Annual Report

01.10.2017 - 30.09.2018

AART/ archi tects

AART architects A/S
Mariane Thomsens Gade 1C, 9.
8000 Aarhus C
CVR. no. 25686705

The Annual General Meeting
adopted the annual report on 31.01.2019

Chairman of the General Meeting
Rune Haack Quist Hove

Contents

Entity details

Entity
AART ARCHITECTS A/S
Mariane Thomsens Gade 1 C, 9.
8000 Aarhus C

Central Business Registration No (CVR): 25686705
Registered in: Aarhus
Financial year: 01.10.2017 - 30.09.2018

Board of Directors
Lars Dige Knudsen, Chairman
Torben Skovbjerg Larsen
Anders Strange
Anders Tyrrestrup
Morten Nødgaard Albæk
Laura Vilsbæk Olesen

Executive Board
Torben Skovbjerg Larsen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of AART ARCHITECTS A/S for the financial year 01.10.2017 - 30.09.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2018 and of the results of its operations and cash flows for the financial year 01.10.2017 - 30.09.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 31.01.2019

Executive Board

Torben Skovbjerg Larsen
CEO

Board of Directors

Lars Dige Knudsen Chairman	Torben Skovbjerg Larsen	Anders Strange
Anders Tyrrestrup	Morten Nødgaard Albæk	Laura Vilsbæk Olesen

Independent auditor's report

To the shareholders of AART ARCHITECTS A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of AART ARCHITECTS A/S for the financial year 01.10.2017 - 30.09.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.10.2017 - 30.09.2018 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group’s and the Parent’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 consolidated financial statements and the parent 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 Parent’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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 31.01.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Klaus Tvede-Jensen
State Authorised Public Accountant
Identification No (MNE) mne23304

Lars Andersen
State Authorised Public Accountant
Identification No (MNE) mne34506

Management commentary

	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000
Financial highlights					
Key figures					
Revenue	147.179	105.544	83.911	64.164	55.841
Gross profit/loss	88.206	59.786	42.547	39.386	37.240
Operating profit/loss	10.449	7.563	2.945	4.143	3.191
Net financials	(302)	(460)	325	(128)	1.490
Profit/loss before tax	10.147	7.103	3.270	4.015	4.681
Profit/loss for the year	7.296	5.427	3.160	2.792	3.757
Total assets	84.266	62.476	50.392	42.478	30.683
Equity	20.074	14.767	11.450	10.416	10.324
Ratios					
Gross margin (%)	59,9	56,6	50,7	61,4	66,7
Net margin (%)	5,0	5,1	3,8	4,4	6,7
Return on equity (%)	41,9	41,4	28,9	26,9	36,4
Equity ratio (%)	23,8	23,6	22,7	24,5	33,6

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The financial year 2017/18 saw us complete our Scandinavian business strategy ‘Bedre Veje’ (in English ‘Better Roads’), with which we have established Scandinavia as our main market. We have thus established ourselves with offices in Aarhus, Copenhagen and Oslo, more than 1,000,000 square metres in project planning and a complete scale of architectural services, ranging from idea to realised construction. In other words, we have created a solid foundation for further growth.

