

KRONE FLEET Danmark A/S

Kilen 5, 6330 Padborg

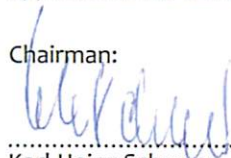
CVR no. 21 50 76 95



Annual report 2015/16

Approved at the Company's annual general meeting on 15 December 2016

Chairman:



.....
Karl-Heinz Schweer



Building a better
working world



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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 KRONE FLEET Danmark A/S for the financial year 1 October 2015 - 30 September 2016.

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 30 September 2016 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 October 2015 - 30 September 2016.

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, 15 December 2016

Executive Board:



Søren Nielsen Outzen



Florian Hass



Kim Raun

Board of Directors:



Aloysius Schnelte



Ingo Geerdes



Karl-Heinz Schweer

Independent auditors' report

To the shareholder of KRONE FLEET Danmark A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of KRONE FLEET Danmark A/S for the financial year 1 October 2015 - 30 September 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company 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 that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 30 September 2016 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 October 2015 - 30 September 2016 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Emphasis of matter

Without qualifying our opinion, we point out that KRONE FLEET Danmark A/S' equity was negative at DKK 75.1 million at 30 September 2016 and consequently; the Group has a considerable negative balance. The Group has obtained subordinate loans of DKK 208.6 million to support the Group's future operations. The maturity of the subordinate loans exceeds twelve months. Reference is made to note 2 section "Capital loss and going concern" in which Management comments on estimates and assessments in connection with the financial reporting.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aabenraa, 15 December 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Jon Midtgaard
State Authorised
Public Accountant

Management's review

Company details

| | |
|-------------------------|---|
| Name | KRONE FLEET Danmark A/S |
| Address, zip code, city | Kilen 5, 6330 Padborg |
| CVR no. | 21 50 76 95 |
| Established | 2 February 1999 |
| Registered office | Aabenraa |
| Financial year | 1 October 2015 - 30 September 2016 |
| Website | www.krone-fleet.com |
| Telephone | +45 74 30 11 11 |
| Board of Directors | Aloysius Schnelte Ingo Geerdes Karl-Heinz Schweer |
| Executive Board | Søren Nielsen Outzen Florian Hass Kim Raun |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa |

Annual general meeting

The annual general meeting is to be held on 15 December 2016 at the company's address.

Management's review

Financial highlights for the Group

| DKK'000 | 2015/16 | 2014/15 | 2013/14 | 2012/13 | 2011/12 |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| Key figures | | | | | |
| Revenue | 645.460 | 557.353 | 532.729 | 389.202 | 387.941 |
| Operating profit/loss | 89.875 | 77.040 | 55.442 | 52.903 | 58.914 |
| Profit/loss from financial income and expenses | -38.405 | -51.332 | -43.555 | -37.882 | -43.158 |
| Profit/loss for the year | 39.720 | 18.009 | 7.404 | 10.730 | 8.095 |
| Total assets | | | | | |
| Total assets | 2.146.453 | 1.963.110 | 1.697.813 | 1.359.045 | 1.040.345 |
| Portion relating to investments in property, plant and equipment | 552.909 | 575.624 | 613.905 | 517.639 | 298.630 |
| Equity | -75.110 | -114.928 | -132.332 | -139.149 | -149.717 |
| Subordinate loans | 208.637 | 208.874 | 208.407 | 208.824 | 208.754 |
| Equity including subordinate loans | 133.527 | 93.946 | 76.075 | 69.675 | 59.037 |
| Cash flows | | | | | |
| Cash flows from operating activities | 283.868 | 196.722 | 328.160 | 104.354 | 176.747 |
| Cash flows from investing activities | -479.724 | -498.522 | -544.143 | -418.497 | -176.376 |
| Cash flows from financing activities | 140.488 | 67.960 | 208.665 | 229.814 | -6.301 |
| Total cash flows | -55.368 | -233.840 | -7.318 | -84.329 | -5.930 |
| Financial ratios | | | | | |
| Return on invested capital | 4,19 % | 3,92 % | 3,27 % | 3,89 % | 5,66 % |
| Solvency ratio | -3,50 % | -5,85 % | -7,79 % | -10,24 % | -14,39 % |
| Solvency ratio (incl. subordinate loans) | 6,22 % | 4,79 % | 4,48 % | 5,13 % | 5,67 % |
| Average number of full-time employees | | | | | |
| Average number of full-time employees | 73 | 73 | 71 | 54 | 47 |

The financial ratios have been prepared in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities of the Group

The Group's principal activities comprise the rental of rolling stock both in Denmark and abroad.

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 2, to which we refer.

Development in activities and financial matters

The Group realised a profit of DKK 39.7 million in the financial year, which is in line with expectations.

