



# ARKIL HOLDING A/S **ANNUAL REPORT** 2015

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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.



# 75 YEARS

Arkil was founded in 1941 in Haderslev and celebrates its 75th anniversary in 2016.

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## ARKIL IN BRIEF

**A**rkil was founded in Haderslev in 1941 by Civil Engineer Ove Arkil and celebrates its 75th anniversary in 2016 with the third generation of the Arkil family at the helm.

The contracting group is currently one of the largest in Denmark with well over 2,000 employees in Denmark and northern Europe, and with a revenue of more than 3.3 billion Danish kroner in 2015.

Arkil has grown from being exclusively an asphalt and construction company to now working on a diverse range of infrastructure activities, from bridges and concrete projects, to pollution remediation, road services, hydraulic engineering and foundations, piping and tunnel works.

Arkil currently designs and implements major, heavy infrastructure projects on behalf of government clients in railways, motorways and at harbours as well as traditional contract work on behalf of local authorities, utility companies and private developers. Our knowledge and core expertise are constantly being strengthened and developed through a targeted focus on specialisation and consistent project management.

Over the last five years, Arkil has additionally focused on specialisation, a strategy which has enabled the Group to experience notable growth and a strengthened position in the market.

In the coming years Arkil will continue these efforts and will utilise the positive developments in the market.

We place great emphasis on combining the organisation's many contracting disciplines. This allows us to utilise the synergies between our diverse competencies.

Long-term objectives will ensure continued growth and development of the Group's business areas, and we must also deliver satisfactory returns while taking into account a controlled and conservative risk profile.

An average annual growth in revenue of approximately 5-10% is expected, as well as an increase in the profit margin over a number of years to a minimum of 3.5%. To ensure strategic and financial freedom to act, the aim is for the equity ratio to be around 45%, but deviations may occur and will be permitted in connection with acquisitions and similar.

### ■ ARKIL STRIVES TO:

- Be considered a company with professional talent and a positive attitude as part of a close collaboration with high levels of trust and integrity.
- Be a decentralised organisation with the delegation of responsibilities, great flexibility and interdisciplinary collaboration.
- Further educate the Group's employees to retain and increase professional expertise at all levels.
- Maintain a strong professional sense of community between employees, with open and well-functioning communication.
- Display care, consideration and awareness of risk in our activities.
- Maintain highly centralised financial control.
- Remain an independent business.
- Be a safe workplace and continuously work to improve the safety of all employees.
- Be involved in the local communities that we are part of through social awareness, technological development and a limited environmental impact.

## PRINCIPAL AND KEY FIGURES FOR THE GROUP

(DKK million)	2015	2014	2013	2012	2011
<b>PROFIT AND LOSS STATEMENT</b>					
Revenue	3,346.8	2,871.4	2,738.3	2,881.8	2,568.5
Returns on primary operations	42.3	74.4	58.2	59.8	17.4
Returns on financial entries	10.1	(2.2)	(4.3)	(5.0)	(5.6)
Net profit before taxes	52.3	72.2	54.0	54.8	11.8
<b>Net profit for the year</b>	<b>37.5</b>	<b>55.1</b>	<b>43.2</b>	<b>40.9</b>	<b>7.8</b>
<b>BALANCE SHEET</b>					
Long-term assets	743.3	656.3	631.7	610.7	632.6
Short-term assets	977.6	944.3	889.4	960.8	843.5
<b>Total assets</b>	<b>1,721.0</b>	<b>1,600.6</b>	<b>1,521.1</b>	<b>1,571.5</b>	<b>1,476.1</b>
Share capital	49.1	49.1	49.1	49.1	49.1
<b>Total equity</b>	<b>779.3</b>	<b>740.5</b>	<b>703.7</b>	<b>662.4</b>	<b>643.9</b>
Long-term liabilities	311.8	284.8	281.5	320.0	323.8
Short-term liabilities	629.8	575.3	535.9	589.1	508.4
<b>Total liabilities</b>	<b>941.6</b>	<b>860.1</b>	<b>817.4</b>	<b>909.1</b>	<b>832.2</b>
<b>CASH FLOW STATEMENT</b>					
Cash flow from operating activities	76.2	162.0	138.0	115.3	(23.6)
Cash flow from investment activities	(89.7)	(71.0)	(66.3)	(31.3)	(38.7)
Cash flow from financing activities	(58.5)	(58.0)	(73.7)	(40.2)	(36.2)
<b>Total cash flow</b>	<b>(72.0)</b>	<b>33.0</b>	<b>(2.0)</b>	<b>43.9</b>	<b>(98.5)</b>
<b>Investments in tangible assets</b>	<b>(120.3)</b>	<b>(96.9)</b>	<b>(98.6)</b>	<b>(57.8)</b>	<b>(57.8)</b>
<b>KEY FIGURES</b>					
Profit margin, %	1.3	2.6	2.1	2.1	0.7
Return on invested capital (ROIC), including goodwill, %	4.2	8.4	6.6	6.8	2.0
Return on invested capital (ROIC), excluding goodwill, %	4.9	9.8	7.7	7.9	2.3
Liquidity ratio	155.2	164.1	166.0	163.1	165.9
Equity ratio (solvency), %	45.3	46.3	46.3	42.2	43.6
Return on equity, %	4.9	7.6	6.3	6.3	1.2
<b>Average number of employees</b>	<b>1,967</b>	<b>1,789</b>	<b>1,741</b>	<b>1,766</b>	<b>1,717</b>

The key figures have been prepared in accordance with the CFA Society Denmark's "Recommendations & Key Figures 2015".

Principal and key figures for 2011-2012 have not been adapted for the amended accounting practice for joint ventures, cf. the implementation of IFRS 11 in 2014.

Please refer to note 42 in which the key figure definitions can be found.



## MAIN FEATURES OF THE YEAR

**A**rkil realises a revenue of DKK 3,347 million in 2015, an increase of 16.6% compared to 2014, which is somewhat higher than anticipated.

The primary operating result for 2015 amounts to DKK 42 million, corresponding to a profit margin of 1.3% compared to 2.6% the previous year.

The year's primary operating profit and profit margin were significantly affected by three large bridge projects under development in Zealand overall having contributed a negative return of DKK 65 million due to increased production costs for interim structures, etc. in connection with the casting of bridge structures, changed bridge structure design and provisions for the completion of the projects.

Furthermore, the year's profits were positively influenced by a book value adjustment of DKK 12.8 million derived from the acquisition of equity interest in two German asphalt plants that were previously included as equity interests in associated companies.

The year's profits before tax constituted DKK 52 million in 2015, which correspond with the latest expectations announced. After tax, the year's profit was DKK 38 million compared to DKK 55 million in 2014.

Cash flows from operating activities totalled DKK 76 million in 2015 and investments in tangible fixed assets were realised at DKK 120 million.

At the end of 2015 the equity ratio constituted 45% and net interest-bearing debt constituted DKK 26 million. The year's profit made a 4.2% return on invested capital (ROIC).

For the 2015 financial year the Board of Directors proposes that dividends of DKK 15 are paid per DKK 100 share compared to DKK 10 per DKK 100 share in 2014. The dividends constitute in total DKK 7.4 million corresponding to 19.6% of the company's profit.





## INTRODUCTION

**A**s anticipated, 2015 was characterised by organic growth in the core business, brought about by relatively high activity in heavy infrastructure in Denmark. The Copenhagen-Ringsted railway project, the accelerated activities at the land facilities for the Fehmarn Link, the motorway around Silkeborg and an increase in port and hydraulic engineering activities contributed significantly to the higher activity. There was also increasing activity abroad, especially in Ireland, which is characterised by an increasing propensity to invest following many years affected by the financial crisis. We can ascertain that our business areas are generally growing both at the top and bottom line, and if it were not for the amortisation during the course of the year on the three specific bridge projects in Zealand, our own expectations for operating profit performance at the start of 2015 would have been considerably surpassed.

Developments in the industry are decisively characterised by the major public and semi-public clients. Among the major players we have noted an increasing interest in making use of new tender forms and award criteria based on parameters other than simply the lowest price. This means that quality, technical capacity and the ability to collaborate come into play as direct factors in the competition for the assignments. Arkil welcomes this as we consider it crucial to our development and that of the construction industry for our knowledge and insight to be used completely. This will result in more thoroughly prepared projects, fewer faults, fewer conflicts and, ultimately, lower costs.

This development also needs to be supported further by clients and politicians: A far greater number of interests relevant to society and industry could be promoted if they were incorporated and weighted when selecting and awarding

assignments from both public and private sector clients. Significant examples include the number of occupational accidents, educational investment for apprentices, sustainable business models and investments in technological development and innovation. These are areas that have high priority at Arkil, and we consider them to be essential for a modern and future-oriented construction and civil engineering industry for which we wish to continue working into the future.

As set out in the management report, our expectations for the future are cautiously optimistic. "Cautious" because there are multiple circumstances that currently pose a threat to infrastructure, particularly whether the necessary funding will be allocated for the development of our road networks and upgrades to the railway infrastructure. Not least, we should not wait to focus on climate protection but give the area high priority now, in order to ensure that the developments and underground structures that will protect cities and crucial infrastructure against extreme precipitation volumes and flooding are established in time. The announced fiscal cutbacks combined with delays in both the Fehmarn Link and the Togfonden train fund, as well as the added cost-intensive refugee crisis, are placing dampeners on the expectations for continued infrastructure development in Denmark and Northern Germany. The positive expectations are based on anticipated demand from local authorities, including utility companies, harbours and increasing private sector development.

**Jesper Arkil**

*Chief Executive Officer*



## OBJECTIVES, STRATEGY AND EXPECTATIONS

In 2014, Arkil's management implemented a strategy under the headline "Growth and value through specialisation" with the aim of utilising Arkil's size, expertise and solid capital base to accelerate growth and profitability, thereby consolidating Arkil's position as a significant player in Northern Europe. This is a three-year strategy which will continue until 2018.

Investments in infrastructure projects in Denmark have been increasing but are expected to plateau in the coming years. The investments are, as has been the case until now, expected to continue to focus on railways and associated bridges and foundation works, as well as improved accessibility in cities and development of the pipe grid for water supply and drainage to manage the increasing precipitation volumes. Major cities in particular are expected to raise investment levels as we approach 2018.

### **Greater organisational focus and specialisation**

In order to optimally equip the organisation to manage and implement the ever larger and more complex infrastructure projects of the future, the Danish organisation in the subsidiary Arkil A/S has been split into "Civil Works" and "Denmark". "Civil Works" provides services and management resources for turnkey contracts, bridges and concrete, railways and environmental technology from a single, dedicated management unit. Together with Arkil Fundering A/S, the entity will focus on the major future civil engineering projects within road development, railways, bridges and harbour expansions for which Arkil possesses both know-how and specialist expertise.

With the formation of "Civil Works", we will retain, develop and raise the professionalism and risk awareness by which our project management is characterised, while also allowing us to benefit internally from our expertise and know-how to the extent necessitated by project complexity.

Activities in local construction departments that typically work on professional and prime contracts as well as asphalt and road service activities have organisationally been gathered under "Denmark". Potential for growth is anticipated here, and the management focus will support Arkil's strong customer relationships with local authorities and utility companies, develop activities through acquisitions and project participation, contribute to increased specialisation or strengthening of Arkil's geographical positioning as well as further developing the collaboration between construction, asphalt and road service so as to optimise earning power and increase profit margins.

Smooth collaboration between the "Denmark" and "Civil Works" business areas will ensure flexibility and competitiveness where necessitated by the nature and geography of the assignments.

"Foundations and Hydraulic Engineering" is aimed at infrastructure and developments involving specialist expertise for foundations and subsequent foundation work, as well as for the establishment and maintenance of port facilities, coastal protection, etc. In an area characterised by growth, the activity level is expected to increase further, in part due to the collaboration with other specialist areas across the organisation.

In our international activities in Germany and Ireland, we are expanding and developing the organisations so that in these markets we also develop the competencies to solve the larger and more complex construction assignments that are expected to be offered in the coming years following long-term accumulation of investment needs in infrastructure upgrades. The optimisation of the revenue base is also continuing following the success in Germany, Ireland and Sweden, where an increase in profitability has already been seen.

### **Targeted specialisation creates the foundations for growth in revenue, earnings and returns.**

"Growth and value through specialisation" will allow Arkil to realise a set of ambitious, long-term objectives that balance growth and development of the Group's strategic business areas with the requirements for earnings, returns on investments and solid financial contingency. This will ensure satisfactory returns while taking into account a controlled and conservative risk profile.

The reorganisation of the service areas sharpens the focus on the utilisation of Arkil's expertise across contracts and country borders, and the company will act as the major Northern European player into which it has developed. Together with positive developments in underlying market terms, this forms the basis for the management's expectation of the Group realising an average annual growth at a level of 5-10% in the current strategy period.

With a focus on ensuring higher profitability in all Group activities, the profit ratio is expected to increase to a minimum of 3.5%, while Arkil must also be in a position to generate a return on invested capital (ROIC) of at least 9%.



## A solid capital base is a crucial element in the strategy for growth

Arkil's activities include major construction projects with varying cash flow requirements and activities with substantial seasonal fluctuations. This results in extremely high requirements concerning financial contingency in order to ensure the Group's strategic and financial freedom to act, including during periods with major cash withdrawals. Management therefore aims for Arkil's equity ratio to be in the region of 45% but deviations may occur and will be permitted in connection with acquisitions, for example.

Arkil aspires for the Group's activities to be self-financed. To the extent deemed appropriate and relevant in relation to ensuring flexibility and optimising returns on invested capital, borrowed capital is also periodically used to finance the Group's activities and strategy for growth. Based on the desire for a conservative capital structure policy and a moderate financial risk, the Group's policy is for interest-bearing debt, including pension liabilities, not to exceed 50% of equity.

## Dividends in Arkil Holding

Arkil's activities and capital structure must support a sustainable, high creation of value through targeted realisation of the Group's growth and earnings potential.

With due consideration for a continuously strong financial contingency, the continuous hedging of the Group's financing needs and the desire for a solid capital structure, Arkil will also seek to provide shareholders with an attractive, long-term, direct return through e.g. allocation of surplus capital as dividend payments, buyback of shares or a combination of these, to the extent permitted by capital requirements and contingency.

Based on an assessment of the strategic situation, the company's capital structure and expectations for future developments in activities and earnings, the management will make decisions concerning the specific dividend recommendations from year to year.

For the 2015 financial year the Board of Directors proposes that dividends of DKK 15 are paid per DKK 100 share, corresponding to a total of DKK 7.4 million.

The ongoing strategy plan has now been in force for one year. The execution of the strategy has been satisfactory in spite of the strategic objectives based on the three specific depreciations not having been fully met as expected. In 2015, revenue increased by 16.6% and the profit ratio (EBIT margin) has been realised at 1.3%. As such, the increase in

revenue is significantly above the long-term financial objective of an average annual growth of around 5-10%, against which the profit ratio realised was somewhat lower than last year's 2.6%, due to increased production costs for three large bridge projects in Zealand. If the profit ratio for the effect on returns from the three bridge projects is adjusted, the profit ratio for the other parts of the company's activities constitutes 3.7%, which is in line with the long-term financial objective.

Fundamentally, the assumptions for the strategy have not been altered substantially in spite of the political prioritisation of investments in Danish infrastructure projects having been changed, and the fact that several large projects have, for various reasons, been or are expected to be postponed.

## Expectations for growth in revenue and profit in 2016

For 2016, the management anticipates that Arkil will realise a revenue of around DKK 3,400 million and a profit before tax in the range of DKK 70-100 million.

Due to the current market situation and volume of orders, which is in line with last year's level, Danish activities are expected to have a revenue matching that of 2015. Significantly improved performance in the implementation of major projects is expected in 2016 and this will contribute to improved returns compared to 2015.

A revenue in line with 2015 is anticipated for foreign activities as well as a slightly lower performance level than was realised in 2015.

### ■ ARKIL'S LONG-TERM FINANCIAL OBJECTIVES

- To achieve an average annual growth of approximately 5-10%, as considerations for profits have higher priority than considerations for revenue.
- To achieve a profit ratio (EBIT margin) of at least 3.5%.
- To achieve a return on invested capital of at least 9% (ROIC), including goodwill.
- To maintain solvency at a level of 45% throughout the period.

## DEVELOPMENTS IN DANISH ACTIVITIES

Arkil generally predicts a higher activity level in the infrastructure area in these years. The trend is for growth to be driven in particular by major projects and specialist expertise. Major assignments carried out in the Danish market in 2015 include railway and bridge construction for Banedanmark, remediation of Kærsgaard Plantage, tunnel work at Damhusledning and the expansion of the port of Skovshoved as well as motorway projects in Silkeborg.

In 2015, we have also been awarded and entered into contracts for a number of major construction projects, including the Tvis-Aulum motorway between Herning and Holstebro and the improvement and modernisation of the railway section between Odense and Nyborg. We have entered into a partnership agreement with Aarhus Vand, Favrskov Spildevand and Odder Spildevand as we are now involved in a major land development project on the coast at Køge. A contract has also been entered into with Energinet.dk concerning a major cable installation project in connection with Kriegers Flak Offshore Wind Farm.

While the regional and local construction markets remain characterised by reticence and tough competition, we have still experienced a steady supply of assignments in these markets in 2015, which is also the case for the asphalt area.

In 2015, Arkil establishes a new construction department in Odense to get closer to the many construction activities in Funen that are in the process of being launched, especially in connection with the super-hospital and light railway in Odense. Significant growth and further development in the activities are also expected in future years here.

In the asphalt area, there is a steady supply of assignments and a status quo in the level of investment in road surfacing from both the state and local authorities. We have also maintained our market share this year but there is still tough competition in the area, which is characterised by excess capacity. To ensure revenue, there is a focus on streamlining both production and construction and the process from tendering to handover has become systematic and uniform. Recent contracts include a partnership agreement with the municipality of Skive concerning the asphaltting of a number of roads in and outside of the city of Skive and a partnership agreement with the municipality of Sønderborg comprising asphalt works as part of a functional contract spanning a number of years.

In 2015, Road Service experienced success in winning new contracts for municipal assignments. Most recently, in December, a contract was entered into with the municipality of Tønder concerning the acquisition and operation of the municipal road network.

The Traffics company is expanding its activities and is now nationwide, which contributes to ensuring continued solid progress within the road service area, in part thanks to the

recently initiated white line activities. At the same time, Arkil has expanded its portfolio to include sign production after acquiring the majority stake in the company Infra Group in the autumn. We anticipate positive synergies through this minor expansion of activity, which means that we now are able to and have implemented a number of activities within the road service area, in-house, for local authority and government customers.

There is now a serious focus on the management of increasing precipitation volumes and the risk of flooding across all of Denmark. In the last couple of years, we have become further equipped to carry out climate protection tasks, including through tunnel technology for major water and sewage pipes and we have invested in specialist machinery for the management of exactly this type of task. We consider climate protection, sewage and water supply to be future areas of growth and will invest accordingly now and in the future.

In recent years, projects have gradually become larger and more complex and thus also more associated with risk both at a technical level and at contract level. This means greater uncertainty for ongoing projects and a risk of disputes between contractual parties in such assignments. There is therefore a major focus on efficient internal contract management and early inclusion of contractors in the design phase for the purpose of reducing the risk of unsuccessful projects and loss.

This is exactly what we were exposed to in 2015 when the return on Danish activities was substantially affected by "Civil Works" having three major bridge projects under implementation in Zealand that, due to increased production costs for interim structures, etc. in connection with the casting of the bridge structures and changes to the structural design of the bridges, contributed to an overall operational loss totalling DKK 65 million.

These projects demonstrate the risk of this sort of project and have provided the opportunity for organisational measures and firming, as a substantial cause of the problems is believed to be within the organisation. However, significant external circumstances outside of Arkil's control also played a part and, as such, legal consequences have been initiated for the purpose of achieving compensation for the part of the costs incurred for which Arkil was not responsible.

### 2016 expectations

The strategy of increased specialisation and increased focus on expertise within Arkil will continue in 2016. The expectation is that there will still be a good supply of medium and large infrastructure projects in the coming years and Arkil has a solid basis for further growth here. Nevertheless,



the expectation of a stagnating government investment level in the coming years must be expected to result in even harder competition for assignments. We will continue the efforts to develop the "Civil Works" entity, with particular focus on Zealand and Copenhagen, where Arkil's potential for growth is the greatest. Development and growth are also on the agenda for our foundation and hydraulic engineering activities in Arkil Fundering A/S, ensuring that potential for growth is supported by our overall specialist expertise and extensive consultancy and design involvement. The strengthening of "Civil Works" is a key element in the strategy to ensure control of projects and profitability in these sort of tasks.

Activities in regional and local departments are expected to increase in 2016 and the previous reticence regarding investments in the supply area and within municipal infrastructure projects is likely to be replaced by a more future-oriented strategy, at least in major cities. Arkil anticipates that there will still be massive competition in the area, putting pressure on profitability. Here, the focus will predominantly be on further tightening and systematising organisational business processes and using technological innovation to improve competitiveness and profitability.

Overall, growth in Danish activities is expected, in spite of increasing competition from both Danish and foreign players, as well as the development of the organisation, particularly in areas dealing with major infrastructure projects. The profit ratio is expected to increase compared to 2015 based on improved performance in the implementation of projects and enhanced risk management, which will contribute to eliminating major loss-making projects.

#### Financial information for Danish activities

(DKK million)	2015	2014	2013
Revenue	<b>2,407.8</b>	2,005.0	1,956.4
Returns on primary operations	<b>(4.8)</b>	45.6	41.9
Segment assets	<b>1,084.4</b>	1,057.7	986.4
Growth in revenue, %	<b>20.1</b>	2.5	(7.7)
Profit margin, %	<b>(0.2)</b>	2.3	2.1
Return on invested capital (ROIC), including goodwill, %	<b>(0.7)</b>	6.7	7.1
Return on invested capital (ROIC), excluding goodwill, %	<b>(0.8)</b>	7.6	8.1
Number of employees	<b>1,377</b>	1,207	1,166





## DEVELOPMENTS IN FOREIGN ACTIVITIES

**A**rkil's subsidiaries in Sweden, Germany and Ireland respectively have generally had a satisfactory year, with an increase in revenue of 14.5% and a profit ratio that has increased from 3.3% in 2014 to 5% in 2015.

### Germany

The investment level remains stable within road construction, sewage and foundation work in regional, municipal and government projects in Germany. The German subsidiaries have managed to utilise the strong regional position in northern Germany to increase activities and maintain satisfactory profitability.

In 2015, Arkil undertook a number of road, construction and sewage projects in northern Germany and has also noted an increase in activity in the renovation of concrete and bridge structures; an area which has suffered underinvestment in Germany for a long period of time. Arkil expects the number of projects within port assignments and other aquatic environments to increase in the coming years in connection with various climate protection projects and therefore sees the potential for these business areas to contribute to ensuring continued growth in the northern German market.

Arkil has expanded its asphalt activities in connection with Arkil having achieved, in Q1 2015, full ownership of AMK Asphaltmischwerke Kiel and, in Q2 2015, SAM Stralsund Asphaltmischwerke, through the acquisition of outstanding equity interests in these two German asphalt plants, the asphalt plant in Wismar was also sold. The acquisition and sale took place in connection with German authorities demanding that the largest asphalt producers wind down participation in joint production ventures.

The German market is characterised by increased price pressure, but profitability has still increased, in part due to the streamlining of the organisations and increased activity and focus on project management. At the end of 2016, the subsidiary SAW will take further steps towards a more efficient and strengthened organisation through a physical gathering of construction activities at a shared office in Rendsborg, from which there is excellent access to the entire SAW market area. It must be assumed that the low oil price in 2015 has improved the sales potential for asphalt to the public and thus artificially stimulated demand, even if there is no doubt that the maintenance backlog in German roads, especially the secondary road networks and cities, is very large. Over the years, there has been a high priority on ensuring that our asphalt plants have followed technological developments and that they have had a high maintenance standard, which is a central factor for ensuring competitiveness in the market.





## Ireland

The Group's activities in Ireland are largely exposed to the general construction and civil engineering operations that have seen positive development in 2015.

An increasing supply of new projects within construction and road maintenance and infrastructure has contributed to increased activity and sale of asphalt and stone materials. Revenue in Ireland increased by around 29% in 2015 and profitability increased significantly thanks to improved utilisation of the production system.

Developments in the Dublin area have been characterised by a large number of players, resulting in very tough price competition, but also generally ensuring a good base for the overall activities. There has been a successful focus in Cork and Kerry on the utilisation of the special qualities of our stone deposits, which has increased the sale of products with a relatively high value. Cork therefore supplies large volumes of stone for ballasting under railway tracks and Kerry now exports stone with very high PSV values to London and other local authorities in England.

Increased public investment is also expected in infrastructure projects in the coming years, providing excellent opportunities for growth within both existing business areas and major construction projects.

## Sweden

The initiated strategy with a focus on enhancing collaboration with core customers, increasing the sale of specialist products and optimising production processes to improve profitability has been successful.

In 2015, revenue increased by around 25% and profitability also improved significantly.

The initiated strategy will continue in 2016.

## Financial information for international activities

(DKK million)	2015	2014	2013
Revenue	<b>938.9</b>	866.4	781.9
Returns on primary operations	<b>47.1</b>	28.8	16.3
Segment assets	<b>636.6</b>	542.9	534.7
Growth in revenue, %	<b>8.4</b>	10.8	2.5
Profit margin, %	<b>5.0</b>	3.3	2.1
Return on invested capital (ROIC), including goodwill, %	<b>15.7</b>	13.7	5.9
Return on invested capital (ROIC), excluding goodwill, %	<b>20.1</b>	18.6	7.3
Number of employees	<b>590</b>	582	575

## 2016 expectations

Market conditions are expected to remain stable in Germany, Ireland and Sweden in 2016. Part of the focus will therefore be aimed at equipping the organisations so that they can implement larger and more complex infrastructure projects than before, both in the northern German and Irish markets.

Overall, a revenue in line with 2015 is anticipated as well as a slightly lower performance level than was realised in 2015.

