
Henning Larsen Architects A/S

Vesterbrogade 76, DK-1620 København V

Annual Report for 1 July 2018 - 30 June 2019

CVR No 18 94 08 84

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/11 2019

Monica Reib
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Henning Larsen Architects A/S for the financial year 1 July 2018 - 30 June 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018/19.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 November 2019

Executive Board

Mette Kynne Frandsen
CEO

Louis Andreas Becker

Board of Directors

Michael Pram Rasmussen
Chairman

Monica Reib
Deputy Chairman

Anne Hedensted Steffensen

Jacob Kurek Ingemann

Helle Basse Larsen

Independent Auditor's Report

To the Shareholder of Henning Larsen Architects A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Henning Larsen Architects A/S for the financial year 1 July 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Independent Auditor's Report

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 20 November 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant
mne18628

Jakob Thisted Binder
State Authorised Public Accountant
mne42816

Company Information

The Company

Henning Larsen Architects A/S
Vesterbrogade 76
DK-1620 København V

CVR No: 18 94 08 84
Financial period: 1 July - 30 June
Municipality of reg. office: København

Board of Directors

Michael Pram Rasmussen, Chairman
Monica Reib, Deputy Chairman
Anne Hedensted Steffensen
Jacob Kurek Ingemann
Helle Basse Larsen

Executive Board

Mette Kynne Frandsen
Louis Andreas Becker

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2018/19	2017/18	2016/17	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	336.395	279.375	268.455	282.204	319.901
Gross profit/loss	91.087	83.481	70.376	76.688	83.697
Operating profit/loss	39.213	38.738	34.119	36.380	43.643
Profit/loss before financial income and expenses	44.381	39.047	34.186	36.396	43.643
Net financials	1.124	-390	2.069	-1.622	1.175
Net profit/loss for the year	34.621	30.131	28.093	27.119	34.556
Balance sheet					
Balance sheet total	243.608	239.049	238.164	237.612	233.254
Equity	79.056	85.221	73.382	61.725	55.270
Cash flows					
Cash flows from:					
- operating activities	37.969	27.553	26.997	33.307	51.150
- investing activities	-11.668	-7.471	-16.339	-2.832	-2.737
- financing activities	-39.676	-18.000	-16.000	-20.000	-9.500
Change in cash and cash equivalents for the year	-13.374	2.081	-5.343	10.475	38.913
Number of employees	297	288	275	281	270
Ratios					
Gross margin	27,1%	29,9%	26,2%	27,2%	26,2%
Profit margin	13,2%	14,0%	12,7%	12,9%	13,6%
Return on assets	18,2%	16,3%	14,4%	15,3%	18,7%
Solvency ratio	32,5%	35,7%	30,8%	26,0%	23,7%
Return on equity	42,1%	38,0%	41,6%	46,4%	82,2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of Henning Larsen Architects A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

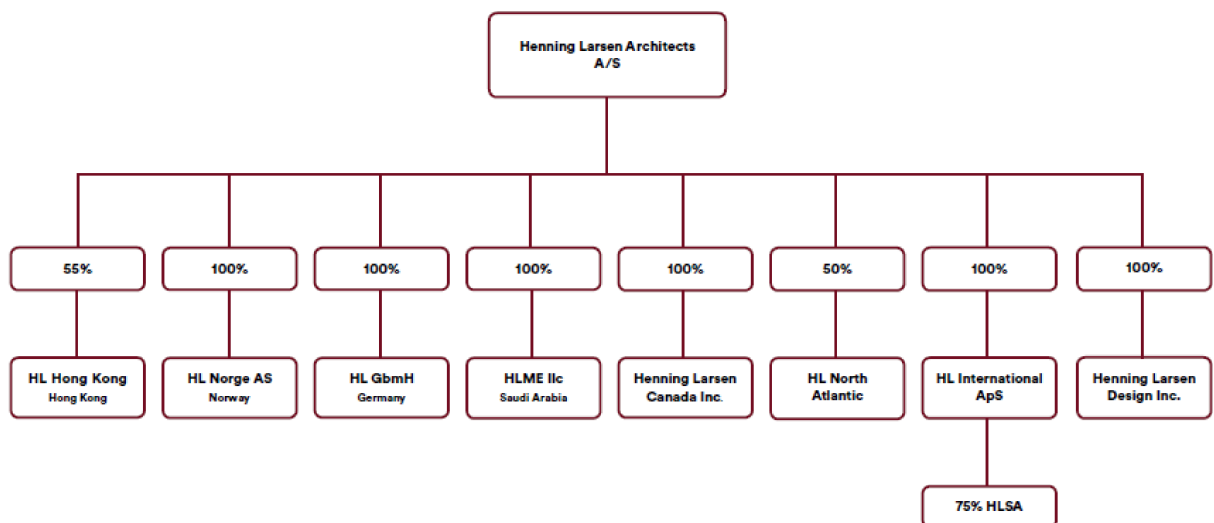
The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Principal activity

Henning Larsen Architects A/S provides design solutions and consultancy services within architecture, city planning, landscaping, space planning & interiors and sustainability engineering.

