
Toyota Material Handling Danmark A/S

Industrivej 3, DK-3550 Slangerup

Annual Report for 1 April 2016 - 31 March 2017

CVR No 62 65 70 14

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
23/05 2017

Thomas Vang Christensen
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 Material Handling Danmark A/S for the financial year 1 April 2016 - 31 March 2017.

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 2017 of the Company and of the results of the Company operations for 2016/17.

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.

Slangerup, 23 May 2017

Direktion

Troels Christensen

Bestyrelse

Lars Peter Hågerborg
Chairman

Eva Åsa Marita Hammarström

Torben Toft

Mette Fink-Jensen

Independent Auditor's Report

To the Shareholder of Toyota Material Handling Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2017 and of the results of the Company's operations for the financial year 1 April 2016 - 31 March 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Toyota Material Handling Danmark A/S for the financial year 1 April 2016 - 31 March 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards 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 are independent of the Company 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 23 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Boje Andreassen

State Authorised Public Accountant

Company Information

The Company

Toyota Material Handling Danmark A/S
Industrivej 3
DK-3550 Slangerup

Telephone: +45 70 22 02 60
Facsimile: +45 70 22 02 61
E-mail: info@dk.toyota-industries.com
Website: www.toyota-forklifts.dk

CVR No: 62 65 70 14
Financial period: 1 April - 31 March
Incorporated: 29 May 1964
Financial year: 54th financial year
Municipality of reg. office: Frederikssund

Board of Directors

Lars Peter Hägerborg, Chairman
Eva Åsa Marita Hammarström
Torben Toft
Mette Fink-Jensen

Executive Board

Troels Christensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

ADVODAN Hillerød
Carlsbergvej 32 D
DK-3400 Hillerød

Bankers

SEB Bank Danmark
Bernstorffsgade 50
DK-1577 København V

Financial Highlights

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

	2016/17	2015/16	2014/15	2013/14	2012/13
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	655,282	587,584	557,868	555,776	526,562
Gross profit/loss	217,806	194,592	187,014	187,280	169,260
Profit/loss before financial income and expenses	9,027	16,246	17,100	24,707	18,479
Net financials	14,815	12,892	12,990	12,347	10,077
Net profit/loss for the year	18,647	22,392	22,745	27,769	21,196
Balance sheet					
Balance sheet total	819,488	751,407	689,178	615,597	598,343
Equity	165,205	146,558	124,166	101,421	73,652
Investment in property, plant and equipment	21,388	27,325	-47,684	25,371	37,605
Number of employees	297	259	251	252	248
Ratios					
Gross margin	33.2%	33.1%	33.5%	33.7%	32.1%
Profit margin	1.4%	2.8%	3.1%	4.4%	3.5%
Return on assets	1.1%	2.2%	2.5%	4.0%	3.1%
Solvency ratio	20.2%	19.5%	18.0%	16.5%	12.3%
Return on equity	12.0%	16.5%	20.2%	31.7%	33.6%

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

Key activities

The Company deals in all aspects of stackers and forklifts and hires out and provides service support on these.

Development in the year

The income statement of the Company for 2016/17 shows a profit of DKK 18,647, and at 31 March 2017 the balance sheet of the Company shows equity of DKK 165,205.

Toyota Material Handling Denmark is a strong, market-leading enterprise within the forklift truck segment.

We offer our customers a full-range product portfolio in the forklift truck segment in addition to various forms of financing and hire. Moreover, our service organization is represented nationwide, which enables us to react quickly in all parts of Denmark when our customers need our assistance. We offer a high level of competencies within fleet management, automation products, logistics consulting and other similar products.

We believe that our customers' needs in this area are developing these years and, therefore, we consider it one of our key areas which we want to maintain and where our product development will take place.

The total truck market has realized a continuous increase in orders since the spring of 2014. In the past 12 months, the total market has increased almost 12%, whereas Toyota material Handling Denmark has developed its order intake to an even greater extent. The margin on new trucks has decreased since the competition in the market has increased.

We see the continuously low interest rate as a contributor to the positive macroeconomic trends. Likewise is consumer spending rising which in combination will affect the level of investments in enterprises also going forward.

Toyota Material Handling Denmark is continuously improving sustainable processes adjusting costs and resources in order to ensure the optimal level for any given level of activity. Toyota Material handling has launched a number of projects on the basis of TPS and its concepts of Lean with the aim of reducing cost, strengthen delivery on time, improving quality and productivity. It is the absolute commitment of Toyota Material handling Denmark to further its capabilities and competences within this area in order to deliver market breaking results in the coming years.

