
Penta Holding A/S

Birkerød Kongevej 150 A, DK-3460 Birkerød

Annual Report for 1 January - 31 December 2015

CVR No 10 70 25 77

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/4 2016

Ulf Svejgaard Poulsen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Penta Holding A/S for the financial year 1 January - 31 December 2015.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2015.

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.

Birkerød, 26 April 2016

Executive Board

Jan Timmermann

Shiwu Zhou

Board of Directors

Ulf Svejgaard Poulsen
Chairman

Lin Ji

Shiwu Zhou

Erik Lund Eriksen

Guo Jing

Tian Chao

Jan Timmermann

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

To the Shareholders of Penta Holding A/S

Report on the Financial Statements and the Consolidated Financial Statements

We have audited the Financial Statements and the Consolidated Financial Statements of Penta Holding A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies. The Financial Statements and the Consolidated Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements and the Consolidated Financial Statements

Management is responsible for the preparation of Financial Statements and the Consolidated 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 and Consolidated 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 and the Consolidated 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 and the Consolidated 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 and the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Consolidated 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 and Consolidated 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 and the Consolidated 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 and the Consolidated Financial Statements

Opinion

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Company and the Group at 31 December 2015 and of the results of the Company and the Group operations and of consolidated cash flows for the financial year 1 January - 31 December 2015 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 and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements.

Hellerup, 26 April 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Madsen

statsautoriseret revisor

Company Information

The Company

Penta Holding A/S
Birkerød Kongevej 150 A
DK-3460 Birkerød

Telephone: + 45 +45 45 160 160

Facsimile: + 45 +45 45 160 161

CVR No: 10 70 25 77

Financial period: 1 January - 31 December

Financial year: 29th financial year

Municipality of reg. office: Rudersdal

Board of Directors

Ulf Svejgaard Poulsen, Chairman
Lin Ji
Shiwu Zhou
Erik Lund Eriksen
Guo Jing
Tian Chao
Jan Timmermann

Executive Board

Jan Timmermann
Shiwu Zhou

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Svejgaard - Galst Advokater
Gammel Strand 44
1202 København K

Bankers

Jyske Bank
Strandvejen 112
DK- 2900 Hellerup

Group Chart

Parent Company

Penta Holding A/S
Birkerød Kongevej 150
DK-3460 Birkerød, Denmark
Nom. DKK 10,000k

Consolidated subsidiaries

100% Penta Shipping A/S,
Birkerød, Denmark
Nom. DKK 500k

100% Penta Shipping AB,
Göteborg, Sweden
Nom. DKK 6,185k

100% Cosco Nordic Ltd.,
Oslo, Norway
Nom. DKK 362k
Branch

Financial Highlights

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

	Group				
	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK	2011 TDKK
Key figures					
Profit/loss					
Revenue	95.605	87.985	85.797	99.749	103.438
Gross profit/loss	47.100	46.452	38.221	45.225	38.375
Operating profit/loss	17.981	18.413	12.855	17.004	12.983
Profit/loss before financial income and expenses	17.981	18.413	12.855	17.004	13.198
Net financials	119	271	-200	-29	169
Net profit/loss for the year	13.741	13.831	9.352	12.373	9.779
Balance sheet					
Balance sheet total	92.600	96.551	74.041	100.255	85.876
Equity	37.181	34.740	31.887	35.356	34.294
Cash flows					
Cash flows from:					
- operating activities	5.574	1.449	17.532	-10.553	27.812
- investing activities	-135	238	-109	-3.897	140
including investment in property, plant and equipment	-200	-75	-112	0	-15
- financing activities	-13.865	8.489	-31.804	20.899	-16.063
Change in cash and cash equivalents for the year	-8.425	10.175	-14.381	6.449	11.889
Number of employees	40	39	39	38	38
Ratios					
Gross margin	49,3%	52,8%	44,5%	45,3%	37,1%
Profit margin	18,8%	20,9%	15,0%	17,0%	12,8%
Return on assets	19,4%	19,1%	17,4%	17,0%	15,4%
Solvency ratio	40,2%	36,0%	43,1%	35,3%	39,9%
Return on equity	38,2%	41,5%	27,8%	35,5%	30,1%

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

The Annual Report

In the opinion of Management, all information material to the assessment of the Company's financial position, the results for the year and the change in financial position appears from the Annual Report and from this review.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Main activity

The Company is a holding company of the following wholly owned subsidiaries, which all carry on shipping activities:

- Penta Shipping A/S, Birkerød, Denmark
- Cosco Nordic Ltd., Oslo, Norway (branch)
- Penta Shipping AB, Stockholm, Sweden

Development in the year

The results and financial development of the Group met expectations and are considered satisfactory.

