Loxam A/S

Svejsegangen 5
2690 Karslunde

CVR no. 10 45 80 48

Annual report 2017

The annual report was presented and approved at the Company's annual general meeting

on 31 May 2018

Hanne Baunsgaard

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chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Loxam A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Karslunde, 31 May 2018
Executive Board:

Hanne Baunsgaard

Board of Directors:

Gérard Georges Deprez Chairman	Stéphane Jean Henon	Jean-Paul Dubois

Independent auditor's report

To the shareholders of Loxam A/S

Conclusion

We have audited the financial statements of Loxam A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standard 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 Company 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.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 company 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 internal control

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 in-adequate, 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 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.

Independent auditor's report

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Beck State Authorised Public Accountant mne32169	Joakim Juul Larsen State Authorised Public Accountant mne32803

Management's review

Company details

Loxam A/S
Svejsegangen 5
2690 Karlslunde

Telephone:	+45 46 15 56 00
Website:	www.loxam.dk
CVR no.:	10 45 80 48
Established:	1 October 1986
Registered office:	Greve
Financial year:	1 January – 31 December

Board of Directors

Gérard George Deprez, Chairman
Stéphane Jean Henon,
Jean-Paul Dubois

Executive Board

Hanne Baunsgaard

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Management's review

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Revenue	455,749	382,741	378,435	393,673	304,360
Operating profit	37,785	35,363	16,343	43,881	47,187
Loss from financial income and expenses	-12,734	-9,976	-15,379	-9,556	-1,987
Profit for the year	18,773	18,106	351	27,737	34,508
Fixed assets	540,082	298,408	284,876	309,239	261,655
Current assets	146,424	90,177	97,014	106,133	108,715
Total assets	686,506	388,585	381,890	415,372	370,370
Share capital	4,340	4,340	4,340	4,340	4,340
Equity	24,623	30,850	12,744	36,393	58,910
Provisions	23,114	15,017	11,403	9,498	7,026
Non-current liabilities other than provisions	114,872	98,292	25,979	76,949	137,250
Current liabilities other than provisions	523,897	244,426	331,764	292,532	167,184
Acquisition of property, plant and equipment	320,993	57,672	63,647	115,243	44,722
Gross margin	45%	49%	50%	51%	51%
Operating margin	8%	9%	4%	11%	16%
Current ratio	28%	37%	29%	36%	53%
Equity ratio	4%	8%	3%	8%	16%
Return on equity	68%	83%	2%	73%	96%
Average number of full-time employees	216	194	183	208	150

Management's review

Financial highlights

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Short-term debt}}$
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$

Management's review

Principal activities

The Company's main activity consists of rental of earthmoving and construction equipment, site and office huts, mobile huts, pavilions, lifts etc. From all its branches, the Company supplies earthmoving and construction equipment to the public sector, the industry sector and private customers. The Company operates from 29 branches around Denmark, has 293 employees and a product range of more than 17,000 items of equipment. Please also see the Company's website, www.loxam.dk.

Development in activities and financial position

Profit for the year

In September 2017, the Company acquired Cramo's rental business activities in Denmark.

The revenue for the year increased due to the acquisition. Combined with increased costs and depreciations, the profit before tax for 2017 amounted to DKK 25,051 thousand compared to a profit before tax of DKK 25,387 thousand in 2016. The realised profit is lower than last years expectations.

Investments

The investments in tangible fixed assets in 2017, including assets related to the Cramo rental business, amounted to DKK 320,993 thousand.

Future expectation

The Company expects the market conditions to remain challenging in 2018. The construction industry is gradually improving and major projects are seen in the market in combination with an increasing level of renovation projects leading to a positive outlook. Revenue and profit are expected to increase compared to 2017.

Valuation of shares in Safelift AS, Norway

The shares in the subsidiary are valued at cost. Management has prepared an impairment test at 31 December 2017 based on the discounted value of expected future cash flows in Safelift AS.

If the expected revenue growth in Safelift AS does not materialise, there is a risk that the investment in the subsidiary will be impaired.

It is Management's opinion that the recoverable amount of the shares in the subsidiary equals the current book value, and that the impairment test is based on reasonable assumptions.

Management's review

Statement on corporate social responsibility (CSR) in compliance with section 99 a

For our company, CSR is an essential part of what we care about and what we do. Loxam's development has always hinged on the requirement to meet the expectations of our stakeholders, and especially our customers. This commitment has resulted in us adopting the ISO 9001 quality standard, almost 20 years ago, which was later followed by the ISO 14001 environmental management standard, which aims to significantly curb our business' impact on the environment. Getting both certifications at European level is the result of a policy combining excellence, quality and respect for the environment, which the Group has been implementing for several years.