At 30 September 2016, equity totalled a negative amount of DKK 75.1 million. To strengthen the Group's capital position, the Group obtained subordinate loans of DKK 208.6 million, which are subordinate to the other creditors of the Group. The maturity of the subordinate loans exceeds twelve months. If the subordinate loans are included in equity, the equity ratio is 6,22 %.

The Group's cash at bank and in hand totalled DKK 43.8 million at 30 September 2016.

During the financial year 2015/16 the group has invested more than DKK 550 million in rental equipment.

Outlook

Management is of the opinion that the Group will experience slightly increasing activities and realize some or increased earnings for the 2016/17 financial year.

The capital base is expected to be re-established through future earnings.

Particular risks

Currency risk

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.

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. In the opinion of Management, interest changes may be counterbalanced by similar price changes towards customers.

Price risk

The Group is exposed to price risk as to rental prices for trailers and to selling prices when selling rental equipment after use.

Management's review

Debtor risk

Debtor risk is the risk of losses due to bad debt. Debtor risks are controlled in the day-to-day management of receivables. The Group normally has the possibility to take back the rental equipment in order to reduce debtor losses.

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 is not considered to have any major impact on the environment. Environmental obligations are primarily incumbent on the hirer of the Group's rolling stock.

Corporate social responsibility

The Group does not have any policies for CSR. Accordingly, the Group does not account for CSR in accordance with section 99a of the Danish Financial Statements Act. Thus, the group does not have policies for human rights, environment and climate.

Goals and policies for the underrepresented gender

KRONE FLEET Danmark A/S believes that diversity among its employees, including an even distribution of genders, has a positive impact on the working environment and strengthens the enterprise's performance and competitiveness.

KRONE FLEET Danmark A/S' goal is that one of the three members of the Board of Directors appointed by the general meeting is to be a woman, corresponding to 33% before 2018. At present, none of the members are women. No changes were made to the composition of the Board of Directors during the 2015/16 financial year, therefore the goal was not reached. Due to that KRONE FLEET Danmark A/S has less than 50 employees the company has not defined goals and policies for the underrepresented gender among other management positions.

Events after the balance sheet date

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

Consolidated financial statements and parent company financial statements
1 October - 30 September

Income statement

| | Note | Consolidated | | Parent company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2015/16 | 2014/15 | 2015/16 | 2014/15 |
| | | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Revenue | 3 | 645,460 | 557,353 | 341,958 | 291,659 |
| Other operating income | | 14,668 | 25,564 | 2,061 | 7,129 |
| Direct costs | | -188,006 | -172,806 | -57,735 | -55,932 |
| Other external costs | 4 | -28,779 | -28,611 | -8,647 | -9,232 |
| Gross profit | | 443,343 | 381,500 | 277,637 | 233,624 |
| Staff costs | 5 | -39,139 | -35,438 | -7,938 | -6,635 |
| Depreciation/amortisation, property, plant and equipment and intangible assets | | -314,329 | -269,022 | -210,561 | -175,254 |
| Operating profit | | 89,875 | 77,040 | 59,138 | 51,735 |
| Share of profit/loss after tax in subsidiaries | 13 | 0 | 0 | 13,836 | 4,436 |
| Financial income | 6 | 2,975 | 455 | 2,304 | 825 |
| Financial expenses | 7 | -41,380 | -51,787 | -28,238 | -34,974 |
| Profit before tax | | 51,470 | 25,708 | 47,040 | 22,022 |
| Tax on profit for the year | 8 | -11,750 | -7,699 | -7,320 | -4,013 |
| Profit for the year | | 39,720 | 18,009 | 39,720 | 18,009 |

Proposed distribution of profit

| | | | |
|-------------------|--|---------------|---------------|
| Retained earnings | | 39,720 | 18,009 |
| | | <u>39,720</u> | <u>18,009</u> |

Consolidated financial statements and parent company financial statements
1 October - 30 September