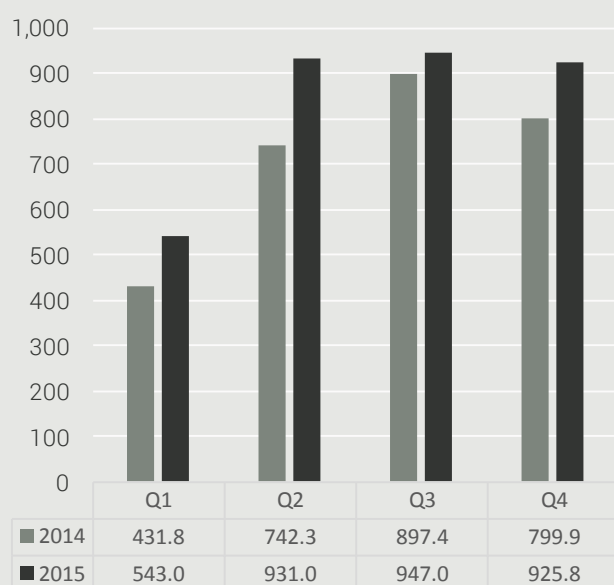
## ACCOUNTING REPORT

### Increasing activity in Q4 2015

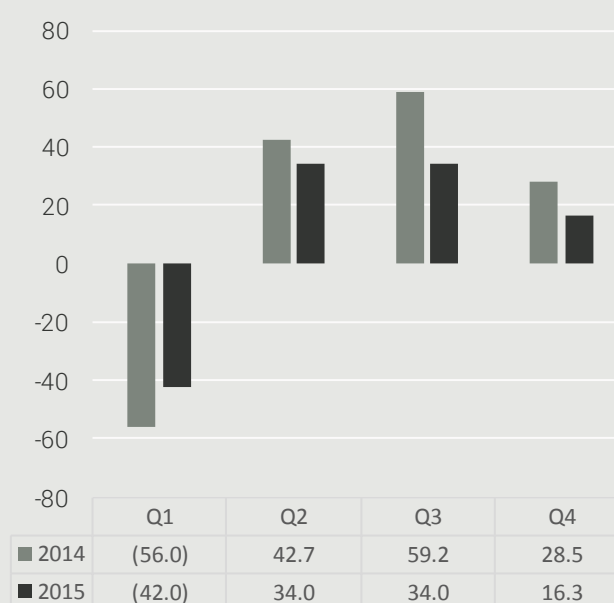
Arkil's revenue in Q4 2015 amounted to DKK 926 million, thus increasing by 15.8% from DKK 800 million compared to the same period last year. Operating profit (EBIT) for the period has been realised at DKK 16.3 million and a profit ratio of 1.8%, compared to DKK 28.5 million and a profit ratio of 3.6% in the same period last year. Profits before tax in the quarter were DKK 16 million compared to DKK 29 million last year.

It is noted that Arkil's operations vary from quarter to quarter as a result of the underlying seasonal market in which the Group operates.

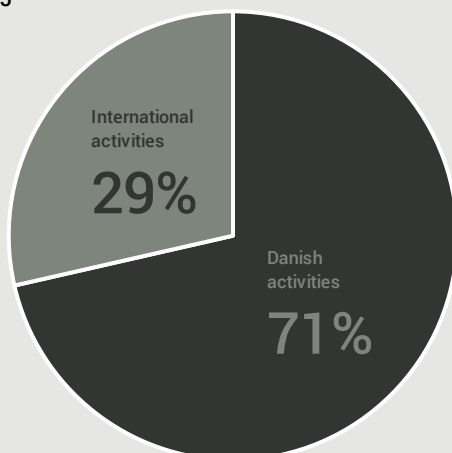
NET REVENUE (DKK MILLION)



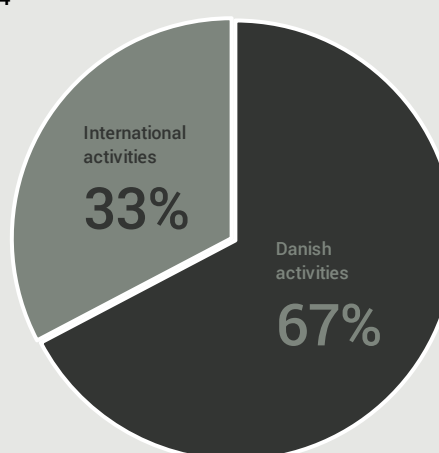
RETURNS ON PRIMARY OPERATIONS (DKK MILLION)



REVENUE DISTRIBUTED BY SEGMENT  
Q4 2015



REVENUE DISTRIBUTED BY SEGMENT  
Q4 2014





## Profit trend in 2015

Trend in 2015 expectations				
DKK million	Expectations in the 2014 annual report	Changed expectations for revenue, Q2 2015	Changed expectations for profits, Q3 2015	Net for 2015
Revenue	Approximately 3,100	Approximately 3,300	Approximately 3,300	3,347
Net profit before taxes	70-90	70-90	40-60	52

In the 2015 financial year, Arkil increased revenue by 16.6% to DKK 3,347 million from DKK 2,871 million the previous year. As such, revenue was realised in line with the most recently announced expectations and reflects an increase in activities of 8.4% in the Foreign activities segment and an increase in activity of 20.1% in the Danish activities segment.

Production costs amounted to DKK 3,052 million and the gross margin was realised at 8.8%, compared to 10.3% in 2014. The lower gross margin realised is due to increased production costs in connection with the implementation of three bridge projects in Zealand.

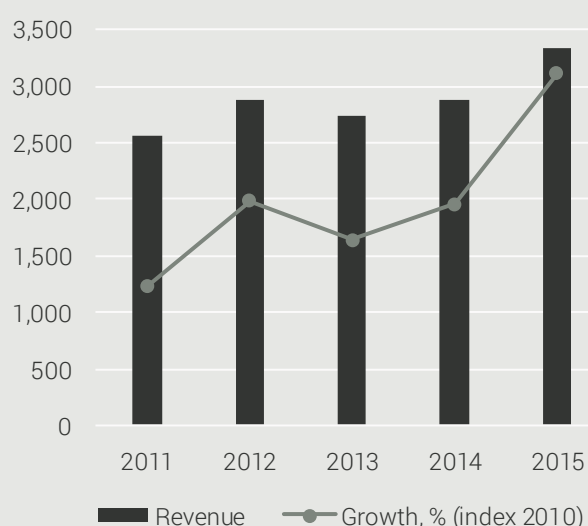
In 2015, the Group's administration costs amounted to DKK 255 million and therefore rose by DKK 27 million or 12% compared to 2014 as a result of increased activity and increased costs to enhance the Group's project management expertise. Administration costs amounted to 7.6% of revenue in 2015 compared to 7.9% in 2014.

Operating profit (EBIT) was realised at DKK 42 million in 2015 compared to DKK 74 million last year, corresponding to a realised profit margin of 1.3% in 2015 compared to a realised profit margin of 2.6% the previous year.

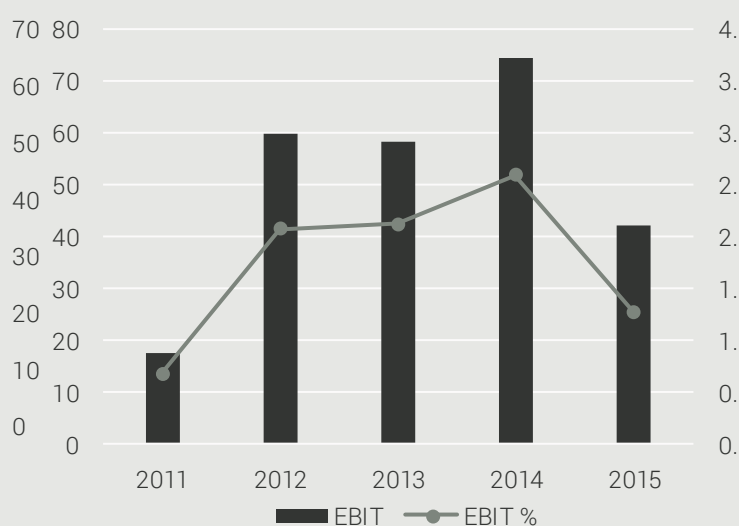
Financial income amounted to DKK 15 million compared to DKK 3 million in 2014. Financial income was positively influenced by an accounting step-up value adjustment of DKK 12.8 million derived from the acquisition of equity interest in two German asphalt plants.

Financial costs amounted to DKK 5 million in 2015 compared to DKK 5 million in 2014.

**REVENUE  
(DKK MILLION)**



**RETURNS ON PRIMARY OPERATIONS (EBIT)(DKK MILLION)**



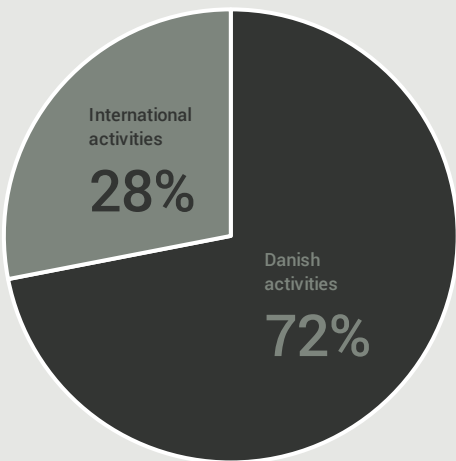
In 2015, Arkil realised profits before tax of DKK 52 million compared to DKK 72 million in 2014. The profits were corresponding with the latest expectations announced.

Taxes for the year amounted to DKK 15 million, corresponding to a tax percentage of 28.3%. After tax, Arkil realised a profit of DKK 38 million compared to DKK 55 million in 2014.

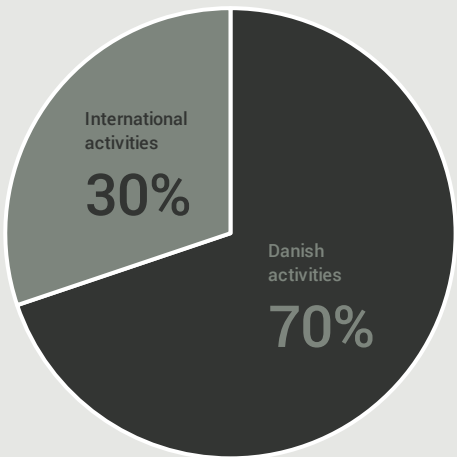
PERFORMANCE OF ASSETS  
(DKK MILLION)



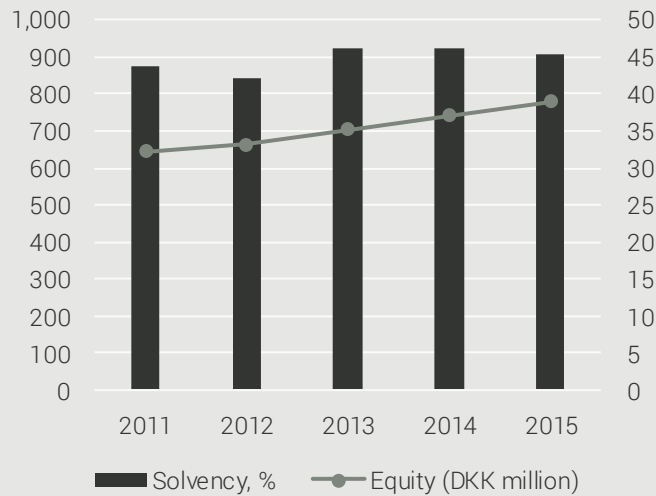
REVENUE PERCENTAGE 2015



REVENUE PERCENTAGE 2014



EQUITY AND SOLVENCY



ROIC AND ROE



## Strong balance with solid capitalisation

As of 31 December 2015, the Group's balance amounted to DKK 1,721 million, representing an increase of DKK 120 million compared to the balance at the end of 2014. The increase is a natural consequence of increased activities throughout the financial year and investments in new activities.

On the balance sheet day, long-term assets amounted to DKK 743 million, corresponding to an increase of DKK 87 million compared to the same time in 2014.

Short-term assets increased throughout the year by DKK 33 million to DKK 977 million. The Group's amounts owed constituted DKK 639 million, compared to DKK 529 million the previous year. Cash and cash equivalents were reduced by DKK 64 million to DKK 108 million.

On the balance sheet day, equity amounted to DKK 779 million, corresponding to an equity ratio of 45%, which is in line with last year. Realised profit in 2015 thereby paid interest on equity of 4.9% compared to 7.6% in 2014.

Long-term liabilities increased by DKK 27 million and amounted to DKK 312 million at the end of 2015.

Total short-term liabilities amounted to DKK 630 million at the end of 2015 compared to DKK 575 million in 2014.

Interest-bearing debt had increased by DKK 5 million to DKK 160 million as of 31 December 2015. Added to cash and cash equivalents and securities of DKK 134 million, the net interest-bearing debt amounted to DKK 26 million.

Invested capital inclusive goodwill amounted to DKK 1.006 million, and return on invested capital (ROIC) including goodwill was realised at 4.2% in 2015.

## Cash flows and cash position

Based on lower operating performance and increased capital tie-up in working capital of DKK 46 million compared to last year's balance sheet day, the Group's cash flows from operating activities were reduced by DKK 86 million to DKK 76 million in 2015.

The year's net investments in tangible and intangible assets amounted to DKK 120 million compared to DKK 97 million in the previous year.

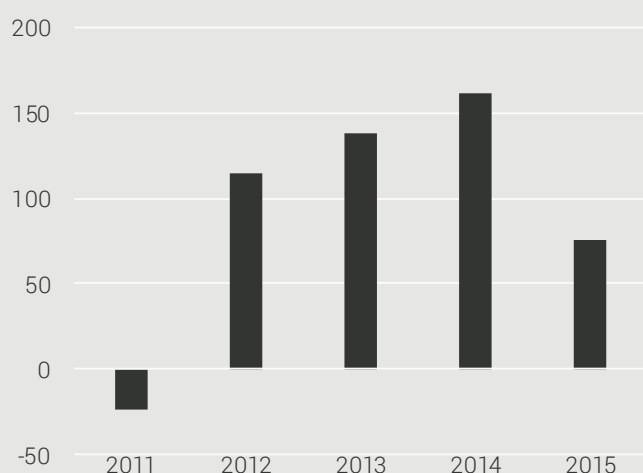
Cash flows from financing amounted to DKK -58 million, just like the previous year.

As a result, cash and cash equivalents were reduced by DKK 72 million from DKK 172 million in 2014 to DKK 100 million in 2015. Together with unused credit facilities of DKK 175 million, Arkil has access to strong financial contingency to support the Group's long-term objectives for growth.

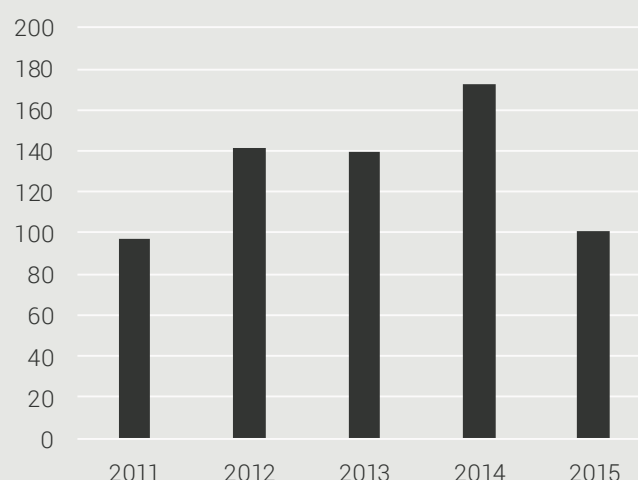
## Events after the end of the financial year

The Board of Directors and Management are not aware of any events of importance to the Group and the company's financial position occurring after the end of the financial year.

**CASH FLOW FROM OPERATING ACTIVITIES  
(DKK MILLION)**



**CASH AT BANK OR IN HAND  
(DKK MILLION)**





## RISK MANAGEMENT

**T**he Board of Directors of Arkil Holding annually evaluates and approves the strategic plans for the Arkil Group and the individual business segments. Arkil Holding Group activities that fall within the construction industry involve a number of commercial and financial risks.

Risk management is predominantly aimed at hedging risks in the Group's most crucial business process, project management. Project management covers the phases from invitation to tender to implementation. Based on the scope and complexity of each assignment, a systematic assessment will be carried out on project risks in all phases, and various parts of the organisation may be involved at different times in the process. This contributes to ensuring that the Group only engages in projects with an acceptable risk profile within the Group's core expertise.

### Commercial risks

Arkil Holding's activities involve a number of commercial and financial risks. The Group's strategy is to minimise and hedge commercial and financial risks through established risk management.

The Group's key activities are predominantly routine tasks with known risks that can be minimised through risk management. The most significant operating risk for the Group is depending on the ability to be flexible, where the possibility of rapid adjustment to current market terms within the Group's business areas is a key factor.

Major specialist projects are often carried out as joint ventures with experienced partners as well as in collaboration with specialists, ensuring that risks are reduced. The future strategy and tender composition means that the percentage of larger and more complex projects will increase at Arkil and this will also mean that loss on individual projects could proportionally affect returns to a greater extent than before. This will result in stricter requirements concerning risk assessments and risk management and a permanent risk committee will be established to handle risk management for the duration of the project based on 2015 developments. Collaborations based on partnering and early tendering, in which contractors are involved in the projects before initiation of the design and planning phases, strengthen risk coverage in projects.

The Group's insurance strategy is to cover significant risks that the Group itself does not have direct influence over and that may pose a threat to the Group's financial circumstances and existence.

Factors that may result in the achieved returns deviating substantially from expectations include, but are not limited to, developments in economic trends and financial markets,

technological development, changes to laws and regulations in Arkil's markets, competition, the supply of assignments within the Group's business areas, weather and climate conditions in the Group's markets and the acquisition and sale of activities and companies.

### Raw material risks

Based on a risk assessment, the Group's policy is to cover financial risks relating to future fluctuations in raw material prices included in the Group's services.

Such risks are generally covered by entering into fixed price agreements with suppliers concerning the supply to projects. To the extent that fixed price agreements are not entered into, the risk will be covered selectively based on a risk assessment in accordance with the Group's policy using financial instruments in the form of raw material swaps.

### Financial risks

As a result of operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group's policy is to not carry out active speculation involving financial risks. The Group's financial management is therefore aimed only at the management of risks that form a natural part of the operations. The Group's financial risks are predominantly covered through the allocation of revenue and costs in the same currency and the use of derivative financial instruments in accordance with policies approved by the Board of Directors.

### Foreign exchange risk

The Group's policy is to limit the impact of currency exchange fluctuations on the Group's return and financial position. Revenue in foreign currency is not indicative of the Group's foreign exchange risk as the majority of costs relating to foreign revenue are in the same currency.

The Group's foreign exchange position is centrally managed and coverage is selective. Only positions based on business conditions will be taken. The Group has substantial transactions/exposure in EUR but the management does not consider there to be any significant currency exchange risks in relation to this. The Group does not otherwise have any substantial currency exposure.

### Interest risk

The Group's cash and cash equivalents are invested on demand or as scheduled deposits with a maturity of up to three months in high-interest financial institutions and listed bonds and shares.

Interest payable on interest-bearing debt is variable. The Group's interest-bearing net debt, specified as debt to credit institutions less holdings of negotiable securities and cash

and cash equivalents, constituted DKK 26 million at the end of 2015 compared to a positive net holding of DKK 47 million at the end of 2014. A 1% rise or drop in the interest level compared to the balance sheet day would have only insignificant impact on the Group's returns and equity.

### **Cash flow risks**

The Group's policy in connection with borrowing is to ensure the greatest possible flexibility through diversification of borrowing at maturity/renewal dates and counterparties with regard to pricing. The Group's cash reserves consist of cash and cash equivalents, securities and unused credit facilities. The Group's aim is to have a sufficient cash position to continue to act effectively in the event of large seasonal fluctuations in cash flow, as is characteristic of the construction industry.

### **Credit risks**

The vast majority of the Group's customers are public and semi-public clients for which the risk of financial loss is considered minimal. The Group's receivables from sales to other customers are exposed to ordinary credit risk.

A critical credit check is carried out of customers before construction contracts are entered into. Furthermore, receivables from sales to other customers are covered to the extent appropriate and necessary through payment guarantees in the form of bank guarantees. The Group does not have any significant risks relating to individual customers or partners.

### **Internal control and risk management in connection with financial reporting**

Arkil Holding's internal control systems and procedures in connection with financial reporting are included in the document 'Den lovpligtige redegørelse for virksomhedsledelse' (statutory reporting on corporate governance), which forms part of the 2015 annual report, cf. Section 107b of the Danish Financial Statements Act, available on Arkil's website - <http://www.arkil.dk/investor/aktionaerinformation/corporate-governance>. The document forms part of the report of the board of directors and the management in the 2015 annual report and covers the period from 1 January 2015 to 31 December 2015.



## MATTERS RELATING TO MANAGEMENT

### Recommendations for corporate governance

**A**s a listed company, Arkil Holding A/S is obliged to follow the rules that apply to companies listed on Nasdaq Copenhagen. The rules include a national code of corporate governance.

According to item 4.3 of the "Rules for issuers of shares – Nasdaq Copenhagen", Danish companies must report on how they relate to the Committee on Corporate Governance's "Recommendations for Corporate Governance" of 6 May 2014, based on the "comply or explain" principle. The recommendations are available at [www.corporategovernance.dk](http://www.corporategovernance.dk) and set out that it is just as legitimate to explain as it is to comply with a specific recommendation, as the key is to create transparency in corporate governance matters.

With certain exceptions, Arkil Holding complies with the recommendations. The exceptions are:

- The company has no age/time limits for board members set down in the articles of association, but there has been natural replacement of the board over the years. The composition of the Board of Directors will be determined based on the expertise, professional qualifications, business experience and personal characteristics of the board members.
- A nomination committee has not been established. The Board of Directors continuously evaluates the relevance of a nomination committee and has thus far not considered it necessary to establish such a committee. The task is managed by the Chairman of the Board/the entire board.
- A remuneration committee has not been established. The Board of Directors does not currently consider it necessary to establish a remuneration committee based on the size of the board. The task is managed by the Chairman of the Board/the entire board.
- Remuneration for the management has not, as recommended, been specified for individual members. It is considered sufficient to provide information about the remuneration for the overall management.

Further information can be found about how Arkil Holding relates to the individual recommendations in 'Den lovpligtige redegørelse for virksomhedsledelse', cf. Section 107b of the Danish Financial Statements Act, on Arkil's website – <http://www.arkil.dk/investor/aktionaerinformation/corporate-governance>.

### The role of the shareholders and interaction with corporate management

The company strives to provide information and opportunities for dialogue with its shareholders through regular publication of news, financial reports and annual reports, as well as at the annual general meeting. All published information is made available to investors on the company's website on an ongoing basis.

Shareholders also have ongoing opportunities to communicate with corporate management and the Chairman of the Board.

The general meeting is the company's highest authority. Annual general meetings are ordinarily held in the month of April.

The Board of Directors will convene the general meeting with a notice period of at least three weeks and at most five weeks. The notice will include the agenda of any matters that will be discussed. The annual report and proposals will be issued to named shareholders who have expressed a desire to receive such information no later than eight days prior to the general meeting. All shareholders are entitled to attend and vote, in person or by proxy, and to submit proposals for matters to be discussed. Shareholders may authorise the Board of Directors in respect of any agenda item.

The company strives to ensure that the entire Board of Directors is present at the general meeting.

### Stakeholders' role and importance to the company and corporate social responsibility

The company wishes to enter into constructive dialogue with its shareholders and other stakeholders and to maintain a high level of transparency in its communications. Policies have therefore been established for a number of focus areas, such as communication, employees, environment and responsibility towards customers and society as a whole.

For a description of corporate social responsibility, please refer to the specific statement in the annual report.



## **Openness and transparency**

The company believes that adequate and timely communication of information to shareholders and the financial markets is necessary to ensure rational and fact-based valuation of the company's shares.

The company is committed to providing all investors and other stakeholders with equal access to information concerning the company's affairs. Information to the market is published via Nasdaq Copenhagen in Danish and, to the extent necessary, also in English. All information is also made available on the company's website at the time of publication.

## **The purpose and responsibility of the senior and central governing body**

The Board of Directors is responsible for the overall management of Arkil and ensures that the management works in accordance with established objectives, strategies and business procedures.

The Board of Directors meets 5-7 times per year in accordance with a fixed schedule and one of the meetings is dedicated to determining the objectives and strategies for the Group and the individual business areas. Extraordinary meetings will also be convened if necessitated by circumstances.

The Board of Directors' rules of procedure form the basis for the Board of Directors' work. The rules of procedure will be updated at least once per year.

As a natural part of its work, the Board of Directors discusses the Group's management processes to ensure that they largely comply with international recommendations and views and meet statutory requirements for corporate governance.

The Board of Directors has established guidelines for management reporting to the Board of Directors. The Board of Directors also receives reports concerning the company's situation from the management, as well as special reports when required. As such, the management will inform the Board of Directors on an ongoing basis about development and profitability, financial position and other operational matters relating to the business areas. Information will be systematic, both through meetings and written and verbal communication.

The Board of Directors will elect a chairman and a deputy chairman who together constitute the chairmanship. The duties, obligations and responsibilities of the chairmanship

have been set down in the rules of procedure and include the facilitation of board meetings in collaboration with corporate management.

The Board of Directors can establish a committee to manage specific tasks. Pursuant to Section 31 of the Danish Auditors Act, an audit committee comprising two board members, Birgitte Nielsen (Chairman) and Walther V. Paulsen (member), has been established. The committee held four meetings during the course of the year. The mandate of the committee can be found at [www.arkil.dk](http://www.arkil.dk). Ongoing assessment is carried out to determine whether it is relevant to establish other committees.

The Board of Directors comprises a total of six members. The Board of Directors is elected by the general meeting for one year at a time. The company has no age/time limits for board members set down in the articles of association, but there has been natural replacement of the board over the years.

The Board of Directors evaluates the composition and number of board members on an ongoing basis.

The Board of Directors carries out an annual evaluation of board composition, the way in which the board works and acts and the collaboration between the Board of Directors and the management, etc. The evaluation of the Board of Directors' work for 2015 was managed by the Chairman using a questionnaire and individual follow-up meetings with each board member.

The procedures for nomination of new candidates for the Board of Directors ensure that the composition of expertise and diversity are taken into account so that the Board of Directors can perform its duties in the best possible manner. Specific targets have been set out for the proportion of the underrepresented gender on the Board of Directors.

## **Rules for amendments to the Articles of Association**

Changes to the Articles of Association proposed or adopted by the Board of Directors require that decisions relating to changes are adopted by at least 2/3 of both the votes cast and the share capital represented at the general meeting, unless otherwise set down in legislation or the company's Articles of Association, which can be viewed at [www.arkil.dk](http://www.arkil.dk).

