Martin Bencher (Scandinavia) A/S

Vandvejen 7, 8000 Århus C

Annual report

2019

Company reg. no. 21 19 91 09

The annual report was submitted and approved by the general meeting on the 9 September 2020.

Peter Thorsøe Jensen
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Martin Bencher (Scandinavia) A/S for the financial year 2019.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2019, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Århus C, 9 September 2020

Managing Director

Peter Thorsøe Jensen

Board of directors

Nils Albert Hammar

Hanna Elisabeth Røsvik

Peter Thorsøe Jensen

Henrik Kleis

Independent auditor's report

To the shareholder of Martin Bencher (Scandinavia) A/S

Opinion

We have audited the consolidated financial statements and the financial statements of Martin Bencher (Scandinavia) A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes, consolidated and of the company, respectively and consolidated statement af cash flows. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 December 2019 and of the results of the company's activities, consolidated and of the company, respectivelyand of consolidated cash flows , for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

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

In preparing the consolidated financial statements and the financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor’s responsibilities for the audit of the consolidated annual accounts and the financial statements

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

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 the 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 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 preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group’s and the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and 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 company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management commentary is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Skjern, 9 September 2020

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Jacob Hall
State Authorised Public Accountant
mne34159

Company information

The company	Martin Bencher (Scandinavia) A/S Vandvejen 7 8000 Århus C	
	Phone	+45 86 12 26 99
	Fax	+45 86 12 27 99
	Web site	www.martin-bencher.com
	Company reg. no.	21 19 91 09
	Established:	18 November 1998
	Domicile:	Aarhus Municipality
	Financial year:	1 January - 31 December 22nd financial year
Board of directors	Nils Albert Hammar Hanna Elisabeth Røsvik Peter Thorsøe Jensen Henrik Kleis	
Managing Director	Peter Thorsøe Jensen	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Østergade 130 6900 Skjern	
Bankers	Sydbank, Storetorv 12, 8000 Århus C	
Shareholders	Widow McShea Projects ApS JFC MB Holding ApS JHMB Holding ApS	
Parent company	Widow McShea Projects ApS	

Company information

Subsidiaries	Martin Bencher (Scandinavia) OY, Helsinki, Finland
	Martin Bencher (Scandinavia) AB, Stockholm, Sweden
	Martin Bencher USA, LLC, New Jersey, USA
	MB Projects PTE LTD, Singapore
	Martin Bencher (Hong Kong) Limited, Hong Kong
	Martin Bencher (Norway) AS, Kristiansand, Norway
	Martin Bencher Logistics (India) Private Limited, India
	Martin Bencher GmbH, Hamburg, Germany
	Martin Bencher France S.A.S., Marseille, France
	Martin Bencher Do Brasil Logistica Ltda, Sau Paolo, Brazil
	Martin Bencher (Australia) Pty. Ltd., Sydney, Australia
	Martin Bencher Middle East DMCC, Dubai, UAE
	Martin Bencher de Mexico, Mexico
	Martin Bencher (UK) Limited, London, England
	Martin Bencher Canada Ltd., Vancouver, Canada
	Martin Bencher Turkey Logistics JSC, Istanbul, Turkey
	Martin Bencher Projects Spain S.L., Bilbao, Spain

Consolidated financial highlights

DKK in thousands.	2019	2018	2017	2016	2015
Income statement:					
Revenue	829.097	761.434	594.022	587.974	801.998
Gross profit	151.335	122.074	87.674	94.439	147.883
Profit from ordinary operating activities	31.490	22.260	-6.541	6.421	48.235
Net financials	1.666	-759	-7.729	392	9.945
Net profit or loss for the year	24.050	15.716	-13.095	3.093	45.261
Statement of financial position:					
Balance sheet total	270.704	210.490	156.404	167.389	189.563
Investments in property, plant and equip-ment	1.248	122	459	3.157	2.526
Equity	75.980	62.023	46.297	92.165	101.517
Cash flows:					
Operating activities	29.969	6.016	3.918	-29.240	72.572
Investing activities	-1.747	-482	-531	-3.427	-2.629
Financing activities	-6.000	0	-30.000	-8.660	-11.951
Total cash flows	22.221	5.534	-26.614	-41.327	57.992
Employees:					
Average number of full-time employees	144	130	126	136	110
Key figures in %:					
Gross margin ratio	18,3	16,0	14,8	16,1	18,4
Profit margin (EBIT-margin)	3,8	2,9	-1,1	1,1	6,0
Solvency ratio	24,2	26,3	27,2	51,3	50,4
Return on equity	24,0	39,7	-20,2	1,1	51,9
Return on assets	10,7	11,0	-4,2	7,2	25,7