Corporate Structure

The corporate structure comprises the parent company Henning Larsen Architects A/S and its subsidiaries Henning Larsen Middle East (HLME), Henning Larsen GmbH, Henning Larsen AS Oslo, Henning Larsen Architects Hong Kong Ltd., Henning Larsen Canada Inc., Henning Larsen Design Inc., and HLA International ApS, HLA International & Co. Engineering Consultant and the associated company Henning Larsen North Atlantic Sp/f.



Management's Review

Ownership and Executive Board

Henning Larsen Architects is owned by a partner group comprised of Louis Becker, Jacob Kurek, Mette Kynne Frandsen, Peer Teglgard Jeppesen, Signe Kongebro, Søren Øllgaard, Ingela Larsson, Viggo Haremst, Jakob Strømmand-Andersen, Werner Frosch, Michael Sørensen, Nina La Cour Sell, Rasmus Elgaard Sørensen. Partners in subsidiaries are Øsbjørn Jacobsen / HL North Atlantic, Claude Godefroy and Elva Tang / HL Hong Kong and Aljohara Al Saud / HLSA. CEO, Mette Kynne Frandsen and Design Principal, Louis Becker comprise the Executive Board of Henning Larsen Architects and are authorised to bind the company.

Financial Year Developments

The year was characterized by a high level of activity as the Group executed major contracted projects, focused on generating new orders and continued its international expansion.

Gross revenue (revenue including fees for sub-contractors) stood at tDKK 336.395 (2017/18: tDKK 279.375).

The Group's own revenue stood at tDKK 245.652 (2017/18: tDKK 227.746), an increase of tDKK 17.906 / 7,9 %.

Projects executed outside Denmark represented 78% of consolidated revenue compared with 87% in the previous financial year. The subsidiaries' revenues made up 28% of consolidated revenue constituting a 4-percentage point decrease in comparison with is the previous year. The decrease mainly relates to the US subsidiary where 2018/19 has included a substantial investment in building up future pipeline, organization and business set-up.

Gross earnings stood at tDKK 91.087, which was higher than in 2017/2018, where gross earnings stood at tDKK 83.481.

Earnings before interest and tax for the year stood at tDKK 44.381 (2017/18: tDKK 39.047) and tDKK 34.621 after tax (2017/18: tDKK 30.131), which are considered satisfactory.

The Henning Larsen Architects Group employs 297 individuals (2017/18: 288), of which 221 are in Denmark (2017/18: 191).

Special risks

A significant share of Henning Larsen Architects' activities take place abroad. The Group makes every effort to enter into contracts denominated in either euros or Danish kroner. However, contracts in the US are entered in US dollars and contracts in the Middle East and Canada are entered in currencies that are pegged to the US dollar. This means that the Group is exposed to foreign exchange risks.

Management's Review

Uncertainties Relating to Recognition and Measurement

Work in progress

Measuring the company's work in progress includes estimating stages of completion. Actual realization, especially for major projects, may result in material positive or negative differences compared with the estimates made.

Receivables

Management makes provisions for bad debts based on the risk of loss resulting from customers' subsequent inability to pay.

Markets

Henning Larsen Group is active with on-going projects on six continents. These projects include execution of major design projects for the construction of cultural, educational, office, and urban developments.

Henning Larsen Group is present with offices in the Nordic Region, Central-Europe, the United States, and Asia in 2019.

Henning Larsen Group has considerably strengthened its market position in North America and Central Europe with several new large projects – Bastille Opera (FR), St Denis Mixed Use (FR), Raleigh Civic Centre (US), Etobicoke Civic Centre (CA) Block 20 (CA) among others. Our first completed project in North America will be the University of Cincinnati opening October, 2019.

Activity in the Scandinavian home market cover key project wins like: Østre Landsret (DK), Redmolen (DK) DNR Hospital (NO) Tibble Åvetrianglen and Humlestaden Masterplan (SE) among others. Henning Larsen has completed large-scale projects such as Alsik Hotel, Sønderborg (DK), Kiruna City hall (SE) and a residential project on Islands Brygge, Copenhagen (DK).

