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Rocla Danmark A/S

Kobbervej 5
6000 Kolding
CVR No. 25019946

Annual report 01.04.2019 - 31.03.2020

The Annual General Meeting adopted the annual report on 30.07.2020

Michael Karl Goeskjær
Chairman of the General Meeting

Contents

Entity details

Entity

Rocla Danmark A/S

Kobbervej 5

6000 Kolding

CVR No.: 25019946

Registered office: Kolding

Financial year: 01.04.2019 - 31.03.2020

Board of Directors

Junichi Oi

Johannes Hubertus Seijger, chariman

Masuda Yuichiro

Michael Karl Goeskjær

Executive Board

Stig Vilmun-Jaltved, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

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 01.04.2019 - 31.03.2020.

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 31.03.2020 and of the results of its operations for the financial year 01.04.2019 - 31.03.2020.

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, 30.07.2020

Executive Board

Stig Vilmun-Jaltved
CEO

Board of Directors

Junichi Oi	**Johannes Hubertus Seijger** chariman
Masuda Yuichiro	**Michael Karl Goeskjær**

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 01.04.2019 - 31.03.2020, 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 31.03.2020 and of the results of its operations for the financial year 01.04.2019 - 31.03.2020 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:

- 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.

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, 30.07.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Allan Trolle Pedersen
State Authorised Public Accountant
Identification No (MNE) mne34339

Management commentary

Financial highlights

	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000
Key figures					
Gross profit/loss	40,997	33,896	35,687	39,529	29,726
Operating profit/loss	(1,666)	(1,887)	543	3,093	(18,428)
Net financials	3,066	44,115	899	(4,018)	(659)
Profit/loss for the year	1,400	42,228	1,442	(925)	(66,088)
Total assets	58,435	46,926	46,173	55,360	66,558
Investments in property, plant and equipment	5,737	689	121	514	4,862
Equity	18,138	16,884	(25,344)	(27,478)	(26,553)
Ratios					
Return on equity (%)	7.99	-	-	-	-
Equity ratio (%)	31.04	35.98	(54.89)	(49.64)	(39.89)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Total assets

Primary activities

The Company is engaged in sale of new Mitsubishi 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 Mitsubishi Logisnext Europe Oy, which is part of the European divison of Mitsubishi Logisnext Europe B.V., which is part of the Japanese group Mitsubishi Heavy Industries Ltd.

Development in activities and finances

The income statement for 2019/20 shows a profit of DKK 1,400 thousand against a profit of DKK 42,228 thousand in 2018/19. The balance sheet at 31 March 2020 shows an equity of DKK 18,138 thousand.

The result in year 2018/19 is affected by debt cancellation of DKK 40,341 thousand recognized in Income statement.

Outlook

A profit at the level of 2019/20 cannot be expected due to Covid-19 causing an uncertain impact on the business for the year 2020/21.

Particular risks

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

Events after the balance sheet date

Overall the company is impacted by the Covid-19 situation and the market is subject to a great deal of uncertainty. We thus recognize a gradual improvement of the market since the country lock down started in March. The company makes use of the scheme for governmental support of "lønkompensationsordning". Besides this market effect, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		**40,996,737**	**33,896,267**
Staff costs	2	(37,749,600)	(35,035,738)
Depreciation, amortisation and impairment losses		(4,913,341)	(747,722)
Operating profit/loss		**(1,666,204)**	**(1,887,193)**
Income from investments in group enterprises		3,810,410	3,915,519
Other financial income from group enterprises		0	40,341,314
Other financial income	3	663	291,498
Other financial expenses	4	(744,927)	(433,378)
Tax on profit/loss for the year		0	0
Profit/loss for the year	5	**1,399,942**	**42,227,760**