Balance sheet

| | Note | Consolidated | | Parent company | |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| | | 2015/16 DKK'000 | 2014/15 DKK'000 | 2015/16 DKK'000 | 2014/15 DKK'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Intangible assets | | | | | |
| Goodwill | 9/10 | 673 | 890 | 15 | 74 |
| Software and licenses | | 5,534 | 7,609 | 5,366 | 7,364 |
| Patents and rights | | 0 | 1,644 | 0 | 1,644 |
| | | <u>6,207</u> | <u>10,143</u> | <u>5,381</u> | <u>9,082</u> |
| Property, plant and equipment | | | | | |
| Land and buildings | 11/12 | 34,959 | 35,487 | 8,448 | 8,600 |
| Rental equipment | | 1,822,211 | 1,649,869 | 1,305,577 | 1,169,499 |
| Fixtures and fittings, plant and equipment | | 4,067 | 3,898 | 827 | 752 |
| | | <u>1,861,237</u> | <u>1,689,254</u> | <u>1,314,852</u> | <u>1,178,851</u> |
| Financial assets | | | | | |
| Investments in subsidiaries | 13 | 0 | 0 | 57,853 | 57,440 |
| Lease payments receivable | 14 | 47,581 | 57,863 | 0 | 0 |
| Other receivables | | 27 | 27 | 0 | 0 |
| | | <u>47,608</u> | <u>57,890</u> | <u>57,853</u> | <u>57,440</u> |
| Total non-current assets | | <u>1,915,052</u> | <u>1,757,287</u> | <u>1,378,086</u> | <u>1,245,373</u> |
| Current assets | | | | | |
| Inventories | | | | | |
| Raw materials and consumables | | 1,860 | 500 | 265 | 500 |
| Receivables | | | | | |
| Trade receivables | | 124,302 | 125,742 | 40,678 | 39,285 |
| Amounts owed by affiliated enterprises | | 780 | 260 | 31,823 | 17,071 |
| Other receivables | | 47,336 | 37,281 | 26,062 | 12,414 |
| Deferred tax assets | 15 | 5,643 | 6,467 | 0 | 0 |
| Prepayments | | 7,671 | 6,031 | 3,716 | 3,847 |
| | | <u>185,732</u> | <u>175,781</u> | <u>102,279</u> | <u>72,617</u> |
| Cash at bank and in hand | | <u>43,809</u> | <u>29,542</u> | <u>4,434</u> | <u>850</u> |
| Total current assets | | <u>231,401</u> | <u>205,823</u> | <u>106,978</u> | <u>73,967</u> |
| TOTAL ASSETS | | <u>2,146,453</u> | <u>1,963,110</u> | <u>1,485,064</u> | <u>1,319,340</u> |

Consolidated financial statements and parent company financial statements 1 October - 30 September

Balance sheet

| | Note | Consolidated | | Parent company | |
|---|-------|--------------------|--------------------|--------------------|--------------------|
| | | 2015/16 DKK'000 | 2014/15 DKK'000 | 2015/16 DKK'000 | 2014/15 DKK'000 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 16 | 1,500 | 1,500 | 1,500 | 1,500 |
| Retained earnings | | -76,610 | -116,428 | -76,610 | -116,428 |
| Total equity | | -75,110 | -114,928 | -75,110 | -114,928 |
| Provisions | | | | | |
| Deferred tax | 15 | 14,864 | 6,806 | 9,182 | 1,862 |
| Other provisions | | 9,725 | 11,679 | 0 | 3,248 |
| Total provisions | | 24,589 | 18,485 | 9,182 | 5,110 |
| Liabilities other than provisions | | | | | |
| Non-current liabilities | | | | | |
| Banks | 17/18 | 84,573 | 85,439 | 0 | 503 |
| Lease obligations | | 908,340 | 848,116 | 668,633 | 612,126 |
| Subordinate loans | | 208,637 | 208,874 | 208,637 | 208,874 |
| Amounts owed to affiliated enterprises | | 148,642 | 119,360 | 106,723 | 71,508 |
| | | 1,350,192 | 1,261,789 | 983,993 | 893,011 |
| Current liabilities | | | | | |
| Current portion of non-current liabilities | | | | | |
| Bank loans and overdrafts | 17/18 | 413,059 | 343,424 | 250,599 | 218,563 |
| Trade payables | | 24,615 | 49,249 | 9,986 | 18,383 |
| Amounts owed to affiliated enterprises | | 9,731 | 55,603 | 12,185 | 65,120 |
| Tax payable | | 311 | 1,282 | 0 | 0 |
| Other payables | | 13,050 | 14,382 | 1,806 | 1,719 |
| Deferred income | | 4,277 | 4,169 | 747 | 1,325 |
| | | 846,782 | 797,764 | 566,999 | 536,147 |
| Total liabilities other than provisions | | 2,196,974 | 2,059,553 | 1,550,992 | 1,429,158 |
| TOTAL EQUITY AND LIABILITIES | | 2,146,453 | 1,963,110 | 1,485,064 | 1,319,340 |
| Accounting policies | 1 | | | | |
| Accounting estimates and assessments | 2 | | | | |
| Contractual obligations and contingencies, etc. | 19 | | | | |
| Mortgages and collateral | 20 | | | | |
| Currency and interest rate risks etc. | 21 | | | | |
| Related parties | 22 | | | | |

Consolidated financial statements and parent company financial statements
1 October - 30 September

