**	**(211)**	**(1,881)**	**671,235**	**4,913**	**723,188**	**17,310**	**740,498**

(Amounts in DKK '000)				
Parent company	Share capital	Retained earnings	Suggested dividend	Total
Equity as at 01 January 2013	**49,132**	**376,330**	**4,913**	**430,375**
Changes in equity during 2013				
Annual comprehensive income		15,680	4,913	20,593
Total comprehensive income	**0**	**15,680**	**4,913**	**20,593**
Distributed dividend			(4,913)	(4,913)
Dividend, own shares		122		122
Total changes in equity in 2013	**0**	**15,802**	**0**	**15,802**
Equity as at 31 December 2013	**49,132**	**392,132**	**4,913**	**446,177**
Changes in equity during 2014				
Annual comprehensive income		6,646	4,913	11,559
Total comprehensive income	**0**	**6,646**	**4,913**	**11,559**
Distributed dividend			(4,913)	(4,913)
Dividend, own shares		121		121
Total changes in equity in 2014	**0**	**6,767**	**0**	**6,767**
Equity as at 31 December 2014	**49,132**	**398,899**	**4,913**	**452,944**

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OVERVIEW OF NOTES

NOTES

Note 1 Accounting policies applied

Arkil Holding A/S is a public limited company domiciled in Denmark. The Annual Report for the period 1 January to 31 December 2014 includes both the consolidated accounts for Arkil Holding A/S and its subsidiaries (the Group), as well as separate annual accounts for the parent company.

The 2014 Annual Report for Arkil Holding A/S is presented in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and Danish reporting requirements for annual reports for public listed companies.

Basis for preparation of the accounts

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

The annual report has been prepared in accordance with the historical cost principle with the exception of the following assets and liabilities being measured at fair value, derivatives, financial instruments in the trade portfolio and financial instruments classified as available for sale.

Long-term assets and saleable asset groups are measured at the lowest book value before the amended classification or fair value with deduction of distribution costs.

The accounting policies described below are applied consistently for the financial year and for the comparative figures. For standards implemented in future, the comparative figures will not be adjusted.

Changes in accounting policies

Effective as of 01 January 2014, Arkil Holding A/S implemented:

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of interests in other entities
- More amendments to IFRS 10, 11, 12 and IAS 27
- IAS 27 (2011) Separate financial statements
- IAS 28 (2011) Investments in associates and joint ventures
- Amendments to IAS 32 Offsetting financial assets and financial liabilities
- Amendments to IAS 39 Novation of derivatives and continuation of hedge accounting
- IFRIC 21 Levies

As opposed to previously, the Group must now consolidate another company if it is exposed to or has the right to a variable return on its involvement in the company and has the possibility to influence this return using its disposal rights to this company. In accordance with the transition provisions in IFRS 10 the group reassessed its investments in relation to the new control model. The reassessment did not give rise to any changes.

The Arkil Holding Group participates in a number of joint arrangements. In accordance with the transition provisions in IFRS 11 the group has changed its accounting policies in relation to investments in joint arrangements. According to IFRS 11, the arrangements should be classified as either joint operations or joint ventures. The classification was made as at 1 January 2014.

Joint operations are defined as activities where the participants enjoy direct rights to assets and are directly liable for liabilities, whereas joint ventures are defined as activities where the participants have rights to the net assets only.

The Arkil Group participates in joint work ventures as stated in the group structure overview on page 100.

The contractual relations in the joint work ventures means that parties have rights to the net assets only, which means that these ventures should be treated as joint ventures and included according to the equity method. So far, the Group has consolidated these joint work ventures on a pro-rata basis. The changed accounting policies have only had an insignificant effect on the turnover, gross profit as well as long-term assets, short-term assets and debt. The change has not affected the result, the diluted earnings per share or equity. Comparative figures for 2013 have been adapted.

Apart from the new reporting requirements, none of the new standards and interpretations affected the inclusion and measurement in 2014 and consequently neither result or diluted result per share.

Note 1 Accounting policies applied (continued)

The changes have affected the following items in the consolidated accounts for 2013:

(DKK million)	After change	Change	Before change
Income statement			
Revenue	2,738.3	(38.1)	2,776.4
Primary operating profit	58.2	0.0	58.2
Profit/loss from financial items	(4.3)	0.0	(4.3)
Profit/loss before tax and minority interests' share	54.0	0.0	54.0
Annual profit	**43.2**	**0.0**	**43.2**
Balance Sheet			
Long-term assets	631.7	0.1	631.6
Short-term assets	889.4	(18.4)	907.8
Total assets	**1,521.1**	**(18.3)**	**1,539.4**
Share capital	49.1	0.0	49.1
Total equity	**703.7**	**0.0**	**703.7**
Long-term liabilities	281.5	0.0	281.5
Current liabilities	535.9	(18.3)	554.3
Total obligations	**1,521.1**	**(18.3)**	**1,539.4**
Cash flow statement			
Cash flows from operating activities	138.0	(18.7)	156.7
Cash flows from investing activities	(66.3)	0.0	(66.3)
Cash flows from financing activities	(73.7)	0.0	(73.7)
Total cash flow	**(2.0)**	**(18.7)**	**16.7**
Key figures			
Profit ratio, %	2.1	0.0	2.1
Return on invested capital (ROIC) incl. goodwill, %	6.6	(0.1)	6.7
Return on invested capital (ROIC) excl. goodwill, %	7.7	(0.2)	7.9
Liquidity ratio	166.0	2.2	163.8
Equity ratio (solidity), %	46.3	0.6	45.7
Return on equity, %	6.3	0.0	6.3

Note 1 Accounting policies applied (continued)

Consolidated accounts

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

The Group has a controlling influence in a company if it is exposed to or has the right to a variable return on its involvement in the company and has the possibility to influence this return using its disposal rights to this company.

When establishing whether the Group has a controlling influence, de facto control and potential voting rights are taken into account, if they are real and substantial at the balance date.

Companies in which the Group exercises a significant, but not controlling influence on the operational and financial decisions are classified as associates. A significant influence exists when the Group directly or indirectly owns or disposes of more than 20%, but less than 50%, of the voting rights.

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

Joint arrangements are classified as joint ventures or joint operations. Joint operations are defined as activities where the participants enjoy direct rights to assets and are directly liable for liabilities, whereas joint ventures are defined as activities where the participants have rights to the net assets only.

The Group structure is shown on page 101.

The consolidated accounts are prepared as a compilation of the accounts of the parent company and the individual subsidiaries, calculated in accordance with the Group's accounting policies, and with elimination of intra-group income and expenses, shareholdings, balances and dividends, and realised and unrealised gains on intra-group transactions for the consolidated companies. Unrealised gains on transactions with associates are eliminated in proportion to the Group's share in the company. Unrealised losses are eliminated in the same way as unrealised gains, to the extent there has been no depreciation.

Interests in subsidiaries are set off against the parent company's proportional share of the subsidiaries' market value of identifiable net assets and contingent liabilities included at the time of acquisition.

Company mergers

Recently acquired or founded companies are included in the consolidated accounts from the take-over date. Companies that have been sold or wound up are included in the consolidated income statement up until the disposal date. Comparison figures are not adjusted for companies which have been recently acquired, sold or wound up. However, discontinued activities are presented separately, as described below.

Where new companies are acquired gaining a controlling influence over the acquired company, the take-over method is applied. The identifiable assets, liabilities and contingent liabilities of the acquired companies are measured at their present value on the take-over date. Identifiable intangible assets are included where these can be isolated or derived from a contractual right, and the present value can be reliably calculated. Deferred taxation of the revaluations is included in the accounts.

The time of take-over is the time at which Arkil Holding A/S achieves actual control of the company acquired.

The positive difference (goodwill) between the cost price of the company and the present value of the acquired identifiable assets, liabilities and contingent liabilities is entered as goodwill under intangible assets. Goodwill is not amortized, but is tested at least once a year for a reduction in value. The first test of value reduction is carried out before the end of the year of acquisition. Upon acquisition, goodwill is allocated to the cash flow generating entities that subsequently provide the basis for the value reduction test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a different functional currency to the Arkil Group's presentation currency are handled as assets and liabilities belonging to the foreign entity and converted to the foreign entity's functional currency at the exchange rate applicable on the transaction date. Negative difference (negative goodwill) is included in the income statement on the takeover date.

Purchase payments for a company consist of the fair value of the agreed payment in the form of assets acquired, obligations taken on and equity instruments issued. If parts of the purchase payment are conditional on future events or fulfilment of conditions agreed upon, these are included in

Note 1 Accounting policies applied (continued)

the purchase price at fair value at the time of acquisition. Costs which can be referred to mergers are included directly in the income statement on the date they are incurred.

If, at the time of acquisition, there are any uncertainties as to identification or measurement of assets acquired, obligations, contingencies or setting of the purchase prices, the first inclusion takes place based on interim calculation of present value. If it is found at a later stage that identification or measurement of the purchase price, assets acquired, obligations or contingencies was incorrect at the first inclusion, the statement will be amended retrospectively, including goodwill, up until 12 months after the acquisition, and the comparative figures are adapted. After this period, goodwill is not adjusted. Changes in contingent purchase payments are included directly in the income statement.

Gains or losses from the disposal or liquidation of subsidiaries and associates are valued as the difference between the sales price or liquidation value and the accounting value of net assets, including goodwill, at the time of sale together with the sale or liquidation costs.

Minority interests

At the first inclusion, minority interests are measured at either fair value or their proportional share of the fair value of identifiable assets, obligations and contingencies in the acquired company. In the first case, goodwill is thus included concerning minority interests' share of ownership of the acquired company, while in the latter case goodwill concerning minority interests are not included. Measurement of minority interests are measured transaction by transaction and entered in the notes in connection with description of acquired companies.

Conversion of foreign currencies

A functional currency is selected for each of the reporting companies in the Group. The functional currency is the currency used in the primary economic environment within which the reporting company operates. Transactions in currencies other than the functional currency are foreign currency transactions.

Transactions in foreign currencies are converted to the functional currency during the first inclusion at the exchange rate on the transaction date. Exchange rate differences that occur between the exchange rate on the transaction date and the exchange rate on the payment date are included in the income statement under financial income or expenses.

Trade debtors, debt and other monetary entries in foreign currency are converted at the rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate when the debtor or debt emerged, or the exchange rate in the most recent annual report, is included in the income statement under financial income and expenses.

When including companies in the consolidated accounts which have a functional currency other than DKK, the total income statements are converted at the transaction day exchange rate, and the balance sheet items are converted at the exchange rate on the balance sheet date. The average exchange rate for the given months is used as the transaction day exchange rate, except where this would significantly alter the outcome. Exchange rate differences that arise when converting these companies' equity at the beginning of the year to the balance sheet date exchange rate, and when converting total income from the transaction day exchange rate to the balance sheet date exchange rate, are included in other total comprehensive income in a special reserve for exchange rate adjustments under equity capital. The exchange rate adjustments are divided between the parent company's and the minority interests' share of the equity capital.

Price adjustments of outstanding accounts that are considered to be part of the total net investment in companies with functional currencies other than DKK are included in the consolidated accounts under other comprehensive income in a separate reserve for exchange rate adjustments under equity capital. Likewise, exchange rate gains and losses for the part of loans and derivative financial instruments used for hedging net investments in these companies and effectively hedging the same exchange rate gains and losses for the net investments in the company, are included under other comprehensive income in a separate reserve for exchange rate adjustments under equity capital.

When including associates in the consolidated accounts which have a functional currency other than DKK, the Group's share of the annual profit is converted at the average exchange rate, and the share of equity, including goodwill, is converted at the exchange rate on the balance sheet date. Exchange rate differences that arise when converting the share of the equity of foreign associates at the beginning of the year at the balance sheet date exchange rate, and when converting the share of annual profit from an average exchange rate to the balance sheet date exchange rate, are included directly in other total comprehensive income in a special reserve for exchange rate adjustments under equity capital.

Note 1 Accounting policies applied (continued)

By relinquishment of 100% owned foreign entities, the exchange rates accumulated in the equity via other comprehensive income and attributable to the entity are reclassified from “Exchange-rate adjustment reserve” to the income statement together with any loss or gain upon relinquishment.

By relinquishment of partly owned foreign subsidiaries, the part of the exchange-rate reserves that relates to minority interests is not assigned to the income statement

By partial relinquishment of foreign subsidiaries without losing control, part of a proportional share of the exchange-rate reserves are transferred from the shareholders in the parent company to the minority interests’ share of the equity.

Derivative financial instruments

Derivative financial instruments are initially included in the balance sheet at the day of trading and measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and positive and negative values are only set-off when the company is entitled to and intends to settle several financial instruments net. Fair values for derivative financial instruments are calculated on the basis of current market data and recognised valuation methods.

