G.S.V. Holding A/S

Baldersbuen 5
Baldersbrønde
DK-2640 Hedehusene

CVR no. 35 87 58 91

Annual Report 2017

The annual report was presented and approved at the Company's annual general meeting

on 19 March 20 18

chairman of the annual general meeting

Contents

KPMG

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 G.S.V. Holding A/S for 2017.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements according to 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 Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year, cash flows and of the Group's and the Parent Company's financial position and a description of the most significant risks and uncertainties that the Group faces.

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

Hedehusene, 26 February 2018
Executive Board:

Dan Vorsholt	Jimmy Drevfors

Board of Directors:

Carsten Nygaard Knudsen Chairman	Peter Ryttergaard Vice chairman	Steve James Corcoran
Vilhelm Eigil Hahn-Petersen	Jens Nyhus	Dan Vorsholt

KPMG

Independent auditor's report

To the shareholders of G.S.V. Holding A/S

Opinion

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Audited financial statements

G.S.V. Holding A/S' consolidated financial statements and separate financial statements for the financial year 1 January – 31 December 2017 comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company (the financial statements). The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) and the 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 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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 consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Independent auditor's report

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

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 consolidated financial statements and parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is 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 may 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 financial statement users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and 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 consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 26 February 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik O. Larsen State Authorised Public Accountant MNE no. 15839	Klaus Rytz State Authorised Public Accountant MNE no. 33205

Management's review

Company details

G.S.V. Holding A/S
Baldersbuen 5
Baldersbrønde
DK-2640 Hedehusene

Telephone:	+45 70 12 13 15
Website:	www.gsv.dk
E-mail:	info@gsv.dk
CVR no.:	35 87 58 91
Established:	30 December 1964
Municipality of residence:	Høje Taastrup
Financial year:	1 January – 31 December

Board of Directors

Carsten Nygaard Knudsen, Chairman
Peter Ryttergaard, Vice chairman
Steve James Corcoran
Dan Vorsholt
Vilhelm Eigil Hahn-Petersen
Jens Nyhus

Executive Board

Dan Vorsholt
Jimmy Drevfors

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Management's review

Financial highlights

DKK mill	2017	2016	2015 8 mos
Revenue	844	863	476
Gross profit	467	464	227
EBITDA before special items	**295**	**293**	**206**
Special items	-20	-9	-16
EBITDA	**275**	**284**	**190**
Profit/loss before finance income and finance costs	92	85	51
Profit/loss from finance income and finance costs	-28	-24	-14
Profit/loss for the year	42	49	30
Total assets	1,597	1,680	1,610
Investments in property, plant and equipment	191	246	176
Equity	541	500	403
Gross margin	55%	54%	48%
EBITDA before special items margin	35%	34%	43%
EBITDA margin	33%	33%	40%
Operating margin	11%	10%	11%
Return on invested capital	6%	5%	3%
Current ratio	47%	52%	97%
Return on equity	8%	10%	7%
Solvency ratio	34%	30%	25%

Financial highlights for and 2016-17 are prepared in accordance with IFRS; see note 25. The comparative figures for 2015 have not been restated to reflect the change in accounting policies but have been prepared in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act. The 2015 figures represent the period from May to December.

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

Management's review

Operating review

Principal activities

The principal activity of the Company is to own the shares in the subsidiary, G.S.V. Materieludlejning A/S (hereinafter the group is: 'G.S.V.').

G.S.V. is the market leader within equipment rental for building and construction and offers a one-stop-shop rental concept with a wide range of rental and service solutions for construction, developers, industrial companies and the public sector.

The rental fleet includes lifts, platforms, scaffolds, pavilions, sheds/modules in addition to the market's broadest portfolio of construction equipment.

G.S.V. services more than 5,000 customers from 16 branches throughout Denmark with the largest product range in the equipment rental industry, and at the end of 2017, the G.S.V. had 419 employees.

For further information, visit the website www.gsv.dk.

Development in the year

2017 was a challenging and exciting year with a continued focus on servicing our customers as well as on professionalization and integration of the recently acquired companies both culturally and operationally.

To improve the servicing of our customers, several departments were combined and streamlined. At the same time, a large number of operating processes and business processes were optimised as part of the strengthening and consolidation of the one-stop-shop strategy in the entire business.

G.S.V. has thus started the realisation of the synergy effects from the Group's recent acquisition and created the foundation for a strong and sustainable business model that utilises both the breadth and size of the Group.

Management expects that further streamlining and optimisation of customer interaction processes and business processes will continue in 2018, resulting in additional new commercial and cost synergies.

After a slight loss of sales momentum in the first six months of 2017, investments in increased sales resources in the second half of the year resulted in relative revenue growth compared with the same period in 2016.

The increased sales focus also meant that G.S.V. consolidated its position as the largest Danish player within rental and service solutions for contracting and industrial companies as well as the public sector. This is the result of strong and long-term agreements with some of the most important players in the construction industry.

As part of managing a larger business as well as meeting the Group's long-term strategic goal, Management has in 2017 focused on establishing a stronger and even broader management team across the organisation.

Management's review

Operating review

Income statement

The year's total revenue amounts to DKK 844 million against a turnover of DKK 863 million in 2016. The drop in revenue is primarily attributable to the internal focus required as part of integration work as well as larger individual projects that required extraordinary management attention.

Profit for the year before depreciation and interest (EBITDA) amounted to DKK 275 million against DKK 284 million in 2016. The EBITDA for the year is affected by non-recurring costs associated with acquisitions and other non-recurring costs totalling DKK 20 million.

The Group maintained an EBITDA before special items of DKK 295 million in 2017, which corresponds to the 2016 level. The Group has improved both gross and earnings margins compared to 2016, due to the effects from the initiated professionalism and optimisation.

Despite the expectation of a marginally higher EBITDA, the result is considered satisfactory.

In 2017, G.S.V had a cash conversion of 102% against 100% in 2016 which was driven by the underlying operation and optimisation of the Group's working capital.

Balance and equity

G.S.V.'s total balance was reduced by DKK 83 million during the year and totalled at year end DKK 1,607 million. The Company reduced its acquisition financing by DKK 153 million against DKK 10 million in 2016. G.S.V. supports our customers with a modern and updated fleet of rental equipment to continue to be their preferred rental partner. In 2017, G.S.V. made investments of DKK 156 million in rental equipment.

Equity at year end amounted to DKK 550 million against 510 million at year end 2016.

The average number of employees fell during the year from 398 in 2016 to 392 in 2017.

The annual report is available on, www.gsv.dk

Particular risks – operating and financial risks

Operating risks

The majority of the Group's customers operate in the building and construction sector, where the production output is very dependent on economic trends, which may affect the Group's sales potential and thus earnings. Moreover, the Group depends on the procurement of necessary funding on market terms. The Group's Executive Board and Board of Directors continuously address the development of the business in respect of customers and market to identify potential risks and to secure that the Group has adequate resources allocated to adapt to the macro economic trends.

Management's review

Operating review

Financial risks

The Group's financing structure is common for private equity-owned groups.

The Executive Board and the Board of Directors regularly evaluate whether the capital structure supports the achievements of overall strategic goals and long-team growth.

The Group is financed by its equity and long-term loan facilities. At 31 December 2017 the solvency ratio is more than 30%.

The Group has not taken advantage of financial transactions or used financial instruments that do not support the underlying business.

At the balance sheet date, the net interest-bearing debt was DKK 798 million for the Group, which is considered an appropriate level.

Strategy and objectives

Strategy

The overall strategy is to be a one-stop-shop rental business, where G.S.V. is the customers' preferred rental partner in respect of rental of earthmoving and construction equipment, site and office huts, mobile huts, pavilions, lifts, cranes, platforms and scaffolding to the building and construction industry, the industrial sector, the service sector and the public sector. G.S.V.'s goal is thus to have the widest and deepest rental range in the sector.

The Board is focused on the development and execution of strategy, including ensuring that the necessary resources are available, ensuring effective control systems and ensuring a good working environment while at the same time fulfilling its obligations to the Company's stakeholders. The Board regularly reviews the Group's short-term and long-term strategy and assesses the business activities, taking a more in-depth look at certain particularly critical business areas.

Objectives and expectations for the coming year

The focus in 2017 has been to strengthen the business model and implement initiatives to reap synergy after merging of acquired companies. The Group has already seen visible effects of the professionalization and streamlining in 2017. It is Management's plan and expectation to continue the implementation of planned initiatives according to Management's strategy in 2018. Growth in earnings is expected in 2018 due to the continued execution of the Group's strategic plan.

Good corporate governance

The Executive Board and Board of Directors constantly monitor the management structure and control systems of the Company to ensure that they are appropriate and well-functioning.

The Executive Board's tasks are based on the Danish Companies Act, the Danish Financial Statements Act, the articles of association and the rules of procedure of the Executive Board. As a result of the Company's status as a company that is partly owned by a capital fund, the Company is also subject to DVCA's Guidelines for Responsible Ownership and Corporate Governance. Based on this, the Company has developed internal procedures that are constantly updated to ensure active, safe and value-adding management.

Management's review

Operating review

The Company is 37% owned by CC TOOL Invest ApS, which is owned by the private equity fund CataCap.