## **Management remuneration**

The Board of Directors will discuss and continuously evaluate the principles for remuneration of the corporate man-

agement for the purpose of ensuring that these are in accordance with common practice for comparable companies and reflect the required effort.

No unusual severance packages have been agreed with the Board of Directors, corporate management or employees in management positions.

In the event of termination of employment in connection with a "change of control" in the form of the controlling interest in the company changing hands or the company being dissolved through a merger, the company's notice of termination to corporate management may be extended to 36 months.

The Board of Directors are paid a fixed remuneration, approved annually by the general meeting.

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

Remuneration for corporate management has been described in more detail in the notes to the annual report.

### Equal opportunities and diversity policy

The company's policy is to address gender imbalance within various positions by actively encouraging qualified applicants of the underrepresented gender to apply for advertised positions and thus, over time, reducing the imbalance.

The company keeps statistics on the gender distribution between applicants for advertised positions and gender distribution among staff to ensure, within reasonable tolerances, that there is a correlation between the gender distribution of applicants for a business area and the gender distribution among employees, including management positions.

The company strives to invite an equal number of male and female applicants to interviews, provided that the advertised qualification requirements have been met by applicants of both genders.

In 2015, Arkil filled seven vacant management positions. The positions were filled by five female candidates and two male candidates following a structured process that included Arkil's equal opportunities and diversity policy.

No targets have been set for the gender composition of corporate management, currently comprising three men, or the other management levels within the Arkil Group. Arkil will continue to strive to reduce the imbalance between genders in corporate management teams by actively encouraging qualified female candidates to apply for management positions.

### Career development

The company wishes to ensure that all employees, regardless of gender, have equal opportunities to pursue a career in the company.

### Targets and policies for the underrepresented gender

For the Board of Directors, a target of 40% has been set for the proportion of elected female board members. The company aims to achieve this target by the annual general meeting in 2017.

At the start of 2015, the Board of Directors consisted of seven members elected by the general meeting, two of whom were female, corresponding to a target of only 30%. Following the resignation of a male board member after the general meeting in 2015, the proportion of female members constitutes 33%.

Arkil Holding strives to ensure fulfilment of the target by increasing the proportion of females on the Board of Directors in connection with natural resignations and nomination and election of new board members, taking into account the overall expertise of the board and members' individual qualifications.

Female employees in the Arkil Group	165 of 1,967 (8.4%)
Female managers and middle managers in the Arkil Group	10 of 81 (11%)
Female corporate managers in Arkil Holding A/S	0 of 3 (0%)
Female board members in Arkil Holding A/S	2 of 6 (33.3%)

## SOCIAL RESPONSIBILITY

### **Statutory report cf. Section 99a of the Danish Financial Statements Act**

**W**ork on social responsibility is based on Arkil's CSR policy and is anchored in the Group's values. We comply with laws and regulations regardless of where we are. We have targeted our focus on climate, environmental and working conditions and we support the United Nations' Global Compact, which means that respect for human rights, labour rights and zero tolerance in relation to corruption and bribery are fully integrated elements of our code of business principles, available to read on our website, [www.arkil.dk](http://www.arkil.dk). Sustainability, both social and financial, is an increasingly important part of the Group's commercial basis, development and operations.

#### **Arkil's CSR policy**

At Arkil, we take responsibility and contribute to the society we are part of, regardless of where we operate. We do this through the Group's CSR policy, which has four focus areas:

*Ensuring decent working conditions and a safe workplace for our employees.*

Arkil will not contribute to social dumping or exploitation. Arkil employees have decent pay and working conditions that comply with applicable agreements and legislation in the area. The safety in our workplaces must always be excellent and Arkil does not simply comply with working environment legislation, it is also our declared goal to be a leading company in terms of the safety of our employees.

*Educating our employees*

Arkil is a company which employs a relatively large proportion of people without specific educational qualifications. Arkil recognises that it is in the best interest of the company, our employees and society for the employment options of this group to be managed properly. Group policy is therefore to educate, for example, structural apprentices and asphalt workers in line with our activities and also to offer further education schemes for all employee groups.

*Investing in the right solutions*

Arkil wishes to prevent pollution from its operations to the extent possible by investing in energy-efficient solutions and promoting energy-saving initiatives in the various Group activities. Arkil also actively participates in recycling trials, including construction materials, combustion slag and asphalt in its projects. Arkil also investigates and develops, as part of everyday business, advanced environmental technology solutions and methods to prevent and clean up pollution caused by others.

#### *Guarantee*

Arkil's customers must have confidence that we fulfil our social responsibility at all levels and we will therefore actively follow up on and, where possible, commit our partners and subcontractors to our CSR policy.

This policy applies to the entire Arkil group, including foreign subsidiaries.

#### **Human rights**

Arkil supports and respects internationally recognised human rights.

The Group's code of business principles requires all suppliers to also support and respect human rights. The consequence of failure to comply is that the collaboration with the supplier will be stopped. (See code of business principles at [www.arkil.dk](http://www.arkil.dk))

#### **Knowledge, expertise and education**

In 2015, Arkil employed 1,967 employees, of whom 468 are administrative employees. 302 employees have an engineering/technical background. Arkil comprises a broad range of committed employees, many of whom have high specialist professional expertise within the Group's business areas. Employee knowledge levels and the ability to continue to convert this knowledge to create value for our customers' projects represents a substantial competitive advantage in which Arkil invests great educational resources to maintain and expand upon.

Active HR and education policies allow us to constantly expand employee expertise and knowledge levels through external and internal training courses. The increasing specialisation and internationalisation of Arkil's activities means that it is crucial for us to continue to attract, retain and further educate the most talented employees in the construction industry.

#### **Activities and achievements in 2015**

In 2015, we focused in particular on apprentices. Arkil has an extensive tradition of training many talented apprentices. It is essential for Arkil to take responsibility for training young people for the construction industry to ensure that we and the industry as a whole also have the manpower to carry out the many infrastructure projects that will arise in the future. At the end of 2015, Arkil Denmark employed 42 structural and paving apprentices and 11 apprentices within administration, machine operation and asphalt-ing. Arkil has declared a goal for 10% of the employee base to be made up of students in the departments that employ



apprentices. This is a goal that we have met for a number of years and which is among the highest in the industry. Of the many apprentices trained in 2015, several passed with special recognition, which testifies that the structured efforts and the mentor scheme systematised by Arkil pays off for the young people. In 2015, 24 students sat their apprenticeship exams. 24 passed, including 9 with special recognition or honours, and only 3 dropouts in 2015. A large proportion of the fully trained apprentices often continue working at Arkil.

We therefore want to remain at the forefront when it comes to the recruitment of students. In 2015, we therefore launched a major online-only campaign to attract young apprentices during a time at which young people are in great demand. A student portal, [www.arkil-elev.dk](http://www.arkil-elev.dk), and the Facebook page [www.facebook.com/arkilelever](http://www.facebook.com/arkilelever) will contribute to increasing the focus on the educational possibilities for students at Arkil. The Facebook page is administered by the young students themselves and focuses on everyday student life at Arkil. In addition to the new universe, a specific student campaign was also run on behalf of Arkil at [www.elevplads.dk](http://www.elevplads.dk) for a period of time.

Among hourly-paid employees, there has been a continued focus on improving literacy levels, in part to strengthen professional standards and in part to ensure a better working environment, greater safety and increased efficiency.

On a salaried level there is ongoing upgrading of expertise at all levels for those in specialist roles and those with project and management responsibilities at various levels. In 2015, Arkil used multiple engineering students, typically linked to one of our major projects around the country. Our experience is that engineering students are energetic and proactive and provide valuable assistance to the employees in the projects concerned.

## 2016 objectives

In 2016 the aim is to enhance HR efforts to ensure visibility across the entire organisation. One of the crucial focus areas is to continue strengthening collaboration and job satisfaction among employees across all of Arkil, alongside further systematisation of HR efforts to ensure constant maintenance and upgrading of employee knowledge levels.

A key point will be to attract, retain and further educate employees. Our growth target also means that we will continue to recruit more employees and we will therefore intensify recruitment efforts in 2016 so that we can continue to attract the most talented employees in the industry.

## Environmental and climate conditions

Arkil's policy is to continuously ensure that we improve and minimise our environmental impact through technological progress and specific human efforts. Efforts to protect the environment and create greater sustainability in production take place in continuous collaboration, internally within the organisation and with customers and consultants and in connection with production and services.

Arkil's asphalt activities are ISO 9001 certified and also comply with the environmental standard ISO 14001 and the working environment standard OHSAS 18001. All our asphalt products are also CE marked in accordance with DS/EN 13108.

Arkil's other divisions have, based on the knowledge and experience of the asphalt division, developed their own environmental management systems.

## Activities in 2015

In 2015, Arkil focused on the reuse of raw materials and reduction in energy consumption across all branches of the production process. Major initiatives include an extensive renewal and renovation of the asphalt plant in Skrydstrup, which means that the plant now complies with all applicable environmental regulations.

The EU Energy Efficiency Directive (EED) from 2012 lists a number of binding measures for member states with regard to achieving the EU savings target of 20% by 2020. This means, among other things, that member states are obliged to ensure that large companies carry out energy audits to identify opportunities and reduce energy consumption. Arkil falls within the large company category, measured both in terms of finances and in terms of number of employees and the statutory energy audit was therefore conducted in 2015. Arkil therefore complies with the requirements set down in the EU Energy Efficiency Directive (EED) and statutory instrument 1212. The purpose of the energy audit is to carry out an assessment of energy consumption at Arkil A/S and identify energy-saving measures that can be implemented for the purpose of reducing energy consumption in the company, where relevant.

The conclusions and recommendations set out in the energy audit report form, to the extent possible, the basis for the 2016 environmental objectives.

## 2016 objectives

The company continuously works on conditions and initiatives that can reduce the overall environmental impact and reduce fuel consumption. When we acquire new materials,

energy consumption is included as a key parameter during selection.

In Denmark, Arkil has access to more than 450 vehicles of up to 3,500 kg with a high average age, resulting in major operating costs, including high fuel consumption. In order to resolve the issues relating to, for example, operating costs, a new car policy has been implemented to ensure better finances and transparent operations.

Among other things, the car policy will include the introduction of a number of "standard cars" for which the replacement period will be six years going forward. All cars will be leased and linked to a full service agreement for the duration of this period. Instructions are also being prepared for users of the cars to manage issues relating to unnecessary use and wear and tear. 70 new vans have been ordered so far.

The aim is also to train our excavator operators in the correct use of the excavator operating modes. It is crucial both with regard to carbon emission load and operating finances that material is used correctly and excavator operators therefore need to be trained in energy-efficient operations during 2016.

At the same time, there will be an increased focus on whether the ideal excavator is being used for each individual task. There is an assumption that excavators that are too large or too small are sometimes used, resulting in inappropriate operating costs. Increased distribution and use of logging equipment in excavators will serve as an indicator of the effect of the measures.

Arkil works continuously on the options to optimise the reduction of energy consumption in processes at asphalt plants, including ongoing development of recipes. We will also regularly assess whether it is possible to recover heat from flue gas. In 2016 we will also initiate a process to cover raw materials in certain locations. Here we also anticipate notable energy savings at asphalt plants.

### **Working environment and working conditions**

The overall purpose of Arkil's working environment policy is to reduce the number of occupational accidents and ensure that no-one is exposed to unnecessary risk at work.

The working environment has top priority at Arkil, partly through a series of educational programmes and increased focus on follow-up and prevention work. Arkil has a clear objective of being one of the safest employers in the construction industry. This means that the accident rate must be reduced and the number of days of absence due to accidents must also be reduced. In order to achieve this ob-

jective, a number of activities have been initiated that, together, will help promote a good working environment across the entire organisation.

### **Activities in 2015**

Risk assessments are generally carried out for all contracts and the risk assessment will form the basis for the start-up meetings. In several turnkey contracts, Arkil has volunteered for the coordinator role, ensuring that experiences can be shared across the organisation. Several working environment coordinators have been trained in connection with this.

The statutory working environment training has been established in collaboration with an external working environment consultant and Arkil, ensuring that the training material uses Arkil as its basis. This results in a greater understanding of the subjects that are being taught and ensures direct usability of documents.

#### *E-learning has been developed and introduced across Arkil*

E-learning material has been developed. The e-learning deals with safety and the working environment and consists of:

- A 25-minute film.
- Different training material to ensure that the recipient gains an understanding of and insight into the subject.
- A number of validation questions to ensure that the recipient has understood the message.

All employees must complete the e-learning and new employees will complete the e-learning within the first 14 days of employment. Each manager is responsible for ensuring that their employees complete the e-learning.

New folders have also been created and these are considered a useful tool for the communication of health and safety-related material:

- Folder for subcontractors and partners concerning health and safety at Arkil.
- Instructions for machine operators.
- Safety and working environment, e-learning.

80 new working environment representatives and working environment managers were also elected across the organisation in 2015. The working environment committee is a crucial forum for ensuring development, prevention, investigation and corrective action relating to the working environment at Arkil.

### Near-accidents

Reporting of near-accidents is considered a key instrument in the prevention of accidents and targets have therefore been established with regard to near-accident reporting.

In 2015, many more near-accidents were reported than the previous year and communication relating to near-accidents will continue. The working environment department will follow up on reported near-accidents and strives to provide feedback to the reporter within 14 days if the report results in changes to procedures or the ways in which the work is carried out.

### Occupational accidents and accident rates

The number of reportable occupational accidents in Denmark in 2015 was 34, corresponding to an accident rate of 14. The target of reducing the number of occupational accidents by 30% has therefore been achieved. The accident rate has steadily decreased for a number of years through awareness and targeted efforts across the entire organisation. In 2014, the accident rate was 17.1.

Developments in absence due to sick leave are closely monitored by Arkil and are given high priority. In 2015, absence due to illness was 4.4% compared to 3.9% in 2014.

The absence rate has fallen from 3.7 hours of absence per 1,000 working hours in 2014 to 1.7 hours of absence per 1,000 working hours in 2015.

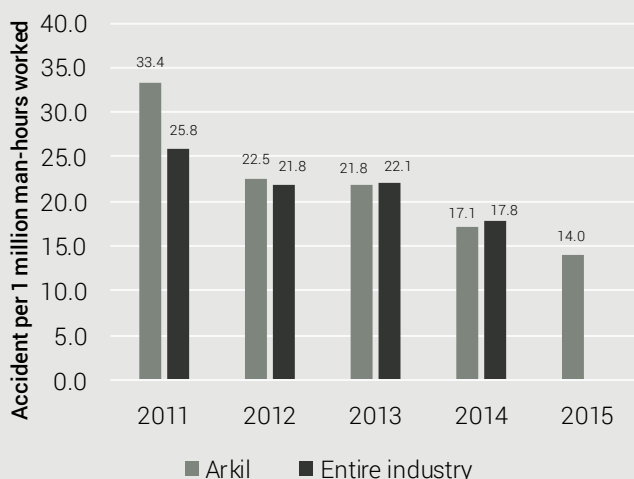
A system has been developed for the purpose of focusing on learning from accidents. For those accidents where management finds that more people would benefit from learning, special memorandums will be created for use as instructions.

### 2016 objectives

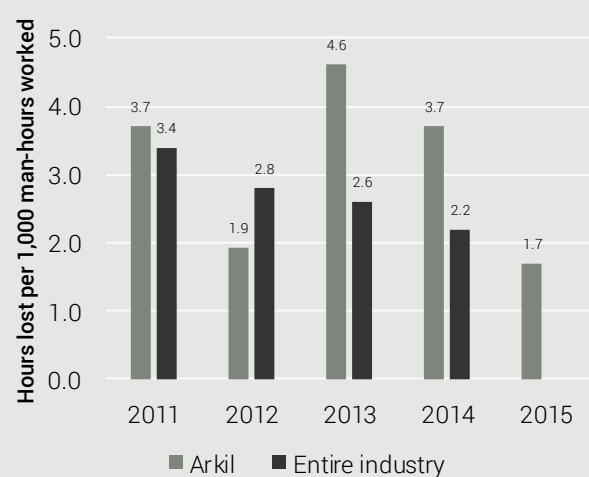
In 2016, the working environment organisation will continue to focus on further reduction of the accident rate and absence due to accidents based on the activities described. The target is to reduce the accident rate from the current 14 in 2015 to 13 in 2016.

The psychological working environment will also be in focus, especially the limitation and reduction of stress among Arkil employees.

ACCIDENT FREQUENCY 2011 - 2015



WORK ABSENCE 2011 - 2015





## INFORMATION AS TO SHAREHOLDERS

### Share capital and ownership

The share capital in Arkil Holding amounts to DKK 49.1 million, of which DKK 6.1 million is A shares and DKK 43.0 million is B shares. Arkil Holding's B shares are listed in

Nasdaq Copenhagen and the B capital is distributed across 429,820 shares with a nominal value of DKK 100 each. A shares carry ten times the voting rights of B shares.

The number of registered shareholders as of 31 December 2015 was 1,524. Registered capital amounted to DKK 36.7 million, corresponding to 74.75% of share capital.

Shareholders, who pursuant to Section 29 of the Danish Securities Trading Act have reported shareholding in excess of 5% of the total share capital or voting rights, appear from below.

Shareholder composition						
	A shares Nominal value (DKK)	B shares Nominal value (DKK)	Total shares Nominal value (DKK)	Number of votes	Vote %	% of share capital
Chief Executive Officer Jesper Arkil, 6100 Haderslev **	3,663,500	126,900	3,790,400	367,619	35.18%	7.71%
Director Jens Skjøt-Arkil, 6000 Kolding **	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, 8000 Århus C **		8,335,200	8,335,200	83,352	7.98%	16.96%
Ellen og Ove Arkils Fond, 6500 Vojens **		2,437,500	2,437,500	24,375	2.33%	4.96%
The Group's own shares *		1,730,000	1,730,000	17,300	1.66%	3.52%
Other shareholders		26,630,500	26,630,500	266,305	25.49%	54.22%
<b>Total</b>	<b>6,150,000</b>	<b>42,982,300</b>	<b>49,132,300</b>	<b>1,044,823</b>	<b>100.00%</b>	<b>100.00%</b>

\* No voting rights

\*\* Shareholders, who pursuant to Section 29 of the Danish Securities Trading Act have reported shareholding in excess of 5% of the total share capital or voting rights

B shares are securities issued to the bearer but can be listed by name in the company's register of shareholders. A shares are named shares and not securities. Division into two share classes has been established to ensure the company's independence for the benefit of shareholders, employees and other stakeholders. Furthermore, this contributes to ensuring a strong corporate culture.

The Group has not entered into any significant agreements that take effect, change or expire if the control of the Group is changed as a result of a successful takeover bid.

Please refer to page 22 on "change of control".

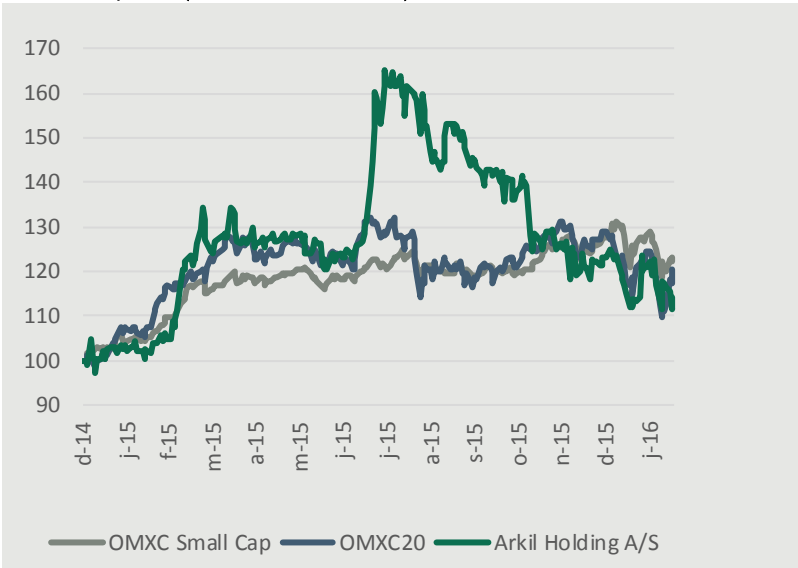
Pursuant to the authorisation of the general meeting, the corporate management may allow the company to acquire its own shares up to a total nominal value of 10% of the share capital. The authorisation shall be valid until the next annual general meeting. Pursuant to the authorisation of the general meeting, the corporate management may increase share capital by up to nominally DKK 15 million. The authorisation shall be valid until 1 April 2019.

As of 31 December 2015, the Group's own shares amount to 17,300 B shares, corresponding to 3.5% of share capital. The purpose is to achieve flexibility in connection with future acquisitions and strategic partnerships.

**Price development and cash position**

The stock exchange quotation for the company's B shares was 1,044 as of 31 December 2015, an increase of 23% compared to the quotation at the end of 2014. During the 2015 financial year, B shares were sold for a total of DKK 117 million, corresponding to average daily sales of around DKK 453,000.

Price development (End of 2014, Index 100)



## Dividends

The aim is for shareholders to achieve a return on their investment in the form of price increases and dividends exceeding a risk-free investment in bonds. Payment of dividends will be made taking into account any necessary consolidation of equity as the basis for the Group's continued expansion.

## General meeting

Arkil Holding will hold its annual general meeting on Wednesday 27 April 2016 at 15:00 at the company's head office, Søndergård Alle 4, 6500 Vojens, Denmark.

### Key figures relating to shareholders

		2015	2014	2013	2012	2011
Proposed dividend per DKK 100 share	DKK	15.00	10.00	10.00	10.00	0.00
Profits per DKK 100 share	DKK	66	108	86	81	10
Growth in profits per DKK 100 share	%	(40)	27	6	707	216
Internal value per DKK 100 share	DKK	1,586	1,507	1,432	1,348	1,319
Market value per DKK 100 share	DKK	1,044	848	610	395	390
Market value / internal value		0.66	0.56	0.43	0.29	0.30
Price / earning, end	DKK	16	8	7	5	39
Market value calculated based on quotation	DKK million	513	417	300	194	192

## Company announcements in 2015

17/03/2015	Changes to the financial calendar for 2015 for Arkil Holding A/S
25/03/2015	Annual report 2014
27/03/2015	Notice of general meeting
28/04/2015	Minutes from general meeting
28/05/2015	Interim report for Arkil Holding A/S for Q1 2015
26/08/2015	Interim report for Arkil Holding A/S for the first six months of 2015
10/09/2015	Arkil enters into multiple substantial contracts
05/10/2015	Follow-up to the company announcement dated 10 September 2015
09/11/2015	Downward revision of anticipated annual returns for the 2015 financial year
25/11/2015	Interim report for Arkil Holding A/S for Q3 2015
02/12/2015	Reporting pursuant to Section 28a of the Danish Securities Trading Act
02/12/2015	Reporting pursuant to Section 28a of the Danish Securities Trading Act
08/12/2015	2016 Financial Calendar

## 2016 Financial Calendar

30/03/2016	Publication of annual report for the 2015 financial year
27/04/2016	Annual General Meeting
25/05/2016	Publication of interim report for Q1 of the 2016 financial year
31/08/2016	Publication of interim report for first 6 months of the 2016 financial year
30/11/2016	Publication of interim report for Q3 of the 2016 financial year



# BOARD OF DIRECTORS AND CORPORATE MANAGEMENT/ COMPANY INFORMATION

## ■ BOARD OF DIRECTORS

Director  
**Agnete Raaschou-Nielsen**  
(Chairman)

Director  
**Hans Schmidt-Hansen**  
(Deputy Chairman)

Director  
**Birgitte Nielsen**

Director  
**Walther V. Paulsen**

Director  
**Steen Brødbæk**

Director  
**Steffen M. Baungaard**



### **Agnete Raaschou-Nielsen \*** **Chairman**

Born 1957, member of the Board of Directors of Arkil Holding since 2011  
Education: Licentiate

#### **Managerial office:**

Brdr. Hartmann A/S  
(Chairman of the Board of Directors)  
Novozymes A/S (member of the Board of Directors and member of the audit committee)  
Dalhoff Larsen & Horneman A/S (Deputy Chairman)  
Solar A/S (Deputy Chairman and member of the audit committee)  
The investment associations Danske Invest, Danske Invest Select, Profil Invest and ProCapture as well as the equity associations Danske Invest Institutional and AP Invest (Deputy Chairman)  
Danske Invest Management A/S (member of the Board of Directors)  
Limited company Schouw & Co. (member of the Board of Directors and member of the audit committee)  
Icopal Holding A/S and two subsidiaries (member of the Board of Directors)



### **Hans Schmidt-Hansen \*** **Deputy Chairman**

Born 1943,  
member of the Board of Directors of Arkil Holding since 2003  
Education: Engineer

#### **Managerial office:**

Agena A/S (CEO)  
HM Systems A/S  
(Chairman of the Board of Directors)  
SME Invest A/S  
(member of the Board of Directors)  
Collamat AG, Schweiz  
(Chairman of the Board of Directors)  
AMC Invest A/S  
(member of the Board of Directors)  
Agena A/S (member of the Board of Directors)  
Enghaven Agro (member of the Board of Directors)  
Shareholding, Arkil Holding  
shares: nominal value DKK 1,745,200



### **Birgitte Nielsen \***

Born 1963,  
member of the Board of Directors of Arkil Holding since 2006  
Chairman of the Audit Committee at Arkil Holding A/S  
Education: HD (R), HD (U)

#### **Managerial office:**

Kirk Kapital A/S  
(member of the Board of Directors)  
Topdanmark A/S (member of the Board of Directors and member of the audit committee)  
Matas A/S (member of the Board of Directors and Chairman of the audit committee)  
De Forenede Ejendomsselskaber A/S (member of the Board of Directors)  
Coloplast A/S (member of the Board of Directors)

#### **Arkil Holding A/S**

Søndergård Alle 4  
DK-6500 Vojens, Denmark

Telephone: +45 7322 5050  
Fax: +45 73 22 50 00  
Website: [www.arkil.dk](http://www.arkil.dk)  
E-mail: [arkil@arkil.dk](mailto:arkil@arkil.dk)  
CVR no.: 36 46 95 28

**Established in 1955**

**Home municipality:**

**Haderslev**

#### **Auditor**

Ernst & Young  
Authorised Auditor

#### **General meeting**

The Annual General Meeting will be held on 27 April 2016 at the company's head office, Søndergård Alle 4, DK-6500 Vojens, Denmark



#### **Walther V. Paulsen \***

Born 1949,  
member of the Board of Directors of  
Arkil Holding since 2006  
Member of the audit committee  
at Arkil Holding A/S  
Education: MSc(Econ.)

