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# ***Toyota Danmark A/S***

Dynamovej 10, DK-2860 Søborg

Annual Report for 1 April 2015 - 31 March 2016

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CVR No 48 45 63 16

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on

15/07-16

  
Chairman



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## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Toyota Danmark A/S for the financial year 1 April 2015 - 31 March 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2016 of the Company and of the results of the Company operations for 2015/16.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 24 June 2016

### Direktion



Frank Okoisor  
CEO

### Bestyrelse



Matthew Harrison  
Chairman



Satoshi Maekawa



Frank Okoisor

# **Independent Auditor's Report on the Financial Statements**

To the Shareholder of Toyota Danmark A/S

## **Report on the Financial Statements**

We have audited the Financial Statements of Toyota Danmark A/S for the financial year 1 April 2015 - 31 March 2016, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2016 and of the results of the Company operations for the financial year 1 April 2015 - 31 March 2016 in accordance with the Danish Financial Statements Act.

# Independent Auditor's Report on the Financial Statements

## Statement on Management's Review

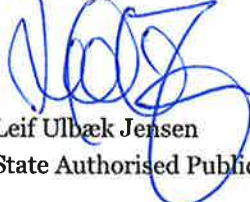
We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 24 June 2016

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*



Leif Ulbæk Jensen

State Authorised Public Accountant



Anders Røjleskov

State Authorised Public Accountant

## Company Information

### **The Company**

Toyota Danmark A/S  
Dynamovej 10  
DK-2860 Søborg

Telephone: + 45 44 85 04 00  
Facsimile: + 45 44 91 14 86  
E-mail: [toyota@toyota.dk](mailto:toyota@toyota.dk)  
Website: <http://www.toyota.dk/>

CVR No: 48 45 63 16  
Financial period: 1 April - 31 March  
Municipality of reg. office: Gladsaxe

### **Board of Directors**

Matthew Harrison, Chairman  
Satoshi Maekawa  
Frank Okoisor

### **Executive Board**

Frank Okoisor

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### **Bankers**

Danske Bank  
Holmens Kanal 2  
DK-1060 København K

Citibank  
HC Andersens Boulevard 12  
DK-1553 København V

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015/16	2014/15	2013/14	2012/13	2011/12
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1.997.035	1.809.909	1.863.352	1.806.097	1.938.162
Gross profit/loss	193.137	146.440	163.260	149.396	203.541
Profit/loss before financial income and expenses	135.566	101.772	115.173	98.893	151.139
Net financials	264	280	-69	-96	-171
Net profit/loss for the year	103.024	73.454	86.391	74.066	113.215
<b>Balance sheet</b>					
Balance sheet total	429.553	542.926	575.944	528.774	600.853
Equity	303.459	273.889	286.826	274.501	313.651
Investment in property, plant and equipment	-12.636	-8.374	-7.728	-4.980	-2.243
Number of employees	68	70	70	76	77
<b>Ratios</b>					
Profit margin	6,8%	5,6%	6,2%	5,5%	7,8%
Return on assets	31,6%	18,7%	20,0%	18,7%	25,2%
Solvency ratio	70,6%	50,4%	49,8%	51,9%	52,2%
Return on equity	35,7%	26,2%	30,8%	25,2%	38,9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

## **Management's Review**

### **Main activity**

Toyota Danmark A/S (TDK) is Toyota's marketing and sales company in Denmark. TDK is responsible for marketing and sales of the Toyota and Lexus brands, as well as the corresponding genuine spare parts and accessories. TDK has also the market responsibility for the Faroe Islands and Greenland.

### **Development in the year**

The income statement of the Company for 2015/16 shows a profit of TDKK 103,024, and at 31 March 2016 the balance sheet of the Company shows equity of TDKK 303,459.

