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# ***Toyota Material Handling Danmark A/S***

Industrivej 3, DK-3550 Slangerup

## **Annual Report for 1 April 2015 - 31 March 2016**

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CVR No 62 65 70 14

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
10/5 2016

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 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.

Slangerup, 10 May 2016

## **Executive Board**

Troels Christensen

## **Board of Directors**

Lars Peter Hägerborg  
Chairman

Eva Åsa Marita Hammarström

Torben Toft

Mette Fink-Jensen

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

To the Shareholder of Toyota Material Handling Danmark A/S

## **Report on the Financial Statements**

We have audited the Financial Statements of Toyota Material Handling Danmark A/S for the financial year 1 April 2015 - 31 March 2016, which comprise income statement, balance sheet, statement of changes in equity, 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.

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

## **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.

## **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, 10 May 2016

**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: 53rd 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:

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	587,584	557,868	555,776	526,562	493,881
Gross profit/loss	194,592	187,014	187,280	169,260	92,235
Profit/loss before financial income and expenses	16,246	17,100	24,707	18,479	16,256
Net financials	12,892	12,990	12,347	10,077	7,238
Net profit/loss for the year	22,392	22,745	27,769	21,196	17,509
<b>Balance sheet</b>					
Balance sheet total	751,407	689,178	615,597	598,343	553,657
Equity	146,558	124,166	101,421	73,652	52,456
Investment in property, plant and equipment	27,325	58,873	25,371	37,605	16,298
Number of employees	259	251	252	248	243
<b>Ratios</b>					
Gross margin	33.1%	33.5%	33.7%	32.1%	18.7%
Profit margin	2.8%	3.1%	4.4%	3.5%	3.3%
Return on assets	2.2%	2.5%	4.0%	3.1%	2.9%
Solvency ratio	19.5%	18.0%	16.5%	12.3%	9.5%
Return on equity	16.5%	20.2%	31.7%	33.6%	40.1%

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

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 2015/16 shows a profit of DKK 22,392, and at 31 March 2016 the balance sheet of the Company shows equity of DKK 146,558.

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 organisation 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 realised a continuous increase in orders since the spring of 2014. In the past 12 months, the total market has increased by 5%, whereas Toyota Material Handling Denmark has developed its order intake to an even greater extent. The margins on new trucks have decreased since competition on the market for new trucks is increasing.

We see the continuously low interest rate as a contributor to this positive development. Consumer behaviour shows positive changes as well based on e.g. the continuously positive development on the property market; however, to a smaller degree. We consider these two factors material to improving the investment appetite of enterprises.

Toyota Material Handling Denmark is continuously improving our processes including adjusting our resources/costs to constantly bring them in line with the current activity level. Also this year, we have realised projects with the aim of bringing down cost substantially. Consequently, today we have an even sharper and sounder business which is, at the same time, able to handle a further upturn of the market. Our cost base moreover makes us less vulnerable to periods with reduced activities.

Compared to last year, we have increased our revenue (2014/15 DKK 557.9 million compared to 2015/16 DKK 587.6 million). The results are still at a satisfactory level.



# **Management's Review**

## **Special risks - operating risks and financial risks**

### ***Operating risks***

As in most markets, also the forklift truck market is seeing increased focusing 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 the 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 efficient 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/positive. The present level is under control; however, if significant increases are seen, it may affect the results for the coming year.

#### ***Bad debts***

We have a good continuous focus on bad debts, 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 on this area so as to ensure that bad debts do not develop negatively.

#### ***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 have been carried out both internally and together with customers, in order to optimise and maximise effort and minimise the environmental impact. Moreover, it should be noted that Toyota Material Handling's production companies are ISO 14001 environmental certified.

#### ***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 programme which ensures and maintains a high knowledge level. This is moreover maintained and developed through our ISO 9001 certification.

# **Management's Review**

## **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**

The Company has more than obtained a gender representation on the Board of Directors which is in line with the gender representation in the Company. With the present Board, the gender presentation is fifty/fifty.

## **Expected development**

On 1 April 2016, Toyota Material Handling Denmark acquired the service market sales activity from DanTruck, which will also create truck sales. We therefore expect higher activity, which will create better results too.

In addition to this, we have in the past two years experienced a handsome increase of the total truck market in Denmark. Last year, the market increased slightly, and a slight increase is also expected for the coming year.

We expect a further overall strengthening of the markets. This strengthening will be more widely embedded and, therefore, give a higher degree of stability. An overall strengthening of all markets, together with our expectations of winning further market shares, will result in an improvement of our revenue.

Furthermore, the development in our order intake has not to the same degree resulted in revenue being realised this year because of the change in price and mix of sold products. There are therefore also orders from this year which will not be executed until next year and will accordingly affect our revenue next year positively.

We have constantly adjusted our costs during many years and, therefore, we have a good, stable and lean cost base.

