Krone ScanBalt A/S

Kilen 5, Bovmark, 6330 Padborg

CVR no. 20 00 32 86

Annual report 2018/19
for the year ended 31 July 2019

Approved at the Company's annual general meeting on 30 October 2019

Chairman:

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Building a better
working world

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Krone ScanBalt A/S for the financial year 1 August 2018 - 31 July 2019.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 July 2019 and of the results of the Group's and the Company's operations and the consolidated cash flows for the financial year 1 August 2018 - 31 July 2019.

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

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

Padborg, 11 October 2019
Executive Board:

Jan Theodor Knudsen	Ole Randum Nielsen

Board of Directors:

Aloysius Schnelte	Frank Albers	Johannes Hennewig

Independent auditors' report

To the shareholders of Krone ScanBalt A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Krone ScanBalt A/S for the financial year 1 August 2018 - 31 July 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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 31 July 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 August 2018 - 31 July 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for 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 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 the financial statements.

Independent auditors' report

As part of an audit conducted in accordance with ISAs and 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 Group's and the Parent 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 Group's and the Parent 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

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.

Independent auditors' report

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 11 October 2019
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised
Public Accountant
mne28657

Management's review

Company details

Name	Krone ScanBalt A/S
Address	Kilen 5
zip code, city	DK 6330 Padborg
CVR no.	20 00 32 86
Established	1 April 1997
Registered office	Aabenraa
Financial year	1 August- 31 July
Board of Directors	Aloysius Schnelte, Chairman Frank Albers Johannes Hennewig
Executive Board	Jan Theodor Knudsen Ole Randum Nielsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16 6200 Aabenraa

Management's review

Financial highlights for the Group

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Key figures					
Revenue	620,846	732,794	664,628	664,563	565,742
Operating profit/loss	24,050	32,520	20,513	3,308	-9,298
Profit/loss from financial income and expense	2,402	-4,279	-503	-8,384	-20,650
Profit/loss for the year	**21,768**	**25,296**	**16,900**	**-4,121**	**-28,288**
Non-current assets	269,180	248,868	187,606	163,179	139,803
Current assets	283,526	273,940	246,302	231,264	294,051
Total assets	**552,706**	**522,808**	**433,908**	**394,443**	**433,854**
Portion relating to investments in items of property, plant and equipment	102,339	104,501	47,144	68,870	49,814
Total equity	**125,810**	**102,603**	**77,437**	**59,919**	**67,251**
Provisions	1,785	378	1,103	4,201	4,330
Non-current liabilities other than provisions	57,500	45,699	35,315	43,801	36,130
Current liabilities other than provisions	367,611	374,128	320,053	286,522	326,143
Financial ratios					
Operation margin	3.9%	4.4%	3.1%	0.5%	-1.6%
Return on invested capital	4.4%	6.2%	4.7%	0.8%	-2.1%
Equity ratio	22.8%	19.6%	17.9%	15.2%	15.5%
Return on equity	19.1%	28.1%	24.6%	-6.5%	-36.2%
Average number of full-time employees	**84**	**75**	**73**	**72**	**69**

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society´s guidelines.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operation margin $$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$$

Return on invested capital $$\frac{\text{Operating profit x 100}}{\text{Total assets}}$$

Equity ratio $$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss for the year excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$$

Management's review

Operating review

Principal activities

As in previous years, the Group has engaged in the acquisition, sale and lease of transportation equipment and related activities, mainly new trailers, used trailers and spare parts etc.

The parent company holds investments in companies abroad with the same principal activities.

Uncertainties upon measurement and recognition

The measurement and recognition of certain assets and liabilities is subject to assessments, estimates and assumptions of future events. The most significant uncertainties as to the financial reporting are stated in note 20, to which we refer

Development in activities and financial position

The 2018/19 financial statements shows a profit of DKK 21,768 thousand. The profit is in line with expectations and considered satisfactory.

Capital resources

The Group's equity totalled DKK 125,810 thousand at 31 July 2019, corresponding to a solvency ratio of 22.8%.

The Group is primarily financed by its parent company, and the Group's cash at bank and in hand totalled DKK 8,397 thousand at 31 July 2019.

Capital resources are assessed to be adequate for activities budgeted for 2019/20.

Outlook

Management is of the opinion that activities and earnings for the 2019/20 financial year will be on the same level than financial year 2018/19.

