KRONE FLEET Danmark A/S

Kilen 5, 6330 Padborg

CVR no 21 50 76 95

Annual report 2017/18

for the period 1 August 2017 - 31 July 2018

Approved at the Company´s annual general meeting on 13 December 2018

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 August 2017 – 31 July 2018.

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 2018 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 August 2017 – 31 July 2018.

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

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

Padborg, 11 December 2018
Executive Board:

Florian Hass

Kim Raun

Søren Nielsen Outzen

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 August 2017 -31 July 2018, 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 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 August 2017 - 31 July 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Aabenraa, 11 December 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised
Public Accountant
MNE no.: mne28657

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 August 2017 - 31 July 2018
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 Søren Nielsen Outzen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa

Annual general meeting

The annual general meeting is to be held on 13 December 2018 at the company's address.

Management's review

Financial highlights for the Group

DKK'000	2017/18	2016/17 (10 months)	2015/16	2014/15	2013/14
Key figures					
Revenue	687,875	584,774	645,460	557,353	532,729
Operating profit	99,662	75,099	89,875	77,040	55,442
Profit/loss from financial income and expenses	-40,627	-28,776	-38,405	-51,332	-43,555
Profit for the year	47,747	34,502	39,720	18,009	7,404
Total assets	2,279,637	2,217,940	2,146,453	1,963,110	1,697,813
Portion relating to investments in property, plant and equipment	595,466	517,616	552,909	575,624	613,905
Equity	**7,094**	**-40,669**	**-75,110**	**-114,928**	**-132,332**
Subordinate loans	208,597	208,222	208,637	208,874	208,407
Equity including subordinate loans	215,691	167,553	133,527	93,946	76,075
Cash flows from operating activities	380,622	375,251	281,602	196,722	328,160
Cash flows from investing activities	-423,681	-368,285	-477,458	-498,522	-544,143
Cash flows from financing activities	40,168	-4,288	210,123	299,839	215,727
Total cash flows	**-2,891**	**2,678**	**14,267**	**-1,961**	**-256**
Financial ratios					
Return on invested capital	4.37 %	3.39 %	4.19 %	3.92 %	3.27 %
Solvency ratio	0.31 %	-1.83 %	-3.50 %	-5.85 %	-7.79 %
Solvency ratio (incl. subordinate loans)	9.46 %	7.55 %	6.22 %	4.79 %	4.48 %
Average number of full-time employees	**84**	**79**	**73**	**73**	**71**

The financial ratios are calculated in accordance with the Danish Finance Society. 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 47.7 million in the financial year, which is in line with expectations.

At 31 July 2018, equity totalled an amount of DKK 7.1 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. If the subordinate loans are included in equity, the equity ratio is 9.5 %. After the balance sheet date it has been decided to convert the subordinate loan into equity as described under post balance sheet events.

The Group's cash at bank and in hand totalled DKK 43.6 million at 31 July 2018.

During the financial year 2017/18 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 2018/19 financial year.

Post balance sheet events

Fahrzeugwerk Krone Beteiligungs-GmbH has confirmed to convert subordinated loan into equity. Also, the conversion has been approved by the Supervisory Board in KRONE FLEET Danmark A/S. This means that subordinated loan amounting to DKK 208.6 million will be converted into equity during financial year 2018/19. Thereby, the equity in KRONE FLEET Danmark A/S will be increased by DKK 208.6 million.

No other 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.

Management's review

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.

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 2017/18 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 August – 31 July

Income statement

Note		Consolidated		Parent company	
		2017/18 12 months	2016/17 10 months	2017/18 12 months	2016/17 10 months
		DKK'000	DKK'000	DKK'000	DKK'000
4	**Revenue**	687,875	584,774	404,860	322,393
	Direct costs	-162,885	-168,783	-68,126	-53,679
	Other external costs	-34,735	-28,081	-13,935	-9,823
	Gross profit	490,255	387,910	322,799	258,891
	Other operating income	12,689	9,567	3,107	1,349
	Other operation costs	-918	0	0	0
5	Staff costs	-38,320	-33,207	-9,119	-6,984
	Depreciation, amortisation and impairment losses	-364,044	-289,171	-259,121	-198,866
	Operating profit	99,662	75,099	57,666	54,390
13	Share of profit/loss after tax in subsidiaries	0	0	26,343	6,830
6	Financial income	976	3,728	2,104	4,157
7	Financial expenses	-41,603	-32,504	-32,139	-23,065
	Profit before tax	59,035	46,323	53,974	42,312
8	Tax on profit for the year	-11,288	-11,821	-6,227	-7,810
	Profit for the year	47,747	34,502	47,747	34,502