2015 was again a record year for the Danish automobile industry with a total sales of nearly 207,400 passenger cars, an increase of 18,500 units versus the previous record in 2014. This market growth was primarily driven by B, B-SUV and C-SUV segments, from a combination of renewed models and new entrants. In addition, the mix of fleet sales grew from 45% to 50%. Light commercial vehicles (LCV) sales were 32,600 units – up 14 % versus 2014, reflecting increased business confidence in the economy.

Toyota sold 18,650 units with a market share of 7%, in Denmark. Aygo was the most sold model with a total of 5,800 units, followed by Yaris (5,500 units) and Avensis (2,000 units). Critical to our success was the continued growth of Toyota hybrid awareness and acceptance. Our total hybrid sales were 2,900 units, with a sales mix of 30% on Yaris and 60% on Auris. On LCVs, it was once again Hilux and Proace that accounted for the largest share of our sales.

In AutoIndex 2015 (FDM) Toyota again achieved two no. 1 places regarding the satisfaction of customers with the dealer and the shop. The survey behind this includes all makes of cars in Denmark, and Toyota has since the launch of AutoIndex in 2003 been in amongst the very best.

The financial result in 2015 is satisfying. The record high volume and enhanced cost control are the main reasons.

### **Statutory statement of corporate social responsibility**

Pursuant to section 99a(6) of the Danish Financial Statements Act no account or corporate responsibility is required. Instead reference is made to the account given by the parent company on it's homepage; <http://www.toyota-global.com/sustainability/csr/csr/index.html>

### **Share of the underrepresented gender**

We aim to achieve diversity and equality in all our initiatives both with respect to recruitment, retention, job satisfaction and development of competencies. We want to have a more equal distribution of men and women in our management group, and by focusing on women when recruiting executives we expect to have a ratio of 25% female executives in 2017 (compared to 15% today).

We continue working on increasing the representation of women on the Board of Directors with the aim of reaching a 33% representation by the end of 2018. Despite changes in the Board of Directors in



## **Management's Review**

2015/16 the goal was not fulfilled.

The work will be carried out through Management's initiatives to stimulate the number of candidates among the underrepresented gender when recruiting. Management considers recruitment an important pipeline to promote equal opportunities in the Company, which is a prerequisite for generality at executive levels.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 April - 31 March

	Note	2015/16 TDKK	2014/15 TDKK
<b>Revenue</b>		<b>1.997.035</b>	<b>1.809.909</b>
Other operating income		1.935	3.204
Cost of sales		-1.715.587	-1.578.776
Other external expenses		-90.246	-87.897
<b>Gross profit/loss</b>		<b>193.137</b>	<b>146.440</b>
Staff expenses	1	-54.015	-40.890
Depreciation and write downs of property, plant and equipment	2	-3.556	-3.778
<b>Profit/loss before financial income and expenses</b>		<b>135.566</b>	<b>101.772</b>
Financial income		567	871
Financial expenses	3	-303	-591
<b>Profit/loss before tax</b>		<b>135.830</b>	<b>102.052</b>
Tax on profit/loss for the year	4	-32.806	-28.598
<b>Net profit/loss for the year</b>		<b>103.024</b>	<b>73.454</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	103.024	73.454
	<b>103.024</b>	<b>73.454</b>

## Balance Sheet 31 March

### Assets

	Note	2015/16 TDKK	2014/15 TDKK
Land and buildings		25.965	26.855
Other fixtures and fittings, tools and equipment		12.591	9.771
<b>Property, plant and equipment</b>	5	<b>38.556</b>	<b>36.626</b>
Deposits		784	637
<b>Fixed asset investments</b>	6	<b>784</b>	<b>637</b>
<b>Fixed assets</b>		<b>39.340</b>	<b>37.263</b>
<b>Inventories</b>		<b>311.318</b>	<b>205.666</b>
Trade receivables		37.526	29.137
Receivables from group enterprises		28.983	235.042
Other receivables		378	374
Deferred tax asset	7	1.906	7.725
Corporation tax		9.670	18.409
Prepayments		210	143
<b>Receivables</b>		<b>78.673</b>	<b>290.830</b>
<b>Cash at bank and in hand</b>		<b>222</b>	<b>9.167</b>
<b>Currents assets</b>		<b>390.213</b>	<b>505.663</b>
<b>Assets</b>		<b>429.553</b>	<b>542.926</b>