Post balance sheet events

No events have occurred after the balance sheet date affecting considerably the financial position of the Group.

Risks

Currency risks

The Group is exposed to currency risks due to its international activities and due to the parent company´s investments and balances with subsidiaries abroad. The Group does not make use of any hedging instruments to hedge such risks but follows the development on the foreign exchange market on a regular basis.

Management's review

Operating review

Price risks

The Group is exposed to price risks as to their inventory of trailers and other equipment. Price risks on used trailers on stock have affected results in the financial year 2018/19 due to write down of trailers not sold.

Debtor risks

It is common Group policy to hand out trailers to customers abroad once payment has taken place. Thereby, bad debt losses are reduced to an acceptable level.

Interest risk

A considerable part of the Group's financing carry variable interest. The Group has not made use of any hedging instruments to hedge such interest risks. Changes in interest may therefore have an impact on the Group's earnings, however the impact is not considered material.

Intellectual capital etc.

The employees are considered to possess solid market knowledge and professional qualifications within the individual fields of activity.

The Group does not carry out research and development activities.

Environmental issues

The Group's primary activities only have a limited impact on the environment. The sale of used transportation equipment, and thereby recycling, is in many ways environmentally sound.

Corporate social responsibility

Business Model

Krone ScanBalt A/S (hereafter Krone Group or the Group), is an innovative Group, that through professional and engaged employees wants to be one of the leading providers of transport equipment. The Group's objective is always to provide qualitative, competent and customized trailer solutions and services. In order to obtain this objective, Krone Group is developing efficient and safe transport equipment to provide for the customers, including logistics companies, truck operators and chauffeurs.

This value proposition is obtained through, among other things, reutilization and sale of used trailers, sale and production of new trailers, as well as leasing of trailers and other trailer solutions.

The prerequisites for the Krone Group's success is directly tied to its ability to be an attractive and professional work place, characterized by high quality service, knowledge, engagement and volition. Consequently, the Group recognize its employees as being one of the most important resources and therefore continually work on ensuring a good workplace with a high professional level. In relation to the Krone Group's business activities within the industry of transport and trade, it is recognized that there is also an impact on the climate that can be negatively affected through administration and production facilities. Krone Group works diligently to continuously improve, optimize and future-proof transport equipment, both in relation to customer's current and future needs as well as digital demands, but always with environmental issues in mind. Environmental issues are thus always prioritized when products are developed. The Group have a certified environmental management system for the areas development, production and distribution of commercial vehicles. The Group is always considerate towards reducing its emissions, noises and smells as well as minimizing waste and wastewater.

Management's review

Labor conditions

Policy: Krone Group's efforts to increase well-being and job satisfaction on the workplace must bear fruit - The Group aspires to be the industry's best workplace that attracts and retains the best employees. The

objective is to ensure a good and safe work environment for the employees and ensure development opportunities.

Risks, actions and results: It is increasingly harder to attract qualified labor to the region in Padborg. Furthermore, there is increasingly stricter demands and expectations that talented employees continues to improve their competencies. As a result, the Krone Group experiences increasing demands and expectations from employees for opportunities to educate and improve themselves. The economic prosperity and the resulting faster pace in the job market demands still more and more from the employees. Therefore, there is a risk for burnout and stress as well as risk of physical injuries because of sedentary or physically arduous work. In the wake of this societal development, the material risks are assessed to be failure to thrive and a lack of focus on well-being and qualified employees. The Krone Group therefore work continuously on improving working conditions so all employees thrive in a safe work environment.

In 2018/19, Krone Group focused on the individual employees' well-being and job satisfaction. It was, among other things, made sure that the employees have had access to career- and job development opportunities, in which they participated in local career networks like Padborg Transportcenter in 2018. There have also been conducted MUS-interviews to gauge the employees' well-being and aspirations. Krone Group has also arranged seminar days for all employees with the goal of enhancing the employees' competencies. Furthermore, Krone Group focused on creating a safe environment by, among other things, conducting an APV as well as enacting an employee manual that highlights stress-, harassment-, and senior policies. Taken altogether, these initiatives has resulted in fewer conflicts in 2018/19, problems with harassment has been solved and in general Krone Group has achieved a better feeling of unity which is reflected in the employees' increasing seniority.

