

Prime Cargo A/S
Profilvej 4
6000 Kolding
Central Business Registration No 20601108

Annual report 2015/16

The Annual General Meeting adopted the annual report on 24.11.2016

Chairman of the General Meeting

Name: Yoshiaki Miyajima

Medlem af Deloitte Touche Tohmatsu Limited

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Entity details

Entity

Prime Cargo A/S

Profilvej 4

6000 Kolding

Central Business Registration No: 20601108

Registered in: Kolding, Denmark

Financial year: 01.07.2015 - 30.06.2016

Board of Directors

Yoshiaki Miyajima, chairman

Masaji Hosoda

Hajime Ogawa

Executive Board

Morten Nielsen

Jesper Bejstrup

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Prime Cargo A/S for the financial year 01.07.2015 - 30.06.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2016 and of the results of its operations and cash flows for the financial year 01.07.2015 - 30.06.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 24.11.2016

Executive Board

Morten Nielsen

Jesper Bejstrup

Board of Directors

Yoshiaki Miyajima
chairman

Masaji Hosoda

Hajime Ogawa

Independent auditor's reports

To the owners of Prime Cargo A/S Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Prime Cargo A/S for the financial year 01.07.2015 - 30.06.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent 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 about whether consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent 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 entity'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 the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2016 and of the results of their operations og and the Group's cash flows for the financial year 01.07.2015 - 30.06.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statement.

Independent auditor's reports

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statement.

Kolding, 24.11.2016

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33963556

Anders Rosendahl Poulsen
State Authorised Public Accountant

Management commentary

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	421.488	455.026	451.252	460.045	454.872
Gross profit/loss	36.491	36.148	32.419	40.985	39.604
Operating profit/loss	4.537	5.765	5.227	11.851	7.691
Net financials	(1.941)	(1.487)	(641)	(217)	(1.158)
Profit/loss for the year	1.322	239	2.940	8.376	4.425
Total assets	141.076	149.689	140.740	139.911	139.491
Investments in property, plant and equipment	15.132	6.837	18.417	10.685	8.109
Equity	53.225	51.435	51.937	48.498	32.245
Ratios					
Gross margin (%)	8,7	7,9	7,2	8,9	8,7
Return on equity (%)	2,5	0,5	5,9	20,7	13,2

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.

Management commentary

Primary activities

The primary activities of the Consolidate comprise shipping and transportation activities, storage hotel and distribution and thereby relates services.

Development in activities and finances

The profit for the year amounts to DKK 1.322k. At 30.06.2016 the equity amounts to DKK 53.225k.

Outlook

The company expects an improved result for 2016/17 in the existing markets in Poland and Denmark.

During the second half of 2016, the Company has started freight forwarding operations in both USA and Poland, and this is expected to have a neutral result effect, but will contribute positively to the revenue.

Particular risks

Business risks

The major business risks of the Company are attached to the ability to be strongly positioned in the markets in which the Company has activities.

Financial exposure

As a result of its operations, its investments, its financing the Company is exposed to changes in exchange rates and interest rate level. The Company's use of derivative financial instruments is solely made with a view to cover risks.

Environmental performance

The activities of the Company have an environmental impact, i.a. in the form of the transportation activities. The environmental legislation applicable for the Company is complied with and efforts are currently made to minimize the environmental impact.

Intellectual capital resources

The employees of the Company have great insight in the market for shipping and transportation services which are the primary activities of the Company. The employees' detailed knowledge of shipping and transportation services are of vital importance to the Company's position on the market and future earnings.

Corporate social responsibility

Corporate social responsibility

The Group has no written policies regarding corporate social responsibility.

Management commentary

Diversity

The Group has set a target figure for the representation in the Board of Directors. It is the target of Management that the share of the underrepresented gender shall make 0% of the members elected at the annual general meeting to the Executive Board. Today the share is 0%.

