

Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Ndr. Ringgade 70A
4200 Slagelse

Phone +45 58 55 82 00
Telefax +45 58 55 82 01
www.deloitte.dk

Kim Johansen International Transport A/S

Geminivej 10

2670 Greve

Central Business Registration No

21840890

Annual report 2016

The Annual General Meeting adopted the annual report on 16.05.2017

Chairman of the General Meeting

Name: Niels Gade

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Entity details

Entity

Kim Johansen International Transport A/S
Geminivej 10
2670 Greve

Central Business Registration No: 21840890

Registered in: Greve

Financial year: 01.01.2016 - 31.12.2016

Phone: +4543959300

Fax: +4543959393

Website: www.kim-johansen.dk

E-mail: kjit@kim-johansen.dk

Board of Directors

Niels Gade, chairman

Kim Leidersdorff Johansen, ceo

Bo Dencker

John Romedahl

Anne Katrine Steenbjerge

Executive Board

Kim Leidersdorff Johansen, ceo

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Ndr. Ringgade 70A

4200 Slagelse

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kim Johansen International Transport A/S for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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.

Greve, 16.05.2017

Executive Board

Kim Leidersdorff Johansen
ceo

Board of Directors

Niels Gade
chairman

Kim Leidersdorff Johansen
ceo

Bo Dencker

John Romedahl

Anne Katrine Steenbjerge

Independent auditor's report

To the shareholders of Kim Johansen International Transport A/S

Opinion

We have audited the financial statements of Kim Johansen International Transport A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

Independent auditor's report

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

Slagelse, 16.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Jens Jørgen Bay Simonsen

State Authorised Public Accountant

Management commentary

	2016	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	397.131	416.541	505.064	520.230	532.053
Gross profit/loss	37.496	36.306	53.316	60.823	58.488
Operating profit/loss	3.578	(2.117)	4.724	7.124	3.560
Net financials	(1.383)	(2.662)	(4.618)	(8.474)	(5.285)
Profit/loss for the year	1.981	(3.277)	396	(1.594)	(1.948)
Total assets	172.861	187.904	227.335	255.380	272.805
Investments in property, plant and equipment	1.323	13.270	20.224	19.883	71.003
Equity	25.337	23.492	26.826	26.838	28.984
Average invested capital incl goodwill	77.841	89.591	116.824	140.564	142.242
Interest bearing debt, net	63.985	72.602	68.809	96.901	107.352
Ratios					
Gross margin (%)	9,4	8,7	10,6	11,7	11,0
Return on invested capital incl goodwill (%)	4,6	(2,4)	4,0	5,1	2,5
Revenue invested capital incl goodwill	5,1	4,6	4,3	3,7	3,7
Return on equity (%)	8,1	(13,0)	1,5	(5,7)	(6,5)
Equity ratio (%)	14,7	12,5	11,8	10,5	10,6
EBITA-margin (%)	0,9	(0,6)	1,0	(3,0)	0,7

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Management commentary

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the entity on the investors' funds.
Revenue/Invested capital incl goodwill	$\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	Turnover rate of capital employed by the entity.
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.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
EBITA-margin (%)	$\frac{\text{EBITA} \times 100}{\text{Revenue}}$	Operational profitability of the Entity.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and long-term operating liabilities.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