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management commentary

The principal activities of the group

The company's primary activity in the course of the year has consisted of international forwarding business.

Unusual circumstances

The consolidated annual accounts, assets, liabilities and financial position, consolidated and for the company resprectively at 31 December 2019, the result og the activities for the consolidated entities and for company respectively have not been subject to unusual circumstances.

During the financial year, the parent company has been merged with its former subsidiary, Martin Bencher Airfreight ApS, and has therefore taken over all assets and liabilities. The comparative figures have been changed as a resultat of the merger in accordance with the merger method, where as the merged subsidiary's resultat for the year, total assets and liabilities have been fully recognised in the previous financial year, as if it was one company. The changes have resulted in a change in results before tax of DKK 317.521 and a change in eguity in total of DKK 0. The parent company´s total assets and liabilities have simultaneously increased with DKK 995.036.

The parent company´s assets, liabilities and financial position at 31 December 2019 and the results of the parent company´s operations for the financial year 1 January to 31 December 2019 are not, except for the above mentioned, affected by unusual matters.

Uncertainties about recognition or measurement

No uncertainties as to recognition or measurement has occured.

Development in activities and financial matters

The net turnover for the year is DKK 829m against DKK 761m last year. The results from ordinary activities after tax are DKK 24,0m against DKK 15,7m last year. The management consider the results satisfactory.

Special risks

Exchange rate risks:

Martin Bencher (Scandinavia) A/S's international activity entails the Company's results, cash flows and equity are affected by the exchange rate movements of a number of currencies.

The group has significant assets in foreign currencies such as accounts receivable. The associated risks are not deemed to be of any particular significance due to the management's clear and strict management in this area.

Research and development activities

Martin Bencher (Scandinavia) A/S carries out a continuous adjustment and development of the group's services.

Management commentary

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Statement of corporate social responsibility

The group has no formal, written policies relating to general social responsibility. The performance of the group's activities, however, takes place with ongoing consideration to generally accepted principles of good corporate governance, just as the group ensures that constant compliance with the current law is maintained.

Regarding the areas of working environment and impact on the external environment, management keeps a special focus on maintaining responsible business operations so that the group acts as a positive player in the interaction with the surrounding society.

For further information please be advised to the CSR statement at the group website:
http://ipaper.martin-bencher.com/CSR/2018csrmb/?page=1

Target figures and policies for the underrepresented gender

The group is highly aware of the imporance of promoting equal gender distribution in management.

As a 100 % owner-managed group, we find that 25 % represents a reasonable target for female representation among the members of the Board of Directors elected at the general meeting. This target has been met. In connection with future replacement of members of the Board of Directors, this target will be pursued to the maximum with a view to retention and development by selecting the most suitable candidate based on his/her qualifications, experience and competences as well as other factors.

It is the group's policy to pursue a positive development in the female share by selecting the most suitable candidate for the job based on his/her qualifications, experience and competences, etc. This will be put into practice through continuous focus and through our efforts to make the positions in question more appealing to women under the given conditions for meeting the job requirements.

Accounting policies

The annual report for Martin Bencher (Scandinavia) A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Translation adjustment of balances with foreign group enterprises considered part of the total investment in group enterprises are recognised directly in equity. Likewise, foreign exchange gains and losses on loans and derivatives for the currency hedging of independent foreign group enterprises are recognised directly in equity.

