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# ***Henning Larsen Architects A/S***

Vesterbrogade 76, DK-1620 København V

## **Annual Report for 1 July 2015 - 30 June 2016**

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CVR No 18 94 08 84

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
24/10 2016

Martin Delfer  
Chairman



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements	2
<b>Management's Review</b>	
Company Information	4
Financial Highlights	5
Management's Review	6
<b>Consolidated and Parent Company Financial Statements</b>	
Income Statement 1 July - 30 June	12
Balance Sheet 30 June	14
Cash Flow Statement 1 July - 30 June	16
Notes to the Financial Statements	17
Accounting Policies	28

# 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 2015 - 30 June 2016.

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 2016 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2015/16.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

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

København, 24 October 2016

## Executive Board

Mette Kynne Frandsen  
CEO

Louis Andreas Becker

## Board of Directors

Michael Pram Rasmussen  
Chairman

Peer Teglgaard Jeppesen

Anne Hedensted Steffensen

Martin Delfer

Helle Basse Larsen

Ingerlise Gandrup Jørgensen

# **Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements**

To the Shareholder of Henning Larsen Architects A/S

## **Report on the Financial Statements and the Consolidated Financial Statements**

We have audited the Financial Statements and the Consolidated Financial Statements of Henning Larsen Architects A/S for the financial year 1 July 2015 - 30 June 2016, which comprise income statement, balance sheet, cash flow statement, notes and summary of significant accounting policies. The Financial Statements and the Consolidated Financial Statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's Responsibility for the Financial Statements and the Consolidated Financial Statements**

Management is responsible for the preparation of Financial Statements and the Consolidated 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 and Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Financial Statements and the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements and the Consolidated Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements and Consolidated Financial Statements that give a true and fair view 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements and the Consolidated Financial Statements.

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

Our audit has not resulted in any qualification.

# **Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements**

## **Opinion**

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Company and the Group at 30 June 2016 and of the results of the Company and the Group operations and of consolidated cash flows for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

## **Statement on Management's Review**

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements.

Hellerup, 24 October 2016

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Mogens Nørgaard Mogensen  
State Authorised Public Accountant

Jacob F Christiansen  
State Authorised Public Accountant

## 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  
Peer Teglgaard Jeppesen  
Anne Hedensted Steffensen  
Martin Delfer  
Helle Basse Larsen  
Ingerlise Gandrup Jørgensen

### **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:

	<b>Group</b>				
	2015/16 TDKK	2014/15 TDKK	2013/14 TDKK	2012/13 TDKK	2011/12 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	282.204	319.901	196.626	165.084	179.600
Gross profit/loss	76.688	83.697	52.799	51.721	47.638
Operating profit/loss	36.380	43.643	20.531	13.112	14.103
Profit/loss before financial income and expenses	36.396	43.643	20.531	13.112	14.103
Net financials	-1.622	1.175	-168	-151	460
Net profit/loss for the year	26.917	34.556	15.218	9.462	10.919
<b>Balance sheet</b>					
Balance sheet total	237.612	233.254	121.560	116.149	114.988
Equity	61.827	55.270	28.825	32.666	33.346
<b>Cash flows</b>					
Cash flows from:					
- operating activities	33.307	51.150	22.998	14.972	23.126
- investing activities	-2.832	-2.737	-1.977	-167	-8.445
- financing activities	-20.000	-9.500	-19.000	-12.746	-6.500
Change in cash and cash equivalents for the year	10.475	38.913	2.021	2.059	8.181
Number of employees	281	270	232	173	171
<b>Ratios</b>					
Gross margin	27,2%	26,2%	26,9%	31,3%	26,5%
Profit margin	12,9%	13,6%	10,4%	7,9%	7,9%
Return on assets	15,3%	18,7%	16,9%	11,3%	12,3%
Solvency ratio	26,0%	23,7%	23,7%	28,1%	29,0%
Return on equity	46,0%	82,2%	49,5%	28,7%	35,3%