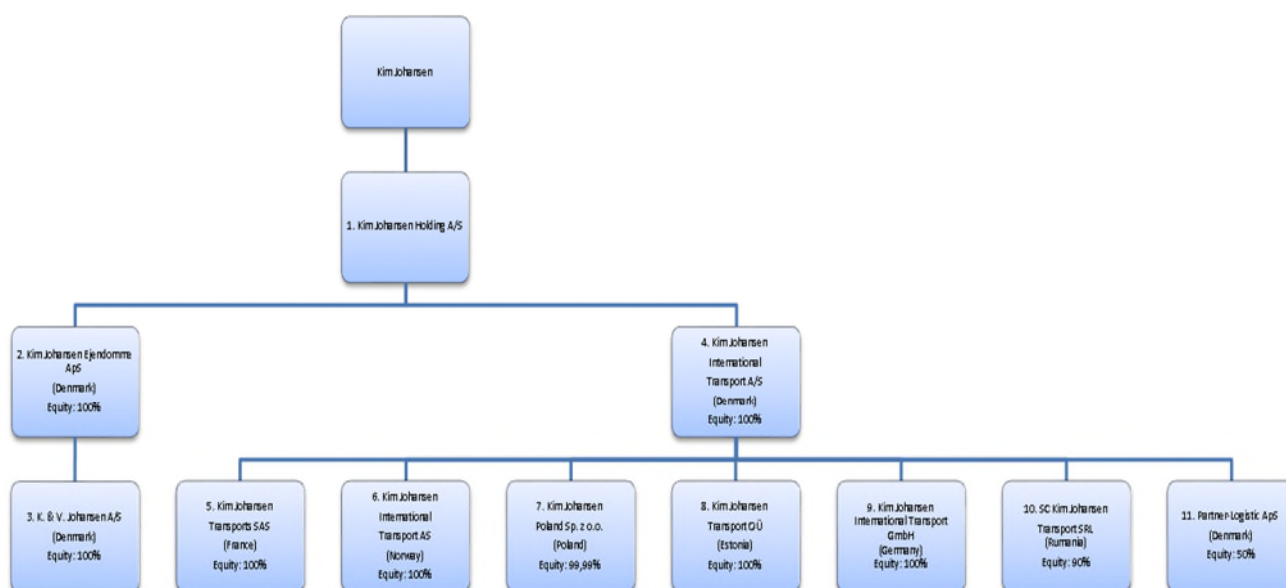
Net interest-bearing debt is defined as interest-bearing liabilities and net of interest-bearing assets, including cash.

Management commentary

Primary activities

The Entity's activity is to provide transport services and solutions to customers in Europe. The Entity mostly focuses on the transportation of time-sensitive goods using a traffic and service setup which is very different from that of other transport companies and which is unique in the European transport market. The Entity is the Scandinavian market leader of this segment.

Group Chart



Development in activities and finances

Profit for the year totals DKK 1,981k and equity at December 31st 2016 totals DKK 25,337k.

The Entity is part of a Group (Kim Johansen Group) in which Kim Johansen Holding A/S is the ultimate Parent. The turnover for Kim Johansen Group totals DKK 464,250k, the profit before tax totals DKK 3,650k and the profit after tax totals 2,392k. The Group's equity at December 31st 2016 totals DKK 30,146k.

International transports within Europe are still influenced by fierce price competition, which requires optimal traffic management as well as simple and efficient structuring.

In 2016 the Entity and Kim Johansen Group has realized a slightly lower activity level due to some adjustments to the market conditions. Furthermore, the turnover is affected by the low oil price level in 2016 as prices on the transport market are adjusted to this level.

The process of adjusting cost to the activity level and efficiency improvements has been continued in order to retain the level of earnings for the entire business.

Management commentary

Due to the result of these continuously improvements, financial performance for the year is considered acceptable by Management.

Outlook

Based on the already implemented initiatives and the continuously process for establishing a stable and profitable platform, Management expects improved financial performance for 2017.

Special risks

The Entity is not considered to be exposed to special risks aside from those assessed as ordinary for this industry.

Further, the Entity is not considered particularly exposed to financial risks as most of its revenue, purchases and funding is in Danish kroner or euro.

Some of the Entity's interest-bearing liabilities carry fixed interest whereas others carry variable interest.

CSR reporting

CSR Policies

Due to an increasing demand for business transparency and focus on CSR activities, the Entity has incorporated policies on following areas: environment and climate, staff conditions and labor rights, human rights and anti-corruption and business ethics. Effort is made on a continuous basis to review and update these policies to meet the needs of the stakeholders and to respond to changes in laws and regulations. Every second year, a specific CSR Report is made and published on our homepage. For any further information we refer to this CSR Report.

Environment and Climate

Since 2012 the focus of the Entity has been set on reduction of environmental footprint. Therefore, more attention has been paid to accounting, reporting and reducing the amount of heat trapping gasses.

To achieve these goals several projects have been started, resulting in reduction of CO₂ per 100 km driven by 12% since 2012. A goal has been set to show further reduction of 2% in emission by the end of 2017.