The consolidated financial statements

The consolidated income statements comprise the parent company Martin Bencher (Scandinavia) A/S and those group enterprises of which Martin Bencher (Scandinavia) A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control. According to the group overview, enterprises in which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not dominant, control are considered associates.

In the consolidation process, intercompany income and expenses, shareholding, intercompany balances and dividends, and realised and unrealised profit and loss derived from transactions among the consolidated enterprises will be eliminated.

Equity investments in group enterprises are eliminated by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

For acquisition of new enterprises, the acquisition method is applied whereupon the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Restructuring costs, recognised in the acquiree before the acquisition date and not agreed upon as part of the acquisition, are recognised in the preacquisition balance sheet and thus forms part of the measurement of goodwill. Restructuring determined by the acquiree is recognised in the income statement. The tax effect of revaluations is taken into account.

Accounting policies

Positive balances (goodwill) between cost and fair value of acquired identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible assets and, based on individual assessment, systematically amortised in the income statement over their remaining useful economic lives. Negative balances (negative goodwill) are recognised as income in the income statement on the date of acquisition providing the general requirements for recognition of income are met.

Goodwill and negative goodwill from acquirees can be adjusted until 12 months after the acquisition.

Profit or loss from the disposal or termination of group enterprises or associates are recognised as the difference between the sales price or the disposal consideration and the carrying amount of the net assets at the date of sale inclusive of goodwill not amortised and expected sale or termination costs.

Non-controlling interests

The items of the group enterprises are fully recognised in the consolidated financial statement. The proportionate share of non-controlling interests as regards the profit and equity of the group enterprises are adjusted annually and presented as a separate item at the end of the income statement and as a separate item under equity, respectively.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Production costs

Production costs comprise costs, which are incurred in order to achieve the net turnover of the year.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

Administration costs

Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Tangible fixed assets

Tangible fixed assets are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately when the useful lives of each individual components differ.

Accounting policies

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	2-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of tangible fixed assets is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Writedown of fixed assets

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

Accounting policies

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Financial fixed assets

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Accounting policies

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Accounting policies

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Martin Bencher (Scandinavia) A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

If the settlement of the commitment is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Accounting policies

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Statement of cash flows

The statement of cash flows shows group cash flows for the year divided into cash flows derived from operating activities, investment activities, and financing activities, respectively, changes in cash and cash equivalents, and cash and cash equivalents at the beginning and end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

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

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated costs. Furthermore, cash flows comprise borrowings, repayments of interest-bearing payables, and payments of dividend to the shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits less shortterm bank loans and shortterm financial instruments with a term of less than 3 months which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Income statement 1 January - 31 December

All amounts in DKK.

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
1	Revenue	829.096.698	761.433.589	414.423.783	310.332.680
	Production costs	-677.761.796	-639.359.840	-369.713.044	-271.892.101
	Gross profit	**151.334.902**	**122.073.749**	**44.710.739**	**38.440.579**
	Distribution costs	-88.321.893	-76.363.167	-30.176.712	-26.255.489
	Administration costs	-27.045.099	-23.450.862	-153.349	-3.487.859
4	Other operating costs	-4.478.280	0	-4.478.280	0
	Operating profit	**31.489.630**	**22.259.720**	**9.902.398**	**8.697.231**
	Income from equity investments in group enterprises	-311.594	0	7.238.445	4.114.468
5	Other financial income	2.276.879	1.388.746	1.737.401	1.503.909
6	Other financial costs	-299.755	-2.147.723	-344.354	-400.353
	Financing, net	1.665.530	-758.977	8.631.492	5.218.024
	Results before tax	**33.155.160**	**21.500.743**	**18.533.890**	**13.915.255**
7	Tax on net profit or loss for the year	-9.104.862	-5.785.024	-2.635.479	-2.197.145
8	**Net profit or loss for the year**	**24.050.298**	**15.715.719**	**15.898.411**	**11.718.110**
	Break-down of the consolidated profit or loss:				
	Shareholders in Martin Bencher (Scandinavia) A/S	15.898.411	11.718.110		
	Minority interests	8.151.887	3.997.609		
		24.050.298	**15.715.719**		

Statement of financial position at 31 December

All amounts in DKK.

