

Henning Larsen Architects A/S
Vesterbrogade 76 4., DK-1620 København V

Annual Report
July 1, 2017 – June 30, 2018

CVR nr: 18 94 08 84

Denne årsrapport blev forelagt
og godkendt ved selskabets
ordinære generalforsamling
d. 06. november 2018.

Dirigent
Monica Reib

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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 2017 - 30 June 2018.

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

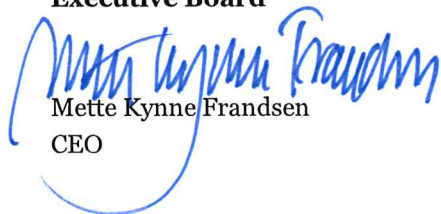
In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017/18.

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

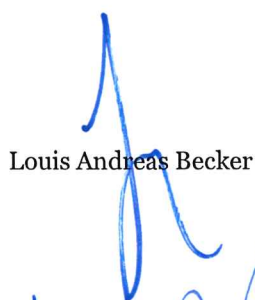
We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 29 October 2018

Executive Board

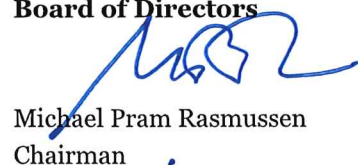


Mette Kynne Frandsen
CEO



Louis Andreas Becker

Board of Directors



Michael Pram Rasmussen
Chairman



Jacob Kurek Ingemann



Anne Hedensted Steffensen



Monica Reib



Helle Basse Larsen

Independent Auditor's Report

To the Shareholder of Henning Larsen Architects A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2018 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 2017 - 30 June 2018 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 2017 - 30 June 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Independent Auditor's Report

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

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Independent Auditor's Report

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

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

Hellerup, 29 October 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Jacob F Christiansen
State Authorized Public Accountant
mne18628



Rikke Lund-Kühl
State Authorized Public Accountant
mne33507

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
Jacob Kurek Ingemann
Anne Hedensted Steffensen
Monica Reib
Helle Basse Larsen

Executive Board

Mette Kynne Frandsen
Louis Andreas Becker

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	Group				
	2017/18	2016/17	2015/16	2014/15	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	279.375	268.455	282.204	319.901	196.626
Gross profit/loss	83.481	70.376	76.688	83.697	52.799
Operating profit/loss	38.738	34.119	36.380	43.643	20.531
Profit/loss before financial income and expenses	39.047	34.186	36.396	43.643	20.531
Net financials	-390	2.069	-1.622	1.175	-168
Net profit/loss for the year	30.131	28.093	27.119	34.556	15.218
Balance sheet					
Balance sheet total	239.049	238.164	237.612	233.254	121.560
Equity	85.221	73.382	61.725	55.270	28.825
Cash flows					
Cash flows from:					
- operating activities	27.553	26.997	33.307	51.150	22.998
- investing activities	-7.471	-16.339	-2.832	-2.737	-1.977
- financing activities	-18.000	-16.000	-20.000	-9.500	-19.000
Change in cash and cash equivalents for the year	2.081	-5.343	10.475	38.913	2.021
Number of employees	288	275	281	270	232
Ratios					
Gross margin	29,9%	26,2%	27,2%	26,2%	26,9%
Profit margin	14,0%	12,7%	12,9%	13,6%	10,4%
Return on assets	16,3%	14,4%	15,3%	18,7%	16,9%
Solvency ratio	35,7%	30,8%	26,0%	23,7%	23,7%
Return on equity	38,0%	41,6%	46,4%	82,2%	49,5%

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 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