In 2015, the certifier SGS assessed our CSR policy, resulting in the Group attaining level three in the ISO 26000 standard. One of the most significant measures is the drawing up of a Code of Ethics. The Code of Ethics will be fully implemented and still be a focus area in 2018.

Our commitment to CSR is built on the three major pillars:

— Supporting the UN Global Compact and making progress every year on the application of its 10 universal principles by taking part in the Global Compact.

— Applying the Code of Ethics, which covers the ethical issues related to our business sectors.

— Developing a governance and CSR performance framework as part of the ISO 26000 standard by engaging all stakeholders.

To ensure continuous compliance with legislation, the Company's branches are updated on recent amendments to legislation. We implemented a so-called screening system called Enhesa in 2016.This screening shows areas requiring additional measures. Action plans are prepared for follow-up going forward.

Human rights

We are continuing our efforts to improve safety for both our employees and our customers. In this connection, we have drawn up specific safety rules. However, at the current stage, no official policy has been developed in regard to impact on human rights, but it is our priority to change this in the coming years.

Management's review

Climate and environment

Loxam Denmark has an ambition to live up to the applicable rules and regulations and support a sustainable development of society by seeking to minimise its environmental impact and offer environmentally friendly products and solutions to its clients. Loxam Denmark is also a Climate Partner with DONG Energy, which means that Loxam will set targets for climate action, realise energy savings and support the production of renewable energy. Since 2016, DONG Energy contributed to the conduct of our energy audit and to further strengthen our efforts to reduce our climate impact.

Loxam Denmark monitors its energy consumption. If the consumption exceeds the recommended level, the local branch manager develops an action plan. The Company also practices waste separation in order to minimize its environmental impact from waste disposal. Action plans are implemented to ensure that all waste is sorted by nature so that all waste can be recycled. Waste per branch is registered via the taker in an environmental report to the local authorities, divided by volume and amount.

Moreover, Loxam is subject to Executive Order 1212 of 19.11.2014 requiring an examination on the energy consumption audit of production managers (these have been conducted so that the consumption is divided by nature). In accordance with the guidelines of the Executive Order, potential savings are calculated. These has to be presented to the Board of Directors for approval of measures. The report was received recently, and the results will form the basis for action plans for 2018.

Gender distribution in Management in compliance with section 99 b

The Board of Loxam Denmark has three representatives who have been chosen in relation to their experience within the rental industry, and they are senior managers of the Loxam Group.

Regarding the Senior Management Team of Loxam Denmark, Mrs. Hanne Baunsgaard is the CEO of Loxam Denmark and heads the senior management team. The senior management team of seven persons, all of which have been chosen with due respect to their professional experience, consists in 2017 of two women.

Loxam Denmark has acknowledged the changes in the Danish Financial Statements Acts regarding an equal distribution of gender among Board members and senior management. This will be considered, aside from the professional experience, when a position becomes available, with the aim to increase the female representation to an equal distribution. 'Currently we have 3 members, as part of our Board of Directors, which are all males. Therefore, we have set a target of 1 female to be hired in the Board of Directors by 2022.

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Income statement

DKK'000	Note	2017	2016
Revenue		455,749	382,741
Direct costs		-114,606	-77,555
Other external costs		-134,469	-119,157
Gross profit		206,674	186,029
Staff costs	2	-119,708	-101,652
Amortisation and depreciation	3,4	-76,808	-62,946
Other operating income		28,169	14,161
Other operating costs		-541	-229
Operating profit		37,785	35,363
Financial income	5	107	352
Financial expenses	6	-12,841	-10,328
Profit before tax		25,051	25,387
Tax on profit for the year	7	-6,278	-7,281
Profit for the year	8	18,773	18,106

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	3	10,531	11,189
		10,531	11,189
Property, plant and equipment	4		
Land and buildings		20,163	11,480
Rental equipment		440,761	220,996
Fixtures and fittings, tools and equipment		19,332	8,021
		480,256	240,497
Investments			
Deposits	9	12,555	9,982
Equity investments in subsidiaries	10	36,740	36,740
		49,295	46,722
Total fixed assets		540,082	298,408
Current assets			
Inventories			
Spare parts and fuel		2,097	1,086
		2,097	1,086
Receivables			
Trade receivables		132,274	78,287
Group receivables		0	36
Other receivables		6,318	289
Prepayments	11	4,953	3,494
		143,545	82,106
Cash at bank and in hand		783	6,985
Total current assets		146,424	90,177
TOTAL ASSETS		686,506	388,585