Assets

		Group		Parent	
Note		2019	2018	2019	2018
	Non-current assets				
9	Other fixtures and fittings, tools and equipment	4.800.455	4.311.559	133.200	310.799
	Total property, plant, and equipment	4.800.455	4.311.559	133.200	310.799
10	Equity investments in group enterprises	0	0	43.964.117	33.729.796
11	Deposits	1.217.698	1.247.018	459.404	471.779
	Total investments	1.217.698	1.247.018	44.423.521	34.201.575
	Total non-current assets	**6.018.153**	**5.558.577**	**44.556.721**	**34.512.374**
	Current assets				
	Trade receivables	157.337.844	141.295.118	75.004.972	53.226.477
	Receivables from group enterprises	0	0	15.853.998	31.465.906
12	Deferred tax assets	52.279	198.117	52.279	198.117
	Other receivables	1.682.784	4.567.170	403.717	496.779
13	Prepayments and accrued income	53.669.805	28.447.280	30.811.412	1.474.785
	Total receivables	212.742.712	174.507.685	122.126.378	86.862.064
	Cash on hand and demand deposits	51.943.249	30.423.790	7.216.408	8.948.743
	Total current assets	**264.685.961**	**204.931.475**	**129.342.786**	**95.810.807**
	Total assets	**270.704.114**	**210.490.052**	**173.899.507**	**130.323.181**

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Equity				
14	Contributed capital	500.000	500.000	500.000	500.000
	Reserve for net revaluation according to the equity method	0	0	12.065.287	8.969.619
	Retained earnings	60.071.800	48.918.565	48.006.509	39.948.946
	Proposed dividend for the financial year	5.000.000	6.000.000	5.000.000	6.000.000
	Equity before non-controlling interest.	65.571.800	55.418.565	65.571.796	55.418.565
15	Minority interests	10.408.504	6.604.541	0	0
	Total equity	**75.980.304**	**62.023.106**	**65.571.796**	**55.418.565**
	Provisions				
16	Other provisions	0	0	3.819.865	3.306.414
	Total provisions	**0**	**0**	**3.819.865**	**3.306.414**
	Liabilities other than provisions				
	Other payables	783.524	0	783.524	0
	Total long term liabilities other than provisions	783.524	0	783.524	0

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

		Group		Parent	
Note		2019	2018	2019	2018
	Bank loans	4.648.131	5.350.020	4.648.131	1.836.081
	Trade payables	77.812.408	55.025.815	22.372.544	12.587.824
	Payables to group enterprises	26.471.745	27.765.593	49.285.944	35.153.626
	Income tax payable	8.229.005	326.887	2.536.916	74.142
	Other payables	29.386.583	17.968.095	1.850.750	2.566.423
17	Accruals and deferred income	47.392.414	42.030.536	23.030.037	19.380.106
	Total short term liabilities other than provisions	193.940.286	148.466.946	103.724.322	71.598.202
	Total liabilities other than provisions	**194.723.810**	**148.466.946**	**104.507.846**	**71.598.202**
	Total equity and liabilities	**270.704.114**	**210.490.052**	**173.899.507**	**130.323.181**