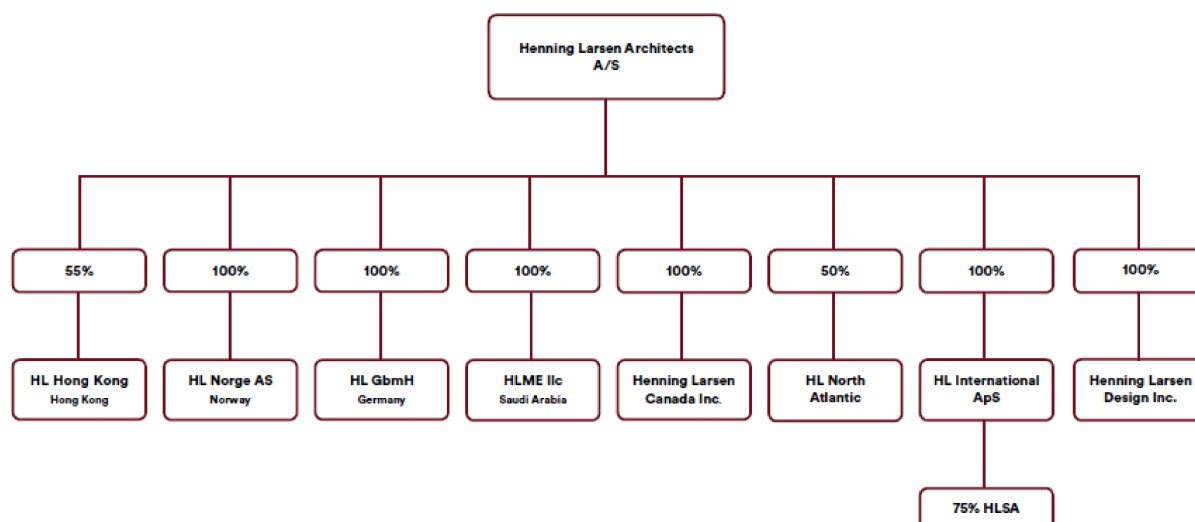
The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Principal activity

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

Corporate Structure

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



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, Werner Frosch and the associated partners 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.

Management's Review

Financial Year Developments

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

Gross revenue (revenue including fees for sub-contractors) stood at tDKK 279.375 (2016/17: tDKK 268.455).

The Group's own revenue stood at tDKK 227.746 (2016/17: tDKK 206.335), an increase of DKK 21,411 or 10.4 %.

Projects executed outside Denmark represented 87% of consolidated revenue compared with 81% in the previous financial year. The subsidiaries' revenues made up 32% of consolidated revenue constituting a 4 percentage point increase in comparison with is the previous year.

Gross earnings stood at tDKK 83.481, which was higher than in 2016/2017, where gross earnings stood at tDKK 70.376.

Earnings before tax for the year stood at tDKK 39.047 (2016/17: tDKK 36.255) and tDKK 30.131 after tax (2016/17: tDKK 28.093), which are considered satisfactory.

The Henning Larsen Architects Group employs 288 individuals (2016/17: 275), of which 183 are in Denmark (2016/17: 188).

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.

Management's Review

Uncertainties Relating to Recognition and Measurement

Work in progress

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

Receivables

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

Markets

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

Henning Larsen Group is present with offices in the Nordic Region, Central-Europe, the Middle East, the United States, and Asia in 2018.

Henning Larsen Group has considerably strengthened its market position in North America and Central Europe with several large new project (remain confidential). Our first completed project in North America will be University of Cincinnati opening 2019.

Activity in the Scandinavian home market cover key project like Tromsø Museum (NO), KAB HQ, PWC HQ (DK), Uppsala City Hall and Forum Medicum (SE). In the coming year, Henning Larsen will complete large-scale projects such as Alsik Hotel (DK), Jotun Research Centre (NO) and Kiruna City Hall (SE).

In the Asia-Pacific and Middle Eastern regions, Henning Larsen has several prestigious projects under construction, for instance: Hangzhou East Lake Opera (CH) and Queensland University of Technology (AU). This year, the French International School in Hong Kong received its first students and the Institute of Diplomatic Studies in Saudi Arabia opened its doors.

Management's Review

Intellectual Capital and Management Culture

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

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

One of our competitive parameters for continued internationalization is to be able to attract and retain qualified architects from other countries and cultures and to use this cultural versatility as key resource for solving projects in all markets. Henning Larsen Architects therefore currently counts 36 nationalities among its 288 employees.

Our ambition for the Group is to achieve equal gender distribution – it is currently 52% male and 48% female employees –and 55/45 for the parent company.

Business Areas

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

The global trend of urbanization creates a growing demand for solutions related to sustainable urban development. This year particularly has been impacted by the development of several projects within urban planning and transformation and has positioned Henning Larsen Architects globally within this area. The Group's ongoing activities include projects in growing metropolises like Toronto, Brussels, Belfast and Gdansk.