Breakdown of the consolidated results:		
Shareholders, KRONE FLEET Danmark A/S	47,747	34,502
Non-controlling interests	0	0
	47,747	34,502

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

Balance sheet

Note		Consolidated 2017/18 DKK'000	Consolidated 2016/17 DKK'000	Parent company 2017/18 DKK'000	Parent company 2016/17 DKK'000
	ASSETS				
	Fixed assets				
9/10	**Intangible assets**				
	Goodwill	370	526	0	0
	Software and licenses	2,840	3,874	2,727	3,702
	Patents and rights	5	8	0	0
		3,215	4,408	2,727	3,702
11/12	**Property, plant and equipment**				
	Land and buildings	34,489	34,904	8,448	8,448
	Rental equipment	1,972,591	1,904,194	1,507,490	1,418,165
	Fixtures and fittings, plant and equipment	3,630	4,027	774	957
		2,010,710	1,943,125	1,516,712	1,427,570
	Financial assets				
13	Investments in subsidiaries	0	0	90,979	64,620
14	Lease payments receivable	28,517	38,894	0	0
		28,517	38,894	90,979	64,620
	Total fixed assets	2,042,442	1,986,427	1,610,418	1,495,892
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	583	9,854	64	545
	Receivables				
	Trade receivables	134,851	126,735	45,125	46,245
	Amounts owed by affiliated enterprises	28,246	17,784	70,615	72,843
	Corporation tax asset	211	0	334	70
	Other receivables	15,151	17,803	5,940	6,956
15	Deferred tax assets	6,880	5,143	0	0
	Prepayments	7,677	7,707	1,758	2,809
		193,016	175,172	123,772	128,923
	Cash at bank and in hand	43,596	46,487	1,408	3,228
	Total non-fixed assets	237,195	231,513	125,244	132,696
	TOTAL ASSETS	2,279,637	2,217,940	1,735,662	1,628,588

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

Balance sheet

Note		Consolidated		Parent company	
		2017/18	2016/17	2017/18	2016/17
		DKK'000	DKK'000	DKK'000	DKK'000
	EQUITY AND LIABILITIES				
	Equity				
16	Share capital	1,500	1,500	1,500	1,500
	Retained earnings	5,594	-42,169	5,594	-42,169
	Total equity	7,094	-40,669	7,094	-40,669
	Provisions				
15	Deferred tax	30,090	23,938	23,622	17,062
	Other provisions	8,653	4,293	0	0
	Total provisions	38,743	28,231	23,622	17,062
	Liabilities other than provisions				
17/18	**Non-current liabilities**				
	Banks	84,024	84,179	0	0
	Lease obligations	891,163	895,068	718,958	694,428
	Subordinate loans	0	208,222	0	208,222
	Amounts owed to affiliated enterprises	149,460	150,381	135,007	122,072
		1,124,647	1,337,850	853,965	1,024,722
	Current liabilities				
17/18	Current portion of non-current liabilities	659,869	467,300	561,479	342,038
	Bank loans and overdrafts	396,355	335,553	249,791	225,900
	Trade payables	20,846	29,165	19,570	15,256
	Amounts owed to affiliated enterprises	4	36,987	15,340	38,994
	Tax payable	5,027	146	0	0
	Other payables	22,050	16,103	2,686	2,044
	Deferred income	5,002	7,274	2,115	3,241
		1,109,153	892,528	850,981	627,473
	Total liabilities other than provisions	2,233,800	2,230,378	1,704,946	1,652,195
	TOTAL EQUITY AND LIABILITIES	2,279,637	2,217,940	1,735,662	1,628,588

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

Statement of changes in equity

	Parent company		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 August 2017	1,500	-42,169	-40,669
Profit/loss for the year	0	47,747	47,747
Foreign exchange adjustment, foreign subsidiaries	0	16	16
Equity at 31 July 2018	1,500	5,594	7,094

	Consolidated		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 August 2017	1,500	-42,169	-40,669
Profit/loss for the year	0	47,747	47,747
Foreign exchange adjustment	0	16	16
Equity at 31 July 2018	1,500	5,594	7,094