Through the shareholder agreement, CC Tool Invest ApS has a controlling influence. Other investors are Danica Pension, Access Capital Partners and Lacombe. The remaining is owned by the Company's senior executives.

The Board of Directors assures that the Executive Board follows the defined objectives, strategies and business procedures. Feedback from the Executive Board takes place systematically in meetings and through written and verbal reports. The Board of Directors considers that this, along with the internal procedures, provides for an adequate and effective risk management and appropriate internal controls.

Board meetings follow a fixed schedule with at least six annual meetings, one of which focus on follow-up and reassessments of planned strategic initiatives, and where future strategic focus is concluded.

In addition, monthly regular meetings have been established between the Chairman and the Company's Executive Board.

The Board of Directors and the Executive Board consider legislation on competition matters. There is a management focus on this, and the broader management team and sales organisation receive training in and about competition issues.

In order to attract and retain managerial talents and competence in the Group, the remuneration of the Executive Board and other executives is determined according to resposibility, value creation and conditions in comparable companies and has an element of performance related fee.

The Board of Directors of G.S.V. has decided to take on the audit committee tasks jointly. Consequently, the Chairman of the Board of Directors is also the Chairman of the Audit Committee. The Board's decision to take on the audit committee tasks jointly should be viewed in the light of the Group's size, transparency of reporting and clear procedures, due to which the Board of Directors finds no need for a separate Audit Committee.

Corporate social responsibility

It is our vision to be the customers' preferred rental partner for the rental of land and construction equipment, shed materiel, mobile sheds, pavilions, lifts, cranes, platforms and scaffolding for the construction industry, general industry and public sector. As part of this vision, we also strive to place people's needs and expectations before the machines, which is the corner stone of our corporate social responsibility (CSR) journey.

In 2017, we revised our CSR policies, to align these with our purpose of being a responsible and ethical rental business partner.

Our CSR work and policies are guided by the 10 principles of the United Nations Global Compact (UNGC) and comply with the Danish Financial Statements Act, section 99 a.

In addition, the Group has received DRA certification for rental companies, which requires businesses to comply with procedures and standards for quality, environmental and work management. As such, the DRA certification links to key elements within ISO 9001, ISO 14001, OHSAS 18001.

Furthermore, in order to create awareness among our employees and motivate them to be part of the CSR journey, we have created an employee handbook and Code of Conduct. Both documents help our employees to understand G.S.V.'s CSR work and to know how to communicate our social responsibility efforts externally and follow the defined business ethics.

A crucial part of our CSR journey is the focus on environmental, human and employee rights and anti-corruption, which have the highest importance to our customers, business and industry.

Management's review

Operating review

Anti-corruption

In 2017, the implementation of an official anti-corruption policy was initiated, including necessary process, an ongoing training course as well as a whistle-blower system.

The obligation to fight corruption is governed by the Group's Code of Conduct, which is presented to all employees and complies with applicable legislation. Our Code of Conduct outlines how employees should exercise professional judgement and strong business ethics in case of receiving/giving gifts or generally collaborating with suppliers and customers. Any violation to the Code of Conduct should be reported to our CEO, HR and Quality Manager.

The Group has a zero tolerance policy towards fraud or bribery. All company executives and employees are continuously trained in the Group's policies.

Human rights

The Group recognises internationally accepted human rights and this is the building block of our human rights policy. The rights to education, freedom of speech, no discrimination on the basis of race, sexual orientation, religion, gender, culture and political stand, no harassment and force labour on the workplace are the key human rights with the highest relevance for our business and stakeholders.

G.S.V. does not employ people under 18 years of age to perform work that has health and safety risks.

In order to ensure that our human rights policy is also followed by our vendors, we openly communicate the Danish law legislation and perform compliance inspection of their documentation.

During 2017, Management have initiated a more structured and comprehensive follow-up process related to workplace injuries and sick leave, which led to increasing awareness on such issues. Management was not aware of any violation of the human rights policy.

Environment and climate

G.S.V. has a strong focus on creating sustainability in relation to environmental issues especially within the triple-bottom line: people, environment and economy. As part of the environment policy, we look into the energy consumption of equipment and buildings, the resources used related to product design and packaging, utilities consumption, management of hazardous waste and how best to avoid waste from facilities.

Our work is influenced by the DRA certification where, with three year intervals, we measure our environmental impacts and prepare a ranking. In addition, we strive to create a safe and healthy working environment for all our employees as part of our safety management system. The latter follows the WEA rules and requires the use of protection equipment by all employees. In addition, our contingency plan comply with the minimum criteria and necessary actions in cases of accidents, fires, gas leaks, explosions and pollution.

Emergency drills are performed annually in order to train employees to act in case of accidents, how to record them, including near misses, and how to handle chemicals. In 2017, we performed an emergency drill, and we are in the process of analysing the results.

No violation by management of the DRA or WEA rules was detected.

Even though G.S.V. is committed to limiting its impact on environment, a specific policy to climate has not yet been developed. Tracking our CO2 emissions and reporting on how we manage our impact on climate change is on the Management's agenda, and a formal policy with key initiatives will be developed.

Management's review

Operating review

Gender diversity

Zero tolerance to discrimination on the basis of gender at the workplace is a critical part of our human rights policy and has become a focus point of the G.S.V. policy on gender diversity. This policy is both applicable for our Board and on management levels.

G.S.V. operates in a male-dominated industry, and we are experiencing difficulties in recruiting female employees at all levels of the Group. We aim to provide equal opportunities for both male and female employees with to respect to salary and promotion and to ensure a good working environment for all employees to best utilise their skills and gain management responsibilities. During 2017, there were female managers in HR, Marketing and in some of the Company's rental departments.

Management level employees and Board members are employed based on experience and competences, and no gender objectives are taken into consideration in the recruitment process.

Currently, the total number of Board members is six and there are no female representatives. Therefore, the set target for female Board members is to be 20% by 2020.

Financial statements 1 January – 31 December

Statement of comprehensive income

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
Revenue	3	843,841	862,862	0	0
Direct costs		-312,588	-343,796	0	0
Other operating income		27,364	17,220	0	0
Other external costs	4	-91,472	-72,163	-161	-292
Gross profit/loss		467,145	464,123	-161	-292
Staff costs	5	-192,604	-180,213	-4,930	-4,203
Profit/loss before interest, taxes, depreciation and amortisation (EBITDA)		274,541	283,910	-5,091	-4,495
Depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses	6	-182,942	-198,725	0	0
Profit/loss before finance income and finance costs		91,599	85,185	-5,091	-4,495
Income from equity investments in group entities		0	0	70,000	0
Finance income		372	209	2,545	4,056
Finance costs	7	-28,032	-24,021	-6,808	-5,154
Profit/loss before tax		63,939	61,373	60,646	-5,593
Income taxes	8	-22,406	-11,954	2,058	-132
Profit/loss for the year/total comprehensive income	9	41,533	49,419	62,704	-5,725

Financial statements 1 January – 31 December

Balance sheet

		Group			Parent Company		
DKK'000	Note	2017	2016	1 January 2016	2017	2016	1 January 2016
ASSETS							
Non-current assets							
Intangible assets	10	357,164	357,878	349,124	0	0	0
Property, plant and equipment	11,17	1,064,829	1,085,025	1,073,519	0	0	0
Equity interests in subsidiaries	12	0	0	0	489,454	489,454	489,454
Deposits	13	6,723	5,174	5,087	0	0	0
Deferred tax		0	0	132	2,058	0	132
Receivables from Parent Company		0	0	0	0	151,248	35,000
Total non-current assets		1,428,717	1,448,077	1,427,863	491,512	640,702	524,586
Current assets							
Finished goods for resale and spare parts		14,548	22,301	21,468	0	0	0
Trade receivables	14	146,545	139,569	136,203	0	0	0
Other receivables	14	453	594	1,256	453	594	141
Receivables from Parent Company		0	31	0	0	0	39,958
Receivables from group companies		0	0	0	24,753	0	0
Prepaid costs	14	2,633	1,615	2,825	0	0	654
Cash and cash equivalents		4,308	68,421	20,287	40	115	1,024
Total current assets		168,486	232,531	182,039	25,246	709	41,777
TOTAL ASSETS		1,597,203	1,680,608	1,609,902	516,758	641,411	566,363

Financial statements 1 January – 31 December

Balance sheet

		Group			Parent Company		
DKK'000	Note	2017	2016	1 January 2016	2017	2016	1 January 2016
EQUITY AND LIABILITIES							
Equity							
Share capital	15	4,955	4,955	4,407	4,955	4,955	4,407
Share premium		47,148	47,148	0	47,148	47,148	0
Retained earnings		488,493	447,672	398,453	432,082	370,090	376,015
Dividends		0	0	0	0	0	0
Total equity		540,596	499,775	402,860	484,185	422,193	380,422