## Balance Sheet 31 March

### Liabilities and equity

	Note	2015/16 TDKK	2014/15 TDKK
Share capital		25.000	25.000
Retained earnings		175.435	175.435
Proposed dividend for the year		103.024	73.454
<b>Equity</b>	<b>8</b>	<b>303.459</b>	<b>273.889</b>
Other provisions	9	0	23.488
<b>Provisions</b>		<b>0</b>	<b>23.488</b>
Trade payables		52.085	49.887
Payables to group enterprises		18.690	152.395
Other payables		55.319	43.267
<b>Short-term debt</b>		<b>126.094</b>	<b>245.549</b>
<b>Debt</b>		<b>126.094</b>	<b>245.549</b>
<b>Liabilities and equity</b>		<b>429.553</b>	<b>542.926</b>
Contingent assets, liabilities and other financial obligations	10		
Fee to auditors appointed at the general meeting	11		
Related parties and group relation	12		

## Notes to the Financial Statements

	2015/16 TDKK	2014/15 TDKK
<b>1 Staff expenses</b>		
Wages and salaries	49.165	36.168
Pensions	4.415	4.412
Other social security expenses	435	310
	<u>54.015</u>	<u>40.890</u>
<b>Including remuneration to the Executive Board</b>	<u>6.663</u>	<u>0</u>
<b>Average number of employees</b>	<u>68</u>	<u>70</u>
<p>The Executive Board has in 2015/16 consisted of 2 members. Remuneration to the Executive Board has not been disclosed for 2014/15 in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
<b>2 Depreciation and write downs of property, plant and equipment</b>		
Depreciation of property, plant and equipment	3.556	3.778
	<u>3.556</u>	<u>3.778</u>
<p>Which is specified as follows:</p>		
Land and buildings	890	890
Other fixtures and fittings, tools and equipment	2.666	2.888
	<u>3.556</u>	<u>3.778</u>
<b>3 Financial expenses</b>		
Interest paid to group enterprises	52	222
Other financial expenses	135	72
Exchange loss	116	297
	<u>303</u>	<u>591</u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	26.097	26.898
Deferred tax for the year	6.709	1.700
	<u>32.806</u>	<u>28.598</u>

## Notes to the Financial Statements

### 5 Property, plant and equipment

	Land and buildings <u>TDKK</u>	Other fixtures and fittings, tools and equipment <u>TDKK</u>	Total <u>TDKK</u>
Cost at 1 April	86.475	19.644	106.119
Additions for the year	0	12.636	12.636
Disposals for the year	0	-8.523	-8.523
Cost at 31 March	<u>86.475</u>	<u>23.757</u>	<u>110.232</u>
Impairment losses and depreciation at 1 April	59.620	9.873	69.493
Depreciation for the year	890	2.666	3.556
Impairment and depreciation of sold assets for the year	0	-1.373	-1.373
Impairment losses and depreciation at 31 March	<u>60.510</u>	<u>11.166</u>	<u>71.676</u>
<b>Carrying amount at 31 March</b>	<b><u>25.965</u></b>	<b><u>12.591</u></b>	<b><u>38.556</u></b>
Depreciated over	<u>10-60 years</u>	<u>3-10 years</u>	
Including assets under finance leases amounting to	<u>0</u>	<u>0</u>	

According to the official property assessment at 1 October 2014, the value of the Danish land and buildings amounts to TDKK 49.500.