On other management levels, the Prime Cargo Group wishes that our employees experience that Prime Cargo has an open and unbiased culture in which the individual employee may use his competencies best possible regardless of gender. Therefore, targets have been set to ensure that we achieve the best possible leaders and employees with good personal qualities and the necessary professional competencies. The policy emphasises to keep the access to development and career options open and equal for all employees.

At present, the gender distribution amounts to approx 30% female and 70% male on other management levels which is in line with target.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of transportation services are recognised in the income statement when commenced. Other services are recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Production costs

Production costs comprise cost of sales for the financial year, including wages and salaries as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually 5 five years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Acquired patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3 - 10 years
Other fixtures and fittings, tools and equipment	3 – 5 years
Leasehold improvements	5 - 10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 5 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Other investments

Other investments under current assets comprise investments which in principle are measured at fair value at the balance sheet date. As the fair value may not be established and a adjusted sales price may not be calculated, other investments are measured at cost.

Other investments are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Accounting policies

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Consolidated income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Revenue	1	421.488.025	455.025.906
Production costs	3, 4	<u>(384.997.041)</u>	<u>(418.878.396)</u>
Gross profit/loss		36.490.984	36.147.510
Distribution costs	3	(2.694.653)	(2.802.542)
Administrative costs	2, 3, 4	<u>(29.259.149)</u>	<u>(27.579.662)</u>
Operating profit/loss		4.537.182	5.765.306
Other financial income	5	1.222.669	1.899.013
Other financial expenses	6	<u>(3.163.358)</u>	<u>(3.386.363)</u>
Profit/loss from ordinary activities before tax		2.596.493	4.277.956
Tax on profit/loss from ordinary activities	7	<u>(1.274.954)</u>	<u>(3.739.401)</u>
Consolidated profit/loss		1.321.539	538.555
Minority interests' share of profit/loss		<u>0</u>	<u>(299.687)</u>
Profit/loss for the year		<u>1.321.539</u>	<u>238.868</u>
Proposed distribution of profit/loss			
Dividend for the financial year		1.321.539	238.000
Retained earnings		<u>0</u>	<u>868</u>
		<u>1.321.539</u>	<u>238.868</u>

Consolidated balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Acquired intangible assets		333.199	0
Goodwill		2.304.893	3.170.345
Intangible assets	8	2.638.092	3.170.345
Plant and machinery		28.040.793	24.809.318
Other fixtures and fittings, tools and equipment		6.351.784	7.339.935
Leasehold improvements		2.712.260	2.163.618
Property, plant and equipment in progress		0	1.709.990
Property, plant and equipment	9	37.104.837	36.022.861
Other investments		1.232.437	1.158.149
Other receivables		30.110.910	29.123.490
Fixed asset investments	10	31.343.347	30.281.639
Fixed assets		71.086.276	69.474.845
Manufactured goods and goods for resale		440.057	127.226
Inventories		440.057	127.226
Trade receivables		50.480.602	64.994.648
Receivables from group enterprises		920.376	521.710
Deferred tax assets		2.862.254	2.570.389
Other short-term receivables		673.585	805.598
Prepayments	12	2.878.145	2.011.653
Receivables		57.814.962	70.903.998
Cash		11.734.545	9.183.369
Current assets		69.989.564	80.214.593
Assets		141.075.840	149.689.438

Consolidated balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital		1.800.000	1.800.000
Retained earnings		50.103.929	49.397.496
Proposed dividend		1.321.539	238.000
Equity		<u>53.225.468</u>	<u>51.435.496</u>
Finance lease liabilities		15.831.591	15.075.296
Deposits		15.001	0
Non-current liabilities other than provisions	13	<u>15.846.592</u>	<u>15.075.296</u>
Current portion of long-term liabilities other than provisions	13	5.762.360	4.442.766
Trade payables		37.435.328	35.414.192
Payables to group enterprises		12.731.767	22.345.522
Income tax payable		1.114.209	4.024.010
Other payables	14	14.960.116	16.952.156
Current liabilities other than provisions		<u>72.003.780</u>	<u>83.178.646</u>
Liabilities other than provisions		<u>87.850.372</u>	<u>98.253.942</u>
Equity and liabilities		<u>141.075.840</u>	<u>149.689.438</u>
Subsidiaries	11		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Consolidation	18		