2 Staff costs
3 Fees, auditor
18 Contingencies
19 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital not paid	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Minority interests	Total
Equity 1 January 2019	500.000	0	48.918.565	6.000.000	6.604.541	62.023.106
Distributed dividend	0	0	0	-6.000.000	0	-6.000.000
Share of results	0	0	11.153.235	5.000.000	8.151.887	24.305.122
Exchange rate adjustments	0	0	0	0	51.497	51.497
Other adjustments	0	0	0	0	-4.399.421	-4.399.421
	500.000	**0**	**60.071.800**	**5.000.000**	**10.408.504**	**75.980.304**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2019	500.000	9.437.360	39.481.205	6.000.000	55.418.565
Distributed dividend	0	0	0	-6.000.000	-6.000.000
Share of results	0	2.373.107	8.525.304	5.000.000	15.898.411
Currency translation of foreign entities	0	254.820	0	0	254.820
	500.000	**12.065.287**	**48.006.509**	**5.000.000**	**65.571.796**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2019	2018
	Net profit or loss for the year	24.050.298	15.715.719
20	Adjustments	4.027.548	7.084.143
21	Change in working capital	726.049	-11.830.565
	Cash flows from operating activities before net financials	28.803.895	10.969.297
	Interest received, etc.	2.276.885	1.388.745
	Interest paid, etc.	-299.755	-2.147.723
	Cash flows from ordinary activities	30.781.025	10.210.319
	Income tax paid	-812.505	-4.194.327
	Cash flows from operating activities	**29.968.520**	**6.015.992**
	Purchase of tangible fixed assets	-1.776.492	-121.753
	Purchase of financial fixed assets	-54.004	-396.353
	Sale of financial fixed assets	83.324	36.500
	Cash flows from investment activities	**-1.747.172**	**-481.606**
	Dividend paid	-6.000.000	0
	Cash flows from investment activities	**-6.000.000**	**0**
	Change in cash and cash equivalents	**22.221.348**	**5.534.386**
	Cash and cash equivalents at 1 January 2019	25.073.770	19.539.384
	Cash and cash equivalents at 31 December 2019	**47.295.118**	**25.073.770**

		2019	2018
	Cash and cash equivalents		
	Cash on hand and demand deposits	51.943.249	30.423.790
	Short-term bank loans	-4.648.131	-5.350.020
	Cash and cash equivalents at 31 December 2019	**47.295.118**	**25.073.770**

Notes

All amounts in DKK.

		Group 2019	Group 2018
1.	**Revenue**		
	Revenue, Denmark	128.760.613	64.618.670
	Revenue, exports	700.336.085	696.814.919
		829.096.698	**761.433.589**

		Group 2019	Group 2018	Parent 2019	Parent 2018
2.	**Staff costs**				
	Salaries and wages	70.369.357	56.894.478	24.458.871	21.592.317
	Other costs for social security	4.229.002	4.487.693	242.554	317.127
	Other staff costs	3.065.961	2.988.334	949.437	615.318
		77.664.320	**64.370.505**	**25.650.862**	**22.524.762**
	Executive board and board of directors	4.671.467	4.054.841	858.116	643.841
	Average number of employees	144	130	36	35

		Group 2019	Group 2018
3.	**Fees, auditor**		
	Total fee	950.000	875.000
	Fee concerning compulsory audit	450.000	450.000
	Other services	500.000	425.000
		950.000	**875.000**

		Group 2019	Group 2018	Parent 2019	Parent 2018
4.	**Other operating costs**				
	Other operating costs	4.478.280	0	4.478.280	0
		4.478.280	**0**	**4.478.280**	**0**

Notes

All amounts in DKK.

		Group		Parent	
		2019	2018	2019	2018
5.	**Other financial income**				
	Other financial income	1.068.424	158.083	1.791	75.709
	Currency translation	1.208.455	1.230.663	1.735.610	1.428.200
		2.276.879	**1.388.746**	**1.737.401**	**1.503.909**
6.	**Other financial costs**				
	Financial costs, group enterprises	137.310	138.990	137.310	138.990
	Other financial costs	162.445	2.008.733	207.044	261.363
		299.755	**2.147.723**	**344.354**	**400.353**
7.	**Tax on net profit or loss for the year**				
	Tax of the results for the year, parent company	9.006.299	3.661.389	2.536.916	74.142
	Adjustment for the year of deferred tax	145.838	2.123.635	145.838	2.123.003
	Adjustment of tax for previous years	-47.275	0	-47.275	0
		9.104.862	**5.785.024**	**2.635.479**	**2.197.145**