Financial statements 1 January – 31 December

Balance sheet

		Group			Parent Company		
DKK'000	Note	2017	2016	1 January 2016	2017	2016	1 January 2016
Liabilities							
Non-current liabilities							
Deferred tax	16	94,722	92,903	98,419	0	0	0
Loans from credit institutions	23	251,469	300,416	425,818	31,569	52,516	185,600
Loans from group companies	23	0	0	121,000	0	0	0
Lease liabilities	23	352,142	340,413	327,669	0	0	0
		698,333	733,732	972,906	31,569	52,516	185,600
Current liabilities							
Loans from credit institutions	23	28,000	30,000	0	0	165,794	0
Loans from Parent Company	23	246	0	0	246	0	0
Lease liabilities	23	126,768	284,142	67,812	0	0	0
Banks		33,487	35	0	0	0	0
Prepayments received from customers		9,040	8,594	0	0	0	0
Trade payables		112,114	70,269	81,393	0	0	0
Current tax payable		10,830	18,665	15,464	0	0	0
Other payables		37,805	35,396	22,667	758	908	341
		358,274	447,101	187,336	1,004	166,702	341
Total liabilities		1,056,607	1,180,833	1,160,242	32,573	219,218	185,941
TOTAL EQUITY AND LIABILITIES		1,597,203	1,680,608	1,609,902	516,758	641,411	566,363

Financial statements 1 January – 31 December

Statement of changes in equity

	Group				
DKK'000	Share capital	Retained earnings	Share premium	Proposed dividend	Total equity
Equity at 1 January 2016	4,407	398,453	0	0	402,860
Total comprehensive income for 2016					
Profit/loss for the year/other comprehensive income	0	49,419	0	0	49,419
Total comprehensive income for the period	0	49,419	0	0	49,419
Transactions with owners					
Share capital increase	548	0	47,148	0	47,696
Purchase of treasury shares	0	-200	0	0	-200
Total transactions with owners	548	-200	47,148	0	47,496
Equity at 1 January 2017	4,955	447,672	47,148	0	499,775
Total comprehensive income for 2017					
Profit/loss for the year/other comprehensive income	0	41,533	0	0	41,533
Total comprehensive income for the period	0	41,533	0	0	41,533
Transactions with owners					
Purchase of treasury shares	0	-712	0	0	-712
Total transactions with owners	0	-712	0	0	-712
Equity at 31 December 2017	4,955	488,493	47,148	0	540,596

Financial statements 1 January – 31 December

Statement of changes in equity

	Parent Company				
DKK'000	Share capital	Retained earnings	Share premium	Proposed dividend	Total equity
Equity at 1 January 2016	4,407	376,015	0	0	380,422
Total comprehensive income for 2016					
Profit/loss for the year/other comprehensive income	0	-5,725	0	0	-5,725
Total comprehensive income for the period	0	-5,725	0	0	-5,725
Transactions with owners					
Capital increase	548	0	47,148	0	47,696
Purchase of treasury shares	0	-200	0	0	-200
Total transactions with owners	548	-200	47,148	0	47,496
Equity at 1 January 2017	4,955	370,090	47,148	0	422,193
Total comprehensive income for 2017					
Profit/loss for the year/other comprehensive income	0	62,704	0	0	62,704
Total comprehensive income for the period	0	62,704	0	0	62,704
Transactions with owners					
Purchase of treasury shares	0	-712	0	0	-712
Total transactions with owners	0	-712	0	0	-712
Equity at 31 December 2017	4,955	432,082	47,148	0	484,185

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Cash flow statement

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
Profit/loss for the year		41,533	49,419	62,704	-5,725
Depreciation, amortisation and impairment losses		182,942	198,725	0	0
Other adjustments of non-cash operating items	19	55,105	-28,571	1,493	1,030
Cash flow from operating activities before changes in working capital		279,580	219,573	64,197	-4,695
Changes in working capital	20	37,257	10,988	-9	768
Cash flow from operating activities		316,837	230,561	64,188	-3,927
Interest income received		372	209	2,545	4,056
Interest expense paid		-28,032	-24,021	-6,808	-5,154
Income taxes paid		-28,394	0	0	0
Cash flow from operating activities		260,783	206,749	59,925	-5,025
Purchase of intangible assets	10	-910	-10,150	0	0
Purchase of property, plant and equipment	11,21	-32,626	-4,571	0	0
Proceeds from sale of property, plant and equipment		31,111	36,809	0	0
Acquisition of subsidiaries and activities	19	0	-322,376	0	0
Cash flow from investing activities		-2,425	-300,288	0	0

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Cash flow statement (continued)

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
Payment of long-term borrowings		-216,741	-10,000	-186,495	0
Proceeds from debt to credit institutions		33,697	295,031	0	32,710
Payment of lease liabilities		-139,459	-109,981	0	0
New leasing debt	21	0	0	0	0
Payment of debt to group companies		31	-4,783	126,495	0
Proceeds of debt to group companies		0	-76,290	0	-76,290
Capital increase		0	47,696	0	47,696
Cash flow from financing activities		-322,472	141,673	-60,000	4,116
Cash flows for the year		-64,112	48,134	-75	-909
Cash and cash equivalents at beginning of year		68,421	20,287	115	1,024
Cash and cash equivalents at year end		4,309	68,421	40	115

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1 Accounting policies

The annual report of G.S.V. Holding A/S for 2017 is presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements in the Danish Financial Statements Act for annual reports of reporting class C (large) entities.

This annual report is the Company's first annual report presented in accordance with IFRS. For the transition, IFRS 1 on first-time adoption of IFRS has been applied. The accounting effect of the transition to IFRS is described in note 28, including a description of the changes in accounting policies compared to previous years.

As part of the adoption of IFRS, the Company has also early adopted IFRS 15 related to revenue and IFRS 16 related to leases. Changes to accounting policies as a result of this, transitional provisions and the accounting effect of the implementation are described in note 28.

The annual report are presented in Danish kroner, which is the Parent Company' and the reporting entities' functional currency.

Change of accounting estimate

Based on a reassessment of the expected economic life of a few product groups of the rental fleet, the expected period of use of the rental assets and, based on future earnings expectations, the state of repair of the rental assets and maintenance schedules, the Group changed the estimates of the expected useful life of the these product groups at year end 2016.

The expected useful lives have been increased from 10 to 12 years and from 12 to 15 years respectively as of 1 January 2017. The changed estimates have resulted in a reduction of the depreciations for 2017 by DKK 30 million.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, G.S.V. Holding A/S, and subsidiaries over which the Parent Company exercises control. The Parent Company is considered to exercise control over another entity when the Company has the voting power in the subsidiary, the possibility or right to receive dividends from the subsidiary and possibility to use the voting power to influence the rate of dividends.

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

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

Business combinations

When acquiring new entities, the acquisition method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs that are already recognised by the acquiree at the acquisition date and that are not a part of the acquisition are included in the acquisition balance sheet and thus the determination of goodwill. Restructuring that is recognised by the acquirer at or after the date of acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between the purchase consideration and the fair value of identifiable assets and liabilities acquired, including contingent liabilities, are recognised as intangible assets. Goodwill is not amortised but must be tested for impairment at least once a year. The initial impairment test is conducted before the end of the year of acquisition. Negative goodwill is recognised as income in the income statement at the acquisition date.

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1 Accounting policies (continued)

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date. Newly acquired or newly established entities are recognised in the financial statements from the date of acquisition. Sold or discontinued entities are recognised until the date of disposal. Comparative figures are not adjusted to reflect newly acquired entities.

Comparative figures are not corrected for newly acquired sold or settled companies.

For business combinations such as purchases and sales of equity, mergers, divisions, asset transfers and share exchanges, etc. between companies under the control of the Group, the aggregation method is used. The aggregation is considered as completed at the date of acquisition retroactively until the beginning of the financial year without adjusting comparative figures. Differences between the agreed consideration and the acquired Group's carrying amount are recognised in equity.

Foreign currency translation

For each of the reporting entities in the group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the individual reporting entity operates. Transactions in other currencies than the functional currency are considered transactions in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as finance income or finance costs.

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 the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as finance income or finance costs.

Revenue

Revenue consist of rental income from construction equipment, related services and goods. Rental income from short-term rental agreements and operating leases is recognised straight-line in the income statement according to the agreed term of the contract, during which the customer has the right to use the underlying asset. Revenue from the sale of goods and services is recognised when control over a good or service has been transferred to the customer. Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties, i.e. excluding VAT and other taxes charged. All discounts granted are deducted from revenue.

Direct costs

Direct costs include costs which are directly related to the activity such as purchase of equipment, rental expenses, fleet preparation costs and transportation costs.

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1 Accounting policies (continued)

Other operating income

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

Other external costs

Other external costs comprise items secondary to the activities of the entities.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions as well as other social security costs, etc. for the Company's employees. Refunds from public authorities have been deducted from staff costs.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets, rental equipment, other fixtures and fittings, tools and equipment and leasehold improvements.

Finance income and costs

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Finance income and costs comprise interest income and expense, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises current tax for the year and changes in deferred tax, including changes in tax rates, is recognised in the income statement, in other comprehensive income or directly in equity.

The Parent Company is part of a joint taxation scheme. Current Danish tax is allocated between the jointly taxed companies in proportion to their taxable income (full absorption).

The jointly taxed companies are taxed under the on-account tax scheme.

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1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill

Goodwill from business combinations is measured at cost less impairment losses. Goodwill is not amortised. Goodwill is allocated to cash-generating units, which are tested for impairment at least once a year. The value is written down to the recoverable amount if the carrying amount exceeds the recoverable amount of the cash-generating unit to which the goodwill relates. Write-down is recognised as a separate line item in the income statement and cannot be reversed in later periods.

