KRONE FLEET Danmark A/S

Kilen 5, 6330 Padborg

CVR-nr. 21 50 76 95

Annual report 2016/17

for the period 1 October 2016 - 31 July 2017

Approved at the annual general meeting of shareholders on 18 October 2017

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of KRONE FLEET Danmark A/S for the financial year 1 October 2016 - 31 July 2017.

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 2017 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 October 2016 - 31 July 2017.

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, 18 October 2017
Executive Board:

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

Opinion

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 2016 -31 July 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, as well as 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 2017 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 October 2016 - 31 July 2017 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" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter in the financial statements

We draw attention to note 2 section "Capital and liquidity" in the financial statements, which describes that KRONE FLEET Danmark A/S' equity was negative at DKK -40.7 million at 31 July 2017 and consequently; the Group has a considerable negative balance. The Group has obtained subordinated loans of DKK 208.2 million with maturity exceeding twelve months. We have not modified our opinion in respect of this matter.

Management's responsibilities 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 as 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.

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 audit of the consolidated financial statements and the parent company financial statements

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

Independent auditor's report

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 these consolidated financial statements and parent company financial statements.

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 consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

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

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 18 October 2017
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 2016 - 31 July 2017
Website	www.krone-fleet.com
Telephone	+45 74 30 11 11
Board of Directors	Aloysius Schnelte Ingo Geerdes Karl-Heinz Schweer
Executive Board	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 18 October 2017 at the company's address.

Management's review

Financial highlights for the Group

DKK'000	2016/17 (10 months)	2015/16	2014/15	2013/14	2012/13
Key figures					
Revenue	584,774	645,460	557,353	532,729	389,202
Operating profit	75,099	89,875	77,040	55,442	52,903
Profit/loss from financial income and expenses	-28,776	-38,405	-51,332	-43,555	-37,882
Profit for the year	34,502	39,720	18,009	7,404	10,730
Total assets	2,217,940	2,146,453	1,963,110	1,697,813	1,359,045
Portion relating to investments in property, plant and equipment	517,616	552,909	575,624	613,905	517,639
Equity	**-40,669**	**-75,110**	**-114,928**	**-132,332**	**-139,149**
Subordinate loans	208,222	208,637	208,874	208,407	208,824
Equity including subordinate loans	167,553	133,527	93,946	76,075	69,675
Cash flows from operating activities	375,251	281,602	196,722	328,160	104,354
Cash flows from investing activities	-368,285	-477,458	-498,522	-544,143	-418,497
Cash flows from financing activities	73,219	140,488	67,960	208,665	229,814
Total cash flows	**80,185**	**-55,368**	**-233,840**	**-7,318**	**-84,329**
Financial ratios					
Return on invested capital	3.36 %	4.19 %	3.92 %	3.27 %	3.89 %
Solvency ratio	-1.83 %	-3.50 %	-5.85 %	-7.79 %	-10.24 %
Solvency ratio (incl. subordinate loans)	7.55 %	6.22 %	4.79 %	4.48 %	5.13 %
Average number of full-time employees	**79**	**73**	**73**	**71**	**54**

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 financial year has been changed to 31 July in order to have same financial year than other entities in the KRONE Group. Thus, the financial year 2016/17 consist of 10 month.

The Group realised a profit of DKK 34.5 million in the financial year, which is in line with expectations.

At 31 July 2017, equity totalled a negative amount of DKK 40.7 million. To strengthen the Group's capital position, the Group obtained subordinate loans of DKK 208.2 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 7.55 %.

The Group's cash at bank and in hand totalled DKK 46.5 million at 31 July 2017.

During the financial year 2016/17 the group has invested more than DKK 500 million in rental equipment.

Outlook

Management is of the opinion that the Group will experience slightly increasing activities and realize same or increased earnings for the 2017/18 financial year.

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

Post balance sheet events

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

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 2020. At present, none of the members are women. No changes were made to the composition of the Board of Directors during the 2016/17 financial year, therefore the goal was not reached. Due to that KRONE FLEET Denmark A/S has less than 50 employees the company has not defined goals and policies for the underrepresented gender among other management positions.