We have a lean cost base in a market showing modest growth where we expect to be able to win further market shares and, last but not least, our share of service market revenue will increase. We therefore anticipate that we will be able to improve our results positively by more than 10%.

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

## Income Statement 1 April - 31 March

	Note	2015/16 DKK '000	2014/15 DKK '000
<b>Revenue</b>	1	<b>587,584</b>	<b>557,868</b>
Other operating income		7,520	8,658
Cost of sales		-336,670	-318,592
Other external expenses		-63,842	-60,920
<b>Gross profit/loss</b>		<b>194,592</b>	<b>187,014</b>
Staff expenses	2	-148,043	-143,722
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-30,303	-26,192
<b>Profit/loss before financial income and expenses</b>		<b>16,246</b>	<b>17,100</b>
Financial income	5	25,151	25,643
Financial expenses	6	-12,259	-12,653
<b>Profit/loss before tax</b>		<b>29,138</b>	<b>30,090</b>
Tax on profit/loss for the year	7	-6,746	-7,345
<b>Net profit/loss for the year</b>		<b>22,392</b>	<b>22,745</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	0	0
Retained earnings	22,392	22,745
	<b>22,392</b>	<b>22,745</b>

# Balance Sheet 31 March

## Assets

	Note	2015/16 DKK '000	2014/15 DKK '000
Development projects in progress		45	82
<b>Intangible assets</b>	8	<b>45</b>	<b>82</b>
Demo and rental trucks		111,637	90,237
Fixtures and fittings, tools and equipment		1,074	905
Leasehold improvements		1,318	1,045
<b>Property, plant and equipment</b>	9	<b>114,029</b>	<b>92,187</b>
Receivables leases		283,491	262,656
<b>Fixed asset investments</b>	10	<b>283,491</b>	<b>262,656</b>
<b>Fixed assets</b>		<b>397,565</b>	<b>354,925</b>
<b>Inventories</b>		<b>60,822</b>	<b>57,785</b>
Trade receivables	10	227,669	211,949
Contract work in progress		2,623	0
Receivables from group enterprises		36,862	38,284
Other receivables		5,759	4,494
Corporation tax		59	5,049
Prepayments		20,045	16,485
<b>Receivables</b>		<b>293,017</b>	<b>276,261</b>
<b>Cash at bank and in hand</b>		<b>3</b>	<b>207</b>
<b>Currents assets</b>		<b>353,842</b>	<b>334,253</b>
<b>Assets</b>		<b>751,407</b>	<b>689,178</b>

# Balance Sheet 31 March

## Liabilities and equity

	Note	2015/16 DKK '000	2014/15 DKK '000
Share capital		2,500	2,500
Retained earnings		144,058	121,666
<b>Equity</b>	12	<b>146,558</b>	<b>124,166</b>
Provision for deferred tax	11	5,506	5,363
Other provisions		3,486	3,463
<b>Provisions</b>		<b>8,992</b>	<b>8,826</b>
Lease obligations		281,679	252,613
Payables to group enterprises		10,700	0
<b>Long-term debt</b>	13	<b>292,379</b>	<b>252,613</b>
Lease obligations	13	162,409	148,557
Prepayments received from customers		20,756	17,561
Trade payables		24,686	24,346
Payables to group enterprises	13	50,350	65,501
Other payables		43,682	45,868
Deferred income	13	1,595	1,740
<b>Short-term debt</b>		<b>303,478</b>	<b>303,573</b>
<b>Debt</b>		<b>595,857</b>	<b>556,186</b>
<b>Liabilities and equity</b>		<b>751,407</b>	<b>689,178</b>
Contingent assets, liabilities and other financial obligations	14		
Fee to auditors appointed at the general meeting	4		
Related parties and ownership	15		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
Equity at 1 April	2,500	121,666	124,166
Net profit/loss for the year	0	22,392	22,392
<b>Equity at 31 March</b>	<b>2,500</b>	<b>144,058</b>	<b>146,558</b>

# Notes to the Financial Statements

	2015/16 DKK '000	2014/15 DKK '000
<b>1 Revenue</b>		
<b>Business segments</b>		
Truck sales	371,284	343,346
After-sales market	216,300	214,522
	<b>587,584</b>	<b>557,868</b>
<b>Geographical segments</b>		
The Company operates on the markets for stackers and forklift trucks in Denmark.		
<b>2 Staff expenses</b>		
Wages and salaries	134,247	129,872
Pensions	9,426	9,226
Other staff expenses	4,370	4,624
	<b>148,043</b>	<b>143,722</b>
<b>Average number of employees</b>	<b>259</b>	<b>251</b>
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	37	37
Depreciation of property, plant and equipment	30,311	26,142
Gain and loss on disposal	-45	13
	<b>30,303</b>	<b>26,192</b>
Which is specified as follows:		
Development projects	37	37
Demo and rental trucks	29,424	25,303
Fixtures and fittings, tools and equipment	699	708
Leasehold improvements	188	131
Loss/(profit) on sale of property, plant and equipment	-45	13
	<b>30,303</b>	<b>26,192</b>