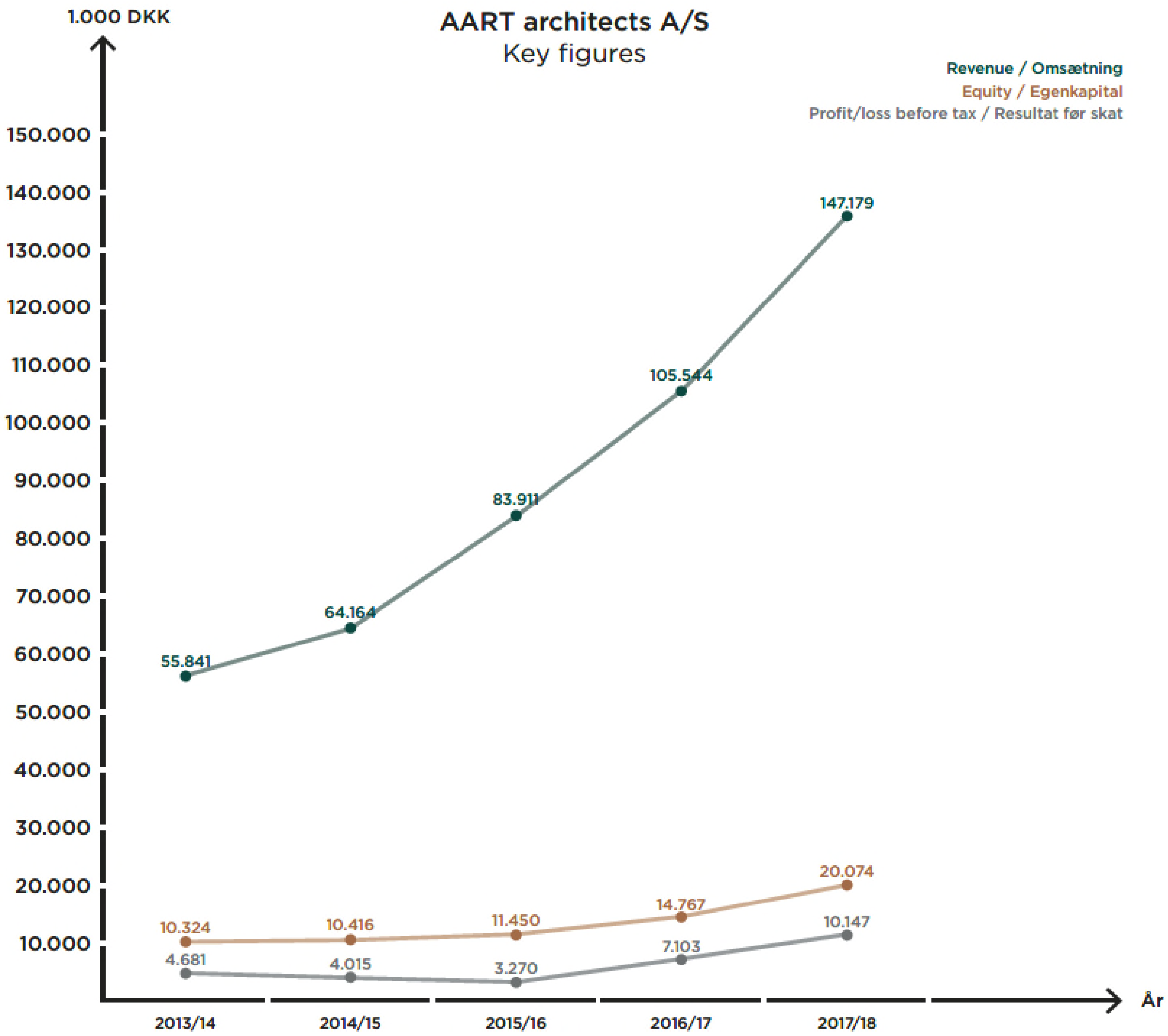
Our further growth will be underpinned by our new business strategy, ‘A World of Opportunities’, with which, over the coming four years, we will reach new and even more ambitious goals. With the strategy, we focus sharply on our mission to create opportunities, to document how those opportunities create added value for our clients and society in general, and, not least, to solidify our Scandinavian foothold and bring our architectural services further out into the world. At the same time, we will spread our services to include new business areas such as transformation, space planning and master planning.

Last, but not least, our further grow will be underpinned by our acquisition of SJ arkitekter in February 2018. SJ arkitekter is a skilled architecture firm with strong roots in Oslo and, with our acquisition of the firm, which today is a fully integrated part of the AART concern, we have solidified our Scandinavian foothold, just as we have strengthened our client relations to significant developers in the private property market of Oslo.