The workplace's physical conditions for the employees' have also been high on the priority list and it is therefore Krone Group's aspirations to provide a healthy and safe working environment. In 2018/19, there was a focus on ergonomics and physical well-being, in which height adjustable tables were implemented so all employees have access to an ergonomically work position. Krone Group also continually provide massage opportunities and access to fitness centers for all employees, to provide a foundation for an active and comfortable career. Krone Group have also provided courses on first aid and performed inspections and securing on warehouse conditions as well as verifying truck certificates and driver license. Together, these initiatives has contributed to a safe workplace and has reduced the number of accidents and sick leaves.

Environment and Climate

Policy: At Krone Group the objective is to be conscious about the resource use and thus sorts packaging and waste to reduce the negative impact on the environment. Likewise, the objective is to be conscious about the use of energy and through this reduce the negative impact on the climate.

Risks, actions and results: Krone Group has assessed that the material risk of negatively affecting the environment is in relation to management of waste and packaging. Therefore, Krone Group has continued its work in 2018/19 and sorted paper and carton waste as well as reduction of food waste. The committed work resulted in that Krone Group participated in "Hold Byen ren" campaign and implemented a new software program that are aimed at minimizing printing of paper.

Concerning the climate, it has been assessed that there is a material risk of excessive use of energy in administration and production facilities. Therefore, Krone Group continued in 2018/19 to focus on energy optimized construction and low energy lighting. As a result, all light sources, both inside and outside, have been replaced with LED-light. Furthermore, Krone Group completed the planning of a new construction and how the Group should take the environment and climate into consideration. Krone Group has in 2018/19 installed new ventilation systems with heat recovery. In addition, a Telematic-system that can minimize wasted space in trailers has been implemented.

Management's review

Human Rights

Policy: Krone Group supports and respects internationally recognized human rights conventions like UN's Declaration of Human Rights and the internationally recognized labor rights as specified in the ILO

conventions. Krone Group recognize and respects the human right for equal of opportunity and oppose every form of discrimination.

Risks, actions and results: The transport and trade industry is in general perceived as a male-dominated industry, in which there is a risk of discrimination based on gender, age and ethnicity. Consequently, Krone Group have in 2018/19 continued its focus on diversity when hiring and accentuated its aspirations for diversity such as gender, age and ethnicity in internal job postings. Furthermore, Krone Group has introduced a new harassment policy to reduce the daily discrimination in the workplace. The focus on discrimination has in 2018/19 resulted in two new female recruitments in an otherwise acknowledged "male-department" within the Group. Overall, Krone Group have in 2018/19 achieved a more open and tolerant workplace which is, among other things, reflected in fewer conflicts and there was not observed any forms of discrimination in 2018/19.

Anti-corruption

Policy: Krone Group oppose any form of corruption, economic exploitation and criminality.

Risks, actions and results: Since Krone Group operates across countries and cultures, there is a risk that the employees can be exposed to situations involving corruption, bribery or questions about facilitation payment. In order to impede the use of corruption, and thereby the risks, Krone Group have in 2018/19 focused on reducing the use of cash. Krone Group have furthermore continued its practice of identifying and verifying chauffeurs that collects equipment in the warehouses where there is also video surveillance. By doing this, it is ensure that the equipment is used only for business-related purposes and the risk of it being used for personal gains is reduced. In 2018/19 there was not identified any episodes of corruption or criminality.

Going forward, the Krone Group will work actively on designing and implementing a separate addition to the employee manual, which all employees must comply with. The purpose of this is, among other things, to minimize and reduce any risks related to corruption.

Local Communities

Policy: Krone Group want to support the local community's interests and it is of high priority for the Group to be a socially responsible company.

Risks, actions and results: The mobile borders are becoming ever more fluid in the modern world, where there is a risk of local communities being left behind. It is therefore important for Krone Group to safeguard the local initiatives and present good job opportunities, both for newcomers and for the future labor force. The Krone Group has therefore continued its cooperation with primary schools and other educational institutions in 2018/19 with the aim of offering tours of the Krone Group. Furthermore, Krone Group have started an HR network and a job portal in Padborg Transportcenter in order to make the Group more visible to newcomers and to contribute to it being attractive to be a resident of Padborg. The Krone

Group has also supported local sports clubs and sports associations in order to support the social attachment in the local community.