Software

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis after entry into service over the estimated useful life, which is 3 to 7 years.

Property, plant and equipment

Rental equipment and fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Moreover, cost includes the present value of estimated liabilities of dismantling and of removing the asset as well as restoring the site at which the asset has been used.

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.

The basis of depreciation is cost less expected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Rental equipment	4-15 years
Leasehold improvements	3-25 years
Fixtures and fittings, tools and equipment	3-25 years

The depreciation period and residual value are determined at the date of acquisition and reassessed annually.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

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1 Accounting policies (continued)

Leases

As lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition. The right-of-use asset is reduced by impairment losses, if any, and adjusted tor certain re-measurements of the lease liability.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

As lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease the Group makes an overall assessment based on certain indicators of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Deposits

Deposits are measured at fair value at initial recognition. Receivables are subsequently measured at amortised cost.

Equity interests in subsidiaries

Equity interests in subsidiaries are measured at cost in the Parent Company's separate financial statements. Cost includes purchase consideration at fair value with the addition of direct purchase costs.

The impairment test is conducted as set out under the section "Impairment test of non-current assets".

When other reserves than post-acquisition profits earned in subsidiaries are distributed, the distribution is recognised in the profit/loss of the Parent Company. When dividends exceed the profit of the year in a subsidiary an impairment test of the carrying amount of the equity interests is prepared.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of non-current assets

Goodwill

Goodwill is subject to an annual impairment test, initially before the end of the year of acquisition.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit or the group of cash-generating units to which goodwill is allocated and written down to the recoverable amount in the income statement if the carrying amount is higher. Generally, the recoverable amount is calculated as the present value of projected net cash flows (value in use) from the cash-generating unit to which goodwill is allocated.

Other non-current assets

The carrying amount of other non-current assets is assessed annually to determine whether there is any indication of impairment. When indication of impairment exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. The value in use is determined as the present value of the forecast net cash flows from the asset or the cash-generating unit to which the asset belongs.

Recognition of impairment losses in the income statement

An impairment loss is recognised when the carrying amount of the asset or the cash-generating unit is higher than the recoverable amount of the asset or the cash-generating unit. The impairment loss is recognised as depreciation/amortisation of property, plant and equipment and intangible assets in the income statement. Impairment losses on goodwill are recognised as a separate line item in the income statement.

Impairment losses on goodwill is not reversed. Impairment losses on other assets are reversed in case of changes in the assumptions and estimates that brought about the impairment loss. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount that the asset would have had less depreciation/amortisation if the asset had not been subject to an impairment write-down.

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 and spare parts are measured at cost, comprising purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost.

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

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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.

Prepaid costs

Prepaid costs are measured at cost.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year (declaration date) is disclosed as a separate item under equity.

Treasury shares

Where the Parent Company purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity. No gains or losses are recognised in the purchase, sale, cancellation or issue of treasury shares.

Other reserves

Other reserves consist of premium on capital increase.

Income taxes and deferred tax

The Parent Company is jointly taxed with G.S.V. Materieludlejning A/S and CC Tool Invest ApS.

Current joint tax contribution 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 measured 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 within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the reporting date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

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1 **Accounting policies (continued)**

Provisions

Provisions are recognised when the Company, as a result of a past event has a present legal or constructive obligation, and it is probable that there will be an outflow of economic benefits to settle the liability.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled.

On measurement of provisions, the costs necessary to settle the provision is discounted to net present value if it has a material effect on the measurement of the provision. A pre-tax discount rate is used which reflects the current market assessment of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance costs.

Liabilities

At initial recognition, financial liabilities are measured at fair value less transaction costs. Subsequently, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Group is reasonably certain to exercise. Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortised cost using the effective interest method.

Prepayments from customers

Prepayments from customers recognised as liabilities comprise advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Fair value measurement

The Group uses the fair value concept for certain disclosure requirements and the recognition of deposits. Fair value is defined as the price obtained when selling the asset or to be paid for transferring the liability in ordinary transaction between market participants ("exit price").

Fair value is market based and not a company-specific valuation. The Company relies on the assumptions that the market participants would make use of when determining the price for the asset or liability on the basis of the current market situation, including assumptions of risk. The Company's purpose with holding the asset or settling the liability is not taken into accounting when fair value is determined.

Fair value is measured based on the primary market. If such a market does not exist, fair value is measured based on the more favourable market, which is the market that maximises the price of the asset or liability less transaction and/or transportation costs.

To the extent possible, fair value measurement relies on quoted values in active markets (Level 1) or alternatively on values derived from observable market data (level 2).

To the extent that such observable data are not available or cannot be used without a high degree of modification, recognised valuation methods as well as reasonable estimates over the basis for fair values (level 3) are used.

Cash flow statement

The statement of cash flows show the consolidated cash flows for the year broken down by operating activities, investing activities and financing activities for the year, changes in cash and cash equivalents for the year as well as cash and cash equivalents at the beginning and end of the year.

Investing and financing transactions that do not require the use of cash or cash equivalents are excluded from the cash flow statement. Non-cash transactions are disclosed in the notes.

The impact on liquidity from the acquisition and sale of entities is recognised as a separate line item under cash flows from investing activities. In the cash flow statement, cash flows from entities acquired are recognised in the cash flow statement from the date of acquisition, and entities divested up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are determined as profit for the year adjusted for non-cash operating items, changes in working capital and corporation tax.

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Financial ratios

The financial ratios are calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITDA before special items margin	$\frac{\text{EBITDA before special items x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$
Invested capital	Operational intangible assets and property, plant and equipment as well as net working capital
Current ratio	$\frac{\text{Current assets x 100}}{\text{Short−term debt}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex.non−controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

2 Significant accounting estimates, assumptions and judgements

Significant estimation uncertainties and assumptions

The calculation of the carrying amount of certain assets and liabilities requires estimates and assumptions about the future.

The estimates and assumptions made are, among others, based on historical experience and other factors, which Management considers appropriate according to the circumstances, but which by nature are uncertain and unpredictable. Prerequisites may be incomplete or inaccurate, and unexpected events or circumstances may occur. Due to the risks and uncertainties to which the Company is subject, actual outcomes may deviate from the estimates made.

It may be necessary to change past estimates due to changes in the circumstances that were the basis of the previous estimates or due to new knowledge or subsequent events.

Financial statements 1 January – 31 December

Notes

2 Significant accounting estimates, assumptions and judgements (continued)

Estimates that are particularly significant for the financial reporting are made i.a. upon business combinations in connection with purchase price allocation, upon impairment test of goodwill and upon determination of lease terms for property leases.

Upon business combinations, the assets, liabilities and contingent liabilities of the acquiree must be identified and valued at fair value. Typically, there are no active markets for these assets and liabilities that can be used for fair value measurement, thus valuation models with input of variables are used. The fair value may therefore be subject to uncertainty and may be subject to subsequent adjustments.

The annual impairment test of goodwill is estimated by i.a. expected future cash flows, discount rate, etc. These estimates may be subject to uncertainty and may change the calculation if the parameters change. However, Management has estimated that there is no impairment of goodwill and no need for the preparation of sensitive analyses as Management has assessed that any reasonably possible change in the key assumptions will not lead to impairment. The matter is described in further detail in note 10.

The Company's property leases allow for extension at the discretion of the Company. The determination of the lease term is significant to the calculation of lease liabilities and right-of-use assets, and consequently, due to discounting, to depreciation and interest costs of the year. Management has assessed the probable lease term for individual leases in relation to the Company's strategic goals and current plans. If these goals and plans are changed, the lease liabilities and right-of-use assets are revised. The matter is described in further detail in note 17.

Significant accounting judgements in applying the accounting policies

In the process of applying the Company's accounting policies, Management makes judgements, apart from those involving estimations, which may have a significant effect on the amounts recognised in the financial statements.

In 2017, Management has made such assessments regarding the conclusion of leases where the Company is a lessor and which at the inception of the lease shall be classified as either operating or finance leases. The judgements are based on the terms of the lease contracts in order to determine whether substantially all risks and benefits associated with the ownership of the underlying asset are transferred to the lessee. Based on these judgements, the Company has classified all leases in which the Company is lessor as operating leases.

In addition, Management has assessed sale and leaseback transactions concluded in 2017 regarding the Group's rental equipment, DKK 42 million. Management has assessed that the transfer of the assets does not satisfy the requirements to be accounted for as a sale. The transactions are therefore accounted for as financing arrangements with security in the underlying assets.

3 Revenue

	Group		Parent Company	
DKK'000	2017	2016	2017	2016
Lease income	643,771	676,750	0	0
Services and sale of goods	200,070	186,112	0	0
	843,841	862,862	0	0

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Notes

DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
4 Fees to auditor appointed at the general meeting				
Total fees to KPMG/Redmark/Erik Munk	1,885	687	77	25
Statutory audit fees	469	500	17	20
Tax advisory services	41	49	5	5
Other services	1,375	138	55	0
	1,885	687	77	25
5 Staff costs				
Payroll costs	173,170	161,492	4,930	4,203
Pensions	14,972	14,486	0	0
Other staff costs	4,462	4,235	0	0
	192,604	180,213	4,930	4,203
Average number of full-time employees	392	398	2	2

Portion relating to remuneration of the Executive Board and the Board of Directors:

	Group			Parent Company		
DKK'000	Board of Directors	Executive Board	Total	Board of Directors	Executive Board	Total
2017						
Salaries and fees	850	4,080	4,930	850	4,080	4,930
Pensions	0	0	0	0	0	0
	600	4,080	4,930	600	4,080	4,930
2016						
Salaries and fees	600	4,496	5,096	0	4,203	4,203
Pensions	0	0	0	0	0	0
	600	4,496	5,096	0	4,203	4,203

The above figure includes management remuneration in the companies merged.