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

Cash flow statement

Note	DKK'000	Consolidated 2017/18	Consolidated 2016/17
	Operating profit/loss	99,662	75,099
	Depreciation/amortisation	364,044	289,171
	Profit from sale	-5,879	-1,838
	Cash generated from operations (operating activities) before changes in working capital	457,827	362,432
25	Changes in working capital	-33,515	43,204
	Cash generated from operations (operating activities)	424,312	405,636
	Interest received	976	4,528
	Interest paid	-42,464	-32,504
	Income taxes paid	-2,202	-2,409
	Cash flows from operating activities	380,622	375,251
	Acquisition of intangible assets	-1,098	-99
	Acquisition of property, plant and equipment	-595,466	-517,616
	Disposal of property, plant and equipment	172,883	149,430
	Cash flows from investing activities	-423,681	-368,285
	External financing:		
	Changes in banks	42,939	-28,850
	Changes in lease liabilities	-3,146	24,977
	Changes in subordinate loans	375	-415
	Cash flows from financing activities	40,168	-4,288
	Net cash flows from operating, investing and financing activities	-2,891	2,678
	Cash and cash equivalents/current bank debt at 1 August 2017	46,487	43,809
	Cash and cash equivalents/current bank debt at 31 July 2018	-43,596	-46,487

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

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

Notes to the financial statements

1 **Accounting policies**

The annual report of KRONE FLEET Danmark A/S 2017/18 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Consolidated financial statements

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 August – 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.

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 August - 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 August - 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	7-11 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 August - 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 recommendations of the Danish Finance Society.

The financial ratios stated under "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 positive at DKK 7.1 million at 31 July 2018. 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 from affiliated companies, which are subordinate to other creditors of the Group. If the subordinate loans are included in equity, the equity ratio is 9.5 %. The Group's cash at bank and in hand totalled DKK 43.6 million at 31 July 2018. In addition, affiliated companies have issued loans to the Group and guaranteed in favour of the Group's lease institutions.

After the balance sheet date it has been decided to convert the subordinated loan to equity, meaning that equity will be increased by 208.6 million during financial year 2018/19.

Management is of the opinion that conversion of subordinate loans together with the strong support from affiliated companies provide sufficient liquidity for the Group to fullfill the planned activities for financial year 2018/19.

Further, Management is of the opinion that the Group will be same or more profitable for the 2018/17 financial year, compared to 2017/18.

Consolidated financial statements and parent company financial statements 1 August - 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 Post balance sheet events

The affiliated company Fahrzeugwerk Krone Beteiligungs-GmbH has confirmed to convert subordinated loan into equity. Also, the conversion has been approved by the Supervisory Board in KRONE FLEET Danmark A/S. This means that subordinated loan amounting to DKK 208.6 million will be converted into equity during financial year 2018/19. Thereby, the equity in KRONE FLEET Danmark A/S will be increased by DKK 208.6 million.

4 Segment information

Activity

The Group has only one activity.

Geographical segment:

DKK'000	Consolidated		Parent company	
	2017/18 12 months	2016/17 10 months	2017/18 12 months	2016/17 10 months
Denmark	200,831	163,384	205,084	159,916
Germany	199,704	162,480	57,907	37,313
Spain	151,930	135,555	88,085	84,889
Other countries	135,410	123,355	53,784	40,275
	687,875	584,774	404,860	322,393

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Notes to the financial statements

DKK'000	Consolidated 2017/18 12 months	Consolidated 2016/17 10 months	Parent company 2017/18 12 months	Parent company 2016/17 10 months
5 Staff costs				
Wages and salaries	31,397	27,958	8,017	6,044
Pensions	1,047	617	605	476
Other social security costs	5,287	4,255	122	113
Staff costs	589	377	375	351
	38,320	33,207	9,119	6,984
Remuneration of the Executive Board	3,162	2,375	3,162	2,375
Remuneration of the Board of Directors	0	0	0	0
Average number of full-time employees	84	79	17	14
6 Financial income				
Interest income, receivables	1	158	2,103	1,044
Exchange adjustments	204	2,009	0	2,853
Other	771	1,561	1	260
	976	3,728	2,104	4,157
Hereof interest income from affiliated enterprises	0	0	2,102	1,044
7 Financial expenses				
Interest expense	33,826	30,217	29,014	22,965
Foreign exchange losses	3,172	0	3,102	0
Other	4,605	2,287	23	100
	41,603	32,504	32,139	23,065
Hereof interest expenses to affiliated enterprises	28,828	24,543	27,909	22,003
8 Tax on profit for the year				
Current tax for the year	6,849	2,209	-334	-70
Tax in respect of previous years	14	2	0	0
Adjustment of deferred tax	4,425	9,610	6,561	7,880
	11,288	11,821	6,227	7,810