Hedging of fair value

Changes in the fair value of derivatives, which qualify as fair value hedges of a recognised asset or a recognised liability, are included in the income statement along with any changes in the fair value of the hedged asset or liability, with respect to the hedged component. Hedging of future cash flows in relation to a firm commitment, apart from currency hedging, is handled in the same way as hedging of fair value.

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

Hedging of cash flow

Ændringer i den del af dagsværdi af afledte finansielle Changes in the components of the fair value of derivative financial instruments that qualify as future cash flow hedges, and which effectively hedge changes in future cash flows, are included under other total comprehensive income under a separate reserve for hedging transactions under equity, until the secured cash flows affect the income statement. At this time, the gain or loss relating to such is transferred from equity and included in the same account as the hedged entity.

If the hedging instrument no longer fulfils the criteria for financial hedging, the hedging will cease forward. The accumulated value adjustment included in equity is transferred to the income statement, when the hedged cash flows affect the income statement.

If the hedged cash flows are no longer expected to be realised, the accumulated value adjustment will be included in the income statement immediately.

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

Other derivative financial instruments

For derivative financial instruments that do not meet the criteria for hedge accounting, changes in the current value are included in the income statement on an on-going basis under financial items.

Some contracts contain provisions that correspond to derivative financial instruments. Where such built-in financial instruments differ significantly from the particular contract, they are included separately and continually measured at fair value, except where the total contract is included and continually measured at its fair value.

Income statement

Revenue

Revenue from sale of commercial goods and finished articles is included in the income statement, if delivery and invoicing have been effected before the year-end.

Contract works are included in revenue based on the percentage-of-completion method.

Contract prices and profit and loss figures are allocated proportionally according to progress in production, which means that revenue corresponds to the sales value of the work actually carried out for the year. Appropriation is carried out and expected losses charged as expenses.

Government grants

Government grants cover grants for investment, etc.

Grants for research and development costs that are included directly in the income statement are included under production costs as the costs that qualify for a grant are incurred.

Grants for the purchase of assets, etc. are presented in the balance sheet by deducting the grant from the asset’s book value.

Note 1 Accounting policies applied (continued)

Production costs
Production costs comprise costs, including depreciation and salaries, paid to achieve the revenue for the year. Development costs that do not fulfil the capitalization criteria are also included under production costs.

Provision for bad debt from enterprise contracts is included.

Administration costs
Administration costs comprise costs incurred during the year for management and administration, including the costs of administrative staff, office premises, office expenses and depreciation. Write-downs of accounts receivable from sales are also included.

Other operating income/expenditure
Other operating income and expenditure comprises entries of a secondary nature in relation to the company activities, including losses and gains realised from the sale of tangible and intangible assets. Gains and losses from the sale of intangible and tangible assets have been calculated as the sales price, less sales costs and the accounting value at the time of sale.

Profit shares after taxes in associates and joint ventures
In the income statement, the Group's share of the results of the associates and joint ventures is included after taxes and after the elimination of the proportional share of internal profit/loss.

Dividends on interests in subsidiaries and associates in the annual accounts of the parent company
Dividends on interests in subsidiaries and associates are entered as income in the parent company's income statement in the financial year in which the dividend is declared.

Financial income and expenses
Financial income and expenses comprise interest earned and paid, exchange gains and losses and write-downs in connection with securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities, including financial leasing commitments and deductibles and remunerations under the on-account taxation scheme, etc. In addition to this, realised and unrealised gains and losses in connection with derivative financial instruments that cannot be classified as hedging agreements are included.

Borrowing costs
Borrowing costs from general borrowing or loans directly related to the acquisition, establishment or development of qualifying assets shall be assigned to the cost price of such assets.

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

This year's taxes, which comprise the current tax for the year and alterations in deferred tax, are included in the annual profit, in other comprehensive income or directly under equity capital.

Payable tax and deferred tax
The current tax liabilities and the current outstanding tax are included in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on previous years' taxable income plus taxes on account already paid.

Deferred tax is measured according to the balance-oriented liability method of all temporary differences arising between accounting values and tax values of assets and liabilities. However, deferred tax is not included for temporary differences regarding non-tax depreciable goodwill and office buildings, nor for other items for which temporary differences – except for business acquisitions – arose at the point of acquisition without having an effect on the result or the taxable income.

In cases where the assessment of the taxable value can be made according to alternative tax rules, deferred tax is measured on the basis of the management's planned employment of the asset or settlement of the liability, respectively.

Deferred tax assets, including the taxable value of tax losses which can be carried forward, are included under other long-term assets at the value at which they are expected to be used, either by tax equalisation of future earnings or by set-off against deferred tax liabilities within the same legal tax unit and jurisdiction.

Deferred tax assets are valued annually and only included where it is likely that they will be used.

Note 1 Accounting policies applied (continued)

Deferred tax assets and tax liabilities are set off, if the group has the legal right to set off current tax liabilities and assets or intent to either pay off or redeem current tax liabilities and assets on a net basis or realise the assets and liabilities at the same time.

Deferred tax will be adjusted in respect of eliminations made of unrealised internal gains and losses within the group.

Deferred tax is measured on the basis of the tax rules and rates in each country that are in force under the legislation on the balance sheet day, when the deferred tax is expected to be redeemed as current tax. Changes in deferred tax as a result of changes of tax rates will be included in the annual comprehensive income.

Balance sheet
Intangible assets
Goodwill

When goodwill is first included in the balance sheet it is entered at cost price, as described under "Company mergers". Goodwill is subsequently measured at cost price, less accumulated depreciation. Goodwill is not amortized.

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

Acquired knowhow

Acquired knowhow is measured at cost price, less accumulated depreciation and write-downs or recoverable value, whichever is shorter. The cost price includes all direct and indirect costs related to the acquisition.

Acquired knowhow are linearly depreciated over the life time. The depreciation period is 5 years.

Gains and losses from the sale of knowhow are valued as the difference between the sales price, less sales costs, and the accounting value at the time of sale. Gains and losses are included in the income statement under other operating income/expenditure, respectively.

Development projects, licences and rights

Development costs comprise salaries, depreciation and other costs which can be attributed to the company's development activities.

Clearly defined and identifiable development projects which can demonstrate technical utilisation, adequate resources, and a potential market or application within the company, where the intention is to produce, market or utilise the project, are included as intangible assets, assuming the cost price can be reliably calculated and there is sufficient certainty that the future earnings or net sales price can cover the production, sale and administration expenses and development costs. Other development expenses are included in the income statement as the expenses are incurred.

Included development costs are measured at cost price, less accumulated depreciation and write-downs. The cost price comprises salaries, depreciation and other costs which can be attributed to the company's development activities and loan costs from specific and general borrowing that directly concern the development of development projects.

Once the development work is completed, development projects are linearly depreciated over the estimated economic life time. The depreciation period may not exceed five years. The depreciation base is reduced in line with any write-downs. Depreciation is included in production costs.

Licences and rights are measured at cost price, less accumulated depreciation and write-downs. Licences and rights are depreciated linearly over the remaining agreement period or life time, whichever is shorter. The depreciation base is reduced in line with any write-downs.

Other intangible assets, including intangible assets acquired in connection with company mergers, are amortised at cost price less accumulated depreciation and write-downs. Other intangible assets are depreciated linearly over their expected life time.

Tangible assets

Land and buildings, as well as technical equipment, machinery and fixtures, have been entered at cost price less accumulated write-downs and depreciation.

When measuring land and buildings classified as investment properties, the cost formula is applied.

The cost price comprises the purchase price and costs directly connected with the acquisition until the moment when the asset is ready to use. For own produced assets the cost price comprises direct and indirect costs of materials, components, sub-suppliers and salaries as well as loan costs from specific and general borrowing directly attributable to the construction of the individual asset. To the cost price is added present value of estimated obligations for the dismantling and removal of the asset and the restoration of the area in which the asset was used.

Note 1 Accounting policies applied (continued)

For financially leased assets, the cost price is included as either the fair value, or the present value of the future minimum leasing payments, whichever is lower. When calculating the present value, the leasing agreement's internal interest rate or the Group's alternative loan interest rate will be used as the discounting factor.

Subsequent expenses, such as replacing components of a tangible asset, are included in the book value of the asset where it is likely that paying such expenses will lead to future economic advantages for the group. The book value of the replaced components ceases upon inclusion in the balance sheet and is transferred to the income statement. All other expenses for normal repair and maintenance are included in the income statement on the date they are incurred.

Tangible assets are depreciated linearly over their expected life time, which is:

Buildings, owner-occupied properties	30-50 years
Buildings, investment properties	30-50 years
Production facilities	10-15 years
Other technical facilities, machinery and fixtures	3-7 years

Land is not depreciated.

The depreciation base is calculated taking into account the scrap value of the asset, and is reduced in line with any write-downs. The scrap value is set at the time of acquisition and is reassessed each year. If the scrap value of the asset exceeds the book value, depreciation ceases.

If the depreciation period or scrap value is changed, the future effect on depreciation is included as a change in the estimated book value.

Depreciation is included in the income statement under production costs and administration costs, respectively.

Interests in associates and joint ventures in the consolidated accounts

Interests in associates and joint ventures are measured according to the equity method, whereby the interests in the balance sheet are measured at the proportional share of the companies' net asset values calculated in accordance with the Group's accounting policies, adjusted for the proportional share of unrealised intra-group profits and losses, plus added value from the acquisitions, including goodwill.

Interests in associates and joint ventures are tested for the need for impairment when there is indication of a reduction in value.

Associates and joint ventures with a negative net asset value are measured at DKK 0. If the Group has a legal or actual liability to cover the shortfall in the associate or joint venture, this is included under liabilities.

Any accounts receivable in associates and joint ventures are written down to the extent these are considered irrecoverable.

When purchasing capital interests in associates and joint ventures the takeover method is applied, cf. the description of company mergers.

Investments in subsidiaries and associates in the parent company's annual accounts

Interests in subsidiaries are measured at cost price in the annual accounts of the parent company. The cost price includes the purchase price calculated at fair value with the addition of direct purchase costs.

Depreciation of long-term assets

Goodwill and intangible assets with indefinable life times are tested annually for reduction in value, initially before the end of the year of takeover. Development projects in progress are similarly tested annually for reduction in value.

The book value of goodwill is tested for reduction in value together with the other long-term assets in the cash-flow generating entity to which the goodwill is allocated and is written down in income statement to the recoverable value if the book value is higher. The recoverable value is generally calculated as the present value of the expected future net cash flows from the company or activity (cash flow generating entity) to which the goodwill is linked.

Deferred tax assets are valued annually and only included where it is likely that they will be used.

The book value of other long-term assets is valued annually in order to determine whether there is indication of reduction in value. If any such indications are evident, the asset's recoverable value is calculated. The recoverable value is the asset's fair value, less expected costs of disposal, or its capital value, whichever is higher. The capital value is calculated as the present value of the expected future net cash flows from the asset or the cash flow generating entity which the asset is part of.

Note 1 Accounting policies applied (continued)

A value reduction loss is recognised when the book value of an asset or a cash flow generating entity exceeds its recoverable value. Value reduction losses are included in the income statement under production, distribution or administration costs, respectively. Goodwill write-downs, however, are included on a separate line in the income statement.

Goodwill write-downs are not reversed. Write-downs on other assets are reversed if there are changes to the conditions and estimates that led to the write-down. Write-downs are only reversed where the asset's new book value does not exceed the book value the asset would have had after depreciation, had it not been written down.

Inventories

Inventories are recognised at the cost price, according to the FIFO principle. Where the net realisation value is lower than the cost price, the valuation is written down to the lower value. The cost price for commodities, raw materials and consumables comprises the purchase price plus any delivery costs.

The net realisation value for inventories is calculated as the sales price, less the costs of completion and costs associated with sale, taking into account marketability, obsoleteness and trends in the expected sales price.

Accounts receivable

Accounts receivable are measured at the amortized cost price. Write-down has been carried out to meet the loss where reductions in value seem to have occurred. Write-down is carried out on an individual basis.

Write-downs are calculated as the difference between the book value and the present value of expected cash flows, including the realisable value of any collateral received. The effective interest rate for the particular receivable is used as discount rate.

The recognition of interests on written-down receivables is calculated for the written-down value with the effective interest rate for the particular receivable.

Construction contracts

Construction contract work is measured at the sales value of the work carried out, less any invoiced instalments and expected loss. The construction contracts are characterized by the fact that the goods produced comprise a high degree of individualization with respect to the design. Furthermore, it is required that a binding agreement entailing penalty or compensation in the case of later termination is entered into before the work is started.

The sales value is based on the stage of completion at the balance sheet date and the combined anticipated earnings for each item of work in progress. The degree of completion is determined in relation to the project phases.