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

Income statement

Note		Consolidated		Parent company	
		2016/17 10 months	2015/16 12 months	2016/17 10 months	2015/16 12 months
		DKK'000	DKK'000	DKK'000	DKK'000
3	**Revenue**	584,774	645,460	322,393	341,958
	Direct costs	-168,783	-188,006	-53,679	-57,735
	Other external costs	-28,081	-28,779	-9,788	-8,647
	Gross profit	387,910	428,675	258,926	275,576
	Other operating income	9,567	14,668	1,348	2,061
4	Staff costs	-33,207	-39,139	-6,984	-7,938
	Depreciation, amortisation and impairment losses	-289,171	-314,329	-198,866	-210,561
	Operating profit	75,099	89,875	54,424	59,138
12	Share of profit/loss after tax in subsidiaries	0	0	6,830	13,836
5	Financial income	3,728	2,975	4,157	2,304
6	Financial expenses	-32,504	-41,380	-23,099	-28,238
	Profit before tax	46,323	51,470	42,312	47,040
7	Tax on profit for the year	-11,821	-11,750	-7,810	-7,320
	Profit for the year	34,502	39,720	34,502	39,720

Breakdown of the consolidated results:		
Shareholders, KRONE FLEET Danmark A/S	34,502	39,720
Non-controlling interests	0	0
	34,502	39,720

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

Balance sheet

Note		Consolidated 2016/17 DKK'000	Consolidated 2015/16 DKK'000	Parent company 2016/17 DKK'000	Parent company 2015/16 DKK'000
	ASSETS				
	Fixed assets				
8/9	**Intangible assets**				
	Goodwill	526	673	0	15
	Software and licenses	3,874	5,534	3,702	5,366
	Patents and rights	8	0	0	0
		4,408	6,207	3,702	5,381
10/11	**Property, plant and equipment**				
	Land and buildings	34,904	34,959	8,448	8,448
	Rental equipment	1,904,194	1,822,211	1,418,165	1,305,577
	Fixtures and fittings, plant and equipment	4,027	4,067	957	827
		1,943,125	1,861,237	1,427,570	1,314,852
	Financial assets				
12	Investments in subsidiaries	0	0	64,620	57,853
13	Lease payments receivable	38,894	47,581	0	0
	Other receivables	0	27	0	0
		38,894	47,608	64,620	57,853
	Total fixed assets	1,986,427	1,915,052	1,495,892	1,378,086
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	9,854	1,860	545	265
	Receivables				
	Trade receivables	126,735	124,302	46,244	40,678
	Amounts owed by affiliated enterprises	17,784	780	72,914	31,823
	Other receivables	17,803	47,336	6,956	26,062
14	Deferred tax assets	5,143	5,643	0	0
	Prepayments	7,707	7,671	2,809	3,716
		175,172	185,732	128,923	102,279
	Cash at bank and in hand	46,487	43,809	3,228	4,434
	Total non-fixed assets	231,513	231,401	132,696	106,978
	TOTAL ASSETS	2,217,940	2,146,453	1,628,588	1,485,064

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

Balance sheet

Note		Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
		DKK'000	DKK'000	DKK'000	DKK'000
	EQUITY AND LIABILITIES				
	Equity				
15	Share capital	1,500	1,500	1,500	1,500
	Retained earnings	-42,169	-76,610	-42,169	-76,610
	Total equity	-40,669	-75,110	-40,669	-75,110
	Provisions				
14	Deferred tax	23,980	14,864	17,062	9,182
	Other provisions	8,571	9,725	0	0
	Total provisions	32,551	24,589	17,062	9,182
	Liabilities other than provisions				
16/17	**Non-current liabilities**				
	Banks	84,179	84,573	0	0
	Lease obligations	895,068	908,340	694,428	668,633
	Subordinate loans	208,222	208,637	208,222	208,637
	Amounts owed to affiliated enterprises	150,381	148,642	122,072	106,723
		1,337,850	1,350,192	1,024,722	983,993
	Current liabilities				
16/17	Current portion of non-current liabilities	467,300	381,739	342,038	291,676
	Bank loans and overdrafts	335,553	413,059	225,900	250,599
	Trade payables	29,165	24,615	15,256	9,986
	Amounts owed to affiliated enterprises	36,987	9,731	38,994	12,185
	Tax payable	104	311	0	0
	Other payables	11,825	13,050	2,044	1,806
	Deferred income	7,274	4,277	3,241	747
		888,208	846,782	627,473	566,999
	Total liabilities other than provisions	2,226,058	2,196,974	1,652,195	1,550,992
	TOTAL EQUITY AND LIABILITIES	2,217,940	2,146,453	1,628,588	1,485,064