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

## Management's Review

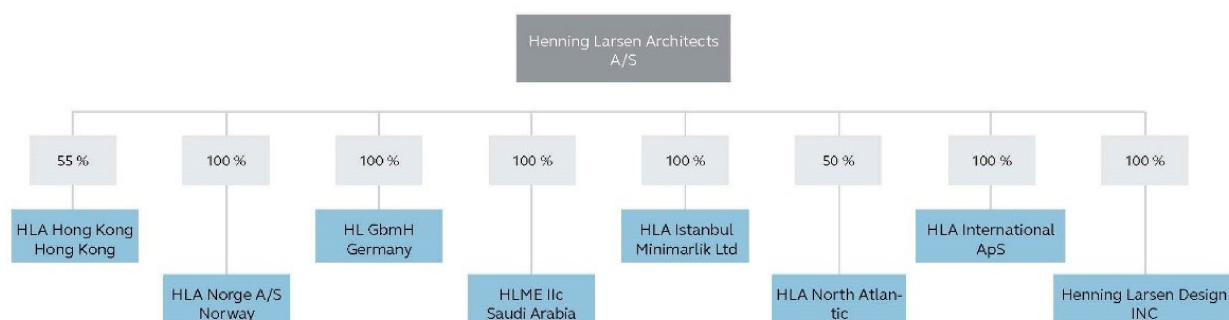
Consolidated and Parent Company Financial Statements of Henning Larsen Architects A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

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 consulting services and architectural, landscape architectural, planning, and design solutions within the Nordic countries and internationally. 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 Architects Istanbul Mimarlik Limited, Henning Larsen Design Inc., and HLA International ApS, and the associated company Henning Larsen North Atlantic Sp/f. Henning Larsen Architects SL was wound up as at December 31, 2015.

### Market overview



### Ownership and Executive Board

Henning Larsen Architects is owned by a partner group comprised of Lars Steffensen, Louis Becker, Jacob Kurek, Mette Kynne Frandsen, Peer Teglggaard Jeppesen, Signe Kongebro, Søren Øllgaard, Ingela Larsson, and Werner Frosch. Anders Sælan left the partner group in 2016. Viggo Haremst joined the partner group in 2016.

Managing Director Mette Kynne Frandsen and Director Louis Becker comprise the Executive Board of Henning Larsen Architects and are authorised to bind the company.



# Management's Review

## Financial Year Developments

The year was characterised by a high level of activity as the Group executed major contract projects, focused on generating new orders, consolidated subsidiaries, and strengthened new business areas, including landscape architecture, space planning, and consulting.

Consolidated revenue stood at tDKK 282,204 (2014/15: tDKK 319,901). Revenue from subcontractors constituted tDKK 72,944 (2014/15: tDKK 123,253) of that amount, or 26% (last year: 39%). Thus, the Group's own revenue stood at tDKK 209,260 (2014/15: tDKK 196,648), or an increase of tDKK 12,612/6% (2014/2015: tDKK 43,573/28%).

Projects executed outside Denmark represented 61% of consolidated revenue compared with 65% in the previous financial year. The subsidiaries' revenues made up 28% of consolidated revenue compared with 30% in the previous year.

Gross earnings stood at tDKK 76,688, which was lower than in 2014/2015, when gross earnings stood at tDKK 83,697. This decline was a result of lower levels of activity in Saudi Arabia, a hesitant German market, and investments related to establishing a foothold in the North American market.

The Henning Larsen Architects Group employs 281 individuals (2014/15: 270), of which 185 are in Denmark (2013/14: 187).

Earnings before tax for the year stood at tDKK 34,774 (2014/15: tDKK 44,818) and after tax tDKK 26,369 (2014/15: tDKK 34,556), which are considered satisfactory.

## 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 Middle East are entered into in currencies that are pegged to the U.S. dollar. This means that the Group is exposed to foreign exchange risks. We perform foreign currency hedging within the foreign exchange spread established upon signing the contract in question.

## Uncertainty relating to recognition and measurement

### *Work in progress*

Measuring the company's work in progress includes estimating stages of completion. It particularly includes estimates of 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.

# Management's Review

## Markets

Henning Larsen Architects prioritises the establishment of professional local anchoring and maintaining a dialogue with developers. Henning Larsen Architects staffs each individual project with a multi-disciplinary team of consultants with the proper mix of expertise and knowledge to develop the product in question. Henning Larsen Architects act as full-service consultants on both domestic and international projects. Subcontractors represented 26% of the company's revenue, compared with 39% in the previous year.

Denmark and the other Nordic countries remain the Group's biggest markets. The Group's customers are private investors, pension funds, construction companies, and state and local public contracting authorities. Activities have included the execution of major design projects for the construction of cultural, educational, office, and laboratories facilities as well as the development of new projects. Another revenue growth contributor in the Nordic countries has been consulting services related to space management, landscape, and sustainability.

A number of buildings have been inaugurated over the past year. These will constitute new, important references within the typologies for which we are currently experiencing great international interest. In Aarhus C, Denmark, Frederiksbjerg Skole was inaugurated as the first new primary and lower secondary school in the city centre in more than a century. In Odense, students are now attending classes at Lillebaelt Academy.