As part of achieving the goal, in 2016 the Entity has continued training drivers in eco-driving techniques, which focusses on a choice of correct acceleration and breaking patterns, as well as reduction of unnecessary idling. Eco-driving techniques have been proven to improve efficiency and thus reduce the amount of heat trapping gasses released into atmosphere. Correct speeding and breaking patterns reduce the risk of accidents and thus potential spillage of hazardous chemicals. The ongoing aim is and has been set to move 80% of the new employed drivers performing under the general level. This gives a very important attention to the focus area.

Management commentary

To raise general awareness of environmental and climate issues in administrative offices, a Green Ambassador Project has been started in 2016, and the recycling of waste produced in the workshops has been the environmental policy of the Entity. It is our belief that these initiatives have resulted in a stronger environmental awareness among the employees and the project will continue in 2017, where more accurate measuring will be done.

Furthermore, the Entity is committed to maintaining its trucks and trailers in a good technical condition and to renewing the fleet on a constant basis while remaining aware of the need to promote sustainability. In 2016 in total 46 new EURO6 trucks have been bought, resulting in a more efficient fleet.

Staff Conditions, Labor and Human Rights

The Entity strives to support and respect human rights, and it supports the fundamental labor principles that protect workers' rights. Consequently, employees are hired on a contractual basis and are socially insured and entitled to social security benefits.

At the end of 2015 the Kim Johansen International Transport A/S has been once more evaluated by the French agency EcoVadis on parameters like: Environment, Labor Practices, Fair Business Practices and Sustainable Procurement with aim to improve the practices in sustainability. The highest possible rating –gold yet again confirmed the CSR engagement. The entity has committed to publishing report on CSR issues every two years. Therefore, the new rating will be done by EcoVadis in 2017.

In respect of the different cultural background of the employees and the international business of the Entity, all the employees are trained to acknowledge the internal values of the Entity during the introduction training. If any employee believes that someone is violating the Human Rights Policy or the law, they are asked to report it immediately to their manager or human resources. All the employees are provided with work phones, which they can use to communicate their concerns or to reach the 24/7 Service Desk set up to assist drivers. There were no human rights violations reported in 2016.

The Entity strives to ensure good working conditions and safe and healthy workplace. All the drivers are instructed and expected to follow safety guidelines as well as expected to use safety clothing and equipment provided to them. A professional following up on the driving and resting hours of the drivers has been hired to ensure that no serious violations of the driving resting hours are made. The Entity has strict anti-alcohol policy. The contracts of employees using or transporting alcohol beverages are terminated immediately.

The goal has been set to assure that drivers have access to facilities where they can rest and spend their time outside the working hours. The facilities are continuously renovated and improved. With consideration of the sedentary life style of the drivers, a project has been established in 2016 making exercising facilities available for drivers in Charles de Gaulle airport. If that proves to be successful, more exercising facilities will be considered.

Management commentary

These efforts are all helping moving the work environment of the Entity in the right direction.

Anti-corruption Practices and Business Ethics

The Entity is committed to conducting business in an ethical manner and in full compliance with all the applicable laws. By means of constructive dialogue with drivers, administrative employees and other stakeholders, the Entity strives to ensure that no bribes are accepted or offered and no employees are engaged in theft, fraud or anti-competitive behaviour.

In 2016, 387 new drivers have been trained in business ethics and anti-corruption and anti-bribery practices. Special focus has been set on situation in Calais, where illegal emigrants have been reported accessing trucks and offering bribes to drivers to enter United Kingdom.

The Entity encourages its employees to report any suspicious or questionable cases to their managers.

Diversity

The gender ratio for the Board of Directors in Kim Johansen International Transport A/S accounts for 20/80 women and men accordingly. The goal for reaching a 40/60 ratio has been set with deadline in 2022, considering the low turnover rate in managerial positions. No changes in the board members have been made the last year.

In a business with a high general level of male employees, it is our focus also to stimulate, maintain and employ female talents in all levels of the organization based on their skills and expertise only. Among other things we evaluate the possibilities for more managerial responsibility with all employees on an ongoing basis. The gender ratio for the Management Group in Kim Johansen International Transport A/S accounts in 2016 for 10/90 women and men accordingly. The goal has been to maintain this level and the focus is on reaching a level of 20/80 in future changes of the Management Group.