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital	12	4,340	4,340
Proposed dividend		18,625	25,000
Retained earnings		1,658	1,510
Total equity		24,623	30,850
Provisions			
Deferred tax	13	21,295	15,017
Other provisions	14	1,819	0
Total provisions		23,114	15,017
Liabilities other than provisions			
Non-current liabilities other than provisions			
Credit institutions	15	54,139	74,514
Lease obligation	15	60,733	23,778
		114,872	98,292
Current liabilities other than provisions			
Credit institutions	15	20,375	20,375
Loan from parent company		383,897	163,455
Loan from affiliated companies	15	4,798	16,500
Lease obligation	15	12,905	7,663
Trade payables		67,859	12,495
Other payables		31,997	23,801
Prepayments		2,066	137
		523,897	244,426
Total liabilities other than provisions		638,769	342,718
TOTAL EQUITY AND LIABILITIES		686,506	388,585
Contractual obligations, contingencies, etc.	16		
Related party disclosures	17		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2016	4,340	8,404	0	12,744
Transferred over the profit appropriation	0	-6,894	25,000	18,106
Equity at 31 December 2016	4,340	1,510	25,000	30,850
Equity at 1 January 2017	4,340	1,510	25,000	30,850
Paid dividend	0	0	-25,000	-25,000
Transferred over the profit appropriation	0	148	18,625	18,773
Equity at 31 December 2017	4,340	1,658	18,625	24,623

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Loxam A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The depreciation period for part of the rental equipment has been extended from 10 to 15 years and other parts from 7 to 10 years, as management has reassessed the useful life of rental equipment.

The effect from the change of the accounting estimate is a reduction in the amounts of depreciations and result before tax with DKK 4.7 million.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Loxam A/S and group entities are included in the consolidated financial statements of Loxam S.A.S.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising

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Notes

1 **Accounting policies (continued)**

between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from equipment rental is recognised in the income statement in accordance with the completed-contract method. Cut-off is made for pre-invoicing. Revenue is calculated excluding VAT and other duties.

All discounts granted are recognised as a deduction of revenue.

Direct costs

Direct costs include costs, which are directly related to the activity such as purchases of products for sale, rehired equipment and transport costs.

Other external costs

Other external costs comprise costs relating to sales, marketing, administration, office premises, loss on debtors, operating leases, etc.

Staff costs

Employee costs include wages, salaries, remuneration, pensions and other employee costs paid to the Company's employees.

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Notes

1 Accounting policies (continued)

Amortisation and depreciation

Amortisation and depreciation include amortisation of intangible assets and depreciation of property, plant and equipment and impairment write-downs of these assets.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 20 years.

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Notes

1 Accounting policies (continued)

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Land and buildings	25 years
Rental equipment	3-15 years
Fixtures and fittings, tools and equipment	2-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Inventories

Inventories are measured at cost in accordance with the weighted average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of expected cash flows.

Financial statements 1 January – 31 December

1 Accounting policies (continued)

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

The Company is jointly taxed with Loxam Denmark Holding A/S.

Current joint taxation contribution payable is recognised in the balance sheet as tax computed on the taxable income for the year adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Provisions

Provisions comprise anticipated costs for refurbishment of leaseholds. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

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

Prepayments

Deferred income comprises payments received regarding income in subsequent years.

Segment information

No information about segments is shown as the Company has only rental activities in Denmark.

Financial statements 1 January – 31 December

Notes

	DKK'000	2017	2016
2	**Staff costs**		
	Wages and salaries	109,086	92,373
	Pensions	8,543	7,353
	Other social security costs	1,658	1,669
	Other employee costs	421	257
		119,708	101,652
	Average number of full-time employees	216	194

3	**Goodwill**	
	DKK	2017
	Cost at 1 January 2017	13,164
	Cost at 31 December 2017	13,164
	Depreciation and impairment losses at 1 January 2017	1,975
	Amortisation	658
	Depreciation and impairment losses at 31 December 2017	2,633
	Carrying amount at 31 December 2017	10,531
	Amortised over	20 years