Statement of changes in equity

| DKK'000 | Parent company | | |
|---|----------------|-------------------|----------|
| | Share capital | Retained earnings | Total |
| Equity at 1 October 2015 | 1,500 | -116,428 | -114,928 |
| Profit/loss for the year | 0 | 39,720 | 39,720 |
| Foreign exchange adjustment, foreign subsidiaries | 0 | 98 | 98 |
| Equity at 30 September 2016 | 1,500 | -76,610 | -75,110 |

| DKK'000 | Consolidated | | |
|---|---------------|-------------------|----------|
| | Share capital | Retained earnings | Total |
| Equity at 1 October 2015 | 1,500 | -116,428 | -114,928 |
| Profit/loss for the year | 0 | 39,720 | 39,720 |
| Foreign exchange adjustment, foreign subsidiaries | 0 | 98 | 98 |
| Equity at 30 September 2016 | 1,500 | -76,610 | -75,110 |

Consolidated financial statements and parent company financial statements 1 October - 30 September

Cash flow statement

| DKK'000 | Note | Consolidated | |
|---|------|-----------------|-----------------|
| | | 2015/16 | 2014/15 |
| Operating profit/loss | | 89,875 | 77,040 |
| Depreciation/amortisation | | 314,329 | 269,022 |
| Profit from sale | | -14,668 | -20,635 |
| Cash generated from operations (operating activities) before changes in working capital | | 389,536 | 325,427 |
| Changes in working capital | 23 | -67,263 | -77,373 |
| Cash generated from operations (operating activities) | | 322,273 | 248,054 |
| Interest received | | 2,975 | 455 |
| Interest paid | | -41,380 | -51,787 |
| Cash flows from operating activities | | 283,868 | 196,722 |
| Acquisition of intangible assets and property, plant and equipment | | -553,288 | -577,544 |
| Disposal of property, plant and equipment | | 73,564 | 79,022 |
| Cash flows from investing activities | | -479,724 | -498,522 |
| External financing: | | | |
| Changes in banks | | 36,400 | 57,362 |
| Changes in lease liabilities | | 104,325 | 10,129 |
| Changes in subordinate loans | | -237 | 469 |
| Cash flows from financing activities | | 140,488 | 67,960 |
| Net cash flows from operating, investing and financing activities | | -55,368 | -233,840 |
| Cash and cash equivalents/current bank debt at 1 October 2015 | | -313,882 | -80,042 |
| Cash and cash equivalents/current bank debt at 30 September 2016 | | -369,250 | -313,882 |

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

Consolidated financial statements and parent company financial statements 1 October - 30 September

Notes to the financial statements

1 Accounting policies

The annual report of KRONE FLEET Danmark A/S for 2015/16 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

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.

The presentation of the income statement has been adjusted to the Group's activities.

Consolidated financial statements

The consolidated financial statements comprise the parent company, KRONE FLEET Danmark A/S, and subsidiaries in which KRONE FLEET Danmark A/S directly or indirectly holds more than 50 % of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20 % and 50 % of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.

Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., involving enterprises controlled by the parent company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity. Moreover, comparative figures for previous financial years are restated.

Consolidated financial statements and parent company financial statements 1 October - 30 September

Notes to the financial statements

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 rates at the transaction date and 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 the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at 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. The income statements are translated at the average exchange rates, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Revenue

Income from the sale of goods for resale and services, which comprise rental and operating lease payments, additional services and interest element of lease payments receivable (finance leases), 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.

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

Direct costs

Direct costs comprise cost of operating leases, raw materials and consumables as well as cost of rental equipment, including repairs and maintenance, insurance, etc.

Other external costs

Other external costs comprise costs of marketing, administration, premises, bad debt losses, etc.

Other operating income

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

Other operating costs

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

Profits/losses from investments in subsidiaries

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.

Consolidated financial statements and parent company financial statements 1 October - 30 September

Notes to the financial statements

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial expenses on finance leases, realised and unrealised exchange gains and losses on receivables, 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 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.

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 carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax 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

Goodwill

Goodwill is amortised over the estimated useful life based on Management's experience within the individual business areas. Goodwill is amortised on a straight-line basis between 5 - 10 years and is longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Software, licenses, patents and other rights

Software and licenses are measured at cost less accumulated amortisation and impairment losses. Software and licenses are amortised on a straight-line basis over the expected useful life, not exceeding 5 years.

Patents and other rights are measured at cost less accumulated amortisation and impairment losses. Patents and other rights are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence period, although not exceeding 5 years.

Property, plant and equipment

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

The basis of depreciation is cost less any residual value after the expected useful life.