1 **Accounting policies**
2 **Accounting estimates and assessments**
18 **Contractual obligations and contingencies, etc.**
19 **Mortgages and collateral**
20 **Currency and interest rate risks etc.**
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Consolidated financial statements and parent company financial statements 1 October – 31 July

Statement of changes in equity

DKK'000	Parent company		
	Share capital	Retained earnings	Total
Equity at 1 October 2016	1,500	-76,610	-75,110
Profit/loss for the year	0	34,502	34,502
Foreign exchange adjustment, foreign subsidiaries	0	-61	-61
Equity at 31 July 2017	1,500	-42,169	-40,669

DKK'000	Consolidated		
	Share capital	Retained earnings	Total
Equity at 1 October 2016	1,500	-76,610	-75,110
Profit/loss for the year	0	34,502	34,502
Foreign exchange adjustment, foreign subsidiaries	0	-61	-61
Equity at 31 July 2017	1,500	-42,169	-40,669

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

Cash flow statement

Note	DKK'000	Consolidated 2016/17	Consolidated 2015/16
	Operating profit/loss	75,099	89,875
	Depreciation/amortisation	289,171	314,329
	Profit from sale	-1,838	-14,668
	Cash generated from operations (operating activities) before changes in working capital	362,432	389,536
24	Changes in working capital	43,204	-65,689
	Cash generated from operations (operating activities)	405,636	323,847
	Interest received	4,528	1,169
	Interest paid	-32,504	-39,574
	Income taxes paid	-2,409	-3,840
	Cash flows from operating activities	375,251	281,602
	Acquisition of intangible assets	-99	-24
	Acquisition of property, plant and equipment	-517,616	-552,909
	Disposal of property, plant and equipment	149,430	75,475
	Cash flows from investing activities	-368,285	-477,458
	External financing:		
	Changes in banks	48,657	36,400
	Changes in lease liabilities	24,977	104,325
	Changes in subordinate loans	-415	-237
	Cash flows from financing activities	73,219	140,488
	Net cash flows from operating, investing and financing activities	80,185	-55,368
	Cash and cash equivalents/current bank debt at 1 October 2016	-369,250	-313,882
	Cash and cash equivalents/current bank debt at 31 July 2017	-289,065	-369,250

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 – 31 July

Notes to the financial statements

1 **Accounting policies**

The annual report of KRONE FLEET Danmark A/S 2016/17 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Effective 1 October 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

1. Yearly reassessment of residual values of property, plant and equipment

Re 1: In future, residual values of property, plant and equipment are subject to annual reassessment. The change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

None of the above changes impacts on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

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 over which it otherwise exercises control. Entities 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.

The consolidated financial statements have been 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, and 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 in so far as they do not reflect impairment.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Business combinations

Recently acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated in respect of recently acquired or sold entities.

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

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is taken into account.

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

Notes to the financial statements

1 Accounting policies (continued)

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) 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.

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 20 years after the year of acquisition.

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.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' ownership share or at the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities.

In the former scenario, goodwill relating to the non-controlling interests' ownership share in the acquired entity is thus recognised, while, in the latter scenario, goodwill relating to the non-controlling interests' ownership share is not recognised. Measurement of non-controlling interests is chosen on a transaction-by-transaction basis and is stated in the notes in connection with the description of acquired entities.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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

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, 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.