In Asia-Pacific and Middle Eastern regions, Henning Larsen has several prestigious projects completed this year: Hangzhou East Lake Opera (CH), Al Khorayef Centre (SA) and Queensland University of Technology (AU). Among new key project win are Shenzhen Super Headquarter Zone (CH), Wuxi Conference Center (CH) and ILMI Children Museum (SA).

Management's Review

Intellectual Capital and Management Culture

The organization's core values are rooted in a Scandinavian cultural tradition that emphasizes delegation of responsibility and an inclusive decision-making structure. Employee development takes place through continuous further training, professional challenges and a focus on results, collaborations, and a well-functioning social work environment. At the company's core is an organizational structure in which work is performed in project teams and where individual employees are given both mandate and responsibility.

Henning Larsen Architects has intellectual capital that include expertise in architectural typologies such as city development & transformation, cultural institutions, education & research environments, large organizations and housing.

One of our competitive parameters for continued internationalization is to be able to attract and retain qualified architects from other countries and cultures and to use this cultural versatility as key resource for solving projects in all markets. Henning Larsen Architects therefore currently counts 40 nationalities among its 297 employees.

Our ambition for the Group is to achieve equal gender distribution – it is currently 56% male and 44% female employees.

Business Areas

In addition to architectural services, which represent our core business, Henning Larsen Architects have divisions that offer services within the areas of sustainability engineering, client consultancy, innovation, landscape architecture, interior design and graphics. These services are provided in connection with architectural projects or through independently acquired projects. The divisions provide a high degree of support for the company's core business with expertise and solutions that inform and add value to architectural projects ensuring that Henning Larsen Architects maintains a differentiated and competitive market profile.

This year has been impacted by the development of projects within city planning and urban transformation and has positioned Henning Larsen Architects globally within this area. The Group's ongoing activities within this field include masterplan projects in growing metropolises like Shenzhen, Toronto, Boston, Paris, Brussels, London, Belfast and Gdansk.

Moreover, this past year, Henning Larsen has acquired several new projects within consultancy in the early stages, primarily for knowledge institutions in Scandinavia and Central Europe.

Management's Review

Research and Development Activities

Expertise within social, environmental and economic sustainability is a strong competitive parameter and the division for sustainability and research has increased the company's intellectual capacity and positioned Henning Larsen Architects as a leader in the areas of integrated and evidence-based design solutions.

Henning Larsen works with evidence-based design through a three-stringed approach:

Sustainability Engineering

Henning Larsen approach all projects holistically believing that the scientific crossroads of architecture, engineering, academia and technology is where novel ideas and solutions flourish. Working across disciplines, Henning Larsen extract knowledge from the site, users, context and climate seeking new ways to reduce the consumption of resources, emissions and waste. We estimate, analyze, and monitor the performance of buildings to provide our clients with measurable results and lasting value. Through this approach, Henning Larsen supervise and conduct documentation within the sustainability certification systems LEED, DGNB, BREEAM and WELL for projects of all scales.

Industrial PhD Projects

In collaboration with Danish and International Universities and Research Institutions such as the MIT, The University of Sheffield, the Royal Danish Academy of Fine Arts, School of Architecture, Technical University of Denmark and University of Copenhagen, Henning Larsen Architects is sponsoring five Industrial PhDs specializing in urban design, artificial lighting, intelligent facades, acoustics and human behavior science.

Collaborative Innovation Projects

Henning Larsen is engaged in multiple projects that bridge the gaps between research environments, public agencies, and private companies. For instance, REBUS dedicated to developing sustainable renovation solutions and NEXTCON dedicated to research, development and commercialization of next generation 3D-printed concrete structures.

Report on Corporate Social Responsibility, cf. Section 99(a) of the Danish Financial Statements Act

Henning Larsen Architects is committed to the UN Global Compact and reports on its work involving CSR. The principles laid down in the UN Global Compact function internally and externally as international value guidelines for our international projects. An annual report on our work as it relates to the 10 principles of the UN Global Compact has been prepared and is available www.henninglarsen.com/about-us/csr.

Management's Review

Report on Gender Composition of Management, cf. Section 99(b) of the Danish Financial Statements Act

Henning Larsen Architects A/S top executive body, the company's Executive Board, maintain equal gender distribution, as its membership is 50% female and 50% male. At the other management levels, the gender distribution is also equal.

