Dachser Denmark A/S

Helseholmen 11, 2650 Hvidovre

CVR no. 17 16 91 14

Annual report 2017

Approved at the Company's annual general meeting on 17 April 2018

Chairman:

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Per Lund

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Dachser Denmark A/S for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2017 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Hvidovre, 16 March 2018
Executive Board:

René Marian Løvgreen Sidor	Per Lund	Thomas Krüger

Board of Directors:

Burkhard Eling Chairman	Michael Schilling	Wolfgang Helmut Reinel

Independent auditor's report

To the shareholders of Dachser Denmark A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Dachser Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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:

Independent auditor's report

- 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 16 March 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kim Thomsen	Martin Stenstrup Toft
State Authorised Public Accountant	State Authorised Public Accountant
MNE no.: mne26736	MNE no.: mne42786

Management's review

Company details

Name	Dachser Denmark A/S
Address, Postal code, City	Helseholmen 11, 2650 Hvidovre
CVR no.	17 16 91 14
Established	19 September 1930
Registered office	Hvidovre
Financial year	1 January - 31 December
Website	www.dachser.dk
Board of Directors	Burkhard Eling, Chairman Michael Schilling Wolfgang Helmut Reinel
Executive Board	René Marian Løvgreen Sidor Per Lund Thomas Krüger
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea Danmark Commerzbank

Management's review

Financial highlights for the Group

DKK'000	2017	2016	2015	2014	2013
Key figures					
Revenue	1,083,204	1,070,024	1,053,514	921,414	828,591
Gross margin	244,100	237,331	224,832	194,324	181,149
Operating profit/loss	34,685	39,108	35,887	20,045	7,447
Net financials	-2,661	-3,572	-2,525	-2,874	-3,142
Profit/loss for the year	**28,717**	**28,607**	**25,292**	**10,317**	**-561**
Total assets	380,789	386,271	407,045	371,945	409,642
Investment in property, plant and equipment	-1,206	-2,394	4,298	3,711	2,234
Equity	**121,639**	**94,429**	**64,575**	**39,536**	**33,424**
Financial ratios					
Operating margin	3.2%	3.7%	3.4%	2.2 %	0.9 %
Gross margin	22.5%	22.2%	21.3%	21.1%	21.9%
Solvency ratio	31.9%	24.4%	15.9%	10.6%	8.2%
Return on equity	26.6%	36.0%	48.6%	28.3%	-1.6%
Average number of employees	**433**	**425**	**405**	**403**	**397**

For terms and definitions of financial ratios, please see the accounting policies.

Management's review

Business review

As in previous years, the Group's and Dachser Denmark A/S' main activity consisted of conducting transport, distribution, logistics and freight forwarding business and other related activities, as well as being a parent company of the associated subsidiaries, whose main activities are also within the forwarding business and related activities.

Financial review

The consolidated result amounted to DKK 28,717 thousand in 2017 against DKK 28,607 thousand in 2016. The result exceeds expectations.

Overall, the Group has continued the positive development in the Company's core business within land, sea and air transport and warehouse logistics.

The profit for the year of the Danish activities is affected by price competition and customer adaptation on land transport and warehousing logistics. The sea and air activities have developed positively.

Dachser Sweden AB has continued the positive sales growth in recent years. The result is affected by the adaptation and optimization of the organization as well as the Company's infrastructure. In January 2017, a new terminal and office facilities of approx. 5,000 sqm were put into use in Jönköping. Thereby, the last year's extensive update of the Company's four Swedish locations has been completed. The update is expected to contribute to a continued positive development in Sweden in future. The result has been a positive effect by recognition of deferred tax assets.

Again, Dachser Norway AS developed positively in terms of both revenue and profit.

The overall positive trend shows that the Dachser Group's customers are still very satisfied with the international route net and the supply of the Group's logistics products .

Special risks

Interest risks

For real estate investments, interest rate swaps have been entered into in order to fix interest rates and hedge the risk of future changes in the variable interest rates.