Gender Distribution

Board of Directors:

Today, the Board of Directors of Krone ScanBalt has 3 members elected by the general meeting, of which 3 are men and 0 are women. Since there are currently no women on the Board, female board members elected by the general meeting must account for 33% of the Board before the end of 2022. The overall goal for Krone ScanBalt is that the Board of Directors work as efficiently as possible in relation to development of strategies, management and the company as a whole. Therefore, candidates

Management's review

with appropriate qualifications, profile and experience are first priority, and gender is not included as a criterion in the first instance. In 2018/2019, there were no female candidates, which is why the target has not been achieved.

At the next rotation in the Board of Directors, Krone ScanBalt A/S will try to find a female candidate with appropriate profile and experience, so that the target for gender distribution can be achieved.

Other managerial position:

At Krone ScanBalt A/S there are less than 50 employees and therefore no policies with the purpose of increasing the underrepresented gender in other managerial positions has been enacted.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Income statement

Note	DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
2	**Revenue**	620,846	732,794	402,351	618,419
	Other operation income	682	680	679	676
	Cost of goods	-505,363	-622,790	-367,535	-581,442
16	Other external costs	-21,428	-17,320	-7,920	-7,429
	Gross profit	94,737	93,364	27,575	30,224
3	Staff costs	-33,345	-29,919	-18,007	-15,762
7	Depreciation, amortisation and impairment losses	-37,342	-30,886	-3,611	-4,996
	Other operation costs	0	-39	0	0
	Operating profit	24,050	32,520	5,957	9,466
8	Share of profit/loss in subsidiaries after tax	0	0	17,590	23,122
4	Financial income	9,189	6,220	4,144	1,755
5	Financial expenses	-6,787	-10,499	-4,730	-8,427
	Profit before tax	26,452	28,241	22,961	25,916
6	Tax on profit for the year	-4,684	-2,945	-1,193	-620
	Profit for the year	21,768	25,296	21,768	25,296

		Consolidated 2018/19	Consolidated 2017/18
	Breakdown of the consolidated profit:		
	Shareholders, Krone Scanbalt A/S	21,768	25,296
	Non-controlling interests	0	0
		21,768	25,296

Consolidated financial statements and parent company financial statements 1 August - 31 July

Balance sheet

Note	DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
	ASSETS				
	Non-current assets				
7	**Intangible assets**				
	Goodwill	496	621	0	0
	Patents and licences	7	8	0	0
		503	629	0	0
7	**Property, plant and equipment**				
	Land and buildings	54,824	45,993	40,233	31,471
	Fixtures and fittings, other plant and equipment	165,086	148,441	4,056	15,626
		219,910	194,434	44,289	47,097
	Investments				
8	Investments in subsidiaries	0	0	138,006	116,900
9	Lease payments receivable	48,767	53,805	0	0
		48,767	53,805	138,006	116,900
	Total non-current assets	269,180	248,868	182,295	163,997
	Current assets				
	Inventories				
	Goods for resale	221,228	139,585	95,351	63,884
	Receivables				
10	Trade receivables	34,974	55,987	23,088	45,918
	Amounts owed by affiliates	588	381	112,099	105,560
11	Deferred tax asset	227	417	0	199
	Corporation tax asset	255	380	0	0
	Joint taxation contribution	4,179	3,638	4,177	3,638
	Prepayments	2,193	1,948	477	260
	Other receivables	11,485	9,444	1,192	21
		53,901	72,195	141,033	155,596
	Cash at bank and in hand	8,397	62,160	1,086	56,596
	Total current assets	283,526	273,940	237,470	276,076
	TOTAL ASSETS	552,706	522,808	419,765	440,073

Consolidated financial statements and parent company financial statements 1 August – 31 July

Balance sheet

Note	DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	71,000	71,000	71,000	71,000
	Reserve for net revaluation according to the equity method	0	0	22,522	3,494
	Retained earnings	54,810	31,603	32,288	28,109
	Equity holders' share of equity, Krone Scanbalt A/S	125,810	102,603	125,810	102,603
	Non-controlling interests	0	0	0	0
	Total equity	125,810	102,603	125,810	102,603
	Provisions				
11	Deferred tax	1,461	0	1,461	0
	Other provisions	324	378	0	0
	Total provisions	1,785	378	1,461	0
	Liabilities other than provisions				
12	**Non-current liabilities other than provisions**				
	Lease obligations	246	371	0	0
	Loan from affiliates	57,254	45,328	0	0
		57,500	45,699	0	0
	Current liabilities other than provisions				
12	Current portion of non-current liabilities	36,004	16,723	0	0
	Trade payables	29,365	10,540	24,092	6,150
	Amounts owed to affiliates	277,843	310,059	253,750	303,180
	Corporation tax	4,755	6,970	3,008	4,587
	Other payables	7,662	14,003	3,719	10,105
	Deferred income	11,982	15,833	7,925	13,448
		367,611	374,128	292,494	337,470
	Total liabilities other than provisions	425,111	419,827	292,494	337,470
	TOTAL EQUITY AND LIABILITIES	552,706	522,808	419,765	440,073