The cash flows and liquidity of the Group have developed as expected.

The expected development

The expectations to the results for 2016 are at the same level as in 2015.

Special risks - operating risks and financial risks

Foreign exchange risks

Due to international activities, the Group is exposed to foreign exchange risks in connection with trading in foreign currencies. This risk is especially relevant in relation to the Group's transactions in EUR and USD. No specific measures are taken to hedge these transactions as the risk is assessed to be limited.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2015 DKK	2014 DKK	2015 DKK	2014 DKK
Revenue		95.604.528	87.984.952	0	0
Logistics and transport expenses		-39.253.259	-32.176.510	0	0
Other external expenses		-9.251.590	-9.356.686	-149.938	-72.230
Gross profit/loss		47.099.679	46.451.756	-149.938	-72.230
Staff expenses	1	-28.916.975	-27.871.227	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-202.084	-167.711	0	0
Profit before financial income and expenses		17.980.620	18.412.818	-149.938	-72.230
Income from investments in subsidiaries	2	0	0	13.896.854	13.885.034
Financial income	3	3.169.468	1.886.240	0	0
Financial expenses	4	-3.050.805	-1.615.617	-36.928	0
Profit before tax		18.099.283	18.683.441	13.709.988	13.812.804
Tax on profit/loss for the year	5	-4.357.865	-4.852.941	31.430	17.696
Net profit/loss for the year		13.741.418	13.830.500	13.741.418	13.830.500

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	16.000.000	12.000.000
Reserve for net revaluation under the equity method	1.900.774	3.228.500
Retained earnings	-4.159.356	-1.398.000
	13.741.418	13.830.500

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2015 DKK	2014 DKK	2015 DKK	2014 DKK
Other fixtures and fittings, tools and equipment		267.254	144.975	0	0
Leasehold improvements		98.904	223.061	0	0
Property, plant and equipment	6	366.158	368.036	0	0
Investments in subsidiaries	7	0	0	33.560.832	30.960.506
Other receivables	8	615.656	681.105	0	0
Fixed asset investments		615.656	681.105	33.560.832	30.960.506
Fixed assets		981.814	1.049.141	33.560.832	30.960.506
Trade receivables		3.321.150	1.771.217	0	0
Receivables from group enterprises		52.912.309	48.613.318	2.299.950	30
Other receivables		773.011	596.155	0	0
Deferred tax asset		839.470	1.258.927	0	0
Corporation tax		1.035.432	2.099.502	1.035.432	1.999.040
Receivables		58.881.372	54.339.119	3.335.382	1.999.070
Cash at bank and in hand		32.736.865	41.162.241	384.410	1.830.079
Currents assets		91.618.237	95.501.360	3.719.792	3.829.149
Assets		92.600.051	96.550.501	37.280.624	34.789.655

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2015 DKK	2014 DKK	2015 DKK	2014 DKK
Share capital		1.000.000	1.000.000	1.000.000	1.000.000
Reserve for net revaluation under the equity method		0	0	26.849.745	24.249.419
Retained earnings		20.180.625	21.739.655	-6.669.120	-2.509.764
Proposed dividend for the year		16.000.000	12.000.000	16.000.000	12.000.000
Equity	9	37.180.625	34.739.655	37.180.625	34.739.655
Trade payables		21.069.837	17.335.158	0	0
Payables to group enterprises		24.671.821	29.398.751	0	0
Corporation tax		188.339	790.274	0	0
Other payables		9.489.429	14.286.663	99.999	50.000
Short-term debt		55.419.426	61.810.846	99.999	50.000
Debt		55.419.426	61.810.846	99.999	50.000
Liabilities and equity		92.600.051	96.550.501	37.280.624	34.789.655
Contingent assets, liabilities and other financial obligations	10				
Related parties and ownership	11				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1.000.000	0	21.739.655	12.000.000	34.739.655
Exchange adjustments	0	0	420.618	0	420.618
Ordinary dividend paid	0	0	0	-12.000.000	-12.000.000
Other equity movements	0	0	278.934	0	278.934
Net profit/loss for the year	0	0	-2.258.582	16.000.000	13.741.418
Equity at 31 December	1.000.000	0	20.180.625	16.000.000	37.180.625