#### **Managerial office:**

The investment associations Danske Invest, Danske Invest Select, Profil Invest and ProCapture as well as the equity associations Danske Invest Institutional and AP Invest (member of the Board of Directors) Det Obelske Familiefond (member of the Board of Directors) Gerda og Victor B. Strands Fond (Toms Fonden) (member of the Board of Directors)



#### **Steen Brødbæk \***

Born 1964,  
member of the Board of Directors of  
Arkil Holding since 2014  
Education: Electrical Power Engineer

#### **Managerial office:**

Semco Maritime A/S  
(President & CEO)  
DI Energi (member of the Board of Directors)  
W. Giertsen Services AS  
(member of the Board of Directors)  
Carl Ras A/S (member of the Board of Directors)  
Semco Maritime AS, Norway  
(member of the Board of Directors)  
Semco Maritime Inc., USA  
(member of the Board of Directors)

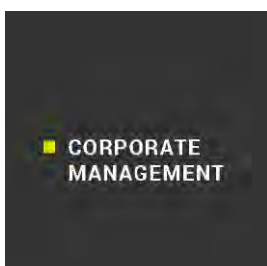


#### **Steffen Martin Baungaard \***

Born 1967,  
member of the Board of Directors of  
Arkil Holding since 2014  
Education: Building Constructor,  
MSc, Business Economics

#### **Managerial office:**

HusCompagniet A/S (CEO)  
Die HausCompagnie GmbH  
(Chairman of the Board of Directors)  
Svenska HusCompagniet AB  
(Chairman of the Board of Directors)  
LejlighedsCompagniet A/S  
(Chairman of the Board of Directors)  
M. B. Packaging A/S  
(member of the Board of Directors)  
Frederikshøj Ejendomme A/S  
(member of the Board of Directors)



Chief Executive Officer  
**Jesper Arkil**

Director,  
Business Development,  
**Jens Skjød-Arkil**

CFO  
**Heine Heinsvig**



#### **Jesper Arkil**

Chief Executive Officer  
Born 1974  
Education: MSc, Business Administration and Computer Science

#### **Managerial office:**

Danske Anlægsgentreprenører  
(Chairman)  
Ellen og Ove Arkils Fond  
(Chairman of the Board of Directors)  
European International Contractors (EIC), Berlin  
(member of the Board of Directors)  
Shareholding, Arkil Holding  
shares: nominal value DKK 3,790,400  
(A and B shares)



#### **Jens Skjød-Arkil**

Director, Business Development  
Born 1981  
Education: Engineer

#### **Managerial office:**

Ellen og Ove Arkils Fond  
(member of the Board of Directors)  
Traffics A/S (member of the Board of Directors)  
Shareholding, Arkil Holding  
shares: nominal value DKK 2,453,100  
(A and B shares)



#### **Heine Heinsvig**

CFO  
Born 1950  
Education: HD (R)

#### **Managerial office:**

Ellen og Ove Arkils Fond  
(member of the Board of Directors)  
Shareholding, Arkil Holding  
shares: nominal value DKK 21,700

\*Independent member according to the Recommendations on proper corporate governance

## MANAGEMENT REVIEW

The Board of Directors and Corporate Management have today discussed and approved the 2015 annual report for Arkil Holding A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated and annual accounts give a true and fair view of the Group and parent company's assets, liabilities and financial position as of 31 December 2015, as well as of the performance of the Group and parent company's activities and cash flow for the financial year 1 January – 31 December 2015.

The management report does, in our opinion, provide a true and fair report of developments in the Group and company's activities and financial affairs, profit for the year, and the company's financial position and the financial position for all companies covered by the consolidated accounts as a whole, as well as a description of the principal risks and uncertainty factors that the Group and company faces.

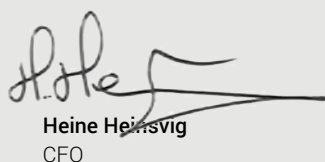
The annual report will be presented at the annual general meeting for approval.

*Haderslev, Denmark - 30 March 2016*

### CORPORATE MANAGEMENT



**Jesper Arkil**  
Chief Executive Officer



**Heine Heinsvig**  
CFO



**Jens Skjøl Arkil**  
Director,  
Business Development

### BOARD OF DIRECTORS



**Agnete Raaschou-Nielsen**  
Chairman



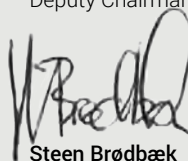
**Hans Schmidt-Hansen**  
Deputy Chairman



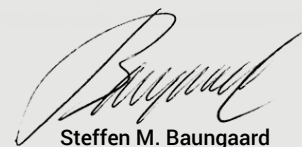
**Birgitte Nielsen**



**Walther V. Paulsen**



**Steen Brødbæk**



**Steffen M. Baungaard**







# THE INDEPENDENT AUDITOR'S REPORT

**To shareholders in  
Arkil Holding A/S**

## **Report on the consolidated accounts and annual accounts**

We have audited the consolidated and annual accounts for Arkil Holding A/S for the financial year 1 January – 31 December 2015, which comprise income statements, total income statement, balance sheet, statement of changes in equity, cash flow statements and notes, including the accounting practice used for both the Group and the company. The consolidated and annual accounts have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU and Danish disclosure requirements for listed companies.

## **Management's responsibility for consolidated and annual accounts**

The management is responsible for the preparation of consolidated and annual accounts that provide a true and fair view in accordance with International Financial Reporting Standards, as adopted by the EU and Danish disclosure requirements for listed companies. The management is also responsible for such internal control as deemed necessary by the management in order to prepare consolidated and annual accounts that are free from material misstatements, whether due to fraud or error.

## **Auditor's responsibility**

Our responsibility is to express an opinion on the consolidated and annual accounts based on our audit. We have conducted our audit in accordance with international auditing standards and additional requirements set out in Danish auditing regulations. This requires that we comply with ethical requirements as well as plan and perform the audit to achieve reasonable assurance as to whether the consolidated and annual accounts are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence regarding the amounts and information in the consolidated and annual accounts. The audit procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in consolidated and annual accounts, whether due to fraud or error. As part of the risk assessment, the auditor considers internal controls that are relevant to the company preparing consolidated and annual accounts that give a true view.

The purpose is to design audit procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the company's internal control. An audit also includes assessing whether the management's choice of accounting practice is appropriate and whether the management's accounting estimates are reasonable, as well as assessing the overall presentation of the consolidated and annual accounts.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The audit did not give rise to any reservations

## **Conclusion**

In our opinion, the consolidated and annual accounts give a true and fair view of the Group and company's assets, liabilities and financial position as of 31 December 2015, as well as of the profits on the Group and company's activities and cash flows for the financial year 1 January – 31 December 2015, in accordance with International Financial Reporting Standards, and as adopted by the EU and Danish disclosure requirements for listed companies.

## **Statement on the management report**

Pursuant to the Danish Financial Statements Act, we have read the management report. We have taken no further action in addition to the audit of the consolidated and annual accounts. Based on this, we believe that the information in the report of the Board of Directors and the management is consistent with the consolidated and annual accounts.

*Haderslev, Denmark - 30 March 2016*

Ernst & Young

*Authorised Auditor*

CVR no. 30 70 02 28

  
**Peter Gath**

Chartered Accountant

  
**Anders Blaavand**

Chartered Accountant







# **PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER**

Parent company		Note		Group	
2014	2015	no.	(Amounts in DKK 1,000)	2015	2014
		4	Revenue	3,346,768	2,871,394
		5	Production costs	(3,051,502)	(2,575,605)
			<b>Gross profit</b>	<b>295,266</b>	<b>295,789</b>
(4,161)	(5,828)	5.6	Administration costs	(254,941)	(227,554)
3,978	3,264	5.7	Other operating income	0	0
		9	Share of results after taxes in associated companies	1,937	7,992
		10	Share of results after taxes in joint ventures	0	(1,780)
<b>(183)</b>	<b>(2,564)</b>		<b>Returns on primary operations</b>	<b>42,262</b>	<b>74,447</b>
12,249	5,513	11	Financial income	15,078	3,046
(6)	(90)	12	Financial costs	(5,023)	(5,278)
<b>12,060</b>	<b>2,859</b>		<b>Net profit before taxes</b>	<b>52,317</b>	<b>72,215</b>
(501)	(195)	13	Taxes on profit for the year	(14,803)	(17,070)
<b>11,559</b>	<b>2,664</b>		<b>Net profit for the year</b>	<b>37,514</b>	<b>55,145</b>
			Allocation of Group results:		
			Arkil Holding A/S shareholders	31,071	51,389
			Minority interests	6,443	3,756
				<b>37,514</b>	<b>55,145</b>
			Proposed allocation of the results:		
4,913	7,370		Proposed dividends		
6,646	(4,706)		Retained profits		
<b>11,559</b>	<b>2,664</b>				
		14	Profits per DKK 100 share	66	108
		14	Diluted profits per DKK 100 share	66	108

## TOTAL INCOME STATEMENT FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER

Parent company		Note	Group	
2014	2015	no.	2015	2014
		(Amounts in DKK 1,000)		
11,559	2,664	<b>Net profit for the year</b>	<b>37,514</b>	<b>55,145</b>
<b>Other total income:</b>				
<b>Entries that cannot be reclassified for the profit and loss statement:</b>				
		Actuarial profit/loss on performance-		
	28	based pension schemes	4,071	(27,405)
	13	Taxes on other total income	(1,226)	8,222
			<b>2,845</b>	<b>(19,183)</b>
<b>Entries that can be reclassified for the profit and loss statement:</b>				
		Foreign currency translation adjustments when con-		
		verting foreign units	639	(1,076)
		Revaluation of hedging instruments:		
		Revaluation for the year	2,491	(2,491)
	13	Taxes on other total income	(610)	610
			<b>2,520</b>	<b>(2,957)</b>
0	0	<b>Other total income after taxes</b>	<b>5,365</b>	<b>(22,140)</b>
11,559	2,664	<b>Total income in total</b>	<b>42,879</b>	<b>33,005</b>
<b>Allocated as follows:</b>				
		Arkil Holding A/S shareholders	35,912	32,226
		Minority interests	6,967	779
			<b>42,879</b>	<b>33,005</b>

## BALANCE AS OF 31 DECEMBER

Parent company		Note		Group	
2014	2015	no.	(Amounts in DKK 1,000)	2015	2014
<b>Assets</b>					
<b>Long-term assets</b>					
<b>Intangible assets</b>					
		15	Goodwill	139,917	129,986
		16	Acquired know-how	1,734	2,229
		17	Licenses and rights	7,880	8,199
			<b>Total intangible assets</b>	<b>149,531</b>	<b>140,414</b>
<b>Tangible assets</b>					
2,634	2,634	18	Land and buildings, domicile properties	133,733	135,970
56,790	55,658	19	Investment properties	1,371	1,371
1,414	3,602	20	Technical plants, equipment, fixtures and fittings	407,187	320,550
		21	Plants under construction	1,229	5,404
<b>60,838</b>	<b>61,894</b>		<b>Total tangible assets</b>	<b>543,520</b>	<b>463,295</b>
<b>Other long-term assets</b>					
351,570	351,570	8	Equity interests in subsidiaries		
		9	Equity interests in associated companies	13,412	15,300
		10	Equity interests in joint ventures	3,711	411
		22	Long-term amounts owed	8,983	11,070
		29	Postponed tax assets	24,175	25,823
<b>351,570</b>	<b>351,570</b>		<b>Total other long-term assets</b>	<b>50,281</b>	<b>52,604</b>
<b>412,408</b>	<b>413,464</b>		<b>Total long-term assets</b>	<b>743,332</b>	<b>656,313</b>
<b>Short-term assets</b>					
		23	Inventories	90,000	98,656
		24	Construction contracts	114,053	109,913
39,319	53,877	25	Amounts owed	639,458	528,968
6,112	0	33	Amounts owed, corporation tax	0	378
1,005	1,059	26	Securities	25,964	29,235
407	0		Liquid assets	108,154	172,426
<b>46,843</b>	<b>54,936</b>			<b>977,629</b>	<b>939,576</b>
2,300	0	18-20	Assets determined for sale	0	4,705
<b>49,143</b>	<b>54,936</b>		<b>Total short-term assets</b>	<b>977,629</b>	<b>944,281</b>
<b>461,551</b>	<b>468,400</b>		<b>Total assets</b>	<b>1,720,961</b>	<b>1,600,594</b>



## BALANCE AS OF 31 DECEMBER

Parent company		Note		Group	
2014	2015	no.	(Amounts in DKK 1,000)	2015	2014
<b>Liabilities</b>					
<b>Equity capital</b>					
49,132	49,132	27	Share capital	49,132	49,132
			Reserve for foreign currency translation adjustments	333	(211)
			Reserve for hedging transactions	0	(1,881)
398,899	394,314		Retained profits	697,473	671,235
4,913	7,370		Proposed dividends	7,370	4,913
<b>452,944</b>	<b>450,816</b>		<b>Arkil Holding shareholders' share of the equity capital</b>	<b>754,308</b>	<b>723,188</b>
			<b>Minority interests</b>	<b>25,031</b>	<b>17,310</b>
<b>452,944</b>	<b>450,816</b>		<b>Total equity</b>	<b>779,339</b>	<b>740,498</b>
<b>Liabilities</b>					
<b>Long-term liabilities</b>					
		28	Pensions and similar liabilities	149,840	153,092
2,709	3,236	29	Deferred taxes	34,256	41,363
		30	Provisions	10,858	5,312
0	419	31	Credit institutions	116,827	85,061
<b>2,709</b>	<b>3,655</b>		<b>Total long-term liabilities</b>	<b>311,781</b>	<b>284,828</b>
<b>Short-term liabilities</b>					
0	79	31	Credit institutions	43,631	69,686
		10	Liabilities to joint ventures	0	0
		24	Construction contracts	45,393	59,177
5,898	5,530	32	Supplier debt and other debt liabilities	512,385	431,762
0	8,320	33	Corporation tax	16,493	0
		30	Provisions	11,939	14,643
<b>5,898</b>	<b>13,929</b>		<b>Total short-term liabilities</b>	<b>629,841</b>	<b>575,268</b>
<b>8,607</b>	<b>17,584</b>		<b>Total liabilities</b>	<b>941,622</b>	<b>860,096</b>
<b>461,551</b>	<b>468,400</b>		<b>Total liabilities</b>	<b>1,720,961</b>	<b>1,600,594</b>

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## CASH FLOW STATEMENT

Parent company		Note	Group	
2014	2015	no.	2015	2014
(Amounts in DKK 1,000)				
12,060	2,859		52,317	72,215
1,132	1,634		92,785	89,256
(1,097)	130		(12,058)	(13,458)
			1,161	832
(12,249)	(5,513)		(15,078)	(3,046)
6	90		5,023	5,278
<b>Cash flow from primary operations before changes in operating capital</b>				
<b>(148)</b>	<b>(800)</b>		<b>124,150</b>	<b>151,077</b>
76,032	(14,926)	35	(40,191)	24,536
<b>75,884</b>	<b>(15,726)</b>		<b>83,959</b>	<b>175,613</b>
1,385	1,709		1,410	2,411
(4)	(90)		(3,993)	(5,039)
<b>77,265</b>	<b>(14,107)</b>		<b>81,376</b>	<b>172,985</b>
(2,690)	14,784		(5,147)	(11,022)
<b>74,575</b>	<b>677</b>		<b>76,229</b>	<b>161,963</b>
<b>Cash flow from operating activities</b>				
			0	(2,477)
(1,414)	(1,957)	36	(94,967)	(80,711)
3,896	2,150		24,748	14,410
			2,087	0
			(11,696)	(3,591)
			14,811	1,385
(83,313)	0		(24,508)	0
			(185)	0
10,864	3,750			
<b>(69,967)</b>	<b>3,943</b>		<b>(89,710)</b>	<b>(70,984)</b>
<b>Cash flow from investment activities</b>				

Parent company		Note	Group	
2014	2015	no.	2015	2014
(Amounts in DKK 1,000)				
		External financing:		
0	(239)	Repayment of long-term liabilities	(68,822)	(81,869)
		Proceeds when taking out long-term loans, etc.	15,346	20,077
		Minority investments	896	10,673
		Shareholders:		
(4,792)	(4,792)	Dividends paid	(4,792)	(4,792)
0	0	Dividends paid to minority interests	(1,165)	(2,080)
<b>(4,792)</b>	<b>(5,031)</b>	<b>Cash flow from financing activities</b>	<b>(58,537)</b>	<b>(57,991)</b>
<b>(184)</b>	<b>(411)</b>	<b>Cash flow for the year</b>	<b>(72,018)</b>	<b>32,988</b>
591	407	Cash and cash equivalents, start of year	172,326	139,537
		Value adjustment of cash and cash equivalents	217	(199)
<b>407</b>	<b>(4)</b>	<b>Cash and cash equivalents, end of year</b>	<b>100,525</b>	<b>172,326</b>
407	0	Liquid assets	108,154	172,426
0	(4)	Bank financing (overdraft facility)	(7,629)	(100)
<b>407</b>	<b>(4)</b>	<b>Cash and cash equivalents, end of year</b>	<b>100,525</b>	<b>172,326</b>



## STATEMENT OF EQUITY CAPITAL

(Amounts in DKK 1,000)		Arkil Holding A/S shareholders						
Group	Share capital	Reserve for foreign currency translation adjustments	Reserve for hedging transactions	Retained profits	Proposed dividends	Total	Minority interests	Total
<b>Equity</b>								
1 January 2014	49,132	766	0	640,943	4,913	695,754	7,937	703,691
<b>Total income in 2014</b>								
Net profit for the year				46,476	4,913	51,389	3,756	55,145
<b>Other total income</b>								
Foreign currency translation adjustments, foreign companies		(977)				(977)	(99)	(1,076)
Revaluation of pension liabilities				(23,294)		(23,294)	(4,111)	(27,405)
Revaluation of hedging instruments:								
Revaluation for the year			(2,491)			(2,491)		(2,491)
Taxes on other total income			610	6,989		7,599	1,233	8,832
<b>Total other income</b>	0	(977)	(1,881)	(16,305)	0	(19,163)	(2,977)	(22,140)
<b>Total income for the period</b>	0	(977)	(1,881)	30,171	4,913	32,226	779	33,005
<b>Transactions with owners</b>								
Minority investments						0	10,673	10,673
Allocated dividends					(4,913)	(4,913)	(2,079)	(6,992)
Dividends, own shares				121		121		121
<b>Total transactions with owners</b>	0	0	0	121	(4,913)	(4,792)	8,594	3,802
<b>Equity</b>								
31 December 2014	49,132	(211)	(1,881)	671,235	4,913	723,188	17,310	740,498

(Amounts in DKK 1,000)

Arkil Holding A/S shareholders

Group	Share capital	Reserve for foreign currency translation adjustments	Reserve for hedging transactions	Retained profits	Proposed dividends	Total	Minority interests	Total
<b>Equity</b>								
1 January 2015	49,132	(211)	(1,881)	671,235	4,913	723,188	17,310	740,498
<b>Total income in 2015</b>								
Net profit for the year				23,701	7,370	31,071	6,443	37,514
<b>Other total income</b>								
Foreign currency translation adjustments, foreign companies		544				544	95	639
Revaluation of pension liabilities				3,458		3,458	613	4,071
Revaluation of hedging instruments:								
Revaluation for the year			2,491			2,491		2,491
Taxes on other total income			(610)	(1,042)		(1,652)	(184)	(1,836)
<b>Total other income</b>	0	544	1,881	2,416	0	4,841	524	5,365
<b>Total income for the period</b>	0	544	1,881	26,117	7,370	35,912	6,967	42,879
<b>Transactions with owners</b>								
Minority investments					0	0	1,919	1,919
Allocated dividends					(4,913)	(4,913)	(1,165)	(6,078)
Dividends, own shares				121		121		121
<b>Total transactions with owners</b>	0	0	0	121	(4,913)	(4,792)	754	(4,038)
<b>Equity</b>								
31 December 2015	49,132	333	0	697,473	7,370	754,308	25,031	779,339

(Amounts in DKK 1,000)

Parent company	Share capital	Retained profits	Proposed dividends	Total
<b>Equity</b>				
<b>1 January 2014</b>	<b>49,132</b>	<b>392,132</b>	<b>4,913</b>	<b>446,177</b>
<b>Changes in shareholders' equity in 2014</b>				
Total income for the year		6,646	4,913	11,559
<b>Total income in total</b>	<b>0</b>	<b>6,646</b>	<b>4,913</b>	<b>11,559</b>
Allocated dividends			(4,913)	(4,913)
Dividends, own shares		121		121
<b>Total changes in shareholders' equity in 2014</b>	<b>0</b>	<b>6,767</b>	<b>0</b>	<b>6,767</b>
<b>Equity, 31 December 2014</b>	<b>49,132</b>	<b>398,899</b>	<b>4,913</b>	<b>452,944</b>
<b>Changes in shareholders' equity in 2015</b>				
Total income for the year		(4,706)	7,370	2,664
<b>Total income in total</b>	<b>0</b>	<b>(4,706)</b>	<b>7,370</b>	<b>2,664</b>
Allocated dividends			(4,913)	(4,913)
Dividends, own shares		121		121
<b>Total changes in shareholders' equity in 2015</b>	<b>0</b>	<b>(4,585)</b>	<b>2,457</b>	<b>(2,128)</b>
<b>Equity, 31 December 2015</b>	<b>49,132</b>	<b>394,314</b>	<b>7,370</b>	<b>450,816</b>









## LARGE-SCALE INFRASTRUCTURE TASKS

Arkil undertakes large-scale, complex construction projects in railways, motorways, bridges and port expansion.



## TRADITIONAL CONSTRUCTION PROJECTS

Arkil has 75 years of experience with carrying out all types of construction and infrastructure projects. This includes state motorway projects, underground plants, land development, road and sewerage tasks and the laying of cable and power supply lines.



## BRIDGE & CONCRETE

Arkil Bridge & Concrete specialises in new construction and renovation of concrete structures and bridges. The division undertakes construction work with concrete structures in trade contracts, main contracts and turnkey contracts.



## RAIL

The expertise in Arkil Rail covers all technical disciplines associated with railway engineering in track construction and maintenance and traction. In addition, this branch has its own specialist track materials and specially-trained personnel.



# NOTES



## ROAD SERVICES

Arkil is one of the pioneers in private road maintenance in Denmark. As early as 1978, the company began to offer maintenance services for green areas and stretches of road. Today, Arkil Road Services is one of the largest private providers on the Danish market.



## ASPHALT

Asphalt surfacing and maintenance work on motorways, highways, municipal roads, airports, car parks and industrial estates is one of our core competences.



## FOUNDATION & MARINE WORKS

Arkil Foundation & Marine Works builds on more than 35 years of experience with all types of deep foundation, piling and reinforcement work. The branch has completed all kinds of port development and marine works tasks across all of Denmark.



## ENVIRONMENTAL TECHNOLOGY

Arkil Environmental Technology offers turnkey solutions in soil and groundwater pollution, and over the course of more than 20 years has built up a large body of expertise within the clean-up of contaminated land using a variety of different clean-up techniques.

## OVERVIEW OF NOTES

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## NOTES Note no. 1 Accounting practice

Arkil Holding A/S is a limited company registered in Denmark. The annual report for the period 1 January - 31 December 2015 covers 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 annual report for Arkil Holding A/S for 2015 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further Danish disclosure requirements for annual reports for listed companies.

### Basis for preparation

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

The annual report has been prepared using the historical cost principle, with the exception of the following assets and liabilities which were measured at market value: derivatives, financial instruments held for trading and financial instruments classified as available for sale.

Long-term assets and disposal groups determined for sale are measured at the lowest value of the book value before change of classification or market value less any sales costs.

The accounting policy used, described below, has been used consistently during the financial year and for the comparative figures. For standards that will be implemented prospectively, the comparative figures will not be corrected.

### Changes to the accounting practice used

Effective from 1 January 2015, Arkil Holding A/S has implemented the following new or amended standards and interpretations:

- IAS 19 Defined Benefit Plans: Employee Contributions – Amendments to IAS 19
- Annual Improvements to IFRSs 2010-12 Cycle
- Annual Improvements to IFRSs 2011-13 Cycle

Amendments to IAS 19 relate to employee contributions and contributions from third parties to pension schemes.

Annual Improvements to IFRSs 2010-12 Cycle result in amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The amendments must be characterised as very specific changes with a very narrow range of application. The amendments to IFRS 2 and IFRS 3 apply to transactions for which the allocation date and acquisition date respectively fall on or after 1 July 2014. These parts of Annual Improvements to IFRSs 2010-12 were therefore implemented during the 2014 financial year.

Annual Improvements to IFRSs 2011-13 Cycle result in amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40. As the above Annual Improvements to IFRSs, these amendments must be characterised as very specific changes with a narrow range of application.

In addition to new disclosure requirements, none of the new standards and interpretations affected calculations and measurements in 2015 and thus also did not affect the returns and diluted returns per share.

### Consolidated accounts

The consolidated accounts include 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 interest in a company if the Group is exposed to or is entitled to variable returns on its involvement in the company and has the ability to influence such returns through its control of the company.

When assessing whether the Group has a controlling interest, de facto control and potential voting rights that are real and substantial on the balance sheet date will be taken into account.

Companies in which the Group exercises a significant but not controlling influence on operational and financial decisions are classified as associated companies. Significant influence occurs when the Group directly or indirectly owns or controls more than 20% of voting rights but no more than 50%.

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

Joint arrangements are classified as joint ventures or joint operations. Joint operations refers to activities in which the participants have direct rights to assets and direct liability for obligations, whereas joint ventures refers to activities for which the partners have rights only to net assets.

A Group outline can be seen on page 109.



## NOTES Note no. 1 Accounting practice used (continued)

The consolidated accounts have been prepared as a consolidation of the parent company and individual subsidiaries' accounts in accordance with Group accounting practice(s), with the elimination of intragroup income and costs, shareholdings, outstanding internal accounts, dividends, and realised and unrealised gains on transactions between the consolidated companies. Unrealised gains on transactions with associated companies are eliminated in proportion to the Group's equity interest in the company. Unrealised loss is eliminated in the same way as unrealised gains, to the extent that no depreciation has taken place.

Equity interests in subsidiaries are eliminated by the proportional share of the subsidiary's market value of identifiable net assets and recognised contingent liabilities on the acquisition date.