Future Outlook

Henning Larsen Architects will continue to invest in internationalization and interdisciplinary competence development to respond to an increasing global demand for architectural solutions offering both high artistic value as well as performative and evidence-based design that respond to environmental and health challenges related to the built environment.

As a business partner and consultant, Henning Larsen is known for its professionalism and collaborative approach and investments will also be aimed towards developing these competencies.

Based on the current pipeline and consolidated subsidiaries, the Group expect further growth in Scandinavia as well as on international markets. Based on prior investment NYC office we foresee substantial growth and consolidation in North America

Income Statement 1 July - 30 June

	Note	Group		Parent Company	
		2018/19 DKK	2017/18 DKK	2018/19 DKK	2017/18 DKK
Revenue	1	336.395.132	279.375.091	276.173.288	226.286.401
Cost of sales	2	-245.307.659	-195.893.710	-208.177.775	-164.429.084
Gross profit/loss		91.087.473	83.481.381	67.995.513	61.857.317
Administrative expenses	2	-51.874.688	-44.743.675	-37.448.631	-31.880.739
Operating profit/loss		39.212.785	38.737.706	30.546.882	29.976.578
Other operating income		5.213.562	396.090	5.016.223	47.606
Other operating expenses		-45.103	-87.110	-45.103	-87.110
Profit/loss before financial income and expenses		44.381.244	39.046.686	35.518.002	29.937.074
Income from investments in subsidiaries		0	0	2.272.926	4.847.152
Income from investments in associates		883.088	82.062	883.088	82.062
Financial income	3	1.760.220	1.312.406	2.310.549	1.375.918
Financial expenses	4	-1.519.626	-1.784.021	-1.029.359	-1.449.516
Profit/loss before tax		45.504.926	38.657.133	39.955.206	34.792.690
Tax on profit/loss for the year	5	-10.884.083	-8.526.377	-8.647.322	-6.783.786
Net profit/loss for the year		34.620.843	30.130.756	31.307.884	28.008.904

Balance Sheet 30 June

Assets

	Note	Group		Parent Company	
		2018/19	2017/18	2018/19	2017/18
		DKK	DKK	DKK	DKK
Software		25.720	51.355	0	0
Intangible assets	6	25.720	51.355	0	0
Land and buildings		4.014.764	4.104.256	4.014.764	4.104.256
Other fixtures and fittings, tools and equipment		6.553.438	5.030.558	5.627.230	4.076.300
Leasehold improvements		10.909.988	4.833.047	4.524.822	2.490.799
Property, plant and equipment	7	21.478.190	13.967.861	14.166.816	10.671.355
Investments in subsidiaries	8	0	0	19.202.112	16.655.456
Investments in associates	9	1.547.821	664.733	1.547.821	664.733
Deposits	10	1.874.142	1.148.705	523.803	529.589
Fixed asset investments		3.421.963	1.813.438	21.273.736	17.849.778
Fixed assets		24.925.873	15.832.654	35.440.552	28.521.133
Trade receivables		93.209.234	74.413.853	61.237.975	44.569.011
Contract work in progress	11	22.666.065	24.268.576	13.115.816	23.332.712
Receivables from group enterprises		0	0	19.869.194	15.797.073
Receivables from associates		19.055	343.376	19.055	343.376
Other receivables		1.133.724	1.572.331	116.438	284.633
Deferred tax asset	15	2.083.048	2.087.977	0	0
Corporation tax		0	12.379.900	0	13.466.848
Prepayments	12	4.556.782	3.861.232	3.669.282	3.075.124
Receivables		123.667.908	118.927.245	98.027.760	100.868.777
Investments in securities		35.354.367	30.557.323	35.354.367	30.557.323
Cash at bank and in hand		59.660.076	73.731.742	45.609.031	58.665.786
Currents assets		218.682.351	223.216.310	178.991.158	190.091.886
Assets		243.608.224	239.048.964	214.431.710	218.613.019