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

Consolidated financial statements and parent company financial statements 1 October - 30 September

Notes to the financial statements

Depreciation is made on a straight line basis over the expected useful lives. The expected useful lives are as follows:

| | |
|--|-------------|
| Buildings | 10-50 years |
| Rental equipment | 7-10 years |
| Fixtures and fittings, plant and equipment | 3-5 years |

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 operating income and other operating cost.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Group (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, 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 Group's other non-current assets.

The capitalised residual lease obligation 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 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 obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of KRUNE FLEET Danmark A/S are not recognised in the reserve for net revaluation.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment and investments in subsidiaries 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.

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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 expected net income from the use of the asset or the group of assets.

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.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The objective indicators used in relation to portfolios are determined based on historical loss experience.

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

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity - Reserve for net revaluation according to the equity method

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

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

The reserve cannot be recognised at a negative amount.

Equity - 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.

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.

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Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

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.

Provisions

Provisions comprise anticipated costs related to buy-back guarantees, warranties etc. Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

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.

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.

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 corporation tax paid.

Cash flows from investing activities

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

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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 dividends 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 freely negotiable into cash and which are subject to an insignificant risk of changes in value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

| | |
|--|---|
| Return on invested capital | $\frac{\text{Operating profit/loss} \times 100}{\text{Total average assets}}$ |
| Solvency ratio | $\frac{\text{Equity ex. minority interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$ |
| Solvency ratio incl. subordinate loans | $\frac{\text{Equity ex. minority interests} + \text{subordinate loans, at year end} \times 100}{\text{Total equity and liabilities at year end}}$ |

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Notes to the financial statements

2 Accounting estimates and assessments

The calculation of the carrying amount of certain assets and liabilities is subject to assessments, estimates and assumptions of future events. The estimates made and assumptions are based on past experiences and other parameters which Management considers reasonable in the circumstances, but which naturally are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unexpected events or circumstances may arise. In addition, the Group is subject to risks and uncertainties which may imply that the actual outcome may differ from these estimates. Particular risks for the Group are stated in Management's review.

Capital loss and going concern

The Group's equity was negative at DKK 75.1 million at 30 September 2016. However, the group has been profitable during the last 5 years.

To strengthen the Group's capital position, the Group has obtained subordinate loans of DKK 208.6 million, which are subordinate to other creditors of the Group. The maturity of the subordinate loans exceeds twelve months. If the subordinate loans are included in equity, the equity ratio is 6,22 %. The Group's cash at bank and in hand totalled DKK 43.8 million at 30 September 2016.

Management is of the opinion that the subordinate loans provide sufficient liquidity for the Group to continue as a going concern in the 2016/17 financial year.

Further, Management is of the opinion that the Group will be some or more profitable for the 2016/17 financial year, compared to 2015/16. Based thereon, the capital base is expected to be re-established through future earnings.

Measurement of property, plant and equipment

In connection with the financial reporting, the Group assessed whether the carrying amount of property, plant and equipment, in particular rental equipment, is subject to indications of impairment other than the decrease in value reflected by depreciation. Management is of the opinion that the recoverable amount of rental equipment reflects or exceeds the carrying amount. However, the assessment is subject to estimates and thereby some uncertainty.

Receivables

Management applies estimates upon assessment of the recoverability of receivables at the balance sheet date. The risk of bad debt losses has been taken into account upon the assessment of write-downs on the balance sheet date and the day-to-day management of receivables. However, such assessment is subject to estimates and thereby some uncertainty.

Deferred tax assets

Deferred tax assets are recognised for all non-utilised tax-loss carry forwards to the extent it is rendered probable that tax profits are realised within a foreseeable future against which the tax losses can be set off. The amount to be recognised for deferred tax assets is based on estimates of the time for and size of future tax profits. Management is of the opinion that the Group can realise sufficient profit within a foreseeable future to utilise the deferred tax assets. However, such assessment is subject to estimates and thereby some uncertainty.

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Notes to the financial statements

3 Segment information

Activity

The Group has only one activity.

Geographical segment:

| | Consolidated | | Parent company | |
|-----------------|----------------|----------------|----------------|----------------|
| | 2015/16 | 2014/15 | 2015/16 | 2014/15 |
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Denmark | 169,111 | 143,389 | 172,328 | 131,158 |
| Germany | 179,001 | 191,845 | 34,157 | 41,955 |
| Spain | 167,741 | 120,653 | 97,596 | 90,965 |
| Other countries | 129,607 | 101,466 | 37,877 | 27,581 |
| | <u>645,460</u> | <u>557,353</u> | <u>341,958</u> | <u>291,659</u> |