If it is probable that the total contract cost will exceed the total contract turnover, the expected loss on the contract is recognised immediately as a cost. If the sales value of a contract cannot be reliably measured, the sales value is measured at the related costs at which they are probably recoverable.

Contracts where the sales value of the work carried out exceeds invoiced instalments and any expected loss are included under accounts receivable. Contracts for which instalments and any expected loss exceed the sales value are included under liabilities.

Advance payments from customers are included under liabilities.

Costs relating to sales work and the winning of orders are included in the income statement as they are incurred.

Accruals

Accruals, included under assets, comprise paid expenses relating to the following financial year, measured at cost price.

Securities

Listed bonds which are monitored, measured and reported at fair value according to the Group's investment policy are included under short-term assets at fair value on the date of trade and are subsequently measured at fair value. Changes in the current value are included in the income statement under financial items on an on-going basis. Received bond interests appear as a separate entry in the notes.

Other shares, classified as "available for sale", are included under long-term assets at fair value plus costs on the date of purchase and are measured at fair value equivalent to the listed share price for listed securities and at an estimated fair value calculated on the basis of current market data and recognised valuation methods for unlisted securities. Unrealised value adjustments are included directly under other total comprehensive income, except for write-downs resulting from value reduction and exchange rate adjustments on foreign currency bonds, which are included in the income statement under financial items. Upon realisation, the accumulated value adjustment included in other total comprehensive income is transferred to financial items in the income statement.

Note 1 Accounting policies applied (continued)

Equity

Dividends

Suggested dividends are included as liabilities at the time of approval at the Annual General Meeting (the time of declaration). Dividends to be distributed for the year appear as a separate entry under equity capital.

Exchange-rate adjustment reserve

The reserve for exchange-rate adjustments comprise exchange-rate differences that have arisen when converting accounts for entities with a functional currency other than DKK, exchange-rate adjustments concerning assets and liabilities that form part of the Group's net investment in such entities as well as exchange-rate adjustments concerning hedging transactions that will hedge the Group's net investment in such entities.

Reserve for hedging transactions

Reserves for hedging transactions include the accumulated net change in the fair value of hedging transactions that fulfil the criteria for the hedging of future cash flows and where the hedging transaction has not yet been realised.

Pension liabilities and similar long-term liabilities

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

Liabilities relating to contribution-based pension schemes are included in the income statement in the period they are accrued, and payments due are included in the balance sheet under other debt.

For defined-benefit schemes, an annual actuarial calculation (the Projected Unit Credit method) is undertaken of the capital value of future benefits that are to be paid according to the scheme. The capital value is calculated on the basis of prospects of future development for such factors as wage level, interest rates, inflation and mortality. The capital value is calculated solely for the benefits for which employees have earned the right through their employment in the Group so far. The actuarially calculated capital value, with deductions for the fair value of any assets relating to the scheme, is included in the balance sheet under pension commitments.

The pension expenses for the year are included in the income statement based on the actuarial estimates and financial expectations at the beginning of the year. Differences between the calculated changes in pension assets and liabilities and the realised values are called actuarial losses or gains and are included in other total comprehensive income.

In the event of a change in the benefits relating to employees' employment in the company so far, a change in the actuarially calculated capital value arises, which is viewed as a historic expense. Historical costs are entered as costs immediately if the employees have already been given entitlement to the changed benefit. Otherwise, they are included in the income statement over the period during which the employees attain the entitlement to the changed benefit.

If a pension scheme is a net asset, the asset is only recognised if there is corresponding unrecognised actuarial loss, future repayments from the scheme, or if it will lead to reduced future payments into the scheme.

Provisions for liabilities and charges

Provisions for liabilities primarily cover liabilities in relation to contracts.

Provisions for liabilities are included when the Group, as a result of an event which occurred prior to or on the balance sheet date, has a legal or actual liability and it is likely that economic advantage will have to be surrendered to redeem the liability.

Provisions for liabilities are measured at the management's best estimate of the amount expected to be able to redeem the liability.

When measuring provisions for liabilities, the expenses necessary to settle the liabilities are discounted, if this has a significant effect on the measurement. A pre-tax discounting factor is used which reflects the general level of interest rates in society, with a premium for the specific risk that is estimated to be associated with the liability. Changes in present values for the financial year are included under financial expenses.

Guarantee liabilities are included in step with the completion of contracts.

A provision for loss-making contracts is included when the expected advantages for the Group from a contract are less than the unavoidable expenses under the contract (loss-making contracts).

Financial liabilities

Debt to credit institutions and the like is included at the time loans are taken out, in the amount of the proceeds of the loan less transaction expenses incurred. In subsequent periods, financial liabilities are measured at their amortized cost price using the "effective interest rate method", such

Note 1 Accounting policies applied (continued)

that the difference between the proceeds and the nominal value is included in the income statement under financial expenses over the period of the loan.

The capitalised residual leasing liability on financial leasing contracts, measured at amortized cost price, is also included under financial liabilities.

Non-financial liabilities

Non-financial liabilities are measured at their net realisation value.

Leasing

In accounting terms, leasing liabilities are divided into financial and operational leasing liabilities.

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

The sections on Tangible assets and Financial liabilities describe how financially leased assets and the associated liability are treated in terms of accounting.

Leasing payments concerning operational leasing agreements are included linearly in the income statement over the leasing period.

Assets earmarked for sale

Assets earmarked for sale comprise long-term assets and saleable asset groups that have been earmarked for sale. Saleable asset groups are groups of assets that are to be sold or disposed of together in a single transaction, along with any liabilities directly linked to these assets which will be transferred as part of the transaction. Assets are classified as “earmarked for sale” when their book value will primarily be recovered through sale within 12 months in accordance with a formal plan, rather than through continued use.

Assets or saleable asset groups earmarked for sale are valued at their book value, or fair value less expected sale expenses, whichever is lower. Depreciation and amortization of assets ceases from the time they qualify as “earmarked for sale”.

Losses associated with value reduction arising when assets are first classified as “earmarked for sale”, and gains or losses associated with subsequent valuation at either the book value or fair value less sales expenses, are included in the income statement under the appropriate accounts. Losses and gains are reported in the notes.

Assets and associated liabilities are presented on separate lines in the balance sheet, and the primary entries are specified in the notes.

Presentation of discontinued activities

Discontinued activities are entities whose activities and cash flow can be clearly distinguished at the operational and accounting level from the rest of the company, and where such entities have been disposed of or have been separated, earmarked for sale, and the sale is expected to be effected within one year under a formal plan. Discontinued activities also include companies acquired for the purpose of resale.

The result and value adjustments after tax for discontinued activities are presented on a separate line in the income statement with comparison figures. Revenue, expenses and taxation for each discontinued activity are reported in the notes. Assets and associated liabilities are also presented on separate lines in the balance sheet (cf. “Assets earmarked for sale”), and the primary entries are specified in the notes.

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

Fair value measurement

The Group use the fair value concept in relation with certain reporting requirements and for the inclusion of financial instruments. The fair value is defined as the price which can be achieved when selling an asset or which must be paid in order to transfer a liability in a standard transaction between market participants (“exit price”).

Fair value is a market based, not a company specific valuation. The company uses those conditions which market participants would use when pricing the asset or the liability based on the existing market conditions, including preconditions related to risks. The company’s intent so far as owning the asset or settling the liability is not taken into consideration when assessing the fair value.

Valuation at fair value is based on the primary market. If a primary market does not exist, it will be based on the most profitable market, which is the market where the price on the asset or the liability with deduction of transaction and transportation costs is maximised.

Note 1 Accounting policies applied (continued)

Fair value measurement is to the widest extent possible based on market values on active markets (level 1) or alternatively on values concluded from observable market information (level 2).

Where such observable information is not present or cannot be used without significant modifications, generally approved valuation methods and reasonable appraisals are used for the basis of fair values (level 3).

Cash flow statement

The cash flow statement presents the cash flows, divided into operations, investment and financing activities for the year, changes in the year's liquid assets, and liquid assets held at the beginning and end of the year.

The impact on liquid assets from the acquisition and sale of companies is shown separately under cash flows from investment activities. In the cash flow statement, cash flows from acquired companies are included from the acquisition date, and cash flows from divested companies are included up until the time of sale.

Cash flows from operating activities are calculated according to the indirect method as the result after taxes adjusted for non-cash operating items, changes in working capital, interest paid and received, dividends received and corporation tax paid.

Cash flows from investment activities comprise payments in connection with the acquisition and sale of companies and activities, the purchase and sale of intangible, tangible and other long-term assets as well as securities which are not submitted as liquid assets.

Cash flows from financing activities comprise changes in the size or composition of share capital and associated expenses as well as contracting of loans, repayment of interest-bearing debt, the purchase and sale of own shares, and payment of dividends to shareholders.

Cash flows in relation to financially leased assets are included under financing activities as payment of interest and repayment of debt.

Cash and cash equivalents comprise liquid holdings and securities which have a remaining term of less than three months on the time of purchase, which can be easily converted into liquid holdings, and for which the risk of a change in value is insignificant.

Cash flows in currencies other than the functional currency are converted using average exchange rates, unless these are significantly different to the rates on the day of the transaction.

Segment information

The segment information has been presented in accordance with the Group's accounting policies and is in accordance with the internal management reporting.

Segment income and expenses and segment assets and liabilities comprise the items that can be directly attributed to each segment, together with the items that can be allocated to each segment on a reliable basis. Non-distributed items primarily comprise assets and liabilities and income and expenses relating to the Group's administrative functions, investment activities, income taxes, etc.

Long-term assets in each segment comprise the long-term assets used directly in segment operations, including intangible and tangible assets and interests in associates. Short-term assets in each segment comprise the short-term assets used directly in segment operations, including inventories, accounts receivable from sales, other accounts receivable, prepaid costs and liquid holdings.

Segment liabilities comprise liabilities resulting from the operating activity of the segment, including trade payables and other payables.

Note 2 Significant accounting assessments, estimates and assumptions

Estimation uncertainties
Calculation of the book value of certain assets and liabilities requires assessments, estimates and assumptions about future events.

The most significant estimates cover stages of completion on contract works that are calculated on the basis of project phases and the lifetimes of technical equipment, material and inventory.

The stages of completion on contract works are defined as the ratio between the realised progress measured through the value of units produced and the anticipated final value of the contract works.

The assumptions and estimates made are based on historic experiences and other factors which the management believe to be reasonable under the circumstances, but which are uncertain and unpredictable by nature. These assumptions may be imperfect or imprecise, and unexpected events or circumstances may arise. The company is also exposed to risks and uncertainties that may lead to actual outcomes deviating from these estimates. Risks for the Arkil Holding Group are discussed in the management's review and in note 38.

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

Some of the Group's foreign companies have defined benefit plans, which are not covered by insurance. Significant assumptions are related to the calculation of the pension liability for these companies are the discount rate and life time expectations. Note 28 contains a description of these assumptions as well as information about the sensitivity regarding changes in the assumptions made.

Estimates that are significant to the presentation of the accounts are made by taking account of depreciations and write-downs, sales value of contracts, pensions and similar liabilities, provisions for liabilities and contingent liabilities and assets.

As regards the entering of new leasing agreements, management will evaluate each specific agreement with a view to classification of the agreement as operational or financial leasing.

Impairment test for goodwill
For the annual impairment test for goodwill, an estimate is made of how the parts of the company (cash-flow generating entities) with which the goodwill is associated will be able to generate sufficient positive future net cash-flows to sustain the value of goodwill and other net assets in the relevant part of the company.

The estimate of the future free net cash-flow is based on budgets and business plans for the coming five years and projections for subsequent years. Important parameters are development of revenue, profit ratio, future construction investments and anticipated growth for the years after the next five years. Budgets and business plans for the coming five years are based on concrete future business measures, where risks in the important parameters are valued and calculated into the future anticipated free cash-flows. Projections after the coming five years are based on general expectations and risks.

The discount rates used for calculation of the recovery value are pre-tax and reflect the risk-free interest plus specific risks in the individual segments. The cash-flows used take into account the effect of the future risks associated with this, and such risks are therefore not included in the discount rates applied.

As a result of the nature of the business, an estimate must be made of anticipated cash-flows many years ahead, which naturally gives some uncertainty. The uncertainty is reflected in the discount rate selected.

The impairment test and the particularly sensitive circumstances in connection with this, as described in note 15 in the consolidated accounts.

Recovery of deferred tax assets
Deferred tax assets are included for all non-utilised tax losses to the extent that it is considered probable that taxable profit will be realised within the next few years in which period the losses can be offset.

As at 31 December 2014, deferred tax assets of DKK 25.8 million can generally be assigned to pension liabilities.