Currency risks

The Group's Swedish and Norwegian companies, as well as primarily the Danish sea and air activities, are exposed to currency risk. The risk is sought to be hedged through continuous exchange to local currency.

Statutory CSR report

The Dachser Group is aware of its economic, environmental and social responsibility, and has committed itself to a sustainable corporate policy.

Climate impact

Through CO2-reducing strategies, which include among others the use of IT-optimized route planning and utilization of modular vehicles during the year, the number of vehicles on the roads and, consequently the CO2 emissions are reduced. Furthermore, power-driven forklifts and low-emission vehicles are used, which require less fuel and thus drive more environmentally friendly. Finally, Dachser participates in various projects regarding the development of environmentally friendly city distribution.

Environment

In 2017, Dachser continued a number of actions to protect the environment. Active recycle of pallets, waste sorting and training in proper handling of dangerous goods are just some of the activities. This reduces the risk of damage to the environment.

Human rights

The Company's owners and management are committed to the long-term health and working ability of the employees, and effective environmental protection, and social responsibility is part of Dachser's values. Among others, Dachser continuously supports the charity terre des hommes.

Management's review

Together with terre des hommes, DACHSER is helping others help themselves in order to improve living conditions and promote education and training for disadvantaged minorities. In this way DACHSER supports an important prerequisite in society for shaping the future of one's own country on the basis of self-determination.

Account of the gender composition of Management

The Board of Directors target for the underrepresented gender among members of the Board elected by the general meeting is unchanged from previous years.

It is the goal that both sexes must be represented on the Company's Board of Directors. There has been no new election for Board during 2017. It is the Board's goal that the underrepresented gender is 25%, corresponding to one general elected member from 2018.

Considering the Group's activities, the Board aims at diversity at all levels of the Group, which is why both sexes are ensured equal conditions for obtaining a position in the senior management team in connection with recruitment and composition of Management. However, the Board considers that optimal management of the Group is not in every case compatible with a fixed level of diversity, and at this stage, the Board has not considered it appropriate to set specific targets for diversity for the Group's other management levels. The underrepresented sex amounts for 9% of the Group's management team.

It is aimed that there is at least one of the underrepresented gender among the candidates in the recruitment process.

The proportion of underrepresented gender in senior management teams has declined during the current financial year.

Events after the balance sheet date

After the end of the financial year, no events have occurred which could significantly affect the Group's and the Company's financial position.

Outlook

The Group expects an unchanged development in earnings for 2018.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK'000	2017	2016	2017	2016
3	**Revenue**	1,083,204	1,070,024	672,313	685,858
	Cost of sales	-766,522	-764,859	-528,689	-540,010
	Other operating income	811	1,153	10,037	9,831
	Other external expenses	-73,393	-68,987	-28,011	-29,395
	Gross margin	244,100	237,331	125,650	126,284
4	Staff costs	-200,178	-188,272	-100,815	-97,039
	Depreciation of property, plant and equipment	-9,179	-9,893	-7,217	-8,145
	Other operating expenses	-58	-58	-22	-33
	Profit before net financials	34,685	39,108	17,596	21,067
	Income from investments in group entities	0	0	17,313	14,320
5	Financial income	9,940	7,712	557	1,342
6	Financial expenses	-12,601	-11,284	-3,437	-3,988
	Profit before tax	32,024	35,536	32,029	32,741
7	Tax for the year	-3,307	-6,929	-3,312	-4,134
	Profit for the year	28,717	28,607	28,717	28,607