4 Fees paid to auditors appointed at the annual general meeting

| | | | | |
|-------------------------------|------------|------------|------------|------------|
| Total fees to EY | 624 | 690 | 460 | 517 |
| Fee regarding statutory audit | 358 | 358 | 276 | 276 |
| Tax assistance | 28 | 19 | 23 | 14 |
| Other services | 238 | 313 | 161 | 227 |
| | <u>624</u> | <u>690</u> | <u>460</u> | <u>517</u> |

5 Staff costs

| | | | | |
|---------------------------------------|---------------|---------------|--------------|--------------|
| Wages and salaries | 33,200 | 30,248 | 6,747 | 5,947 |
| Pensions | 681 | 530 | 530 | 427 |
| Other social security costs | 4,707 | 4,502 | 110 | 103 |
| Staff costs | 551 | 158 | 551 | 158 |
| | <u>39,139</u> | <u>35,438</u> | <u>7,938</u> | <u>6,635</u> |
| Average number of full-time employees | <u>73</u> | <u>73</u> | <u>15</u> | <u>13</u> |

Remuneration to Executive Board amounts to DKK 3,009 thousand (2014/15: DKK 3,084 thousand).

No separate remuneration has been paid to Supervisory Board.

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| | Consolidated | | Parent company | |
|---|---------------|---------------|----------------|---------------|
| | 2015/16 | 2014/15 | 2015/16 | 2014/15 |
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| 6 Financial income | | | | |
| Interest income, affiliated enterprises | 0 | 0 | 590 | 792 |
| Interest income, banks | 568 | 0 | 0 | 0 |
| Interest income, receivables | 60 | 262 | 7 | 4 |
| Exchange adjustments | 1,807 | 0 | 1,706 | 0 |
| Other interest income | 540 | 193 | 1 | 29 |
| | <u>2,975</u> | <u>455</u> | <u>2,304</u> | <u>825</u> |
| 7 Financial expenses | | | | |
| Interest expense, banks | 1,770 | 1,741 | 1,366 | 1,308 |
| Interest expense, payables | 24 | 1,609 | 13 | 1 |
| Interest expenses, lease obligations | 28,034 | 34,978 | 20,533 | 24,934 |
| Interest expense, affiliated enterprises | 8,408 | 4,714 | 6,246 | 3,583 |
| Foreign exchange losses | 0 | 7,196 | 0 | 5,147 |
| Other interest expense | 3,144 | 1,549 | 80 | 1 |
| | <u>41,380</u> | <u>51,787</u> | <u>28,238</u> | <u>34,974</u> |
| Hereof interest expenses, lease obligations to affiliated enterprises | <u>23,442</u> | <u>28,378</u> | <u>20,533</u> | <u>24,775</u> |
| 8 Tax on profit for the year | | | | |
| Current tax for the year | 2,959 | 4,233 | 0 | 0 |
| Tax in respect of previous years | -85 | 60 | 0 | 0 |
| Adjustment of deferred tax | 8,876 | 3,406 | 7,320 | 4,013 |
| | <u>11,750</u> | <u>7,699</u> | <u>7,320</u> | <u>4,013</u> |

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9 Intangible assets

| DKK'000 | Parent company | | | |
|--|----------------|-----------------------|--------------------------|--------|
| | Goodwill | Software and licenses | Patents and other rights | Total |
| Cost at 1 October 2015 | 3,711 | 9,947 | 2,239 | 15,897 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Cost at 30 September 2016 | 3,711 | 9,947 | 2,239 | 15,897 |
| Depreciation/amortisation and impairment losses at 1 October 2015 | 3,637 | 2,584 | 595 | 6,816 |
| Depreciation/amortisation | 59 | 1,997 | 1,644 | 3,700 |
| Disposals | 0 | 0 | 0 | 0 |
| Depreciation/amortisation and impairment losses at 30 September 2016 | 3,696 | 4,581 | 2,239 | 10,516 |
| Carrying amount at 30 September 2016 | 15 | 5,366 | 0 | 5,381 |

10 Intangible assets

| DKK'000 | Consolidated | | | |
|--|--------------|-----------------------|--------------------------|--------|
| | Goodwill | Software and licences | Patents and other rights | Total |
| Cost at 1 October 2015 | 5,282 | 10,427 | 2,239 | 17,948 |
| Additions | 0 | 24 | 0 | 24 |
| Disposals | 0 | -3 | 0 | -3 |
| Cost at 30 September 2016 | 5,282 | 10,448 | 2,239 | 17,969 |
| Depreciation/amortisation and impairment losses at 1 October 2015 | 4,393 | 2,818 | 595 | 7,806 |
| Depreciation/amortisation | 216 | 2,098 | 1,644 | 3,958 |
| Disposals | 0 | -2 | 0 | -2 |
| Depreciation/amortisation and impairment losses at 30 September 2016 | 4,609 | 4,914 | 2,239 | 11,762 |
| Carrying amount at 30 September 2016 | 673 | 5,534 | 0 | 6,207 |