NOTES

Note 3 Segment information

2014 (Amounts in DKK '000)	**Danish activities**	**Foreign activities**	**Segments subject to reporting in total**
Revenue	2,036,714	871,554	**2,908,268**
Internal revenue	(31,759)	(5,115)	**(36,874)**
Revenue	**2,004,955**	**866,439**	**2,871,394**
Primary operating profit	45,640	28,807	**74,447**
Share of profit after tax in associated companies	1,463	6,529	**7,992**
Segment assets	1,057,680	542,914	**1,600,594**
Of which, interests in associates	6,825	8,475	**15,300**
Capital expenditure including acquisition of companies	72,184	24,730	**96,914**
Depreciation	61,698	26,538	**88,236**
Write-downs	1,144	0	**1,144**
Cash flows from operating activities	131,476	30,487	**161,963**
Cash flows from investing activities	(50,555)	(20,429)	**(70,984)**
Cash flows from financing activities	(46,264)	(11,727)	**(57,991)**
Segment liabilities	486,413	373,683	**860,096**

Trade between segments takes place under normal market conditions.

Note 3 Segment information (continued)

2013 (Amounts in DKK '000)	Danish activities	Foreign activities	Segments subject to reporting in total
Revenue	1,975,206	797,020	**2,772,226**
Internal revenue	(18,833)	(15,090)	**(33,923)**
Revenue	**1,956,373**	**781,930**	**2,738,303**
Primary operating profit	41,924	16,311	**58,235**
Share of profit after tax in associated companies	1,789	4,305	**6,094**
Segment assets	986,352	534,726	**1,521,078**
Of which, interests in associates	5,511	8,541	**14,052**
Capital expenditure including acquisition of companies	77,625	20,973	**98,598**
Depreciation	62,103	28,075	**90,178**
Write-downs	0	0	**0**
Cash flows from operating activities	71,828	66,199	**138,027**
Cash flows from investing activities	(46,251)	(20,082)	**(66,333)**
Cash flows from financing activities	(51,473)	(22,247)	**(73,720)**
Segment liabilities	523,668	293,719	**817,387**

Trade between segments takes place under normal market conditions.

Note 3 Segment information (continued)

(Amounts in DKK '000)	The Group 2014	2013
Reconciliation of revenue, result, assets and liabilities of segments subject to reporting		
Revenue		
Segment revenue of segments subject to reporting	2,908,268	2,772,226
Elimination of intercompany revenue	(36,874)	(33,923)
Segment revenue of segments not subject to reporting	0	0
Total revenue cf. the income statement	**2,871,394**	**2,738,303**
Primary operating profit		
Segment result of segments subject to reporting	74,447	58,235
Segment result of segments not subject to reporting	0	0
Profit/loss before tax cf. the income statement	**74,447**	**58,235**
Assets		
Segment assets of segments subject to reporting	1,600,594	1,521,078
Segment assets of segments not subject to reporting	0	0
Assets cf. balance sheet	**1,600,594**	**1,521,078**
Liabilities		
Segment liabilities of segments subject to reporting	860,096	817,387
Segment liabilities of segments not subject to reporting	0	0
Liabilities cf. balance sheet	**860,096**	**817,387**

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 4 Revenue		
		Sale of goods	154,327	148,361
		Sales value of production and contract works for the year	2,717,067	2,589,942
			2,871,394	**2,738,303**
		Note 5 Costs		
		Production costs		
		Cost of sales	190,184	205,030
		Write-down of inventories for the year	0	197
		Write-downs on inventories carried back	0	0
		Personnel expenses		
3,674	19,453	Wages and salaries	661,106	638,926
340	2,687	Contribution-based pension schemes	62,933	57,772
		Defined-benefit pension schemes	5,843	5,909
14	270	Other personnel expenses	53,918	49,457
4,028	**22,410**		**783,800**	**752,064**
1,376	1,740	Remuneration to board	1,740	1,376
2,312	5,000	Senior executives salaries	6,343	4,610
340	725	Senior executives pensions	725	534
		Salaries for other leading employees	1,471	2,409
		Pensions for other leading employees	218	261
0	14,945	Other employees	773,303	742,874
4,028	**22,410**		**783,800**	**752,064**
		Senior executives receive a fixed remuneration as well as bonus in foreign subsidiaries.		
		Remuneration to the Board		
528	540	Chairman of the Board (3 x ordinary member's remuneration)	540	528
264	270	Deputy Chairman of the Board (1.5 x ordinary member's remuneration)	270	264
584	780	Ordinary members (DKK 180,000 per member)	780	584
0	150	Audit committee	150	0
1,376	**1,740**		**1,740**	**1,376**
		Remuneration to the Board is a fixed monetary payment, which should be approved at the company's ordinary general meeting.		
		Staff costs are included in the annual accounts as:		
		Production costs	612,605	593,682
4,028	22,410	Administration costs	171,195	158,382
4,028	**22,410**		**783,800**	**752,064**
2	29	Average number of employees	1,789	1,741

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 5 Costs (continued)		
		Depreciations and write-downs		
		Depreciation, intangible assets	613	370
0	0	Write-downs, tangible assets	1,144	0
1,104	1,132	Depreciation, tangible assets	87,623	89,808
1,104	**1,132**		**89,380**	**90,178**
		Depreciations and write-downs are included as follows:		
		Production costs	84,628	85,847
67	0	Administration costs	4,752	4,331
1,037	1,132	Other operating income/expenditure	0	0
1,104	**1,132**		**89,380**	**90,178**
		Note 6 Remuneration for auditors elected by the Annual General Meeting		
		Total remuneration for auditors elected by the annual general meeting can be specified in the following way:		
211	181	Compulsory audit	1,779	1,912
		Other tasks to do with declaration of security	10	150
0	0	Tax and VAT advice	476	525
252	231	Other services	475	416
463	**412**		**2,740**	**3,003**
0	0	Of which to other auditors	1,395	0

Note 7 Other operating income

Other operating income comprises entries of a secondary nature in relation to the Company's main objective, including the result of the letting of properties.

NOTES

Parent company			The Group	
2013	2014	(Amounts in DKK '000)	2014	2013
		Note 8 Interests in subsidiaries		
268,257	268,257	Cost price, 1 January		
0	83,313	Additions during the year		
268,257	**351,570**	**Cost price, 31 December**		
		Write-downs, 1 January		
		Write-downs		
		Write-downs, 31 December		
268,257	**351,570**	**Book value as at 31 December**		

Holding (%)		
2013	**2014**	
100%	100%	Arkil A/S, Haderslev, Denmark
100%	100%	Arkil Fundering A/S, Middelfart, Denmark
100%	100%	Arkil Holding GmbH, Germany
0%	100%	Inpipe Sweden AB, Sweden
0%	100%	Arkil Inpipe GmbH., Germany
0%	100%	Arkil Ltd., Ireland

Information on ownership interest, name and registered office for the Group's subsidiaries can be seen in the Group structure overview on page 101.

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 9 Interests in associates		
		Cost price, 1 January	11,793	11,793
		Exchange-rate adjustment	(19)	0
		Additions during the year	0	0
		Disposals for the year	0	0
		Cost price, 31 December	**11,774**	**11,793**
		Adjustments, 1 January	2,259	(507)
		Exchange-rate adjustment	(10)	0
		Distribution	(6,715)	(3,328)
		Share of the profit/loss for the year	7,992	6,094
		Adjustments, 31 December	**3,526**	**2,259**
		Book value as at 31 December	**15,300**	**14,052**

	Holding (%) 2014	Holding (%) 2013
The associated companies are:		
Traffics A/S	50.00	50.00
SAM Stralsund Asphaltmischwerke GmbH & Co. KG, Langendorf/Stralsund, Germany	47.18	47.18
SAM Stralsund Asphaltmischwerke Verwaltungs GmbH, Langendorf / Stralsund, Germany	47.18	47.18
Hanse Asphalt GmbH, Rostock, Germany	46.25	46.25
GAM Greifswalder Asphaltmischwerke GmbH & Co. KG, Rostock, Germany	45.33	45.33
GAM Greifswalder Asphaltmischwerke Verwaltungs GmbH, Rostock, Germany	45.33	45.33
AMK Asphaltmischwerke Kiel GmbH & Co. KG, Kiel, Germany	36.30	36.30
AMK Asphaltmischwerke Kiel Verwaltungs GmbH, Schleswig, Germany	36.34	36.34

Subsidiaries with a holding of 50%

Effective as at 28 February 2014, PV Greve A/S was founded by the Group with a holding of 50% and the Municipality of Greve as co-shareholder with a similar holding. The Group has the right to designate the chairman of the board for the company, who will be having the decisive vote in case of equality of votes for board decisions. On this background, it has been deemed that the Group has a decisive influence on the company's activities and consequently the company has been included in the consolidated accounts as a subsidiary.

Subsidiaries with minority interests

A materiality assessment has been carried out in order to identify any subsidiaries with minority interests significant to the group.

The assessment was made on the basis of minority holdings and the size of the subsidiaries in question. It was assessed that no subsidiary had minority interests significant to the group.

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 9 Interests in associates (continued)		
		The Group has no single associated companies of significant materiality.		
		Statement of comprehensive income:		
		Revenue	185,974	159,143
		Annual profit	16,659	12,707
		Other comprehensive income	0	0
		Comprehensive income	**16,659**	**12,707**
		Share of profit/loss	7,992	6,094
		Dividends received	6,715	3,328
		Balance Sheet		
		Long-term assets	22,018	20,476
		Short-term assets	46,362	40,991
		Long-term liabilities	(2,727)	(13,456)
		Current liabilities	(35,355)	(20,220)
		Equity	**30,298**	**27,791**
		Arkil Holding Group share in associated companies	15,300	14,052

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 10 Interests in joint ventures		
		Arkil Holding Group is participating in the following joint ventures.		
		Arkil-Stürup-CGJensen I/S (66.66%), Haderslev		
		Asfaltkonsortiet Pankas-Arkil I/S (50%), Haderslev		
		Asfaltkonsortiet Munck-Arkil I/S (50%), Haderslev		
		Arkil-CJ Anlæg I/S (50%), Haderslev		
		Konsortiet Arkil-Bilfinger I/S (86.8%), Randers		
		Arkil JV I/S (50%), Haderslev		
		Arkil-Meyer & John I/S, (99%), Randers		
		Arkil-Volker I/S (99%), Esbjerg		
		The contractual relations mean that the parties to the arrangements have the right to the net assets only, which means that these should be treated as joint ventures.		
		For all joint ventures mentioned above should be noted that decisions on relevant activities require unanimity among the participating parties.		
		As at 31 December 2014, only Konsortiet Arkil-Bilfinger I/S had activities in progress, whereas the other joint ventures include guarantee obligations related to contract work carried out earlier. Since Konsortiet Arkil-Bilfinger I/S only include through-invoicing of services from the participating partners to the developer, no joint ventures are considered to be of significant materiality on an individual basis in relation to the Group.		
		Cost price, 1 January	14,200	14,200
		Exchange-rate adjustment	0	0
		Additions during the year	4,562	0
		Disposals for the year	0	0
		Cost price, 31 December	**18,762**	**14,200**
		Adjustments, 1 January	(15,571)	(13,620)
		Exchange-rate adjustment	0	0
		Distribution	(1,000)	(3,000)
		Share of the profit/loss for the year	(1,780)	1,049
		Adjustments, 31 December	**(18,351)**	**(15,571)**
		Book value as at 31 December	**411**	**(1,371)**

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 10 Interests in joint ventures (continued)		
		Financial information collectively for all joint ventures which are not of significant materiality on an individual basis and which are included according to the equity method:		
		Annual result of contract works in progress	(8)	1,049
		Annual result of contract works completed	(1,772)	0
		Other comprehensive income	0	0
		Total comprehensive income	**(1,780)**	**1,049**
		Book value of interests in individually non-significant joint ventures	411	(1,371)
		Can be divided as follows:		
		Joint ventures with positive equity	411	51
		Joint ventures with negative equity	0	(1,422)
		Total equity	**411**	**(1,371)**
		Joint ventures, Group share		
		Group external revenue	29,809	46,580
		Group external costs	(31,591)	(45,530)
		Net financial items	2	(1)
		Result	**(1,780)**	**1,049**
		Long-term assets	0	0
		Short-term assets, intra-group	0	0
		Short-term assets, extra-group	76,006	69,605
		Total assets	**76,006**	**69,605**
		Equity	**411**	**(1,371)**
		Long-term liabilities	0	0
		Short-term liabilities, intra-group	44,647	44,240
		Short-term liabilities, extra-group	30,948	26,736
		Total obligations	**75,595**	**70,976**
		Total liabilities	**76,006**	**69,605**