Financial statements 1 January – 31 December

Notes

4 Property, plant and equipment

DKK'000	Land and buildings	Rental equipment	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2017	17,015	932,179	64,598	1,013,792
Transfers	342	-535	193	0
Additions	10,332	294,149	16,512	320,993
Disposals	0	-131,810	-9,897	-141,707
Cost at 31 December 2017	27,689	1,093,983	71,406	1,193,078
Depreciation and impairment losses at 1 January 2017	5,535	711,183	56,577	773,295
Transfers	187	-498	311	0
Depreciation	1,804	69,631	4,715	76,150
Disposals	0	-127,094	-9,529	-136,623
Depreciation and impairment losses at 31 December 2017	7,526	653,222	52,074	712,822
Carrying amount at 31 December 2017	20,163	440,761	19,332	480,256
Depreciated over	25 years	3-15 years	2-10 years	

Rental equipment includes financially leased assets of DKK 74.4 million (2016: DKK 30.2 million)

DKK'000	2017	2016
5 Financial income		
Interest income from subsidiaries	0	198
Other interest income	107	154
	107	352
6 Financial expenses		
Interest expense to affiliated companies	8,544	7,734
Other financial expenses	4,297	2,594
	12,841	10,328

Financial statements 1 January – 31 December

Notes

	DKK'000	2017	2016
7	**Tax on profit for the year**		
	Joint taxation contribution for the year	0	2,166
	Adjustment of deferred tax	6,278	3,614
	Adjustment prior years	0	1,501
		6,278	7,281
8	**Proposed profit appropriation**		
	Proposed dividends for the financial year	18,625	25,000
	Retained earnings	148	-6,894
		18,773	18,106
9	**Deposits**		
	Cost at 1 January	9,982	9,541
	Additions	2,573	441
		12,555	9,982

	DKK'000	2017
10	**Equity investments in subsidiaries**	
	Cost at 1 January	38,311
	Cost at 31 December	38,311
	Impairment write-down 1 January	1,571
	Impairment write-down 31 December	1,571
		36,740

Subsidiary	Ownership interest	Equity	Profit
		DKK'000	DKK'000
Loxam AS, Oslo	100%	-8,038	-10,552

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	DKK'000	2017	2016
11	**Prepayments**		
	Insurance premiums	1,874	1,755
	Other prepaid expenses	3,079	1,739
		4,953	3,494

12 Share capital

The share capital comprises 4,340,170 shares of DKK 1 each. All shares rank equally.

	DKK'000	2017	2016
13	**Deferred tax**		
	Deferred tax at 1 January	15,017	11,403
	Adjustment of deferred tax	6,278	3,614
		21,295	15,017
	Deferred tax relates to:		
	Property, plant and equipment	45,588	21,963
	Liabilities other than provisions	-16,376	-6,946
	Tax losses carried forward	-7,917	0
		21,295	15,017

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DKK'000	2017	2016

14 Other provisions

Other provisions at 1 January	0	0
Addition for the year	1,819	0
Other provisions at 31 December	1,819	0

Other provisions comprise expected costs for refurbishment of leaseholds upon exit of lease contracts. The provisions is not expected to be utilised within the next 5 years.

15 Liabilities other than provisions

Lease obligation falls due as follows:		
0-1 year	12,905	7,663
1-5 years	58,096	23,778
After 5 years	2,682	0
	73,683	31,441

Credit institutions falls due as follows:		
Loans are due as follows:		
0-1 year	20,375	20,375
1-5 years	71,832	71,504
After 5 years	2,682	3,010
	74,514	94,889

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16 Contractual obligations, contingencies, etc.

Contractual obligations

Lease obligations (operating leases) falling due until the end of contracts total DKK 14,424 thousand (2016: DKK 11,848 thousand).

Obligations on rent falling due until the end of contracts totalling DKK 54,445 thousand (2016: DKK 55,876 thousand)

Contingent liabilities

The Company is jointly taxed with Loxam Denmark Holding A/S. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes. At 31 December 2017, the net taxes payable to the Danish tax authorities subsequent corrections of the taxable income subject to joint taxation may entail that the companies' liability will increase. The Group as a whole is not liable to others.

Loxam A/S is part in tax litigations which may result in increased tax expenses for 2017 and prior years.

According to loan agreement the Company has restricted access to repay group internal loans, provide security in its assets as well as sell, lease or otherwise dispose of assets including property, plant and equipment, inventory and shares in subsidiaries. The loan amounts to DKK 70 million (2016: DKK 90 million).

17 Related party disclosures

Parties exercising control

— Loxam Denmark Holding A/S

The Company's annual report is included in the consolidated financial statements of the ultimate owner Loxam S.A.S, France. The Group's annual report is filed with this annual report.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.