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Notes to the financial statements

9 Intangible assets

	Parent company			
DKK'000	Goodwill	Software and licenses	Patents and other rights	Total
Cost at 1 August 2017	3,711	9,947	2,239	15,897
Additions	0	1,094	0	1,094
Disposals	0	0	0	0
Cost at 31 July 2018	3,711	11,041	2,239	16,991
Depreciation/amortisation and impairment losses at 1 August 2017	3,711	6,245	2,239	12,195
Depreciation/amortisation	0	2,069	0	2,069
Disposals	0	0	0	0
Depreciation/amortisation and impairment losses at 31 July 2018	3,711	8,314	2,239	14,264
Carrying amount at 31 July 2018	0	2,727	0	2,727

10 Intangible assets

	Consolidated			
DKK'000	Goodwill	Software and licences	Patents and other rights	Total
Cost at 1 August 2017	5,281	10,467	2,313	18,061
Exchange rate adjustment relating to foreign entities	1	2	0	3
Additions	0	1,098	0	1,098
Disposals	0	0	0	0
Cost at 31 July 2018	5,282	11,567	2,313	19,162
Depreciation/amortisation and impairment losses at 1 August 2017	4,755	6,593	2,305	13,653
Exchange rate adjustment relating to foreign entities	0	1	0	1
Depreciation/amortisation	157	2,133	3	2,293
Disposals	0	0	0	0
Depreciation/amortisation and impairment losses at 31 July 2018	4,912	8,727	2,308	15,947
Carrying amount at 31 July 2018	370	2,840	5	3,215

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Notes to the financial statements

11 Property, plant and equipment

DKK'000	Land and buildings	Rental equipment	Fixtures and fittings, plant and equipment	Total
	Parent company			
Cost at 1 August 2017	11,859	2,043,527	2,606	2,057,992
Additions	0	477,110	234	477,344
Disposals	0	-278,832	0	-278,832
Cost at 31 July 2018	11,859	2,241,805	2,840	2,256,504
Depreciation/amortisation and impairment losses at 1 August 2017	3,411	625,362	1,649	630,422
Depreciation/amortisation	0	256,635	417	257,052
Disposals	0	-147,682	0	-147,682
Depreciation/amortisation and impairment losses at 31 July 2018	3,411	734,315	2,066	739,792
Carrying amount at 31 July 2018	8,448	1,507,490	774	1,516,712
Assets held under finance leases	0	1,136,560	0	1,136,560

12 Property, plant and equipment

DKK'000	Land and buildings	Rental equipment	Fixtures and fittings, plant and equipment	Total
	Consolidated			
Cost at 1 August 2017	40,630	2,813,085	10,921	2,864,636
Exchange rate adjustment relating to foreign entities	52	12,319	-10	12,361
Additions	33	594,393	1,040	595,466
Disposals	0	-366,197	-23	-366,220
Cost at 31 July 2018	40,715	3,053,600	10,928	3,106,243
Depreciation/amortisation and impairment losses at 1 August 2017	5,726	908,891	6,894	921,511
Exchange rate adjustment relating to foreign entities	5	11,435	62	11,502
Depreciation/amortisation	495	359,978	1,363	361,836
Disposals	0	-199,295	-21	-199,316
Depreciation/amortisation and impairment losses at 31 July 2018	6,226	1,081,009	8,298	1,095,533
Carrying amount at 31 July 2018	34,489	1,972,591	3,630	2,010,710
Assets held under finance leases	0	1,394,585	0	1,394,585

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Notes to the financial statements

13 Investments in subsidiaries

DKK'000	Parent company 2017/18	Parent company 2016/17
Cost at 1 August 2017	119,483	119,483
Additions	0	0
Cost at 31 July 2018	119,483	119,483
Value adjustments at 1 August 2017	-54,863	-61,632
Foreign exchange adjustments	16	-61
Profit/loss for the year incl. amortization of goodwill	26,343	6,830
Value adjustments at 31 July 2018	-28,504	-54,863
Carrying amount at 31 July 2018	90,979	64,620

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 %	102,995	28,476	11,529	28,476
Paul Günther Rental A/S, Aabenraa	100 %	37,207	34,269	9,097	34,269
KRONE FLEET Espana Sociedad Limitada, Spain	100 %	3,748	25,636	6,215	25,636
KRONE FLEET Kiralama Anonim Sirketi., Turkey	100 %	3,253	2,598	-498	2,598
			90,979	26,343	90,979