Consolidated statement of changes in equity for 2015/16

	Contributed capital DKK	Retained ear- nings DKK	Proposed di- vidend DKK	Total DKK
Equity beginning of year	1.800.000	49.397.496	238.000	51.435.496
Ordinary dividend paid	0	0	(238.000)	(238.000)
Exchange rate adjustments	0	706.433	0	706.433
Profit/loss for the year	0	0	1.321.539	1.321.539
Equity end of year	1.800.000	50.103.929	1.321.539	53.225.468

Consolidated cash flow statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Operating profit/loss		4.537.182	5.765.306
Amortisation, depreciation and impairment losses		12.371.828	11.235.812
Working capital changes	15	<u>4.880.310</u>	<u>(4.603.145)</u>
Cash flow from ordinary operating activities		21.789.320	12.397.973
Financial income received		1.222.669	1.773.286
Financial income paid		(3.183.358)	(3.386.363)
Income taxes refunded/(paid)		<u>(4.487.780)</u>	<u>(1.176.514)</u>
Cash flows from operating activities		15.340.851	9.608.382
Acquisition etc of intangible assets		(367.749)	0
Acquisition etc of property, plant and equipment		(13.421.764)	(6.836.929)
Sale of property, plant and equipment		218.000	285.000
Acquisition of fixed asset investments		(1.056.051)	(1.588.290)
Other cash flows from investing activities		<u>0</u>	<u>(4.000.000)</u>
Cash flows from investing activities		(14.627.564)	(12.140.219)
Incurrence of lease obligations		7.148.691	12.100.000
Reduction of lease commitments		(5.072.802)	(3.800.050)
Dividend paid		<u>(238.000)</u>	<u>(100.000)</u>
Cash flows from financing activities		1.837.889	8.199.950
Increase/decrease in cash and cash equivalents		2.551.176	5.668.113
Cash and cash equivalents beginning of year		<u>9.183.369</u>	<u>3.515.256</u>
Cash and cash equivalents end of year		11.734.545	9.183.369

Notes to consolidated financial statements

1. Revenue

With reference to Section 96 (1, 3.) of the Danish Financial Statements Act no distribution of revenue into business segments is disclosed. The Company operates in a fierce competitive market with both domestic and foreign competitors. It is the view of Management that rendering of segment information may harm the Company considerably.

	2015/16 DKK	2014/15 DKK
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	145.000	140.015
Tax services	105.591	88.451
Other services	314.873	464.163
	565.464	692.629

	2015/16 DKK	2014/15 DKK
3. Staff costs		
Wages and salaries	95.561.857	97.429.656
Pension costs	3.377.409	3.021.733
Other social security costs	422.594	676.162
	99.361.860	101.127.551

Average number of employees	307	303
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	Remuneration of management 2015/16 DKK	Remuneration of management 2014/15 DKK
Executive Board	2.800.732	1.610.428
Board of Directors	140.000	140.000
	2.940.732	1.750.428

Incentive programmes have been agreed with Management.

Notes to consolidated financial statements

	2015/16 DKK	2014/15 DKK
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	900.002	464.504
Depreciation on property, plant and equipment	11.617.331	10.821.904
Profit/loss from sale of intangible assets and property, plant and equipment	(145.505)	(50.596)
	12.371.828	11.235.812
	2015/16 DKK	2014/15 DKK
5. Other financial income		
Fair value adjustments	0	125.727
Other financial income	1.222.669	1.773.286
	1.222.669	1.899.013
	2015/16 DKK	2014/15 DKK
6. Other financial expenses		
Other financial expenses	3.163.358	3.386.363
	3.163.358	3.386.363
	2015/16 DKK	2014/15 DKK
7. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	1.566.999	4.024.010
Change in deferred tax for the year	(303.025)	(284.609)
Adjustment concerning previous years	10.980	0
	1.274.954	3.739.401