The Executive Board and other executives have bonus schemes based on the Company's financial performance during the financial year and individual goals.

Financial statements 1 January – 31 December

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DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
6 Depreciation, amortisation and impairment losses				
Intangible assets				
Amortisation	1,624	1,396	0	0
Tangible assets				
Depreciations	181,318	197,329	0	0
	182,942	198,725	0	0

DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
7 Finance costs				
Interest element, discounted obligations	10,947	11,129	0	0
Credit institutions	10,277	7,738	0	0
Other	6,808	5,154	6,808	5,154
	28,032	24,021	6,808	5,154
Total interest cost related to financial liabilities measured at amortised cost	28,032	24,021	6,808	5,154

DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
8 Tax on profit/loss for the year				
Tax for the year can be divided as follows:				
Tax on profit/loss for the year	16,007	6,438	0	0
Deferred tax adjustment for the year	-1,819	5,516	-2,058	132
Adjustment of tax relating to previous years	8,218	0	0	0
	22,406	11,954	-2,058	132
Tax for the year can be accounted for as follows:				
Estimated 22% tax on profit before tax	14,066	13,503	13,342	-1,230
Tax effect of:				
Other costs not deductible and non-taxable income	122	-2,911	-15,400	0
Adjustment of tax relating to previous years	8,218	1,362	0	1,362
	22,406	11,954	-2,058	132
Effective tax rate	35%	18%	34%	0%

Financial statements 1 January – 31 December

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DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
9 Proposed profit appropriation				
Retained earnings	41,533	49,419	62,704	-5,725
	41,533	49,419	62,704	-5,725

10 Intangible assets

DKK'000	Group Software	Group Goodwill	Group Total
Cost at 1 January 2017	12,653	348,414	361,067
Additions	910	0	910
Cost at 31 December 2017	13,563	348,414	361,977
Amortisation and impairment losses at 1 January 2017	-3,189	0	-3,189
Amortisation	-1,624	0	-1,624
Amortisation and impairment losses at 31 December 2017	-4,813	0	-4,813
Carrying amount at 31 December 2017	8,750	348,414	357,164
Cost at 1 January 2016	2,503	348,414	350,917
Additions	10,150	0	10,15
Cost at 31 December 2016	12,653	348,414	361,067
Amortisation and impairment losses at 1 January 2016	-1,793	0	-1,793
Amortisation	-1,396	0	-1,396
Amortisation and impairment losses at 31 December 2016	-3,189	0	-3,189
Carrying amount at 31 December 2016	9,464	348,414	357,878

Impairment tests

An impairment test has been prepared of total goodwill allocated to the cash-generating unit. Goodwill is tested for impairment at least once a year and more frequent if there are indicators of impairment. The annual impairment test is made at 31 December.

The recoverable amount is calculated based on the cash-generating unit's value in use.

The main assumptions are discount factors and growth rates in the terminal period as well as expected changes in revenue, market shares, sales prices and operating costs in the budget, forecast and terminal periods.

The discount factor reflects market assessments of the time value of money calculated based on a risk-free interest rate and the specific risks associated with the cash-generating unit. Discount factors are calculated on an 'after tax' basis using Weighted Average Cost of Capital (WACC).

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10 Intangible assets (continued)

For the purpose of calculating the cash-generating unit's value in use, the cash flows from the Board-approved budget for 2018 are used. After 2018 a 4 year forecast period are used. For financial years after the budget and forecast period (terminal period), cash flows of the last forecast period of 5 years adjusted for a conservative estimate of market growth and expected additional market shares.

The growth rate used in the forecast period (5%) and the terminal period (2%) respectively I s based on industry forecasts and average growth rates for the Company in 2017 and 2016.

The Group's budgets and forecasts, and thus the calculation of the recoverable amount (value in use), are significantly influenced by Management's expectations of the Group's growth up until 2022. The Group's expected market shares are thus calculated on the basis of the current market share at the end of 2017 adjusted for a conservative estimate of expected additional market shares.

Management considers the growth rates used, including increases in market shares and thus budgets and forecasts, to be realistic. Even a significant reduction in budgeted growth rates of up to 5% will not lead to impairment.

Estimated changes in selling prices and operating costs in the budget and terminal periods are based on historical experience and expectations of future market changes.

The impairment test does not lead to impairment.

The key assumptions used to calculate the recoverable amount are as follows:

	Market share	Revenue	Gross margin	Discount factor pre-tax %	Discount factor post-tax %
2017	22%	871	56%	6,5%	6,0%
2016	23%	863	54%	8,5%	6,6%
1 January 2016	20%	844	44%	8,5%	6,6%

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11 Property, plant and equipment

	Group			
DKK'000	Rental equipment	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2017	1,635,600	177,607	25,929	1,839,136
Additions	156,318	26,500	9,415	192,233
Disposals	-70,754	-7,769	-636	-79,159
Cost at 1 January 2017	1,721,164	196,338	34,708	1,952,210
Depreciation and impairment losses at 1 January 2017	-664,572	-76,483	-13,056	-754,111
Depreciation	-152,723	-26,554	-2,041	-181,318
Depreciation on disposals	40,648	6,833	567	48,048
Depreciation and impairment losses at 31 December 2017	-776,647	-96,204	-14,530	-887,381
Carrying amount at 31 December 2017	944,517	100,134	20,178	1,064,829
Portion related to assets held under leases	457,707	93,283	0	550,990

The Group has signed a contract for delivery of rental equipment in 2018 for a total of DKK 39 million.

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11 Property, plant and equipment (continued)

	Group			
DKK'000	Rental equipment	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2016	1,519,679	156,751	25,449	1,701,879
Additions	206,949	38,143	552	245,644
Disposals	-91,028	-17,287	-72	-108,387
Cost at 31 December 2016	1,635,600	177,607	25,929	1,839,136
Depreciation and impairment losses at 1 January 2016	-552,750	-64,426	-11,184	-628,360
Depreciation	-169,734	-25,651	-1,944	-197,329
Depreciation on disposals	57,912	13,594	72	71,578
Depreciation and impairment losses at 31 December 2016	-664,572	-76,483	-13,056	-754.111
Carrying amount at 31 December 2016	971,028	101,124	12,873	1,085,025
Assets held under leases	454,171	93,140	0	547,311

12 Equity interests in subsidiaries

	Parent Company	
DKK'000	2017	2016
Cost at 1 January	489,454	489,454
Cost at 31 December	489,454	489,454
Carrying amount at 31 December	489,454	489,454

Name/legal form	Registered office	Equity interest	Equity*	Profit/loss for the year*
			DKK'000	DKK'000
2017				
G.S.V. Materieludlejning A/S	Hedehusene	100%	261,148	48,829
2016				
G.S.V. Materieludlejning A/S	Hedehusene	100%	282,319	55,144

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13 Deposits

	Group		Parent Company	
DKK'000	2017	2016	2017	2016
Cost at 1 January	5,174	5,087	0	0
Additions	2,161	87	0	0
Disposals	-612	0	0	0
Cost at 31 December	6,723	5,174	0	0
Carrying amount at 31 December	6,723	5,174	0	0

14 Trade receivables

Risks related to trade receivables arise upon sale. It is group policy to credit rate all customers prior to contracting and daily trading activities and to determine a credit maximum. Credit exposure on customers and counterparties are monitored on a monthly basis. In the credit rating of a given customer proves unsatisfactory, separate guarantees are required for the sale. If the credit maximum on a customer is reached, additional sales will be blocked.

The Group does not have a past record of major bad debts seen in proportion to industry standards.

At 31 December 2017, realised bad debts in proportion to revenue amounted 0.6% (2016: 0.5%).

Apart from a single receivable of DKK 7 million, no individual customers or business partners pose any major risks (2016: DKK 12 million).

Prepayments form part of the assessment of required write-down for bad debts. Apart from the above, the Group has not taken any additional measures to reduce credit risks.

Trade receivables not written down are solely attributable to debtors in Denmark.

Trade receivables overdue at 31 December, but not written down, fall due as follows:

	Group	
Maturity	2017	2016
Up to 30 days	22,710	46,692
Between 30 and 90 days	5,155	16,521
More than 90 days	8,710	13,713
	36,575	76,926

Write-down are registered for the individual receivable when the customer has entered into suspension of payments or bankruptcy proceedings.

The Group has entered into a 'Non-Recourse Factoring' agreement with BNP Paribas, where future benefits and risk of receivables from selected costumers are transferred from the Group to BNP Paribas. At 31 December 2017 DKK 43 million was received in connection with this agreement (2016: DKKK 35 million).

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14 Trade receivables (continued)

Other receivables

Prepaid costs are attributable to prepaid costs regarding rent, insurance premium, subscriptions and interest.