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

Notes to the financial statements

1 **Accounting policies (continued)**

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.

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.

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Notes to the financial statements

1 **Accounting policies (continued)**

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

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.

Notes to the financial statements

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.

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Notes to the financial statements

1 **Accounting policies (continued)**

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 KRONE FLEET Danmark A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the purchase method is applied.

Impairment of assets

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

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.

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.

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.

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Notes to the financial statements

1 Accounting policies (continued)

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.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed 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.

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 bay-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.

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

Notes to the financial statements

1 **Accounting policies (continued)**

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.

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.

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.

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Notes to the financial statements

1 **Accounting policies (continued)**

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

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 and liquidity

The Group's equity was negative at DKK 41.0 million at 31 July 2017. 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 208.2 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 7.54 %. The Group's cash at bank and in hand totalled DKK 46.5 million at 31 July 2017.

Management is of the opinion that the subordinate loans provide sufficient liquidity for the Group to continue as a going concern in the 2017/18 financial year.

Further, Management is of the opinion that the Group will be same or more profitable for the 2017/18 financial year, compared to 2016/17. Based thereon, the capital base is expected to be re-established through future earnings.

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

Notes to the financial statements

2 Accounting estimates and assessments (continued)

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.

3 Segment information

Activity

The Group has only one activity.

Geographical segment:

DKK'000	Consolidated		Parent company	
	2016/17 10 months	2015/16 12 months	2016/17 10 months	2015/16 12 months
Denmark	163,384	169,111	159,916	172,328
Germany	162,480	179,001	37,313	34,157
Spain	135,555	167,741	84,889	97,596
Other countries	244,871	129,607	40,275	37,877
	584,290	645,460	322,393	341,958

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Notes to the financial statements

	DKK'000	Consolidated		Parent company	
		2016/17 10 months	2015/16 12 months	2016/17 10 months	2015/16 12 months
4	**Staff costs**				
	Wages and salaries	27,958	33,200	6,044	6,747
	Pensions	475	681	476	530
	Other social security costs	4,397	4,707	113	110
	Staff costs	377	551	351	551
		33,207	39,139	6,984	7,938
	Remuneration of the Executive Board	2,375	3,009	2,375	3,009
	Remuneration of the Board of Directors	0	0	0	0
	Average number of full-time employees	79	73	14	15
5	**Financial income**				
	Interest income, receivables	158	628	1,044	597
	Exchange adjustments	2,009	1,807	2,853	1,706
	Other	1,561	540	260	1
		3,728	2,975	4,157	2,304
	Hereof interest income from affiliated enterprises	0	0	1,044	590
6	**Financial expenses**				
	Interest expense	30,217	38,236	22,999	28,158
	Foreign exchange losses	0	0	0	0
	Other	2,287	3,144	100	80
		32,504	41,380	23,099	28,238
	Hereof interest expenses to affiliated enterprises	18,480	23,442	17,293	20,533
7	**Tax on profit for the year**				
	Current tax for the year	2,209	2,959	-70	0
	Tax in respect of previous years	2	-85	0	0
	Adjustment of deferred tax	9,610	8,876	7,880	7,320
		11,821	11,750	7,810	7,320

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Notes to the financial statements

8 Intangible assets

	Parent company			
DKK'000	Goodwill	Software and licenses	Patents and other rights	Total
Cost at 1 October 2016	3,711	9,947	2,239	15,897
Additions	0	0	0	0
Disposals	0	0	0	0
Cost at 31 July 2017	3,711	9,947	2,239	15,897
Depreciation/amortisation and impairment losses at 1 October 2016	3,696	4,581	2,239	10,516
Depreciation/amortisation	15	1,664	0	1,679
Disposals	0	0	0	0
Depreciation/amortisation and impairment losses at 31 July 2017	3,711	6,245	2,239	12,195
Carrying amount at 31 July 2017	0	3,702	0	3,702