1 Accounting policies
13 Contractual obligations and contingencies
14 Mortgages and collateral
15 Currency and interest rate risks and use of derivative financial instruments
16 Fees to auditors appointed at the annual general meeting
17 Appropriation of profit
18 Related parties
20 Uncertainties upon recognition and measurement etc.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Statement of changes in equity

DKK'000	Consolidated			
	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 August 2018	71,000	31,603	0	102,603
Profit for the year	0	21,768	0	21,768
Exchange rate adjustments, foreign subsidiaries	0	1,439	0	1,439
Equity at 31 July 2019	71,000	54,810	0	125,810

DKK'000	Parent company				
	Share capital	Retained earnings	Reserve for net revaluation according to the equity method	Proposed dividends	Total
Equity at 1 August 2018	71,000	28,109	3,494	0	102,603
Profit for the year	0	2,740	19,028	0	21,768
Exchange rate adjustments, foreign subsidiaries	0	1,439	0	0	1,439
Equity at 31 July 2019	71,000	32,288	22,522	0	125,810

Changes in share capital

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Share capital 1 August	71,000	71,000	71,000	66,000	66,000
Capital increase	0	0	0	5,000	0
Share capital at 31 July	71,000	71,000	71,000	71,000	66,000

Share capital

The share capital consists of 1,000 A-shares of nominal DKK 1,000 and 70,000 B-shares of nominal DKK 1,000. No shares carry special rights.

Consolidated financial statements and parent company financial statements 1 August – 31 July

Cash flow statement

Note	DKK'000	Consolidated 2018/19	Consolidated 2017/18
	Profit before net financials	24,050	32,520
	Amortisation/depreciation charges	37,342	30,886
	Cash generated from operations before changes in working capital	61,392	63,406
19	Changes in working capital	-81,753	43,265
	Cash generated from operations	-20,361	106,671
	Interest received	9,189	6,220
	Interest paid	-6,787	-10,499
	Income taxes paid	-5,664	-7,973
	Cash flows from operating activities	-23,623	94,419
	Acquisition of property, plant and equipment	-102,339	-104,501
	Disposal of property, plant and equipment	41,117	21,810
	Cash flows from investing activities	-61,222	-82,691
	Loan financing:		
	Increase in non-current liabilities	31,082	14,938
	Net cash flows	-53,763	26,666
	Cash and cash equivalents, beginning of year	62,160	35,494
	Cash and cash equivalents, year-end	8,397	62,160

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

1 **Accounting policies**

The annual report of Krone ScanBalt A/S for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Krone ScanBalt A/S and subsidiaries controlled by Krone ScanBalt A/S .

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Significant influence

Entities over whose financial and operating decisions the Group can exercise significant influence are classified as associates. Significant influence is deemed to exist when the Parent Company holds or controls, directly or indirectly, more than 20% of the voting rights of an entity but does not control it.

The existence of potential voting rights that may currently be exercised or converted into voting rights is considered when assessing whether significant influence exists.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

1 **Accounting policies (continued)**

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Acquisitions and disposals of non-controlling interests that are still controlled are recognised directly in equity as a transaction between shareholders.

Equity investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

Business combinations

Newly acquired entities are recognised in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The acquisition date is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill in intangible assets. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

1 **Accounting policies (continued)**

goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments are recognised as errors.

Gains or losses from divestment or winding-up of subsidiaries that implies that control is no longer maintained are calculated as the difference between, on the one hand, the selling price less selling costs and, on the other hand, the proportionate share of the carrying amount of net assets. If the Parent Company still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is thus recognised.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. 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.