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent Company	
		2018/19 DKK	2017/18 DKK	2018/19 DKK	2017/18 DKK
Share capital		500.000	500.000	500.000	500.000
Reserve for net revaluation under the equity method		0	0	9.249.944	12.736.558
Retained earnings		73.339.089	41.440.666	64.089.145	28.704.108
Proposed dividend for the year		0	40.000.000	0	40.000.000
Equity attributable to shareholders of the Parent Company		73.839.089	81.940.666	73.839.089	81.940.666
Minority interests		5.216.451	3.280.653	0	0
Equity	13	79.055.540	85.221.319	73.839.089	81.940.666
Provision for deferred tax	15	37.828.561	37.040.138	37.757.673	36.403.098
Other provisions	16	3.085.750	4.135.878	2.825.000	2.792.040
Provisions		40.914.311	41.176.016	40.582.673	39.195.138
Trade payables		19.907.331	30.109.948	16.754.730	23.831.091
Contract work in progress, liabilities	11	48.049.684	43.655.925	36.223.155	36.202.847
Payables to group enterprises		0	0	1.739.332	3.133.074
Corporation tax		3.326.111	0	826.636	0
Other payables		52.355.247	38.885.756	44.466.095	34.310.203
Short-term debt		123.638.373	112.651.629	100.009.948	97.477.215
Debt		123.638.373	112.651.629	100.009.948	97.477.215
Liabilities and equity		243.608.224	239.048.964	214.431.710	218.613.019
Distribution of profit	14				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Accounting Policies	21				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
2018/19							
Equity at 1 July	500.000	0	41.440.666	40.000.000	81.940.666	3.280.653	85.221.319
Exchange adjustments	0	0	195.567	0	195.567	72.118	267.685
Ordinary dividend paid	0	0	0	-40.000.000	-40.000.000	0	-40.000.000
Extraordinary dividend paid	0	0	0	0	0	-1.449.279	-1.449.279
Other equity movements	0	0	394.972	0	394.972	0	394.972
Net profit/loss for the year	0	0	31.307.884	0	31.307.884	3.312.959	34.620.843
Equity at 30 June	500.000	0	73.339.089	0	73.839.089	5.216.451	79.055.540

Group

2017/18

Equity 1. juli	500.000	0	53.739.952	18.000.000	72.239.952	1.141.847	73.381.799
Exchange adjustments	0	0	-308.190	0	-308.190	16.954	-291.236
Ordinary dividend paid	0	0	0	-18.000.000	-18.000.000	0	-18.000.000
Net profit/loss for the year	0	0	-11.991.096	40.000.000	28.008.904	2.121.852	30.130.756
Equity at 30 June	500.000	0	41.440.666	40.000.000	81.940.666	3.280.653	85.221.319

Statement of Changes in Equity

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
2018/19							
Equity at 1 July	500.000	12.736.558	28.704.108	40.000.000	81.940.666	0	81.940.666
Exchange adjustments	0	195.567	0	0	195.567	0	195.567
Ordinary dividend paid	0	0	0	-40.000.000	-40.000.000	0	-40.000.000
Dividend from group enterprises	0	-7.430.082	7.430.082	0	0	0	0
Other equity movements	0	394.972	0	0	394.972	0	394.972
Net profit/loss for the year	0	3.352.929	27.954.955	0	31.307.884	0	31.307.884
Equity at 30 June	500.000	9.249.944	64.089.145	0	73.839.089	0	73.839.089

Parent Company

2017/18							
Equity 1. juli	500.000	15.208.889	38.531.063	18.000.000	72.239.952	0	72.239.952
Exchange adjustments	0	-308.190	0	0	-308.190	0	-308.190
Ordinary dividend paid	0	0	0	-18.000.000	-18.000.000	0	-18.000.000
Dividend from group enterprises	0	-7.093.353	7.093.353	0	0	0	0
Net profit/loss for the year	0	4.929.212	-16.920.308	40.000.000	28.008.904	0	28.008.904
Equity at 30 June	500.000	12.736.558	28.704.108	40.000.000	81.940.666	0	81.940.666

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2018/19 DKK	2017/18 DKK
Net profit/loss for the year		34.620.843	30.130.756
Adjustments	17	8.803.402	9.962.859
Change in working capital	18	-11.240.423	-11.007.985
Cash flows from operating activities before financial income and expenses		32.183.822	29.085.630
Financial income		1.236.738	1.312.406
Financial expenses		-1.144.981	-1.784.021
Cash flows from ordinary activities		32.275.579	28.614.015
Corporation tax		5.693.509	-1.061.496
Cash flows from operating activities		37.969.088	27.552.519
Purchase of intangible assets		0	-77.019
Purchase of property, plant and equipment		-12.475.316	-7.701.577
Fixed asset investments made etc		-811.572	-203.702
Sale of property, plant and equipment		7.018.061	0
Purchase of investments in securities		-5.494.577	0
Sale of financial assets		95.862	261.047
Dividends received from associates		0	250.000
Cash flows from investing activities		-11.667.542	-7.471.251
Raising of loans from associates		324.321	0
Dividend paid		-40.000.000	-18.000.000
Cash flows from financing activities		-39.675.679	-18.000.000
Change in cash and cash equivalents		-13.374.133	2.081.268
Cash and cash equivalents at 1 July		73.731.742	71.798.290
Exchange adjustment of current asset investments		-697.533	-147.816
Cash and cash equivalents at 30 June		59.660.076	73.731.742
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		59.660.076	73.731.742
Cash and cash equivalents at 30 June		59.660.076	73.731.742

In addition to the above, Henning Larsen Architects A/S has a portfolio of listed securities at a total value of TDKK 35.354 (2017/18: TDKK 30.577). The Group considers the portfolio as part of the total capital resources.