9 Intangible assets

	Consolidated			
DKK'000	Goodwill	Software and licences	Patents and other rights	Total
Cost at 1 October 2016	5,282	10,448	2,239	17,969
Exchange rate adjustment relating to foreign entities	-1	-2	0	-3
Additions	0	25	74	99
Disposals	0	-4	0	-4
Cost at 31 July 2017	5,281	10,467	2,313	18,061
Depreciation/amortisation and impairment losses at 1 October 2016	4,609	4,914	2,239	11,762
Exchange rate adjustment relating to foreign entities	-1	0	0	-1
Depreciation/amortisation	147	1,679	66	1,892
Disposals	0	0	0	0
Depreciation/amortisation and impairment losses at 31 July 2017	4,755	6,593	2,305	13,653
Carrying amount at 31 July 2017	526	3,874	8	4,408

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Notes to the financial statements

10 Property, plant and equipment

	Parent company			
DKK'000	Land and buildings	Rental equipment	Fixtures and fittings, plant and equipment	Total
Cost at 1 October 2016	11,859	1,868,394	2,134	1,882,387
Additions	0	385,470	472	385.942
Disposals	0	-210,337	0	-210,337
Cost at 31 July 2017	11,859	2,043,527	2,606	2,057,992
Depreciation/amortisation and impairment losses at 1 October 2016	3,411	562,816	1,308	567,535
Depreciation/amortisation	0	196,846	341	197,187
Disposals	0	-134,300	0	-134,300
Depreciation/amortisation and impairment losses at 31 July 2017	3,411	625,362	1,649	630,422
Carrying amount at 31 July 2017	8,448	1,418,165	957	1,427,570
Assets held under finance leases	0	1,111,639	0	1,111,639

11 Property, plant and equipment

	Consolidated			
DKK'000	Land and buildings	Rental equipment	Fixtures and fittings, plant and equipment	Total
Cost at 1 October 2016	40,088	2,662,647	9,784	2,712,519
Exchange rate adjustment relating to foreign entities	-56	-1,112	-15	-1,183
Additions	598	515,866	1,152	517,616
Disposals	0	-364,316	0	-364,316
Cost at 31 July 2017	40,630	2,813,085	10,921	2,864,636
Depreciation/amortisation and impairment losses at 1 October 2016	5,129	840,064	5,717	851,282
Exchange rate adjustment relating to foreign entities	-4	-372	-9	-385
Depreciation/amortisation	601	283,511	1,186	285,298
Disposals	0	-214,684	0	-214,684
Depreciation/amortisation and impairment losses at 31 July 2017	5,726	908,891	6,894	921,511
Carrying amount at 31 July 2017	34,904	1,904,194	4,027	1,943,125
Assets held under finance leases	0	1,390,573	0	1,390,573

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Notes to the financial statements

12 **Investments in subsidiaries**

	Parent company	
DKK'000	2016/17	2015/16
Cost at 1 October 2016	119,483	119,483
Additions	0	0
Cost at 31 July 2017	119,483	119,483
Value adjustments at 1 October 2016	-61,632	-62,042
Dividends paid	0	-13,522
Foreign exchange adjustments	-61	98
Profit/loss for the year incl. amortization of goodwill	6,830	13,836
Value adjustments at 31 July 2017	-54,863	-61,630
Carrying amount at 31 July 2017	**64,620**	**57,853**

Name	Owner ship	Share capital	Equity	Profit/loss for the year	Carrying amount
		DKK'000	DKK'000	DKK'000	DKK'000
KRONE FLEET Deutschland GmbH, Seevetal, Germany	100 %	102,808	16,907	428	16,907
Paul Günther Rental A/S, Aabenraa	100 %	37,207	25,243	312	25,243
KRONE FLEET Espana Sociedad Limitada, Spain	100 %	3,741	19,379	6,367	19,379
KRONE FLEET Kiralama Anonim Sirketi., Turkey	100 %	3,247	3,091	-277	3,091
			64,620	6,830	64,620

13 **Lease payments receivable**

Of lease payments receivable, DKK 30,395 thousand (DKK 38,992 thousand in 2015/16) falls due more than one year after the balance sheet date.

