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

Vesterbrogade 76, DK-1620 København V

## **Annual Report for 1 July 2016 - 30 June 2017**

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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  
31/10 2017

Nicolai Fløe Jørgensen  
Chairman



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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 2016 - 30 June 2017.

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 2017 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2016/17.

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.

København, 31 October 2017

## 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

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 2017 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 2016 - 30 June 2017 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 2016 - 30 June 2017, 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.

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.

# Independent Auditor's Report

## 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.
- 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

## Independent Auditor's Report

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, 31 October 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jacob F Christiansen  
statsautoriseret revisor

Rikke Lund-Kühl  
statsautoriseret revisor

## **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> |         |         |         |         |
|--|--------------|---------|---------|---------|---------|
|  | 2016/17      | 2015/16 | 2014/15 | 2013/14 | 2012/13 |
|  | TDKK         | TDKK    | TDKK    | TDKK    | TDKK    |
| <b>Key figures</b>                               |              |         |         |         |         |
| <b>Profit/loss</b>                               |              |         |         |         |         |
| Revenue  | 268.455      | 282.204 | 319.901 | 196.626 | 165.084 |
| Gross profit/loss                                | 70.376       | 76.688  | 83.697  | 52.799  | 51.721  |
| Operating profit/loss                            | 34.119       | 36.380  | 43.643  | 20.531  | 13.112  |
| Profit/loss before financial income and expenses | 34.186       | 36.396  | 43.643  | 20.531  | 13.112  |
| Net financials                                   | 2.069        | -1.622  | 1.175   | -168    | -151    |
| Net profit/loss for the year                     | 28.093       | 27.119  | 34.556  | 15.218  | 9.462   |
| <b>Balance sheet</b>                             |              |         |         |         |         |
| Balance sheet total                              | 238.164      | 237.612 | 233.254 | 121.560 | 116.149 |
| Equity   | 73.382       | 61.725  | 55.270  | 28.825  | 32.666  |
| <b>Cash flows</b>                                |              |         |         |         |         |
| Cash flows from:                                 |              |         |         |         |         |
| - operating activities                           | 31.438       | 33.307  | 51.150  | 22.998  | 14.972  |
| - investing activities                           | -5.343       | -2.832  | -2.737  | -1.977  | -167    |
| - financing activities                           | -16.000      | -20.000 | -9.500  | -19.000 | -12.746 |
| Change in cash and cash equivalents for the year | 10.095       | 10.475  | 38.913  | 2.021   | 2.059   |
| Number of employees                              | 275          | 281     | 270     | 232     | 173     |
| <b>Ratios</b>                                    |              |         |         |         |         |
| Gross margin                                     | 26,2%        | 27,2%   | 26,2%   | 26,9%   | 31,3%   |
| Profit margin                                    | 12,7%        | 12,9%   | 13,6%   | 10,4%   | 7,9%    |
| Return on assets                                 | 14,4%        | 15,3%   | 18,7%   | 16,9%   | 11,3%   |
| Solvency ratio                                   | 30,8%        | 26,0%   | 23,7%   | 23,7%   | 28,1%   |
| Return on equity                                 | 41,6%        | 46,4%   | 82,2%   | 49,5%   | 28,7%   |

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

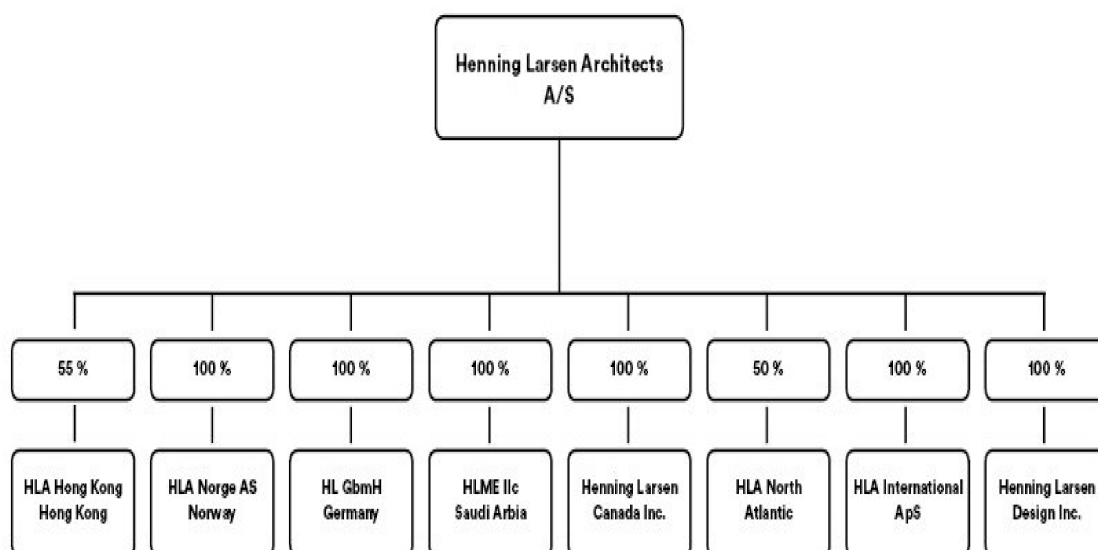
Consolidated and Parent Company Financial Statements of Henning Larsen Architects A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

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

### Principal activity

Henning Larsen 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 Canada Inc., Henning Larsen Design Inc., and HLA International ApS, and the associated company Henning Larsen North Atlantic Sp/f. Henning Larsen Architects Istanbul Mimarlik Limited has had no activity and is under dissolution.