Notes to consolidated financial statements

			Acquired intangible assets DKK	Goodwill DKK
8. Intangible assets				
Cost beginning of year			0	5.019.729
Additions			367.749	0
Cost end of year			367.749	5.019.729
Amortisation and impairment losses beginning of year			0	(1.849.384)
Amortisation for the year			(34.550)	(865.452)
Amortisation and impairment losses end of year			(34.550)	(2.714.836)
Carrying amount end of year			333.199	2.304.893
	Plant and machinery DKK	Other fix- tures and fit- tings, tools and equipment DKK	Leasehold improve- ments DKK	Property, plant and equipment in progress DKK
9. Property, plant and equipment				
Cost beginning of year	83.492.105	28.655.626	14.136.942	1.709.990
Exchange rate adjustments	(289.835)	0	0	0
Transfer to and from other items	(1.821.012)	313.182	1.174.629	(1.709.990)
Additions	13.127.350	1.942.179	62.225	0
Disposals	(4.949.688)	(1.676.208)	0	0
Cost end of year	89.558.920	29.234.779	15.373.796	0
Depreciation and impairment losses beginning of the year	(58.682.787)	(21.315.691)	(11.973.324)	0
Exchange rate adjustments	(15.202)	0	0	0
Depreciation for the year	(7.697.331)	(3.243.510)	(688.212)	0
Reversal regarding disposals	4.877.193	1.676.206	0	0
Depreciation and impair- ment losses end of the year	(61.518.127)	(22.882.995)	(12.661.536)	0
Carrying amount end of year	28.040.793	6.351.784	2.712.260	0

Notes to consolidated financial statements

	Other invest- ments DKK	Other recei- vables DKK
10. Fixed asset investments		
Cost beginning of year	1.733.235	29.123.490
Additions	68.631	987.420
Cost end of year	1.801.866	30.110.910
Revaluations beginning of year	(575.086)	0
Fair value adjustments	5.657	0
Revaluations end of year	(569.429)	0
Carrying amount end of year	1.232.437	30.110.910

	Registered in	Corpo- rate form	Equit y inte- rest %
11. Subsidiaries			
Steamline A/S	Kolding	A/S	100,0
PC KH ApS	Kolding	ApS	100,0
Prime Cargo Poland Sp. z.o.o.	Poland	z.o.o.	100,0

12. Prepayments

Prepayments comprise prepaid operating expenses.

	Instalments within 12 months 2015/16 DKK	Instalments within 12 months 2014/15 DKK	Instalments beyond 12 months 2015/16 DKK	Outstanding after 5 years DKK
13. Long-term liabilities other than provisions				
Finance lease liabilities	5.762.360	4.442.766	15.831.591	579.937
Deposits	0	0	15.001	15.001
	5.762.360	4.442.766	15.846.592	594.938

Notes to consolidated financial statements

	2015/16 DKK	2014/15 DKK
14. Other short-term payables		
VAT and duties	959.547	1.097.364
Wages and salaries, personal income taxes, social security costs, etc payable	12.849.785	14.273.028
Other costs payable	1.150.784	1.581.764
	14.960.116	16.952.156
	2015/16 DKK	2014/15 DKK
15. Change in working capital		
Increase/decrease in inventories	(312.831)	83.664
Increase/decrease in receivables	13.380.901	(1.529.708)
Increase/decrease in trade payables etc	(8.187.760)	(3.157.101)
	4.880.310	(4.603.145)

16. Unrecognised rental and lease commitments

The Group has undertaken rental and lease commitments which at the balance sheet date amount to DKK 419.325k in the non-cancellable period. The non-cancellable period of the rental and lease contracts are up to 13 years.

17. Contingent liabilities

The Group has become aware of a potential claim from a custom authority regarding handling of import duties. The Group has at the moment not received any claim and it is uncertain if a claim will be raised. If a claim is raised, it is the management's assessment, that it will be covered by the insurance policy.

The Group has issued a guarantee towards third party concerning a lease contract of a subsidiary which will expire on 15 July 2019. The annual lease is DKK 3.9m.