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2017	Group 2016	Parent company 2017	Parent company 2016
	ASSETS				
	Fixed assets				
8	**Intangible assets**				
	Goodwill	0	0	0	0
		0	0	0	0
9	**Property, plant and equipment**				
	Land and buildings	155,593	160,556	154,822	159,565
	Fixtures and fittings, other plant and equipment	9,959	13,308	5,147	7,561
		165,552	173,864	159,969	167,126
10	**Investments**				
	Investments in group entities	0	0	46,933	38,058
	Other securities and investments	0	10	0	10
	Deposits, investments	145	1,200	145	1,200
		145	1,210	47,078	39,268
	Total fixed assets	165,697	175,074	207,047	206,394
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	208	359	208	359
		208	359	208	359
	Receivables				
	Trade receivables	117,795	120,624	69,435	72,058
	Receivables from group entities	38,623	40,936	21,039	27,678
11,14	Deferred tax assets	5,332	2,668	1,845	2,532
	Corporation tax receivable	2,322	2,923	2,322	2,923
	Other receivables	3,254	2,931	2,200	424
	Prepayments	4,792	5,796	1,255	1,513
		172,118	175,878	98,096	107,128
	Cash	42,766	34,960	12,039	12,047
	Total non-fixed assets	215,092	211,197	110,343	119,534
	TOTAL ASSETS	380,789	386,271	317,390	325,928

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2017	2016	2017	2016
	EQUITY AND LIABILITIES				
	Equity				
12	Share capital	9,000	9,000	9,000	9,000
	Retained earnings	112,639	85,429	112,639	85,429
	Total equity	121,639	94,429	121,639	94,429
	Liabilities other than provisions				
13	**Non-current liabilities other than provisions**				
	Bank debt	30,260	33,000	30,260	33,000
		30,260	33,000	30,260	33,000
	Current liabilities other than provisions				
13	Short-term part of long-term liabilities other than provisions	2,740	5,112	2,740	5,112
	Trade payables	82,949	78,060	44,668	44,599
	Payables to group entities	91,392	120,491	92,452	120,124
	Corporation tax payable	3,254	2,737	0	0
	Other payables	48,555	52,442	25,631	28,664
		228,890	258,842	165,491	198,499
	Total liabilities other than provisions	259,150	291,842	195,751	231,499
	TOTAL EQUITY AND LIABILITIES	380,789	386,271	317,390	325,928

1 Accounting policies
2 Special items
15 Contractual obligations and contingencies, etc.
16 Collateral
17 Interest rate risks
18 Related parties
19 Fee to the auditors appointed by the Company in general meeting

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Group Share capital	 Retained earnings	 Total
Equity at 1 January 2016	9,000	55,575	64,575
Transfer through appropriation of profit	0	28,607	28,607
Foreign exchange adjustments, foreign subsidiaries	0	806	806
Adjustment of hedging instruments at fair value	0	566	566
Tax on items recognised directly in equity	0	-125	-125
Equity at 1 January 2017	9,000	85,429	94,429
Transfer through appropriation of profit	0	28,717	28,717
Foreign exchange adjustments, foreign subsidiaries	0	-2,834	-2,834
Adjustment of hedging instruments at fair value	0	1,702	1,702
Tax on items recognised directly in equity	0	-375	-375
Equity at 31 December 2017	9,000	112,639	121,639

Note	DKK'000	Parent company Share capital	 Retained earnings	 Total
	Equity at 1 January 2016	9,000	55,575	64,575
20	Transfer, see "Appropriation of profit"	0	28,607	28,607
	Foreign exchange adjustments, foreign subsidiaries	0	806	806
	Adjustment of hedging instruments at fair value	0	566	566
	Tax on items recognised directly in equity	0	-125	-125
	Equity at 1 January 2017	9,000	85,429	94,429
20	Transfer, see "Appropriation of profit"	0	28,717	28,717
	Foreign exchange adjustments, foreign subsidiaries	0	-2,834	-2,834
	Adjustment of hedging instruments at fair value	0	1,702	1,702
	Tax on items recognised directly in equity	0	-375	-375
	Equity at 31 December 2017	9,000	112,639	121,639