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

On the conclusion of sales contracts that consist of several separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes

1 **Accounting policies (continued)**

A contract is split up into individual transactions when the fair value of each individual sales transaction can be estimated reliably and when each individual sales transaction represents a stand-alone value for the buyer. Sales transactions are deemed to have a stand-alone value for the buyer when the transaction is individually identifiable and usually sold separately.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Income from the sale of goods, which comprise sale of new and used trailers, spare parts, operating lease payments and interest element of lease payment receivables (finance lease), is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place and that the income can be reliably measured and is expected to be received.

Other operating income

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

Cost of goods

Cost of goods comprise costs incurred in generating the year's revenue.

Other external costs

Other external costs comprise distribution costs, sales costs, marketing costs, administrative costs, loss on receivables, operational leasing etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for employees. Refunds received from public authorities are deducted from staff costs.

Profits/losses from investments in subsidiaries (parent company)

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/ losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, 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 for the year

The parent company is covered by the Danish rules on compulsory joint taxation of the Krone ScanBalt Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

1 **Accounting policies (continued)**

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry forwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year - due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Acquired goodwill is subsequently measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life, which is 10 years.

Patents and licences are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence, however not exceeding 10 years.

Property, plant and equipment

Land and buildings, fixtures and fittings and other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

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.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	10-50 years
Fixtures and fittings, other plant and equipment	3-10 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement under separate item.

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

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes

1 **Accounting policies (continued)**

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments. In calculating the present value, 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 accounted for as the Company's other assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Equity investments in subsidiaries and associates in the parent company financial statements

Equity investments in subsidiaries and associates are measured according to the equity method in the parent company financial statements. The Parent Company has chosen to consider the equity method a measurement method.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

1 **Accounting policies (continued)**

Lease payments receivable

Lease receivable held by the Group but which transfer substantially all the risks and rewards incident to ownership to the Lessor (finance leases) are initially recognised in the balance sheet as receivables. Receivables are measured at the capitalised residual obligation on lease payments receivables.

Inventories

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

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate of the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of equity investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

1 **Accounting policies (continued)**

Corporation tax and deferred tax

Current tax payable and receivable 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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation; 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net 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 the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

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

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

1 **Accounting policies (continued)**

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to only minor risks of changes in value.

Segment information

Revenue is disclosed by activity and geographical market. Segment information follows the Group's accounting policies, risks and internal financial management.

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes

DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
2 Revenue				

Information is disclosed by activities and geographical markets. Segment information is based on the Group's accounting policies, risks and management control.

DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
Geographical:				
Denmark	195,057	196,739	197,723	195,676
EU	337,641	386,478	168,220	358,270
Rest of the world	88,148	149,577	36,408	64,473
	620,846	732,794	402,351	618,419
Activities:				
New	334,335	412,610	240,417	463,526
Used	191,809	212,818	137,965	129,461
Rent	59,638	63,333	3,008	4,974
Spareparts	35,064	44,033	20,961	20,458
	620,846	732,794	402,351	618,419

DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
3 Staff costs				
Wages and salaries	26,058	25,276	15,840	13,948
Pensions	4,155	1,184	1,130	1,104
Other social security costs	2,199	2,848	167	160
Other costs	933	611	870	549
	33,345	29,919	18,007	15,762
Remuneration of the Board of Directors	0	0	0	0
Remuneration of the Executive Board	3,065	3,418	3,065	3,418
Average number of full-time employees	84	75	30	26

Incentive plans

Members of the Executive Board and other executive officers in the Group have bonus plans depending on the economic performance in the financial year.

DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
4 Financial income				
Interest income from subsidiaries	0	0	585	175
Other financial income	9,189	6,220	3,559	1,580
	9,189	6,220	4,144	1,755

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
5 Financial expenses				
Interest expense to affiliates	6,127	4,754	4,389	3,531
Other financial expenses	660	5,745	341	4,896
	6,787	10,499	4,730	8,427
6 Tax on the profit for the year				
Current tax for the year/joint taxation contribution	-3,033	-4,009	467	-963
Adjustment of deferred tax	-1,651	1,064	-1,660	343
	-4,684	-2,945	-1,193	-620