Two major office developments were also entered into use: In Lyngby, Microsoft opened its Danish headquarters and, in doing so, gathered the company's sales and development organisation under one roof. The headquarters represent the workplace of the future with a focus on collaboration across the organisation. The same goes for Siemens' new global headquarters in Munich, Germany. Siemens HQ is a spearhead project for sustainability and is currently one of the most sustainable buildings of its kind in Europe. Both buildings have already garnered major attention and will help position Henning Larsen Architects as a leader within the area of corporate headquarters construction.

Henning Larsen Architects A/S also participated in a number of competitions over the course of the year, and this has generated new projects in both Scandinavia and globally. Next year's portfolio is therefore expected to include expansions of Lund University and the Uppsala City Hall, a new building for the Malmö District Court, a new media building for the Danish daily Jyllands-Posten in Aarhus, as well as new research and teaching facilities at the Technical University of Denmark. On the Faroe Islands, we have new art centre projects in Klaksvik and Kvivik on the drawing board.

Via our subsidiaries, we have strengthened our presence in the Nordic countries, the Middle East, Central Europe, the United States, and Asia. This means that Henning Larsen Architects now has projects on six continents.

Henning Larsen Architects was among the three firms invited to compete for the design of a concert space and theatre at New York City's Ground Zero. This, in turn, opened the gates to multiple competitions in the North American market, where we have won projects designing university buildings in Cincinnati, Ohio, a middle school project in Hartford, Connecticut, and a major office construction

## Management's Review

project in New York City. Moreover, we expect to start a university construction project in Toronto after winning first prize in a recent, closed competition.

The French School in Hong Kong and a concert and performance hall at the Hong Kong University of Science and Technology are in progress at Henning Larsen Architects Hong Kong; and in Oceania, we are collaborating with a local architectural firm on designing an expansion of Queensland University of Technology in Brisbane, Australia. At Henning Larsen GmbH, the Frankfurt School of Finance & Management is under construction.

Several of our Danish building projects have been awarded prizes over the past financial year. Both Moesgaard Museum and SDU Campus Kolding were nominated for the 2015 Mies van der Rohe Award. Moesgaard Museum was shortlisted and was featured at the Mies van der Rohe exhibition, which has toured Europe over the past year. Henning Larsen received the annual award for architectural design in education for its SDU Campus Kolding project by the New York-based journal Contract Magazine. That project was also named Best Sustainable Development of the Year 2015 by Leading European Architecture Forum International. Frederiksbjerg Skole was awarded the prize for the year's best primary and lower secondary school; and Novo Nordisk took home the Danish Lighting Design Award (Den Danske Lyspris) and have been nominated for the Nordic Lighting Design Award.

### Intellectual Capital and Management Culture

Henning Larsen Architects' core values are rooted in a Scandinavian cultural tradition that emphasises delegation of responsibility and a flat organisational structure. Employee development takes place through professional challenges and maintaining a focus on results, independence, social relationships, and a well-functioning work environment. At the company's core is an organisational culture in which work is performed in project teams and where individual employees are given a lot of discretion and a great deal of responsibility. Our ambition for the Group is to achieve equal gender distribution – it is currently 53% male and 47% female employees –and 50/50 for the parent company.

Henning Larsen Architects has intellectual capital that includes master plans, hospitals, culture, training, laboratories, business, and housing. One of our competitive parameters for continued internationalisation is to be able to attract and retain qualified architects from other countries and cultures. Henning Larsen Architects therefore currently counts 36 nationalities among its 285 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, consulting, innovation, landscape architecture, and interior design. Such services are provided in connection with architectural projects and the divisions in question acquire new customers on their own. The divisions provide a high degree of support for the company's core business with expertise and solutions that add value to architectural projects and help ensure that Henning Larsen Architects is able to maintain a differentiated market profile.

# Management's Review

## Research and development activities

In recent years, sustainable design and health have become increasingly prominent on the public agenda, and expertise within this area has become a strong competitive parameter. Henning Larsen Architects invests in intellectual capital related to the climate, daylight, materials, and convert that expertise into architecture. The division for sustainability and research has increased the company's intellectual capital and positioned Henning Larsen Architects as a leader in the areas of integrated energy design and energy renovation. It has also partnered on multiple projects that bridge the gaps between research environments, public agencies, and private companies. Over the course of the year, the company has partnered on the innovation project REBUS with, among others, the Danish Technological Institute, Technical University of Denmark, and leading actors in the building trade. Moreover, Henning Larsen Architects is sponsoring three Industrial PhDs with the Royal Danish Academy of Fine Arts, School of Architecture, and Technical University of Denmark, specializing in Artificial Lighting, Intelligent Facades, and Acoustics.