15 Equity

Share capital

	Numbers of shares of DKK 1		Nominal value DKK'000	
	A-shares	B-shares	A-shares	B-shares
1 January 2016	4,299	108	4,299	108
Capital increase	536	12	536	12
31 December 2016	4,835	120	4,835	120
31 December 2017	4,835	120	4,835	120

Treasure shares

	Number		Nominal value (DKK'000)		% of share capital	
	2017	2016	2017	2016	2017	2016
B-shares						
1 January	200	0	200	0	0%	0%
Additions	721	200	721	200	0%	0%
31 December	921	200	921	200	0%	0%

All treasury shares are owned by the Parent Company.

The Group continuously assesses the need for adjusting the capital structure to balance the higher return on equity against the increased uncertainty associated with external capital. The target for the solvency ratio is 20-30%.

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DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
16 Provision for deferred tax				
Deferred tax	92,903	98,419	0	-132
Deferred tax for the year recognised in profit/loss for the year	1,819	-5,516	-2,058	132
Deferred tax at 31 December	94,722	92,903	-2,058	0
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax (assets)	0	0	-2,058	0
Deferred tax (liability)	94,722	92,903	0	0
Deferred tax at 31 December, net	94,722	92,903	-2,058	0
Deferred tax relates to:				
Intangible assets	1,906	2,057	0	0
Property, plant and equipment	198,082	191,773	0	0
Leases	-105,266	-100,927	0	0
Losses	0	0	-2,058	0
	94,722	92,903	-2,058	0

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17 Right-of-use asset and lease liabilities

The Group as lessee

The Group leases rental equipment, fixtures and fittings, tools and equipment, etc. The lease period is typically between 1 and 5 years. For trucks it is up to 7 years with the option of renewal after the end of the period and rentals up to 10 years. None of the lease agreements contain conditional leasing services.

The amounts capitalized in the balance comprise both purchased and leased assets.

Right-of-use assets

DKK'000	Rental equip-ment	Fixtures and fittings, tools and equip-ment	Total
Carrying amount at 1 January 2017	454,171	93,140	547,311
Additions, net	66,001	23,714	89,715
Amortisation	-62,465	-23,571	-86,036
Carrying amount at 31 December 2017	457,707	93,283	550,990

DKK'000	2017	2016
Expense relating to leases of low-value assets recognised in profit for the year	41	0
Income from subleasing right-of-use assets	147,218	118,344

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17 Lease liabilities (continued)

The Group as lessor

The Group leases equipment under operating leases.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

DKK'000	2017	2016
<1 year	15,321	9,671
1-2 years	2,366	5,649
2-3 years	1,214	2,366
3-4 years	648	1,214
4-5 years	-	649
Total undiscounted lease payments	19,549	19,549
Revenue from lease	1,948	8,173

18 Mortgages and collateral

A deed registered to the bank of all bank accounts secured on shares in G.S.V. Materieludlejning A/S and hereby included shares in G.S.V. Holding A/S have been registered as collateral for all balances with G.S.V. Materieludlejning A/S owed by the Group.

The Parent Company has provided negative pledge as collateral for all amounts owed to G.S.V. Materieludlejning A/S by the Group.

The Parent Company is jointly taxed with G.S.V. Materieludlejning A/S and CC Tool Invest ApS and its subsidiaries. The entities included in the joint taxation have joint and unlimited liability for Danish corporation tax. Subsequent corrections to taxable income may bring about an increase in liabilities. Any subsequent corrections to corporation taxes and withholding taxes may bring about an increase in the Group's liability.

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19 Business combinations

In April 2016 the Group acquired all outstanding shares of A. Linnet og Sønner A/S and Bramsnæs Entreprenørmaskiner A/S (hereafter: 'Bramsnæs'), and in October 2016 all outstanding shares of Bilsby Hedehusene A/S, Bilsby Vamdrup A/S (hereafter: 'Bilsby'). The acquired entities operate within rental of sheds and modules as well as heavy building machinery with drivers in Denmark. Upon acquisition, the acquired entities were merged into G.S.V. Materieludlejning A/S.

The shares were acquired to further strengthen the Group's presence on the Danish market. Furthermore, the acquisitions support the Group's increased focus on extending the services and number of products offered to its primary customers.

The acquisitions support Group's overall strategy of being one-stop supplier within the rental business and of being the customers' preferred choice for renting building and construction equipment. With the acquisition of Bramsnæs, the Group has gained a strong position on the market for heavy equipment with drivers. In combination with the Group's broad product range within construction and building equipment, the Group will support its customers with a broader portfolio of high-quality equipment and services going forward. With the acquisition of Bilsby, the Group strengthens its position on the market for sheds, modules and pavilions. The combined business is highly experienced in solution-oriented project management in order to meet our customers' specific requirements. With the acquisitions, the Group has doubled its capacity for the production of both pavilions and modules.

Recognised assets acquired and liabilities assumed at the date of acquisition

DKK million	Fair value at the date of acquisition
Intangible assets	337.2
Property, plant and equipment	7.0
Inventories	31.4
Cash and cash equivalents	8.7
Deferred tax liabilities	-44.2
Credit institutions	-29.9
Other payables	-20.5
Net assets	289.7
Goodwill	63.7
Consideration transferred	353.4
Thereof, cash and cash equivalents in acquired companies	8.7
Thereof, cash and cash equivalents in continued company	13.6
Consideration in the form of shares in G.S.V. Holding A/S	20.0

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19 Business combinations (continued)

Consideration transferred amounted to DKK 353.4 million, of which DKK 22.3 million has been paid in cash.

For the purpose of the acquisition, assets, liabilities and contingent liabilities were identified and recognised in the acquisition balance sheet at fair value.

The Group incurred transaction costs arising from the merger at an amount of approx. DKK 7.1 million and attributable to legal advisors, which were recognised as administrative expenses in the income statement for the financial year 1 January – 31 December 2016.

Acquired assets include trade receivables with a fair value of DKK 31.1 million.

Following the recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising upon acquisition has been calculated at DKK 63.7 million. Goodwill represents the value of existing staff and knowhow as well as expected synergies from the merger with Bramsnæs and Bilsby. Recognised goodwill is not tax deductible.

Upon the acquisition the entities were merged vertically into G.S.V. Materieludlejning A/S with accounting effect from 1 January 2016.

	Group		Parent Company	
DKK'000	2017	2016	2017	2016
20 Other adjustments				
Other finance income	-2,917	-4,265	-2,545	-4,056
Finance costs	30,577	28,077	6,808	5,154
Incomes taxes	14,427	5,167	0	0
Gain on sale of PP&E	13,791	12,086	0	0
Provisions	-239	6,787	-2,058	132
Addition by merged companies	0	-29,236	0	0
Other	-534	-47,187	-712	-200
	55,105	-28,571	1,493	1,030

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DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
20 Changes to the working capital				
Changes in inventory	7,753	-833	0	0
Changes in accounts receivable	-9,401	-1,579	141	201
Changes in trade payables and other payables	38,905	13,400	-150	567
	37,257	10,988	-9	768

DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
21 Non-cash transactions				
Acquisition of property, plant and equipment (see note 11)	192,234	245,644	0	0
Portion relating to leased assets	-159,608	-241,073	0	0
Paid regarding acquisition of property, plant and equipment	32,626	4,571	0	0
Additions of financial liabilities	159,608	241,073	0	0
Portion relating to lease obligations	-159,608	-241,073	0	0
Cash proceeds from the raising of financial liabilities	0	0	0	0

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22 Liabilities from financing activities

	Group			
DKK'000	1/1	Cash flow	Non-cash transact-tions	31/12
Loan from credit institutions	330,418	-78,949	0	251,469
Leasing liabilities	340,413	11,729	0	352,142
Non-current liabilities	670,831	67,220	0	603,611
Loan from credit institutions	30,000	-2,000	0	28,000
Leasing liabilities	284,142	-157,374	0	126,768
Banks	35	33,452	0	33,487
Current liabilities	349,142	-125,922	0	188,255
Liabilities from financing activities for 2017	1,019,937	-58,702	0	791,866

	Parent Company			
DKK'000	1/1	Cash flow	Non-cash transact-tions	31/12
Loan from credit institutions	218,310	-186,741	0	31,569
Non-current liabilities	218,310	-186,741	0	31,569
Payables to group companies	0	246	0	246
Current liabilities	0	246	0	246
Liabilities from financing activities for 2017	218,310	-186,495	0	31,815

23 Financial risks and financial instruments

Following its operations, investments and financing, the Group is, to a limited extent, exposed to financial risks, including market risks (interest rate risks), credit risks and liquidity risks. The disclosures in the note only address the most predominant risks. The Group's credit risks are described in note 14.

The overall framework for the financial risk management has been set out in the Group's finance policy. The finance policy is updated yearly and approved by the Board of Directors.

Centralised financial risk management is conducted by Management. On a monthly basis, Management monitors the Group's risk concentration within different areas such as customers, etc. Additionally, Management monitors any changes in the Group's risk concentration.

The finance policy governs the Group's investment policy, financing policy and credit risk policy in relation to financial counterparties. In addition, it describes the approved risk framework.

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23 Financial risks and financial instruments (continued)

It is the Group's policy not to speculate in financial risks. The Group's financial strategy only sets out to manage and reduce financial risks directly attributable to the Group's operations, investments and financing.