7 **Intangible assets and property, plant and equipment**

	Consolidated				
DKK'000	Goodwill	Patents and licences	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 August 2018	1,241	28	48,894	210,381	260,544
Foreign currency translation adjustments, foreign entities	0	0	82	1,360	1,442
Additions	0	0	9,212	93,127	102,339
Disposals	0	0	0	-75,798	-75,798
Cost at 31 July 2019	1,241	28	58,188	229,070	228,527
Depreciation at 1 August 2018	621	20	2,901	61,940	65,482
Foreign currency translation adjustments, foreign entities	0	0	0	370	370
Depreciation and amortisation	124	1	463	36,355	36,943
Disposals	0	0	0	-34,681	-34,681
Depreciation at 31 July 2019	745	21	3,364	63,984	68,114
Carrying amount at 31 July 2019	496	7	54,824	165,086	220,413
Depreciated over	10 years	5-7 years	10-50 years	3-10 years	

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes

7 Intangible assets and property, plant and equipment (continued)

DKK'000	Parent company Land and buildings	 Fixtures and fittings, other plant and equipment	 Total
Cost at 1 August 2018	34,358	20,948	55,306
Additions	9,212	8,144	17,356
Disposals	0	-22,064	-22,064
Cost at 31 July 2019	43,570	7,028	50,598
Depreciation at 1 August 2018	2,887	5,322	8,209
Disposals	450	3,162	3,612
Depreciation	0	-5,512	-5,512
Depreciation at 31 July 2019	3,337	2,972	6,309
Carrying amount at 31 July 2019	40,233	4,056	44,289
Depreciated over	50 years	3-10 years	

8 Investments in subsidiaries

DKK'000	Parent company 2018/19	 2017/18
Cost at 1 August 2018	111,050	111,050
Additions during the year	4,434	0
Cost at 31 July 2019	115,484	111,050
Adjustments at 1 August 2018	3,494	-19,498
Profit for the year	17,590	23,122
Foreign exchange adjustment in foreign enterprises	1,438	-130
Adjustments at 31 July 2019	22,522	3,494
Carrying amount at 31 July 2019	138,006	114,544
Hereof included under non-current assets	138,006	116,900
Hereof set-off against receivables	0	-2,356

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes

8 Investments in subsidiaries (continued)

Name and registered office	Owner-ship	Share capital	Equity	Share of profit/loss for the year	Carrying amount
		DKK'000	DKK'000	DKK'000	DKK'000
UAB Krone ScanBalt, Lithuania	100%	53,659	68,805	6,886	68,805
OÜ Krone ScanBalt, Estonia	100%	19	14,474	-873	14,474
SIA Krone ScanBalt, Latvia	100%	106	27,641	1,059	27,641
OOO Krone ScanBalt Kaliningrad	99%	15,813	18,570	9,140	18,523
OOO Krone ScanBalt, Moscow	99%	10,917	4,713	-29	4,527
Scanbalt International ApS, Padborg	100%	100	288	97	288
LLC Krone ScanBalt, Ukraine	99%	4,868	3,724	1,405	3,687
			138,215	17,685	137,945
Goodwill			0	0	620
Amortisation, goodwill			0	-124	-124
Intra-group profits			0	29	-435
Carrying amount at 31 July 2018			138,215	17,590	138,006
Subsidiaries to OOO Krone ScanBalt,Kaliningrad (included in figures above):					
ScanBalt Trailer Belarus	100%				

9 Lease payments receivable

Of lease payments receivable, DKK 25,075 thousand (DKK 28,378 thousand in 2017/18) falls due more than one year after the balance sheet date.

10 Trade receivables

Of trade receivables, DKK 0 thousand (DKK 2,674 thousand in 2017/18) falls due more than one year after the balance sheet date. As to the parent company, the figure is DKK 0 thousand (DKK 30,533 thousand in 2017/18).

11 Deferred tax

	Consolidated		Parent company	
DKK'000	2018/19	2017/18	2018/19	2017/18
Deferred tax at 1 August 2018	-417	647	-199	144
Adjustment of the deferred tax charge for the year	1.651	-1,064	1.660	-343
Deferred tax at 31 July 2019	1,234	-417	1,461	-199
The deferred tax relates to:				
Property, plant and equipment	1,402	-294	1,402	-294
Current assets	12	59	59	95
Liabilities	-180	-182	0	0
	1,234	-417	1,461	-199

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

12 Non-current liabilities

	Consolidated				
	Total liabilities at 31/7 2018	Total liabilities at 31/7 2019	Instalment next year	Long-term portion	Remaining debt after 5 years
Loan from affiliates	61,661	93,132	35,878	57,254	0
Lease obligations	761	372	126	246	0
	62,422	93,504	36,004	57,500	0

Lease obligations include lease from group enterprises with DKK 0 thousand (2017/18 DKK 371 thousand).