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.

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue	1	397.131	416.541
Production costs	3, 4	<u>(359.635)</u>	<u>(380.235)</u>
Gross profit/loss		37.496	36.306
Administrative costs	2, 3	<u>(33.918)</u>	<u>(38.423)</u>
Operating profit/loss		3.578	(2.117)
Income from investments in group enterprises		2.263	2.369
Other financial income	5	830	932
Other financial expenses	6	<u>(4.476)</u>	<u>(5.963)</u>
Profit/loss before tax		2.195	(4.779)
Tax on profit/loss for the year	7	<u>(214)</u>	<u>1.502</u>
Profit/loss for the year	8	<u>1.981</u>	<u>(3.277)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Plant and machinery		56.212	77.351
Other fixtures and fittings, tools and equipment		1.729	3.704
Leasehold improvements		<u>17</u>	<u>32</u>
Property, plant and equipment	9	<u>57.958</u>	<u>81.087</u>
Investments in group enterprises		17.393	15.079
Investments in associates		63	63
Deposits		<u>3.750</u>	<u>3.375</u>
Fixed asset investments	10	<u>21.206</u>	<u>18.517</u>
Fixed assets		<u>79.164</u>	<u>99.604</u>
Raw materials and consumables		<u>2.359</u>	<u>2.871</u>
Inventories		<u>2.359</u>	<u>2.871</u>
Trade receivables		59.965	56.284
Receivables from group enterprises		12.626	13.964
Other receivables		10.009	7.486
Prepayments	11	<u>7.234</u>	<u>5.039</u>
Receivables		<u>89.834</u>	<u>82.773</u>
Cash	12	<u>1.504</u>	<u>2.656</u>
Current assets		<u>93.697</u>	<u>88.300</u>
Assets		<u>172.861</u>	<u>187.904</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital	13	4.211	4.211
Reserve for net revaluation according to the equity method		4.879	2.580
Retained earnings		16.247	16.701
Equity		25.337	23.492
Deferred tax	14	6.234	5.954
Provisions		6.234	5.954
Finance lease liabilities		17.516	29.060
Other payables		5.584	5.105
Non-current liabilities other than provisions	15	23.100	34.165
Current portion of long-term liabilities other than provisions	15	14.626	27.596
Payables to other credit institutions		15.090	9.880
Trade payables		58.033	59.434
Payables to group enterprises		20.034	17.580
Payables to associates		3.478	3.215
Other payables		6.929	6.588
Current liabilities other than provisions		118.190	124.293
Liabilities other than provisions		141.290	158.458
Equity and liabilities		172.861	187.904
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Mortgages and securities	18		
Transactions with related parties	19		
Group relations	20		

Statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	4.211	2.580	16.701	23.492
Exchange rate adjustments	0	(136)	0	(136)
Profit/loss for the year	0	2.435	(454)	1.981
Equity end of year	4.211	4.879	16.247	25.337

Notes

	2016	2015
	DKK'000	DKK'000
1. Revenue		
Denmark	370	1.321
Other Countries	396.761	415.220
	397.131	416.541
	2016	2015
	DKK'000	DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	275	255
Tax services	113	225
Other services	81	78
	469	558
	2016	2015
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	21.686	22.238
Pension costs	1.133	1.167
Other social security costs	218	261
	23.037	23.666
Average number of employees	41	46
	Remunera-	Remunera-
	tion of	tion of
	manage-	manage-
	ment	ment
	2016	2015
	DKK'000	DKK'000
Total amount for management categories	671	676
	671	676

Notes

	2016	2015
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Depreciation on property, plant and equipment	19.214	23.375
Profit/loss from sale of intangible assets and property, plant and equipment	<u>(2.038)</u>	<u>(2.012)</u>
	<u>17.176</u>	<u>21.363</u>

Of depreciation for the year, DKK 16,689k (2015: DKK 20,514k) has been recognised in production costs and DKK 487k (2015: DKK 849k) has been recognised in administrative costs.