Balance sheet at 31.03.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Acquired intangible assets		208,805	280,395
Intangible assets	6	**208,805**	**280,395**
Land and buildings		5,803,178	0
Other fixtures and fittings, tools and equipment		8,009,821	912,927
Leasehold improvements		251,689	250,463
Property, plant and equipment	7	**14,064,688**	**1,163,390**
Investments in group enterprises		10,178,831	6,368,419
Deposits		794,835	809,412
Other financial assets	8	**10,973,666**	**7,177,831**
Fixed assets		**25,247,159**	**8,621,616**
Manufactured goods and goods for resale		11,725,558	8,530,717
Inventories		**11,725,558**	**8,530,717**
Trade receivables		9,478,931	15,218,267
Contract work in progress		731,046	1,114,168
Receivables from group enterprises		9,256,631	11,296,817
Deferred tax	9	1,243,354	1,243,354
Other receivables		42,419	199,767
Prepayments	10	689,500	631,476
Receivables		**21,441,881**	**29,703,849**
Cash		**20,738**	**69,871**
Current assets		**33,188,177**	**38,304,437**
Assets		**58,435,336**	**46,926,053**

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		1,000,000	1,000,000
Retained earnings		17,137,989	15,883,904
Equity		**18,137,989**	**16,883,904**
Lease liabilities		9,489,542	0
Prepayments received from customers		326,000	954,000
Payables to group enterprises		5,229,980	8,209,520
Other payables		1,887,095	0
Non-current liabilities other than provisions	11	**16,932,617**	**9,163,520**
Current portion of non-current liabilities other than provisions	11	6,317,495	3,443,280
Bank loans		2,199,701	894,276
Prepayments received from customers		95,656	89,228
Trade payables		3,186,443	4,601,397
Payables to group enterprises		5,696,999	2,233,490
Other payables		5,851,468	9,573,071
Deferred income	12	16,968	43,887
Current liabilities other than provisions		**23,364,730**	**20,878,629**
Liabilities other than provisions		**40,297,347**	**30,042,149**
Equity and liabilities		**58,435,336**	**46,926,053**
Events after the balance sheet date	1		
Contingent liabilities	13		
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Statement of changes in equity for 2019/20

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	15,883,904	16,883,904
Other entries on equity	0	(145,857)	(145,857)
Profit/loss for the year	0	1,399,942	1,399,942
Equity end of year	**1,000,000**	**17,137,989**	**18,137,989**

Notes

1 Events after the balance sheet date

Overall the company is impacted by the Covid-19 situation and the market is subject to a great deal of uncertainty. We thus recognize a gradual improvement of the market since the country lock down started in March. The company makes use of the scheme for governmental support of "lønkompensationsordning". Besides this market effect, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	34,247,490	31,671,341
Pension costs	2,798,068	2,708,244
Other social security costs	704,042	646,153
Other staff costs	0	10,000
	37,749,600	**35,035,738**

Average number of full-time employees	**67**	**64**

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

3 Other financial income

	2019/20 DKK	2018/19 DKK
Financial income from group enterprises	0	288,750
Other financial income	663	2,748
	663	**291,498**

4 Other financial expenses

	2019/20 DKK	2018/19 DKK
Financial expenses from group enterprises	160,377	209,871
Other financial expenses	584,550	223,507
	744,927	**433,378**

5 Proposed distribution of profit and loss

	2019/20 DKK	2018/19 DKK
Retained earnings	1,399,942	42,227,760
	1,399,942	**42,227,760**

6 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	357,951
Cost end of year	**357,951**
Amortisation and impairment losses beginning of year	(77,556)
Amortisation for the year	(71,590)
Amortisation and impairment losses end of year	**(149,146)**
Carrying amount end of year	**208,805**

7 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	0	3,892,119	872,929
Changes in accounting policies	7,253,973	5,393,944	0
Additions	0	5,597,711	139,130
Disposals	0	(2,051,918)	0
Cost end of year	**7,253,973**	**12,831,856**	**1,012,059**
Depreciation and impairment losses beginning of year	0	(2,979,192)	(622,466)
Depreciation for the year	(1,450,795)	(3,253,052)	(137,904)
Reversal regarding disposals	0	1,410,209	0
Depreciation and impairment losses end of year	**(1,450,795)**	**(4,822,035)**	**(760,370)**
Carrying amount end of year	**5,803,178**	**8,009,821**	**251,689**
Recognised assets not owned by entity	5,803,178	6,669,199	0

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	3,000,000	809,412
Additions	0	15,423
Disposals	0	(30,000)
Cost end of year	**3,000,000**	**794,835**
Revaluations beginning of year	3,368,419	0
Share of profit/loss for the year	3,810,412	0
Revaluations end of year	**7,178,831**	**0**
Carrying amount end of year	**10,178,831**	**794,835**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Rocla Rent A/S	Kolding	A/S	100

9 Deferred tax

Changes during the year	2019/20 DKK	2018/19 DKK
Beginning of year	1,243,354	1,243,354
End of year	**1,243,354**	**1,243,354**

The Company has a deferred tax asset of DKK 13,150 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.