### Mergers

Newly acquired or newly established companies are included in the consolidated accounts from the acquisition date. Sold or liquidated companies are included in the consolidated profit and loss statements until the cession date. Comparative figures are not adjusted for newly acquired, sold or liquidated companies. Nevertheless, discontinued activities are presented separately, cf. the below.

When acquiring new companies for which a controlling interest is obtained, the acquisition method is used. The identifiable assets, liabilities and contingent liabilities of the acquired companies are measured at market value on the acquisition date. Identifiable intangible assets are recognised provided they are separable or arise from contractual rights and the market value can be reliably measured. Deferred tax on the assessments is recognised.

The acquisition date is the date on which Arkil Holding A/S actually achieves control of the acquired company.

Positive differences (goodwill) between the cost price of the company and the market value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under intangible assets. Goodwill is not amortised, though it is tested annually for depreciation. The first depreciation test is performed by the end of the acquisition year. Upon acquisition, goodwill is allocated to cash-generating entities that subsequently form the basis of the depreciation test. Goodwill and market value adjustments in connection with the acquisition of foreign entities with a functional currency other than the Arkil Group's presentation currency are treated as assets and liabilities of the foreign entity and converted to the foreign entity's functional currency on the transaction date. Negative differences (negative goodwill) are recognised in the profit and loss statement on the acquisition date.

The acquisition price for a company consists of the market value of the agreed payment in the form of acquired assets, assumed liabilities and issued equity instruments. If parts of the acquisition price are contingent on future events or fulfilment of agreed conditions, this part of the acquisition price is to be recognised at market value on the acquisition date. Costs that can be attributed to mergers are recognised directly in the profit and loss statement on the payment date.

If, on the acquisition date, there are uncertainties concerning identification or measuring of acquired assets, liabilities or contingent liabilities, or the determination of the acquisition price, the initial recognition must be made based on provisional values. If it is subsequently found that the identification or measurement of the acquisition price, acquired assets, liabilities or contingent liabilities was wrong on initial recognition, the settlement is to be adjusted retroactively, including goodwill, for up to 12 months after the acquisition, and comparative figures are to be adjusted. Goodwill is not to be subsequently adjusted. Changes in estimates of contingent acquisition prices are recognised directly in the profit and loss statement.

Profits and losses on the sale or liquidation of subsidiaries and associated companies are calculated as the difference between the sales price or settlement price and the book value of net assets, including goodwill on the sales date and costs for sale or liquidation.

### Minority interests

On initial recognition, minority interests are measured either at market value or at their proportional share of the market value of the acquired company's identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill concerning the minority interests' share in the acquired company are also to be recognised, while, in the latter scenario, goodwill concerning minority interests is not to be recognised. Measurement of minority interests is selected for each transaction and disclosed in the notes in connection with the specification of acquired companies.

### Conversion of foreign currency

A functional currency is determined for each of the reporting companies in the Group. The functional currency is the currency used in the primary economic environment in which the individual reporting company operates.

## NOTES Note no. 1 Accounting practice used (continued)

Transactions in currencies other than the functional currency are transactions in foreign currencies. Transactions in foreign currencies are converted at initial recognition to the functional currency using the exchange rate applicable on the transaction date. Currency exchange differences that arise between the exchange rate on the transaction date and the exchange rate on the payment date are recognised in the profit and loss statement under financial income and costs.

Outstanding amounts, debts and other monetary entries in foreign currencies are converted at the exchange rate applicable on the balance sheet date. The difference between the exchange rate on the balance sheet date and at the time of the amounts owed or debt arising or the exchange rate in the latest annual report are recognised in the profit and loss statement under financial income and costs.

When recognising companies with a functional currency other than Danish kroner in the consolidated accounts, the total income statements are converted at the exchange rate on the transaction date, and the balance sheet entries are converted at the exchange rates on the balance sheet date. The average for some months is used as the exchange rate for the transaction date to the extent that this does not significantly change the situation. Currency exchange differences arising on the conversion of the companies' equity at the start of the year to the exchange rates on the balance sheet date, and when converting total income from the exchange rate on the transaction date to the exchange rate on the balance sheet date, are recognised in other total income as a separate reserve for exchange adjustments under equity. exchange adjustments are allocated between the parent company and minority shareholders' share of equity.

Currency exchange adjustment of outstanding accounts considered to be part of the overall net investment in companies with a functional currency other than Danish kroner are recognised in the consolidated accounts under other total income in a separate conversion reserve for exchange adjustments under equity. Similarly, currency exchange gains and losses on the part of loans and derivative financial instruments designated for hedging of net investments in these companies and that effectively hedge against corresponding foreign exchange gains/losses on net investments in the company are recognised in the consolidated accounts under other total income in a separate reserve for exchange adjustments under equity.

When recognising companies with a functional currency other than Danish kroner in the consolidated accounts, the share of the year's profits are converted using the average exchange rate, and the share of equity including goodwill is converted using the exchange rates on the balance sheet

date. Currency exchange differences arising from the conversion of the share of foreign associated companies' equity at the start of the year to the exchange rates on the balance sheet date, and when converting the share of the year's profit from average exchange rates to the exchange rates on the balance sheet date, are recognised in other total income in a separate reserve for exchange adjustments under equity.

In connection with cession of wholly owned foreign entities, the currency exchange adjustments accumulated in equity via other total income and which can be attributed to the entity are reclassified from the "reserve for exchange adjustment" to the profit and loss statement together with any gains or losses on the cession.

In connection with cession of partially owned foreign subsidiaries, the part of the exchange rate reserve concerning minority interests is not attributed to the profit and loss statement.

In connection with partial cession of foreign subsidiaries without loss of control, a proportional share of the exchange adjustment reserve is transferred from the parent company shareholders to the minority shareholders' share of equity.

### Derivative financial instruments

Derivative financial instruments are recognised from the trading date and measured in the balance sheet at market value. Positive and negative market values on derivative financial instruments are included in other receivables and payables, and the offsetting of positive and negative values is performed only when the company is entitled to and intends to settle several financial instruments net. Market values of derivative financial instruments are recognised based on current market data and recognised valuation methods.

### Market value hedging

Changes in the market value of derivative financial instruments that are classified and qualify as hedges for market value of a recognised asset or liability are recognised in the profit and loss statement together with changes in the value of the hedged asset or liability with respect to the hedged element. Hedging of future cash flows in accordance with firm commitments, except for currency hedging, is treated as market value hedging.

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

## NOTES Note no. 1 Accounting practice used (continued)

### Cash flow hedging

Changes to the part of the market value for derivative financial instruments that are classified as and qualify for the conditions for hedging of future cash flow, and which effectively hedge changes in future cash flow, are recognised in other total income in a separate hedging reserve under equity until the hedged cash flows affect the profit and loss statement. On this date, any gains or losses concerning such hedging transactions will be reclassified from other total income and recognised in the same accounting item as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, the hedging relationship is prospectively discontinued. The accumulated change of value recognised in other total income is reclassified to the profit and loss statement when the hedged cash flows affect profit or loss or are no longer probable.

If the hedged item's future cash flows changes so that the criteria for hedge accounting are no longer met, the accumulated change in value of the hedged instruments will immediately be reclassified from other total income to the profit and loss statement.

The part of the value adjustment of a derivative financial instrument not hedged is presented under financial items.

### Other derivative financial instruments

For derivative financial instruments that do not meet the conditions for hedge accounting, changes in market value are recognised on an ongoing basis in the profit and loss statement under financial items. Certain contracts include conditions that correspond to derivative financial instruments. Such embedded derivative financial instruments are recognised separately and are continuously measured at market value if they differ significantly from the contract concerned, unless the overall contract has been recognised and is continuously measured at market value.

### Profit and loss statement Revenue

Revenue on sales of commodities and finished goods is recognised in the profit and loss statement, provided delivery and invoicing have taken place before the end of the year. Construction contracts are recognised in revenue using the production method. As such, contract sums and profits or loss are recognised proportionally in line with the implementation of production, and revenue corresponds to the sales value of the year's completed works. Reservations and expensing of expected losses are performed.

### Government subsidies

Government subsidies include subsidies for investments, etc. Subsidies for research and development costs recognised directly in profit and loss statements are recognised under production costs as the eligible costs are incurred.

Subsidies for the procurement of assets, etc. are presented in the balance sheet by deducting the subsidy from the book value of the asset.

### Production costs

Production costs include costs, including provisions for depreciation and wages, which are paid to achieve the year's revenue. Production costs also include development costs that do not fulfil the criteria for capitalisation.

Furthermore, provisions for losses on construction contracts are also recognised.

### Administration costs

Administration costs include costs incurred in the year for management and administration, including costs for administrative personnel, office premises and office expenses and depreciations. Furthermore, amortisation of amounts owed from sales will also be included.

### Other operating income and costs

Other operating income and costs include accounting items of a secondary nature to the activities of the company, including profit and loss on sale of intangible and tangible assets. Profit and loss on the sale of intangible and tangible assets will be recognised as the sales price less sales costs and the book value on the sales date.

### Share of profits after tax in associated companies and joint ventures

The Group's share of the associated companies and joint ventures' profits after tax and after elimination of the proportional share of internal profits/loss will be recognised in the profit and loss statement.

### Dividends on equity shares in subsidiaries and associated companies in the parent company's annual accounts

Dividends from equity shares in subsidiaries and associated companies will be recorded as income in the parent company's profit and loss statement for the financial year in which the dividends are declared.

## NOTES Note no. 1 Accounting practice used (continued)

### Financial income and costs

Financial income and costs include interest, capital gains and losses and depreciation of securities, debts and transactions in foreign currencies, amortisation of financial assets and liabilities, including leasing obligations as well as supplements and refunds under on-account tax schemes, etc. Furthermore, realised and unrealised gains and losses concerning derivative financial instruments that cannot be classified as hedging agreements will also be included.

### Borrowing costs

Borrowing costs from general borrowing or loans that directly relate to the acquisition, erection or development of qualified assets are attributed at cost price for such assets.

### Income tax

#### Taxes on profit for the year

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

Taxes for the year, consisting of the current tax for the year and changes to deferred tax, are recognised in profits and losses for the year, other total income or directly in equity.

### Payable tax and deferred tax

Current tax liabilities and tax assets are recognised in the balance sheet as tax calculated on the year's taxable income, adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred tax is measured using the balance-oriented debt method on all intermediate differences between book and tax values on assets and liabilities. Deferred tax is not recognised on temporary differences concerning taxable non-depreciation goodwill and office premises and other items for which temporary differences, except for company acquisitions, have arisen on the acquisition date without having any effect on profits or taxable income.

In cases where the tax value can be settled according to different taxation rules, deferred tax will be measured based on the management's planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the taxable value on tax loss carry-forwards are recognised under other long-term assets with the value at which they are expected to be used,

either by elimination in tax on future earnings or against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised. Deferred tax assets and liabilities are offset if the Group has a legal right to offset current tax liabilities and tax assets or intends to either settle current tax liabilities and tax assets on a net basis or realise the assets and liabilities at the same time.

Adjustments are made to deferred tax resulting from elimination of unrealised intragroup profits and losses.

Deferred tax is measured on the basis of the tax rules and rates in the respective countries that apply on the balance sheet date when the deferred tax is expected to be redeemed as current tax. Changes to deferred tax resulting from changed tax rates will be recognised in total income for the year.

### Balance sheet Intangible assets Goodwill

Goodwill is initially recognised in the balance sheet at cost price as described under "Mergers". Goodwill is subsequently measured at cost price less deductions for accumulated depreciation. Amortisation of goodwill is not performed.

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

### Acquired know-how

Acquired know-how is measured at cost price less deductions for accumulated amortisation and depreciation or recoverable value if this is lower. The cost price includes all direct and indirect costs relating to the acquisition.

Acquired know-how is depreciated in a linear fashion over the usage period. The depreciation period amounts to five years.

Profit and loss on the sale of knowledge will be recognised as the sales price less sales costs and the book value on the sales date. Profits or losses are recognised in the profit and loss statement under other operating income and other operating costs respectively.



## NOTES Note no. 1 Accounting practice used (continued)

### Development projects, licenses and rights

Development costs include wages, amortisation and other costs that can be attributed to the company's development activities. Development projects that are clearly defined and identifiable for which the technological utilisation, sufficient resources and potential future market or potential for use in the company can be demonstrated and for which the intention is to manufacture, market or otherwise use the project, will be recognised as intangible assets provided that the cost price can be reliably recognised and there is sufficient assurance that the future earnings or net sales price can cover production, sales and administration costs as well as development costs. Other development costs are recognised in the profit and loss statement in line with costs arising.

Recognised development costs are measured at cost price less accumulated amortisation and depreciation. The cost price includes wages, depreciation and other costs that can be attributed to the Group's development activities and borrowing costs from specific and general borrowing that directly affects the development of development projects.

Upon completion of development work, the development project will depreciate in a linear fashion over the estimated financial service life. The depreciation period amounts to a maximum of five years. The basis for depreciation will be reduced by any amortisation. Depreciation is included in production costs.

Licenses and rights are measured at cost price less accumulated amortisation and depreciation. Licenses and rights are depreciated in a linear fashion over the remaining agreement period or usage period if this is shorter. The basis for depreciation will be reduced by any amortisation.

Other intangible assets, including intangible assets acquired in connection with company mergers, are measured at cost price less deduction of accumulated amortisation and depreciation. Other intangible assets are depreciated in a linear fashion over the anticipated usage period.

### Tangible assets

Land and buildings and technical structures, materials and fixtures and fittings are measured at cost price less accumulated amortisation and depreciation.

When measuring land and buildings classified as investment properties, the cost price method is used.

Cost price includes the acquisition price and costs directly linked to the acquisition up to the date on which the asset is ready for use. For self-constructed assets, the cost price

includes direct and indirect costs for materials, components, subcontractors and wages as well as borrowing costs from specific and general borrowing that directly affects the construction of each asset. The cost price includes the current value of estimated liabilities for the dismantling and removal of the asset and restoration of the site at which the asset was used.

For financially leased assets, the cost price is the lower of the asset's market value or the present value of future minimum lease payments. The internal base interest in the leasing agreement or the Group's alternative borrowing interest will be used as the discount rate when calculating present value.

Subsequent costs, for example for the replacement of components in a tangible asset, will be recorded at the book value for the asset concerned when it is probable that the cost will result in future financial benefits for the Group. The book value of the replaced components will be derecognised in the balance sheet and transferred to the profit and loss statement. All other costs for ordinary repairs and maintenance will be recognised in the profit and loss statement on the implementation date.

Material assets are depreciated in a linear fashion over the anticipated usage period for the assets:

Buildings, domicile properties	30-50 years
Buildings, investment properties	30-50 years
Production facilities	10-15 years
Other technical plants, machinery and fixtures and fittings	3-7 years

Land is not depreciated.

The basis for amortisation takes into account the residual value of the asset and is reduced by any devaluation. The residual value is determined on the acquisition date and reviewed annually. If the residual value exceeds the book value of the asset, depreciation will cease.

In the event of changes to the period of depreciation or residual value, the effect will be recognised prospectively as a change in accounting estimates.

Depreciations are recognised in the profit and loss statement under production and administration costs respectively.

## NOTES Note no. 1 Accounting practice used (continued)

### Equity interests in associated companies and joint ventures in the consolidated accounts

Equity interests in associated companies and joint ventures are measured using the net asset value where the equity interests in the balance sheet are measured as the proportional share of the companies' net asset value, applying the Group's accounting policies with deductions or surcharges for the proportional share of unrealised intragroup profits and losses and surcharges for added value on the acquisition, including goodwill.

Equity interest in associated companies and joint ventures is tested for depreciation requirements when there are indications of depreciation.

Associated companies and joint ventures with negative net asset book value must be measured at DKK 0. If the Group has a legal or actual obligation to cover the associated company or joint venture's deficit, it will be recognised under liabilities.

Any amounts owed from associated companies and joint ventures will be depreciated to the extent that the amount owed is considered irrecoverable.

In the event of acquisition of equity interests in associated companies and joint ventures, the acquisition method is used, cf. description of mergers.

### Equity interests in subsidiaries and associated companies in the parent company's annual accounts

Equity interests in subsidiaries are measured in the parent company's annual accounts at cost price. The cost price includes the acquisition price recognised at market value plus direct purchase costs.

### Depreciation of long-term assets

Goodwill and intangible assets with indefinite service lives are reviewed annually for depreciation, for the first time before the end of the acquisition year. Ongoing development projects are also reviewed annually for depreciation.

The book value of goodwill is reviewed for depreciation together with other long-term assets in the cash-generating entity for which goodwill has been allocated and is depreciated at recovery value in the profit and loss statement, provided the book value is higher. The recoverable value is generally recorded as the present value of the anticipated future net cash flow from the company or activity (cash-generating entity) to which goodwill is allocated.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised.

The book value on other long-term assets is reviewed annually to determine whether there is any indication of depreciation. When such indication is present, the recoverable value of the asset will be calculated. The recoverable value is the highest of the market value of the asset less deductions for expected sales costs or the capitalised value. The capitalised value is calculated as the market value of anticipated future cash flows from the asset or the cash-generating entity that the asset is part of.

A depreciation loss will be recognised when the book value of an asset or a cash-generating entity exceeds the asset or cash-generating entity's recoverable value. Depreciation loss is recognised in the profit and loss statement under production, distribution and administration costs respectively.

However, depreciation of goodwill is recognised in a separate line in the profit and loss statement. Depreciation on goodwill will not be returned. Depreciation on other assets will be returned to the extent that there have been changes to the conditions and estimates that resulted in the depreciation. Depreciations are only returned to the extent that the asset's new book value does not exceed the book value the asset would have had after amortisation, provided the asset had not depreciated.

### Inventories

Inventories are measured at cost price using the FIFO method. If the net realisation value is lower than the cost price, it will be depreciated to this lower value. The cost price for commodities, as well as raw materials and ancillary materials, includes the acquisition price plus transport costs. The net realisation value for inventories is recorded as the sales price less completion costs and costs incurred to execute the sale and is determined taking into account marketability, obsolescence and developments in anticipated sales price.

## NOTES Note no. 1 Accounting practice used (continued)

### Amounts owed

Amounts owed are measured at amortised cost price. Provisions are made for losses where depreciation is deemed to have been incurred. Depreciation is performed at individual level.

Depreciation is recognised as the difference between the book value and the present value of the anticipated cash flows, including the realisation value of any securities. The effective interest for each amount owed will be used as the discount rate.

Recognition of interest on depreciated amounts owed will be calculated using the depreciated value but using the effective interest for each amount owed.

### Construction contracts

Construction contracts are measured at sales value for the implemented work less on-account invoicing and anticipated loss. Construction contracts are characterised by the produced values containing a high degree of individualisation in terms of design. Furthermore, a requirement is that a binding contract must be entered into prior to work commencing and the contract shall be subject to penalty fines or damages in the event of subsequent termination.

The sales value is measured based on the degree of completion on the balance sheet date and the total expected income for each ongoing piece of work. The degree of completion will be determined based on completion statements.

When it is probable that the total contract costs for a construction contract will exceed the total contract revenue, the expected loss on the construction contract will immediately be recognised as a cost. When the sales value on a construction contract cannot be reliably recognised, the sales value of the costs incurred for which recovery is probable will be measured.

Construction contracts for which the sales value of the implemented work exceeds on-account invoicing and anticipated loss will be recognised under amounts owed. Construction contracts for which on-account invoicing and anticipated loss exceed the sales value will be recognised under liabilities.

Advance payments from customers are recognised under liabilities.

Costs in connection with sales and contracting will be recognised in the profit and loss statement as they are incurred.

### Accruals and deferred expenses

Accruals and deferred expenses recognised under assets include costs paid concerning subsequent financial years measured at cost price.

### Securities

Listed bonds that are continuously monitored, measured and reported at market value in accordance with the Group's investment policy are recognised on the trading date at market value under short-term assets and subsequently measured at market value. Changes in market value are continuously recognised in the profit and loss statement under financial items. Liability interest received is shown as a separate item in the notes.

### Equity capital

#### *Dividends*

Proposed dividends are recognised as a liability at the time of adoption at the annual general meeting (declaration date). Dividends that are expected to be paid for the year are shown as a separate item under equity.

#### *Reserve for foreign currency translation adjustments*

The reserve for foreign currency translation adjustments includes exchange rate differences arising from the conversion of accounts for entities with functional currencies other than Danish kroner, exchange adjustments concerning assets and liabilities that form part of the Group's net investment in such entities and exchange adjustments concerning hedging transactions that hedge the Group's net investment in such entities.

#### *Reserve for hedging transactions*

Hedging reserves include the accumulated net change in market value on hedging transactions that meet the criteria for hedging of future cash flows and for which the hedged transaction has not yet been realised.

## NOTES Note no. 1 Accounting practice used (continued)

### Pension contributions and similar long-term liabilities

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

Contributions to defined contribution pension schemes are recognised in the profit and loss statement for the period in which they are accrued and contributions payable are recognised in the balance sheet under other debt.

For performance-based schemes, annual actuarial estimations (Projected Unit Credit Method) are performed on the capital value of future benefits payable under the scheme. The capital value is calculated based on assumptions about the future developments in e.g. salary levels, interest, inflation and mortality. The capital value is determined only for benefits to which employees have accrued rights through their employment with the Group. The actuarial calculation of the capital value less deductions for the market value of any assets linked to the scheme will be included in the balance sheet under pension contributions.

Pension costs for the year are recognised in the profit and loss statement based on actuarial estimates and financial expectations at the start of the year. Differences between estimated performance of pension assets and liabilities and realised values are referred to as actuarial gains or losses and recognised under other total income.

In the event of changes to benefits relating to employees' employment in the company, there will be a change in the actuarial capital value recognised as a historical cost. Historical costs are recognised as costs immediately if employees have already accrued a right to the changed benefit. They will otherwise be recognised in the profit and loss statement over the period in which employees accrue the right to the changed benefit.

If a pension scheme is a net asset, the asset will only be recognised to the extent it corresponds to unrecognised actuarial loss, future repayments from the scheme or will lead to reduced future payments to the scheme.

### Provisions

Provisions primarily cover liabilities concerning contracts.

Provisions for liabilities are recognised when the Group, as a result of an event arising before or at the balance sheet date resulting in a legal or actual liability and it is probable that financial benefits must be issued to settle the liability.

Provisions for liabilities must be measured at the best estimate of management regarding the amount at which the liability is expected to be settled.

When measuring provisions for liabilities, discounted cash flow must be performed on the costs necessary to settle the liability if this has had a significant effect on the measurement of the liability. A pre-tax discounting rate reflecting the general interest rate plus the specific risks that are estimated to apply to the liability is used. The financial year's changes in present value are recognised under financial costs.

Guarantee commitments are recognised in line with the implementation of contracts. Provisions are made for liabilities concerning loss-making contracts when the anticipated benefits to the Group from a contract are lower than the unavoidable costs under the contract (loss-making contracts).

### Financial liabilities

Debt to credit institutions, etc. is recognised at the time of borrowing as the received proceeds after deductions for any transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost price using the "effective interest method" so that the difference between the proceeds and the nominal value is recognised in the profit and loss statement under financial costs over the borrowing period.

The capitalised residual leasing liability on financial leasing contracts is also recognised in financial liabilities, measured at amortised cost price.

### Non-financial liabilities

Non-financial liabilities are measured at net realisation value.

### Leasing

Leasing liabilities are allocated to financial and operational leasing liabilities.

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

The accounting treatment of financially leased assets and associated liabilities has been described in the sections concerning tangible assets and financial liabilities respectively.



## NOTES Note no. 1 Accounting practice used (continued)

Leasing payments concerning operational leasing agreements are recognised in a linear fashion in the profit and loss statement over the leasing period.

### Assets determined for sale

Assets determined for sale include long-term assets and disposal groups held for sale. Disposal groups are a group of assets that will be disposed of collectively through sale or similar in a single transaction and liabilities linked directly to these assets that will be transferred as part of the transaction. Assets are classified as "determined for sale" when the book value will primarily be recovered through sale within 12 months in relation to a formal schedule rather than continued use.

Assets or disposal groups determined for sale are measured at the lowest value of the book value or market value less sales costs. Depreciation and amortisation are not performed on assets from the date on which they are classified as "determined for sale".

Loss through depreciation arising on initial classification as "determined for sale" and gains or losses at subsequent measurement at the lowest level of the book value or market value less sales costs is recognised in the profit and loss statement under the items to which it relates. Gains and losses are specified in notes.

Assets and associated liabilities are allocated to separate lines in the balance sheet and the main items are specified in notes.

### Presentation of discontinued activities

Discontinued activities constitute an entity whose activities and cash flows can, for operational and accounting purposes, be separated clearly from other operations and for which the entity has either been liquidated or determined for sale and the sale is expected to be implemented within one year in accordance with a formal plan. Discontinued activities also include companies purchased for the purpose of resale.

Profits and value adjustments after tax on discontinued activities are presented in a separate line in the profit and loss statement with comparative figures. The notes provide information about revenue, costs and taxes for the discontinued activity. Similarly, assets and associated liabilities are allocated to separate lines in the balance sheet, cf. the section concerning assets determined for sale, and the main items are specified in notes.

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

### Market value measurement

The Group uses the market value term in connection with certain disclosure requirements and for the recognition of financial instruments. The market value is defined as the price that can be achieved by selling an asset or that must be paid to transfer a liability through an ordinary transaction between market players ("exit price").

The market value is market-based and not a company-specific valuation. The company applies the assumptions that market players would use when determining the price of the asset or liability based on existing market conditions, including assumptions relating to risks. As such, it does not take into account the company's intention to own the asset or settle the liability when the market value is determined.

Market value determination is based on the primary market. If a primary market does not exist, the basis will be the most advantageous market, i.e. the market that maximises the price of the asset or liability, less transaction and transport costs.

Market value measurements are, as far as possible, based on market values in active markets (level 1) or alternatively on values derived from observable market information (level 2).

To the extent that such observable information is not present or cannot be used without significant modification, recognised valuation methods and reasonable estimates must be used as the basis for market values (level 3).

### Cash flow statement

The cash flow statement presents cash flows allocated to operating, investment and financing activities for the year, as well as displacement of cash and cash equivalents at the beginning and end of the year.

Cash flows from acquisitions and sales of companies are shown separately under cash flows from investment activities. The acquired companies' cash flows will be recognised in the cash flow statement from the acquisition date and sold companies' cash flows will be recognised until the sales date.