### 6 Fixed asset investments

	<u>Deposits</u> <u>TDKK</u>
Cost at 1 April	637
Additions for the year	<u>147</u>
Cost at 31 March	<u>784</u>
<b>Carrying amount at 31 March</b>	<b><u>784</u></b>

### 7 Deferred tax asset

Deferred tax asset is primarily related to temporary differences on Trade Payables and Other Payables.

## Notes to the Financial Statements

### 8 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 April	25.000	175.435	73.454	273.889
Ordinary dividend paid	0	0	-73.454	-73.454
Net profit/loss for the year	0	0	103.024	103.024
<b>Equity at 31 March</b>	<b>25.000</b>	<b>175.435</b>	<b>103.024</b>	<b>303.459</b>

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares of TDKK 1.000	23	23.000
A-shares of TDKK 100	20	2.000
		<b>25.000</b>

### 9 Other provisions

Provisions concern the producers liability environmentally friendly scrapping of cars.

	2015/16	2014/15
	TDKK	TDKK
Other provisions	23.488	29.763
Reversed non-utilised provisions	-23.488	-6.275
	<b>0</b>	<b>23.488</b>

A review of the provision for ELV (End of Life Vehicles) has revealed that there is no longer an exposure because Toyota believes recycling targets will be met and appropriate collection network is in place, consequently the provision of ELV has been released. Every Year End the situation will be reviewed given the latest information available.

# Notes to the Financial Statements

## 10 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

#### Product warranty

The Company provides a three-year warranty in respect of new cars sold and two-year warranty as regards spare parts and accessories. Toyota in Japan and Belgium are liable for the warranties.

The Danish Toyota group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The Danish group companies are jointly and severally liable for Danish corporation taxes.

Rent payments concerning interminable contract until 31 October 2016 totals TDKK 1.008.

Toyota Danmark A/S has to the Central Tax Administration (SKAT) provided TDKK 1.700 as warranty.

	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK
<b>11 Fee to auditors appointed at the general meeting</b>		
Audit fee to PricewaterhouseCoopers	395	383
Other non-audit services	<u>370</u>	<u>247</u>
	<u><b>765</b></u>	<u><b>630</b></u>

## 12 Related parties and group relation

### Controlling interest

### Basis

Toyota Motor Europe N.V./S.A.

Parent Company

Toyota Motor CO., Japan

Ultimate parent Company

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company Toyota Motor Europe N.V./S.A., Belgium and Toyota Motor Corporation, Japan: [http://www.toyota-global.com/investors/ir\\_library/annual/pdf/2015](http://www.toyota-global.com/investors/ir_library/annual/pdf/2015)



## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of Toyota Danmark A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015/16 are presented in TDKK.

### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Toyota Motor Europe N.V./S.A., Belgium and Toyota Motor Corporation, Japan: [http://www.toyota-global.com/investors/ir\\_library/annual/pdf/2015](http://www.toyota-global.com/investors/ir_library/annual/pdf/2015), the Company has not prepared a cash flow statement.

### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### **Translation policies**

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt

## **Accounting Policies**

arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## **Income Statement**

### **Revenue**

Revenue from the sale of Cars and spare parts is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

The Company has no significant markets beside the Danish market. In consideration of the Toyota Group's division of business segments, the Company considers spare parts and vehicles as one business segment.

The Company's revenue is therefor not broken down by geographical and business segments.

### **Cost of sales**

Cost of sales comprise cars and spare parts consumed to achieve revenue for the year.

### **Other external expenses**

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

## **Accounting Policies**

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

### **Financial income and expenses**

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

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly Group owned Danish Companies. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

## **Balance Sheet**

### **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-60 years
Other fixtures and fittings, tools and equipment	3-10 years

Assets costing less than DKK 25,000 are expensed in the year of acquisition.

## **Accounting Policies**

### **Impairment of fixed assets**

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### **Inventories**

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimi-

## Accounting Policies

nation in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

## Financial Highlights

### Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$