Subsidiaries to Paul Günter Rental A/S (included in figures above):	
KRONE FLEET France SARL, Paris, France	100 %
KRONE FLEET Nederland B.V., Rottterdam, Holland	100 %
KRONE FLEET België bvba, Zele, Belgium	100 %
Paul Günther UAB, Vilnius, Lithuania	100 %
Paul Günther Sp.z.o.o., Warschau, Poland	100 %
Paul Günther Sverige AB, Helsingborg, Swden	100 %

14 Lease payments receivable

Of lease payments receivable, DKK 18,327 thousand (DKK 30,395 thousand in 2016/17) falls due more than one year after the balance sheet date.

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Notes to the financial statements

15 Deferred tax

DKK'000	Consolidated 2017/18	Consolidated 2016/17	Parent company 2017/18	Parent company 2016/17
Deferred tax at	-18,795	-9,179	-17,061	-9,182
Exchange rate adjustment relating to foreign entities	10	-6	0	0
Adjustment of the deferred tax charge for the year	-4,425	-9,610	-6,561	-7,880
Deferred tax at 31 July 2018	-23,210	-18,795	-23,622	-17,062

Deferred tax, net of assets and liabilities, relate to:

Intangible assets	-450	-585	-450	-584
Property, plant and equipment	-31,963	-28,006	-23,796	-18,931
Current assets	1	29	270	297
Liabilities, provisions	2,030	1,504	0	0
Tax-loss carry forwards	7,172	8,263	354	2,156
	-23,210	-18,795	-23,622	-17,062

16 Share capital

DKK'000	2017/18	2016/17
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

Parent company

DKK'000	Total liabilities at 31/7 2017	Total liabilities at 31/7 2018	Instalment next year	Long-term portion	Remaining debt after 5 years
Lease obligations	1,003,725	1,023,950	304,992	718,958	0
Subordinate loans	208,222	208,597	208,597	0	0
Amounts owed to affiliated enterprises	154,813	182,897	47,890	135,007	7,391
	1,366,760	1,415,444	561,479	853,965	7,391

Lease obligations include lease from group enterprises with DKK 1,023,950 thousand (2016/17: DKK 1,003,725 thousand).

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Notes to the financial statements

18 Non-current liabilities

	Consolidated				
DKK'000	Total liabilities at 31/7 2017	Total liabilities at 31/7 2018	Instalment next year	Long-term portion	Remaining debt after 5 years
Banks	122,696	84,024	0	84,024	0
Lease obligations	1,279,378	1,276,232	385,069	891,163	16,673
Subordinate loans	208,222	208,597	208,597	0	0
Amounts owed to affiliated enterprises	194,854	215,663	66,203	149,460	7,391
	1,805,150	1,784,516	659,869	1,124,647	24,064

Lease obligations include lease from affiliated enterprises with DKK 1,053,388 thousand (2016/17: DKK 1,057,668 thousand).

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 294 thousand (parent company: DKK 41 thousand). The remaining term of the leases is up to 48 months (parent company: 48 months) with a total nominal remaining lease payment of DKK 654 thousand (parent company: DKK 406 thousand).

Contingent liabilities

The parent company has signed letter of support in favour 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 2018, 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

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 31 July 2018.

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 2018.

Lessor has the usual title to rental equipment with a carrying amount of DKK 1,394,585 thousand which has been provided as collateral for lease obligations. Same applies for the parent company with a carrying amount of DKK 1,136,560 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

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.

23 Appropriation of profit

	Parent	
DKK'000	2017/18 12 months	2016/17 10 months
Recommended appropriation of profit		
Transferred to reserves under equity	47,747	34,502

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24 Fees paid to auditors appointed at the annual general meeting

DKK'000	Consolidated		Parent company	
	2017/18 12 months	2016/17 10 months	2017/18 12 months	2016/17 10 months
Total fees to EY	556	647	453	484
Fee regarding statutory audit	382	372	300	290
Tax assistance	22	22	15	17
Other services	152	253	138	177
	556	647	453	484

25 Changes in working capital

DKK'000	Consolidated	
	2017/18	2016/17
Changes in inventories	9,271	7,994
Changes in receivables	-5,519	2,786
Changes in trade and other payables	-37,267	32,424
	-33,515	43,204