## 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 at [www.henninglarsen.com/about/csr](http://www.henninglarsen.com/about/csr).

## 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 is fully engaged in the globalized world. Our investments in international marketing and subsidiaries in recent years have strengthened our position, and that strategy will continue over the next years. The Group expects further consolidation and growth in its subsidiaries in Germany, the United States, and Hong Kong. Henning Larsen Architects anticipates continued investments in the North American market and opening offices there over the next year.

Henning Larsen Architects is renowned for its educational and research building projects and is – with its recent years' new projects and design references – extremely well positioned to become part of the many projects that are offered worldwide. We especially anticipate that our position will open doors to the U.S. market.

## Management's Review

Henning Larsen Architects is recognised for its extensive experience within international cultural buildings. This is evidenced by the invitation to compete for the Performing Arts Center in the world's most talked-about building site, Ground Zero, in New York City and the invitation to compete for the design of a new concert building in Munich. These and other international competitions for arts centres help raise awareness of Henning Larsen Architects, strengthen our position, and open up new project opportunities.

The headquarters of Microsoft and Siemens are expected to provide access to new international competitions and projects where design excellence, professionalism, and the ability to execute are in demand. Henning Larsen Architects invests in expertise and services related to space management, design, and layout in order to bolster our work involving headquarters and workplaces of the future.

Pension fund investments in construction are expected to continue to generate a high level of activity in Denmark and the Nordic countries.

Project and revenue growth are expected to be generated from both the Nordic as well as the international markets in the future. We anticipate that next year's net revenues will be higher.

## Income Statement 1 July - 30 June

	Note	Group		Parent Company	
		2015/16	2014/15	2015/16	2014/15
		DKK	TDKK	DKK	TDKK
<b>Revenue</b>	1	<b>282.203.783</b>	<b>319.901</b>	<b>245.243.658</b>	<b>277.238</b>
Cost of sales		-205.516.270	-236.204	-187.766.158	-213.061
<b>Gross profit/loss</b>		<b>76.687.513</b>	<b>83.697</b>	<b>57.477.500</b>	<b>64.177</b>
Administrative expenses		-40.307.288	-40.054	-27.406.728	-33.971
<b>Operating profit/loss</b>		<b>36.380.225</b>	<b>43.643</b>	<b>30.070.772</b>	<b>30.206</b>
Other operating income		16.138	0	16.138	0
<b>Profit/loss before financial income and expenses</b>		<b>36.396.363</b>	<b>43.643</b>	<b>30.086.910</b>	<b>30.206</b>
Income from investments in subsidiaries		0	0	3.731.749	9.495
Income from investments in associates		487.876	193	487.876	193
Financial income	3	402.193	2.622	769.675	1.899
Financial expenses	4	-2.512.062	-1.640	-2.323.548	-1.111
<b>Profit/loss before tax</b>		<b>34.774.370</b>	<b>44.818</b>	<b>32.752.662</b>	<b>40.682</b>
Tax on profit/loss for the year	5	-7.655.827	-10.318	-5.835.645	-6.126
<b>Profit/loss before minority interests</b>		<b>27.118.543</b>	<b>34.500</b>	<b>26.917.017</b>	<b>34.556</b>
Minority interests' share of net profit/loss of subsidiaries		-201.526	56	0	0
<b>Net profit/loss for the year</b>		<b>26.917.017</b>	<b>34.556</b>	<b>26.917.017</b>	<b>34.556</b>

## Distribution of profit

	Parent Company	
	2015/16 DKK	2014/15 TDKK
<b>Proposed distribution of profit</b>		
Proposed dividend for the year	16.000.000	20.000
Reserve for net revaluation under the equity method	4.219.625	9.495
Retained earnings	6.697.392	5.061
	<b>26.917.017</b>	<b>34.556</b>