13 Contractual obligations and contingencies

Contractual obligations

The Group has issued buy-back guarantees for DKK 0.5 million over the next 1 year. Same amount for the parent company is DKK 0 thousand.

Contingent liabilities

The Group has operations located in the Russian Federation and Ukraine. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation and Ukraine which display characteristics of an emerging market. These circumstances may create tax risks in the Russian Federation and Ukraine that are substantially more significant than in other countries. The financial statements reflect management's assessment of the impact of the Russian and Ukraine business environment. The future business environment may differ from this assessment.

The Group is a party to a few ongoing lawsuits. Management is of the opinion that the outcome of these cases will not further affect the Group's financial position other than the receivables and liabilities recognised in the balance sheet at 31 July 2019.

The company is jointly taxed with other Danish group enterprises. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes etc. Any subsequent corrections of the taxable income subject to joint taxation etc. may entail that the companies' liability will increase.

Operating lease obligations

The Group's companies have entered into operating leases with future payments amounting to approx DKK 4.0 million. Same amount for the parent company is DKK 2.6 million.

14 Mortgages and collateral

None.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

15 Currency and interest rate risks and use of derivative financial instruments

The Group does not uses forward exchange contracts to hedge expected currency risk. However, the group monitors currency exposure and currency development, and transfers to main currency (DKK/EUR) on a regular basis in order to reduce currency risk. The main currency risks are related to subsidiaries operations in Russia and Ukraine.

The Group's financial liabilities carry floating interest payments. The group does not uses interest rate swaps.

16 Fees to auditors appointed at the annual general meeting

	Consolidated		Parent company	
DKK'000	2018/19	2017/18	2018/19	2017/18
Total fees to EY:				
Fee regarding statutory audit	336	323	265	252
Tax assistance	333	79	328	78
Other assistance	352	502	286	437
	1,021	904	879	767

17 Appropriation of profit

	Parent	
DKK'000	2018/19	2017/18
Recommended appropriation of profit		
Transferred to reserves under equity		
	21,768	25,296

18 Related parties

Krone ScanBalt A/S' related parties comprise the following:

Parties exercising control

Farhzeugwerk Krone Beteiligungs-GmbH, Spelle, Germany holds the majority of the share capital in the Company. Ultimate parent company is Bernard Krone Holding SE & Co. KG.

Consolidated financial statements

Krone ScanBalt A/S is included in the consolidated financial statements of Bernard Krone Holding SE & Co. KG., Heinrich-Krone-Straβe 10, D-48480 Spelle.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes

18 Related parties (continued)

Related party transactions

DKK'000	2018/19	2017/18
Group		
Sale of goods to affiliates	21,567	24,997
Purchase of goods from affiliates	411,088	381,929
Interest expenses to affiliates	6,127	4,754
Receivables from affiliates	588	381
Loan from affiliates	93,132	61,661
Lease obligations from affiliates	0	371
Payables to affiliates	277,843	310,059
Parent		
Sale of goods to subsidiaries	112,918	275,137
Purchase of goods from affiliates	246,192	410,790
Interest income from subsidiaries	585	175
Interest expenses to affiliates	4,389	3,531
Receivables from subsidiaries	112,099	105,560
Payables to affiliates	253,750	303,180

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 3.

19 Changes in working capital

	Consolidated	
DKK'000	2018/19	2017/18
Change in inventories	-81,643	22,247
Change in receivables	23,558	-32,801
Change in trade and other payables	-23,668	53,819
	-81,753	43,265

20 Uncertainties upon recognition and measurement, etc.

The Group has considerable inventories and is therefore subject to price risks regarding inventories of trailers and other equipment. Management is of the opinion that inventories are measured in accordance with the accounting policies of the Group.

Trade receivables are subject to uncertainty attributable to the contracting parties' ability to pay. A write-down for bad debts has been made based on a assessment of the contracting parties' ability to pay.

The Company has subsidiaries in and transactions and balances with group enterprises in Russia and Ukraine and, consequently, the Group has currency exposure and is affected by the business environment in these countries. Conducting business in especially Russia and Ukraine is subject to increased risk considering the political climate. Trading and measurement of balances with these companies may thus entail an increased risk. The financial statements reflects managements assessments of the impact of the business environments in Russia and Ukraine on the operations and financial position of the Group. The future business environment may differ from this assessment.