	2016	2015
	DKK'000	DKK'000
5. Other financial income		
Financial income arising from group enterprises	821	896
Other financial income	<u>9</u>	<u>36</u>
	<u>830</u>	<u>932</u>

	2016	2015
	DKK'000	DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	936	921
Interest expenses	0	12
Other financial expenses	<u>3.540</u>	<u>5.030</u>
	<u>4.476</u>	<u>5.963</u>

	2016	2015
	DKK'000	DKK'000
7. Tax on profit/loss for the year		
Change in deferred tax for the year	<u>214</u>	<u>(1.502)</u>
	<u>214</u>	<u>(1.502)</u>

	2016	2015
	DKK'000	DKK'000
8. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	2.435	2.198
Retained earnings	<u>(454)</u>	<u>(5.475)</u>
	<u>1.981</u>	<u>(3.277)</u>

Notes

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
9. Property, plant and equipment			
Cost beginning of year	164.148	18.933	724
Additions	1.315	8	0
Disposals	(28.830)	0	0
Cost end of year	136.633	18.941	724
Depreciation and impairment losses beginning of the year	(86.797)	(15.229)	(692)
Depreciation for the year	(17.216)	(1.983)	(15)
Reversal regarding disposals	23.592	0	0
Depreciation and impairment losses end of the year	(80.421)	(17.212)	(707)
Carrying amount end of year	56.212	1.729	17
Recognised assets not owned by entity	54.775	1.636	-
	Investments in group enterprises DKK'000	Investments in associates DKK'000	Deposits DKK'000
10. Fixed asset investments			
Cost beginning of year	12.330	63	3.375
Additions	186	0	386
Disposals	0	0	(11)
Cost end of year	12.516	63	3.750
Revaluations beginning of year	2.749	0	0
Exchange rate adjustments	(135)	0	0
Share of profit/loss for the year	2.263	0	0
Revaluations end of year	4.877	0	0
Carrying amount end of year	17.393	63	3.750

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK'000</u>	<u>Profit/loss DKK'000</u>
Investments in group enterprises comprise:					
Kim Johansen Transport SAS	France	SAS	100,0	7.027	1.120
Kim Johansen International Transport AS	Norway	AS	100,0	2.472	511
Kim Johansen Transport OÜ	Estonia	OÜ	100,0	6.629	14
Kim Johansen Poland SP. Z.o.o.	Poland	Z.o.o.	100,0	1.939	479
Kim Johansen Transport SRL	Romania	SRL	90,0	(742)	257
Kim Johansen International Transport GmbH	Germany	GmbH	100,0	68	(118)

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in associates comprise:			
Partner-Logistik ApS	Denmark	ApS	50,0

Profit/loss 2015 comprises 2 DKK'000 and the equity comprises 127 DKK'000 as per 31th December 2015.

11. Prepayments

Prepayments include prepaid car taxes and prepaid lease for trucks and trailers etc.

12. Cash

Cash and cash equivalents include one escrow account with a carrying amount of DKK 1,120k (2015: DKK 1,120k) with no right of disposal.

Notes

	Number	Nominal value DKK'000
13. Contributed capital		
Ordinary shares	4.210.526	4.211
	4.210.526	4.211

	2016 DKK'000	2015 DKK'000
14. Deferred tax		
Property, plant and equipment	6.154	5.804
Inventories	519	632
Receivables	1.759	1.338
Liabilities other than provisions	(64)	(66)
Tax losses carried forward	(2.134)	(1.754)
	6.234	5.954

Changes during the year

Beginning of year	5.954
Recognised in the income statement	280
End of year	6.234

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000	Outstanding after 5 years DKK'000
15. Liabilities other than provisions				
Finance lease liabilities	14.626	27.596	17.516	0
Other payables	0	0	5.584	5.584
	14.626	27.596	23.100	5.584

16. Unrecognised rental and lease commitments

Operating leases have been entered on trucks, trailers and operating plant etc. for the years 2017 – 2019. Annual payments for operating leases (2017 amounts) are DKK 24,001k (2015: DKK 27,515k).

Notes

The Entity has entered a rental agreement with its affiliated company Kim Johansen Ejendomme ApS for the rental of office and workshop premises. Annual lease is DKK 4,354k (2015: 4,773k).