Notes to the Financial Statements

	Group		Parent Company	
	2018/19 DKK	2017/18 DKK	2018/19 DKK	2017/18 DKK
1 Revenue				
Geographical segments				
Revenue, Denmark	72.538.222	36.883.623	72.470.417	54.598.243
Revenue, Other countries in Europe	186.922.177	169.695.724	164.874.826	133.716.478
Revenue, North America	21.320.333	19.011.692	13.700.831	11.993.417
Revenue, Other countries	55.614.400	53.784.052	25.127.214	25.978.263
	336.395.132	279.375.091	276.173.288	226.286.401
2 Staff				
Wages and Salaries	134.919.193	121.318.212	101.172.609	88.175.879
Pensions	8.213.846	7.426.623	7.538.114	6.556.128
Other social security expenses	3.800.045	3.624.514	842.053	391.397
Other staff expenses	561.629	777.319	0	0
	147.494.713	133.146.668	109.552.776	95.123.404
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	131.207.112	118.798.168	94.567.293	81.491.056
Administrative expenses	16.287.601	14.348.500	14.985.483	13.632.348
	147.494.713	133.146.668	109.552.776	95.123.404
Including remuneration to the Executive and Supervisory Boards of:				
Executive Board	6.387.547	7.266.772	3.193.591	3.393.491
Supervisory Board	736.333	658.000	736.333	658.000
	7.123.880	7.924.772	3.929.924	4.051.491
Average number of employees	297	288	200	183

Notes to the Financial Statements

	Group		Parent Company	
	2018/19 DKK	2017/18 DKK	2018/19 DKK	2017/18 DKK
3 Financial income				
Interest received from group enterprises	0	0	572.918	217.898
Other financial income	1.236.738	1.160.589	1.227.572	1.158.020
Exchange adjustments	523.482	151.817	510.059	0
	1.760.220	1.312.406	2.310.549	1.375.918
4 Financial expenses				
Other financial expenses	1.144.981	632.973	1.029.359	479.628
Exchange adjustments, expenses	374.645	1.151.048	0	969.888
	1.519.626	1.784.021	1.029.359	1.449.516
5 Tax on profit/loss for the year				
Current tax for the year	8.475.458	1.894.274	6.333.954	0
Deferred tax for the year	1.405.193	6.542.565	1.354.575	6.574.439
Adjustment of tax concerning previous years	915.949	-119.809	871.310	0
Dividend tax	87.483	209.347	87.483	209.347
	10.884.083	8.526.377	8.647.322	6.783.786

Notes to the Financial Statements

6 Intangible assets

Group

	Software DKK
Cost at 1 July	115.821
Exchange adjustment	174
Cost at 30 June	<u>115.995</u>
Impairment losses and amortisation at 1 July	64.466
Exchange adjustment	97
Amortisation for the year	25.712
Impairment losses and amortisation at 30 June	<u>90.275</u>
Carrying amount at 30 June	<u>25.720</u>
Amortised over	<u>3 years</u>

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 July	4.401.124	15.380.364	29.633.818	49.415.306
Exchange adjustment	0	34.586	72.603	107.189
Additions for the year	0	5.177.636	7.297.681	12.475.317
Disposals for the year	0	-2.175.112	0	-2.175.112
Cost at 30 June	<u>4.401.124</u>	<u>18.417.474</u>	<u>37.004.102</u>	<u>59.822.700</u>
Impairment losses and depreciation at 1 July	296.868	10.349.806	24.800.771	35.447.445
Exchange adjustment	0	19.214	11.631	30.845
Impairment losses for the year	0	322.738	0	322.738
Depreciation for the year	89.492	2.772.058	1.281.712	4.143.262
Reversal of impairment and depreciation of sold assets	0	-1.599.780	0	-1.599.780
Impairment losses and depreciation at 30 June	<u>386.360</u>	<u>11.864.036</u>	<u>26.094.114</u>	<u>38.344.510</u>
Carrying amount at 30 June	<u>4.014.764</u>	<u>6.553.438</u>	<u>10.909.988</u>	<u>21.478.190</u>
Depreciated over	<u>10-80 years</u>	<u>3-5 years</u>	<u>10 years</u>	

