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Rocla Danmark A/S
Kobbervej 5
6000 Kolding
Business Registration No
25019946

Annual report 01.04.2017 - 31.03.2018

The Annual General Meeting adopted the annual report on 26.07.2018

Chairman of the General Meeting

Name: Johannes Hubertus Seijger

Contents

Entity details

Entity
Rocla Danmark A/S
Kobbervej 5
6000 Kolding

Central Business Registration No (CVR): 25019946
Registered in: Kolding
Financial year: 01.04.2017 - 31.03.2018

Board of Directors
Johannes Hubertus Seijger, chairman
Yasumitsu Baba
Junichi Oi
Michael Karl Goeskjær
Johnny Vinterberg Jensen

Executive Board
Stig Vilmun-Jaltved, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Rocla Danmark A/S for the financial year 01.04.2017 - 31.03.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2018 and of the results of its operations for the financial year 01.04.2017 - 31.03.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 26.07.2018

Executive Board

Stig Vilmun-Jaltved
CEO

Board of Directors

Johannes Hubertus Seijger chairman	Yasumitsu Baba	Junichi Oi
Michael Karl Goeskjær	Johnny Vinterberg Jensen	

Independent auditor's report

To the shareholders of Rocla Danmark A/S

Opinion

We have audited the financial statements of Rocla Danmark A/S for the financial year 01.04.2017 - 31.03.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2018 and of the results of its operations for the financial year 01.04.2017 - 31.03.2018 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 financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements 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 financial statements.

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

Independent auditor's report

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Kolding, 26.07.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Suzette Demediuk Steen Nielsen

State Authorised Public Accountant

Identification No (MNE) mne32207

Management commentary

	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights					
Key figures					
Gross profit	35.687	39.529	29.726	11.210	43.213
Operating profit/loss	543	3.093	(18.428)	683	1.518
Net financials	899	(4.018)	(659)	(319)	(1.201)
Profit/loss for the year	1.442	(925)	(66.088)	273	724
Total assets	46.173	55.360	66.558	132.814	131.633
Investments in property, plant and equipment	121	514	4.862	411	2.120
Equity	(25.344)	(27.478)	(26.553)	42.845	42.573
Ratios					
Return on equity (%)	(16,2)	5,1	(18,5)	0,5	1,1
Equity ratio (%)	(54,9)	(49,6)	(39,9)	32,3	32,3

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Calculation formula reflects**
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The Company is engaged in sale of new Cat Lift Trucks, Warehouse products, hand pallet trucks, stackers as well as related service and repair. Furthermore, the Company sells spare parts.

In addition, Rocla Danmark A/S also offers Roclas' AGV (Automated Guided Vehicles) solution to the Danish market.

Through its subsidiary, Rocla Rent A/S, the Company is engaged in leasing and sale of used equipment.

Sales and service activities are nationwide. Rocla Danmark A/S is owned by the Finnish-based international materials handling company Rocla Oy, which is part of the European divison of Mitsubishi Caterpillar Forklift Europe B.V. (MCFE), which is part of the Japanese group Mitsubishi Heavy Industries Ltd. (MHI).

Development in activities and finances
The income statement for 2017/18 shows a profit of DKK 1.442 thousand against af loss of DKK 925 thousand in 2016/17. The balance sheet at 31 March 2018 shows negative equity of DKK 25.344 thousand.

The Company's future operations depend on the Company's and the subsidiary Rocla Rent A/S' ability to make a profit and that sufficient financing is secured for the coming year. The Company and the subsidiary Rocla Rent A/S expect for 2018/19 a minor profit, and the group enterprise Mitsubishi Caterpillar Forklift Europe B.V. has provided binding commitment (letter of support) to finance both the Company's and the subsidiary Rocla Rent A/S' operations and the necessary investments in the coming year provided that the Company and the subsidiary Rocla Rent A/S can meet their current and future liabilities. On this basis, Management believes it is justifiable that the financial statements have been prepared on a going concern basis.

Outlook
A profit similar to 2017/18 is expected for the year 2018/19.

Particular risks
The Company is not exposed to any particular risks other than usual business risks.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017/18

	Notes	2017/18 DKK	2016/17 DKK
Gross profit		**35.687.106**	**39.529.178**
Staff costs	1	(34.266.052)	(35.463.227)
Depreciation, amortisation and impairment losses		(878.065)	(972.846)
Operating profit/loss		**542.989**	**3.093.105**
Income from investments in group enterprises		1.015.301	(3.620.086)
Other financial income	2	315.634	315.993
Other financial expenses	3	(431.851)	(713.745)
Profit/loss before tax		**1.442.073**	**(924.733)**
Tax on profit/loss for the year		0	0
Profit/loss for the year	4	**1.442.073**	**(924.733)**