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2017	Group 2016
	Profit for the year	28,717	28,607
21	Adjustments	14,853	20,469
	Cash generated from operations (operating activities)	43,570	49,076
22	Changes in working capital	-23,952	-48,228
	Cash generated from operations (operating activities)	19,618	848
	Interest received, etc.	285	7,713
	Interest paid, etc.	-2,565	-11,286
	Income taxes paid	-5,228	-8,436
	Cash flows from operating activities	12,110	-11,161
	Additions of property, plant and equipment	-1,206	-2,394
	Disposals of property, plant and equipment	400	0
	Sale of financial assets	1,065	865
	Cash flows to investing activities	259	-1,529
	Repayments, long-term liabilities	-5,112	-4,911
	Cash flows from financing activities	-5,112	-4,911
	Net cash flow	7,257	-17,601
	Cash and cash equivalents at 1 January	34,960	52,411
	Foreign exchange adjustments	549	150
	Cash and cash equivalents at 31 December	42,766	34,960

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Dachser Denmark A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Dachser Denmark A/S, and group entities in which Dachser Denmark A/S directly or indirectly holds more than 50 % of the voting rights or which it, in some other way, controls. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.

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

Investments in group entities are set off against the proportionate share of the group entities' fair value of net assets and liabilities at the acquisition date.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

Income from the rendering of transport services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year-end.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

Cost of sales (freight costs) includes cost of forwarding, including costs for haulage contractors and sub-suppliers, etc. before any discounts.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 6 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	30-40 years
Fixtures and fittings, other plant and equipment	3-20 years

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Income from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The Company is covered by the Danish rules on mandatory joint taxation of Dachser SE's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements, if there is any indication of impairment.

Other securities and investments

Equity investments and securities that primarily relate to unlisted shares are measured at cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost based on weighted average prices. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Cost comprises the purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale The net realisable value is determined taking into account marketability, obsolescence and development in the expected selling price.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and cash equivalents.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

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Notes to the financial statements

1 Accounting policies (continued)

As management company for all the entities in the joint taxation arrangement, the Company is liable for payment of the subsidiaries of Dachser SE's income taxes vis à vis the tax authorities, as the subsidiaries of Dachser SE pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

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

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

2 Special items

Group

Special items comprise significant income and expenses of a special nature relative to the Group's revenue-generating operating activities, e.g. expenses incurred to extensive structuring of processes and basic structural adjustments, as well as any relating disposal gains and losses, and which over time have a material impact. Special items also comprise significant one-off items, which in the opinion of Management do not form part of the Group's operating activities.

As disclosed in the Management's review, the profit for the year is affected by the recognition of deferred tax assets amounting to DKK 3,340 thousand.

		Group		Parent company	
	DKK'000	2017	2016	2017	2016
3	Segment information				
	Breakdown of revenue by geographical segment:				
	Scandinavia	784,938	795,750	502,161	532,606
	Other Europe	292,196	270,159	163,436	149,138
	Other world	6,996	4,115	6,716	4,114
		1,084,130	1,070,024	672,313	685,858

Group

For competitive reasons, the primary segment is not disclosed.

Parent company

For competitive reasons, the primary segment is not disclosed.

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Notes to the financial statements

		Group		Parent company	
	DKK'000	2017	2016	2017	2016
4	**Staff costs**				
	Wages/salaries	183,646	173,024	89,874	86,724
	Pensions	8,642	8,101	7,220	7,014
	Other social security costs	1,017	1,049	891	928
	Other staff costs	6,873	6,098	2,830	2,373
		200,178	188,272	100,815	97,039
	Average number of full-time employees	433	425	222	223
	Remuneration to members of management:				
	Executive board	4,400	4,326	4,400	4,326
		4,400	4,326	4,400	4,326
5	**Financial income**				
	Interest receivable, group entities	236	192	0	2
	Other financial income	9,704	7,520	557	1,340
		9,940	7,712	557	1,342
6	**Financial expenses**				
	Interest expenses, group entities	282	399	282	399
	Other financial expenses	12,319	10,885	3,155	3,589
		12,601	11,284	3,437	3,988
7	**Tax for the year**				
	Estimated tax charge for the year	6,052	6,440	2,624	3,759
	Deferred tax adjustments in the year	-2,745	460	688	346
	Tax adjustments, prior years	0	29	0	29
		3,307	6,929	3,312	4,134