### Corporate Structure



### 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 sustainability engineering.

Consolidated revenue stood at tDKK 268,455 (2015/16: tDKK 282,204 ). The Group's own revenue stood at tDKK 206,335 (2015/16: tDKK 209.260), a small decrease of 2,925/1.4 %.

## Management's Review

Projects executed outside Denmark represented 73% of consolidated revenue compared with 61% in the previous financial year. The subsidiaries' revenues made up 28% of consolidated revenue which is the same as in the previous year.

Gross earnings stood at tDKK 70,376, which was lower than in 2015/2016, where gross earnings stood at tDKK 76,688. This decline is a result of a hesitant German market and investments related to establishing a foothold in the North American market.

The Henning Larsen Architects Group employs 275 individuals (2015/16: 281), of which 188 are in Denmark (2015/16: 185).

Earnings before tax for the year stood at tDKK 36,255 (2015/16: tDKK 34,774 ) and tDKK 28.093 after tax (2015/16: tDKK 27,119 ), which are considered satisfactory.

### 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, Viggo Haremst, Jakob Strøhmann-Andersen, and Werner Frosch. Four associated partners were appointed in 2016. These are Michael Sørensen, Sarah Müllertz, Nina La Cour Sell and Kasper Kyndesen.

CEO, Mette Kynne Frandsen and Design Principal, Louis Becker comprise the Executive Board of Henning Larsen Architects and are authorised to bind the company.

### 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 into in currencies that are pegged to the US 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.

### 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.

# Management's Review

## Markets

Henning Larsen Group is active with on-going projects on six continents. Henning Larsen Group is present with offices in Nordic countries, central Europe, the Middle East, the United States, and Asia. In 2017, Henning Larsen Group has strengthened its presence in North America by opening an office in NYC. Denmark and the other Nordic countries remain the Group's biggest markets.

The Group's clients 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 urban developments.

The Group has 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 a Civic Center in Toronto and Minneapolis, a headquarter on Marmormolen in Copenhagen and office developments in Lille, France, high-rises' in Shanghai, Manila and New York.

## Intellectual Capital and Management Culture

The organization's core values are rooted in a Scandinavian cultural tradition that emphasises delegation of responsibility and a flat organizational 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 organizational 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 52% male and 48% female employees –and 54/46 for the parent company.

Henning Larsen Architects has intellectual capital that includes master plans, hospitals, culture, learning, 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 31 nationalities among its 275 employees.

## Business Areas

In addition to architectural services, which represent our core business, Henning Larsen Architects has divisions that offer services within the areas of sustainability engineering, client consultancy, innovation, landscape architecture, interior design and graphics. Such services are provided in connection with architectural projects and the divisions in question acquire new clients 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.

This year has been particularly impacted by the development of educational facilities and learning environments and has positioned Henning Larsen Architects globally within this area. The Group's ongoing activities within this field include a new building for the campus of University of Cincinnati, Ohio, US, a new business faculty building for Ryerson University in Toronto, Canada, Hong Kong

## Management's Review

University of Science and Technology, Queensland University of Technology in Brisbane, Australia, Frankfurt School of Finance and Management in Germany, the French International School in Hong Kong, the Technical University of Denmark, Copenhagen Business School in Denmark, Lund University in Sweden, UC Aabenraa in Denmark, and Frederiksbjerg School, Aarhus, Denmark.

### 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 ongoing research into how architecture reflect and inform human behaviour and the built environment (daylight, materials and acoustics) – this allows us to advance innovative solutions to contemporary challenges.

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. 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 collaborated on the innovation project REBUS with, among others, the Danish Technological Institute, the Technical University of Denmark, and leading stakeholders within the building sector.

Moreover, Henning Larsen Architects is sponsoring four Industrial PhDs with the Royal Danish Academy of Fine Arts, School of Architecture, Technical University of Denmark and SAXO-Institute at University of Copenhagen, specializing in artificial lighting, intelligent facades, acoustics and human behaviour science.

### 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](http://www.henninglarsen.com/about-us/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.

# Management's Review

## 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.

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.

Henning Larsen Architects is recognised for its extensive experience within international cultural buildings and headquarters for international clients. Our references are expected to provide access to new international competitions and projects where design excellence, professionalism, and the ability to execute are in demand.