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

Management's Review

Research and Development Activities

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

This year, Middelfart Town Hall was given the sustainability rating DGNB Diamond, which is the highest rating within the DGNB-system. This is the first time a building in Denmark receives this rating, which is only given to buildings with extraordinary synergy between high architectural quality and innovative sustainable solutions.

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

Sustainability Engineering

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

Industrial PhD Projects

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

Collaborative Innovation Projects

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

Management's Review

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.

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

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

Future Outlook

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

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

Based on the current pipeline, the Group expects further international growth.

Based on investments made, we also foresee growth in North America, where there are good market conditions and a particular high demand for the Scandinavian design-approach, and for experienced architects with a long track record of successfully completed projects.

Income Statement 1 July - 30 June

	Note	Group		Parent Company	
		2017/18 DKK	2016/17 DKK	2017/18 DKK	2016/17 DKK
Revenue	1	279.375.091	268.454.560	226.286.401	217.813.762
Cost of sales	2	-195.893.710	-198.078.335	-164.429.084	-167.184.597
Gross profit/loss		83.481.381	70.376.225	61.857.317	50.629.165
Administrative expenses	2	-44.743.675	-36.257.184	-31.880.739	-26.949.129
Operating profit/loss		38.737.706	34.119.041	29.976.578	23.680.036
Other operating income		396.090	203.171	47.606	69.814
Other operating expenses		-87.110	-136.284	-87.110	-136.284
Profit/loss before financial income and expenses		39.046.686	34.185.928	29.937.074	23.613.566
Income from investments in subsidiaries		0	0	4.847.152	6.499.786
Income from investments in associates		82.062	411.435	82.062	411.435
Financial income	3	1.312.406	2.258.420	1.375.918	2.353.768
Financial expenses	4	-1.784.021	-600.641	-1.449.516	-410.828
Profit/loss before tax		38.657.133	36.255.142	34.792.690	32.467.727
Tax on profit/loss for the year	5	-8.526.377	-8.161.825	-6.783.786	-5.680.914
Net profit/loss for the year		30.130.756	28.093.317	28.008.904	26.786.813

Balance Sheet 30 June

Assets

	Note	Group		Parent Company	
		2017/18	2016/17	2017/18	2016/17
		DKK	DKK	DKK	DKK
Software		51.355	0	0	0
Intangible assets	6	51.355	0	0	0
Land and buildings		4.104.256	4.193.748	4.104.256	4.193.748
Other fixtures and fittings, tools and equipment		5.030.558	3.399.647	4.076.300	2.816.531
Leasehold improvements		4.833.047	670.679	2.490.799	670.679
Property, plant and equipment	7	13.967.861	8.264.074	10.671.355	7.680.958
Investments in subsidiaries	8	0	0	16.655.456	18.759.670
Investments in associates	9	664.733	832.672	664.733	832.672
Deposits	10	1.148.705	1.206.050	529.589	521.674
Fixed asset investments		1.813.438	2.038.722	17.849.778	20.114.016
Fixed assets		15.832.654	10.302.796	28.521.133	27.794.974
Trade receivables		74.413.853	92.674.792	44.569.011	65.048.630
Contract work in progress	11	24.268.576	9.255.812	23.332.712	4.520.065
Receivables from group enterprises		0	0	15.797.073	6.640.256
Receivables from associates		343.376	29.575	343.376	29.575
Other receivables		1.572.331	1.543.871	284.633	878.406
Deferred tax asset	15	2.087.977	1.347.653	0	0
Corporation tax		12.379.900	16.506.488	13.466.848	16.424.556
Prepayments	12	3.861.232	3.999.766	3.075.124	2.868.485
Receivables		118.927.245	125.357.957	100.868.777	96.409.973
Investments in securities		30.557.323	30.705.139	30.557.323	30.705.139
Cash at bank and in hand		73.731.742	71.798.290	58.665.786	53.046.585
Currents assets		223.216.310	227.861.386	190.091.886	180.161.697
Assets		239.048.964	238.164.182	218.613.019	207.956.671