Cash flows from operating activities are recognised using the indirect method based on the profits after taxes adjusted for non-cash operating items, changes in working capital, interest received and paid, dividends received and income taxes paid.

## NOTES Note no. 1 Accounting practice used (continued)

Cash flow from investment activities includes payments in connection with the acquisition and sale of companies and activities, acquisition and sale of intangible, tangible and other long-term assets, as well as securities not presented as cash and cash equivalents.

Cash flows from financing activities include changes to the size or composition of share capital and related costs as well as borrowing, repayment of interest, acquisition and sale of own shares and payment of dividends to shareholders.

Cash flows relating to financially leased assets are recognised under financing activities as payment of interest and repayment of debt.

Cash and cash equivalents include cash holdings and securities with a residual maturity of less than three months on the acquisition date and that can be converted to cash holdings without hindrance and for which there is only insignificant risk of value changes.

Cash flows in currencies other than the functional currency are converted using average currency translations unless these deviate substantially from the exchange rates on the transaction date.

### Segment information

Segment information has been prepared in accordance with the Group's applied accounting policy and follows internal management reporting.

Segment income and costs and segment assets and liabilities include the items that can be directly attributed to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Unallocated items primarily include assets and liabilities and income and costs relating to the Group's administrative functions, investment activities, income taxes, etc.

Long-term assets in the segment include long-term assets directly used for segment operations, including intangible and tangible assets and equity shares in associated companies. Short-term assets in the segment include the short-term assets used directly for segment operations, including inventories, amounts owed from sales, other amounts owed, prepaid costs and cash and cash equivalents.

Segment liabilities include liabilities derived from segment operations, including suppliers of goods and services and other debts.

## NOTES Note no. 2 Significant accounting estimates, assumptions and assessments

### Estimation uncertainty

Recognition of the book value of certain assets and liabilities requires assessments, estimation and assumptions about future events.

The most significant estimates include the extent of completion of construction contracts settled based on completion statements and service lives for technical plants, materials and fixtures and fittings.

The extent of completion for construction contracts is recognised for each contract as the ratio of the realised progress measured by the value of produced units and the anticipated end value of the construction contracts, including the outcome of disputes.

Assessment of disputes regarding additional works, deadline extensions, daily penalty fine demands, etc. is generally done based on the nature of the circumstances, relationship with the client, stage of negotiation, previous experience and thus also an assessment of the probable outcome of each case. For significant disputes, external legal reviews are included in the basis for the assessment.

Estimations linked to the future settlement of residual work depend on a number of factors, as the assumptions for a project may be changed in line with the execution of the work. Similarly, the assessment of disputes may change in line with the progress of the cases.

The actual results could therefore deviate from the anticipated results.

Estimates and assumptions are made based on historical experience and other factors that management consider reasonable under the circumstances but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unexpected events or circumstances may arise. Furthermore, the company is exposed to risks and uncertainties that may result in the actual outcomes deviating from these estimations. Risks for the Arkil Holding Group have been addressed in the report of the Board of Directors and the management and note 38.

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

Some of the Group's foreign companies have defined benefit pension schemes that are not covered by insurance. Significant estimates used in the recognition of the pension liabilities in these companies are the discount rate and life expectancy. A description of these estimates and information about sensitivity to changes to the estimates can be found in note 28.

Estimates that are significant to financial reporting are made, for example, in connection with the settlement of depreciation and amortisation, sales price in construction contracts, pensions and similar liabilities, provisions and contingent liabilities and assets.

### Depreciation test for goodwill

The annual depreciation test for goodwill includes estimation of how the parts of the company (cash-generating entities) to which goodwill relates will be able to generate sufficient positive net cash flows in future to support the value of goodwill and other net assets in the part of the company concerned.

Estimates on future unrestricted net cash flow are based on budgets and business plans for the next five years and projections for subsequent years. Key parameters are revenue developments, operating margin, profit margin, future capital investments and growth expectations for the years beyond the next five years. Budgets and business plans for the next five years are based on specific future business initiatives for which the risks in key parameters have been assessed and incorporated in expected unrestricted future cash flows. Projections beyond the next five years are based on general expectations and risks.

The discount rates used to calculate the recoverable values are before tax and reflect the risk-free interest plus specific risks in individual segments. The effect on future risks has been incorporated in the cash flows used and such risks are not included in the discount rates used.

Due to the nature of the business, estimations of future cash flows many years into the future must be made and this naturally leads to some uncertainties. Uncertainties are reflected in the discount rate chosen.

The depreciation test and the particularly sensitive circumstances in connection with this have been described further in note 15 to the consolidated accounts.

### Recovery of deferred tax assets

Deferred tax assets are recognised for all unused tax deficits to the extent it is considered probable that taxable surpluses can be realised in the foreseeable future and the deficits can thereby be offset.

As of 31 December 2015, deferred tax assets of DKK 24.2 million can largely be attributed to pension liabilities.



## NOTES

Note no. 3 Segment information

2015			
(Amounts in DKK 1,000)	Danish activities	Foreign activities	Total reportable segments
Revenue	2,434,224	968,898	3,403,122
Internal revenue	(26,385)	(29,969)	(56,354)
<b>Revenue</b>	<b>2,407,839</b>	<b>938,929</b>	<b>3,346,768</b>
Returns on primary operations	(4,807)	47,069	42,262
Share of profits in associated companies	(884)	2,821	1,937
Segment assets	1,084,376	636,585	1,720,961
Of which equity interests in associated companies	5,791	7,621	13,412
Capital investment, including acquisition of companies	98,506	21,773	120,279
Depreciation	61,630	30,989	92,619
Amortisation	0	0	0
Cash flow from operating activities	48,752	27,477	76,229
Cash flow from investment activities	(47,534)	(42,176)	(89,710)
Cash flow from financing activities	(64,217)	5,680	(58,537)
Segment liabilities	536,693	404,929	941,622
Trade between segments takes place under normal market terms.			

## NOTES Note no. 3 Segment information (continued)

2014			
(Amounts in DKK 1,000)	Danish activities	Foreign activities	Total reportable segments
Revenue	2,036,714	871,554	2,908,268
Internal revenue	(31,759)	(5,115)	(36,874)
<b>Revenue</b>	<b>2,004,955</b>	<b>866,439</b>	<b>2,871,394</b>
Returns on primary operations	45,640	28,807	74,447
Share of profits in associated companies	1,463	6,529	7,992
Segment assets	1,057,680	542,914	1,600,594
Of which equity interests in associated companies	6,825	8,475	15,300
Capital investment, including acquisition of companies	72,184	24,730	96,914
Depreciation	61,698	26,538	88,236
Amortisation	1,144	0	1,144
Cash flow from operating activities	131,476	30,487	161,963
Cash flow from investment activities	(50,555)	(20,429)	(70,984)
Cash flow 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 terms.			

## NOTES

Note no. 3 Segment information (continued)

(Amounts in DKK 1,000)	Group	
	2015	2014
<b>Balancing of reportable segments' revenue, profit and loss, assets and liabilities</b>		
<b>Revenue</b>		
Segment revenue for reportable segments	3,403,122	2,908,268
Elimination of internal revenue	(56,354)	(36,874)
Segment revenue for non-reportable segments	0	0
<b>Total revenue cf. profit and loss statement</b>	<b>3,346,768</b>	<b>2,871,394</b>
<b>Returns on primary operations</b>		
Segment profits for reportable segments	42,262	74,447
Segment profits for non-reportable segments	0	0
<b>Profits before taxes cf. profit and loss statement</b>	<b>42,262</b>	<b>74,447</b>
<b>Assets</b>		
Segment assets for reportable segments	1,720,961	1,600,594
Segment assets for non-reportable segments	0	0
<b>Assets cf. balance sheet</b>	<b>1,720,961</b>	<b>1,600,594</b>
<b>Liabilities</b>		
Segment liabilities for reportable segments	941,622	860,096
Segment liabilities for non-reportable segments	0	0
<b>Liabilities cf. balance sheet</b>	<b>941,622</b>	<b>860,096</b>

## NOTES

Note no. 4 Revenue

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
		Sale of goods	259,826	154,327
		Sales value of the year's production in construction contracts	3,086,942	2,717,067
			<b>3,346,768</b>	<b>2,871,394</b>



## NOTES Note no 5. Costs

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Production costs</b>				
		Cost of sales for the year	226,056	190,184
		Amortisation of inventories for the year	0	0
		Reversed amortisation of inventories	0	0
<b>Employee costs</b>				
19,453	20,870	Salaries and wages	763,981	661,106
2,687	2,925	Contribution-based pension schemes	77,063	62,933
		Performance-based pension schemes	5,425	5,843
270	453	Other employee costs	56,757	53,918
<b>22,410</b>	<b>24,248</b>		<b>903,226</b>	<b>783,800</b>
1,740	1,815	Remuneration of directors	1,815	1,740
5,000	5,458	Wages, Board of Directors	6,461	6,343
725	804	Pension, Board of Directors	804	725
		Wages, other managing employees	2,900	1,471
		Pension, other managing employees	445	218
14,945	16,562	Other employees	890,801	773,303
<b>22,410</b>	<b>24,639</b>		<b>903,226</b>	<b>783,800</b>
Directors receive a fixed remuneration and bonuses in foreign subsidiaries.				
<b>Remuneration for the Board of Directors</b>				
540	540	Chairman of the Board (3 x rank-and-file remuneration)	540	540
270	270	Deputy Chairman (1.5 x rank-and-file remuneration)	270	270
780	780	Rank-and-file (DKK 180,000 per member)	780	780
150	225	Audit committee	225	150
<b>1,740</b>	<b>1,815</b>		<b>1,815</b>	<b>1,740</b>
Remuneration for the Board of Directors is a fixed monetary amount which is presented at the company's annual general meeting.				
Employee costs are included as follows:				
		Production costs	716,829	612,605
22,410	24,248	Administration costs	186,397	171,195
<b>22,410</b>	<b>24,248</b>		<b>903,226</b>	<b>783,800</b>
29	33	Average number of employees	1,967	1,789

## NOTES Note no. 5 - 7

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Note no. 5 Costs (continued)</b>				
<b>Depreciation and amortisation</b>				
		Depreciation, intangible assets	855	613
		Amortisation, tangible assets	0	1,144
1,132	1,634	Depreciation, tangible assets	91,764	87,623
<b>1,132</b>	<b>1,634</b>		<b>92,619</b>	<b>89,380</b>
Depreciation and amortisation are included as follows:				
		Production costs	87,409	84,628
0	502	Administration costs	5,210	4,752
1,132	1,132	Other operating income/costs	0	0
<b>1,132</b>	<b>1,634</b>		<b>92,619</b>	<b>89,380</b>
<b>Note no. 6 Remuneration for the auditor elected at the annual general meeting</b>				
The total remuneration for the auditor elected at the annual general meeting can be specified as follows:				
181	188	Statutory audit	1,678	1,779
0	2	Other assurance statements	321	10
0	26	Tax and VAT consulting	298	476
231	220	Other services	384	475
<b>412</b>	<b>436</b>		<b>2,681</b>	<b>2,740</b>
0	0	Of which to other auditors	1,598	1,395

### **Note no. 7 Other operating income**

Other operating income covers accounting entries of a secondary nature in relation to the main purpose of the company, including returns from renting out properties.

## NOTES

Note no. 8 Equity interests in subsidiaries

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
268,257	351,570	Cost price, 1 January		
83,313	0	Increase for the year		
<b>351,570</b>	<b>351,570</b>	<b>Cost price, 31 December</b>		
0	0	Amortisation, 1 January		
0	0	Amortisation		
<b>0</b>	<b>0</b>	<b>Amortisation, 31 December</b>		
<b>351,570</b>	<b>351,570</b>	<b>Book value, 31 December</b>		

### Ownership interest (%)

2014	2015	
100%	100%	Arkil A/S, Haderslev, Denmark
100%	100%	Arkil Fundering A/S, Middelfart, Denmark
100%	100%	Arkil Holding GmbH, Germany
100%	100%	Inpipe Sweden AB, Sweden
100%	100%	Arkil Inpipe GmbH, Germany
100%	100%	Arkil Ltd., Ireland

Information about ownership interests, names and domicile of the Group's subsidiaries can be found in the Group Overview on page 109.

## NOTES

Note no. 9 Equity interests in associated companies

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
		Cost price, 1 January	11,774	11,793
		Foreign currency translation adjustments	22	(19)
		Increase for the year	166	0
		End of year	(2,003)	0
		<b>Cost price, 31 December</b>	<b>9,959</b>	<b>11,774</b>
		Adjustments, 1 January	3,526	2,259
		Foreign currency translation adjustments	0	(10)
		End of year	803	0
		Allocation	(2,813)	(6,715)
		Share of profit for the year	1,937	7,992
		<b>Adjustments, 31 December</b>	<b>3,453</b>	<b>3,526</b>
		<b>Book value, 31 December</b>	<b>13,412</b>	<b>15,300</b>
			Ownership interest (%)	
			2015	2014
		<b>Associated companies comprise the following:</b>		
		Traffics A/S	50	50
		SAM Stralsund Asphaltmischwerke GmbH & Co. KG, Langendorf/Stralsund, Germany	*	47
		SAM Stralsund Asphaltmischwerke Verwaltungs GmbH, Langendorf/Stralsund, Germany	*	47
		Hanse Asphalt GmbH, Rostock, Germany	46	46
		GAM Greifswalder Asphaltmischwerke GmbH & Co. KG, Rostock, Germany	46	45
		GAM Greifswalder Asphaltmischwerke Verwaltungs GmbH, Rostock, Germany	46	45
		AMK Asphaltmischwerke Kiel GmbH & Co. KG, Kiel, Germany	*	36
		AMK Asphaltmischwerke Kiel Verwaltungs GmbH, Schleswig, Germany	*	36
		* As of 31/12/2015 the companies are wholly owned subsidiaries.		



## NOTES Note no. 9 Equity interests in associated companies (continued)

### Subsidiaries with ownership interest of 50%

The Group has a 50% stake in PV Greve A/S. The Group is entitled to appoint the chairman of the company, who has the decisive vote in the event of a tie in Board resolutions. On this basis it has been determined that the Group has a controlling interest in the company's activities and the company is therefore recognised as a subsidiary in the consolidated accounts.

### Subsidiaries with minority interests

There has been an evaluation of materiality to identify any subsidiaries with minority interests that are significant to the group.

The assessment has been made based on minority stakes and the size of the subsidiaries concerned. It has been found that no subsidiaries have minority interests that are significant to the group.

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
The Group has no substantial individual associated companies.				
<b>Total income statement:</b>				
		Revenue	79,004	185,974
		Net profit for the year	3,723	16,659
		Other total income	0	0
		<b>Total income</b>	<b>3,723</b>	<b>16,659</b>
		Share of profit	1,937	7,992
		Dividends received	2,813	6,715
<b>Balance sheet</b>				
		Long-term assets	14,022	22,018
		Short-term assets	31,095	46,362
		Long-term liabilities	(895)	(2,727)
		Short-term liabilities	(17,688)	(35,355)
		<b>Equity capital</b>	<b>26,534</b>	<b>30,298</b>
		Arkil Holding Group's interest in associated companies	13,412	15,300

## NOTES Note no. 10 Equity interests in joint ventures

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<p>The Arkil Holding Group participates in the following joint ventures.</p> <p>Arkil-Stürup-CGJensen I/S (66.66%) - Haderslev, Denmark  Asfaltkonsortiet Pankas-Arkil I/S (50%) - Haderslev, Denmark  Asfaltkonsortiet Munck-Arkil I/S (50%) - Haderslev, Denmark  Arkil-CJ Anlæg I/S (50%) - Haderslev, Denmark  Konsortiet Arkil-Bilfinger I/S (86.8%) - Randers, Denmark  Arkil-Volker I/S (99%) - Esbjerg, Denmark  Strukton - Arkil JV I/S (50%) - Haderslev, Denmark</p> <p>The contractual conditions mean that the parties to the arrangements have sole rights to the net assets, and they must therefore be treated as joint ventures.</p> <p>For all of the above joint ventures, decisions concerning relevant activities require unanimity among the participating parties.</p> <p>As the activities in the consortiums exclusively cover intercompany invoicing for services from participating stakeholders to the developer, no joint ventures are considered independently significant to the Group.</p>				
Cost price, 1 January			18,762	14,200
Increase for the year			3,300	4,562
<b>Cost price, 31 December</b>			<b>22,062</b>	<b>18,762</b>
Adjustments, 1 January			(18,351)	(15,571)
Allocation			0	(1,000)
Share of profit for the year			0	(1,780)
<b>Adjustments, 31 December</b>			<b>(18,351)</b>	<b>(18,351)</b>
<b>Book value, 31 December</b>			<b>3,711</b>	<b>411</b>

## NOTES Note no. 10 Equity interests in joint ventures (continued)

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
Overall financial information concerning the Group's joint ventures that are not individually significant and that are included in accordance with the internal value method:				
The year's profit on ongoing contracts			0	(8)
The year's profit on completed contracts			0	(1,772)
Other total income			0	0
<b>Total income in total</b>			<b>0</b>	<b>(1,780)</b>
Book value of equity interests in individually insignificant joint ventures			3,711	411
Can be divided as follows:				
Joint ventures with positive equity			3,711	411
Joint ventures with negative equity			0	0
<b>Total equity</b>			<b>3,711</b>	<b>411</b>
<b>Joint ventures, Group interest</b>				
Group, external revenue			25,641	29,809
Group, external costs			(25,624)	(31,591)
Financial entries, net			(17)	2
<b>Profit</b>			<b>0</b>	<b>(1,780)</b>
Long-term assets			0	0
Short-term assets, Group internal			0	0
Short-term assets, Group external			59,071	76,006
<b>Total assets</b>			<b>59,071</b>	<b>76,006</b>
<b>Equity capital</b>			<b>3,711</b>	<b>411</b>
Long-term liabilities			0	0
Short-term liabilities, Group internal			8,589	44,647
Short-term liabilities, Group external			46,771	30,948
<b>Total liabilities</b>			<b>55,360</b>	<b>75,595</b>
<b>Total liabilities</b>			<b>59,071</b>	<b>76,006</b>

## NOTES Note nr. 11 - 13

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Note no. 11 Financial income</b>				
1,295	1,560	Interest receivable, subsidiaries		
0	55	Interest and returns on securities (market value)	772	983
		Interest and returns on securities (available for sale)	0	0
0	54	Value adjustment of and profit on securities (market value)	874	635
		Step-up value in connection with the acquisition of companies	12,794	0
10,864	3,750	Returns from subsidiaries		
90	94	Interest, credit institutions, etc.	638	1,428
<b>12,249</b>	<b>5,513</b>	<b>Total financial income</b>	<b>15,078</b>	<b>3,046</b>
<b>Note no. 12 Financial costs</b>				
4	90	Interest on liabilities measured at amortised cost price	3,662	4,912
2	0	Value adjustment of and loss on securities (market value)	1,030	239
		Interest element, discounted liabilities	57	57
		Foreign exchange loss	274	70
<b>6</b>	<b>90</b>	<b>Total financial costs</b>	<b>5,023</b>	<b>5,278</b>
<b>Note no. 13 Taxes</b>				
<b>The taxes for the year can be divided as follows:</b>				
501	195	Taxes on profit for the year	14,803	17,070
0	0	Taxes on other total income	1,835	(8,844)
<b>501</b>	<b>195</b>		<b>16,638</b>	<b>8,226</b>
<b>Taxes on the year's profits are as follows:</b>				
399	(352)	Taxes payable	20,754	13,827
120	190	Deferred taxes	(6,608)	5,511
(23)	(43)	Effect of reduction in the corporation tax percentage	(939)	(1,873)
(41)	381	Deferred taxes for previous years	339	2,832
46	19	Taxes payable for previous years	1,257	(3,227)
<b>501</b>	<b>195</b>		<b>14,803</b>	<b>17,070</b>



## NOTES Note no. 13 Taxes (continued)

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Taxes on the year's profit can be explained as follows:</b>				
2,955	672	23.5% tax calculated on profits before tax	12,294	17,693
		Reduction in Danish corporation tax from 23.5% to		
(23)	(43)	22% in 2016	(939)	(1,872)
		Adjustment of calculated tax in foreign associated companies in		
		relation to 23.5%	1,809	2,218
		Deficit carried with a tax value of 0	520	1,115
<b>Tax effect of:</b>				
(2,662)	(881)	Tax-exempt dividends		
226	47	Other adjustments	(44)	(166)
		Share of profits after tax in associated companies and joint ven-		
		tures	(455)	(1,522)
5	400	Adjustment of taxes for previous years	1,618	(396)
<b>501</b>	<b>195</b>		<b>14,803</b>	<b>17,070</b>
#NAVN?	#NAVN?	Effective tax percentage	28.3%	23.6%

## NOTES

Note no. 13 Taxes (continued)

Taxes on other total income	2015			2014		
	Before tax	Taxable income/ costs	After tax	Before tax	Taxable income/ costs	After tax
<b>Entries that cannot be reclassified for the profit and loss statement:</b>						
Actuarial profit/loss on performance-based pension schemes	4,071	(1,226)	2,845	(27,405)	8,222	(19,183)
	<b>4,071</b>	<b>(1,226)</b>	<b>2,845</b>	<b>(27,405)</b>	<b>8,222</b>	<b>(19,183)</b>
<b>Entries that can be reclassified for the profit and loss statement:</b>						
Currency exchange adjustments when converting foreign units	639	0	639	(1,076)	0	(1,076)
Revaluation of hedging instruments:						
Revaluation for the year	2,491	(610)	1,881	(2,491)	610	(1,881)
	<b>3,130</b>	<b>(610)</b>	<b>2,520</b>	<b>(3,567)</b>	<b>610</b>	<b>(2,957)</b>
	<b>7,201</b>	<b>(1,836)</b>	<b>5,365</b>	<b>(30,972)</b>	<b>8,832</b>	<b>(22,140)</b>

## NOTES

Note no. 14 Profits per share

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
		Net profit for the year	37,514	55,145
		Minority interest share of Group profits	(6,443)	(3,756)
		<b>Arkil Holding A/S shareholders</b>	<b>31,071</b>	<b>51,389</b>
		Average number of shares of DKK 100	49,132	49,132
		Average number of own shares	(1,730)	(1,730)
		<b>Average number of shares in circulation</b>	<b>47,402</b>	<b>47,402</b>
		Average dilution effect on outstanding share options	0	0
		<b>Diluted average number of shares in circulation</b>	<b>47,402</b>	<b>47,402</b>
		Earnings per share (EPS) of DKK 100	66	108
		Diluted earnings per share (EPS-D) of DKK 100	66	108

## NOTES Note no. 15 Goodwill

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
		Cost price, 1 January	129,986	130,111
		Foreign currency translation adjustments	0	(125)
		Increase in connection with the acquisition of companies	9,931	0
		<b>Cost price, 31 December</b>	<b>139,917</b>	<b>129,986</b>
		Amortisation, 1 January	0	0
		Amortisation	0	0
		Exit	0	0
		<b>Amortisation, 31 December</b>	<b>0</b>	<b>0</b>
		<b>Book value, 31 December</b>	<b>139,917</b>	<b>129,986</b>
<b>Goodwill</b>				
Goodwill is distributed as follows on the following cash-flow-generating entities:				
		<b>Segment Danish activities:</b>		
		Arkil A/S	61,263	61,263
		Arkil Fundering A/S	12,963	12,963
		<b>Segment Total Danish activities</b>	<b>74,226</b>	<b>74,226</b>
		<b>Segment Foreign activities:</b>		
		Arkil Holding GmbH	65,691	55,760
		<b>Segment Total foreign activities</b>	<b>65,691</b>	<b>55,760</b>
		<b>Book value, 31 December</b>	<b>139,917</b>	<b>129,986</b>

The management has conducted a valuation of the book value of goodwill.

The recoverable value is based on the capital value determined using anticipated cash flows based on budgets for the years 2016-2020 as approved by the management and a discount rate before tax of 12% which remains unchanged compared to previous years.

The budgets have been prepared based on the management's assessments and expectations of the individual entities' market development and earnings situation. Key assumptions that form the basis for the budgets prepared are the expectations concerning public investment in large infrastructure projects. These are expected to remain at the same level as 2015 both in the short and long term.

The weighted average growth rate used for extrapolation has been estimated to amount to the following after 2020:

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

The growth rates are estimated to not exceed the long-term average growth rate within the company's markets. The growth rates remain unchanged compared to recent years. The dispersion of the three cash-generating entities is very small, taking industry and geographical location into account, and they are therefore considered to have identical growth rates.

The present value of expected future net cash flows is sufficient to offset the book value of goodwill as of 31/12/2015.



**NOTES** Note no. 15 Goodwill (continued)**Sensitivity analysis**

Sensitivity calculations have been performed and show that if there are reasonably probable changes in the primary

assumptions that form the basis for the calculation of recoverable values, these will continue to exceed the book values.