Other contractual obligations are DKK 1,593k (2015: 1,473k)

Other annual lease commitments are DKK 3,674k (2015: 4,363k).

17. Contingent liabilities

The Entity is a part in an ongoing tax matter. Based on the Entity's estimation, a provision has been recognised in the annual report 2016 equivalent to the risk expected by the Entity.

The Entity participates in a Danish joint taxation arrangement in which Kim Johansen Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

18. Mortgages and securities

Bank debt and finance lease liabilities are secured by way of a deposited mortgage deed registered to the mortgagor on plant and machinery.

Bank debt is secured by way of floating charge of nominal DKK 30,000k (2015: DKK 20,000k) on intangible assets and property, plant and equipment, inventories and trade receivables.

Bank debt is secured by deposited shares with a nominal value of NOK 100k in Kim Johansen Norge AS. The carrying amount of nominal NOK 100k shares in Kim Johansen Norge AS is DKK 824k (2015: DKK 699k).

The Entity's bank has provided payment guarantees in respect of suppliers at a total amount of DKK 1,500k (2015: DKK 1,500k) and Norwegian permits to drive at the amount of NOK 0k (2015: NOK 1,262k).

A security for payment guarantees provided by the Entity's banker, NOK 0k (2015: NOK 1,262k) has been paid into a guarantee cover account. Carrying amount of guarantee cover account is DKK 0k (2015: DKK 903k).

Collateral securities provided for group enterprises

The Entity has provided an unlimited absolute guarantee for bank loans raised by Kim Johansen Ejendomme ApS. Bank loans in group enterprises amount to DKK 6,520k (2015: DKK 7,370k).

Furthermore the entity has provided a limited guarantee for bank loans raised by Kim Johansen Transport SRL. The guarantee is limited to an amount of EUR 160k (31st December 2015: EUR 0k). Bank loans in Kim Johansen Transport SRL amount to EUR 143k.

Notes

19. Transactions with related parties

The Entity's related parties consists of the Parent company Kim Johansen Holding A/S, group enterprises as well as the Board of Directors and Chief Executive Officer Kim Johansen, 12 Rue Saint-Etienne, F-60300 Senlis, France, who is the principal shareholder of Kim Johansen Holding A/S, Geminivej 10, 2670 Greve, Denmark.

All transactions with related parties have been carried out based on an arm's-length principle.

20. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Kim Johansen Holding A/S, Geminivej 10, 2670 Greve, Denmark

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 (large).

The accounting policies applied to these financial statements are consistent with those applied last year. Due to minor changes in the definition of various costs revenue, production costs and administrative costs have been corrected. The change of classification has also been made in previous years. Financial highlights and ratios have been corrected as well.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The consolidated financial statements have been prepared by Kim Johansen Holding A/S, Greve, Central Business Registration No 25454367.

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.

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 rate 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Accounting policies

Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when the individual drive has commenced prior to the closing of the financial year. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the determined consideration.

Production costs

Production costs comprise cost of sales for the financial year, which comprises direct and indirect costs incurred to earn revenue for the financial year. Cost of sales thus comprise costs relating to the operation of trucks, drivers' wages, workshop expenses and depreciation of trucks, trailers etc.

Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as depreciation relating to 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 intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and net capital gains on payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses of financial lease payments, on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies and amortisation of financial liabilities.

Accounting policies

Tax on profit/loss for the year

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.

The Entity is jointly taxed with the Parent and all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Plant and machinery comprise the Entity's trucks, trailers, vans and passenger cars.

Plant and machinery as well as other fixtures and fittings, tools and equipment as well as leasehold improvements 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. Cost does not comprise financial expenses.

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, vans and passenger cars	3 - 5 years
Other fixtures and fittings, tools and equipment, lifts etc.	20 years
Leasehold improvements	7 years

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

Estimated useful lives and residual values are reassessed annually.

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation.

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 value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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.

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

Investments in associates

Investments in associates are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs.

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Accounting policies

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.

Finance lease liabilities

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.

Cash flow statement

According to section 86(4) of the Danish Financial Statement Act, Kim Johansen International Transport A/S does not prepare a cash flow statement.