## Income Statement 1 July - 30 June

|   | Note | Group              |                    | Parent Company     |                    |
|---|------|--------------------|--------------------|--------------------|--------------------|
|   |      | 2016/17<br>DKK     | 2015/16<br>DKK     | 2016/17<br>DKK     | 2015/16<br>DKK     |
| <b>Revenue</b>  | 1    | <b>268.454.560</b> | <b>282.203.783</b> | <b>217.813.762</b> | <b>245.243.658</b> |
| Cost of sales   | 2    | -198.078.335       | -205.516.270       | -167.184.597       | -187.766.158       |
| <b>Gross profit/loss</b>                                |      | <b>70.376.225</b>  | <b>76.687.513</b>  | <b>50.629.165</b>  | <b>57.477.500</b>  |
| Administrative expenses                                 | 2    | -36.257.184        | -40.307.288        | -26.949.129        | -27.406.728        |
| <b>Operating profit/loss</b>                            |      | <b>34.119.041</b>  | <b>36.380.225</b>  | <b>23.680.036</b>  | <b>30.070.772</b>  |
| Other operating income                                  |      | 203.171            | 16.138             | 69.814             | 16.138             |
| Other operating expenses                                |      | -136.284           | 0                  | -136.284           | 0                  |
| <b>Profit/loss before financial income and expenses</b> |      | <b>34.185.928</b>  | <b>36.396.363</b>  | <b>23.613.566</b>  | <b>30.086.910</b>  |
| Income from investments in subsidiaries                 |      | 0                  | 0                  | 6.499.786          | 3.731.749          |
| Income from investments in associates                   |      | 411.435            | 487.876            | 411.435            | 487.876            |
| Financial income  | 3    | 2.258.420          | 402.193            | 2.353.768          | 769.675            |
| Financial expenses                                      | 4    | -600.641           | -2.512.062         | -410.828           | -2.323.548         |
| <b>Profit/loss before tax</b>                           |      | <b>36.255.142</b>  | <b>34.774.370</b>  | <b>32.467.727</b>  | <b>32.752.662</b>  |
| Tax on profit/loss for the year                         | 5    | -8.161.825         | -7.655.827         | -5.680.914         | -5.835.645         |
| <b>Net profit/loss for the year</b>                     |      | <b>28.093.317</b>  | <b>27.118.543</b>  | <b>26.786.813</b>  | <b>26.917.017</b>  |

# Balance Sheet 30 June

## Assets

|  | Note | Group              |                    | Parent Company     |                    |
|--|------|--------------------|--------------------|--------------------|--------------------|
|  |      | 2016/17            | 2015/16            | 2016/17            | 2015/16            |
|  |      | DKK                | DKK                | DKK                | DKK                |
| Land and buildings                               |      | 4.193.748          | 3.141.875          | 4.193.748          | 3.141.875          |
| Other fixtures and fittings, tools and equipment |      | 3.399.647          | 4.041.701          | 2.816.531          | 3.225.525          |
| Leasehold improvements                           |      | 670.679            | 1.030.345          | 670.679            | 1.030.345          |
| <b>Property, plant and equipment</b>             | 6    | <b>8.264.074</b>   | <b>8.213.921</b>   | <b>7.680.958</b>   | <b>7.397.745</b>   |
| Investments in subsidiaries                      | 7    | 0                  | 0                  | 18.759.670         | 21.509.230         |
| Investments in associates                        | 8    | 832.672            | 671.237            | 832.672            | 671.237            |
| Deposits   | 9    | 1.206.050          | 1.649.441          | 521.674            | 520.742            |
| <b>Fixed asset investments</b>                   |      | <b>2.038.722</b>   | <b>2.320.678</b>   | <b>20.114.016</b>  | <b>22.701.209</b>  |
| <b>Fixed assets</b>                              |      | <b>10.302.796</b>  | <b>10.534.599</b>  | <b>27.794.974</b>  | <b>30.098.954</b>  |
| Trade receivables                                |      | 92.674.792         | 91.240.131         | 65.048.630         | 55.184.137         |
| Contract work in progress                        | 10   | 9.255.812          | 22.374.654         | 4.520.065          | 18.922.164         |
| Receivables from group enterprises               |      | 0                  | 0                  | 6.640.256          | 13.258.596         |
| Receivables from associates                      |      | 29.575             | 86.299             | 29.575             | 86.299             |
| Other receivables                                |      | 1.543.871          | 1.180.188          | 878.406            | 95.187             |
| Deferred tax asset                               | 14   | 1.347.653          | 0                  | 0                  | 0                  |
| Corporation tax                                  |      | 16.506.488         | 16.342.173         | 16.424.556         | 17.663.531         |
| Prepayments                                      | 11   | 3.999.766          | 4.626.711          | 2.868.485          | 3.989.909          |
| <b>Receivables</b>                               |      | <b>125.357.957</b> | <b>135.850.156</b> | <b>96.409.973</b>  | <b>109.199.823</b> |
| <b>Investments in securities</b>                 |      | <b>30.705.139</b>  | <b>15.267.435</b>  | <b>30.705.139</b>  | <b>15.267.435</b>  |
| <b>Cash at bank and in hand</b>                  |      | <b>71.798.290</b>  | <b>75.959.565</b>  | <b>53.046.585</b>  | <b>53.579.244</b>  |
| <b>Currents assets</b>                           |      | <b>227.861.386</b> | <b>227.077.156</b> | <b>180.161.697</b> | <b>178.046.502</b> |
| <b>Assets</b>                                    |      | <b>238.164.182</b> | <b>237.611.755</b> | <b>207.956.671</b> | <b>208.145.456</b> |