Parent Company

Equity at 1 January	1.000.000	24.249.419	-2.509.764	12.000.000	34.739.655
Ordinary dividend paid	0	0	0	-12.000.000	-12.000.000
Exchange adjustments relating to foreign entities	0	420.623	0	0	420.623
Other equity movements	0	278.929	0	0	278.929
Net profit/loss for the year	0	1.900.774	-4.159.356	16.000.000	13.741.418
Equity at 31 December	1.000.000	26.849.745	-6.669.120	16.000.000	37.180.625

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2015 DKK	2014 DKK
Net profit/loss for the year		13.741.418	13.830.500
Adjustments	12	4.861.904	4.042.310
Change in working capital	13	-7.088.335	-9.772.326
Cash flows from operating activities before financial income and expenses		11.514.987	8.100.484
Financial income		3.169.467	1.886.240
Financial expenses		-3.050.807	-1.615.615
Cash flows from ordinary activities		11.633.647	8.371.109
Corporation tax paid		-6.059.531	-6.922.240
Cash flows from operating activities		5.574.116	1.448.869
Purchase of property, plant and equipment etc.		-200.206	-75.222
Fixed asset investments made etc		-11.930.631	-10.343.290
Dividends received from subsidiaries		11.996.080	10.656.534
Cash flows from investing activities		-134.757	238.022
Repayment of loans from credit institutions		0	-333.920
Repayment of payables to group enterprises		-2.143.668	0
Raising of loans from group enterprises		0	19.092.620
Other equity entries		278.933	-270.140
Dividend paid		-12.000.000	-10.000.000
Cash flows from financing activities		-13.864.735	8.488.560
Change in cash and cash equivalents		-8.425.376	10.175.451
Cash and cash equivalents at 1 January		41.162.241	30.986.790
Cash and cash equivalents at 31 December		32.736.865	41.162.241
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		32.736.865	41.162.241
Cash and cash equivalents at 31 December		32.736.865	41.162.241

Notes to the Annual Report

	Group		Parent Company	
	2015	2014	2015	2014
	DKK	DKK	DKK	DKK
1 Staff expenses				
Wages and salaries	25.376.607	24.425.242	0	0
Pensions	2.112.979	2.081.851	0	0
Other social security expenses	1.373.641	1.305.387	0	0
Other staff expenses	53.748	58.747	0	0
	28.916.975	27.871.227	0	0
Including remuneration to the:				
Executive Board	3.614.356	3.371.138	0	0
	3.614.356	3.371.138	0	0
Average number of employees	40	39	0	0

	Parent Company	
	2015	2014
	DKK	DKK
2 Income from investments in subsidiaries		
Share of profits of subsidiaries	13.896.854	13.885.034
	13.896.854	13.885.034

	Group		Parent Company	
	2015	2014	2015	2014
	DKK	DKK	DKK	DKK
3 Financial income				
Interest received from group enterprises	90	98.358	0	0
Other financial income	35.746	1.596	0	0
Exchange gains	3.133.632	1.786.286	0	0
	3.169.468	1.886.240	0	0

Notes to the Annual Report

	Group		Parent Company	
	2015 DKK	2014 DKK	2015 DKK	2014 DKK
4 Financial expenses				
Other financial expenses	98.064	95.002	36.928	0
Exchange loss	2.952.741	1.520.615	0	0
	3.050.805	1.615.617	36.928	0

5 Tax on profit/loss for the year

Current tax for the year	3.952.740	4.964.124	-31.430	-17.696
Deferred tax for the year	405.125	-111.183	0	0
	4.357.865	4.852.941	-31.430	-17.696

6 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	2.127.031	1.243.506
Exchange adjustment	2.755	-2.791
Additions for the year	204.380	0
Disposals for the year	-1.244.411	0
Cost at 31 December	1.089.755	1.240.715
Impairment losses and depreciation at 1 January	1.982.056	1.020.445
Exchange adjustment	5.398	-1.260
Depreciation for the year	79.458	122.626
Reversal of impairment and depreciation of sold assets	-1.244.411	0
Impairment losses and depreciation at 31 December	822.501	1.141.811
Carrying amount at 31 December	267.254	98.904
Depreciated over	5 years	10 years