# Balance Sheet 30 June

## Assets

	Note	Group		Parent Company	
		2015/16	2014/15	2015/16	2014/15
		DKK	TDKK	DKK	TDKK
Land and buildings		3.141.875	3.170	3.141.875	3.170
Other fixtures and fittings, tools and equipment		4.041.701	4.045	3.225.525	2.691
Leasehold improvements		1.030.345	2.015	1.030.345	1.898
<b>Property, plant and equipment</b>	<b>6</b>	<b>8.213.921</b>	<b>9.230</b>	<b>7.397.745</b>	<b>7.759</b>
Investments in subsidiaries	7	0	0	21.509.230	17.804
Investments in associates	8	671.237	184	671.237	184
Deferred tax asset	13	0	711	0	0
Deposits	9	1.649.441	484	520.742	397
<b>Fixed asset investments</b>		<b>2.320.678</b>	<b>1.379</b>	<b>22.701.209</b>	<b>18.385</b>
<b>Fixed assets</b>		<b>10.534.599</b>	<b>10.609</b>	<b>30.098.954</b>	<b>26.144</b>
Trade receivables		91.240.131	118.257	55.184.137	96.412
Contract work in progress	10	22.374.654	16.520	18.922.164	14.370
Receivables from group enterprises		0	0	13.258.596	6.468
Receivables from associates		86.299	471	86.299	471
Other receivables		1.180.188	2.593	95.187	631
Corporation tax		16.342.173	941	17.663.531	866
Prepayments		4.626.711	3.111	3.989.909	2.233
<b>Receivables</b>		<b>135.850.156</b>	<b>141.893</b>	<b>109.199.823</b>	<b>121.451</b>
<b>Investments in securities</b>		<b>15.267.435</b>	<b>15.983</b>	<b>15.267.435</b>	<b>15.983</b>
<b>Cash at bank and in hand</b>		<b>75.959.565</b>	<b>64.769</b>	<b>53.579.244</b>	<b>50.839</b>
<b>Currents assets</b>		<b>227.077.156</b>	<b>222.645</b>	<b>178.046.502</b>	<b>188.273</b>
<b>Assets</b>		<b>237.611.755</b>	<b>233.254</b>	<b>208.145.456</b>	<b>214.417</b>



# Balance Sheet 30 June

## Liabilities and equity

	Note	Group		Parent Company	
		2015/16	2014/15	2015/16	2014/15
		DKK	TDKK	DKK	TDKK
Share capital		500.000	500	500.000	500
Reserve for net revaluation under the equity method		0	0	19.962.879	25.599
Retained earnings		45.326.579	34.770	25.363.700	9.171
Proposed dividend for the year		16.000.000	20.000	16.000.000	20.000
<b>Equity</b>	11	<b>61.826.579</b>	<b>55.270</b>	<b>61.826.579</b>	<b>55.270</b>
<b>Minority interests</b>	12	<b>-101.858</b>	<b>-302</b>	<b>0</b>	<b>0</b>
Provision for deferred tax	13	23.953.599	9.765	24.328.215	9.766
Other provisions		3.720.778	2.074	2.474.483	2.074
<b>Provisions</b>		<b>27.674.377</b>	<b>11.839</b>	<b>26.802.698</b>	<b>11.840</b>
Corporation tax		0	175	0	149
<b>Long-term debt</b>	14	<b>0</b>	<b>175</b>	<b>0</b>	<b>149</b>
Trade payables		29.796.837	51.146	17.509.306	42.344
Contract work in progress	10	75.968.798	65.756	60.391.241	61.469
Payables to group enterprises		0	0	5.737.956	5.679
Corporation tax	14	0	3.576	0	0
Other payables		42.447.022	45.267	35.877.676	37.666
Accruals		0	527	0	0
<b>Short-term debt</b>		<b>148.212.657</b>	<b>166.272</b>	<b>119.516.179</b>	<b>147.158</b>
<b>Debt</b>		<b>148.212.657</b>	<b>166.447</b>	<b>119.516.179</b>	<b>147.307</b>
<b>Liabilities and equity</b>		<b>237.611.755</b>	<b>233.254</b>	<b>208.145.456</b>	<b>214.417</b>
Staff	2				
Contingent assets, liabilities and other financial obligations	15				

## Cash Flow Statement 1 July - 30 June

	Note	Group	
		2015/16 DKK	2014/15 TDKK
Net profit/loss for the year		26.917.017	34.556
Adjustments	16	11.827.654	11.773
Change in working capital	17	8.580.456	13.660
<b>Cash flows from operating activities before financial income and expenses</b>		<b>47.325.127</b>	<b>59.989</b>
Financial income		402.193	2.622
Financial expenses		-2.512.061	-1.640
<b>Cash flows from ordinary activities</b>		<b>45.215.259</b>	<b>60.971</b>
Corporation tax		-11.908.079	-9.821
<b>Cash flows from operating activities</b>		<b>33.307.180</b>	<b>51.150</b>
Purchase of property, plant and equipment		-1.723.418	-2.737
Fixed asset investments made etc		-1.135.061	0
Sale of fixed asset investments etc		26.181	0
<b>Cash flows from investing activities</b>		<b>-2.832.298</b>	<b>-2.737</b>
Dividend paid		-20.000.000	-9.500
<b>Cash flows from financing activities</b>		<b>-20.000.000</b>	<b>-9.500</b>
<b>Change in cash and cash equivalents</b>		<b>10.474.882</b>	<b>38.913</b>
Cash and cash equivalents at 1 July		80.752.118	40.532
Exchange adjustment of current asset investments		0	1.307
<b>Cash and cash equivalents at 30 June</b>		<b>91.227.000</b>	<b>80.752</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		75.959.565	64.769
Current asset investments		15.267.435	15.983
<b>Cash and cash equivalents at 30 June</b>		<b>91.227.000</b>	<b>80.752</b>