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent Company	
		2017/18 DKK	2016/17 DKK	2017/18 DKK	2016/17 DKK
Share capital		500.000	500.000	500.000	500.000
Reserve for net revaluation under the equity method		0	0	12.736.558	15.208.889
Retained earnings		41.440.666	53.739.952	28.704.108	38.531.063
Proposed dividend for the year		40.000.000	18.000.000	40.000.000	18.000.000
Equity attributable to shareholders of the Parent Company		81.940.666	72.239.952	81.940.666	72.239.952
Minority interests		3.280.653	1.141.847	0	0
Equity	13	85.221.319	73.381.799	81.940.666	72.239.952
Provision for deferred tax	15	37.040.138	30.838.517	36.403.098	29.828.659
Other provisions	16	4.135.878	3.599.540	2.792.040	2.417.040
Provisions		41.176.016	34.438.057	39.195.138	32.245.699
Trade payables		30.109.948	29.443.727	23.831.091	20.611.876
Contract work in progress, liabilities	11	43.655.925	57.411.792	36.202.847	44.349.609
Payables to group enterprises		0	0	3.133.074	1.401.639
Corporation tax		0	3.103.926	0	0
Other payables		38.885.756	40.384.881	34.310.203	37.107.896
Short-term debt		112.651.629	130.344.326	97.477.215	103.471.020
Debt		112.651.629	130.344.326	97.477.215	103.471.020
Liabilities and equity		239.048.964	238.164.182	218.613.019	207.956.671
Distribution of profit	14				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Accounting Policies	21				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
2017/18							
Equity at 1 July	500.000	0	53.739.952	18.000.000	72.239.952	1.141.847	73.381.799
Exchange adjustments	0	0	-308.190	0	-308.190	16.954	-291.236
Ordinary dividend paid	0	0	0	-18.000.000	-18.000.000	0	-18.000.000
Net profit/loss for the year	0	0	-11.991.096	40.000.000	28.008.904	2.121.852	30.130.756
Equity at 30 June	500.000	0	41.440.666	40.000.000	81.940.666	3.280.653	85.221.319

Group

2016/17

Equity 1. juli	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
Equity at 30 June	500.000	0	53.739.952	18.000.000	72.239.952	1.141.847	73.381.799

Statement of Changes in Equity

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
2017/18							
Equity at 1 July	500.000	15.208.889	38.531.063	18.000.000	72.239.952	0	72.239.952
Exchange adjustments	0	-308.190	0	0	-308.190	0	-308.190
Ordinary dividend paid	0	0	0	-18.000.000	-18.000.000	0	-18.000.000
Dividend from group enterprises	0	-7.093.353	7.093.353	0	0	0	0
Net profit/loss for the year	0	4.929.212	-16.920.308	40.000.000	28.008.904	0	28.008.904
Equity at 30 June	500.000	12.736.558	28.704.108	40.000.000	81.940.666	0	81.940.666

Parent Company

2016/17

Equity 1. juli	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
Dividend from group enterprises	0	-11.221.095	11.221.095	0	0	0	0
Net profit/loss for the year	0	6.840.545	1.946.268	18.000.000	26.786.813	0	26.786.813
Equity at 30 June	500.000	15.208.889	38.531.063	18.000.000	72.239.952	0	72.239.952

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2017/18 DKK	2016/17 DKK
Net profit/loss for the year		30.130.756	28.093.317
Adjustments	17	9.962.859	5.686.650
Change in working capital	18	-11.007.985	-9.089.327
Cash flows from operating activities before financial income and expenses		29.085.630	24.690.640
Financial income		1.312.406	2.258.420
Financial expenses		-1.784.021	-600.640
Cash flows from ordinary activities		28.614.015	26.348.420
Corporation tax		-1.061.496	648.173
Cash flows from operating activities		27.552.519	26.996.593
Purchase of intangible assets		-77.019	0
Purchase of property, plant and equipment		-7.701.577	-2.918.645
Fixed asset investments made etc		-203.702	-200.474
Sale of fixed asset investments etc		0	200.000
Purchase of investments in securities		0	-19.221.805
Sale of financial assets		261.047	611.351
Sale of investments in securities		0	4.940.307
Dividends received from associates		250.000	250.000
Cash flows from investing activities		-7.471.251	-16.339.266
Dividend paid		-18.000.000	-16.000.000
Cash flows from financing activities		-18.000.000	-16.000.000
Change in cash and cash equivalents		2.081.268	-5.342.673
Cash and cash equivalents at 1 July		71.798.290	75.959.565
Exchange adjustment of current asset investments		-147.816	1.181.398
Cash and cash equivalents at 30 June		73.731.742	71.798.290
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		73.731.742	71.798.290
Cash and cash equivalents at 30 June		73.731.742	71.798.290

In addition to the above, Henning Larsen Architects A/S has a portfolio of listed securities at a total value of TDKK 30.557 (2016/17: TDKK 30.705). The Group considers the portfolio as part of the total capital resources.