Compared to last year, we have increased our revenue (from DKK 587.6 M in 2015/2016 to DKK 655.3 M in 2016/2017). Our net profit has however decreased (from DKK 22.4 M in 2015/2016 to DKK 18.6 M in 2016/2017).

Both the organic growth and the acquisition of DanTruck has contributed as planned to the revenue development, exceeding the budget. The decrease in profits comes as an effort of lower margins on new equipment, as well as pressure on margins on the aftermarket and STR business. Again in FY17 we have realized lower margins on the logistic area than planned, mainly due to lack of performance from internal

Management's Review

suppliers. Finally the acquisition of DanTruck has affected the profits due to depreciation of goodwill, and also changes in group policies and accounting estimates yielded a one off negative impact.

All I all the business profit result is considered being not satisfying.

Special risks - operating risks and financial risks

Operating risks

The forklift truck market as in most markets is seeing increased focus on prices. Only through continued consolidation of the company's high quality level, continued improvement of our service level and continued focus on the direction of changes in the customers' needs as well as constant focus on development in costs, will it be possible to maintain a satisfactory price level. We still need to be able to anticipate our customers' needs and deliver solutions for sufficient material handling.

Market risks

Foreign exchange risks

Toyota Material Handling Danmark A/S is not exposed to any significant foreign exchange or interest raterisks.

Raw material prices

Steel prices have remained relatively stable. The present level is under control; however, if significant increases are seen, it may affect the result for the coming years.

Bad debts

We have a good continuous focus on bad debt, and have been able to decrease our losses over time; in recent years, we have kept a consistent low level of losses on bad debts. We will continue maintaining a strong focus developing our processes in this area to ensure that bad debt losses continue to decrease over the coming years.

Environmental issues

Toyota Material Handling Danmark A/S is environmentally conscious and makes continuous efforts to reduce environmental impact from the Company's operations. In this connection, it should be noted that most of the Company's products consist of electric-powered forklift trucks, which are the optimum kind of engines for environmental purposes. Sustainability has been a high-priority area, and projects has been carried out both internally and together with our customers in order to optimize the effort and minimize the environmental impact. Moreover, it should be noted that Toyota Material Handling's production company in Sweden has obtained ISO 14001 environmental certification and that Toyota Material Handling Danmark obtained an Ecovadis certification in 2016.

Management's Review

Intellectual capital resources

It is material to the continued growth of Toyota Material Handling Danmark A/S that the Company is able to continue attracting and retaining qualified employees.

The Company offers a comprehensive course program which ensures and maintains a high knowledge level. This is moreover maintained and developed through our TLLP program, ISO 9001 and Ecovadis certifications.

Corporate social responsibility

For a statement on corporate social responsibility, we refer to our ultimate Parent Company Toyota Industries Corporation, which prepares consolidated financial statements.

Gender representation

A balanced gender representation and antidiscrimination in general is a central topic in the TMHE code of conduct.

TMHE is committed to equal opportunity and follows recruitment and selection practices that comply with all applicable employment laws. As such, TMHE promotes equal opportunities in employment, regardless of gender, age, marital status, race, color, ethnic origins, sexual orientation, disability, and religious and political affiliation.

It is the aim to that the Board of Directors gender representation is in line with the company as such. With the present Board, the gender representation is fifty/fifty.

Gender representation is also an integral part of the TMHE Recruitment policy giving guidelines for the recruitment of Senior Management positions.

Management's Review

Expected development

The coming year will be a year of balancing growth and consolidation of the investments made in FY17. Our main strategic initiatives will be focused around 5 defined Hoshin areas.

1. Strengthen profit
2. Strengthen markets position
3. Strengthen quality in flows & processes
4. Strengthen Toyota values & culture
5. Strengthen leadership & employeeship

The onboarding of the Dantruck business has now been completed and we will in the future build on the synergies with the original Toyota Aftermarket business. We expect to be able to increase our revenue slightly at better relative margins in the Aftermarket business.

Next year we expect the growth of the Truck Market to begin to slow down keeping our market share constant thereby growing our revenue from sale of machines by approximately 10%. We intent to strengthen and ensure our market position by being proactive to customer needs delivering a full range of products and services to the market yielding most value added to the customer.

We will in the coming years continue to develop our capabilities to deliver better and more customized logistic solution and consultancy services taking a step closer to the customer.

We are fully committed to build on our internal capabilities and competencies within TPS and its concepts of lean making our processes even more cost efficient keeping, our OPEX cost base constant, delivering on time better product and solutions to the market.

We expect in all the coming year to deliver higher revenue, at higher margins with a constant OPEX yielding a better result.

A significant condition for realizing the expectations is that the international turmoil, politically as well as economical, does not deteriorate further.