# Notes to the Financial Statements

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
	DKK	TDKK	DKK	TDKK
<b>1 Revenue</b>				
<b>Geographical segments</b>				
Revenue, Denmark	109.423.252	111.925	112.422.176	114.047
Revenue, Other countries in Europe	83.012.871	104.353	72.078.422	82.993
Revenue, North America	5.811.107	644	5.606.357	644
Revenue, Other countries	83.956.553	102.979	55.136.703	79.554
	<b>282.203.783</b>	<b>319.901</b>	<b>245.243.658</b>	<b>277.238</b>
<b>2 Staff</b>				
Wages and Salaries	113.793.627	110.974	88.094.803	84.929
Pensions	6.964.869	6.269	6.345.395	5.812
Other social security expenses	2.816.949	2.595	615.336	638
Other staff expenses	2.560.356	0	0	0
	<b>126.135.801</b>	<b>119.838</b>	<b>95.055.534</b>	<b>91.379</b>
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	115.272.222	107.577	85.031.989	79.583
Administrative expenses	10.863.579	13.501	10.023.545	11.629
	<b>126.135.801</b>	<b>121.078</b>	<b>95.055.534</b>	<b>91.212</b>
Including remuneration to the Executive and Supervisory Boards of:				
Executive Board	3.073	3.073	3.073	3.073
Supervisory Board	708	383	708	383
	<b>3.781</b>	<b>3.456</b>	<b>3.781</b>	<b>3.456</b>
<b>Average number of employees</b>	<b>281</b>	<b>270</b>	<b>185</b>	<b>187</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2015/16 DKK	2014/15 TDKK	2015/16 DKK	2014/15 TDKK
<b>3 Financial income</b>				
Interest received from group enterprises	0	0	420.885	237
Other financial income	394.959	506	348.790	464
Exchange adjustments	7.234	2.116	0	1.198
	<b>402.193</b>	<b>2.622</b>	<b>769.675</b>	<b>1.899</b>
<b>4 Financial expenses</b>				
Interest paid to associates	42.341	0	0	0
Other financial expenses	968.459	1.168	886.593	1.110
Exchange adjustments, expenses	64.307	471	0	0
Exchange loss	1.436.955	1	1.436.955	1
	<b>2.512.062</b>	<b>1.640</b>	<b>2.323.548</b>	<b>1.111</b>
<b>5 Tax on profit/loss for the year</b>				
Current tax for the year	2.010.818	8.591	0	6.177
Deferred tax for the year	6.133.730	1.878	6.284.165	1.878
Withholding tax	159.047	0	159.047	0
Adjustment of tax concerning previous years	-647.768	-151	-607.567	-1.929
	<b>7.655.827</b>	<b>10.318</b>	<b>5.835.645</b>	<b>6.126</b>

## Notes to the Financial Statements

### 6 Property, plant and equipment

#### Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 July	3.300.000	10.694.914	24.672.915
Exchange adjustment	0	-4.842	3.882
Additions for the year	0	1.860.684	185.354
Disposals for the year	0	-330.465	0
Cost at 30 June	<u>3.300.000</u>	<u>12.220.291</u>	<u>24.862.151</u>
Impairment losses and depreciation at 1 July	129.375	6.650.350	22.658.780
Exchange adjustment	0	-4.842	3.389
Depreciation for the year	28.750	1.863.547	1.169.637
Reversal of impairment and depreciation of sold assets	0	-330.465	0
Impairment losses and depreciation at 30 June	<u>158.125</u>	<u>8.178.590</u>	<u>23.831.806</u>
<b>Carrying amount at 30 June</b>	<b><u>3.141.875</u></b>	<b><u>4.041.701</u></b>	<b><u>1.030.345</u></b>
Depreciated over	<u>80 years</u>	<u>3-5 years</u>	<u>10 years</u>