The Group has issued an unlimited guarantee for the bank engagements of Steamline A/S. At 30 June 2016 the bank loan amounts to DKK 0 totally.

The Group has issued an unlimited guarantee for the bank engagements of Prime Cargo Poland Sp. z.o.o. At 30 June 2016 the bank loan amounts to DKK 0.8m totally.

Notes to consolidated financial statements

18. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Mitsui-Soko (Europe) s.r.o., Zdíby, Czech Republic

The annual report for the above companies can be obtained from Prime Cargo A/S.

Parent income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Revenue	1	389.113.097	415.334.519
Production costs	2, 3	<u>(355.142.374)</u>	<u>(374.926.782)</u>
Gross profit/loss		33.970.723	40.407.737
Distribution costs		(2.567.591)	(2.445.534)
Administrative costs	2, 3	<u>(27.035.249)</u>	<u>(24.627.740)</u>
Operating profit/loss		4.367.883	13.334.463
Income from investments in group enterprises		(1.905.819)	(10.397.431)
Other financial income	4	1.392.690	2.199.062
Other financial expenses	5	<u>(1.601.943)</u>	<u>(1.580.721)</u>
Profit/loss from ordinary activities before tax		2.252.811	3.555.373
Tax on profit/loss from ordinary activities	6	<u>(931.272)</u>	<u>(3.316.505)</u>
Profit/loss for the year		<u>1.321.539</u>	<u>238.868</u>
Proposed distribution of profit/loss			
Dividend for the financial year		1.321.539	238.000
Reserve for net revaluation according to the equity method		290.224	183.083
Retained earnings		<u>(290.224)</u>	<u>(182.215)</u>
		<u>1.321.539</u>	<u>238.868</u>

Parent balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Plant and machinery		9.036.650	9.515.439
Other fixtures and fittings, tools and equipment		6.038.602	7.339.935
Leasehold improvements		1.511.333	2.127.873
Property, plant and equipment	7	<u>16.586.585</u>	<u>18.983.247</u>
Investments in group enterprises		8.606.298	8.316.074
Receivables from group enterprises		18.217.495	13.694.897
Other investments		1.232.437	1.158.149
Other receivables		30.110.910	29.123.490
Fixed asset investments	8	<u>58.167.140</u>	<u>52.292.610</u>
Fixed assets		<u>74.753.725</u>	<u>71.275.857</u>
Trade receivables		52.327.979	59.093.387
Receivables from group enterprises		923.868	586.664
Deferred tax assets		2.738.782	2.403.664
Other short-term receivables		673.585	781.517
Prepayments	9	2.742.508	2.011.653
Receivables		<u>59.406.722</u>	<u>64.876.885</u>
Cash		<u>9.522.454</u>	<u>4.044.663</u>
Current assets		<u>68.929.176</u>	<u>68.921.548</u>
Assets		<u><u>143.682.901</u></u>	<u><u>140.197.405</u></u>

Parent balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital	10	1.800.000	1.800.000
Reserve for net revaluation according to the equity method		1.122.349	832.125
Retained earnings		48.981.580	48.565.371
Proposed dividend		1.321.539	238.000
Equity		<u>53.225.468</u>	<u>51.435.496</u>
Provisions for investments in group enterprises	11	4.891.040	6.512.147
Provisions		<u>4.891.040</u>	<u>6.512.147</u>
Finance lease liabilities		15.831.591	15.075.296
Payables to group enterprises		1.111.834	1.090.033
Other payables		15.000	15.000
Non-current liabilities other than provisions	12	<u>16.958.425</u>	<u>16.180.329</u>
Current portion of long-term liabilities other than provisions	12	5.762.360	4.442.766
Trade payables		34.683.605	32.540.808
Payables to group enterprises		12.642.693	9.486.080
Income tax payable		1.255.410	3.643.354
Other payables		14.263.900	15.956.425
Current liabilities other than provisions		<u>68.607.968</u>	<u>66.069.433</u>
Liabilities other than provisions		<u>85.566.393</u>	<u>82.249.762</u>
Equity and liabilities		<u>143.682.901</u>	<u>140.197.405</u>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		