		Parent	
		2019	2018
8.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	2.373.107	3.845.487
	Dividend for the financial year	5.000.000	6.000.000
	Transferred to retained earnings	8.525.304	1.872.623
	Total allocations and transfers	**15.898.411**	**11.718.110**

Notes

All amounts in DKK.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
9.	**Other fixtures and fittings, tools and equipment**				
	Cost 1 January 2019	9.379.722	9.236.510	1.209.660	1.178.764
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	0	245.693	0	0
	Additions concerning company transfer	0	0	0	30.896
	Additions during the year	1.776.492	121.753	0	0
	Disposals during the year	0	-224.234	0	0
	Cost 31 December 2019	**11.156.214**	**9.379.722**	**1.209.660**	**1.209.660**
	Depreciation and writedown 1 January 2019	-5.068.163	-4.517.221	-898.861	-654.677
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	0	-66.074	0	0
	Depreciation on and writedown of additions concerning company transfer	0	0	0	-30.896
	Depreciation for the year	-1.287.596	-702.121	-177.599	-213.288
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	217.253	0	0
	Depreciation and writedown 31 December 2019	**-6.355.759**	**-5.068.163**	**-1.076.460**	**-898.861**
	Carrying amount, 31 December 2019	**4.800.455**	**4.311.559**	**133.200**	**310.799**

Notes

All amounts in DKK.

		Parent	
		31/12 2019	31/12 2018
10.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2019	3.859.587	3.696.602
	Additions during the year	5.686.760	162.985
	Disposals during the year	-53.116	0
	Cost 31 December 2019	**9.493.231**	**3.859.587**
	Revaluations, opening balance 1 January 2019	9.437.350	5.372.188
	Translation by use of the exchange rate valid on balance sheet date	254.820	1.219.685
	Results for the year before goodwill amortisation	7.373.961	5.235.090
	Reversals for the year concerning disposals	-82.391	0
	Dividend	-4.918.453	-2.389.603
	Revaluation 31 December 2019	**12.065.287**	**9.437.360**
	Offsetting against debtors	18.585.734	17.126.435
	Transferred to provisions	3.819.865	3.306.414
	Set off against debtors and provisions for liabilities	**22.405.599**	**20.432.849**
	Carrying amount, 31 December 2019	**43.964.117**	**33.729.796**

Notes

All amounts in DKK.

Group enterprises:

	Domicile	Equity interest
Martin Bencher (Scandinavia) OY	Helsinki, Finland	100 %
Martin Bencher (Scandinavia) AB	Stockholm, Sweden	100 %
Martin Bencher USA, LLC	New Jersey, USA	50 %
MB Projects PTE LTD	Singapore	86 %
Martin Bencher (Hong Kong) Limited	Hong Kong	100 %
Martin Bencher (Norway) AS	Kristiansand, Norway	100 %
Martin Bencher Logistics (India) Private Limited	India	80 %
Martin Bencher GmbH	Hamburg, Germany	100 %
Martin Bencher France S.A.S.	Marseille, France	50 %
Martin Bencher Do Brasil Logistica Ltda	Sau Paolo, Brazil	100 %
Martin Bencher (Australia) Pty. Ltd.	Sydney, Australia	100 %
Martin Bencher Middle East DMCC	Dubai, UAE	52 %
Martin Bencher de Mexico	Mexico	100 %
Martin Bencher (UK) Limited	London, England	100 %
Martin Bencher Canada Ltd.	Vancouver, Canada	50 %
Martin Bencher Turkey Logistics JSC	Istanbul, Turkey	100 %
Martin Bencher Projects Spain S.L.	Bilbao, Spain	50 %

	Group		Parent	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
11. Deposits				
Cost 1 January 2019	1.247.018	887.164	417.775	508.279
Additions during the year	54.004	396.354	54.004	0
Disposals during the year	-83.324	-36.500	-12.375	-36.500
Cost 31 December 2019	**1.217.698**	**1.247.018**	**459.404**	**471.779**
Carrying amount, 31 December 2019	**1.217.698**	**1.247.018**	**459.404**	**471.779**