## Notes to the Financial Statements

### 6 Property, plant and equipment (continued)

#### Parent Company

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 July	3.300.000	7.544.299	23.842.550
Additions for the year	0	1.702.381	185.354
Kostpris at 30 June	<u>3.300.000</u>	<u>9.246.680</u>	<u>24.027.904</u>
Impairment losses and depreciation at 1 July	129.375	4.853.602	21.946.085
Depreciation for the year	28.750	1.167.553	1.051.474
Impairment losses and depreciation at 30 June	<u>158.125</u>	<u>6.021.155</u>	<u>22.997.559</u>
<b>Carrying amount at 30 June</b>	<b><u>3.141.875</u></b>	<b><u>3.225.525</u></b>	<b><u>1.030.345</u></b>
Depreciated over	<u>80 years</u>	<u>3-5 years</u>	<u>10 years</u>

# Notes to the Financial Statements

	<b>Parent Company</b>	
	2015/16	2014/15
	DKK	TDKK
<b>7 Investments in subsidiaries</b>		
Cost at 1 July	1.398.881	1.399
Additions for the year	765.221	0
Disposals for the year	-26.106	0
Cost at 30 June	<u>2.137.996</u>	<u>1.399</u>
Value adjustments at 1 July	16.405.000	7.860
Disposals for the year	26.106	0
Exchange adjustment	-387.400	1.389
Net profit/loss for the year	<u>3.731.749</u>	<u>9.495</u>
Value adjustments at 30 June	<u>19.775.455</u>	<u>18.744</u>
Equity investments with negative net asset value amortised over receivables	<u>-404.221</u>	<u>-2.339</u>
<b>Carrying amount at 30 June</b>	<b><u>21.509.230</u></b>	<b><u>17.804</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Henning Larsen Architects AS	Norge	30.000 NOK	100%
Henning Larsen Architects Hong Kong Ltd	Kina	10.000 HKD	55%
Henning Larsen Architects Istanbul Ltd	Tyrkiet	100.000 TRY	100%
Henning Larsen Architects Middle East Company Ltd	Saudi-Arabien	500.000 SAR	100%
Henning Larsen Design Inc	USA	50.000 USD	100%
Henning Larsen GmbH	Tyskland	25.000 EUR	100%
HLA International ApS	Danmark	50.000 DKK	100%

## Notes to the Financial Statements

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
	DKK	TDKK	DKK	TDKK
<b>8 Investments in associates</b>				
Cost at 1 July	40.000	40	40.000	40
Cost at 30 June	40.000	40	40.000	40
Value adjustments at 1 July	143.361	-40	143.361	-40
Net profit/loss for the year	487.876	193	487.876	193
Value adjustments at 30 June	631.237	153	631.237	153
Equity investments with negative net asset value amortised over receivables	0	-9	0	-9
<b>Carrying amount at 30 June</b>	<b>671.237</b>	<b>184</b>	<b>671.237</b>	<b>184</b>

Investments in associates are specified as follows:

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

### 9 Other fixed asset investments

	Group Deposits DKK
Cost at 1 July	484.093
Exchange adjustment	-1.096
Additions for the year	1.166.444
Cost at 30 June	1.649.441
<b>Carrying amount at 30 June</b>	<b>1.649.441</b>



## Notes to the Financial Statements

	Group		Parent Company	
	2015/16 DKK	2014/15 TDKK	2015/16 DKK	2014/15 TDKK
<b>10 Contract work in progress</b>				
Selling price of production for the period	748.839.966	520.550	603.080.949	486.983
Payments on account	-802.434.110	-569.786	-644.550.026	-534.082
	<b>-53.594.144</b>	<b>-49.236</b>	<b>-41.469.077</b>	<b>-47.099</b>
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	22.374.654	16.520	18.922.164	14.370
Contract work in progress recognised in debt	-75.968.798	-65.756	-60.391.241	-61.469
	<b>-53.594.144</b>	<b>-49.236</b>	<b>-41.469.077</b>	<b>-47.099</b>

# Notes to the Financial Statements

## 11 Equity

### Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	500.000	0	34.770.781	20.000.000	55.270.781
Exchange adjustments	0	0	-387.400	0	-387.400
Ordinary dividend paid	0	0	0	-20.000.000	-20.000.000
Other equity movements	0	0	26.181	0	26.181
Net profit/loss for the year	0	0	10.917.017	16.000.000	26.917.017
<b>Equity at 30 June</b>	<b>500.000</b>	<b>0</b>	<b>45.326.579</b>	<b>16.000.000</b>	<b>61.826.579</b>

### Parent Company

Equity at 1 July	500.000	16.104.473	18.666.308	20.000.000	55.270.781
Ordinary dividend paid	0	0	0	-20.000.000	-20.000.000
Exchange adjustments relating to foreign entities	0	-387.400	0	0	-387.400
Other equity movements	0	26.181	0	0	26.181
Net profit/loss for the year	0	4.219.625	6.697.392	16.000.000	26.917.017
<b>Equity at 30 June</b>	<b>500.000</b>	<b>19.962.879</b>	<b>25.363.700</b>	<b>16.000.000</b>	<b>61.826.579</b>

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

There have been no changes in the share capital during the last 5 years.