Balance sheet at 31.03.2018

	Notes	2017/18 DKK	2016/17 DKK
Acquired intangible assets		351.985	0
Intangible assets	5	**351.985**	**0**
Land and buildings		2.240.497	2.343.567
Other fixtures and fittings, tools and equipment		861.531	1.478.856
Leasehold improvements		203.035	317.429
Property, plant and equipment	6	**3.305.063**	**4.139.852**
Investments in group enterprises		0	0
Receivables from group enterprises		0	0
Deposits		781.811	747.985
Fixed asset investments	7	**781.811**	**747.985**
Fixed assets		**4.438.859**	**4.887.837**
Manufactured goods and goods for resale		9.378.890	9.566.627
Inventories		**9.378.890**	**9.566.627**
Trade receivables		13.078.338	15.488.496
Contract work in progress		487.532	497.184
Receivables from group enterprises		16.624.484	20.880.901
Deferred tax	8	1.243.354	1.243.354
Other receivables		63.078	131.927
Prepayments	9	684.379	634.074
Receivables		**32.181.165**	**38.875.936**
Cash		**173.890**	**2.030.000**
Current assets		**41.733.945**	**50.472.563**
Assets		**46.172.804**	**55.360.400**

Balance sheet at 31.03.2018

	Notes	2017/18 DKK	2016/17 DKK
Contributed capital	10	1.000.000	1.000.000
Retained earnings		(26.343.856)	(28.477.929)
Equity		**(25.343.856)**	**(27.477.929)**
Other provisions	11	0	1.824.000
Provisions		**0**	**1.824.000**
Prepayments received from customers		1.026.000	2.932.000
Payables to group enterprises		11.175.000	11.920.000
Non-current liabilities other than provisions	12	**12.201.000**	**14.852.000**
Current portion of long-term liabilities other than provisions	12	3.453.000	3.642.000
Bank loans		279.013	37.825
Prepayments received from customers		196.261	505.497
Trade payables		5.188.785	2.950.182
Payables to group enterprises		42.371.904	50.215.241
Other payables		7.812.579	8.746.711
Deferred income	13	14.118	64.873
Current liabilities other than provisions		**59.315.660**	**66.162.329**
Liabilities other than provisions		**71.516.660**	**81.014.329**
Equity and liabilities		**46.172.804**	**55.360.400**
Contingent liabilities	14		
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Statement of changes in equity for 2017/18

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.000.000	(28.477.929)	(27.477.929)
Corrections of material errors	0	692.000	692.000
Adjusted equity, beginning of year	**1.000.000**	**(27.785.929)**	**(26.785.929)**
Profit/loss for the year	0	1.442.073	1.442.073
Equity end of year	**1.000.000**	**(26.343.856)**	**(25.343.856)**

Notes

	2017/18 DKK	2016/17 DKK
1. Staff costs		
Wages and salaries	30.299.934	31.295.717
Pension costs	2.586.118	2.734.122
Other social security costs	705.556	803.922
Other staff costs	674.444	629.466
	34.266.052	**35.463.227**
Average number of employees	**68**	**78**

With reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the Management is not disclosed.

	2017/18 DKK	2016/17 DKK
2. Other financial income		
Financial income arising from group enterprises	315.000	315.000
Other financial income	634	993
	315.634	**315.993**

	2017/18 DKK	2016/17 DKK
3. Other financial expenses		
Financial expenses from group enterprises	313.533	0
Other financial expenses	118.318	713.745
	431.851	**713.745**

	2017/18 DKK	2016/17 DKK
4. Proposed distribution of profit/loss		
Retained earnings	1.442.073	(924.733)
	1.442.073	**(924.733)**

Notes

	Acquired intangible assets DKK
5. Intangible assets	
Additions	357.951
Cost end of year	**357.951**
Amortisation for the year	(5.966)
Amortisation and impairment losses end of year	**(5.966)**
Carrying amount end of year	**351.985**

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK
6. Property, plant and equipment			
Cost beginning of year	2.515.350	3.937.995	735.895
Additions	0	121.123	0
Disposals	0	(719.029)	0
Cost end of year	**2.515.350**	**3.340.089**	**735.895**
Depreciation and impairment losses beginning of year	(171.783)	(2.459.139)	(418.466)
Depreciation for the year	(103.070)	(654.635)	(114.394)
Reversal regarding disposals	0	635.216	0
Depreciation and impairment losses end of year	**(274.853)**	**(2.478.558)**	**(532.860)**
Carrying amount end of year	**2.240.497**	**861.531**	**203.035**

Notes

	Invest-ments in group enterprises DKK	Receivables from group enterprises DKK	Deposits DKK
7. Fixed asset investments			
Cost beginning of year	3.000.000	13.229.444	747.985
Addition through business combinations etc	0	315.000	0
Additions	0	0	33.826
Cost end of year	**3.000.000**	**13.544.444**	**781.811**
Impairment losses beginning of year	(3.000.000)	(13.229.444)	0
Share of profit/loss for the year	1.015.301	0	0
Impairment losses for the year	(1.015.301)	(315.000)	0
Impairment losses end of year	**(3.000.000)**	**(13.544.444)**	**0**
Carrying amount end of year	**0**	**0**	**781.811**

The negative equity in Rocla Rent A/S has affected receivables from group enterprises by DKK 47,184 thousand.