Parent statement of changes in equity for 2015/16

	Contributed capital DKK	Reserve for net revalua- tion accor- ding to the equity me- thod DKK	Retained ear- nings DKK	Proposed di- vidend DKK
Equity beginning of year	1.800.000	832.125	48.565.371	238.000
Ordinary dividend paid	0	0	0	(238.000)
Exchange rate adjustments	0	0	706.433	0
Profit/loss for the year	0	290.224	(290.224)	1.321.539
Equity end of year	1.800.000	1.122.349	48.981.580	1.321.539
				Total DKK
Equity beginning of year				51.435.496
Ordinary dividend paid				(238.000)
Exchange rate adjustments				706.433
Profit/loss for the year				1.321.539
Equity end of year				53.225.468

Notes to parent financial statements

1. Revenue

With reference to Section 96 (1, 3.) of the Danish Financial Statements Act no distribution of revenue into business segments is disclosed. The Company operates in a fierce competitive market with both domestic and foreign competitors. It is the view of Management that rendering of segment information may harm the Company considerably.

	2015/16 DKK	2014/15 DKK
2. Staff costs		
Wages and salaries	86.607.359	84.877.263
Pension costs	3.284.468	2.931.878
Other social security costs	923.142	634.258
Other staff costs	369.427	(67.919)
	91.184.396	88.375.480

Average number of employees	261	257
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	Remunera- tion of ma- nagement 2015/16 DKK	Remunera- tion of ma- nagement 2014/15 DKK
Executive Board	2.800.732	1.610.428
Board of Directors	140.000	140.000
	2.940.732	1.750.428

Incentive programmes have been agreed with Management.

	2015/16 DKK	2014/15 DKK
3. Depreciation, amortisation and impairment losses		
Depreciation on property, plant and equipment	8.461.518	9.632.016
Profit/loss from sale of intangible assets and property, plant and equipment	(63.000)	(50.596)
	8.398.518	9.581.420

Notes to parent financial statements

	2015/16 DKK	2014/15 DKK
4. Other financial income		
Financial income arising from group enterprises	799.543	306.578
Fair value adjustments	5.667	125.727
Other financial income	587.480	1.766.757
	1.392.690	2.199.062
	2015/16 DKK	2014/15 DKK
5. Other financial expenses		
Financial expenses from group enterprises	14.534	14.249
Other financial expenses	1.587.409	1.566.472
	1.601.943	1.580.721
	2015/16 DKK	2014/15 DKK
6. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	1.255.410	3.643.354
Change in deferred tax for the year	(335.118)	(326.849)
Adjustment concerning previous years	10.980	0
	931.272	3.316.505

Notes to parent financial statements

	Plant and machinery DKK	Other fix- tures and fit- tings, tools and equipment DKK	Leasehold improve- ments DKK
7. Property, plant and equipment			
Cost beginning of year	59.738.903	28.613.902	13.396.136
Additions	4.060.454	1.942.179	62.225
Disposals	(4.319.248)	(1.676.208)	0
Cost end of year	59.480.109	28.879.873	13.458.361
Depreciation and impairment losses beginning of the year	(50.223.464)	(21.273.967)	(11.268.263)
Depreciation for the year	(4.539.243)	(3.243.510)	(678.765)
Reversal regarding disposals	4.319.248	1.676.206	0
Depreciation and impairment losses end of the year	(50.443.459)	(22.841.271)	(11.947.028)
Carrying amount end of year	9.036.650	6.038.602	1.511.333
Recognised assets not owned by entity	5.383.458	-	-