Income Statement 1 April - 31 March

	Note	2016/17 DKK '000	2015/16 DKK '000
Revenue	1	655,282	587,584
Other operating income		7,860	7,520
Cost of sales		-374,933	-336,670
Other external expenses		-70,403	-63,842
Gross profit/loss		217,806	194,592
Staff expenses	2	-166,853	-148,043
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-41,926	-30,303
Profit/loss before financial income and expenses		9,027	16,246
Financial income	5	26,800	25,151
Financial expenses	6	-11,985	-12,259
Profit/loss before tax		23,842	29,138
Tax on profit/loss for the year	7	-5,195	-6,746
Net profit/loss for the year		18,647	22,392

Distribution of profit

Proposed distribution of profit

Retained earnings	18,647	22,392
	18,647	22,392

Balance Sheet 31 March

Assets

	Note	2016/17 DKK '000	2015/16 DKK '000
Goodwill		10,242	0
Development projects in progress		9	45
Intangible assets	8	10,251	45
Demo and rental trucks		148,657	111,637
Fixtures and fittings, tools and equipment		1,182	1,074
Leasehold improvements		1,578	1,318
Property, plant and equipment	9	151,417	114,029
Receivables leases		303,382	283,491
Fixed asset investments	10	303,382	283,491
Fixed assets		465,050	397,565
Inventories		73,702	60,822
Trade receivables		263,001	227,669
Contract work in progress		0	2,623
Receivables from group enterprises		9,195	36,862
Other receivables		4,672	5,759
Corporation tax		2,335	59
Prepayments	11	1,496	20,045
Receivables		280,699	293,017
Cash at bank and in hand		37	3
Currents assets		354,438	353,842
Assets		819,488	751,407

Balance Sheet 31 March

Liabilities and equity

	Note	2016/17 DKK '000	2015/16 DKK '000
Share capital		2,500	2,500
Retained earnings		162,705	144,058
Equity	12	165,205	146,558
Provision for deferred tax	13	7,769	5,506
Other provisions	14	2,882	3,486
Provisions		10,651	8,992
Lease obligations		306,799	281,679
Payables to group enterprises		67,781	10,700
Long-term debt	15	374,580	292,379
Lease obligations	15	116,457	162,409
Prepayments received from customers		23,383	20,756
Trade payables		23,957	24,686
Payables to group enterprises	15	54,184	50,350
Other payables		49,128	43,682
Deferred income	16	1,943	1,595
Short-term debt		269,052	303,478
Debt		643,632	595,857
Liabilities and equity		819,488	751,407
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Fee to auditors appointed at the general meeting	4		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
Equity at 1 April	2,500	144,058	146,558
Net profit/loss for the year	0	18,647	18,647
Equity at 31 March	2,500	162,705	165,205

Notes to the Financial Statements

	2016/17 DKK '000	2015/16 DKK '000
1 Revenue		
Business segments		
Truck sales	408,507	371,284
After-sales market	246,775	216,300
	655,282	587,584
Geographical segments		
The Company operates on the markets for stackers and forklift trucks in Denmark.		
2 Staff expenses		
Wages and salaries	153,364	134,247
Pensions	10,821	9,426
Other staff expenses	2,668	4,370
	166,853	148,043
Average number of employees	297	259
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,596	37
Depreciation of property, plant and equipment	39,352	30,311
Gain and loss on disposal	-22	-45
	41,926	30,303
Which is specified as follows:		
Development projects	36	37
Goodwill	2,560	0
Demo and rental trucks	38,361	29,424
Fixtures and fittings, tools and equipment	779	699
Leasehold improvements	212	188
Loss/(profit) on sale of property, plant and equipment	-22	-45
	41,926	30,303

Notes to the Financial Statements

	<u>2016/17</u> DKK '000	<u>2015/16</u> DKK '000
4 Fee to auditors appointed at the general meeting		
Audit fee to PricewaterhouseCoopers	292	308
Tax advisory services	0	8
Other services	58	72
	<u>350</u>	<u>388</u>
5 Financial income		
Other financial income	26,800	25,129
Exchange adjustments	0	22
	<u>26,800</u>	<u>25,151</u>
6 Financial expenses		
Interest paid to group enterprises	1,271	1,955
Other financial expenses	10,634	10,304
Exchange adjustments, expenses	80	0
	<u>11,985</u>	<u>12,259</u>
7 Tax on profit/loss for the year		
Current tax for the year	2,932	6,626
Deferred tax for the year	2,263	142
Current tax last year	0	-22
	<u>5,195</u>	<u>6,746</u>