Notes to the Financial Statements

	Group		Parent Company	
	2017/18 DKK	2016/17 DKK	2017/18 DKK	2016/17 DKK
1 Revenue				
Geographical segments				
Revenue, Denmark	36.883.623	51.513.161	54.598.243	69.372.200
Revenue, Other countries in Europe	169.695.724	121.276.314	133.716.478	92.652.044
Revenue, North America	19.011.692	26.448.474	11.993.417	24.872.555
Revenue, Other countries	53.784.052	69.216.611	25.978.263	30.916.963
	279.375.091	268.454.560	226.286.401	217.813.762
2 Staff				
Wages and Salaries	121.318.212	115.884.238	88.175.879	88.797.011
Pensions	7.426.623	7.025.300	6.556.128	6.570.102
Other social security expenses	3.624.514	3.371.407	391.397	745.797
Other staff expenses	777.319	2.194.253	0	0
	133.146.668	128.475.198	95.123.404	96.112.910
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	118.798.168	115.950.956	81.491.056	86.544.317
Administrative expenses	14.348.500	12.524.242	13.632.348	9.568.593
	133.146.668	128.475.198	95.123.404	96.112.910
Including remuneration to the Executive and Supervisory Boards of:				
Executive Board	7.266.772	6.809.435	3.393.491	3.243.391
Supervisory Board	658.000	683.000	658.000	683.000
	7.924.772	7.492.435	4.051.491	3.926.391
Average number of employees	288	275	183	188

Notes to the Financial Statements

	Group		Parent Company	
	2017/18 DKK	2016/17 DKK	2017/18 DKK	2016/17 DKK
3 Financial income				
Interest received from group enterprises	0	0	217.898	202.056
Other financial income	1.160.589	2.163.067	1.158.020	2.151.712
Exchange adjustments	151.817	95.353	0	0
	1.312.406	2.258.420	1.375.918	2.353.768
4 Financial expenses				
Other financial expenses	632.973	461.414	479.628	289.624
Exchange adjustments, expenses	1.151.048	139.227	969.888	121.204
	1.784.021	600.641	1.449.516	410.828
5 Tax on profit/loss for the year				
Current tax for the year	1.894.274	2.284.725	0	-164.277
Deferred tax for the year	6.542.565	5.500.444	6.574.439	5.500.444
Adjustment of tax concerning previous years	-119.809	31.909	0	0
Dividend tax	209.347	344.747	209.347	344.747
	8.526.377	8.161.825	6.783.786	5.680.914

Notes to the Financial Statements

6 Intangible assets

Group

	<u>Software</u> DKK
Cost at 1 July	0
Additions for the year	77.019
Transfers for the year	<u>38.802</u>
Cost at 30 June	<u>115.821</u>
Impairment losses and amortisation at 1 July	0
Amortisation for the year	31.760
Transfers for the year	<u>32.706</u>
Impairment losses and amortisation at 30 June	<u>64.466</u>
Carrying amount at 30 June	<u>51.355</u>
Amortised over	<u>3 years</u>

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 July	4.401.124	12.771.441	25.398.950	42.571.515
Exchange adjustment	0	-10.117	-17.372	-27.489
Additions for the year	0	3.449.337	4.252.240	7.701.577
Disposals for the year	0	-791.495	0	-791.495
Transfers for the year	0	-38.802	0	-38.802
Cost at 30 June	<u>4.401.124</u>	<u>15.380.364</u>	<u>29.633.818</u>	<u>49.415.306</u>
Impairment losses and depreciation at 1 July	207.376	9.371.794	24.728.271	34.307.441
Exchange adjustment	0	-7.739	-17.358	-25.097
Depreciation for the year	89.492	1.625.576	89.858	1.804.926
Reversal of impairment and depreciation of sold assets	0	-607.119	0	-607.119
Transfers for the year	0	-32.706	0	-32.706
Impairment losses and depreciation at 30 June	<u>296.868</u>	<u>10.349.806</u>	<u>24.800.771</u>	<u>35.447.445</u>
Carrying amount at 30 June	<u>4.104.256</u>	<u>5.030.558</u>	<u>4.833.047</u>	<u>13.967.861</u>
Depreciated over	<u>10-80 years</u>	<u>3-5 years</u>	<u>10 years</u>	