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK	Profit/loss DKK
Investments in group enterprises comprise:					
Rocla Rent A/S	Kolding	A/S	100,0	(47.684.433)	1.015.301

	2017/18 DKK
8. Deferred tax	
Changes during the year	
Beginning of year	1.243.354
End of year	**1.243.354**

The Company has a deferred tax asset of DKK 11,500 thousand whereas the Company has estimated that DKK 1,243 thousand is soundly to capitalize. As it is uncertain if these tax assets can be utilised within a foreseeable future, their carrying amounts have not been fully recognised in the financial statements.

Notes

9. Prepayments

Prepayments consist of activities related to 2018.

	Number	Nominal value DKK
10. Contributed capital		
1.000 shares of DKK 1.000.00 nominal value each	1.000	1.000.000
	1.000	**1.000.000**

11. Other provisions

As of 31 March 2018, the balance accrued for other provisions is DKK 0.

	Due within 12 months 2017/18 DKK	Due within 12 months 2016/17 DKK	Due after more than 12 months 2017/18 DKK
12. Liabilities other than provisions			
Prepayments received from customers	473.000	662.000	1.026.000
Payables to group enterprises	2.980.000	2.980.000	11.175.000
	3.453.000	**3.642.000**	**12.201.000**

13. Deferred income

Deferred income consists of activities related to 2018.

14. Contingent liabilities

The Company has entered into a tenancy agreement for a real property. The total rent obligation amounts to DKK 756 thousand.

The Company has entered into an operating lease with residual liability of DKK 5,757 thousand.

Together with the subsidiary, Rocla Rent A/S, the Company has entered into repurchase obligations for leased trucks of a total of DKK 12,206 thousand at 31 March 2018. Repurchase values are expected to correspond to market values at the date of the purchase.

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

Notes

15. Assets charged and collateral

As security for the Company's debt to bank, DKK 279 thousand, the Company has provided security in its assets. The total carrying amount of these assets is DKK 23,874 thousand.

Bank debt is secured by way of mortgage on properties:

	2017/18 DKK	2016/17 DKK
Carrying amount of mortgaged properties	**2.240.497**	**2.343.567**
Current bank debt, properties	**0**	**0**

16. Related parties with controlling interest

Related party

Rocla Danmark A/S' related parties comprise the following:

Rocla Rent A/S, Kobbervej 5, 6000 Kolding, Denmark.

Rocla OY, Jampankatu, P.O. Box 88, 04401 Järvenpää, Finland.

Mitsubishi Caterpillar Forklift Europe B.V, Hefbrugweg 77, 1332 Almere, Netherlands.

Mitsubishi Heavy Industries Ltd., 16-5 Konan2-Chrome, Minato-ku, Tokyo 1088215, Japan.

17. Transactions with related parties

According to S. 98c(7) of the Danish Financial Statements Act, the Company discloses that there have not been any non-arm's-length transactions.

18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Mitsubishi Caterpillar Forklift Europe B.V, Hefbrugweg 77, 1332 Almere, Netherlands.

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Mitsubishi Heavy Industries Ltd., 16-5, Konan 2-chome, Minato-ku, 108-8215 Tokyo, Japan

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Material errors in previous years

In 2017, Management has come to the conclusion that a smaller part of the regular service revenues than previously assumed have to be accrued, and a new method for the calculation was developed. The deferred service income at 1 April 2017 amounting to DKK 2,902 thousand ccompared with the amount allocated in the annual report for 2016/17 of DKK 3,594 thousand. The correction of the error would have affected the financial performance for the year 2016/17 by DKK 692 thousand.

The correction of the error has increased equity at 1 April 2017 by DKK 692 thousand.

Changes in accounting estimates

Based on a reassessment of the ongoing distribution of costs related to service contracts, the Company has changed its estimates in 2017/18.

Profit for the year after tax has been increased by DKK 1,404 thousand, and the carrying amount of deferred income has been decreased by DKK 1,404 thousand.

It is Management's assessment that the change in accounting estimate gives a more true and fair view of the Company's assets, liabilities, financial position and results.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (percentage of completion method).

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Accounting policies

Income from investments in group enterprises
Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, exchange gains on payables and transactions in foreign currencies.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, exchange losses on payables and transactions in foreign currencies.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings as well as other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25 years
Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Accounting policies

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Accounting policies

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
Referring to section 86 of the Danish Financial Statements Act, Rocla Danmark A/S has not prepared any cash flow statement.