10 Prepayments

Prepayments consist of activities related to subsequent financial years.

11 Non-current liabilities other than provisions

	Due within 12 months 2019/20 DKK	Due within 12 months 2018/19 DKK	Due after more than 12 months 2019/20 DKK	Outstanding after 5 years 2019/20 DKK
Finance lease liabilities	3,254,935	0	9,489,542	816,738
Prepayments received from customers	74,000	458,000	326,000	30,000
Payables to group enterprises	2,988,560	2,985,280	5,229,980	0
Other payables	0	0	1,887,095	1,887,095
	6,317,495	**3,443,280**	**16,932,617**	**2,733,833**

12 Deferred income

Deferred income consists of activities related to 2020.

13 Contingent liabilities

Together with the subsidiary, Rocla Rent A/S, the Company has entered into repurchase obligations for leased trucks of a total of DKK 7,160 thousand at 31 March 2020. 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.

14 Assets charged and collateral

As security for the Company's debt to bank, DKK 2,200 thousand, the Company has provided security in its assets. The total carrying amount of these assets is DKK 22,570 thousand.

15 Related parties with controlling interest

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

- Mitsubishi Logisnext Europe Oy, Jampankatu, P.O. Box 88, 04401 Järvenpää, Finland.
- Mitsubishi Logisnext Europe B.V., Hefbrugweg 77, 1332 Almere, Netherlands.
- Mitsubishi Heavy Industries Ltd., 16-5 Konan2-Chome, Minato-ku, Tokyo 1088215, Japan.

16 Transactions with related parties

The company have made intercompany transactions effected on market terms and conditions.

	2019
	t.kr.
Sale of services to related parties	6,265
Sale of goods to related parties	16,894
Purchase of goods from related parties	30,432
Interest expenses for related parties	160

17 Group relations

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

Name and registered office of the Parent preparing consolidated financial statements for the smallest 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 prepared 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.

Changes in accounting policies
The Company has chosen to change accounting policies for recognition of lease contracts.

To better provide a true and fair view of the Company's assets, liabilities and results, leases are recognised with effect from 1 April 2019 in compliance with the principles of the international financial reporting standard IFRS 16 Leases. IFRS 16 does not distinguish between operating and finance leases, but requires recognition of a leased asset (right-of-use asset) and a lease liability for all leases.

Applying transitional provisions
In accordance with the transitional provisions of the Danish Financial Statements Ac, comparative figures are not restated, and the accumulated effect of the transition is recognised in equity at the beginning of the financial year. The change only applies to leases extending into the current financial year.

Furthermore, the following transitional provisions in IFRS 16 have been applied:

- No changes have been made to previously recognised amounts relating to leases classified and recognised as finance leases.

For leases previously classified as operating leases, the following applies:

- Lease liabilities are calculated at the present value of the remaining lease payments discounted using the Company's marginal borrowing rate at the time of implementation on 1 April 2019. The discount rate is calculated in aggregate for portfolio of leases with identical characteristics.

- Leased assets are calculated on the basis of the calculated lease liabilities adjusted for prepaid or payable lease payments.

- Leased assets are written down to the lower of recoverable amount and carrying amount of the leased asset.

- Direct costs incurred at the inception of leases are not included in the measurement of leased assets.

Changes in accounting policies due to the application of IFRS 16 as interpretation
Leases previously classified as operating leases
The application of IFRS 16 changes the accounting treatment of leases that used to be classified as operating leases and therefore were not recognised in the balance sheet. Lease payments on operating leases were previously recognised in the income statement in gross profit on a straight-line basis over the term of the lease.