Notes

All amounts in DKK.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
12.	**Deferred tax assets**				
	Deferred tax assets 1 January 2019	198.117	2.321.120	198.117	2.321.120
	Deferred tax assets	-145.838	-2.123.003	-145.838	-2.123.003
		52.279	**198.117**	**52.279**	**198.117**
	The following items are subject to deferred tax:				
	Tangible assets	52.279	40.401	52.279	40.401
	Losses carried forward from previous years	0	157.716	0	157.716
		52.279	**198.117**	**52.279**	**198.117**
13.	**Prepayments and accrued income**				
	Other prepayments/deferred income	53.669.805	28.447.280	30.811.412	1.474.785
		53.669.805	**28.447.280**	**30.811.412**	**1.474.785**
14.	**Contributed capital**				
	Contributed capital 1 January 2019	500.000	500.000	500.000	500.000
		500.000	**500.000**	**500.000**	**500.000**

The share capital consists of DKK 500,000 shares, each with a nominal value of DKK 1,000.
No shares hold particular rights.

Notes

All amounts in DKK.

	Group 31/12 2019	Group 31/12 2018
15. Minority interests		
Minority interests 1 January 2019	6.604.541	3.815.958
Share of the results for the year	8.151.887	3.997.609
Exchange adjustment	51.497	-156.783
Other adjustments	-4.399.421	-1.052.243
	10.408.504	**6.604.541**

	Parent 31/12 2019	Parent 31/12 2018
16. Other provisions		
Provisions for group enterprises	3.819.865	3.306.414
	3.819.865	**3.306.414**

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
17. Accruals and deferred income				
Prepayments/deferred income	47.392.414	42.030.536	23.030.037	19.380.106
	47.392.414	**42.030.536**	**23.030.037**	**19.380.106**

18. Contingencies

Contingent liabilities

Warranty commitments and other contingent liabilities:

The Parent Company has provided external guarantees of DKK 1,142K.

The Parent Company has entered into a property lease with an annual rent of DKK 1,132K.
The Group has entered into a property lease with an annual rent of DKK 5,026K.

The Parent Company has entered into operatin lease agreements with an annual payment of DKK 910K.
The Group has entered into operating lease agreements with an annual payment og DKK 1,471K.

Notes

All amounts in DKK.

18. Contingencies (continued)

Joint taxation

With Widow McShea Projects ApS, company reg. no 24 21 80 82 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total, know net liability to the Danish tax authorities appears from the annual report of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

19. Related parties

Controlling interest

Peter Thorsøe Jensen, Alleen 19, 8660 Skanderborg	Majority shareholder
Widow McShea Projects ApS, Vandvejen 7, 8000 Århus C	Parent Company

Other related parties

Nils Albert Hammer, 11 Chemin de Méjean, 13820 Ensues-La Redonne, France	Board Member
Hanna Elisabeth Røsvik, Alleen 19, 8660 Skanderborg	Board Member
Henrik Kleis, Himmelbjergvej 86B, 8600 Skanderborg	Board Member

Transactions

The company has the following related party transactions:

Consolidated financial statements

The company is included in the consolidated annual report of Widow McShea Projects ApS, Vandvejen 7, 8000 Århus C, company reg. no. 24 21 80 82.

Notes

All amounts in DKK.

		Group 2019	2018
20.	**Adjustments**		
	Depreciation, amortisation, and impairment	1.287.596	709.102
	Other financial income	-2.276.879	-1.388.746
	Other financial costs	299.755	2.147.723
	Tax on net profit or loss for the year	8.813.178	5.785.024
	Other adjustments	-4.096.102	-168.960
		4.027.548	**7.084.143**

		Group 2019	2018
21.	**Change in working capital**		
	Change in receivables	-38.380.865	-51.306.630
	Change in trade payables and other payables	39.106.914	39.476.065
		726.049	**-11.830.565**