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

8 Intangible assets

DKK'000	Group Goodwill
Cost at 1 January 2017	1,000
Cost at 31 December 2017	1,000
Impairment losses and amortisation at 1 January 2017	1,000
Impairment losses and amortisation at 31 December 2017	1,000
Carrying amount at 31 December 2017	**0**

DKK'000	Parent company Goodwill
Cost at 1 January 2017	1,000
Cost at 31 December 2017	1,000
Impairment losses and amortisation at 1 January 2017	1,000
Impairment losses and amortisation at 31 December 2017	1,000
Carrying amount at 31 December 2017	**0**

9 Property, plant and equipment

	Group		
DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2017	198,162	56,276	254,438
Foreign exchange adjustments	-125	-701	-826
Additions	0	1,206	1,206
Disposals	0	-5,238	-5,238
Cost at 31 December 2017	198,037	51,543	249,580
Impairment losses and depreciation at 1 January 2017	37,606	42,968	80,574
Foreign exchange adjustments	-81	-512	-593
Depreciation	4,919	4,260	9,179
Depreciation and impairment of disposals	0	-5,132	-5,132
Impairment losses and depreciation at 31 December 2017	42,444	41,584	84,028
Carrying amount at 31 December 2017	**155,593**	**9,959**	**165,552**

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Parent company Land and buildings	 Fixtures and fittings, other plant and equipment	 Total
Cost at 1 January 2017	196,010	40,384	236,394
Additions	0	129	129
Disposals	0	-3,686	-3,686
Cost at 31 December 2017	196,010	36,827	232,837
Impairment losses and depreciation at 1 January 2017	36,445	32,823	69,268
Depreciation	4,743	2,473	7,216
Depreciation and impairment of disposals	0	-3,616	-3,616
Impairment losses and depreciation at 31 December 2017	41,188	31,680	72,868
Carrying amount at 31 December 2017	154,822	5,147	159,969

10 Investments

DKK'000	Group Other securities and investments	 Deposits, investments	 Total
Cost at 1 January 2017	10	1,200	1,210
Additions	0	145	145
Disposals	-10	-1,200	-1,210
Cost at 31 December 2017	0	145	145
Carrying amount at 31 December 2017	0	145	145

DKK'000	Parent company Investments in group entities	 Other securities and investments	 Deposits, investments	 Total
Cost at 1 January 2017	143,249	10	1,200	144,459
Additions	0	0	145	145
Disposals	0	-10	-1,200	-1,210
Cost at 31 December 2017	143,249	0	145	143,394
Value adjustments at 1 January 2017	-105,191	0	0	-105,191
Foreign exchange adjustments	-2,834	0	0	-2,834
Dividend received	-5,604	0	0	-5,604
Profit/loss for the year	17,313	0	0	17,313
Value adjustments at 31 December 2017	-96,316	0	0	-96,316
Carrying amount at 31 December 2017	46,933	0	145	47,078

Parent company

Name	Domicile	Interest
Subsidiaries		
Dachser Norway AS	Vinterbro, Oslo	100.00%
Dachser Sweden AB	Arendal, Göteborg	100.00%

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

11 Deferred tax assets

The Group recognised a tax asset of DKK 5,332 thousand at 31 December 2017, which represents tax loss carry-forwards and non-utilised tax deductions in the form of timing differences.

Based on the budgets until 2020, Management considers it likely that there will be future taxable income against which non-utilised tax deductions can be offset.

Besides the tax loss recognised in the statement of deferred tax, the Group has additional tax loss carry-forwards at a carrying amount of DKK 21,175 thousand. As it is uncertain if these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

	Parent company	
DKK'000	2017	2016
12 Share capital		
Analysis of the share capital:		
9,000 shares of DKK 1,000.00 nominal value each	9,000	9,000
	9,000	9,000

The parent's share capital has remained DKK 9,000 thousand over the past 5 years.

