

Kim Johansen International Transport A/S

Geminivej 10

2670 Greve

Central Business Registration No

21840890

Annual report 2017

The Annual General Meeting adopted the annual report on 25.04.2018

Chairman of the General Meeting

Name: Niels Gade

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	13
Balance sheet at 31.12.2017	14
Statement of changes in equity for 2017	16
Notes	17
Accounting policies	25

Entity details

Entity

Kim Johansen International Transport A/S
Geminivej 10
2670 Greve

Central Business Registration No: 21840890

Registered in: Greve

Financial year: 01.01.2017 - 31.12.2017

Phone: +4543959300

Fax: +4543959393

Website: www.kim-johansen.dk

E-mail: kjit@kim-johansen.dk

Board of Directors

Michael Peder Wede, chairman

Kim Leidersdorff Johansen, ceo

John Romedahl

Niels Gade

Anne Kathrine 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 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 25.04.2018

Executive Board

Kim Leidersdorff Johansen
ceo

Board of Directors

Michael Peder Wede
chairman

Kim Leidersdorff Johansen
ceo

John Romedahl

Niels Gade

Anne Kathrine 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 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 25.04.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Jens Jørgen Bay Simonsen

State Authorised Public Accountant

Identification number (MNE) mne11503

Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	404.849	397.131	416.541	505.064	520.230
Gross profit/loss	33.173	37.496	36.306	53.316	60.823
Operating profit/loss	4.446	3.578	-2.117	4.724	7.124
Net financials	-1.032	-1.383	-2.662	-4.618	-8.474
Profit/loss for the year	3.096	1.981	-3.277	396	-1.594
Total assets	195.066	172.861	187.904	227.335	255.380
Investments in property, plant and equipment	34.666	1.323	13.270	20.224	19.883
Equity	28.408	25.337	23.492	26.826	26.838
Average invested capital incl goodwill	67.639	77.841	89.591	116.824	140.564
Interest bearing debt, net	64.037	63.985	72.602	68.809	96.901
Ratios					
Gross margin (%)	8,2	9,4	8,7	10,6	11,7
Return on invested capital incl goodwill (%)	6,6	4,6	(2,4)	4,0	5,1
Revenue invested capital incl goodwill	6,0	5,1	4,6	4,3	3,7
Return on equity (%)	11,5	8,1	(13,0)	1,5	(5,7)
Equity ratio (%)	14,6	14,7	12,5	11,8	10,5
EBITA-margin (%)	1,1	0,9	(0,6)	1,0	(3,0)

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.

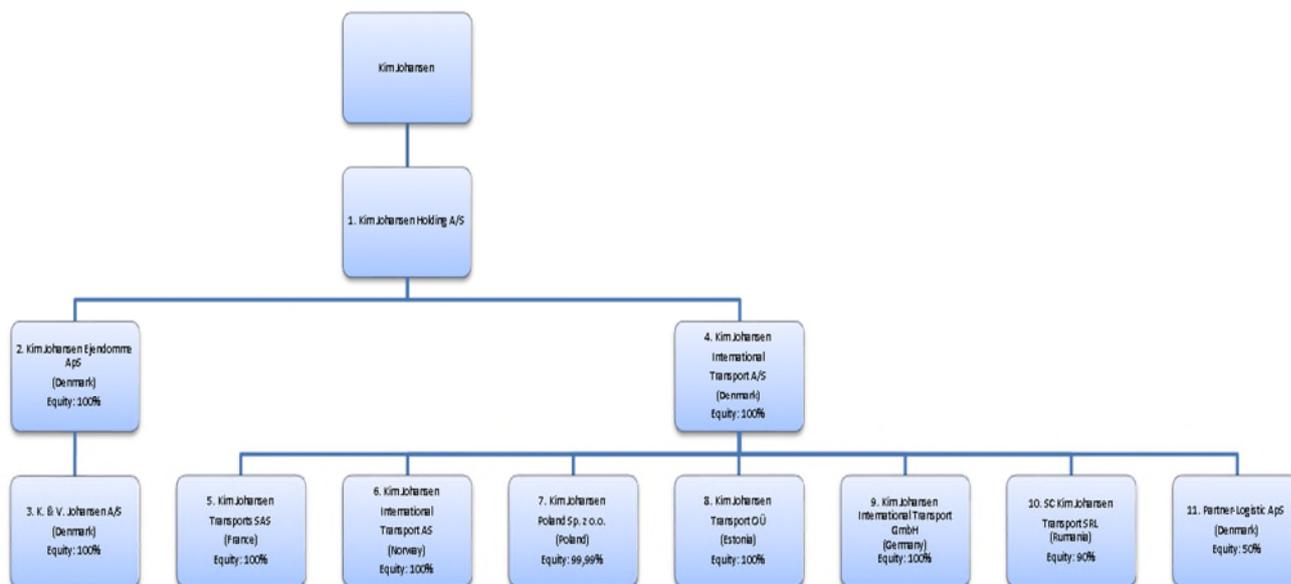
Net interest-bearing debt is defined as interest-bearing liabilities and net of interest-bearing assets, including cash.

Management commentary

Primary activities

The Entity's activity is to provide transport services and solutions to customers in Europe. The Entity is mostly specialized in 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 3,096k and equity at December 31st 2017 totals DKK 28,408k.

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 471,185k, the profit before tax totals DKK 6,252k and the profit after tax totals 4,435k. The Group's equity at December 31st 2017 totals DKK 36,953k.

The activity level for 2017 is on the same level as the previous two years.