# Balance Sheet 30 June

## Liabilities and equity

|  | Note | Group              |                    | Parent Company     |                    |
|--|------|--------------------|--------------------|--------------------|--------------------|
|  |      | 2016/17            | 2015/16            | 2016/17            | 2015/16            |
|  |      | DKK                | DKK                | DKK                | DKK                |
| Share capital  |      | 500.000            | 500.000            | 500.000            | 500.000            |
| Reserve for net revaluation under the equity method              |      | 0                  | 0                  | 15.208.889         | 19.962.879         |
| Retained earnings  |      | 53.739.952         | 45.326.579         | 38.531.063         | 25.363.700         |
| Proposed dividend for the year                                   |      | 18.000.000         | 16.000.000         | 18.000.000         | 16.000.000         |
| <b>Equity attributable to shareholders of the Parent Company</b> |      | <b>72.239.952</b>  | <b>61.826.579</b>  | <b>72.239.952</b>  | <b>61.826.579</b>  |
| Minority interests   |      | 1.141.847          | -101.858           | 0                  | 0                  |
| <b>Equity</b>  | 12   | <b>73.381.799</b>  | <b>61.724.721</b>  | <b>72.239.952</b>  | <b>61.826.579</b>  |
| Provision for deferred tax                                       | 14   | 30.838.517         | 23.953.599         | 29.828.659         | 24.328.215         |
| Other provisions   | 15   | 3.599.540          | 3.720.778          | 2.417.040          | 2.474.483          |
| <b>Provisions</b>  |      | <b>34.438.057</b>  | <b>27.674.377</b>  | <b>32.245.699</b>  | <b>26.802.698</b>  |
| Trade payables   |      | 29.443.727         | 29.796.837         | 20.611.876         | 17.509.306         |
| Contract work in progress, liabilities                           | 10   | 57.411.792         | 75.968.798         | 44.349.609         | 60.391.241         |
| Payables to group enterprises                                    |      | 0                  | 0                  | 1.401.639          | 5.737.956          |
| Corporation tax  |      | 3.103.926          | 0                  | 0                  | 0                  |
| Other payables   |      | 40.384.881         | 42.447.022         | 37.107.896         | 35.877.676         |
| <b>Short-term debt</b>   |      | <b>130.344.326</b> | <b>148.212.657</b> | <b>103.471.020</b> | <b>119.516.179</b> |
| <b>Debt</b>  |      | <b>130.344.326</b> | <b>148.212.657</b> | <b>103.471.020</b> | <b>119.516.179</b> |
| <b>Liabilities and equity</b>                                    |      | <b>238.164.182</b> | <b>237.611.755</b> | <b>207.956.671</b> | <b>208.145.456</b> |
| Contingent assets, liabilities and other financial obligations   | 18   |                    |                    |                    |                    |
| Related parties  | 19   |                    |                    |                    |                    |



## 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               |
| Equity at 1 July             | 500.000        | 0   | 45.326.579        | 16.000.000                     | 61.826.579                      | -101.858           | 61.724.721        |
| Exchange adjustments         | 0              | 0   | -373.440          | 0                              | -373.440                        | -62.799            | -436.239          |
| Ordinary dividend paid       | 0              | 0   | 0                 | -16.000.000                    | -16.000.000                     | 0                  | -16.000.000       |
| Net profit/loss for the year | 0              | 0   | 8.786.813         | 18.000.000                     | 26.786.813                      | 1.306.504          | 28.093.317        |
| <b>Equity at 30 June</b>     | <b>500.000</b> | <b>0</b>  | <b>53.739.952</b> | <b>18.000.000</b>              | <b>72.239.952</b>               | <b>1.141.847</b>   | <b>73.381.799</b> |

### Parent Company

|                              |                |                   |                   |                   |                   |          |                   |
|------------------------------|----------------|-------------------|-------------------|-------------------|-------------------|----------|-------------------|
| Equity at 1 July             | 500.000        | 19.962.879        | 25.363.700        | 16.000.000        | 61.826.579        | 0        | 61.826.579        |
| Exchange adjustments         | 0              | -373.440          | 0                 | 0                 | -373.440          | 0        | -373.440          |
| Ordinary dividend paid       | 0              | 0                 | 0                 | -16.000.000       | -16.000.000       | 0        | -16.000.000       |
| Net profit/loss for the year | 0              | -4.380.550        | 13.167.363        | 18.000.000        | 26.786.813        | 0        | 26.786.813        |
| <b>Equity at 30 June</b>     | <b>500.000</b> | <b>15.208.889</b> | <b>38.531.063</b> | <b>18.000.000</b> | <b>72.239.952</b> | <b>0</b> | <b>72.239.952</b> |