13 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	33,000	2,740	30,260	0
	33,000	2,740	30,260	0

	Parent company			
DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	33,000	2,740	30,260	0
	33,000	2,740	30,260	0

	Group		Parent company	
DKK'000	2017	2016	2017	2016
14 Deferred tax				
Deferred tax at 1 January	-2,668	-4,237	-2,532	-2,878
Adjustment of the deferred tax charge for the year	-2,664	1,569	687	346
Deferred tax at 31 December	-5,332	-2,668	-1,845	-2,532

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Notes to the financial statements

14 Deferred tax (continued)

Deferred tax relates to:

	Group		Parent company	
DKK'000	2017	2016	2017	2016
Property, plant and equipment	-1,955	-2,035	-1,845	-2,532
Receivables	-37	-49	0	0
Provisions	0	-584	0	0
Tax loss	-3,340	0	0	0
	-5,332	-2,668	-1,845	-2,532

15 Contractual obligations and contingencies, etc.

Other contingent liabilities

	Group		Parent company	
DKK'000	2017	2016	2017	2016
Guarantee commitments	6,611	7,258	5,000	5,000
	6,611	7,258	5,000	5,000

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	87,396	88,283	13,716	13,293

The Parent Company is jointly taxed with Meles Insurance A/S. As management company, the Company has joint and several unlimited liability, together with Meles Insurance A/S, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities.

The Group is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Group's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2017.

16 Collateral

Dachser Norway AS has funds tied up totalling NOK 1,309 thousand for tax payments.

17 Interest rate risks

Interest rate risks

The Group hedges interest rate risks through interest rate swaps whereby floating interest payments are rescheduled into fixed interest payments.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

17 Interest rate risks (continued)

Group

Interest rate risks

DKK'000	2016 Notional principal amount	2016 Value adjustment recognised in equity	2016 Fair value	2016 Time to maturity	2017 Notional principal amount	2017 Value adjustment recognised in equity	2017 Fair value	2017 Time to maturity
				months				months
Interest rate swap	38,112	566	-9,670	0 - 132	33,000	1,972	-7,968	0-120

The hedged cash flows are expected to be realised and will affect results of operations over the term to maturity of the interest rate swap.

18 Related parties

Group

Dachser Denmark A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Dachser SE	Thomas-Dachser-Strasse 2, D-87439 Kempten, Germany	Principal shareholder

Related party transactions

DKK'000	2017	2016
Group		
Sale of goods to related parties	231,141	216,860
Interest income from related parties	236	192
Interest expenses to related parties	282	399
Receivables from related parties	46,053	27,043
Payables to related parties	94,235	107,693
Parent Company		
Sale of goods to related parties	139,343	132,298
Interest expenses to related parties	282	399
Receivables from related parties	8,789	1,541
Payables to related parties	89,375	107,013

With reference to Section 98(3) of the Danish Financial Statements Act, information on transactions between Dachser Denmark A/S and its wholly-owned subsidiaries are not disclosed.

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Notes to the financial statements

Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

		Group		Parent company	
	DKK'000	2017	2016	2017	2016
19	**Fee to the auditors appointed by the Company in general meeting**				
	Total fees to EY	638	624	286	279
	Statutory audit	506	519	254	256
	Other assistance	132	105	32	23
		638	624	286	279

		Parent company	
	DKK'000	2017	2016
20	**Appropriation of profit**		
	Recommended appropriation of profit		
	Retained earnings	28,717	28,607
		28,717	28,607

		Group	
	DKK'000	2017	2016
21	**Adjustments**		
	Amortisation/depreciation and impairment losses	8,885	9,967
	Financial income	-9,940	-7,713
	Financial expenses	12,601	11,286
	Tax for the year	3,307	6,929
		14,853	20,469
22	**Changes in working capital**		
	Change in inventories	151	47
	Change in receivables	2,851	-3,952
	Change in trade and other payables	-26,954	-44,323
		-23,952	-48,228