Development in activities and finances

Management considers our 2017/18 profit of DKK 10 million before tax out of a turnover of DKK 147 million to be satisfactory. The result is based on positive development and significant growth in revenue of almost 40 per cent with an increase in activity among both our private and our public–private clients. Our earnings have also increased, just as we have received several architectural awards, including the International Architecture Award, and nominations for entrepreneurship awards, including EY Entrepreneur of the Year. We have been nominated not only because of our positive financial results, but also because of our strategic aim of bringing architecture into play, not just as an art form, but as a catalyst for developing organisations and societies, too.

Management commentary



Outlook

Looking ahead, we are focused on executing our new business strategy, 'A World of Opportunities', through an ambitious growth process and with the aim of doubling our top line and lifting our bottom line to 10 per cent over the coming four years. In addition, we will work strategically to further develop our professional foothold in Scandinavia with the aim, over the coming four years, of stepping even more in character, so that we are experienced as Scandinavia's most sought-after architectural workplace and most significant advisor when it applies to documentation of architectural value creation. In other words, we believe strongly in the future – a belief that is strengthened by the current external situation in the market, where major engineering companies' acquisition of architectural companies has resulted in fewer comparable competitors in our waters. In line with our new business strategy, this gives us amazing opportunities.

Particular risks

As always, we are aware of trends and business cycles in the architectural industry – and in society as a whole – not least because we in Denmark are experiencing the start of a flattening of the market. Although this flattening has yet to make its mark on us, we relate to it strategically, so we minimise risks and keep our eyes out for new business opportunities in the market.

Management commentary

Intellectual capital resources

Our new business strategy, 'A World of Opportunities', will steer us towards creating opportunities and delivering documented added value to clients and society on a larger scale. The business strategy aims to position us as a thought leader in Scandinavia within the field of documentation of architectural value creation. To realise this aim, we have become the first architectural company in Scandinavia to establish a documentation team; we have hired a documentation manager and are thus well on the way to building unique intellectual resources, not only on the Scandinavian but also on the international level.

Research and development activities

To realise our business strategy, 'A World of Opportunities', and position ourselves as a thought leader in the field of documentation of architectural value creation, we have engaged in several R&D collaborations. In one such project, 'Sustainable Behaviour in the Housing of the Future', we are the main partner collaborating with Aarhus University, the Alexandra Institute, Velux, and Smith Innovation to develop a tool for integrating human behaviour as a parameter in the design of sustainable housing. In addition, we are establishing business PhD collaborations with Aalborg University with the aim of creating a solid theoretical foundation for our documentative approach to architecture. And finally, Torben Skovbjerg Larsen, partner and CEO of AART architects, has been appointed honorary professor at Aalborg University to build bridges between the university, the architectural industry and the construction sector.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Revenue		147.179	105.544
Other operating income		60	0
Other external expenses		(59.033)	(45.758)
Gross profit/loss		**88.206**	**59.786**
Staff costs	1	(75.452)	(51.424)
Depreciation, amortisation and impairment losses	2	(2.305)	(799)
Operating profit/loss		**10.449**	**7.563**
Other financial income		255	103
Other financial expenses		(557)	(563)
Profit/loss before tax		**10.147**	**7.103**
Tax on profit/loss for the year	3	(2.851)	(1.676)
Profit/loss for the year	4	**7.296**	**5.427**

Consolidated balance sheet at 30.09.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Goodwill		6.435	0
Intangible assets	5	**6.435**	**0**
Other fixtures and fittings, tools and equipment		3.184	2.091
Leasehold improvements		1.246	1.392
Property, plant and equipment	6	**4.430**	**3.483**
Other investments		1.687	1.600
Deposits		1.069	866
Fixed asset investments	7	**2.756**	**2.466**
Fixed assets		**13.621**	**5.949**
Trade receivables		41.880	29.990
Contract work in progress	8	18.386	18.584
Other receivables		1.626	267
Prepayments	9	2.996	1.870
Receivables		**64.888**	**50.711**
Cash		**5.757**	**5.816**
Current assets		**70.645**	**56.527**
Assets		**84.266**	**62.476**