NOTES

Parent company			The Group	
2013	2014	(Amounts in DKK '000)	2014	2013
		Note 11 Financial income		
4,430	1,295	Interest income, subsidiaries		
		Interest and dividend on securities (fair value)	983	666
		Interest and dividend on securities (available for sale)	0	317
250	0	Exchange-rate adjustment and capital gains on securities (fair value)	635	1,242
17,812	10,864	Dividends from subsidiaries		
58	90	Interest, credit institutions, etc.	1,428	923
22,550	**12,249**	**Total financial income**	**3,046**	**3,148**
		Note 12 Financial costs		
8	4	Interests on financial liabilities measured at the amortised cost price	4,912	6,332
0	2	Exchange losses on securities (fair value)	239	892
		Interest element, discounted liabilities	57	54
		Foreign-exchange loss	70	125
8	**6**	**Total financial costs**	**5,278**	**7,403**
		Note 13 Tax		
		Tax for the year can be divided as follows:		
474	501	Tax on profit/loss for the year	17,070	10,816
		Tax on other comprehensive income	(8,844)	2,163
474	**501**		**8,226**	**12,979**
		Tax on profit/loss for the year is calculated as follows:		
393	399	Current tax	13,827	6,599
431	120	Deferred tax	5,511	3,509
(342)	(23)	Effect on the lowering of corporate tax rate	(1,873)	(833)
0	(41)	Deferred tax concerning previous years	2,832	(738)
(8)	46	Current tax concerning previous years	(3,227)	2,279
474	**501**		**17,070**	**10,816**

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 13 Tax (continued)		
		Tax on profit/loss for the year can accounted for as follows:		
5,267	2,955	24.5% tax calculated on pre-tax profit/loss	17,693	13,495
(342)	(23)	Reduction in Danish corporate tax rate from 24.5% to 22% until 2016	(1,872)	(833)
		Adjustment of tax calculated in foreign affiliated companies in terms of 24.5%	2,218	1,707
		Loss to be carried over with a tax value of 0	1,115	88
		Tax effect of:		
(4,443)	(2,662)	Tax-free dividends		
0	226	Other adjustments	(166)	(353)
		Share of profit after taxes in associates and joint ventures	(1,522)	(1,747)
(8)	5	Adjustment of tax regarding previous years	(396)	(1,541)
474	**501**		**17,070**	**10,816**
2.2%	4.2%	Effective tax rate	23.6%	20.0%

Tax on other comprehensive income	2014			2013		
	Pre-tax	Tax revenue/ cost	Post-tax	Pre-tax	Tax revenue/ cost	Post-tax
Items which cannot be reclassified for the income statement:						
Actuarial gains/losses on defined-benefit pension schemes	(27,405)	8,222	(19,183)	7,326	(2,198)	5,128
	(27,405)	**8,222**	**(19,183)**	**7,326**	**(2,198)**	**5,128**
Items which may be reclassified for the income statement:						
Exchange-rate adjustments for conversion of foreign entities	(1,076)	0	(1,076)	(382)	0	(382)
Revaluation of hedging instruments:						
Value adjustment for the year	(2,491)	610	(1,881)	528	(132)	396
Value adjustment reclassified to cost of sales	0	0	0	(667)	167	(500)
	(3,567)	**610**	**(2,957)**	**(521)**	**35**	**(486)**
	(30,972)	**8,832**	**(22,140)**	**6,805**	**(2,163)**	**4,642**

NOTES

Parent company			The Group	
2013	2014	(Amounts in DKK '000)	2014	2013
		Note 14 Earnings per share		
		Annual profit	55,145	43,164
		Minority interests' share of consolidated profit/loss	(3,756)	(2,581)
		Shareholders of Arkil Holding A/S	**51,389**	**40,583**
		Average number of shares at DKK 100	49,132	49,132
		Average number of own shares	(1,730)	(1,730)
		Average number of shares in circulation	**47,402**	**47,402**
		Average dilution effect of outstanding share options	0	0
		Diluted average number of shares in circulation	**47,402**	**47,402**
		Earnings per DKK 100 share (EPS)	108	86
		Diluted earnings per share at DKK 100 (EPS-D)	108	86

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 15 Goodwill		
		Cost price, 1 January	130,111	129,945
		Exchange-rate adjustment	(125)	166
		Cost price, 31 December	**129,986**	**130,111**
		Write-downs, 1 January	0	0
		Write-downs	0	0
		Disposals	0	0
		Write-downs, 31 December	**0**	**0**
		Book value as at 31 December	**129,986**	**130,111**

Goodwill

Goodwill is distributed on the following cash-generating entities:

	2014	2013
Danish Activities Segment:		
Arkil A/S	61,263	61,263
Arkil Fundering A/S	12,963	12,963
Danish Activities Segment in total	**74,226**	**74,226**
Foreign Activities Segment:		
Arkil Holding GmbH	55,760	55,885
Foreign Activities Segment in total	**55,760**	**55,885**
Book value as at 31 December	**129,986**	**130,111**

Management performed a value test of the book value of goodwill.

The recoverable amount is based on the capital value, which is determined using the expected net cash flows on the basis of the budgets for 2015-19 approved by the management, and a discounting factor before tax of 12%, which is unchanged as compared with last year.

The budgets have been prepared on the basis of the management's evaluation and expectations in respect of the market development and earning prospects for each entity. The most significant assumption to form the basis of the prepared budgets are the anticipation of public investment in large infrastructure projects. This is expected to be at the same level as for 2014, both short-term and in the longer run.

The weighted average growth rate used for extrapolation is estimated to be the following after 2019:

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

The growth rates are not expected to exceed the long-term average growth rate within the company's markets.
The growth rates are unchanged as compared with last year. The diversity for the 3 cash flow generating entities as regards line of business and geographical location is very small, and the entities are therefore considered to have identical growth rates.

The present value of expected future net cash-flows is sufficient to be equivalent to the book value of goodwill as at 31 December 2014.

Sensitivity analysis

Sensitivity analyses were performed showing that in the event of reasonably probable changes in the primary assumptions forming the basis of the calculation of the recoverable values, these will still exceed the book value.

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 16 Acquired knowhow		
		Cost price, 1 January	0	0
		Exchange-rate adjustment	0	0
		Additions	2,477	0
		Disposals	0	0
		Cost price, 31 December	**2,477**	**0**
		Depreciations and write-downs, 1 January	0	0
		Exchange-rate adjustment	0	0
		Depreciations for the year	(248)	0
		Disposals	0	0
		Depreciations and write-downs, 31 December	**(248)**	**0**
		Book value as at 31 December	**2,229**	**0**
		Note 17 Licences and rights		
		Cost price, 1 January	11,203	11,203
		Exchange-rate adjustment	(30)	0
		Additions	0	0
		Disposals	0	0
		Cost price, 31 December	**11,173**	**11,203**
		Depreciations and write-downs, 1 January	(2,646)	(2,306)
		Exchange-rate adjustment	12	0
		Depreciations for the year	(340)	(340)
		Disposals	0	0
		Depreciations and write-downs, 31 December	**(2,974)**	**(2,646)**
		Book value as at 31 December	**8,199**	**8,557**

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 18 Land and buildings, owner-occupied properties		
3,726	3,726	Cost price, 1 January	188,084	178,066
		Exchange-rate adjustment	(507)	(254)
		Additions	3,390	10,272
		Transferred to assets earmarked for sale	(627)	0
		Disposals	(2,125)	0
3,726	**3,726**	**Cost price, 31 December**	**188,215**	**188,084**
(1,092)	(1,092)	Depreciations and write-downs, 1 January	(50,006)	(46,400)
		Exchange-rate adjustment	278	134
		Depreciations	(4,042)	(3,853)
		Write-downs	(177)	0
		Transferred to assets earmarked for sale	177	113
		Disposals	1,525	0
(1,092)	**(1,092)**	**Depreciations and write-downs, 31 December**	**(52,245)**	**(50,006)**
2,634	**2,634**	**Book value as at 31 December**	**135,970**	**138,078**
0	**0**	**Financially leased asset component**	**0**	**0**
0	**0**	**Capital commitments**	**0**	**0**
		Land transferred to assets earmarked for sale was in 2015 disposed of at the book value as at 31 December 2014. In connection with the classification the asset was written down by DKK 177,000. (Danish Activities Segment).		
		Note 19 Investment properties		
67,788	75,762	Cost price, 1 January	5,492	5,492
7,974	0	Additions	0	0
0	(1,847)	Disposals	(1,847)	0
75,762	**73,915**	**Cost price, 31 December**	**3,645**	**5,492**
(16,078)	(17,002)	Depreciations and write-downs, 1 January	(3,284)	(3,284)
113	0	Transferred to assets earmarked for sale	0	0
(1,037)	(1,132)	Depreciations	0	0
0	0	Write-downs	0	0
0	1,009	Disposals	1,010	0
(17,002)	**(17,125)**	**Depreciations and write-downs, 31 December**	**(2,274)**	**(3,284)**
58,760	**56,790**	**Book value as at 31 December**	**1,371**	**2,208**
68,344	**77,235**	**Fair value of investment properties**	**2,086**	**3,129**
		Fair value of investment properties (level 3 in the fair value hierarchy) is calculated on the basis of a Discounted Cash Flow model with a demand for yield of 5-7% Investment properties for the parent company primary include properties used in the operations of the Group. Fair value calculations are based on concluded lease agreements.		
5,261	5,249	Rental income from investment properties	114	264
(123)	(541)	Operating costs concerning investment properties	(81)	(115)
5,138	**4,708**	**Operation of investment properties**	**33**	**149**

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 20 Technical plant, machinery and fixtures		
1,904	623	Cost price, 1 January	984,671	936,583
		Exchange-rate adjustment	(2,805)	(1,384)
0	1,414	Additions	105,365	101,870
0	0	Transferred to assets earmarked for sale	(3,246)	0
(1,281)	(623)	Disposals	(53,408)	(52,398)
623	**1,414**	**Cost price, 31 December**	**1,030,577**	**984,671**
(1,837)	(623)	Depreciations and write-downs, 1 January	(678,935)	(641,515)
		Exchange-rate adjustment	2,473	1,265
		Write-downs	(967)	0
(67)	0	Depreciations	(83,482)	(85,949)
0	0	Transferred to assets earmarked for sale	1,291	0
1,281	623	Disposals	49,593	47,264
(623)	**0**	**Depreciations and write-downs, 31 December**	**(710,027)**	**(678,935)**
0	**1,414**	**Book value as at 31 December**	**320,550**	**305,736**
0	**0**	**Financially leased asset component**	**100,307**	**77,636**
0	**0**	**Capital commitments**	**0**	**0**

In connection with the reclassification, technical plant, machinery and fixtures transferred to assets earmarked for sale were written down to the expected realisable value. The write-down comprised DKK 967,000. The assets are expected to be disposed of in 2015. (Danish Activities Segment).

(Amounts in DKK '000)	The Group 2014	The Group 2013
Note 21 Plants under construction		
Cost price, 1 January	2,835	1,128
Exchange-rate adjustment	0	0
Additions	5,743	1,942
Retained	(3,174)	(235)
Cost price, 31 December	**5,404**	**2,835**
Book value as at 31 December	**5,404**	**2,835**

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 22 Long-term receivables		
		Cost price, 1 January	12,950	10,993
		Exchange-rate adjustment	0	0
		Additions	0	3,516
		Repayment	(1,880)	(1,559)
		Cost price, 31 December	**11,070**	**12,950**
		Book value as at 31 December	**11,070**	**12,950**
		Note 23 Stock on hand		
		Raw materials and consumables	84,545	57,695
		Work in progress	526	687
		Finished goods	13,585	11,355
			98,656	**69,737**
		Book value of inventories written down to fair value	0	0
		Note 24 Construction contracts		
		Sale value of work contracts	1,531,624	1,756,139
		Invoiced instalments	(1,480,888)	(1,705,042)
			50,736	**51,097**
		To be recognised as follows:		
		Construction contracts (assets)	109,913	92,828
		Construction contracts (liabilities)	(59,177)	(41,731)
			50,736	**51,097**
		Prepayments from customers	0	0
		Withheld payments	0	0

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 25 Receivables		
		Accounts receivable from sales and services	464,706	482,052
109,921	39,037	Accounts receivable with affiliated companies		
		Accounts receivable with joint ventures	40,135	48,612
1,816	282	Other accounts receivable	24,127	25,388
111,737	**39,319**		**528,968**	**556,052**
		Write-downs included in the receivables above have progressed as follows:		
		1 January	9,574	10,830
		Rate adjustments	(8)	10
		Write-downs during the year	2,219	416
		Realised during the year	(264)	(865)
		Carried back	(403)	(817)
		31 December	**11,118**	**9,574**
		Individual write-downs comprised	11,118	7,860

Credit risks in connection with the individual receivables depend primarily on the debtors' registered office. Based on the Group's internal credit rating procedures and external ratings, the credit quality of receivables not written down is estimated to be of a high quality with a low risk of loss, see note 38 for information regarding credit rating procedures, etc.