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Parent Company

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 July	4.401.124	12.435.528	26.495.858	43.332.510
Additions for the year	0	4.712.725	2.739.759	7.452.484
Disposals for the year	0	-2.162.472	0	-2.162.472
Cost at 30 June	<u>4.401.124</u>	<u>14.985.781</u>	<u>29.235.617</u>	<u>48.622.522</u>
Impairment losses and depreciation at 1 July	296.868	8.359.228	24.005.059	32.661.155
Impairment losses for the year	0	322.738	0	322.738
Depreciation for the year	89.492	2.274.117	705.736	3.069.345
Reversal of impairment and depreciation of sold assets	0	-1.597.532	0	-1.597.532
Impairment losses and depreciation at 30 June	<u>386.360</u>	<u>9.358.551</u>	<u>24.710.795</u>	<u>34.455.706</u>
Carrying amount at 30 June	<u>4.014.764</u>	<u>5.627.230</u>	<u>4.524.822</u>	<u>14.166.816</u>
Depreciated over	<u>10-80 years</u>	<u>3-5 years</u>	<u>10 years</u>	

Notes to the Financial Statements

	Parent Company	
	2018/19	2017/18
	DKK	DKK
8 Investments in subsidiaries		
Cost at 1 July	4.425.440	4.075.440
Additions for the year	250.000	350.000
Disposals for the year	-295.870	0
Cost at 30 June	<u>4.379.570</u>	<u>4.425.440</u>
Value adjustments at 1 July	12.111.827	14.416.220
Disposals for the year	196.036	0
Exchange adjustment	195.567	-308.190
Net profit/loss for the year	2.273.803	4.847.150
Dividend to the Parent Company	-7.430.082	-6.843.353
Other equity movements, net	394.972	0
Value adjustments at 30 June	<u>7.742.123</u>	<u>12.111.827</u>
Equity investments with negative net asset value amortised over receivables	<u>7.080.419</u>	<u>118.189</u>
Carrying amount at 30 June	<u>19.202.112</u>	<u>16.655.456</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Henning Larsen Architects AS	Norway	30.000 NOK	100%
Henning Larsen Architects Hong Kong Ltd	China	10.000 HKD	55%
Henning Larsen Architects Middle East Company Ltd	Saudi-Arabia	500.000 SAR	100%
Henning Larsen Design Inc	USA	300.000 USD	100%
Henning Larsen GmbH	Germany	25.000 EUR	100%
Henning Larsen Architects International ApS	Denmark	70.000 DKK	100%
Henning Larsen Canada Inc	Canada	10.000 CAD	100%

Notes to the Financial Statements

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	DKK	DKK	DKK	DKK
9 Investments in associates				
Cost at 1 July	40.000	40.000	40.000	40.000
Cost at 30 June	40.000	40.000	40.000	40.000
Value adjustments at 1 July	624.733	792.672	624.733	792.672
Net profit/loss for the year	883.088	82.061	883.088	82.061
Dividends received	0	-250.000	0	-250.000
Value adjustments at 30 June	1.507.821	624.733	1.507.821	624.733
Carrying amount at 30 June	1.547.821	664.733	1.547.821	664.733

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Henning Larsen North Atlantic Sp/f	Faroe Islands	40.000 DKK	50%

10 Other fixed asset investments

	Group	Parent Company
	Deposits	Deposits
	DKK	DKK
Cost at 1 July	1.148.705	529.589
Exchange adjustment	9.727	0
Additions for the year	811.572	48.430
Disposals for the year	-95.862	-54.216
Cost at 30 June	1.874.142	523.803
Carrying amount at 30 June	1.874.142	523.803

Notes to the Financial Statements

	Group		Parent Company	
	2018/19 DKK	2017/18 DKK	2018/19 DKK	2017/18 DKK
11 Contract work in progress				
Selling price of work in progress	1.168.756.818	1.131.053.872	909.817.976	910.432.498
Payments on account	-1.194.140.437	-1.150.441.221	-932.925.315	-923.302.633
	-25.383.619	-19.387.349	-23.107.339	-12.870.135
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	22.666.065	24.268.576	13.115.816	23.332.712
Contract work in progress recognised in debt	-48.049.684	-43.655.925	-36.223.155	-36.202.847
	-25.383.619	-19.387.349	-23.107.339	-12.870.135

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions etc.