Notes to the Financial Statements

8 Intangible assets

	Goodwill DKK '000	Development projects in progress DKK '000
Cost at 1 April	0	185
Additions for the year	12,802	0
Cost at 31 March	<u>12,802</u>	<u>185</u>
Impairment losses and amortisation at 1 April	0	140
Amortisation for the year	2,560	36
Impairment losses and amortisation at 31 March	<u>2,560</u>	<u>176</u>
Carrying amount at 31 March	<u>10,242</u>	<u>9</u>
Amortised over	<u>5 years</u>	<u>5 years</u>

9 Property, plant and equipment

	Demo and rental trucks DKK '000	Fixtures and fittings, tools and equipment DKK '000	Leasehold improvements DKK '000
Cost at 1 April	169,457	9,624	6,104
Additions for the year	169,931	887	472
Disposals for the year	-149,884	-18	0
Cost at 31 March	<u>189,504</u>	<u>10,493</u>	<u>6,576</u>
Impairment losses and depreciation at 1 April	57,820	8,550	4,786
Impairment losses for the year	3,978	0	0
Depreciation for the year	34,383	779	212
Reversal of impairment and depreciation of sold assets	-55,388	-18	0
Transfers for the year	54	0	0
Impairment losses and depreciation at 31 March	<u>40,847</u>	<u>9,311</u>	<u>4,998</u>
Carrying amount at 31 March	<u>148,657</u>	<u>1,182</u>	<u>1,578</u>
Depreciated over	<u>3-6 years</u>	<u>3-5 years</u>	<u>6-10 years</u>

Notes to the Financial Statements

10 Fixed asset investments

	Receivables leases <u>DKK '000</u>
Cost at 1 April	283,491
Additions for the year	155,848
Disposals for the year	-138,343
Transfers for the year	<u>2,386</u>
Cost at 31 March	<u>303,382</u>
Carrying amount at 31 March	<u>303,382</u>

The total receivables relating to leases amount to DKK 415,467k, of which short-term receivables amount to DKK 112,085k, which are presented in trade receivables.

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, leases, insurance premiums and subscriptions.

12 Equity

The share capital consists of 2,500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

13 Provision for deferred tax

	<u>2016/17</u> DKK '000	<u>2015/16</u> DKK '000
Intangible assets	-159	10
Property, plant and equipment	7,991	5,377
Trade receivables	0	-135
Provisions	-530	-749
Others	<u>467</u>	<u>1,003</u>
	<u>7,769</u>	<u>5,506</u>

Notes to the Financial Statements

	2016/17 DKK '000	2015/16 DKK '000
14 Other provisions		
Other provisions contains provision for warranty, provision for leaseholds and provision for losses on LTR contracts.		
Other provisions	2,882	3,486
	2,882	3,486

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

Between 1 and 5 years	306,799	281,679
Long-term part	306,799	281,679
Within 1 year	116,457	162,409
	423,256	444,088

Payables to group enterprises

Between 1 and 5 years	67,781	10,700
Long-term part	67,781	10,700
Within 1 year	54,184	50,350
	121,965	61,050

16 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

	2016/17 DKK '000	2015/16 DKK '000
17 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	10,948	8,853
Between 1 and 5 years	18,074	12,598
	29,022	21,451
Rental liabilities, non-terminable until 31 December 2020	15,337	20,107

Other contingent liabilities

The Company has no securities or contingent liabilities at 31 March 2017.

18 Related parties

Basis

Controlling interest

Toyota Material Handling Europe AB Parent

Consolidated Financial Statements

The Company is included in the Consolidated Annual Report of the ultimate Parent Company

Name	Place of registered office
------	----------------------------

Toyota Industries Corporation	
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The Group Annual Report of Toyota Industries Corporation may be obtained at the following address:

Toyota Industries Corporation
2-1 Toyoda-cho
Kariya-shi
Aichi 448-8671
Japan

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Toyota Material Handling Danmark A/S for 2016/17 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.

The Financial Statements for 2016/17 are presented in DKK.

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 Industries Corporation, 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.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

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

Notes, Accounting Policies

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Segment reporting

Segment information is presented in respect of business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments. In compliance with the Danish Executive Order on exemptions from the Danish Financial Statements Act, reporting on geographical segments comprises revenue only.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and 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 other than production wages.

Amortisation, depreciation and impairment losses

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

Notes, Accounting Policies

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and 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 changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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:

Demo and rental trucks	3-6 years
Other buildings	3-5 years
Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	6-10 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Notes, Accounting Policies

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

Fixed asset investments

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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 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 sales sum.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Notes, Accounting Policies

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

Lease obligations

Lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work. Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average bond yield.

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, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination 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.

Notes, Accounting Policies

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$