Receivables from sales not written down are distributed geographically as follows:

			2014	2013
		Scandinavia	408,591	437,036
		Rest of Europe	85,132	85,681
		Rest of the World	0	11
			493,723	**522,728**

The Group's receivables from sales as at 31 December 2014 include a write-down of DKK 11,118,000. (2013: DKK 9,574,000). The write-downs are mainly caused by clients' bankruptcy or anticipated bankruptcy. Furthermore, receivables overdue as at 31 December, but not written down, are included as follows:

			2014	2013
		Due date:		
		Up to 30 days	88,146	159,646
		Between 30 and 90 days	18,225	18,246
		Over 90 days	80,174	54,766
			186,545	**232,658**

NOTES

Parent company			The Group	
2013	2014	(Amounts in DKK '000)	2014	2013
		Note 26 Securities		
		Unlisted securities	0	0
1,007	1,005	Listed securities	29,235	26,633
1,007	**1,005**		**29,235**	**26,633**
		Fair value hierarchy:		
1,007	1,005	Level 1, listed	29,235	26,633
		Level 2, observable	0	0
1,007	**1,005**		**29,235**	**26,633**

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)		The Group 2014	The Group 2013
		Note 27 Equity			
		Share capital			
49,132	49,132	1 January		49,132	49,132
49,132	**49,132**	**31 December**		**49,132**	**49,132**
		Share capital can be divided as follows:			
6,150	6,150	Class A shares		6,150	6,150
42,982	42,982	Class B shares		42,982	42,982
49,132	**49,132**			**49,132**	**49,132**
		Class A share capital is distributed as follows:			
1,367	1,367	1 share valued at	DKK 1,367,400	1,367	1,367
83	83	1 share valued at	DKK 82,600	83	83
3,450	3,450	69 shares at	DKK 50,000	3,450	3,450
1,105	1,105	221 shares valued at	DKK 5,000	1,105	1,105
130	130	130 shares valued at	DKK 1,000	130	130
15	15	30 shares valued at	DKK 500	15	15
6,150	**6,150**			**6,150**	**6,150**
		Class B share capital constitutes 429,823 shares at DKK 100			
		Distribution of votes:			
10	10	DKK 100 class A shares			
1	1	DKK 100 class B shares			
		Own shares			
12,100	12,100	Opening		17,300	17,300
0	0	Additions		0	0
12,100	**12,100**	**Closing number of shares**		**17,300**	**17,300**
1,210	1,210	Nominal value		1,730	1,730
2.5%	2.5%	% of share capital		3.5%	3.5%
10	10	Dividend per DKK 100 share			

In recent years, the Group has purchased own shares at a nominal value of DKK 1,730,000 at an average price of DKK 836, equivalent to a cost price of DKK 14,462,000.

Of which holdings in subsidiaries constitute nominally DKK 520,000 at a cost price of DKK 3,641,000.

Until the next ordinary general meeting, however, no later than 30 October 2015, the Board is authorised to let the company acquire own shares at a nominal value of maximum 10% of the share capital at any given time. The acquisition must take place at a price not exceeding the end-buyer price of class B shares listed at the NASDAQ OMX at the transfer date plus 10%.

The management of the company may, in accordance with the powers of the General Meeting, permit the company to raise the share capital with up to nominally DKK 15,000,000. This power is valid until 01 April 2019.

The aim is to achieve flexibility in connection with the acquisition of companies and the conclusion of strategic cooperation agreements.

(Amounts in DKK '000)	The Group 2014	2013

Note 28 Pensions and similar obligations

Under **defined contribution** plans, the employer is obliged to pay a fixed contribution (e.g. a fixed amount or a fixed percentage of the salary). The Group bears no risk in respect of development in interest, inflation, mortality and invalidity under a defined contribution plan.

Under **defined benefit** plans, the employer is obliged to pay a fixed contribution (e.g. retirement pension as a fixed amount or a fixed percentage of the final salary). The Group bears the risk in respect of development in interest, inflation, mortality and invalidity under a defined benefit plan.

The pension obligations of Danish companies are covered by insurance. Some foreign companies are also covered by insurance. Foreign companies which have no or only partial insurance cover (defined benefit schemes) calculate their liability actuarially at present value on the balance sheet date. The defined benefit plans exist in some of the Group's German companies. In the consolidated accounts DKK 153,092,000 has been included under obligations (2013: DKK 126,896,000) concerning the Group's obligations towards present and previous employees.
The unfunded pension plans comprise plans for all groups of employees. The parent company exclusively uses defined contributions plans.

Future retirement benefits will be based on how long the employee has participated in the plan, as the size of pension shares does not depend on the wage level for the individual employee.

In general, the risks in the defined benefit plans can be categorised as risks related to life expectancy and interest rates.

The last actuarial evaluation of pension obligations have been carried out by Uhlmann, Ludewig & Menzel.
The present value of the obligations in the plan and the related pension costs concerning the present and previous financial year has been calculated using the Projected Unit Credit Method.

The essential assumptions for the actuarial calculations as per the day of balance in average can be reported as follows:

	2014	2013
Discounting rate	1.9%	3.2%
Mortality table based on the life expectancy for the working population in Germany (trends extrapolated until 2060)	G2005	G2005
Present value of defined benefit plans	153,092	126,896
Fair value of scheme assets	0	0
Total	**153,092**	**126,896**
Development in present value of pension obligation included:		
Net liability 1 January	126,896	135,117
Exchange-rate adjustment	(293)	(1)
Pensions paid out	(6,759)	(6,802)
Pension expenses relating to the current financial year	5,843	5,908
Actuarial losses (gains), changed demographic conditions	2,989	(5,717)
Actuarial losses (gains), changed financial conditions	24,416	(1,609)
Net liability, 31 December	**153,092**	**126,896**
Pension expenses recognised in the income statement:		
Pension expenses relating to the current financial year	1,915	1,860
Calculated interest relating to liability	3,928	4,048
Recognised in total for defined-benefit plans	**5,843**	**5,908**
Recognised in defined-contribution plans	62,933	57,772
Total recognised in the income statement	**68,776**	**63,680**
The costs are included in the following items in the income statement:		
Production costs	54,596	52,063
Administration costs	14,180	11,617
Total recognised in the income statement	**68,776**	**63,680**

(Amounts in DKK '000)	The Group 2014	2013
Note 28 Pensions and similar obligations (continued)		

Sensitivity analyses

The table below shows the sensitivity of the pension obligation in relation to changes in the key assumptions for the calculation of the obligation on the balance day. The essential actuarial assumptions for the statement of pension liabilities relate to interest rates and mortality.

The analysis is based on reasonably probable changes in the key assumptions applied, given that the other parameters used for the calculations are unchanged and not amended by way of consequence.

There are no changes in methods compared to 2013.

	2014	2013
Expected pension liability as at 31 December 2015	150,542	125,176
Reported pension liability	153,092	126,896
Sensitivity related to the discounting rate (pension liability at changed assumptions):		
1.4% (assumption -0.5%)	163,734	134,461
2.4% (assumption +0.5%)	141,916	118,496
Sensitivity related to mortality:		
Expectancy + 1 year life expectancy	157,795	130,593
Expectancy - 1 year life expectancy	146,552	121,502
Expected weighted duration of the liability at the end of 2014 is 18.8 years (2013: 18.2):		
Active employees	31.2	30.6
Retired employees	13.2	13.2
Dependents	18.9	16.6
The pension liability is expected to be payable in the following manner:		
0-1 years	6,893	6,752
1-5 years	28,529	27,864
>5 years	117,670	92,280
	153,092	**126,896**
The liability can be broken down into:		
Active employees	39,741	30,496
Retired employees	99,923	85,693
Dependents	13,428	10,707
	153,092	**126,896**
The statement of included gains and losses includes the following accumulated actuarial gains/losses since 1 January 2005:		
Accumulated actuarial losses	**55,225**	**27,820**

The Group expects to pay DKK 6,893,000 into the defined-benefit scheme in 2015.

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 29 Deferred tax		
2,564	2,653	Deferred tax, 1 January	17,260	13,156
		Exchange-rate adjustment	31	3
(342)	(22)	Reduction in Danish corporate tax rate from 25% to 22% until 2016	(1,872)	(833)
431	78	Annual deferred tax included in the annual profit/loss	8,343	2,771
		Annual deferred tax included in other comprehensive income	(8,222)	2,163
2,653	**2,709**	**Deferred tax, 31 December**	**15,540**	**17,260**
		Deferred tax is included in the balance sheet as follows:		
		Deferred tax (asset)	(25,823)	(17,073)
2,653	2,709	Deferred tax (liabilities)	41,363	34,333
2,653	**2,709**	**Net deferred tax, 31 December**	**15,540**	**17,260**
		Deferred tax relates to:		
		Intangible assets	7,576	6,606
2,653	2,709	Tangible assets	31,431	25,302
		Financial assets	0	0
		Short-term assets	19,180	24,001
		Provisions for liabilities and charges	(20,858)	(19,566)
0	0	Other liabilities	(21,789)	(15,819)
		Tax losses	0	(3,264)
2,653	**2,709**		**15,540**	**17,260**

The tax value of the retaxation balance relating to Inpipe Sweden AB, which withdrew from joint taxation as of 1 January 2005, is not included in the statement of deferred tax. The tax value amounts to DKK 5,886,000.

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 30 Provisions		
		Guarantee obligations, 1 January	6,666	6,210
		Exchange-rate adjustment	(44)	(22)
		Used this year	(775)	(1,682)
		Carried back	(954)	(127)
		Provided this year	4,303	2,287
		Guarantee obligations, 31 December	**9,196**	**6,666**
		Other liabilities, 1 January	11,602	13,932
		Exchange-rate adjustment	(26)	0
		Used this year	(312)	(2,516)
		Carried back	(1,142)	(466)
		Provided this year	637	652
		Other liabilities, 31 December	**10,759**	**11,602**
		Provisions for liabilities, 31 December	**19,955**	**18,268**
		Provisions for liabilities are expected to fall due after:		
		Current liabilities	14,643	12,773
		Long-term liabilities	5,312	5,495
		Provisions for liabilities, 31 December	**19,955**	**18,268**

Guarantee obligations relate to completed contracts, which is normally guaranteed for up to 5 years.

Other liabilities relate to site remediation of quarries and known obligations in respect of work completed. The liabilities have been calculated on the basis of the management's specific expectations of future costs.

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 31 Debt to credit institutions		
		Loans	48,425	99,823
0	0	Lease commitments	106,222	84,302
		Bank loan (bank overdraft)	100	332
0	**0**	**Book value**	**154,747**	**184,457**
0	0	Of which at a fixed interest	0	0
0	0	Long-term liabilities	67,604	114,753
0	0	Current liabilities	87,143	69,704
0	**0**		**154,747**	**184,457**
0	0	Nominal value	154,747	184,457

The fair value is calculated as the present value of expected future principal and interest repayments. The Group's current borrowing rate for equivalent maturities has been used as discounting rate.

It is the Group's policy in connection with borrowing to ensure the greatest possible flexibility through spreading the borrowing over due dates and counterparts.

Financial lease commitments
Liabilities relating to financially leased assets held are included under debt to credit institutions:

	The Group					
	2014			2013		
	Minimum leasing payment	Interest element	Present value	Minimum leasing payment	Interest element	Present value
0-1 years	25,731	1,465	24,266	21,019	1,134	19,885
1-5 years	78,980	2,686	76,294	56,140	1,944	54,196
>5 years	5,724	63	5,661	10,320	99	10,221
	110,435	**4,213**	**106,222**	**87,479**	**3,177**	**84,302**

There are no contingent rentals under the leasing contracts.

The fair value of the obligations concerning assets held under a finance lease corresponds to the book value.

NOTES

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 32 Trade payables and other debts		
148	1,104	Trade creditors	199,384	193,691
755	839	Debts to associated companies		
1,030	3,955	Other debt	232,378	212,061
1,933	**5,898**		**431,762**	**405,752**
		Note 33 Corporate tax		
(3,799)	(3,575)	Corporate tax payable, 1 January	680	(4,313)
		Exchange-rate adjustment	(26)	10
392	153	Current annual tax incl. jointly taxed subsidiaries	9,990	8,878
(8)	0	Other adjustments	0	0
(160)	(2,690)	Corporate tax paid during the year	(11,022)	(3,895)
(3,575)	**(6,112)**	**Corporate tax receivable, 31 December**	**(378)**	**680**
		Note 34 Contingent liabilities and collateral		
		Guarantees issued by a third party to clients	820,637	789,558

Pending disputes and legal proceedings

The Group is party to a number of disputes as well as legal and arbitration proceedings. It is the management's opinion that the outcome of these proceedings should not be expected to have any significant negative effect on the financial position of the Group.