The Group does not make use of hedging and is not exposed to changes in exchange rates as the Group does not engage in foreign currency transactions.

The Group's risk exposure and risk management for 2017 was unchanged compared to that for 2016.

Market risks

Currency risks

The Group is not exposed to currency fluctuations as the Group does not have foreign currency transactions.

Interest rate risks

The hedging of the Group's interest rate risks intends to reduce the risk of interest rate rises, thus minimising interest costs over time. The Group's interest rate risks are regularly monitored.

The Group's key interest rate risks relate to financial and operating leases where the Group has mixed both variable and fixed interest rates in the leases.

In terms of interest rate sensitivity, an increase in interest rate level of 1% p.a. relative to the interest rate level of the Company's floating-rate bank deposits and bank loans for a full year at the balance sheet date will have a negative impact on results for the year and thereby equity of DKK 7.1 million. A decrease in interest rate level of 1% will have a corresponding positive impact on results for the year and equity.

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23 Financial risks and financial instruments (continued)

Loan from credit institutions and lease liabilities

	Group				
	Average nominal interest rate	Average effective interest rate	Currency	Interest period	Carrying amount
	%	%			DKK'000.
Fixed interest-bearing debt to credit institutions	3%	3%	DKK	3 months	279,469
Variable interest- bearing lease liabilities (note 17)	1.75%	2.5%	DKK	1 months	478,910
Loan from credit institutions and lease liabilities for 2017 in total					758,379
Fixed interest-bearing debt to credit institutions	3%	3%	DKK	3 months	496,210
Variable interest- bearing lease liabilities (note 17)	1.75%	2.6%	DKK	1 months	458,761
Loan from credit institutions and lease liabilities for 2016 in total					956,971

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23 Financial risks and financial instruments (continued)

	Parent Company				
	Average nominal interest rate	Average effective interest rate	Currency	Interest period	Carrying amount
	%	%			DKK'000.
Fixed interest-bearing debt to credit institutions	3%	3%	DKK	3 months	31,569
Loan from credit institutions and lease liabilities for 2017 in total					31,569
Fixed interest-bearing debt to credit institutions	3%	3%	DKK	3 months	218,310
Loan from credit institutions and lease liabilities for 2016 in total					218,310

Liquidity risks

The financing structure is a standard set-up for a private equity-owned business. On a quarterly basis, the Group tests financial covenants against target.

The Executive Board and Board of Directors regularly evaluate whether the capital structure supports the Group's fulfilment of the overall targets and the realisation of long-term sustainable economic growth. The Group is financed over equity with a solvency ratio above 20% at group level, five-year acquisition loan, drawing facilities, trade credit, etc. The duration and interest risks for the Group are assessed to the extent necessary. At the balance sheet date, net interest-bearing debt was DKK 654 million (2016: DKK 701 million), which is deemed appropriate in relation to the balance sheet total (capital structure).

There are covenants attached to the Group's interest-bearing debt. During the year, the Group has renegotiated the agreement with adjusted covenants and amended repayment profile to better cater for the business needs of the Group. Management expects compliance with the measurement points in the banking agreement.

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23 Financial risks and financial instruments (continued)

Non-derivative financial instruments

	Group			
DKK'000	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
2017				
Credit institutions and banks	369,605	126,210	243,394	0
Lease liabilities	495,324	128,607	320,623	46,094
Trade and other payables to subsidiaries	136,867	112,114	24,753	0
31 December	1,001,796	366,931	588,770	46,094
2016				
Credit institutions and banks	366,367	77,356	289,011	0
Lease liabilities	486,620	128,118	313,559	44,943
Trade and other payables to subsidiaries	221,486	70,269	151,217	0
31 December	1,074,473	275,743	753,787	44,943

Contractual cash flows are undiscounted contractual cash flow including interests.

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23 Financial risks and financial instruments (continued)

Methods and assumptions for the determination of fair value

The methods and assumptions used for calculating fair value of financial instruments are described per class of financial instruments.

Other financial instruments (measured at amortised cost in the balance sheet)

Receivables, suppliers with a short credit and other liabilities are estimated to have a fair value equal to the carrying amount.

Deposits and debt to credit institutions with interest rate are estimated to have a fair value that is approximately equal to the carrying amount.

The fair value of leases is calculated based on expected cash flows for the individual contract discounted using interest rate curves. At the balance sheet date, leases was DKK 495 million (2016: DKK 487 million).

23 Financial instruments categories

	Group		Parent Company	
DKK'000	2017	2016	2017	2016
Loans and receivables				
Trade receivables	146,545	139,569	0	0
Other receivables	2,632	1,615	0	0
Cash and cash equivalents	4,268	68,306	40	115
Total loans and receivables	153,445	209,490	40	115
Financial liabilities are measured at amortised cost				
Loans to credit institutions	279,469	330,416	31,569	218,310
Loans from Parent Company	0,246	0	246	0
Banks	33,487	35	0	0
Trade payables	112,114	70,269	0	0
Other payables	37,723	35,395	758	908
Total financial liabilities are measured at amortised cost	463,039	436,115	455.297	533.908

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24 Related parties

G.S.V. Holding A/S' related parties comprise the following:

Control

CC Tool Invest ApS, Baldersbuen 5, 2640 Hedehusene

CC Tool Invest ApS holds the majority of the contributed capital in the Parent Company via shareholder agreement.

G.S.V. Holding A/S is part of the consolidated financial statements of CC Tool Invest A/S, Hedehusene.

The consolidated financial statements of CC Tool Invest ApS can be obtained by contacting the company at the above addresses.

Other related parties

In addition, the Group's related parties comprise the Group's Board of Directors and Executive Board, executive employees and their family members. Further, related parties comprise companies in which above persons have substantial interests.

Transaction with related parties

Remuneration of the Executive and Board of Directors has been disclosed in note 5. The Executive and Board of Directors are made available free of charge by the Parent Company.

The Group has debt to the Parent Company and payment of interest. Intercompany accounts with the Parent Company are shown in the balance sheet.

Apart from this, the Group has not been a party to any related party transactions.

All transactions were at market terms.

25 Events after the balance sheet date

No further events have occurred after the balance sheet date that materially affects the Company's financial position.

26 New financial reporting regulation

At the time of publication of this annual report, there are a number of new or amended standards and interpretations that have not yet come into force and are therefore not applied when preparing this annual report.

The new standards and interpretations will be adopted as they become mandatory.

Management believes that the new standards and interpretations will not have a significant impact on the financial statements for the coming financial years.

27 Accounting effect of transition to IFRS

According to IFRS1, the opening balance per 1 January 2016 and the comparative figures for 2016 have been prepared in accordance with the IFRS/IAS and IFRIC/SIC applicable per 31 December 2017. Also, the Company implemented IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. The opening balance per 1 January 2016 has been prepared as if these standards and interpretations had always been used, except for the specific exception and exemption provisions of IFRS 1 as described below. .

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27 Accounting effect of transition to IFRS (continued)

The impact on the Group and the Parent Company is as follows:

		Group			
		1/1 2016	2016		31/12 2016
DKK'000	Reference to explanation	Equity	Profit for the year	Other equity	Total equity
As stated in accordance with the Danish Financial Statements Act		405,164	40,859	47,496	493,519
Correction to equity		-2,304	-4	0	-2,308
Corrected equity		402,860	40,855	47,496	491,211
Amortisation of goodwill	1	0	16,304	0	16,304
Transaction costs arising from business combinations	2	0	-7,074	0	-7,074
IFRS 16 – Leases, net	3	0	-666	0	-666
Tax effect of adjustments		0	0	0	0
Total adjustments		0	8,564	0	8,564
As stated in accordance with IFRS		402,860	49,419	47,496	499,775

1. The Group has applied IFRS 3 with effect from 1 January 2016. Accordingly, goodwill is not amortised as from 1 January 2016. Under previous GAAP, goodwill has been amortised over the estimated useful lives. Amortisation of goodwill in 2016 has been reversed in profit for 2016 and the balance sheet at 31 December 2016.

2. Under previous GAAP the Group has included transaction costs related to business combinations as part of cost of goodwill. In accordance with IFRS, such costs shall be recognised directly in profit/loss. For business combinations in 2016, costs have been reversed and recognised in the income statement, which has changed the cost of goodwill.

3. Upon transition to IFRS 16, The Group recognised an additional DKK 94.5 million of right-of-use assets and DKK 94.5 million of lease liabilities in respect of leases previously classified as operating leases. When measuring the lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2016. The weighted-average incremental borrowing rate applied is 1.75 %. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Group. For leases previously classified as operating leases, lease payments recognised as operating costs in 2016 have been reversed, and instead depreciation of right-of-use assets and interest costs from lease liabilities have been recognised in profit for 2016.

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27 Accounting effect of transition to IFRS (continued)

Reclassifications

Apart from the changes in accounting policies described above, the following reclassifications of and changes to the presentation format with restatement of the comparative figures for 2016 were made:

- Assets are now presented as non-current assets and current assets instead of fixed assets and current assets as previously.
- Deferred tax is classified as non-current assets or non-current liabilities. Previously, deferred tax assets/tax liabilities have been classified as current assets/current liabilities.
- Provisions are no longer presented under a separate header in the balance sheet, but are included in non-current and current liabilities.