## Cash Flow Statement 1 July - 30 June

|  | Note | Group              |                    |
|--|------|--------------------|--------------------|
|  |      | 2016/17<br>DKK     | 2015/16<br>DKK     |
| Net profit/loss for the year   |      | 28.093.317         | 27.118.543         |
| Adjustments  | 16   | 10.128.068         | 11.626.128         |
| Change in working capital  | 17   | -9.089.328         | 8.580.456          |
| <b>Cash flows from operating activities before financial income and expenses</b> |      | <b>29.132.057</b>  | <b>47.325.127</b>  |
| Financial income   |      | 2.258.420          | 402.193            |
| Financial expenses   |      | -600.640           | -2.512.061         |
| <b>Cash flows from ordinary activities</b>                                       |      | <b>30.789.837</b>  | <b>45.215.259</b>  |
| Corporation tax  |      | 648.173            | -11.908.079        |
| <b>Cash flows from operating activities</b>                                      |      | <b>31.438.010</b>  | <b>33.307.180</b>  |
| Purchase of property, plant and equipment  |      | -2.918.645         | -1.723.418         |
| Purchase of financial assets   |      | -200.474           | -1.135.061         |
| Sale of property, plant and equipment  |      | 200.000            | 26.181             |
| Purchase of investments in securities  |      | -14.256.306        | 0                  |
| Sale of financial assets   |      | 611.351            | 0                  |
| Dividends received from subsidiaries   |      | 10.971.095         | 0                  |
| Dividends received from associates   |      | 250.000            | 0                  |
| <b>Cash flows from investing activities</b>                                      |      | <b>-5.342.979</b>  | <b>-2.832.298</b>  |
|  |      | -16.000.000        | -20.000.000        |
| <b>Cash flows from financing activities</b>                                      |      | <b>-16.000.000</b> | <b>-20.000.000</b> |
| <b>Change in cash and cash equivalents</b>                                       |      | <b>10.095.031</b>  | <b>10.474.882</b>  |
| Cash and cash equivalents at 1 July  |      | 91.227.000         | 80.752.118         |
| Exchange adjustment of current asset investments                                 |      | 1.181.398          | 0                  |
| <b>Cash and cash equivalents at 30 June</b>                                      |      | <b>102.503.429</b> | <b>91.227.000</b>  |
| Cash and cash equivalents are specified as follows:                              |      |                    |                    |
| Cash at bank and in hand   |      | 71.798.290         | 75.959.565         |
| Current asset investments  |      | 30.705.139         | 15.267.435         |
| <b>Cash and cash equivalents at 30 June</b>                                      |      | <b>102.503.429</b> | <b>91.227.000</b>  |

# Notes to the Financial Statements

|  | Group              |                    | Parent Company     |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2016/17<br>DKK     | 2015/16<br>DKK     | 2016/17<br>DKK     | 2015/16<br>DKK     |
| <b>1 Revenue</b>   |                    |                    |                    |                    |
| <b>Geographical segments</b>   |                    |                    |                    |                    |
| Revenue, Denmark   | 72.380.108         | 109.423.252        | 69.372.200         | 112.422.176        |
| Revenue, Other countries in Europe   | 105.927.953        | 83.012.871         | 92.652.044         | 72.078.422         |
| Revenue, North America   | 26.448.474         | 5.811.107          | 24.872.555         | 5.606.357          |
| Revenue, Other countries   | 63.698.025         | 83.956.553         | 30.916.963         | 55.136.703         |
|  | <b>268.454.560</b> | <b>282.203.783</b> | <b>217.813.762</b> | <b>245.243.658</b> |
| <b>2 Staff</b>   |                    |                    |                    |                    |
| Wages and Salaries   | 115.884.238        | 113.793.627        | 88.797.011         | 88.094.803         |
| Pensions   | 7.025.300          | 6.964.869          | 6.570.102          | 6.345.395          |
| Other social security expenses   | 3.371.407          | 2.816.949          | 745.797            | 615.336            |
| Other staff expenses   | 2.194.253          | 2.560.356          | 0                  | 0                  |
|  | <b>128.475.198</b> | <b>126.135.801</b> | <b>96.112.910</b>  | <b>95.055.534</b>  |
| Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items: |                    |                    |                    |                    |
| Cost of sales  | 115.950.956        | 115.272.222        | 86.544.317         | 85.031.989         |
| Administrative expenses  | 12.524.242         | 10.863.579         | 9.568.593          | 10.023.545         |
|  | <b>128.475.198</b> | <b>126.135.801</b> | <b>96.112.910</b>  | <b>95.055.534</b>  |
| Including remuneration to the Executive and Supervisory Boards of:   |                    |                    |                    |                    |
| Executive Board  | 2.172.720          | 3.073.000          | 2.172.720          | 3.073.000          |
| Supervisory Board  | 683.000            | 708.000            | 683.000            | 708.000            |
|  | <b>2.855.720</b>   | <b>3.781.000</b>   | <b>2.855.720</b>   | <b>3.781.000</b>   |
| <b>Average number of employees</b>   | <b>275</b>         | <b>281</b>         | <b>188</b>         | <b>185</b>         |