Consolidated balance sheet at 30.09.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital		500	500
Share premium		0	5.867
Retained earnings		19.257	8.083
Proposed dividend		317	317
Equity		**20.074**	**14.767**
Deferred tax	10	8.934	6.590
Provisions		**8.934**	**6.590**
Bank loans		5.375	1.875
Finance lease liabilities		134	97
Non-current liabilities other than provisions	11	**5.509**	**1.972**
Current portion of long-term liabilities other than provisions	11	4.146	0
Bank loans		9.591	6.290
Contract work in progress	8	253	0
Trade payables		12.335	11.397
Income tax payable		1.530	3.408
Other payables		21.384	18.052
Deferred income		510	0
Current liabilities other than provisions		**49.749**	**39.147**
Liabilities other than provisions		**55.258**	**41.119**
Equity and liabilities		**84.266**	**62.476**
Unrecognised rental and lease commitments	13		
Assets charged and collateral	14		
Transactions with related parties	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2017/18

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	500	5.867	8.083	317
Transferred from share premium	0	0	5.867	0
Ordinary dividend paid	0	0	0	(317)
Extraordinary dividend paid	0	0	(1.500)	0
Exchange rate adjustments	0	0	(172)	0
Transfer for coverage of losses	0	(5.867)	0	0
Profit/loss for the year	0	0	6.979	317
Equity end of year	**500**	**0**	**19.257**	**317**

	Total DKK'000
Equity beginning of year	14.767
Transferred from share premium	5.867
Ordinary dividend paid	(317)
Extraordinary dividend paid	(1.500)
Exchange rate adjustments	(172)
Transfer for coverage of losses	(5.867)
Profit/loss for the year	7.296
Equity end of year	**20.074**

Consolidated cash flow statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Operating profit/loss		10.187	7.563
Amortisation, depreciation and impairment losses		2.305	799
Working capital changes	12	(8.883)	(501)
Cash flow from ordinary operating activities		**3.609**	**7.861**
Financial expenses paid		(388)	(497)
Income taxes refunded/(paid)		(2.557)	(329)
Cash flows from operating activities		**664**	**7.035**
Purchase of intangible assets		(7.425)	0
Acquisition etc of property, plant and equipment		(2.262)	(3.212)
Cash flows from investing activities		**(9.687)**	**(3.212)**
Loans raised		9.000	1.875
Repayments of loans etc		(1.400)	0
Incurrence of lease obligations		83	97
Dividend paid		(1.817)	(2.110)
Deposita		(203)	(94)
Cash flows from financing activities		**5.663**	**(232)**
Increase/decrease in cash and cash equivalents		**(3.360)**	**3.591**
Cash and cash equivalents beginning of year		(474)	(4.066)
Cash and cash equivalents end of year		**(3.834)**	**(475)**
Cash and cash equivalents at year-end are composed of:			
Cash		5.757	5.816
Short-term debt to banks		(9.591)	(6.291)
Cash and cash equivalents end of year		**(3.834)**	**(475)**

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
1. Staff costs		
Wages and salaries	67.970	43.866
Pension costs	3.866	4.319
Other social security costs	635	645
Other staff costs	2.981	2.594
	75.452	**51.424**
Average number of employees	**119**	**76**

	Remuneration of management 2017/18 DKK'000	Remuneration of management 2016/17 DKK'000
Total amount for management categories	1.363	914
	1.363	**914**

	2017/18 DKK'000	2016/17 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	990	0
Depreciation of property, plant and equipment	1.315	799
	2.305	**799**

	2017/18 DKK'000	2016/17 DKK'000
3. Tax on profit/loss for the year		
Current tax	1.239	1.676
Change in deferred tax	1.474	0
Adjustment concerning previous years	138	0
	2.851	**1.676**

	2017/18 DKK'000	2016/17 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	317	317
Extraordinary dividend distributed in the financial year	1.500	1.800
Retained earnings	5.479	3.310
	7.296	**5.427**