## NOTES

Note no. 16 - 17

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Note no. 16 Acquired know-how</b>				
		Cost price, 1 January	2,477	0
		Increase	0	2,477
		<b>Cost price, 31 December</b>	<b>2,477</b>	<b>2,477</b>
		Depreciation and amortisation, 1 January	(248)	0
		Depreciation for the year	(495)	(248)
		<b>Depreciation and amortisation, 31 December</b>	<b>(743)</b>	<b>(248)</b>
		<b>Book value, 31 December</b>	<b>1,734</b>	<b>2,229</b>
<b>Note no. 17 Licenses and rights</b>				
		Cost price, 1 January	11,173	11,203
		Foreign currency translation adjustments	34	(30)
		<b>Cost price, 31 December</b>	<b>11,207</b>	<b>11,173</b>
		Depreciation and amortisation, 1 January	(2,974)	(2,646)
		Foreign currency translation adjustments	(13)	12
		Depreciation for the year	(340)	(340)
		<b>Depreciation and amortisation, 31 December</b>	<b>(3,327)</b>	<b>(2,974)</b>
		<b>Book value, 31 December</b>	<b>7,880</b>	<b>8,199</b>

## NOTES

Note no. 18 Land and buildings, domicile properties

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
3,726	3,726	Cost price, 1 January	188,215	188,084
		Foreign currency translation adjustments	363	(507)
		Increase in connection with the acquisition of companies	1,762	0
		Increase	250	3,390
		Carried to assets determined for sale	0	(627)
		Exit	0	(2,125)
<b>3,726</b>	<b>3,726</b>	<b>Cost price, 31 December</b>	<b>190,590</b>	<b>188,215</b>
(1,092)	(1,092)	Depreciation and amortisation, 1 January	(52,245)	(50,006)
		Foreign currency translation adjustments	(202)	278
		Depreciation	(4,410)	(4,042)
		Amortisation	0	(177)
		Carried to assets determined for sale	0	177
		Exit	0	1,525
<b>(1,092)</b>	<b>(1,092)</b>	<b>Depreciation and amortisation, 31 December</b>	<b>(56,857)</b>	<b>(52,245)</b>
<b>2,634</b>	<b>2,634</b>	<b>Book value, 31 December</b>	<b>133,733</b>	<b>135,970</b>
<b>0</b>	<b>0</b>	<b>Hereof financially leased assets</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>Investment liabilities</b>	<b>0</b>	<b>0</b>

## NOTES

Note no. 19 Investment properties

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
75,762	73,915	Cost price, 1 January	3,645	5,492
(1,847)	0	Exit	0	(1,847)
<b>73,915</b>	<b>73,915</b>	<b>Cost price, 31 December</b>	<b>3,645</b>	<b>3,645</b>
(17,002)	(17,125)	Depreciation and amortisation, 1 January	(2,274)	(3,284)
(1,132)	(1,132)	Depreciation	0	0
1,009	0	Exit	0	1,010
<b>(17,125)</b>	<b>(18,257)</b>	<b>Depreciation and amortisation, 31 December</b>	<b>(2,274)</b>	<b>(2,274)</b>
<b>56,790</b>	<b>55,658</b>	<b>Book value, 31 December</b>	<b>1,371</b>	<b>1,371</b>
<b>77,235</b>	<b>76,935</b>	<b>Market value of investment properties</b>	<b>1,786</b>	<b>2,086</b>
<p>Market value for investment properties (level 3 in the market value hierarchy) has been calculated based on a discounted cash flow model with a minimum return on interest requirement of 5-7%. Investment properties in the parent company predominantly comprise properties used for Group operations. The market value calculations are based on the tenancy agreements that have been entered into.</p>				
5,249	5,018	Rental income on investment properties	171	114
(541)	(366)	Operating costs for investment properties	(154)	(81)
<b>4,708</b>	<b>4,652</b>	<b>Operation of investment properties</b>	<b>17</b>	<b>33</b>



## NOTES Note no. 20 - 21

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Note no. 20 Technical plants, equipment, fixtures and fittings</b>				
623	1,414	Cost price, 1 January	1,030,577	984,671
		Foreign currency translation adjustments	2,013	(2,805)
		Increase in connection with the acquisition of companies	16,322	0
		Increase in connection with the acquisition of companies (step-up)	15,166	0
1,414	2,690	Increase	148,698	105,365
0	0	Carried from assets determined for sale	315	(3,246)
(623)	0	Exit	(68,654)	(53,408)
<b>1,414</b>	<b>4,104</b>	<b>Cost price, 31 December</b>	<b>1,144,437</b>	<b>1,030,577</b>
(623)	0	Depreciation and amortisation, 1 January	(710,027)	(678,935)
		Foreign currency translation adjustments	(1,752)	2,473
		Amortisation	0	(967)
0	(502)	Depreciation	(87,540)	(83,482)
0	0	Carried to assets determined for sale	0	1,291
623	0	Exit	62,069	49,593
<b>0</b>	<b>(502)</b>	<b>Depreciation and amortisation, 31 December</b>	<b>(737,250)</b>	<b>(710,027)</b>
<b>1,414</b>	<b>3,602</b>	<b>Book value, 31 December</b>	<b>407,187</b>	<b>320,550</b>
<b>0</b>	<b>682</b>	<b>Hereof financially leased assets</b>	<b>134,699</b>	<b>100,307</b>
<b>0</b>	<b>0</b>	<b>Investment liabilities</b>	<b>0</b>	<b>0</b>
<b>Note no. 21 Plants under construction</b>				
		Cost price, 1 January	5,404	2,835
		Foreign currency translation adjustments	5	0
		Increase in connection with the acquisition of companies	61	0
		Increase	129	5,743
		Carried	(4,370)	(3,174)
		<b>Cost price, 31 December</b>	<b>1,229</b>	<b>5,404</b>
		<b>Book value, 31 December</b>	<b>1,229</b>	<b>5,404</b>

## NOTES

Note no. 22 - 24

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Note no. 22 Long-term amounts owed</b>				
			11,070	12,950
		Cost price, 1 January		
		Foreign currency translation adjustments	0	0
		Increase	0	0
		Instalments	(2,087)	(1,880)
		<b>Cost price, 31 December</b>	<b>8,983</b>	<b>11,070</b>
		<b>Book value, 31 December</b>	<b>8,983</b>	<b>11,070</b>
<b>Note no. 23 Inventories</b>				
		Raw materials and ancillary materials	77,295	84,545
		Goods in production	649	526
		Finished goods	12,056	13,585
			<b>90,000</b>	<b>98,656</b>
		Book value of inventory depreciated to market value	0	0
<b>Note no. 24 Construction contracts</b>				
		Sales value of construction contracts	2,031,302	1,531,624
		On-account invoicing	(1,962,642)	(1,480,888)
			<b>68,660</b>	<b>50,736</b>
		Included as follows:		
		Construction contracts (assets)	114,053	109,913
		Construction contracts (liabilities)	(45,393)	(59,177)
			<b>68,660</b>	<b>50,736</b>
		Advance payments from customers	582	0
		Retained payments	0	0

## NOTES Note no. 25 Amounts owed

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
		Amounts owed from sales and service provisions	544,089	464,706
39,037	52,426	Amounts owed to associated companies		
		Amounts owed to joint ventures	69,541	40,135
282	1,451	Other amounts owed	25,828	24,127
<b>39,319</b>	<b>53,877</b>		<b>639,458</b>	<b>528,968</b>
Amortisation included in the above amounts owed has developed as follows:				
		1 January	11,118	9,574
		Value adjustment	10	(8)
		Amortisation for the year	3,075	2,219
		Net for the year	(4,294)	(264)
		Returned	(3,110)	(403)
		<b>31 December</b>	<b>6,799</b>	<b>11,118</b>
		Hereof individual amortisation	6,799	11,118

Credit risks linked to the individual amounts owed are primarily dependent on the domicile of the debtors. The credit quality of non-amortised amounts owed has been assessed in accordance with the Group's internal credit rating procedures and external assessments as being of a high quality with a low risk of loss; refer also to note 38 for information about credit rating procedures, etc.

Non-amortised amounts owed from sales have the following geographical distribution:

Scandinavia	502,305	408,591
Rest of Europe	104,526	85,132
Rest of world	0	0
	<b>606,831</b>	<b>493,723</b>

The Group's amounts owed from sales as of 31 December 2015 include an amortisation of TDKK 6,799. (2014: TDKK 11,118). The amortisations were predominantly caused by customer bankruptcy or anticipated bankruptcy. Additionally, amounts owed that, as of 31 December, were overdue but not amortised have been included as follows:

<b>Payment term:</b>		
Up to 30 days	75,629	88,146
Between 30 and 90 days	17,325	18,225
More than 90 days	81,663	80,174
	<b>174,617</b>	<b>186,545</b>

## NOTES

Note no. 26 Securities

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
		Unlisted securities	0	0
1,005	1,059	Listed securities	25,964	29,235
<b>1,005</b>	<b>1,059</b>		<b>25,964</b>	<b>29,235</b>
Market value hierarchy:				
1,005	1,059	Level 1, listed	25,964	29,235
		Level 2, observable	0	0
<b>1,005</b>	<b>1,059</b>		<b>25,964</b>	<b>29,235</b>

## NOTES Note no. 27 Equity

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Share capital</b>				
49,132	49,132	1 January	49,132	49,132
<b>49,132</b>	<b>49,132</b>	<b>31 December</b>	<b>49,132</b>	<b>49,132</b>
Share capital can be divided as follows:				
6,150	6,150	A shares	6,150	6,150
42,982	42,982	B shares	42,982	42,982
<b>49,132</b>	<b>49,132</b>		<b>49,132</b>	<b>49,132</b>
A share capital is distributed as follows:				
1,367	1,367	1 share of DKK 1,367,400.	1,367	1,367
83	83	1 share of DKK 82,600.	83	83
3,450	3,450	69 shares of DKK 50,000.	3,450	3,450
1,105	1,105	221 shares of DKK 5,000.	1,105	1,105
130	130	130 shares of DKK 1,000.	130	130
15	15	30 shares of DKK 500.	15	15
<b>6,150</b>	<b>6,150</b>		<b>6,150</b>	<b>6,150</b>
The B share capital constitutes 429,823 shares at DKK 100 each.				
Voting rights:				
10	10	A shares of DKK 100.		
1	1	B shares of DKK 100.		
<b>Own shares</b>				
12,100	12,100	Start	17,300	17,300
0	0	Increase	0	0
<b>12,100</b>	<b>12,100</b>	<b>Quantity, end</b>	<b>17,300</b>	<b>17,300</b>
1,210	1,210	Nominal value	1,730	1,730
2.5%	2.5%	% of share capital	3.5%	3.5%
10	15	Proposed dividend per DKK 100 share		

In previous years, the Group has acquired own shares with a nominal value of TDKK 1,730 at an average price of 836, corresponding to a cost price of TDKK 14,462.

Of this, shareholdings in subsidiaries amount to nominally TDKK 520 with a cost price of TDKK 3,641.

Until the next annual general meeting, but no later than 30 October 2016, the Board of Directors is authorised to allow the company to acquire own shares within a total nominal value of a maximum of 10% of the share capital applicable at any time. Acquisition shall take place at a price that is no

higher than the listed end buyer price for B shares plus 10% on Nasdaq Copenhagen on the acquisition date.

Pursuant to the authorisation of the general meeting, the corporate management may increase share capital by up to nominally DKK 15,000,000. The authorisation shall be valid until 1 April 2019.

The purpose is to achieve flexibility in connection with company acquisitions and strategic partnerships.



## NOTES Note no. 28 Pensions and similar liabilities

**In defined contribution** pension schemes, the employer is obliged to pay a defined contribution (e.g. a fixed amount or fixed percentage of salary). In a contribution-based scheme, the Group will not be liable for risks relating to future developments in interest, inflation, mortality and incapacity for work.

**In performance-based** pension schemes, the employer is obliged to pay a defined contribution (e.g. a retirement pension as a fixed amount or fixed percentage of final salary). In a performance-based scheme, the Group will be liable for risks relating to future developments in interest, inflation, mortality and incapacity for work.

The pension obligations of Danish companies are covered by insurance. Certain foreign companies are also covered by insurance. Foreign companies that are not or are only partly covered by insurance (performance-based schemes) recognise the actuarial liability at present value on the balance sheet date. Performance-based schemes can be found in some of the Group's German companies. Under liabilities in the consolidated accounts TDKK 149,840 has been recognised (2014: TDKK 153,092) concerning the Group's liabilities for current and former employees. Non-

covered pension schemes include schemes for all employee groups. The parent company has only contribution-based pension schemes.

Future pension benefits are based on the employee's seniority in the scheme, as the size of the pension elements is independent on each employee's salary level.

The risks associated with performance-based schemes can generally be classified as risks relating to mortality and interest level.

The latest actuarial assessment of pension liabilities has been performed by Uhlmann, Ludewig & Menzel. The present value of the scheme's liabilities and associated pension costs concerning current and previous financial years has been recognised using the Projected Unit Credit Method.

The key assumptions for the actuarial estimations on the balance sheet date can, on average, be said to be as follows:

(Amounts in DKK 1,000)	Group	
	2015	2014
Discount rate	2.2%	1.9%
Mortality table based on anticipated lifespans for the economically active population in Germany (trends extrapolated to 2060)	G2005	G2005

## NOTES Note no. 28 Pensions and similar liabilities (continued)

(Amounts in DKK 1,000)	Group	
	2015	2014
Current value of performance-based schemes	149,840	153,092
Market value of the schemes' assets	0	0
<b>Total</b>	<b>149,840</b>	<b>153,092</b>
<b>Current value development of the included pension liabilities:</b>		
Net liability, 1 January	153,092	126,896
Foreign currency translation adjustments	391	(293)
Increase in connection with the acquisition of companies	2,174	0
Pensions paid	(7,171)	(6,759)
Pension costs for the financial year in question	5,425	5,843
Actuarial loss (profits), changed demographics	1,063	2,989
Actuarial loss (profits), changed financial conditions	(5,134)	24,416
<b>Net liabilities, 31 December</b>	<b>149,840</b>	<b>153,092</b>
<b>Pension costs included in the profit and loss account:</b>		
Pension costs for the financial year in question	2,546	1,915
Interest calculated for liabilities	2,879	3,928
<b>Total included for performance-based schemes</b>	<b>5,425</b>	<b>5,843</b>
Included in contribution-based schemes	77,073	62,933
<b>Total recognised</b>	<b>82,498</b>	<b>68,776</b>
Costs have been included in the following accounting entries in the profit and loss statement:		
Production costs	68,144	54,596
Administration costs	14,354	14,180
<b>Total recognised</b>	<b>82,498</b>	<b>68,776</b>

## NOTES Note no. 28 Pensions and similar liabilities (continued)

### Sensitivity analyses

The table below shows the pension liability's sensitivity to changes in key assumptions for recognition of the liability on the balance sheet date. Key actuarial assumptions in the recognition of pension liabilities relate to interest levels and mortality.

The analysis is based on reasonably probable changes in the key assumptions used, provided the other parameters in the estimates remain unchanged and the impact is not modified.

There are no changes to the methods used compared to 2014.

(Amounts in DKK 1,000)	Group	
	2015	2014
Anticipated pension liabilities as of 31 December 2016	147,869	150,542
Reported pension liabilities	149,840	153,092
<b>Sensitivity concerning discount rate (pension liabilities in the event of changed assumptions):</b>		
1.65% (assumption -0.5%)	159,276	163,734
2.65% (assumption +0.5%)	140,172	141,916
<b>Sensitivity concerning mortality:</b>		
Anticipated + 1 year lifespan	154,422	157,795
Anticipated - 1 year lifespan	143,933	146,552
<b>The anticipated weighted duration of the liability at the end of 2015 is 18.2 years (2014: 18.8):</b>		
Active employees	31	31
Retired employees	13	13
Survivors	18	19
<b>The pension liabilities are anticipated to fall due for payment as follows:</b>		
0-1 years	7,032	6,893
1-5 years	29,101	28,529
>5 years	113,707	117,670
	<b>149,840</b>	<b>153,092</b>
<b>The liabilities can be divided into:</b>		
Active employees	37,772	39,741
Retired employees	98,456	99,923
Survivors	13,612	13,428
	<b>149,840</b>	<b>153,092</b>

## NOTES

Note no. 28 Pensions and similar liabilities (continued)

	Group	
(Amounts in DKK 1,000)	2015	2014

In the statement of included profit and loss, the following accumulated actuarial profits/losses since 1 January 2005 have been included:

<b>Accumulated actuarial loss</b>	<b>51,154</b>	<b>55,225</b>
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In 2016, the Group anticipates paying in TDKK 6,866 to the performance-based pension scheme.

## NOTES Note no. 29 Deferred taxes

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
2,653	2,709	Deferred taxes, 1 January	15,540	17,260
		Foreign currency translation adjustments	(86)	31
		Reduction in Danish corporation tax from 23.5% to		
(22)	(43)	22% in 2016	(939)	(1,872)
78	570	The year's deferred tax included in the year's profits	(6,269)	8,343
		The year's deferred tax included in other total income	1,835	(8,222)
<b>2,709</b>	<b>3,236</b>	<b>Deferred tax, 31 December</b>	<b>10,081</b>	<b>15,540</b>
Deferred tax is included in the balance sheet as follows:				
		Deferred taxes (assets)	(24,175)	(25,823)
2,709	3,236	Deferred taxes (liabilities)	34,256	41,363
<b>2,709</b>	<b>3,236</b>	<b>Deferred tax, 31 December, net</b>	<b>10,081</b>	<b>15,540</b>
<b>Deferred tax relates to:</b>				
		Intangible assets	8,572	7,576
2,709	3,345	Tangible assets	43,060	31,431
		Financial assets	0	0
		Short-term assets	13,750	19,180
		Provisions	(26,963)	(20,858)
0	(109)	Other liabilities	(28,052)	(21,789)
		Tax deficit	(286)	0
<b>2,709</b>	<b>3,236</b>		<b>10,081</b>	<b>15,540</b>
The taxable value of the residual assessment balance for Inpipe Sweden AB, which exited the joint taxation as of 1 January 2005 and is not included in the statement of deferred tax. The tax value hereof constitutes TDKK 5,886.				



## NOTES

Note no. 30 Provisions

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
		Full faith-and-credit guarantees, 1 January	9,196	6,666
		Foreign currency translation adjustments	38	(44)
		Used in the year	(1,909)	(775)
		Returned	(1,441)	(954)
		Allocated in the year	5,975	4,303
		<b>Full faith-and-credit guarantees, 31 December</b>	<b>11,859</b>	<b>9,196</b>
		Other liabilities, 1 January	10,759	11,602
		Foreign currency translation adjustments	27	(26)
		Increase in connection with the acquisition of companies	201	0
		Used in the year	(425)	(312)
		Returned	(178)	(1,142)
		Allocated in the year	554	637
		<b>Other liabilities, 31 December</b>	<b>10,938</b>	<b>10,759</b>
		<b>Provisions, 31 December</b>	<b>22,797</b>	<b>19,955</b>
		The due dates for provisions are expected to be:		
		Short-term liabilities	11,939	14,643
		Long-term liabilities	10,858	5,312
		<b>Provisions, 31 December</b>	<b>22,797</b>	<b>19,955</b>
		Full faith-and-credit guarantees concerning completed contracts performed against a guarantee of normally up to 5 years.		
		Other liabilities concerning the restoration of quarries and known liabilities for completed works. The liabilities have been calculated based on the management's specific expectations for future costs.		

## NOTES Note no. 31 Debt to credit institutions

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
		Loan	21,669	48,425
0	494	Leasing debt	131,160	106,222
	4	Bank financing (overdraft facility)	7,629	100
<b>0</b>	<b>498</b>	<b>Book value</b>	<b>160,458</b>	<b>154,747</b>
0	0	Of which fixed interest	0	0
0	419	Long-term liabilities	116,827	85,061
0	79	Short-term liabilities	43,631	69,686
<b>0</b>	<b>498</b>		<b>160,458</b>	<b>154,747</b>
0	498	Nominal value	160,458	154,747

Market value is recognised as the present value of expected future contribution and interest payments. The Group's applicable borrowing rate for equivalent maturities has been used as the discount rate.

The Group's policy in connection with borrowing is to ensure the greatest possible flexibility through diversification of borrowing on maturity dates and counterparties.

### Financial leasing liabilities

Liabilities concerning financially leased assets are included in debt to credit institutions as follows:

Group						
	2015			2014		
	Mini mum leasing perfor- mance	Interest element	Current value	Mini mum leasing perfor- mance	Interest element	Current value
0-1 years	30,635	1,725	28,910	25,731	1,465	24,266
1-5 years	100,942	2,923	98,019	78,980	2,686	76,294
> 5 years	4,268	37	4,231	5,724	63	5,661
	<b>135,845</b>	<b>4,685</b>	<b>131,160</b>	<b>110,435</b>	<b>4,213</b>	<b>106,222</b>

According to the leasing contracts there are no conditional leasing services.

The current value of the liabilities concerning financially leased assets corresponds to the book value.

## NOTES Note no. 32 - 34

Morderselskabet			Koncernen	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Note no. 32 Supplier debt and other debt obligations</b>				
1,104	1,082	Supplier debt	247,493	199,384
839	18	Debt to associated companies		
		Debt to joint ventures	1,490	0
3,955	4,430	Other debt	263,402	232,378
<b>5,898</b>	<b>5,530</b>		<b>512,385</b>	<b>431,762</b>
<b>Note no. 33 Corporation tax</b>				
(3,575)	(6,112)	Amounts owed in corporation tax, 1 January	(378)	680
		Foreign currency translation adjustments	7	(26)
153	(352)	Current tax for the year including jointly taxed subsidiaries	22,011	9,990
0	0	Other adjustments	0	0
(2,690)	14,784	Corporation tax paid for the year	(5,147)	(11,022)
<b>(6,112)</b>	<b>8,320</b>	<b>Corporation tax owed, 31 December</b>	<b>16,493</b>	<b>(378)</b>
<b>Note no. 34 Contingent liabilities and collateral security</b>				
		Guarantees provided to clients by third parties	869,959	820,637

### Pending disputes and litigation

As part of the nature of its business, the Group is naturally involved in various disputes and legal and arbitration proceedings, the outcome of which management does not expect to have any significant negative impact on the Group's financial position.

### Joint taxation

The parent company is jointly taxed with other Danish Group companies. As an administrative company, the com-

pany is jointly and severally liable with other group companies for Danish corporation tax and withholding taxes on dividends, interests and royalties within the joint taxation. The jointly taxed companies' overall known net debt on corporation tax amounts to DKK 8,320 as of 31 December 2015. Any subsequent corrections to jointly taxable income and withholding tax, etc. could result in the company's debt amounting to a greater sum.

## NOTES

Note no. 35 - 36

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
<b>Note no. 35 Changes in operating capital</b>				
		Changes to inventories	20,020	(28,919)
72,173	(14,558)	Changes in amounts owed and construction contracts	(121,519)	27,445
3,859	(368)	Changes to suppliers and other debts	61,308	26,010
<b>76,032</b>	<b>(14,926)</b>		<b>(40,191)</b>	<b>24,536</b>
<b>Note no. 36 Purchase of tangible assets, net</b>				
(1,414)	(2,690)	Purchase of tangible assets	(145,027)	(111,324)
0	733	Assumption of leasing debt	50,060	30,613
<b>(1,414)</b>	<b>(1,957)</b>		<b>(94,967)</b>	<b>(80,711)</b>

## NOTES Note no. 37 Related parties

Shareholders with significant influence:

Niels Arkil, Haderslev, A shareholder.

Jesper Arkil, Haderslev, A shareholder.

Jens Skjød-ARKIL, Kolding, A shareholder.

The actuarial value of pension liabilities to related parties with a significant influence amounts to TDKK 35,476 (2014: TDKK 37,491). Pension liabilities incurred through the acquisition of companies in 2004 have been established through SAW Schleswiger Asphaltsplitt-Werke GmbH & Co. KG in 1974.

Arkil Holding A/S' other related parties with significant influence include the company's Board of Directors, corporate management and managers as well as these parties' immediate family members. Related parties also include companies in which the abovementioned people have substantial interests. Remuneration for the Board of Directors and corporate management is specified in note 5.

Works performed on behalf of related parties amount to TDKK 634 (2014: TDKK 15) and have been implemented on market terms. Amounts owed from related parties amount to TDKK 0 as of 31/12/2015 (2014: TDKK 0).

Furthermore, the parent company's related parties include the subsidiaries and associated companies, cf. notes 8 and 9, for which the parent company has a controlling or substantial influence.

The Group's related parties also include associated companies and joint ventures in which the Group has a substantial or jointly controlling influence. Associated companies are listed in note 9 and joint ventures are listed in note 10.

### Subsidiaries and associated companies and joint ventures

Business relations with subsidiaries and associated companies and joint ventures have included the following:

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014
1,295	1,560	Interest receivable from subsidiaries		
		Purchase of goods and service provisions from associated companies	22,038	51,426
		Sale of goods and service provisions to joint ventures	172,883	147,374
		Sale of goods and service provisions to associated companies	5,044	8,888
27,029	32,287	Sale of service provisions to subsidiaries		
<b>28,324</b>	<b>33,847</b>		<b>199,965</b>	<b>207,688</b>

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

The parent company's outstanding accounts with subsidiaries as of 31 December can be found in notes 25 and 32.

Outstanding accounts with subsidiaries include both borrowing and ordinary outstanding business accounts concerning acquisitions and sales.

Interest on outstanding accounts with subsidiaries can be found in notes 11 and 12.

The parent company has received TDKK 3,750 (2014: TDKK 10,864) in dividends from subsidiaries.



## NOTES Note no. 38 Commercial and financial risks

### General risks

Arkil Holding Group activities that fall within the construction industry involve a number of commercial and financial risks.

The Group's strategy is to minimise and hedge commercial and financial risks through established risk management. The Group's risks are generally found not to deviate from what is ordinary for other companies in the construction industry.

The most significant operating risk for the Group is particularly influenced by the ability to be flexible, where the possibility of rapid adjustment to current market terms within the Group's business areas is a key factor.

The Group's customer segments are predominantly public and semi-public authorities and the supply of assignments therefore varies in line with political developments.

Furthermore, the Group's strategy is to establish subsidiaries abroad to achieve geographical distribution of the Group's activities to minimise dependence on the trends in the Danish market.

The Group's key activities are predominantly routine tasks with known risks that can be minimised through risk management.

Major specialist projects are mostly carried out as joint ventures with familiar partners as well as in collaboration with specialists, ensuring that risks are minimised.

Collaborations based on partnering and early tendering, where contractors are involved in the projects before initiation of the design and planning phases, strengthen risk coverage in projects.

The Group's insurance strategy is to cover significant risks that the Group itself does not have direct influence over and that may pose a threat to the Group's financial circumstances and existence.

### Raw material risks

Based on a risk assessment, the Group's policy is to cover financial risks relating to future fluctuations in raw material prices included in the Group's services.

Such risks are generally covered by entering into fixed price agreements with suppliers concerning the supply to projects. To the extent that fixed price agreements are not entered into, the risk will be covered selectively based on a risk assessment in accordance with the Group's policy using financial instruments in the form of raw material swaps.

### Financial risks

As a result of operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group's policy is to not carry out active speculation involving financial risks. The Group's financial management is therefore aimed only at the management of risks that form a natural part of the operations. The Group's financial risks are predominantly covered through the allocation of revenue and costs in the same currency and the use of derivative financial instruments in accordance with policies approved by the Board of Directors.

For a description of accounting policies and methods, including recognition criteria and basis for measurement, please refer to the section on accounting policies.

### Foreign exchange risk

The Group's policy is to limit the impact of currency exchange fluctuations on the Group's return and financial position.

Revenue in foreign currency, amounting to 28% of the Group's revenue, is not indicative of the Group's foreign exchange risk, as the majority of costs relating to foreign revenue are in the same currency.

Sales in foreign currencies that cross borders amount to less than 5% of the consolidated revenue. In addition, the majority of operating financing of foreign activities takes place in the respective currencies.