## Notes to the Financial Statements

|   | Group            |                  | Parent Company   |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2016/17<br>DKK   | 2015/16<br>DKK   | 2016/17<br>DKK   | 2015/16<br>DKK   |
| <b>3 Financial income</b>                   |                  |                  |                  |                  |
| Interest received from group enterprises    | 0                | 0                | 202.056          | 420.885          |
| Other financial income                      | 2.163.067        | 394.959          | 2.151.712        | 348.790          |
| Exchange adjustments                        | 95.353           | 7.234            | 0                | 0                |
|   | <b>2.258.420</b> | <b>402.193</b>   | <b>2.353.768</b> | <b>769.675</b>   |
| <b>4 Financial expenses</b>                 |                  |                  |                  |                  |
| Interest paid to associates                 | 0                | 42.341           | 0                | 0                |
| Other financial expenses                    | 461.414          | 968.459          | 289.624          | 886.593          |
| Exchange loss                               | 139.227          | 1.501.262        | 121.204          | 1.436.955        |
|   | <b>600.641</b>   | <b>2.512.062</b> | <b>410.828</b>   | <b>2.323.548</b> |
| <b>5 Tax on profit/loss for the year</b>    |                  |                  |                  |                  |
| Current tax for the year                    | 2.284.725        | 2.010.818        | -164.277         | 0                |
| Deferred tax for the year                   | 5.500.444        | 6.133.730        | 5.500.444        | 6.284.165        |
| Withholding tax                             | 0                | 159.047          | 0                | 159.047          |
| Adjustment of tax concerning previous years | 31.909           | -647.768         | 0                | -607.567         |
| Dividend tax                                | 344.747          | 0                | 344.747          | 0                |
|   | <b>8.161.825</b> | <b>7.655.827</b> | <b>5.680.914</b> | <b>5.835.645</b> |

## Notes to the Financial Statements

### 6 Property, plant and equipment

#### Group

|   | Land and<br>buildings   | Other fixtures<br>and fittings,<br>tools and<br>equipment | Leasehold<br>improvements | Total                   |
|---|-------------------------|---|---------------------------|-------------------------|
|   | DKK                     | DKK   | DKK                       | DKK                     |
| Cost at 1 July  | 3.300.000               | 12.220.291  | 24.862.151                | 40.382.442              |
| Exchange adjustment                                       | 0                       | -50.296   | -25.416                   | -75.712                 |
| Additions for the year                                    | 1.101.124               | 1.255.307   | 562.215                   | 2.918.646               |
| Disposals for the year                                    | 0                       | -653.861  | 0                         | -653.861                |
| Cost at 30 June   | <u>4.401.124</u>        | <u>12.771.441</u>   | <u>25.398.950</u>         | <u>42.571.515</u>       |
| Impairment losses and depreciation at<br>1 July           | 158.125                 | 8.178.590   | 23.831.806                | 32.168.521              |
| Exchange adjustment                                       | 0                       | -37.531   | -25.416                   | -62.947                 |
| Depreciation for the year                                 | 49.251                  | 1.741.410   | 921.881                   | 2.712.542               |
| Reversal of impairment and<br>depreciation of sold assets | 0                       | -510.675  | 0                         | -510.675                |
| Impairment losses and depreciation at<br>30 June          | <u>207.376</u>          | <u>9.371.794</u>  | <u>24.728.271</u>         | <u>34.307.441</u>       |
| <b>Carrying amount at 30 June</b>                         | <b><u>4.193.748</u></b> | <b><u>3.399.647</u></b>                                   | <b><u>670.679</u></b>     | <b><u>8.264.074</u></b> |
| Depreciated over  | <u>10-80 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<br>buildings   | Other fixtures<br>and fittings,<br>tools and<br>equipment | Leasehold<br>improvements | Total                   |
|---|-------------------------|---|---------------------------|-------------------------|
|   | DKK                     | DKK   | DKK                       | DKK                     |
| Cost at 1 July  | 3.300.000               | 9.246.680   | 24.027.904                | 36.574.584              |
| Additions for the year                                    | 1.101.124               | 967.635   | 562.215                   | 2.630.974               |
| Disposals for the year                                    | 0                       | -322.169  | 0                         | -322.169                |
| Kostpris at 30 June                                       | <u>4.401.124</u>        | <u>9.892.146</u>  | <u>24.590.119</u>         | <u>38.883.389</u>       |
| Impairment losses and depreciation at<br>1 July           | 158.125                 | 6.021.155   | 22.997.559                | 29.176.839              |
| Depreciation for the year                                 | 49.251                  | 1.233.443   | 921.881                   | 2.204.575               |
| Reversal of impairment and<br>depreciation of sold assets | 0                       | -178.983  | 0                         | -178.983                |
| Impairment losses and depreciation at<br>30 June          | <u>207.376</u>          | <u>7.075.615</u>  | <u>23.919.440</u>         | <u>31.202.431</u>       |
| <b>Carrying amount at 30 June</b>                         | <b><u>4.193.748</u></b> | <b><u>2.816.531</u></b>                                   | <b><u>670.679</u></b>     | <b><u>7.680.958</u></b> |
| Depreciated over  | <u>10-80 years</u>      | <u>3-5 years</u>  | <u>10 years</u>           |                         |