Notes to consolidated financial statements

	Goodwill DKK'000
5. Intangible assets	
Addition through business combinations etc	7.425
Cost end of year	**7.425**
Amortisation for the year	(990)
Amortisation and impairment losses end of year	**(990)**
Carrying amount end of year	**6.435**

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
6. Property, plant and equipment		
Cost beginning of year	5.482	1.575
Additions	2.262	0
Cost end of year	**7.744**	**1.575**
Depreciation and impairment losses beginning of year	(3.391)	(183)
Depreciation for the year	(1.169)	(146)
Depreciation and impairment losses end of year	**(4.560)**	**(329)**
Carrying amount end of year	**3.184**	**1.246**
Recognised assets not owned by entity	**195**	**-**

	Other investments DKK'000	Deposits DKK'000
7. Fixed asset investments		
Cost beginning of year	170	866
Additions	0	203
Cost end of year	**170**	**1.069**
Revaluations beginning of year	1.430	0
Revaluations for the year	87	0
Revaluations end of year	**1.517**	**0**
Carrying amount end of year	**1.687**	**1.069**

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
8. Contract work in progress		
Contract work in progress	273.737	250.454
Progress billings regarding contract work in progress	(255.351)	(231.870)
	18.386	**18.584**

9. Prepayments

Costs incurred relating to the subsequent financial year.

	2017/18 DKK'000	2016/17 DKK'000
10. Deferred tax		
Property, plant and equipment	49	69
Fixed asset investments	(84)	(51)
Receivables	(17.957)	(16.231)
Liabilities other than provisions	5	0
Tax losses carried forward	10.277	10.794
	(7.710)	**(5.419)**

Changes during the year	
Beginning of year	(6.590)
Recognised in the income statement	(2.286)
End of year	**(8.876)**

	Due within 12 months 2017/18 DKK'000	Due after more than 12 months 2017/18 DKK'000
11. Liabilities other than provisions		
Bank loans	4.100	5.375
Finance lease liabilities	46	134
	4.146	**5.509**

	2017/18 DKK'000	2016/17 DKK'000
12. Change in working capital		
Increase/decrease in receivables	(13.914)	(6.765)
Increase/decrease in trade payables etc	5.031	6.264
	(8.883)	**(501)**

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**12.221**	**6.462**

14. Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 5,000 k nominal (2017: 1,500 k)

The carrying amount of mortgaged properties is DKK 28,267 k (2017: 19,406 k)

The rent guarantee of a total of DKK 1,332k is secured on fixtures and operating equipment as well as customer claims of a nominal value of DKK 4,000k. The security is effective until the end of the lease term in 2022.

15. Transactions with related parties

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. Transactions between AART Architects A/S and related parties are on arm's length terms.

	Registered in	Corpo-rate form	Equity inte-rest %
16. Subsidiaries			
AART Architects AAR A/S	Aarhus	A/S	100,0
AART Architechts CPH A/S	Copenhagen	A/S	100,0
AART Architechts AB	Sweden	AB	100,0
AART Architechts AS	Norway	AS	100,0
AART/SJ Architechts AS	Norway	AS	100,0

Parent income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Other external expenses		(131)	(103)
Gross profit/loss		**(131)**	**(103)**
Staff costs	1	(351)	0
Operating profit/loss		**(482)**	**(103)**
Income from investments in group enterprises		8.037	5.671
Other financial expenses	2	(468)	(210)
Profit/loss before tax		**7.087**	**5.358**
Tax on profit/loss for the year	3	209	69
Profit/loss for the year	4	**7.296**	**5.427**

Parent balance sheet at 30.09.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Investments in group enterprises		38.742	20.591
Fixed asset investments	5	**38.742**	**20.591**
Fixed assets		**38.742**	**20.591**
Deferred tax		391	182
Prepayments	6	17	0
Receivables		**408**	**182**
Cash		**0**	**50**
Current assets		**408**	**232**
Assets		**39.150**	**20.823**