The reclassifications have not affected profit/loss and equity.

Exemptions applied in IFRS 1 in the transition to IFRS

Business combinations and equity interests in subsidiaries

In accordance with the exemption provisions in IFRS 1, the Group has chosen to implement IFRS 3 prospectively for business combinations conducted after 1. January 2016 (the date of transition). In the opening balance sheet, the carrying amount of goodwill at 31 December 2015 in accordance with the Group's previous accounting policies was chosen as the deemed cost of goodwill in accordance with IFRS. The impairment test of goodwill at 1 January 2016 and at 31 December 2016 did not give rise to any impairment of goodwill as the recoverable amount was higher than the carrying amount of long-term assets including goodwill.

In accordance with the exemption provisions, the carrying amount of equity interests at 31 December 2015 was elected as deemed cost of equity interests in subsidiaries in the Parent Company at 1 January 2016.

Leases

The Group applied the following exemptions when preparing the opening balance at 1 January 2016.

- Measured the lease liabilities at the date of transition to IFRSs at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate.
- Measured the right-of-use assets at the date of transition to IFRSs at an amount that equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to IFRSs.
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Elected not to recognise right-of-use assets and lease liabilities for which the lease term ends within 12 months of the date of transition.
- Elected not to recognise right-of-use assets and lease liabilities for leases of low value assets. Instead, the Group recognises the lease payments associated with those assets on a straight-line basis over the lease term.
- Excluded initial direct costs from the measurement of the right-of-use assets at the date of transition to IFRSs.

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Notes

27 Accounting effect of transition to IFRS (continued)

— Used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Financial highlights

Comparative figures in the financial highlights for 2015 have not been restated to reflect the change in accounting policies and are thereby identical to those presented in the annual report 2016. The types of adjustments that would be required if comparative figures in financial highlights for 2015 were to be restated to comply with IFRS are in line with the adjustments made to the opening balance sheet at 1 January 2016, see above.

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Other Management duties, etc.

Executive Board:

Dan Vorsholt (joined 30 April 2015):

- Executive Board, DOV Holding ApS
- Executive Board, DHS Invest ApS
- Executive Board and member of the Board of Directors, G.S.V. Materieludlejning A/S
- Board of Directors, The Danish Construction Association, Rental Section

Jimmy Drevfors (joined 1 January 2016):

- Executive Board, Drevfors Holding ApS
- Executive Board, G.S.V. Materieludlejning A/S

Board of Directors:

Carsten Nygaard Knudsen, Chairman (joined 30 April 2015):

- Executive Board, Søgaarden-Sjælsø ApS
- Executive Board, Dane Topco ApS
- Board of Directors, Glunz & Jensen A/S
- Board of Directors, Glunz & Jensen Holding A/S
- Board of Directors, G.S.V. Materieludlejning A/S
- Board of Directors, Lyngsoe Systems Holding A/S
- Board of Directors, Lyngsoe Systems A/S
- Board of Directors, Black Topco A/S
- Board of Directors, Selandia Park A/S
- Board of Directors, STIBO-FONDEN
- Board of Directors, Stibo Ejendomme A/S
- Board of Directors, Stibo Holding A/S
- Board of Directors, Languagewire Holding A/S
- Board of Directors, Languagewire A/S
- Board of Directors, Tresu Group Holding A/S
- Board of Directors, Tresu Investment Holding A/S
- Board of Directors, Tresu Investment A/S
- Board of Directors, Tresu A/S

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Other Management duties, etc.

Peter Ryttergaard, Deputy Chairman (joined 29 June 2015):

- Executive Board, Buldus Ejendomme ApS
- Executive Board, Investeringsselskabet af 27/12 1985 ApS
- Executive Board, Catacap OP ApS
- Executive Board, Catacap DM ApS
- Executive Board, Catacap DM II ApS
- Executive Board, Mobylife DM ApS
- Executive Board, LW ManCo ApS
- Executive Board, Casa ManCo ApS
- Executive Board, CC II Management Invest 2017 GP ApS
- Executive and member of the Board of Directors, CC Explorer Invest ApS
- Executive and member of the Board of Directors, CC Tool Invest A/S
- Executive and member of the Board of Directors, CC Sky Invest ApS
- Executive and member of the Board of Directors, CC Green Wall Invest ApS
- Executive and member of the Board of Directors, CC Lingo Invest ApS
- Executive and member of the Board of Directors, Ryttergaard Invest A/S
- Board of Directors, Catacap Management A/S
- Board of Directors, G.S.V. Materieludlejning A/S
- Board of Directors, CC Orange Invest ApS
- Board of Directors, Mobylife Holding A/S
- Board of Directors, Handicap Befordring Holding A/S
- Board of Directors, Handicap Befordring A/S
- Board of Directors, Mobylife DK A/S
- Board of Directors, Kjærulf Pedersen A/S
- Board of Directors, Mobylife AB
- Board of Directors, Mobylife OY
- Board of Directors, Mobylife AS
- Board of Directors, CC Track Invest ApS
- Board of Directors, CASA A/S
- Board of Directors, CC Oscar Holding I A/S
- Board of Directors, CC Oscar Invest ApS
- Board of Directors, TPA Holding I A/S
- Board of Directors, TPA Holding II ApS
- Board of Directors, TP Aerospace Holding A/S

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Other Management duties, etc.

Vilhelm Eigil Hahn-Petersen (joined 2 March 2015):

- Executive Board, Catacap OP ApS
- Executive Board, Catacap DM ApS
- Executive Board, Catacap DM II ApS
- Executive Board, Mobylife DM ApS
- Executive Board, Myco ApS
- Executive Board, Casa ManCo ApS
- Executive Board, LW ManCo ApS
- Executive Board, CC II Management Invest 2017 GP ApS
- Executive and member of the Board of Directors, CC Orange Invest ApS
- Executive and member of the Board of Directors, CC Track Invest ApS
- Board of Directors, Catacap Management A/S
- Board of Directors, Capacent A/S
- Board of Directors, G.S.V. Materieludlejning A/S
- Board of Directors, Mobylife Holding A/S
- Board of Directors, CC Explorer Invest ApS
- Board of Directors Lyngsoe Systems Holding A/S
- Board of Directors, CC Tool Invest A/S
- Board of Directors, Skybrands A/S
- Board of Directors, CC Sky Invest ApS
- Board of Directors Skybrands Holding A/S
- Board of Directors, Lyngsoe Systems A/S
- Board of Directors, Mobylife AB
- Board of Directors, Mobylife DK A/S
- Board of Directors, Mobylife AS
- Board of Directors, Mobylife OY
- Board of Directors, Airhelp Inc.
- Board of Directors, CC Oscar Holding I A/S
- Board of Directors, CC Oscar Invest ApS
- Board of Directors, CASA A/S
- Board of Directors, CC Lingo Invest ApS
- Board of Directors, CC Green Wall Invest ApS
- Board of Directors, CC TPA Holding I A/S
- Board of Directors, CC TPA Holding II ApS

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Other Management duties, etc.

Vilhelm Eigil Hahn-Petersen (joined 2 March 2015) (continued):

— Board of Directors, TP Aerospace Holding A/S

Jens Nyhus (joined 25 September 2015):

— Executive Board, GK Danmark A/S
— Executive Board, Carlsberg Byen P/S
— Executive Board, Carlsberg Byen Ejendomme I P/S
— Executive Board, Carlsberg Byen Ejendomme P/S
— Executive Board, Carlsberg Byen I A/S
— Executive Board, Carlsberg Byen Komplementar I ApS
— Executive Board, Carlsberg Byen Komplementar Byggefelt 8 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 16.3 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 11 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 5 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 2 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen 20D ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 4.2 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 6Ø ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 7 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 9 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 10.3 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 15 ApS
— Executive and member of the Board of Directors, Carlsberg Byen 20D P/S
— Executive and member of the Board of Directors, Carlsberg Byen BA 3 P/S
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 3 ApS
— Executive and member of the Board of Directors, Carlsberg Byen BA 16 P/S
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 16 ApS
— Executive and member of the Board of Directors, Carlsberg Byen BA 17 P/S
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen BA 17 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen Ejendomssalg ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen Ejendomsdrift ApS
— Executive and member of the Board of Directors, Carlsberg Byen Ejendomssalg P/S
— Executive and member of the Board of Directors, Carlsberg Byen Ejendomsdrift P/S
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen 12 ApS
— Executive and member of the Board of Directors, Komplementar Carlsberg Byen 13 ApS

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Other Management duties, etc.

Board of Directors:

Jens Nyhus (joined 25 September 2015) (continued):

- Executive and member of the Board of Directors, Carlsberg Byen BA 12 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 13 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 2 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 11 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 16.3 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 5 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 4.2 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 6Ø P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 7 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 9 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 10.3 P/S
- Executive and member of the Board of Directors, Carlsberg Byen BA 15 P/S
- Executive and member of the Board of Directors, Carlsberg Byen Komplementar ApS

Dan Protin (joined 30 April 2015):

- Executive Board, DOV Holding ApS
- Executive Board, DHS Invest ApS
- Executive Board and member of the Board of Directors, G.S.V. Materieludlejning A/S
- Board of Directors, The Danish Construction Association, Rental Section