## Notes to the Financial Statements

|   | <b>Parent Company</b>    |                          |
|---|--------------------------|--------------------------|
|   | 2016/17                  | 2015/16                  |
|   | DKK                      | DKK                      |
| <b>7 Investments in subsidiaries</b>  |                          |                          |
| Cost at 1 July  | 2.137.996                | 1.398.881                |
| Additions for the year  | 1.937.444                | 765.221                  |
| Disposals for the year  | 0                        | -26.106                  |
| Cost at 30 June   | <u>4.075.440</u>         | <u>2.137.996</u>         |
| Value adjustments at 1 July   | 19.775.455               | 16.405.000               |
| Disposals for the year  | 0                        | 26.106                   |
| Exchange adjustment   | -483.707                 | -387.400                 |
| Net profit/loss for the year  | 6.095.564                | 3.731.749                |
| Dividend to the Parent Company  | -10.971.095              | 0                        |
| Value adjustments at 30 June  | <u>14.416.217</u>        | <u>19.775.455</u>        |
| Equity investments with negative net asset value amortised over receivables | <u>268.013</u>           | <u>-404.221</u>          |
| <b>Carrying amount at 30 June</b>   | <b><u>18.759.670</u></b> | <b><u>21.509.230</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                        | 300.000 USD   | 100%                |
| Henning Larsen GmbH                               | Tyskland                   | 25.000 EUR    | 100%                |
| Henning Larsen Architects International ApS       | Danmark                    | 70.000 DKK    | 100%                |
| Henning Larsen Canada Inc                         | Canada                     | 10.000 CAD    | 100%                |

## Notes to the Financial Statements

|                                    | <b>Group</b>   |                | <b>Parent Company</b> |                |
|------------------------------------|----------------|----------------|-----------------------|----------------|
|                                    | <u>2016/17</u> | <u>2015/16</u> | <u>2016/17</u>        | <u>2015/16</u> |
|                                    | DKK            | DKK            | DKK                   | DKK            |
| <b>8 Investments in associates</b> |                |                |                       |                |
| 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        | 631.237        | 143.361        | 631.237               | 143.361        |
| Net profit/loss for the year       | 411.435        | 487.876        | 411.435               | 487.876        |
| Dividends received                 | -250.000       | 0              | -250.000              | 0              |
| Value adjustments at 30 June       | 792.672        | 631.237        | 792.672               | 631.237        |
| <b>Carrying amount at 30 June</b>  | <b>832.672</b> | <b>671.237</b> | <b>832.672</b>        | <b>671.237</b> |

Investments in associates are specified as follows:

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

### 9 Other fixed asset investments

|                                   | <b>Group</b>     | <b>Parent Company</b> |
|-----------------------------------|------------------|-----------------------|
|                                   | <u>Deposits</u>  | <u>Deposits</u>       |
|                                   | DKK              | DKK                   |
| Cost at 1 July                    | 1.649.441        | 520.742               |
| Exchange adjustment               | -32.515          | 0                     |
| Additions for the year            | 200.475          | 932                   |
| Disposals for the year            | -611.351         | 0                     |
| Cost at 30 June                   | 1.206.050        | 521.674               |
| <b>Carrying amount at 30 June</b> | <b>1.206.050</b> | <b>521.674</b>        |



## Notes to the Financial Statements

|  | Group              |                    | Parent Company     |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2016/17<br>DKK     | 2015/16<br>DKK     | 2016/17<br>DKK     | 2015/16<br>DKK     |
| <b>10 Contract work in progress</b>            |                    |                    |                    |                    |
| Selling price of work in progress              | 809.000.084        | 748.839.966        | 649.601.104        | 603.080.949        |
| Payments on account                            | -857.156.064       | -802.434.110       | -689.430.648       | -644.550.026       |
|  | <b>-48.155.980</b> | <b>-53.594.144</b> | <b>-39.829.544</b> | <b>-41.469.077</b> |
| Recognised in the balance sheet as follows:    |                    |                    |                    |                    |
| Contract work in progress recognised in assets | 9.255.812          | 22.374.654         | 4.520.065          | 18.922.164         |
| Contract work in progress recognised in debt   | -57.411.792        | -75.968.798        | -44.349.609        | -60.391.241        |
|  | <b>-48.155.980</b> | <b>-53.594.144</b> | <b>-39.829.544</b> | <b>-41.469.077</b> |

### 11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well etc.

### 12 Equity

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.