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Notes to the financial statements

11 Property, plant and equipment

| DKK'000 | Parent company | | | |
|--|--------------------|------------------|--|------------------|
| | Land and buildings | Rental equipment | Fixtures and fittings, plant and equipment | Total |
| Cost at 1 October 2015 | 11,859 | 1,604,803 | 1,770 | 1,618,432 |
| Additions | 0 | 378,577 | 403 | 378,980 |
| Disposals | 0 | -114,987 | -38 | -115,025 |
| Cost at 30 September 2016 | 11,859 | 1,868,393 | 2,135 | 1,882,387 |
| Depreciation/amortisation and impairment losses at 1 October 2015 | 3,259 | 435,304 | 1,018 | 439,581 |
| Depreciation/amortisation | 152 | 206,377 | 328 | 206,857 |
| Disposals | 0 | -78,865 | -38 | -78,903 |
| Depreciation/amortisation and impairment losses at 30 September 2016 | 3,411 | 562,816 | 1,308 | 567,535 |
| Carrying amount at 30 September 2016 | 8,448 | 1,305,577 | 827 | 1,314,852 |
| Assets held under finance leases | 0 | 1,028,097 | 0 | 1,028,097 |

12 Property, plant and equipment

| DKK'000 | Consolidated | | | |
|--|--------------------|------------------|--|------------------|
| | Land and buildings | Rental equipment | Fixtures and fittings, plant and equipment | Total |
| Cost at 1 October 2015 | 39,980 | 2,294,877 | 9,178 | 2,344,035 |
| Additions | 108 | 551,557 | 1,244 | 552,909 |
| Disposals | 0 | -183,787 | -638 | -184,425 |
| Cost at 30 September 2016 | 40,088 | 2,662,647 | 9,784 | 2,712,519 |
| Depreciation/amortisation and impairment losses at 1 October 2015 | 4,525 | 645,385 | 5,283 | 655,193 |
| Depreciation/amortisation | 604 | 307,961 | 1,029 | 309,594 |
| Disposals | 0 | -112,910 | -595 | -113,505 |
| Depreciation/amortisation and impairment losses at 30 September 2016 | 5,129 | 840,436 | 5,717 | 851,282 |
| Carrying amount at 30 September 2016 | 34,959 | 1,822,211 | 4,067 | 1,861,237 |
| Assets held under finance leases | 0 | 1,344,979 | 0 | 1,344,979 |

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| | Parent company | |
|---|----------------|---------|
| | 2015/16 | 2014/15 |
| | DKK'000 | DKK'000 |
| 13 Investments in subsidiaries | | |
| Cost at 1 October | 119,483 | 119,483 |
| Additions | 0 | 0 |
| Cost at 30 September | 119,483 | 119,483 |
| Value adjustments at 1 October | -62,042 | -65,875 |
| Dividends paid | -13,522 | 0 |
| Foreign exchange adjustments | 98 | -604 |
| Profit/loss for the year incl. amortization of goodwill | 13,836 | 4,436 |
| Value adjustments at 30 September | -61,630 | -62,043 |
| Carrying amount at 30 September | 57,853 | 57,440 |

| Name | Owner ship | Share capital | Equity | Profit/loss | Carrying amount |
|--|---------------|------------------|---------|-----------------|--------------------|
| | | | | for the year | |
| | | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| KRONE FLEET Deutschland GmbH, Seevetal, Germany | 100 % | 103,014 | 16,513 | 9,331 | 16,513 |
| Paul Günther Rental A/S, Aabenraa | 100 % | 37,207 | 24,920 | -4,879 | 24,920 |
| KRONE FLEET Espana Sociedad Limitada, Spain | 100 % | 3,749 | 13,045 | 9,145 | 13,045 |
| L.T. Rental A.S., Turkey | 100 % | 2,661 | 3,375 | 239 | 3,375 |
| | | | 57,853 | 13,836 | 57,853 |

14 Lease payments receivable

Of lease payments receivable, DKK 13,198 thousand falls due within the first year and DKK 1,408 thousand falls due after five years.

| | Consolidated | | Parent company | |
|--|--------------|----------|----------------|----------|
| | 2015/16 | 2014/15 | 2015/16 | 2014/15 |
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| 15 Deferred tax | | | | |
| <i>Deferred tax, net of assets and liabilities, relate to:</i> | | | | |
| Intangible assets | -874 | -1,609 | -875 | -1,609 |
| Property, plant and equipment | -247,676 | -275,486 | -218,332 | -188,265 |
| Current assets | 3,265 | -553 | 675 | 544 |
| Liabilities, provisions | 224,349 | 264,891 | 205,285 | 181,947 |
| Tax-loss carry forwards | 11,715 | 12,418 | 4,065 | 5,521 |
| | -9,221 | -339 | -9,182 | -1,862 |

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16 Share capital

| | 2015/16 | 2014/15 |
|---|---------|---------|
| | DKK'000 | DKK'000 |
| The share capital is broken down as follows: 1,500 shares of a nominal amount of DKK 1,000 | 1,500 | 1,500 |

No shares carry special rights.