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Parent Company

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 July	4.401.124	9.892.146	24.590.119	38.883.389
Additions for the year	0	2.626.283	1.905.739	4.532.022
Disposals for the year	0	-82.901	0	-82.901
Cost at 30 June	<u>4.401.124</u>	<u>12.435.528</u>	<u>26.495.858</u>	<u>43.332.510</u>
Impairment losses and depreciation at 1 July	207.376	7.075.615	23.919.440	31.202.431
Depreciation for the year	89.492	1.302.036	85.619	1.477.147
Reversal of impairment and depreciation of sold assets	0	-18.423	0	-18.423
Impairment losses and depreciation at 30 June	<u>296.868</u>	<u>8.359.228</u>	<u>24.005.059</u>	<u>32.661.155</u>
Carrying amount at 30 June	<u>4.104.256</u>	<u>4.076.300</u>	<u>2.490.799</u>	<u>10.671.355</u>
Depreciated over	<u>10-80 years</u>	<u>3-5 years</u>	<u>10 years</u>	

Notes to the Financial Statements

	Parent Company	
	2017/18	2016/17
	DKK	DKK
8 Investments in subsidiaries		
Cost at 1 July	4.075.440	2.137.996
Additions for the year	350.000	1.937.444
Cost at 30 June	<u>4.425.440</u>	<u>4.075.440</u>
Value adjustments at 1 July	14.416.220	19.775.455
Exchange adjustment	-308.190	-483.707
Net profit/loss for the year	4.847.150	6.095.564
Dividend to the Parent Company	-6.843.353	-10.971.095
Value adjustments at 30 June	<u>12.111.827</u>	<u>14.416.217</u>
Equity investments with negative net asset value amortised over receivables	<u>118.189</u>	<u>268.013</u>
Carrying amount at 30 June	<u>16.655.456</u>	<u>18.759.670</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Henning Larsen Architects AS	Norway	30.000 NOK	100%
Henning Larsen Architects Hong Kong Ltd	China	10.000 HKD	55%
Henning Larsen Architects Istanbul Ltd	Turkey	100.000 TRY	100%
Henning Larsen Architects Middle East Company Ltd	Saudi-Arabia	500.000 SAR	100%
Henning Larsen Design Inc	USA	300.000 USD	100%
Henning Larsen GmbH	Germany	25.000 EUR	100%
Henning Larsen Architects International ApS	Denmark	70.000 DKK	100%
Henning Larsen Canada Inc	Canada	10.000 CAD	100%

Notes to the Financial Statements

	Group		Parent Company	
	2017/18	2016/17	2017/18	2016/17
	DKK	DKK	DKK	DKK
9 Investments in associates				
Cost at 1 July	40.000	40.000	40.000	40.000
Cost at 30 June	40.000	40.000	40.000	40.000
Value adjustments at 1 July	792.672	631.237	792.672	631.237
Net profit/loss for the year	82.061	411.435	82.061	411.435
Dividends received	-250.000	-250.000	-250.000	-250.000
Value adjustments at 30 June	624.733	792.672	624.733	792.672
Carrying amount at 30 June	664.733	832.672	664.733	832.672

Investments in associates are specified as follows:

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

10 Other fixed asset investments

	Group	Parent Company
	Deposits	Deposits
	DKK	DKK
Cost at 1 July	1.206.050	521.674
Exchange adjustment	-4.008	0
Additions for the year	203.702	7.915
Disposals for the year	-257.039	0
Cost at 30 June	1.148.705	529.589
Carrying amount at 30 June	1.148.705	529.589