### 13 Distribution of profit

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Proposed dividend for the year                               | 18.000.000        | 16.000.000        | 18.000.000        | 16.000.000        |
| Reserve for net revaluation under the equity method          | 0                 | 0                 | -4.380.550        | 4.219.625         |
| Minority interests' share of net profit/loss of subsidiaries | 1.306.504         | 201.526           | 0                 | 0                 |
| Retained earnings  | 8.786.813         | 10.917.017        | 13.167.363        | 6.697.392         |
|  | <b>28.093.317</b> | <b>27.118.543</b> | <b>26.786.813</b> | <b>26.917.017</b> |

## Notes to the Financial Statements

|                                      | Group             |                   | Parent Company    |                   |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                      | 2016/17<br>DKK    | 2015/16<br>DKK    | 2016/17<br>DKK    | 2015/16<br>DKK    |
| <b>14 Provision for deferred tax</b> |                   |                   |                   |                   |
| Property, plant and equipment        | -492.000          | -358.504          | -492.000          | -358.504          |
| Contract work in progress            | 30.996.000        | 30.804.000        | 30.996.000        | 30.804.000        |
| Other provisions                     | -532.000          | -544.000          | -532.000          | -544.000          |
| Tax loss carry-forward               | -481.136          | -5.947.897        | -143.341          | -5.573.281        |
| Transferred to deferred tax asset    | 1.347.653         | 0                 | 0                 | 0                 |
|                                      | <b>30.838.517</b> | <b>23.953.599</b> | <b>29.828.659</b> | <b>24.328.215</b> |

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

### Deferred tax asset

|                        |                  |          |          |          |
|------------------------|------------------|----------|----------|----------|
| Calculated tax asset   | 1.347.653        | 0        | 0        | 0        |
| <b>Carrying amount</b> | <b>1.347.653</b> | <b>0</b> | <b>0</b> | <b>0</b> |

### 15 Other provisions

Other provisions concern excess on projects.

|                  |                  |                  |                  |                  |
|------------------|------------------|------------------|------------------|------------------|
| Other provisions | 3.599.540        | 3.720.778        | 2.417.040        | 2.474.483        |
|                  | <b>3.599.540</b> | <b>3.720.778</b> | <b>2.417.040</b> | <b>2.474.483</b> |

## Notes to the Financial Statements

|   | <b>Group</b>      |                   |
|---|-------------------|-------------------|
|   | 2016/17           | 2015/16           |
|   | DKK               | DKK               |
| <b>16 Cash flow statement - adjustments</b>   |                   |                   |
| Financial income  | -2.258.420        | -402.193          |
| Financial expenses  | 600.641           | 2.512.062         |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 2.712.543         | 2.736.973         |
| Income from investments in associates   | -411.435          | -487.876          |
| Tax on profit/loss for the year   | 8.161.825         | 7.655.827         |
| Exchange adjustments  | 1.322.914         | -388.665          |
|   | <b>10.128.068</b> | <b>11.626.128</b> |

### 17 Cash flow statement - change in working capital

|                               |                   |                  |
|-------------------------------|-------------------|------------------|
| Change in receivables         | 7.893.100         | 21.413.489       |
| Change in trade payables, etc | -16.982.428       | -12.833.033      |
|                               | <b>-9.089.328</b> | <b>8.580.456</b> |

|  | <b>Group</b>     |                  | <b>Parent Company</b> |                  |
|--|------------------|------------------|-----------------------|------------------|
|  | 2016/17          | 2015/16          | 2016/17               | 2015/16          |
|  | DKK              | DKK              | DKK                   | DKK              |
| <b>18 Contingent assets, liabilities and other financial obligations</b>           |                  |                  |                       |                  |
| <b>Charges and security</b>  |                  |                  |                       |                  |
| The following assets have been placed as security with mortgage credit institutes: |                  |                  |                       |                  |
| Land and buildings, carrying amount  | 3.113.125        | 3.141.875        | 3.113.125             | 3.141.875        |
| <b>Rental and lease obligations</b>  |                  |                  |                       |                  |
| Lease obligations under operating leases. Total future lease payments:             |                  |                  |                       |                  |
| Within 1 year  | 3.416.870        | 2.737.164        | 1.845.304             | 1.845.304        |
| Between 1 and 5 years  | 3.432.690        | 6.999.049        | 3.383.057             | 5.228.361        |
|  | <b>6.849.560</b> | <b>9.736.213</b> | <b>5.228.361</b>      | <b>7.073.665</b> |

# Notes to the Financial Statements

## 18 Contingent assets, liabilities and other financial obligations (continued)

### 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 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.

## 19 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

## 20 Accounting Policies

The Annual Report of Henning Larsen Architects A/S for 2016/17 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 2016/17 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

## 20 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. 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.

### 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

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

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 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.

# Notes to the Financial Statements

## 20 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

### 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 13,200 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.



# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### 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 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.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

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.

### **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.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

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

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.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### 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.

## 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 | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$      |