For all other leases:

a) Leased assets and lease liabilities are recognised in the balance sheet, measured first time at the present value of the future lease payments.
b) Depreciation and impairment losses of leased assets and interest on lease liabilities are recognised in the income statement
c) Total lease payments are divided into instalments on the lease liability and interest.

Incentives to enter into leases (e.g. a rent-free period) are recognised as part of the measurement of leased assets and lease liabilities. . Previously, they were recognised on a straight-line basis over the lease term as a reduction of the lease expenses.

Leased assets are written down to the lower of recoverable amount and carrying amount. This replaces the previous requirement of recognising a provision for onerous leases.

Leases previously classified as finance leases
The main difference between IFRS 16 and previous practice regarding assets held under finance leases is the measurement of any residual value guarantees assumed by the lessee a towards the lessor. In future, only the amount that is expected to be paid in connection with a residual value guarantee is recognised. Previously, the maximum guarantee amount was recognised. This amendment has no significant impact on the Company's financial statements.

Monetary effect of change in accounting policies
The change in accounting policies results in an increase of gross profit of DKK 4,345k, an increase in depreciation of DKK 4,047k and an increase in interest expenses of DKK 420k. The aggregate effect of the change in accounting policies is a reduction of DKK 121k in pre-tax profit/loss for the year. The balance sheet total is increased by DKK 11,826k whereas equity at 31 March 2020 is reduced by DKK 267k.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, 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.

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 from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises and debt cancellation.

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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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 on a straight-line basis 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,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	5 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	3-5 years

For leasehold improvements the depreciation period cannot exceed the contract period.

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.

Leased assets
On initial recognition, leased assets are measured at an amount equal to the sum of the calculated lease liability, payments made before the commencement of the lease term with deduction of incentive benefits from the lessor and direct costs incurred at the inception of the lease.

Leased assets are depreciated over the shorter of the lease terms and the useful lives of the underlying assets. In leases where the ownership of leased assets is transferred upon expiry or a purchase option is expected to be exercised, the leased assets are depreciated over their useful lives. Depreciation is initiated at the commencement of the lease term.

Leased assets are written down to the lower of recoverable amount and carrying amount.

Leased assets are adjusted by remeasuring lease liabilities, see below under lease liabilities.

Leased assets are recognised under fixed assets in the items under which the underlying assets of the leases would be presented had they been owned by the Company.

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.

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.

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

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.

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.

Lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

On initial recognition, lease liabilities are measured at the present value of lease payments that have not been paid at the commencement of the lease term, discounted using the internal rate of the lease. If this rate cannot be calculated, the marginal borrowing rate of the Company is used.

Lease payments included in the measurement of lease liabilities comprise:
- Fixed lease payments with deduction of incentive benefits from lessor to lessee.
- Variable lease payments based on an indexation or a percentage rate. On initial recognition of the liability, this is measured based on the index or rate at the commencement of the lease term.
- The amount expected to be paid under residual value guarantees.
- The exercise price of purchase options if it is reasonably certain that such options will be exercised.
- The price of exercising the option for early termination of the lease if the lease term reflects that the option is expected to be exercised.

Variable lease payments that are not dependent on an indexation or a percentage rate are recognised in the income statement in the item ”Other external expenses” in the period of the occurrence of the event or the matter triggering these payments.

At the subsequent measurement, the lease liabilities are adjusted for interest accrued and instalments paid applying the effective interest method.

Lease liabilities are remeasured, and an equal adjustment of the related leased assets is made when:

- The lease term changes, e.g. due to a change in the assessment as to whether an extension option or a purchase option will be exercised. Remeasurement takes place by discounting the changed lease payments using a discount rate which is updated at the time of the change of the lease.

- Lease payments change due to changes in an index or a rate or a change in expected payment under a guaranteed residual value. Remeasurement takes place by discounting the revised lease payments using the original discount rate; however, an updated discount rate is used if the change is due to a change in the floating interest rate.

- There is a modification of the lease which is not to be treated as a separate lease for accounting purposes. Remeasurement takes place by discounting the revised lease payments using an updated discount rate.

If the remeasurement results in a reduction of a lease liability that exceeds the carrying amount of the related leased asset, the excess amount is recognised in the income statement.

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.