The company is jointly taxed with other Danish group companies. As administration company the company is liable unlimited, jointly and severally together with the other group companies as regards Danish corporate taxes and taxes at source on dividends, interest and royalties within the jointly taxed group. The jointly taxed companies' known total net receivables on receivable corporate taxes comprise DKK 6,112,000 as at 31 December 2014. Any later corrections of jointly taxed income, tax at source etc. could mean that the liability of the company is somewhat larger.

Parent company 2013	Parent company 2014	(Amounts in DKK '000)	The Group 2014	The Group 2013
		Note 35 Changes in working capital		
		Changes in stock on hand	(28,919)	2,478
(8,302)	72,173	Changes in accounts receivable and contract works	27,445	65,930
(504)	3,859	Changes in creditor and other debt	26,010	(53,963)
(8,806)	**76,032**		**24,536**	**14,445**
		Note 36 Net purchases of tangible assets		
(7,974)	(1,414)	Purchases of tangible assets	(111,324)	(113,849)
0	0	Leasing debt contracted	30,613	34,700
(7,974)	**(1,414)**		**(80,711)**	**(79,149)**

Parent company		(Amounts in DKK '000)	The Group	
2013	2014		2014	2013

Note 37 Related parties
Shareholders with a significant influence:
Niels Arkil, Haderslev, class A shareholder.
Jesper Arkil, Haderslev, class A shareholder.
Jens Skjøt-Arkil, Haderslev, class A shareholder.

The actuarial value of pension obligations towards closely related parties with a controlling influence amounts to DKK 37,491,000 (2013: DKK 32,164,000). The pension obligation, which was attained on acquisition of the company in 2004, was established in SAW Schleswiger Asphaltsplitt-Werke GmbH & Co KG in 1974.

Arkil Holding A/S's other related parties with a significant influence include the company's board, management and leading employees, and the related family members of these people. Closely related parties also include companies in which the people mentioned above have significant interests. Remuneration to the Board of Directors and the Executive Board is shown in note 5.

Work carried out for closely related parties amounts to DKK 15,000 (2013: DKK 80,000) and has been carried out in accordance with standard market terms. Receivables with closely related parties amount to DKK 0 as at 31 December 2014 (2013: DKK 0,000).

Closely related parties to the parent company also include the subsidiaries and associated companies (cf. notes 8 and 9) in which the parent company has a controlling or significant influence.

In addition to what is already mentioned above, closely related parties to the Group also include associated companies and joint ventures in which the Group has a significant or jointly controlling influence. Associated companies are described in note 9, and joint ventures are described in note 10.

		Subsidiaries, associated companies and joint ventures		
		Trade between subsidiaries, associated companies and joint ventures comprised as follows:		
4,430	1,295	Interest income from subsidiaries		
		Purchase of goods and services from associated companies	51,426	29,792
		Sale of goods and services to joint ventures	147,374	121,239
		Sale of goods and services to associated companies	8,888	7,329
5,960	27,029	Sale of services to subsidiaries		
10,390	**28,324**		**207,688**	**158,360**

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

The parent company's outstanding balances with subsidiaries as of 31 December are shown in notes 25 and 32.

Outstanding balances with subsidiaries comprise loans and normal outstanding business balances relating to purchases and sales.

Interest charged on outstanding balances with subsidiaries is shown in notes 11 and 12.

The parent company received DKK 10,864,000 (2013: DKK 17,812,000) as dividends from subsidiaries.

Note 38 Commercial and financial risks

General risks
The Arkil Holding Group's activities, which are in the building contracting sector, involve a number of commercial and financial risks.

The Group's strategy is to apply specific risk management to minimise and deal with commercial and financial risks. It is assessed that the risks that the Group faces in general are no different from the usual ones facing companies in the building contracting sector.

The most important operating risk for the Group is affected in particular by its ability to be flexible, with the possibility of rapid adaptation to current market trends within the main business areas of the Group being a key factor.

The Group's customers are mainly public and semi-public authorities, so the number of contracts on offer varies according to political trends.

It is also the Group's strategy to set up subsidiaries abroad, in order to achieve geographical dispersion of the Group's activities, thus minimising dependence on economic trends in the Danish market.

The Group's main activities primarily lie within routine jobs involving well-known risks that can be minimised through risk management.

Large specialist contracts are usually carried out in consortia with well-known partners and in collaboration with specialists, which limits the risks.

New forms of collaboration based on partnerships, in which the contractor is involved in the project before the projecting and planning phases have started, will improve the uncovering of risks for the projects.

The Group's insurance strategy involves identifying significant risks over which the Group itself has no direct influence and which may constitute a threat to the Group's financial status and existence.

Commodities risk
The policy of the Group is to cover the financial risks of future fluctuations in the price of commodities and raw materials used in the Group's products. This is done based on a risk assessment.

The risk is generally covered by making fixed price contracts with the suppliers for deliveries for projects. Where fixed price contracts are not concluded, the risk is covered selectively based on a risk assessment according to the policy of the Group using financial instruments in the form of commodity swaps.

Financial risks
As a consequence of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest rates. The policy of the Group is not to actively speculate in financial risks. Thus, the financial management of the Group is only directed towards management of risks that are a natural result of operations. The Group's financial risks are primarily covered by distributing income and expenditure in the same currency and using derivative financial instruments in accordance with a policy approved by the board of directors.

Concerning the description of the accounting policy and methods used, including the criteria for inclusion and basis for measurement used, refer to the comments for account policies.

Note 38 Commercial and financial risks (continued)

Foreign exchange risks
The policy of the Group is to limit the effect of currency fluctuations on the Group's financial results and financial position.

Turnover in foreign currencies, which accounts for about 28% of the Group's revenue, is not an indication of the Group's foreign exchange risks, as most of the costs involved in foreign revenue are paid for in the same currency.

Cross-border sales in foreign currencies represent less than 5% of Group revenue. To this should be added that most of the operational financing of foreign activities takes place in local currencies.

The Group's foreign currency position is controlled centrally, and selective hedging is carried out. Only positions based on business opportunities are taken up.

Net investments in foreign subsidiaries are usually not hedged. Exchange rate adjustments of these are entered under other comprehensive income according to the accounting policies applied.

Concerning investments in foreign entities, the Group's equity as at 31 December 2014 would be reduced by DKK 1.5 million (2007: (2013: DKK 1.4 million) provided that the exchange-rate of the Swedish krona was 10% lower than the actual rate. Other currency risks concerning investments in foreign entities are insignificant.

The Group had no significant exchange rate risks as regards receivables and debt in foreign currencies as at 31 December 2014, and the Group's result would therefore not have been significantly affected by changes in the exchange rates as at 31 December 2014.

The Group has considerable transactions/exposures in EUR, but, in spite of the current pressure on the Danish krone against the euro, management does not find that this should involve any significant currency risks. Apart from this, the Group has no significant currency exposure.

Financial management
The Group regularly assesses the need to adapt the capital structure to balance the increased demand for yield on equity with the increased uncertainty that is associated with foreign capital. The equity's share of total liabilities at the end of 2014 constituted 46.3% (2013: 46.3%). To ensure strategic and financial freedom of action, the goal is that the share of equity must be around the level of 45%, although deviations may, however, occur and be acceptable in case of acquisitions or similar activities.

The target for return on equity is a return of 25% more than the interest on the Danish long-bond market, however, it should be at least 8%. The realised return on equity for 2014 constituted 7.6% (2013: 6.3%). The long-bond interest rate + 25% was 3.85% in 2014.

It is the dividend policy of Arkil Holding A/S that the shareholders should achieve a return from the investment in the form of rise in prices and a dividend which is more profitable than a risk-free investment in bonds. Distribution of any dividend must take place with due consideration of the necessary consolidation of equity capital as the basis for the continued expansion of the Group.

Note 38 Commercial and financial risks (continued)

Interest-rate risks
The Group's liquid assets are placed on demand or term deposit with a term of up to 3 months and in listed bonds and shares.

The Group's holding of securities represent DKK 29,235,000 and are distributed as follows:

	2014	2013
Listed securities	29,235	26,633
	29,235	**26,633**
To be recognised as follows:		
Securities, short-term assets	29,235	26,633
	29,235	**26,633**

With the exception of employee's bonds, all interest-bearing debts are floating-rate loans.

An increase or a fall in the interest level of 1% in relation to the balance sheet day would be insignificant for the Group's result and equity.

The Group's interest-bearing net liabilities, defined as the sum of debt owed to mortgage credit institutions minus holdings in negotiable securities and liquid assets, amounted to a positive net balance of DKK 46.9 million, compared to a net liability of DKK 21.8 million.

In the course of the year, interest-bearing debts, which are included in net liabilities, decreased from DKK 188.3 million to DKK 154.7 million.

The Group monitors the development of interest rates on an ongoing basis with the intention of covering the interest rate risk for a larger part of the debt portfolio.

Note 38 Commercial and financial risks (continued)

Liquidity risks
It is the Group's policy in connection with borrowing to ensure the greatest possible flexibility through spreading the borrowing on due dates/renegotiation dates and counterparts with due consideration to the pricing. The Group's liquid reserves consist of liquid assets, securities and unused credit facilities. It is the Group's goal to have sufficient liquidity resources to continue to be able to make arrangements in the event of heavy seasonal fluctuations in liquidity, characteristic for the building contracting sector.

The Group's debts fall due as follows:

2014

DKK '000	Book value	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
Non-derivative financial instruments					
Credit institutions	48,525	48,993	45,727	1,969	1,297
Financial lease commitments	106,222	110,435	25,731	78,980	5,724
Trade creditors	199,384	199,384	199,384	0	0
Derivative financial instruments					
Commodity swaps applied as hedging instrument (settled net)	2,491	2,491	2,491	0	0
Total liability commitments	**356,622**	**361,303**	**273,333**	**80,949**	**7,021**
Liabilities relating to assets earmarked for sale	0	0	0	0	0
Total liability commitments	**356,622**	**361,303**	**273,333**	**80,949**	**7,021**

2013

DKK '000	Book value	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
Non-derivative financial instruments					
Credit institutions	100,155	103,414	54,240	47,373	1,801
Financial lease commitments	84,302	87,479	21,019	56,140	10,320
Employee's bonds	3,848	3,848	3,848	0	0
Trade creditors	201,792	201,792	201,792	0	0
Derivative financial instruments					
Commodity swaps applied as hedging instrument (settled net)	0	0	0	0	0
Total liability commitments	**390,097**	**396,533**	**280,899**	**103,513**	**12,121**
Liabilities relating to assets earmarked for sale	0	0	0	0	0
Total liability commitments	**390,097**	**396,533**	**280,899**	**103,513**	**12,121**

Note 38 Commercial and financial risks (continued)

Credit risks
By far the majority of the Group's customers are public and semi-public clients, therefore the credit risk are considered to be minimal. The Group's accounts receivable from sales to other customers are exposed to the usual credit risk.

A critical risk assessment of the customers is carried out prior to a construction contract being entered into. Accounts receivable from sales to other customers are also covered to the extent considered appropriate and possible, by security in the form of letters of credit or bank guarantees.

The maximum credit risk is reflected in the book value of the individual financial assets that are included in the balance sheet.

The Group has no significant risks concerning one single customer or working partner.

As for 31 December 2013, the Group's depreciations as per 31 December 2014 are solely related to financial assets classified as receivables. Reference is made to note 25.

Categories of financial instruments
Categories of financial instruments are described below:

	Book value	
	2014	2013
Financial assets, measured at fair value via the income statement	29,235	26,633
Derivative financial instruments entered into for hedging of future cash flows	0	0
Financial assets classified as available for sale	0	0
Loans and receivables	712,464	708,871
Financial liabilities, used as hedging instruments	(2,491)	0
Financial liabilities, measured at amortised cost price	(356,622)	(390,097)

The book value and the fair value are the same. Please refer to the section "Methods and assumptions for the fair value statement" below.

Receivables, cash and cash equivalents and financial liabilities are estimated to have a fair value similar to the book value.

Note 38 Commercial and financial risks (continued)

	2014			
	Listed prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
Financial assets				
Securities	29,235	0	0	29,235
Derivative financial instruments entered into for hedging of future cash flows	0	0	0	0
Total financial assets	**29,235**	**0**	**0**	**29,235**
Financial liabilities				
Derivative financial instruments entered into for hedging of future cash flows	0	2,491	0	2,491
Total financial liabilities	**0**	**2,491**	**0**	**2,491**

	2013			
	Listed prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
Financial assets				
Securities	26,633	0	0	26,633
Derivative financial instruments entered into for hedging of future cash flows	0	0	0	0
Total financial assets	**26,633**	**0**	**0**	**26,633**
Financial liabilities				
Derivative financial instruments entered into for hedging of future cash flows	0	0	0	0
Total financial liabilities	**0**	**0**	**0**	**0**

Methods and assumptions for the fair value statement
The methods and assumptions used when calculating the fair value of financial instruments are described class by class of financial instruments. The methods applied are unchanged compared to 2013.