Notes to the Financial Statements

	Group		Parent Company	
	2017/18 DKK	2016/17 DKK	2017/18 DKK	2016/17 DKK
11 Contract work in progress				
Selling price of work in progress	1.131.053.872	809.000.084	910.432.498	649.601.104
Payments on account	-1.150.441.221	-857.156.064	-923.302.633	-689.430.648
	-19.387.349	-48.155.980	-12.870.135	-39.829.544
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	24.268.576	9.255.812	23.332.712	4.520.065
Contract work in progress recognised in debt	-43.655.925	-57.411.792	-36.202.847	-44.349.609
	-19.387.349	-48.155.980	-12.870.135	-39.829.544

12 Prepayments

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

13 Equity

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

	Group		Parent Company	
	2017/18 DKK	2016/17 DKK	2017/18 DKK	2016/17 DKK
14 Distribution of profit				
Proposed dividend for the year	40.000.000	18.000.000	40.000.000	18.000.000
Reserve for net revaluation under the equity method	0	0	4.929.212	6.840.545
Minority interests' share of net profit/loss of subsidiaries	2.121.852	1.306.504	0	0
Retained earnings	-11.991.096	8.786.813	-16.920.308	1.946.268
	30.130.756	28.093.317	28.008.904	26.786.813

Notes to the Financial Statements

	Group		Parent Company	
	2017/18 DKK	2016/17 DKK	2017/18 DKK	2016/17 DKK
15 Provision for deferred tax				
Provision for deferred tax at 1 July	29.490.864	23.953.599	29.828.659	24.328.215
Amounts recognised in the income statement for the year	6.542.565	5.500.444	6.574.439	5.500.444
Adjustment of deferred tax concerning previous years	-1.081.268	36.821	0	0
Provision for deferred tax at 30 June	34.952.161	29.490.864	36.403.098	29.828.659

16 Other provisions

Other provisions concern excess on projects.

Other provisions	4.135.878	3.599.540	2.792.040	2.417.040
	4.135.878	3.599.540	2.792.040	2.417.040

	Group	
	2017/18 DKK	2016/17 DKK
17 Cash flow statement - adjustments		
Financial income	-1.312.406	-2.258.420
Financial expenses	1.784.021	600.641
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.836.686	2.712.543
Income from investments in associates	-82.062	-411.435
Tax on profit/loss for the year	8.526.377	8.161.825
Other adjustments	-789.757	-3.118.504
	9.962.859	5.686.650

Notes to the Financial Statements

	Group	
	2017/18	2016/17
	DKK	DKK
18 Cash flow statement - change in working capital		
Change in receivables	3.044.445	7.893.101
Change in other provisions	536.338	0
Change in trade payables, etc	-14.588.768	-16.982.428
	-11.007.985	-9.089.327

19 Contingent assets, liabilities and other financial obligations

Charges and security

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

	Group		Parent Company	
	2017/18	2016/17	2017/18	2016/17
	DKK	DKK	DKK	DKK
Land and buildings, carrying amount	2.084.375	3.113.125	2.084.375	3.113.125

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	3.090.487	3.416.870	1.584.575	1.845.304
Between 1 and 5 years	8.647.632	3.432.690	1.901.490	3.383.057
	11.738.119	6.849.560	3.486.065	5.228.361

Other contingent liabilities

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

Notes to the Financial Statements

19 Contingent assets, liabilities and other financial obligations (continued)

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

Total issued performance guarantees amounts to MDKK 18,9 (2016/17: 17,0).

20 Related parties

Ownership

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

HL Architects Holding ApS, Vesterbrogade 76, 1620 København V

Consolidated Financial Statements

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

Name	Place of registered office
HLT Partnere Holding ApS	Copenhagen

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

HLT Partnere Holding ApS, Vesterbrogade 76, 1620 København V

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Henning Larsen Architects A/S for 2017/18 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 2017/18 are presented in DKK.

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

Recognition and measurement

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

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

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

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

Basis of consolidation

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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

Minority interests

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

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

Translation policies

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

In the Financial Year the Group has changed its estimated allocations of the segmental reporting. The comparatives has been changed to give a fair presentation of the allocations between the geographical segments.

Notes to the Financial Statements

21 Accounting Policies (continued)

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 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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

Balance Sheet

Intangible assets

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

Property, plant and equipment

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

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

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

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 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 the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Contract work in progress

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

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

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

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

Prepayments

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

Current asset investments

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

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

Equity

Dividend

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

Provisions

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

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

Cash Flow Statement

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

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