Notes to parent financial statements

	Investments in group en- terprises DKK	Receivables from group enterprises DKK	Other invest- ments DKK	Other recei- vables DKK
8. Fixed asset invest- ments				
Cost beginning of year	7.483.949	13.694.897	1.733.235	29.123.490
Additions	0	7.706.952	68.631	987.420
Disposals	0	(3.184.354)	0	0
Cost end of year	7.483.949	18.217.495	1.801.866	30.110.910
Revaluations beginning of year	832.125	0	(575.086)	0
Exchange rate adjustments	706.433	0	0	0
Amortisation of goodwill	(865.455)	0	0	0
Share of profit/loss for the year	(1.040.367)	0	0	0
Investments with negative equity depreciated over re- ceivables	3.110.720	0	0	0
Investments with negative equity transferred to provisi- ons	(1.621.107)	0	0	0
Fair value adjustments	0	0	5.657	0
Revaluations end of year	1.122.349	0	(569.429)	0
Carrying amount end of year	8.606.298	18.217.495	1.232.437	30.110.910

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Subsidiaries:			
Steamline A/S	Kolding	A/S	100,00
PC KH ApS	Kolding	ApS	100,00
Prime Cargo Poland z.o.o	Poland	z.o.o.	100,00

9. Prepayments

Prepayments comprise prepaid operating expenses.

Notes to parent financial statements

	2015/16 DKK	2014/15 DKK	2013/14 DKK	2012/13 DKK	2011/12 DKK
10. Contributed capital					
Changes in contributed capital					
Contributed capital beginning of year	<u>1.800.000</u>	<u>1.800.000</u>	<u>1.800.000</u>	<u>1.800.000</u>	<u>1.800.000</u>
Contributed capital end of year	<u>1.800.000</u>	<u>1.800.000</u>	<u>1.800.000</u>	<u>1.800.000</u>	<u>1.800.000</u>

The contributed capital consists of 1.800 shares at DKK 1.000 nominal. No shares have special rights attached.

11. Provisions for investments in group enterprises

Provision for investments in group enterprises is the negative equity value exceeding amount receivable, and where the Parent has a legal or constructive obligation to cover the liabilities of the group enterprises.

	Instalments within 12 months 2015/16 DKK	Instalments within 12 months 2014/15 DKK	Instalments beyond 12 months 2015/16 DKK	Outstanding after 5 years DKK
12. Long-term liabilities other than provisions				
Finance lease liabilities	5.762.360	4.442.766	15.831.591	579.937
Payables to group enterprises	0	0	1.111.834	1.111.834
Other payables	<u>0</u>	<u>0</u>	<u>15.000</u>	<u>15.000</u>
	<u>5.762.360</u>	<u>4.442.766</u>	<u>16.958.425</u>	<u>1.706.771</u>

13. Unrecognised rental and lease commitments

The Company has undertaken rental and lease commitments which at the balance sheet date amount to DKK 383.207k in the non-cancellable period. The non-cancellable period of the rental and lease contracts are up to 13 years.

14. Contingent liabilities

The Company has become aware of a potential claim from a custom authority regarding handling of import duties. The Company has at the moment not received any claim and it is uncertain if a claim will be raised. If a claim is raised, it is the management's assessment, that it will be covered by the insurance policy.

Notes to parent financial statements

The Company has issued a guarantee towards third party concerning a lease contract of a subsidiary which will expire on 15 July 2019. The annual lease is DKK 3.9m.

The Company has issued an unlimited guarantee for the bank engagements of Steamline A/S. At 30 June 2016 the bank loan amounts to DKK 0 totally.

The Company has issued an unlimited guarantee for the bank engagements of Prime Cargo Poland Sp. z.o.o. At 30 June 2016 the bank loan amounts to DKK 0.8m totally.

The Company has issued a letter of support related to a debt owed by Prime Cargo Poland z o.o. to Prime Cargo (HK) Ltd.

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from 30 May 2015 for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies

The Company has participated in a Danish joint taxation arrangement in which PCH, Kolding ApS served as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for the period 1 July 2012 to 29 May 2015 for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

15. Related parties with controlling interest

The following related parties have a controlling interest in Prime Cargo A/S:

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
Mitsui-Soko (Europe) s.r.o.	Zdiby, Czech Republic	Direct parent company
Mitsui-Soko Holdings Co., Ltd.	Tokyo, Japan	Ultimate parent company