The share capital has not been subject to any changes within the past five years.

17 Non-current liabilities

| DKK'000 | Parent company | | | | |
|---|--------------------------------------|--------------------------------------|-------------------------|----------------------|------------------------------------|
| | Total liabilities at 30/9 2015 | Total liabilities at 30/9 2016 | Instalment next year | Long-term portion | Remaining debt after 5 years |
| Banks | 1,172 | 503 | 503 | 0 | 0 |
| Lease obligations | 823,782 | 933,113 | 264,480 | 668,633 | 0 |
| Subordinate loans | 208,874 | 208,637 | 0 | 208,637 | 0 |
| Amounts owed to affiliated enterprises | 90,220 | 133,416 | 26,693 | 106,723 | 0 |
| | <u>1,124,048</u> | <u>1,275,669</u> | <u>291,676</u> | <u>983,993</u> | <u>0</u> |

The subordinate loans are subordinate to the relevant subsidiaries' other liabilities. The maturity of the subordinate loans exceeds 12 months.

Lease obligations include lease from group enterprises with DKK 933,113 thousand (2014/15: DKK 823,782 thousand).

18 Non-current liabilities

| DKK'000 | Consolidated | | | | |
|---|--------------------------------------|--------------------------------------|-------------------------|----------------------|------------------------------------|
| | Total liabilities at 30/9 2015 | Total liabilities at 30/9 2016 | Instalment next year | Long-term portion | Remaining debt after 5 years |
| Banks | 86,109 | 85,076 | 503 | 84,573 | 0 |
| Lease obligations | 1,150,076 | 1,254,401 | 346,061 | 908,340 | 24,993 |
| Subordinate loans | 208,874 | 208,637 | 0 | 208,637 | 0 |
| Amounts owed to affiliated enterprises | 146,385 | 183,817 | 35,175 | 148,642 | 0 |
| | <u>1,591,444</u> | <u>1,731,931</u> | <u>381,739</u> | <u>1,350,192</u> | <u>24,993</u> |

The subordinate loans are subordinate other liabilities. The maturity of the subordinate loans exceeds 12 months.

Lease obligations include lease from affiliated enterprises with DKK 1,014,988 thousand (2014/15: DKK 974,064 thousand).

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19 Contractual obligations and contingencies, etc.

The parent company is jointly taxed with the Danish subsidiary. As the administrative company, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit.

Operating leases

The Group has operating leases at an average yearly lease payment of DKK 213 thousand. The remaining term of the leases is up to 18 months with a total nominal remaining lease payment of DKK 230 thousand.

Contingent liabilities

The Group has a few pending lawsuits or claims. In Management's opinion, apart from the receivables and payables recognised in the balance sheet at 30 September 2016, the outcome of these lawsuits or claims will not further affect the group's or the Company's financial position.

20 Mortgages and collateral

The Group and the parent company has issued mortgages of DKK 4,500 thousand as collateral for engagement with a bank, which is secured upon buildings with a carrying amount of DKK 4,712 thousand at 30 September 2016.

The Group and the parent company has issued mortgages of EUR 750 thousand as collateral for subordinate loans, which is secured upon the Group's land and buildings with a carrying amount of DKK 8,448 thousand at 30 September 2016.

Lessor has the usual title to rental equipment with a carrying amount of DKK 1,344,979 thousand which has been provided as collateral for lease obligations. Same applies for the parent company with a carrying amount of DKK 1,028,097 thousand.

21 Currency and interest rate risks etc.

Particular risks applying to the group are described in management's review, section "Particular risk", to which we refer.

22 Related parties

KRUNE FLEET Danmark A/S' related parties comprise group entities, see note 13, affiliated entities in the Bernard Krone Holding SE & Co. KG group, and the following:

Parties exercising control

XUA-9 GmbH, Germany, parent company.



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| DKK'000 | Consolidated | |
|--------------------------------------|----------------|----------------|
| | 2015/16 | 2014/15 |
| 23 Changes in working capital | | |
| Changes in inventories | -1,360 | 0 |
| Changes in receivables | -84 | -15,512 |
| Changes in trade and other payables | -65,819 | -61,861 |
| | <u>-67,263</u> | <u>-77,373</u> |