## Notes to the Financial Statements

	2015/16 DKK '000	2014/15 DKK '000
<b>4 Fee to auditors appointed at the general meeting</b>		
Audit fee to PricewaterhouseCoopers	308	292
Other assurance engagements	0	10
Tax advisory services	8	20
Other services	72	50
	<b>388</b>	<b>372</b>
<b>5 Financial income</b>		
Other financial income	25,129	25,643
Exchange adjustments	22	0
	<b>25,151</b>	<b>25,643</b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	1,955	1,856
Other financial expenses	10,304	10,709
Exchange adjustments, expenses	0	88
	<b>12,259</b>	<b>12,653</b>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	6,626	6,348
Deferred tax for the year	142	997
Current tax last year	-22	0
	<b>6,746</b>	<b>7,345</b>



## Notes to the Financial Statements

### 8 Intangible assets

	Development projects <u>DKK '000</u>
Cost at 1 April	185
Additions for the year	<u>0</u>
Cost at 31 March	<u>185</u>
Impairment losses and amortisation at 1 April	103
Amortisation for the year	<u>37</u>
Impairment losses and amortisation at 31 March	<u>140</u>
<b>Carrying amount at 31 March</b>	<b><u>45</u></b>

### 9 Property, plant and equipment

	Demo and rental trucks <u>DKK '000</u>	Fixtures and fittings, tools and equipment <u>DKK '000</u>	Leasehold improvements <u>DKK '000</u>
Cost at 1 April	143,410	8,668	5,784
Additions for the year	73,254	1,010	320
Disposals for the year	<u>-47,207</u>	<u>-54</u>	<u>0</u>
Cost at 31 March	<u>169,457</u>	<u>9,624</u>	<u>6,104</u>
Impairment losses and depreciation at 1 April	53,173	7,763	4,739
Depreciation for the year	29,666	839	47
Reversal of impairment and depreciation of sold assets	<u>-25,019</u>	<u>-52</u>	<u>0</u>
Impairment losses and depreciation at 31 March	<u>57,820</u>	<u>8,550</u>	<u>4,786</u>
<b>Carrying amount at 31 March</b>	<b><u>111,637</u></b>	<b><u>1,074</u></b>	<b><u>1,318</u></b>

## Notes to the Financial Statements

### 10 Fixed asset investments

	Receivables leases <u>DKK '000</u>
Cost at 1 April	261,646
Additions for the year	147,393
Disposals for the year	<u>-125,548</u>
Cost at 31 March	<u>283,491</u>
<b>Carrying amount at 31 March</b>	<b><u>283,491</u></b>

The total receivables relating to leases amount to DKK 383,403k, of which short-term receivables amount to DKK 98,902k, which are presented in trade receivables.

	<u>2015/16</u> DKK '000	<u>2014/15</u> DKK '000
<b>11 Provision for deferred tax</b>		
Intangible assets	10	19
Property, plant and equipment	5,377	5,246
Trade receivables	-135	-141
Provisions	-749	-765
Others	<u>1,003</u>	<u>1,004</u>
	<b><u>5,506</u></b>	<b><u>5,363</u></b>

### 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.

# Notes to the Financial Statements

## 13 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:

	2015/16 DKK '000	2014/15 DKK '000
<b>Lease obligations</b>		
Between 1 and 5 years	281,679	252,613
Long-term part	281,679	252,613
Within 1 year	162,409	148,557
	<b>444,088</b>	<b>401,170</b>
<b>Payables to group enterprises</b>		
Between 1 and 5 years	10,700	0
Long-term part	10,700	0
Within 1 year	50,350	65,501
	<b>61,050</b>	<b>65,501</b>

## 14 Contingent assets, liabilities and other financial obligations

### Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

Within 1 year	8,853	8,727
Between 1 and 5 years	12,598	10,357
	<b>21,451</b>	<b>19,084</b>

Rental liabilities, non-terminable until 31 December 2019	20,107	19,988
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### Contingent liabilities

The Company has no securities or contingent liabilities at 31 March 2016.

# Notes to the Financial Statements

## 15 Related parties and ownership

	<b>Basis</b>
<b>Controlling interest</b>	
Toyota Industries Corporation	Ultimate Parent
Toyota Material Handling Europe AB, Mjölby, Sweden	Parent

### ***Consolidated Financial Statements***

The Company is included in the Consolidated Annual Report of the ultimate Parent Company Toyota Industries Corporation.

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

## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of Toyota Material Handling 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.

In accordance with section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company is included in the cash flow statement of the Group.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015/16 are presented in DKK.

### **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.

# **Accounting Policies**

## **Currency translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

# 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

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 12,900 are expensed in the year of acquisition.

## **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.



## **Accounting Policies**

### **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.

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.

# Accounting Policies

## 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.

## 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.

# Accounting Policies

## 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$