13 Equity

The share capital consists of 5,000 shares of a nominal value of DKK 100. No shares carry any special rights.

Notes to the Financial Statements

	Group		Parent Company	
	2018/19 DKK	2017/18 DKK	2018/19 DKK	2017/18 DKK
14 Distribution of profit				
Proposed dividend for the year	0	40.000.000	0	40.000.000
Reserve for net revaluation under the equity method	0	0	3.352.929	4.929.212
Minority interests' share of net profit/loss of subsidiaries	3.312.959	2.121.852	0	0
Retained earnings	31.307.884	-11.991.096	27.954.955	-16.920.308
	34.620.843	30.130.756	31.307.884	28.008.904
Extraordinary dividend after year end	31.307.884	0	31.307.884	0

15 Provision for deferred tax

Provision for deferred tax at 1 July	34.952.161	29.490.864	36.403.098	29.828.659
Amounts recognised in the income statement for the year	1.405.193	6.542.565	1.354.575	6.574.439
Adjustment of deferred tax concerning previous years	-611.841	-1.081.268	0	0
Provision for deferred tax at 30 June	35.745.513	34.952.161	37.757.673	36.403.098

The recognised tax asset comprises tax loss carry-forwards expected to be utilised in the respective subsidiaries within the next three to five years.

16 Other provisions

Other provisions concern excess on projects.

Other provisions	3.085.750	4.135.878	2.825.000	2.792.040
	3.085.750	4.135.878	2.825.000	2.792.040

Notes to the Financial Statements

	Group	
	2018/19	2017/18
	DKK	DKK
17 Cash flow statement - adjustments		
Financial income	-1.760.220	-1.312.406
Financial expenses	1.519.626	1.784.021
Depreciation, amortisation and impairment losses, including losses and gains on sales	-467.512	1.836.686
Income from investments in associates	-883.088	-82.062
Tax on profit/loss for the year	10.884.083	8.526.377
Other adjustments	-489.487	-789.757
	<u>8.803.402</u>	<u>9.962.859</u>

	Group	
	2018/19	2017/18
	DKK	DKK
18 Cash flow statement - change in working capital		
Change in receivables	-17.850.929	3.044.445
Change in other provisions	-1.050.128	536.338
Change in trade payables, etc	7.660.634	-14.588.768
	<u>-11.240.423</u>	<u>-11.007.985</u>

Notes to the Financial Statements

19 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

	Group		Parent Company	
	2018/19 DKK	2017/18 DKK	2018/19 DKK	2017/18 DKK
Land and buildings, carrying amount	0	2.084.375	0	2.084.375

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	4.403.943	3.090.487	1.587.504	1.584.575
Between 1 and 5 years	6.924.494	8.647.632	0	1.901.490
After 5 years	939.971	0	0	0
	12.268.408	11.738.119	1.587.504	3.486.065

Other contingent liabilities

The danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of HLT Partnere Holding ApS, which is the management company of the joint taxation purposes. Moreover, the danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Parent Company has recognized issued performance guarantees in the Financial Statements equivalent to the expected amount to be utilized.

Total issued performance guarantees amounts to MDKK 20,0 (2017/18: 18,9).

In total the company has a credit facility of MDKK 21,8 in regards to guarantees.

Notes to the Financial Statements

20 Related parties

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

HL Architects Holding ApS, Vesterbrogade 76, 1620 København V

Consolidated Financial Statements

The Company is included in the consolidated report for the Parent Company

<u>Name</u>	<u>Place of registered office</u>
HLT Partnere Holding ApS	Copenhagen

The Group Annual Report of HLT Partnere Holding ApS may be obtained at the following address:

HLT Partnere Holding ApS, Vesterbrogade 76, 1620 København V

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Henning Larsen Architects A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2018/19 are presented in DKK.

According to section 96(3) of the Danish Financial Statement Act no specified information regarding fee to auditors appointed at the general meeting audit fee have been prepared. The financial statements of Henning Larsen Architects A/S and its group enterprises are included in the consolidated financial statements of Hlt Partnere Holding ApS.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Henning Larsen Architects A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Notes to the Financial Statements

21 Accounting Policies (continued)

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment information on revenue

Information on geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the econo-

Notes to the Financial Statements

21 Accounting Policies (continued)

mic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

21 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over the licence period; however not exceeding 3 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	10-80	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	10	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Notes to the Financial Statements

21 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is amortised over receivables or recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Notes to the Financial Statements

21 Accounting Policies (continued)

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group/ Parent Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Notes to the Financial Statements

21 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$