The Group's foreign exchange position is centrally managed and coverage is selective. Only positions based on business conditions will be taken.

Net investments in foreign subsidiaries are generally not hedged. The exchange adjustment in this regard is carried to other total income in accordance with the accounting practice.

With regard to investments in foreign entities, the Group's equity as of 31 December 2015 would have been reduced by DKK 1.0 million (2014: DKK 1.5 million) if the SEK exchange rate was 10% lower than the actual exchange rate. Other currency risks relating to investments in foreign entities are immaterial.

The Group had no material currency risks relating to amounts owed and debts in foreign currencies as of 31 December 2015 and the Group's profits would therefore not have been significantly affected by changes to the currency translations as of 31 December 2015.

## NOTES Note no. 38 Commercial and financial risks (continued)

The Group has substantial transactions/exposure in EUR but the management does not consider there to be any significant currency exchange risks in relation to this. The Group does not otherwise have any substantial currency exposure.

### Capital management

The Group continuously reviews the need to adjust its capital structure to balance the requirement for higher returns on equity against the increased uncertainty linked to foreign capital. At the end of 2015, equity as a percentage of total liabilities amounted to 45.3% (2014: 46.3%). To ensure strategic and financial freedom to act, the aim is for the equity ratio to be around 45%, but deviations may occur and will be permitted in connection with acquisitions and similar.

The realised return on equity for 2015 amounted to 4.9% (2014: 7.6%).

Arkil Holding A/S' dividends policy is for shareholders to achieve a return on their investment in the form of price increases and dividends exceeding a risk-free investment in bonds. Payment of dividends will be made taking into account any necessary consolidation of equity as the basis for the Group's continued expansion.

### Interest risk

The Group's cash and cash equivalents are placed on demand or as scheduled deposits with a maturity of up to three months in high-interest financial institutions and listed bonds and shares.

The Group's holding of securities amounts to TDKK 25,964 and is distributed as follows:

	2015	2014
Listed securities	25,964	29,235
	<b>25,964</b>	<b>29,235</b>
Included as follows:		
Securities, short-term assets	25,964	29,235
	<b>25,964</b>	<b>29,235</b>

All interest payable on interest-bearing debt in the Group is variable.

A 1% rise or drop in the interest level compared to the balance sheet day would have only insignificant impact on the Group's returns and equity.

The Group's interest-bearing net debt, specified as debt to credit institutions less holdings of negotiable securities and cash and cash equivalents, constitutes DKK 26.3 million compared to a positive net holding of DKK 46.9 million as of 31/12/2014.

Interest-bearing debt recognised in net debt has increased from DKK 154.7 million to DKK 160.5 million during the year.

The Group continuously reviews interest rate developments for the purpose of possible hedging of interest risk for a greater share of the loan portfolio.

## NOTES Note no. 38 Commercial and financial risks (continued)

### Cash flow risks

The Group's policy in connection with borrowing is to ensure the greatest possible flexibility through diversification of borrowing on maturity/renewal dates and counterparties with regard to pricing. The Group's cash reserves

consist of cash and cash equivalents, securities and unused credit facilities. The Group's aim is to have a sufficient cash position to continue to act effectively in the event of large seasonal fluctuations in cash flow, as is characteristic of the construction industry.

The Group's liabilities fall due as follows:

2015					
TDKK	Book value	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
<b>Non-derivative financial instruments</b>					
Credit institutions	29,298	30,103	15,008	11,873	3,222
Financial leasing liabilities	131,160	135,845	30,635	100,942	4,268
Supplier debt	247,493	247,493	247,493	0	0
<b>Derivative financial instruments</b>					
Raw material swaps used as hedging instruments (net settlement)	0	0	0	0	0
<b>Total liabilities</b>	<b>407,951</b>	<b>413,441</b>	<b>293,136</b>	<b>112,815</b>	<b>7,490</b>
2014					
TDKK	Book value	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
<b>Non-derivative financial instruments</b>					
Credit institutions	48,525	48,993	45,727	1,969	1,297
Financial leasing liabilities	106,222	110,435	25,731	78,980	5,724
Supplier debt	199,384	199,384	199,384	0	0
<b>Derivative financial instruments</b>					
Raw material swaps used as hedging instruments (net settlement)	2,491	2,491	2,491	0	0
<b>Total liabilities</b>	<b>356,622</b>	<b>361,303</b>	<b>273,333</b>	<b>80,949</b>	<b>7,021</b>

## NOTES Note no. 38 Commercial and financial risks (continued)

### Credit risks

The vast majority of the Group's customers are public and semi-public clients for which the credit risk is considered minimal. The Group's receivables from sales to other customers are exposed to ordinary credit risk.

A critical credit check is carried out of customers before construction contracts are entered into. Furthermore, receivables from sales to other customers are covered to the extent appropriate and necessary through payment guarantees in the form of documentary credit and bank guarantees.

The maximum credit risk is reflected in the book value of each financial asset included in the balance sheet.

The Group does not have any significant risks relating to individual customers or partners.

Similar to 31 December 2014, the Group's depreciations on 31 December 2015 relate solely to financial assets classified as amounts owed. Please also refer to note 25.

### Categories of financial instruments

Categories of financial instruments are described below:

	Book value	
	2015	2014
Financial assets, measured at market value via the profit and loss statement	25,964	29,235
Derivative financial instruments included in the hedging of future cash flows	0	0
Financial assets classified as available for sale	0	0
Lending and amounts owed	756,595	712,464
Financial liabilities used as hedging instruments	0	(2,491)
Financial liabilities measured at amortised cost price	(407,951)	(356,622)

The book value and market value are equal. Please refer to the section "Methods and assumptions for recognition of market values" below.

Amounts owed, cash and cash equivalents and financial liabilities are considered to have a market value equal to the book value.

## NOTES Note no. 38 Commercial and financial risks (continued)

2015				
	Listed prices (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
<b>Financial assets</b>				
Securities	25,964	0	0	25,964
Derivative financial instruments included in the hedging of future cash flows	0	0	0	0
<b>Total financial assets</b>	<b>25,964</b>	<b>0</b>	<b>0</b>	<b>25,964</b>
<b>Financial liabilities</b>				
Derivative financial instruments included in the hedging of future cash flows	0	0	0	0
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2014				
	Listed prices (level 1)	Observable in- put (level 2)	Non-observable input (level 3)	Total
<b>Financial assets</b>				
Securities	29,235	0	0	29,235
Derivative financial instruments included in the hedging of future cash flows	0	0	0	0
<b>Total financial assets</b>	<b>29,235</b>	<b>0</b>	<b>0</b>	<b>29,235</b>
<b>Financial liabilities</b>				
Derivative financial instruments included in the hedging of future cash flows	0	2,491	0	2,491
<b>Total financial liabilities</b>	<b>0</b>	<b>2,491</b>	<b>0</b>	<b>2,491</b>

### Methods and assumptions for recognition of market values

The methods and assumptions used for recognition of the market value of financial instruments have been described for each class of financial instruments. The methods used remain unchanged compared to 2014.

### Listed bonds

The portfolio of listed bonds consists of liquid government bonds and mortgage bonds valued at listed or quoted price.



## NOTES Note no. 38 Commercial and financial risks (continued)

### **Derivative financial instruments**

Raw material swaps are valued using generally accepted valuation techniques based on relevant observable swap curves. Externally estimated market values based on discounted future cash flows are used.

### **Mortgage debt (measured at amortised cost price on the balance sheet)**

The market value of mortgage debt is valued based on the market value of the underlying bonds. Short-term variable interest debt to banks is valued at a rate of 100.

Non-observable market data primarily consists of credit risk which is reviewed in the event of changes to Arkil Holding Group's rating or indication of changes to the Group's credit limit. In 2015, the credit risk constituted an insignificant proportion of the market value of the mortgage debt.

### **Bank loans and financial leasing contracts (measured at amortised cost price in the balance sheet)**

The market value of bank loans and financial leasing contracts is calculated based on discount models in which all

estimated and fixed cash flows are discounted using zero coupon interest curves. The expected cash flows for each contract are based on contractual cash flows and observable market data such as interest rate curves. The cash flows will be estimated based on the forward interest rate curve when recognising the market value for variable interest borrowing and financial leasing contracts.

Non-observable market data primarily consists of credit risk which is reviewed in the event of changes to Arkil Holding Group's rating or indication of changes to the Group's credit limit. In 2015, the credit risk constituted an insignificant proportion of the market value of bank loans and financial leasing contracts.

### **Amounts owed from sales, cash and cash equivalents and supplier debt (measured at amortised cost price in the balance sheet)**

Amounts owed from sales and supplier debt with short credit periods are considered to have a market value equal to book value.

## NOTES Note no. 39 - 40

Parent company			Group	
2014	2015	(Amounts in DKK 1,000)	2015	2014

### Note no. 39 Operational leasing liabilities

The Group leases the properties and operating equipment on operational leasing terms. The leasing period will typically be a period between 2 and 20 years with the option to extend upon expiration of the period. None of the leasing contracts contain conditional leasing provisions.

Irrevocable operational leasing provisions and leasing liabilities, etc. are as follows:

618	509	0-1 years	12,487	10,726
418	629	1-5 years	20,639	26,033
0	0	> 5 years	45,164	43,530
<b>1,036</b>	<b>1,138</b>		<b>78,290</b>	<b>80,289</b>
Included in the profit and loss statement concerning operational				
1,171	1,231	leasing and leasing liabilities.	12,212	9,982

### Note no. 40 Subsequent events

No events of importance to the financial position of the consolidated accounts and annual accounts for 2015 have taken place after the end of the year.

## NOTES Note no. 41 New accounting standards

At the time of publication of this annual report the IASB has issued the following new and amended accounting standards and interpretations which are not mandatory for Arkil Holding A/S in the preparation of the annual report for 2015:

- IFRS 9 Financial Instruments and subsequent amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation — Amendments to IAS 16 and IAS 38
- IAS 16 and IAS 41 Agriculture: Bearer Plants — Amendments to IAS 16 and IAS 41
- IAS 27 Equity Method in Separate Financial Statements — Amendments to IAS 27
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations — Amendments to IFRS 11
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception — Amendments to IFRS 10, IFRS 12 and IAS 28
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28
- IAS 1 Disclosure Initiative — Amendments to IAS 1
- Annual Improvements to IFRSs 2012-2014 Cycle

Of these, Amendments to IAS 16 and IAS 38, Amendments to IAS 16 and IAS 41, Amendments to IAS 27, Amendments to IFRS 11, Amendments to IAS 1 and Annual improvements to IFRSs 2012-2014 Cycle have been adopted by the EU

The adopted but not yet effective standards and interpretations will be implemented in line with becoming mandatory to Arkil Holding A/S. None of the new standards or interpretations are expected to have a significant impact on recognition and measurements for Arkil Holding A/S, as the analysis of expected effect of the implementation of IFRS 9 and IFRS 15 is not yet complete, cf. the below.

IFRS 9 "Financial Instruments", which replaces IAS 39, changes the classification and the derived measurement of financial assets and liabilities.

A more logical approach to the classification of financial assets will be introduced based on the company's business model and characteristics of underlying cash flows. At the

same time, a new depreciation model will be introduced for all financial assets.

The so-called "expected loss" model will require more timely recognition of expected losses both on initial recognition and subsequent recognition than the current model where depreciation is recognised only when there is indication of loss (incurred loss model).

Finally, new regulations will be introduced for hedge accounting that, compared to current regulations, will make it possible for accounts to reflect the company's commercial hedging strategy.

For companies that measure financial liabilities at market value, IFRS 9 means that market value fluctuations resulting from changes to the company's own credit risk will no longer be recognised in the profit and loss statement but will be recognised in other total income instead.

Arkil Holding A/S expects that the standard will have a minor impact on the Group. The standard is expected to become mandatory for financial years starting 1 January 2018 or later.

IFRS 15 "Revenue from Contracts with Customers", which replaces the current standards (IAS 11 and IAS 18) and interpretations, introduces a new model for recognition and measurement of revenue relating to sales contracts with customers. The standard enters into force for financial years that begin on 1 January 2017 or later. Nevertheless, the IASB has issued draft changes to IFRS 15 including proposals to defer the commencement date to the financial year commencing 1 January 2018 or later.

The new model is based on a five-step process that must be followed for all sales contracts with customers to determine when and how revenue will be recognised in profit and loss statements.

The main changes in IFRS 15 compared to current policies are:

- A sales transaction must be recognised as revenue in the profit and loss statement in line with the control (which can be carried out at a specific time or over time) of the goods or service being transferred to the customer (the current "risk and rewards" concept is thereby replaced by a control concept)
- New and more detailed guidelines as to how sub-transactions in a sales contract are identified and how each component will be recognised and measured.
- New and more detailed guidelines for recognition of revenue over time

## NOTES Note no. 41 New accounting standards (continued)

Arkil Holding A/S has not yet carried out an in-depth analysis of the impact of the new standard on the Group, but, based on preliminary analyses of the Group's current product composition and contract types, Arkil Holding A/S believes that the new standard will have a minor impact in the following areas:

- Revenue in respect of some of the Group's construction contracts that are currently recognised over time using the production method will, in future, sooner or later be recognised in the profit and loss statement depending on contract type, etc. as the transfer of control will take place at a different time (either over time or at a specific time) under the new standard.
- The new requirements relating to estimates and assessments of, for example, variable remuneration, identification of sub-components, etc. in sales contracts may affect amounts and/or dates for recognition of revenue, especially in relation to revenue relating to large construction contracts.

IFRS 16 Leases was issued in the middle of January 2016. The standard that enters into force for financial years start-

ing 1 January 2019 or later changes the accounting treatment substantially for leasing contracts that are currently treated as operational leasing agreements. The standard requires all leasing contracts, regardless of type with few exceptions, to be recognised in the lease holder's balance sheet as an asset with an associated leasing liability. At the same time, the lease holder's profit and loss statement will be affected as the annual leasing cost will in future consist of two elements, an amortisation and an interest expense, compared to today where the annual cost for operational leasing liabilities is recognised in an amount under operating costs.

Arkil Holding A/S has not yet carried out an in-depth analysis of the impact of the new standard on the Group. However, it is believed that it will have some importance, as, in 2015, the Group had operational leasing agreements with minimum leasing liabilities in the area of DKK 78 million, corresponding to approximately 4.5% of the balance sheet sum, which in future must potentially be recognised in the balance sheet.

## NOTES Note 42. Key figure definitions

Profit margin	$\frac{\text{Returns on primary operations} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross returns} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Returns for the year} \times 100}{\text{The Group's average equity}}$
Internal value per share (BVPS)	$\frac{\text{The Group's equity}}{\text{Number of shares per DKK 100, end}}$
Returns per DKK 100 share (EPS Basic)	$\frac{\text{The year's returns on ongoing activities}}{\text{Average number of shares of DKK 100}}$
Price/Earnings Basic (P/E Basic)	$\frac{\text{Market value}}{\text{EPS Basic}}$
Market value/internal value (KI)	$\frac{\text{Market value}}{\text{BVPS}}$
Liquidity ratio	$\frac{\text{Short-term assets} \times 100}{\text{Short-term liabilities}}$
Equity ratio (solvency)	$\frac{\text{The Group's equity} \times 100}{\text{Total assets}}$
Cash flow per DKK 100 share	$\frac{\text{Cash flow from operating activities} \times 100}{\text{Number of shares}}$
Return on invested capital (ROIC), including goodwill	$\frac{\text{Returns on primary operations} \times 100}{\text{Average invested capital including goodwill}}$
Return on invested capital (ROIC), excluding goodwill	$\frac{\text{Returns on primary operations} \times 100}{\text{Average invested capital excluding goodwill}}$



## **NOTES** Note no. 43 Acquisition of subsidiaries and activities

As of 31 March 2015, the Group has acquired 100% of the capital in the German companies AMK Asphaltmischwerke Kiel GmbH & Co. KG and AMK Asphaltmischwerke Kiel Verwaltungs GmbH.

Until acquisition, the Group owned 42.7% and 42.75% respectively of the capital in the companies, which, until acquisition, were recognised in the consolidated profit and loss statement and balance sheet as equity interest in associated companies.

As of 30 April 2015, the Group has acquired 100% of capital in the German companies SAM Stralsund Asphaltmischwerke GmbH & Co. KG and SAM Stralsund Asphaltmischwerke Verwaltungs GmbH.

Until acquisition, the Group owned 51% (47.2% excluding minorities) of the capital in the companies, which, until acquisition, were recognised in the consolidated profit and loss statement and balance sheet as equity interest in associated companies.

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

As of 30 September 2015, the Group has acquired 66.7% of Infra Group Danmark ApS.

All remuneration is in cash and granted unconditionally. Transaction costs constitute DKK 0.1 million. Goodwill comes partly from staff competencies and synergies with the other groups.

## NOTES Note no. 43 Acquisition of subsidiaries and activities (continued)

The purchase price constitutes DKK 27 million incl. overtaken cash and cash equivalents. The fair value of the remuneration can be specified as follows:

(amounts in DKK 1,000)	Infra Group Danmark ApS	AMK KG	AMK GmbH	SAM KG	SAM GmbH	Market value on the ac- quisition date
<b>Acquisition of subsidiaries and activities</b>						
Goodwill	0	6,098	0	3,833	0	<b>9,931</b>
Tangible assets	237	11,150	0	6,697	0	<b>18,084</b>
Amounts owed	208	1,209	176	1,859	97	<b>3,549</b>
Other short-term assets	737	5,093	0	2,426	0	<b>8,256</b>
<b>Total assets</b>	<b>1,182</b>	<b>23,550</b>	<b>176</b>	<b>14,815</b>	<b>97</b>	<b>39,820</b>
Hereof cash and cash equivalents	(188)	(1,531)	0	(6)	0	<b>(1,725)</b>
<b>Assets excluding cash at bank or in hand</b>	<b>994</b>	<b>22,019</b>	<b>176</b>	<b>14,809</b>	<b>97</b>	<b>38,095</b>
Provisions, including pension liabilities	0	1,269	0	0	0	<b>1,269</b>
Long-term liabilities	0	1,069	0	0	0	<b>1,069</b>
Short-term liabilities	382	5,443	3	4,620	1	<b>10,449</b>
<b>Total liabilities</b>	<b>382</b>	<b>7,781</b>	<b>3</b>	<b>4,620</b>	<b>1</b>	<b>12,787</b>
<b>Net assets excluding cash at bank or in hand</b>	<b>612</b>	<b>14,238</b>	<b>173</b>	<b>10,189</b>	<b>96</b>	<b>25,308</b>
Invested by minority interests	(800)					<b>(800)</b>
<b>Liquid assets used for the acquisition of companies</b>	<b>(188)</b>	<b>14,238</b>	<b>173</b>	<b>10,189</b>	<b>96</b>	<b>24,508</b>

## NOTES Note no. 43 Acquisition of subsidiaries and activities (continued)

	Ownership interest before	Acquisi- tion	Ownership in- terest now
AMK Asphaltmischwerke Kiel GmbH & Co. KG, Kiel, Germany	43	57	100
AMK Asphaltmischwerke Kiel Verwaltungs GmbH, Schleswig, Ger- many	43	57	100
SAM Stralsund Asphaltmischwerke GmbH & Co. KG, Lüssow, Ger- many	51	49	100
SAM Stralsund Asphaltmischwerke Verwaltungs GmbH, Lüssow, Germany	51	49	100
Infra Group Danmark ApS, Odense, Denmark	0	67	67

The market value on the acquisition date of the Group's previous equity interest in the acquired companies can be specified as follows:

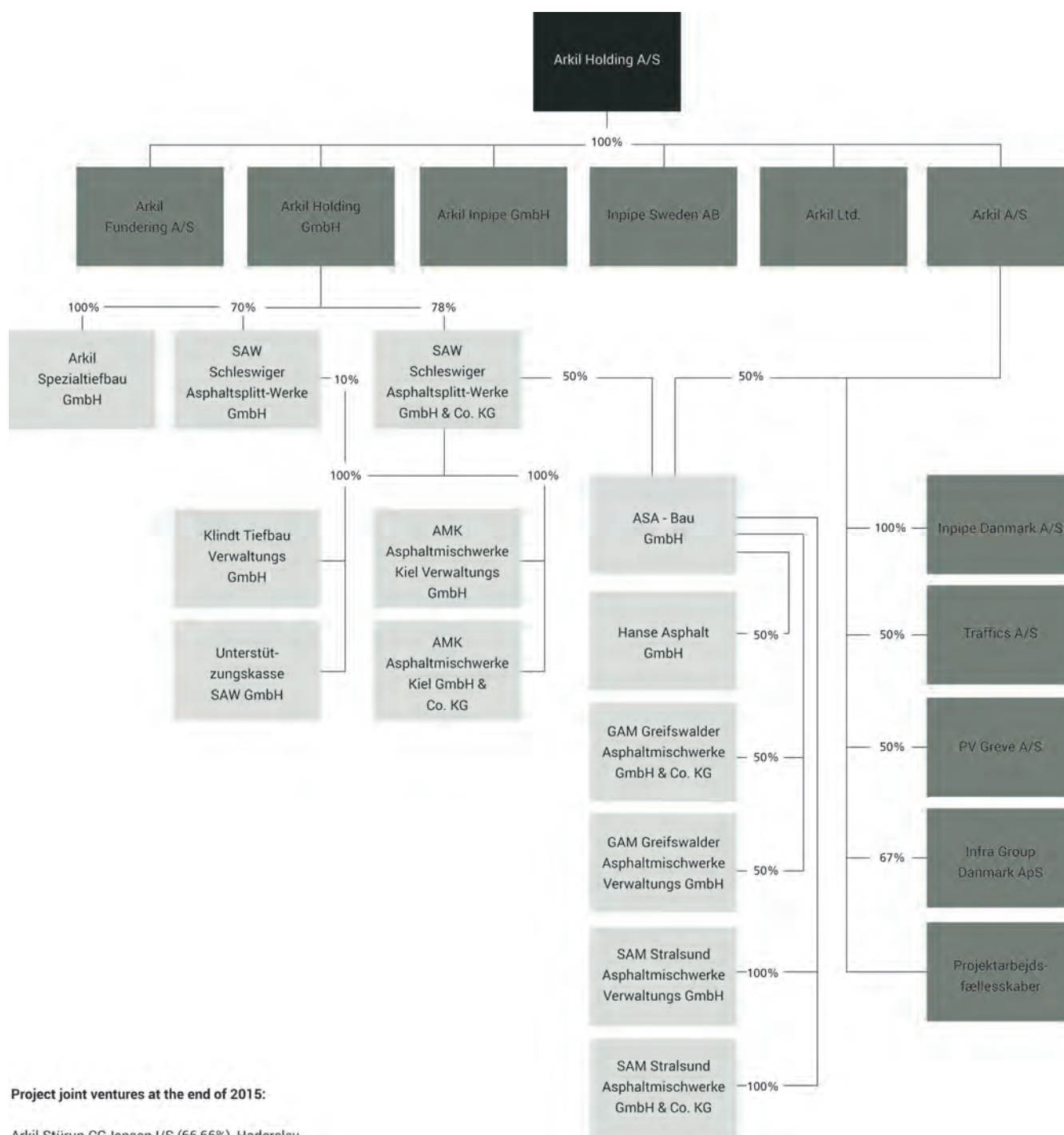
(amounts in DKK 1,000)	AMK KG	AMK GmbH	SAM KG	SAM GmbH	Market value on the ac- quisition date	Book value prior to ac- quisition
Tangible assets	8,279	0	6,939	0	<b>15,218</b>	2,292
Short-term assets	4,662	133	4,455	102	<b>9,353</b>	8,611
<b>Total assets</b>	<b>12,941</b>	<b>133</b>	<b>11,394</b>	<b>102</b>	<b>24,571</b>	<b>10,903</b>
<b>Total equity</b>	<b>5,682</b>	<b>131</b>	<b>5,247</b>	<b>101</b>	<b>11,160</b>	<b>1,099</b>
Provisions, including pension liabilities	2,419	0	1,350	0	<b>3,770</b>	1,261
Long-term liabilities	793	0	0	0	<b>793</b>	793
Short-term liabilities	4,047	2	4,797	1	<b>8,848</b>	7,749
<b>Total liabilities</b>	<b>7,260</b>	<b>2</b>	<b>6,147</b>	<b>1</b>	<b>13,411</b>	<b>9,804</b>
<b>Liabilities excluding bank loans and overdrafts</b>	<b>12,941</b>	<b>133</b>	<b>11,394</b>	<b>102</b>	<b>24,571</b>	<b>10,903</b>

The renewed market value measurement for previous equity interest has resulted in a profit of DKK 12.8 million before tax, recognised under financial items. Taxes on this amount to a cost of DKK 2.4 million.

If the acquisition had been completed by 1 January 2015, the Group's profits before tax would have amounted to DKK 51.4 million and profits after tax would have amounted to DKK 36.6 million.

The acquired companies' profits before tax after the acquisition date amount to DKK 14.2 million.

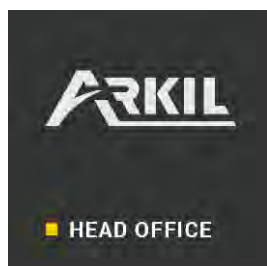
## CORPORATE STRUCTURE



### Project joint ventures at the end of 2015:

Arkil-St rup-CG.Jensen I/S (66,66%), Haderslev  
 Asfaltkonsortiet Pankas-Arkil I/S (50%), Haderslev  
 Asfaltkonsortiet Munck-Arkil I/S (50%), Haderslev  
 Arkil-CJ Anl eg I/S (50%), Haderslev  
 Arkil-Volker JV I/S (99%), Haderslev  
 Konsortiet Arkil-Meyer&John I/S (100%), Randers  
 Konsortiet Arkil-Bilfinger I/S (86,9%), Randers  
 Arkil-JV I/S (100%), Haderslev  
 Strukton-Arkil JV I/S (50%), Randers

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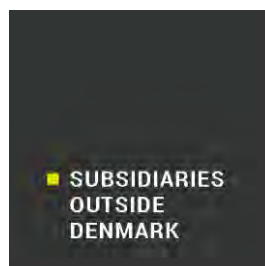
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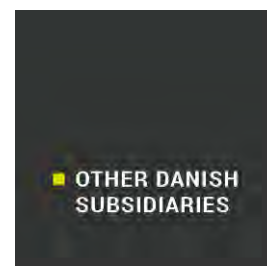
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