## 12 Minority interests

	Group	
	2015/16	2014/15
	DKK	TDKK
Minority interests at 1 July	-302.119	-202
Exchange adjustment	-1.265	-44
Share of net profit/loss for the year	201.526	-56
<b>Minority interests at 30 June</b>	<b>-101.858</b>	<b>-302</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2015/16 DKK	2014/15 TDKK	2015/16 DKK	2014/15 TDKK
<b>13 Provision for deferred tax</b>				
Property, plant and equipment	-358.504	-215	-358.504	-215
Contract work in progress	30.804.000	10.609	30.804.000	10.609
Hensatte forpligtelser	-544.000	-1.340	-544.000	-1.340
Tax loss carry-forward	-5.947.897	0	-5.573.281	712
Transferred to deferred tax asset	0	711	0	0
	<b>23.953.599</b>	<b>9.765</b>	<b>24.328.215</b>	<b>9.766</b>

Deferred tax has been provided at 22% corresponding to the expected current tax rate.

### 14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

#### Corporation tax

Between 1 and 5 years	0	175	0	149
Long-term part	0	175	0	149
Within 1 year	0	3.576	0	0
	<b>0</b>	<b>3.751</b>	<b>0</b>	<b>149</b>

## Notes to the Financial Statements

15 Contingent assets, liabilities and other financial obligations	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
	DKK	TDKK	DKK	TDKK
<b>Rental agreements and leases</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	2.737.164	1.792	1.845.304	1.792
Between 1 and 5 years	6.999.049	7.074	5.228.361	7.074
	<b>9.736.213</b>	<b>8.866</b>	<b>7.073.665</b>	<b>8.866</b>

### Security

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

Land and buildings, carrying amount	3.141.875	3.170	3.141.875	3.170
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### 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 un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Parent Company has issued a guarantee commitment on DKK 19.000.000

The Parent Company has issued a guarantee of payment to Henning Larsen Middle East Ltd. limited DKK 95.000

## Notes to the Financial Statements

	<b>Group</b>	
	<u>2015/16</u>	<u>2014/15</u>
	DKK	TDKK
<b>16 Cash flow statement - adjustments</b>		
Financial income	-402.193	-2.622
Financial expenses	2.512.062	1.640
Depreciation, amortisation and impairment losses, including losses and gains on sales	2.736.973	2.686
Income from investments in associates	-487.876	-193
Tax on profit/loss for the year	7.655.827	10.318
Minority interests' share of net profit/loss of subsidiaries	201.526	-56
Exchange adjustments	-388.665	0
	<u><b>11.827.654</b></u>	<u><b>11.773</b></u>
<b>17 Cash flow statement - change in working capital</b>		
Change in receivables	21.413.489	-71.854
Change in other provisions	1.646.295	1.139
Change in trade payables, etc	-14.479.328	84.375
	<u><b>8.580.456</b></u>	<u><b>13.660</b></u>

# Accounting Policies

## Basis of Preparation

The Annual Report of Henning Larsen Architects A/S for 2015/16 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 2015/16 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.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Compa-

## Accounting Policies

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

### Minority interests

On statement of group results and group equity, the shares of results and equity of subsidiaries attributable to minority interests are recognised as separate items in the income statement and the balance sheet. 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

## 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 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 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

## **Accounting Policies**

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 associates**

The item "Income from investments in associates" in the income statement includes 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.

### **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.



# Accounting Policies

## Balance Sheet

### 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	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 12,900 are expensed in the year of acquisition.

### 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 any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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 di-

## **Accounting Policies**

vidend 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 recognised in provisions.

### **Other fixed asset investments**

Other fixed asset investments consist of .

### **Receivables**

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

### **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.

### **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.

# Accounting Policies

## Prepayments

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

## 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 has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

## 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.

## **Accounting Policies**

### **Financial debts**

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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.

### **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

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

## Accounting Policies

### 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	