Parent balance sheet at 30.09.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital		500	500
Share premium		0	5.867
Reserve for net revaluation according to the equity method		18.931	12.609
Retained earnings		326	(4.526)
Proposed dividend		317	317
Equity		**20.074**	**14.767**
Bank loans		6.300	0
Non-current liabilities other than provisions	7	**6.300**	**0**
Current portion of long-term liabilities other than provisions	7	1.800	0
Bank loans		6.021	0
Trade payables		40	44
Payables to group enterprises		4.874	6.012
Other payables		41	0
Current liabilities other than provisions		**12.776**	**6.056**
Liabilities other than provisions		**19.076**	**6.056**
Equity and liabilities		**39.150**	**20.823**
Contingent liabilities	8		
Assets charged and collateral	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2017/18

	Contributed capital DKK'000	Share premium DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000
Equity beginning of year	500	5.867	12.609	(4.526)
Transferred from share premium	0	0	0	5.867
Ordinary dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	(1.500)
Exchange rate adjustments	0	0	0	(172)
Transfer for coverage of losses	0	(5.867)	0	0
Profit/loss for the year	0	0	6.322	657
Equity end of year	**500**	**0**	**18.931**	**326**

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	317	14.767
Transferred from share premium	0	5.867
Ordinary dividend paid	(317)	(317)
Extraordinary dividend paid	0	(1.500)
Exchange rate adjustments	0	(172)
Transfer for coverage of losses	0	(5.867)
Profit/loss for the year	317	7.296
Equity end of year	**317**	**20.074**

Notes to parent financial statements

	2017/18 DKK'000	2016/17 DKK'000
1. Staff costs		
Wages and salaries	351	0
	351	**0**
Average number of employees	**0**	**0**

	2017/18 DKK'000	2016/17 DKK'000
2. Other financial expenses		
Financial expenses from group enterprises	229	201
Other interest expenses	239	9
	468	**210**

	2017/18 DKK'000	2016/17 DKK'000
3. Tax on profit/loss for the year		
Change in deferred tax	(209)	(69)
	(209)	**(69)**

	2017/18 DKK'000	2016/17 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	317	317
Extraordinary dividend distributed in the financial year	1.500	1.800
Retained earnings	5.479	3.310
	7.296	**5.427**

Notes to parent financial statements

	Invest-ments in group enterprises DKK'000
5. Fixed asset investments	
Cost beginning of year	7.708
Addition through business combinations etc	12.103
Cost end of year	**19.811**
Revaluations beginning of year	12.883
Amortisation of goodwill	(990)
Share of profit/loss for the year	9.027
Dividend	(1.817)
Fair value adjustments	(172)
Revaluations end of year	**18.931**
Carrying amount end of year	**38.742**

The carrying amount of the group goodwill is DKK 6,435K.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6. Prepayments

Costs incurred relating to the subsequent financial year.

	Due within 12 months 2017/18 DKK'000	**Due after more than 12 months 2017/18 DKK'000**
7. Liabilities other than provisions		
Bank loans	1.800	6.300
	1.800	**6.300**

8. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement with AART Architects A/S serving as the administration company and therefore jointly and severally liable with its jointly taxed companies for the total income tax from the finansial year 2012 and from 1 July 2012 also for obligations, if any, to with-hold tax in interest, royalities and dividends for the jointly taxed companies. The total net liability to SKAT appears from the finansiel statements of AART Architects A/S.

Notes to parent financial statements

9. Assets charged and collateral

The Entity has guaranteed AART SJ Architects AS' debt to Sydbank. The maksimum limit of the guarantee is NOK 500K.

The Entity has granted a pro rata guarantee of payment as security for all debt between AART Architects A/S and ASTR Holding ApS, ATYR Holding ApS and TSLA Holding ApS.

10. Transactions with related parties

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. Transactions between AART Architects A/S and related parties are on arm's length terms.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Accounting policies

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investment property
On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by using the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties’ fair value are recognised in the income statement.

Investments in group enterprises
In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Accounting policies

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted investments measured at the lower of cost and net realisable value.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financecosts are recognised in the income statement as incurred.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Accounting policies

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable
Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, and purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.

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