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Notes to the financial statements

14 Deferred tax

DKK'000	Consolidated 2016/17	Consolidated 2015/16	Parent company 2016/17	Parent company 2015/16
Deferred tax at 1 October 2016	-9,221	-339	-9,182	-1,862
Exchange rate adjustment relating to foreign entities	-6	0	0	0
Adjustment of the deferred tax charge for the year	-9,610	-8,882	-7,880	-7,320
Deferred tax at 31 July 2017	-18,837	-9,221	-17,062	-9,182
Deferred tax, net of assets and liabilities, relate to:				
Intangible assets	-585	-874	-584	-875
Property, plant and equipment	-28,006	-23,327	-18,931	-13,047
Current assets	29	3,265	297	675
Liabilities, provisions	1,462	0	0	0
Tax-loss carry forwards	8,263	11,715	2,156	4,065
	-18,837	-9,221	-17,062	-9,182

15 Share capital

DKK'000	2016/17	2015/16
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.

16 Non-current liabilities

Parent company

DKK'000	Total liabilities at 30/9 2016	Total liabilities at 31/7 2017	Instalment next year	Long-term portion	Remaining debt after 5 years
Banks	503	0	0	0	0
Lease obligations	933,113	1,003,725	309,297	694,428	0
Subordinate loans	208,637	208,222	0	208,222	0
Amounts owed to affiliated enterprises	133,416	154,813	32,741	122,072	0
	1,275,669	1,366,760	342,038	1,024,722	0

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 1,003,725 thousand (2015/16: DKK 933,113 thousand).

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Notes to the financial statements

17 Non-current liabilities

	Consolidated				
DKK'000	Total liabilities at 30/9 2016	Total liabilities at 37/7 2017	Instalment next year	Long-term portion	Remaining debt after 5 years
Banks	85,076	122,696	38,517	84,179	0
Lease obligations	1,254,401	1,279,378	384,310	895,068	3,658
Subordinate loans	208,637	208,222	0	208,222	0
Amounts owed to affiliated enterprises	183,817	194,854	44,473	150,381	0
	1,731,931	1,805,150	467,300	1,337,850	3,658

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 1,057,668 thousand (2015/16: DKK 1,014,988 thousand).

18 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 641 thousand (parent company: DKK 219 thousand). The remaining term of the leases is up to 52 months (parent company: 40 months) with a total nominal remaining lease payment of DKK 1.056 thousand (parent company: DKK 398 thousand).

Contingent liabilities

The parent company has signed letter of support in favor of subsidiaries with negative equity.

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 31 July 2017, the outcome of these lawsuits or claims will not further affect the group's or the Company's financial position.

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Notes to the financial statements

19 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 31 July 2017.

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 31 July 2017.

Lessor has the usual title to rental equipment with a carrying amount of DKK 1,390,573 thousand which has been provided as collateral for lease obligations. Same applies for the parent company with a carrying amount of DKK 1,111,639 thousand.

20 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.

21 Related parties

KRONE FLEET Danmark A/S' related parties comprise group entities, see note 12, affiliated entities in the Bernard Krone Holding SE & Co. KG group, and the following:

Parties exercising control

KBU Immobilien GmbH, Germany, parent company.

Related party transactions

Related party transactions are carried out on arms length basis.

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 4.

22 Appropriation of profit

	Parent	
DKK'000	2016/17 10 months	2015/16 12 months
Recommended appropriation of profit		
Transferred to reserves under equity	34,502	39,720

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Notes to the financial statements

23 Fees paid to auditors appointed at the annual general meeting

DKK'000	Consolidated 2016/17 10 months	Consolidated 2015/16 12 months	Parent company 2016/17 10 months	Parent company 2015/16 12 months
Total fees to EY	647	690	484	517
Fee regarding statutory audit	372	358	290	276
Tax assistance	22	19	17	14
Other services	253	313	177	227
	647	690	484	517

24 Changes in working capital

DKK'000	Consolidated 2016/17	Consolidated 2015/16
Changes in inventories	7,994	-1,360
Changes in receivables	2,786	-84
Changes in trade and other payables	32,424	-64,245
	43,204	-65,689