Listed bonds
The holding of publicly listed bonds consists of liquid government bonds and mortgage bonds valued at listed prices or price quota systems.

Note 38 Commercial and financial risks (continued)

Derivative financial instruments
Commodity swaps are valued used generally accepted valuation methods based on relevant observable swap curves. Externally calculated fair values based on discounting future cash flows are applied.

Mortgage debt (measured at amortised cost price in the balance sheet)
The fair value of mortgage debt has been valuated on the basis on the fair value of the underlying bonds. Short-term floating-rate debt to banks has been valuated at the price of 100.

Non-observable market data primarily includes the credit risk, which is revaluated on changes to the rating of the Arkil Holding Group or any indication of changes to the Group's credit differential. In 2014, the credit risk was only an insignificant part of the fair value of the mortgage debt.

Bank loans and financial leasing agreements (measured at amortised cost price in the balance sheet)
The fair value of bank loans and financial leasing contracts is calculated on the basis of discount models, where all estimated and fixed cash flows are discounted using zero coupon interest rate curves. The expected cash flows for each contract are based on contractual cash flows and observable market data such as interest rate curves. When calculating the fair value for floating rate loans and financial leasing contracts, cash flows are estimated according to the forward interest rate curve.

Non-observable market data primarily includes the credit risk, which is revaluated on changes to the rating of the Arkil Holding Group or any indication of changes to the Group's credit differential. In 2014, the credit risk was only an insignificant part of the fair value of bank loans and financial leasing agreements.

Receivables from sales, liquid holdings and trade payables (measured at amortised cost price in the balance sheet)
Accounts receivable from sales and trade payables with short-term repayment are assessed to have a fair value equal to the book value.

Parent company			The Group	
2013	2014	(Amounts in DKK '000)	2014	2013

Note 39 Operational leasing liabilities

The Group leases properties and operating equipment under operational leasing terms. Typically, the lease term is a period between 2 and 20 years with the possibility of extension after expiry of the period. None of the leasing contracts contain contingent lease rentals.

Non-cancellable operational rentals, rental liabilities, etc., are as follows:

2013	2014		2014	2013
107	618	0-1 years	10,726	8,151
151	418	1-5 years	26,033	21,131
0	0	>5 years	43,530	48,199
258	**1,036**		**80,289**	**77,481**
133	1,171	Included in the income statement concerning operational leasing and rental liabilities.	9,982	8,298

Note 40 Subsequent events

No other events that could influence the consolidated accounts or the annual accounts for 2014 have occurred since the end of the financial year.

Note 41 New accounting regulations

At the time of publication for this annual report, the IASB issued the following new and amended accounting standards and interpretations which were not compulsory for Arkil Holding A/S for the preparation of the annual report for 2014:

IFRS 9, IFRS 14 and IFRS 15, amendments to IAS 1, IAS 16, IAS 19, IAS 27, IAS 28, IAS 38 and IAS 41, IFRS 10, IFRS 11 and IFRS 12, parts of Annual Improvements to IFRSs 2010-2012 Cycle, Annual Improvements to IFRSs 2011-2013 Cycle as well as Annual Improvements to IFRSs 2012-2014 Cycle.

Of the above, amendment to IAS 19, Annual Improvements to IFRSs 2010-2012 Cycle as well as Annual Improvements to IFRSs 2011-2013 Cycle approved by the EU.

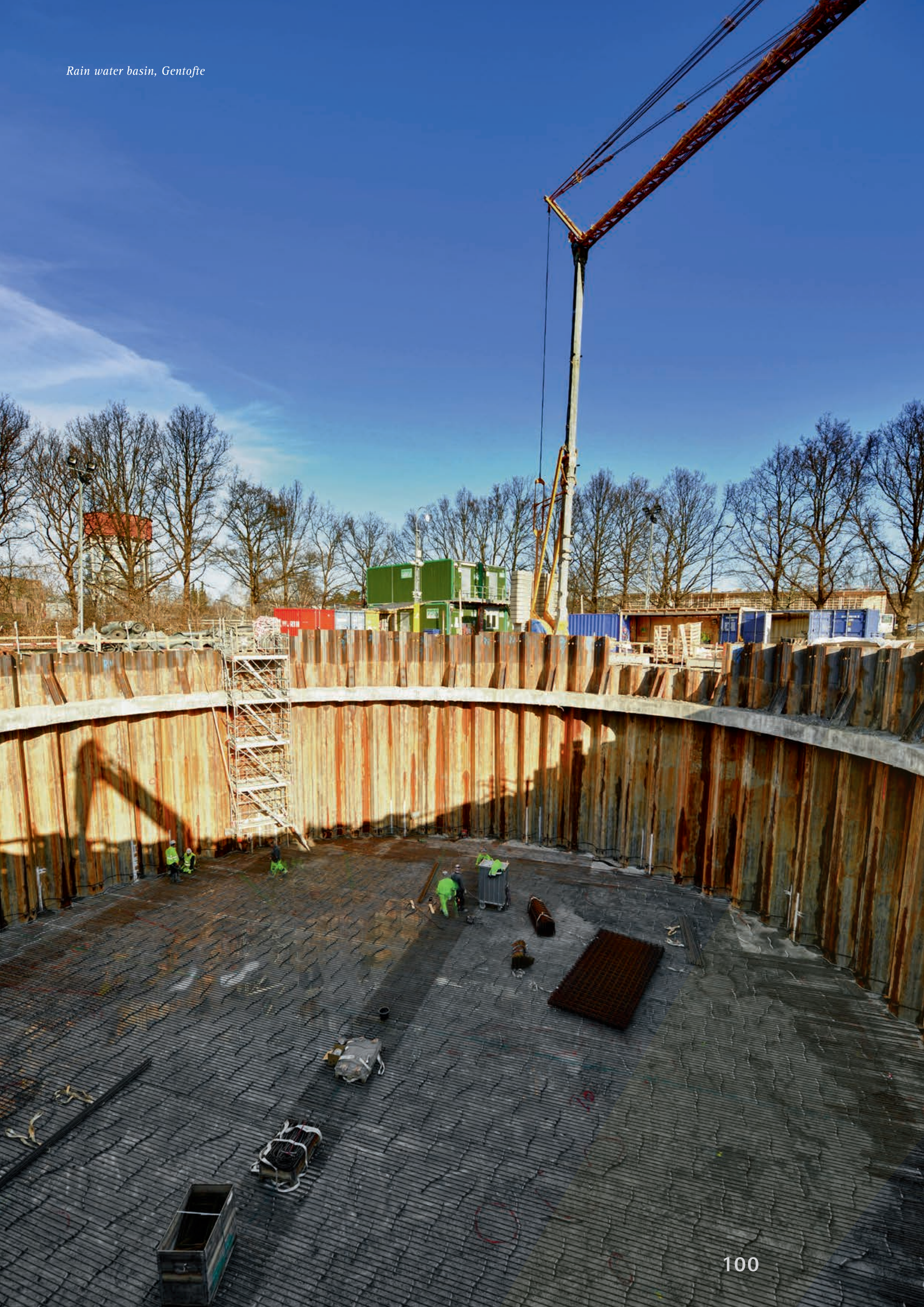
The approved standards and interpretations not yet entered into force will be implemented as they become mandatory for Arkil Holding A/S. None of the new standards or interpretations are expected to have any significant effect on the inclusions and measurements for Arkil Holding A/S.

NOTES

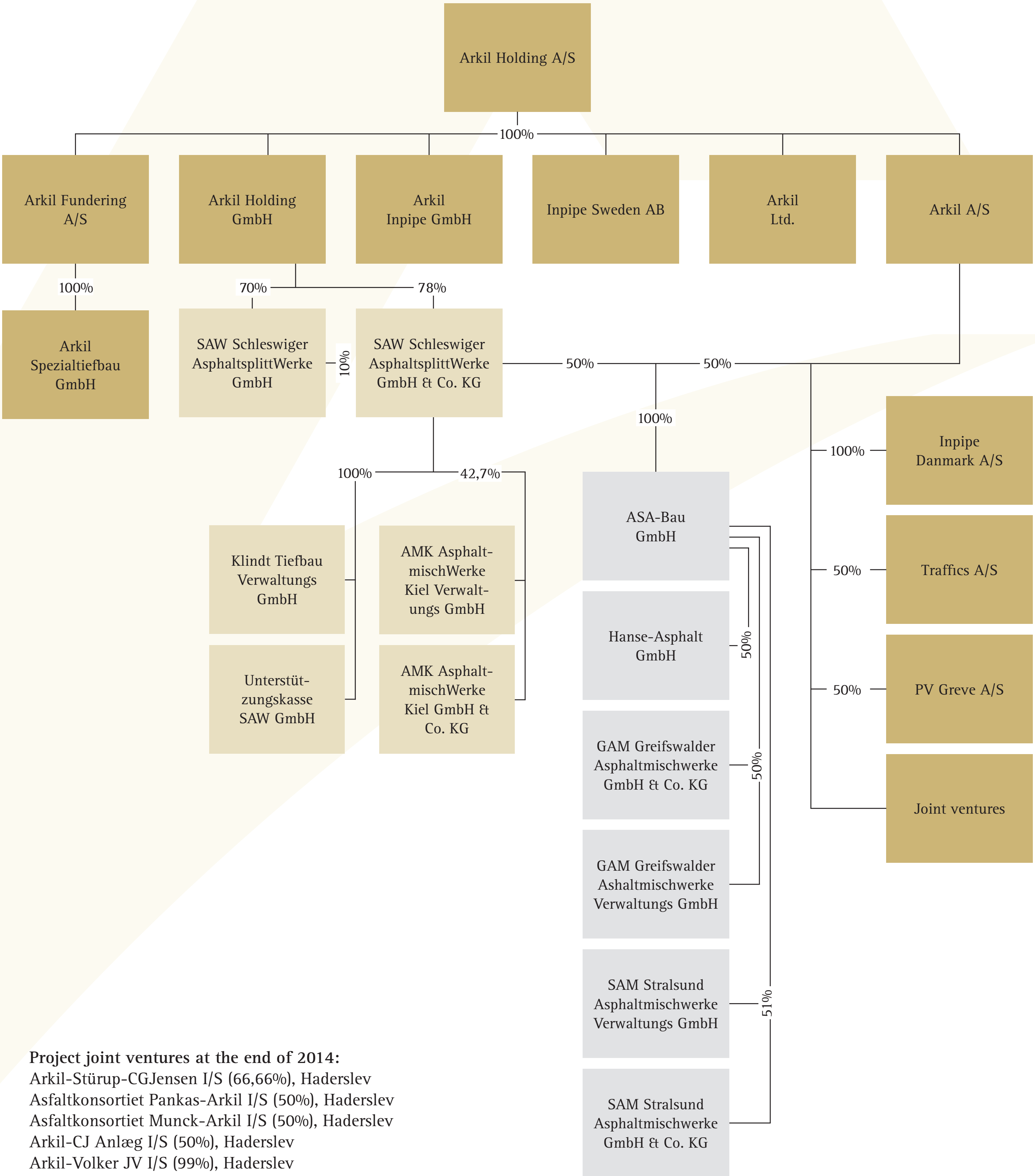
Note 42 Key figure definitions

Profit ratio	Result of primary operations x 100 / Revenue
Gross margin	Gross profit x 100 / Revenue
Return on equity	Profit for the year x 100 / The Group's average equity
Book value per share (BVPS)	The Group's equity / No. of shares per DKK 100 end of year
Earnings per DKK 100 share (EPS Basic)	Annual profit for continuing activities / Average number of DKK 100 shares
Price/Earnings Basic (P/E Basic)	Market price / EPS Basic
Share price/book value (KI)	Market price / BVPS
Liquidity ratio	Short-term assets x 100 / Current liabilities
Equity ratio (solidity)	The Group's equity x 100 / Total assets
Cash flow per DKK 100 share	Cash flows from operating activities x 100 / Number of shares
Return on invested capital (ROIC)	Result of primary operations x 100 / Invested capital average

Rain water basin, Gentofte



GROUP STRUCTURE
AS AT 31 DECEMBER 2014



Project joint ventures at the end of 2014:
Arkil-Stürup-CGJensen I/S (66,66%), Haderslev
Asfaltkonsortiet Pankas-Arkil I/S (50%), Haderslev
Asfaltkonsortiet Munck-Arkil I/S (50%), Haderslev
Arkil-CJ Anlæg I/S (50%), Haderslev
Arkil-Volker JV I/S (99%), Haderslev
Konsortiet Arkil-Meyer&John I/S (99%), Randers
Konsortiet Arkil-Bilfinger I/S (86,9%), Randers
Arkil JV I/S (100%), Haderslev

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