Notes to the Annual Report

7 Investments in subsidiaries

	Parent Company	
	2015 DKK	2014 DKK
Cost at 1 January	6.711.087	6.711.087
Cost at 31 December	6.711.087	6.711.087
Value adjustments at 1 January	24.249.419	21.998.778
Exchange adjustment	420.623	-707.721
Net profit/loss for the year	13.896.854	13.885.034
Dividend to the Parent Company	-11.996.080	-10.656.534
Other equity movements, net	278.929	-270.138
Value adjustments at 31 December	26.849.745	24.249.419
Carrying amount at 31 December	33.560.832	30.960.506

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Penta Shipping A/S	Birkerød, Denmark	DKK 500k	100%	16.038	8.331
Penta Holding AB	Göteborg, Sweden	DKK 5,892k	100%	14.798	3.810
Cosco Nordic Ltd.	Oslo, Norway	DKK 329k	100%	2.725	1.755

8 Other fixed asset investments

	Group Other receiv- ables DKK
Cost at 1 January	681.105
Exchange adjustment	-13.316
Disposals for the year	-52.133
Cost at 31 December	615.656
Carrying amount at 31 December	615.656

Notes to the Annual Report

9 Equity

The share capital consists of 1,000 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.

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The subsidiary Penta Shipping AB has given security in assets for own obligations and subsidiary obligations of approx SEK 2.0 mio.

The Group's total lease obligations amount to kDKK 604.

The Group's total rent obligations amount to kDKK 1,517.

Penta Holding A/S is jointly and severally liable for the corporation tax in other Group enterprises under the joint taxation.

Penta Holding A/S has guaranteed for all debt to the bank in Penta Shipping A/S.

Notes to the Annual Report

11 Related parties and ownership

	Basis
Controlling interest	
Cosco Europe, Germany	Controlling shareholder
Other related parties	
Jan Timmermann, Bybakken 11, Anisse, DK-3200 Helsingør	Member of the Board of Directors
Ulf Svejgaard Poulsen, Høsterkøbevej 22, DK-2970 Hørsholm	Member of the Board of Directors
Erik Lund Eriksen, Spliidsvej 4, DK-9990 Skagen	Member of the Board of Directors
Shiwu Zhou, Engbakken 43. 1th, 2830 Virum	Member of the Board of Directors
Lin Ji, Kanalstrasse 41, 22085 Hamburg	Member of the Board of Directors
Tian Chao, Kantstrasse 44, STW 1, D-22089 Hamburg	Member of the Board of Directors
Guo Jing, Armgartstrasse 12, 22087 Hamburg	Member of the Board of Directors

Transactions

Transactions from charter income and charter expenses with group enterprises have been effected on an arm's length basis.

Apart from the above, there have been no transactions with the Board of Directors, Executive Board, senior officers, significant shareholders, group enterprises or other parties, except for intercompany transactions and normal management remuneration.

Notes to the Annual Report

12 Cash flow statement - adjustments

	Group	
	2015	2014
	DKK	DKK
Financial income	-3.169.468	-1.886.240
Financial expenses	3.050.805	1.615.617
Depreciation, amortisation and impairment losses, including losses and gains on sales	202.084	167.711
Tax on profit/loss for the year	4.357.865	4.852.941
Exchange adjustments	420.618	-707.719
	4.861.904	4.042.310

13 Cash flow statement - change in working capital

Change in receivables	-6.025.781	-10.857.943
Change in trade payables, etc	-1.062.554	1.085.617
	-7.088.335	-9.772.326

Accounting Policies

Basis of Preparation

Consolidated and Parent Company Financial Statements of Penta Holding A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year. Some numbers has been reclassified for comparison reasons.

Consolidated and Parent Company Financial Statements for 2015 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, 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Penta Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Accounting Policies

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Leases

Leases in terms of which the Group 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 Group.

The remaining 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.

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.

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 transaction date rates are recognised in financial income and expenses in the income statement.

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

Accounting Policies

Income Statement

Revenue

Revenue from the sale of transport and services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Logistics and transport expenses

Logistics and transport expenses comprise the 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 intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The items “Income from investments in subsidiaries” in the income statement include the proportionate share of the profit for the year less goodwill amortisation.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

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 the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

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

Accounting Policies

The Company is jointly taxed with wholly owned Danish subsidiaries. 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

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.

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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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:

EDB	3 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	10 years

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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

Accounting Policies

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

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.

Equity

Dividend

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

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

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

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