The business of international transportation within Europe is still influenced by intensive price competition, which requires high standards for traffic management as well as simple and efficient structuring.

Due to this market situation, the Group has continued a process of high cost focus and efficiency improvements in order to retain the level of earnings for the entire Group.

The result of these continuously improvements and hereby the overall financial performance for the year is considered satisfying by Management.

Management commentary

Outlook

Based on the market situation and the Entity's continuously process for adapting to this, Management expects improved financial performance for 2018.

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. A minor part of the cost is paid in PLN and RON.

The Entity's interest-bearing liabilities are carrying a mix of fixed and variable interests.

CSR reporting

CSR Policies

Since 2012 the Entity has incorporated policies and published CSR reports in following categories: Environment and Climate, Staff Conditions, Labor and Human Rights, Anti-corruption Practices and Business Ethics and Diversity. The CSR report is used as a tool to review the existing policies together with social and environmental performance, to follow up on the goals and to develop CSR strategy which would respond to needs of the stakeholders. The report for 2016 and 2017 is scheduled for publishing in May 2018 and for any further information we refer to this report.

Environment and Climate

Our Environmental policy is focused on internal and external activities which include reduction of heat trapping gasses, protection of climate and education and training of staff about the environmental matters.

The Entity does not own any warehousing or re-packing facilities; therefore, the largest environmental impactor is emission from the transportation activity.

Since 2012 the Entity has been reporting the CO₂ count and the reports show that during the last five years the CO₂ emission per 100 km driven has been reduced by 14%. The result has been achieved by combination of the technical and educational initiatives, however since available tools are limited, until further technical development the effort will be put on maintaining the present level, consequently a goal for 2018 is set to maintain the current CO₂ count per 100 km driven.

To lower the emission levels of heat trapping gasses, during 2017 the Entity has been continuing to educate drivers in Eco-driving techniques. The correct choice of acceleration and breaking patterns has been proven to reduce the risk of accidents, improve efficiency and reduce the amount of heat-trapping gasses released

Management commentary

to atmosphere. All our drivers are involved in Eco-driving project, which include monthly report of their eco-driving performance, a possibility to receive a detailed report and suggestions about their driving styles, and firm rules about the idling practices. While the direct eco-driving results are difficult to measure, the improvement in

individual eco-driving scores and the interest in eco-driving techniques has secured the continuity of the project in 2018. All eco-driving scores of our drivers are available for them on the intra-net.

To raise the environmental and well-being awareness, the Green Ambassador project has been carried on in all our administrative offices. During 2016 the Green Ambassadors have been appointed in all the offices, with an aim to provide a voice for the needs and wishes of our employees to have a greener and healthier work

environment. In 2017 the appointed Green Ambassadors have succeeded to endorse the topic in various ways – for example recycling of paper, batteries and plastic, mindful printing, exercise, airing of the rooms and other initiatives. As long as interest in the initiative is shown, the Green Ambassadors project will be continued.

When it comes to technical aspect, The Entity is committed to maintaining the trucks and trailers in a good technical condition. For this purpose, a careful consideration of various brands and models are made prior the choice of equipment. Our own workshops in Denmark, Germany and France are there to ensure that all repairs are conducted qualitatively and on time. By the end of 2017 around 85% of our fleet was EURO6 compliant and the average age of trucks did not exceed three years. During 2017 89 new EURO6 trucks have been added to the fleet. The Entity has set a goal to exchange the last EURO5 trucks in the fleet, and by the end of 2018 to have 99% of its fleet EURO6 compliant.

Staff Conditions, Labor and Human Rights

The Entity strives to ensure good working conditions and a safe work environment. This is done with respect to human rights and the support of fundamental labor principles that protects workers' rights. All our employees are hired on a contractual basis and as a minimum entitled to social security benefits. The employees are encouraged to report any wrongdoings they detect in their work process immediately. While various requests have been addressed and re-solved, there were no Human Right violations reported in 2017.

Since 2013 the Entity has been annually evaluated by French Agency EcoVadis on parameters like: Environment, Labor Practices, Fair Business Practices and Sustainable procurement. According to the last results, the Entity ranks between top 27% of the companies which have confirmed CSR engagement. The detailed assessment of strengths and weaknesses is provided after each evaluation, which helps to identify the strategic directions of the coming years. The next evaluation is scheduled for summer 2018, and our goal is to keep the level of evaluation.

Management commentary

A safe work environment is an aspect we take seriously. All our drivers are ADR and Security trained, which means that all drivers have knowledge and skills to understand the health and safety issues in keeping the transportation of dangerous goods safe both for environment and health.

In 2017 322 drivers have been involved in our trainee program, where various skills necessary for drivers were taught and the new drivers had an opportunity to work in teams with our most experienced drivers. In 2018 the Entity has decided to continue offering the traineeship program at the current level.

The Entity endorses a zero alcohol and drug policy - drivers are not allowed to possess, use or transport any alcoholic beverages nor drugs while working or resting. Alcohol checks are conducted by our security manager randomly and by an external security company weekly. In 2017 more than 500 random tests have been done.

The drivers are provided security clothing, hand-free devices, phones and other equipment needed for work. 24/7 Service Desk is available to assist our drivers with various concerns outside the opening hours of the company. During 2017 our service desk has answered more than 150.000 calls from drivers and costumers, preventing the problems from escalating. A continuously training of our Service Desk staff is conducted, to ensure that employees have a qualification to provide necessary assistance to our employees.

Our driver planners follow up on drivers working and resting time to secure that drivers follow and understand the driving and resting rules, since falling asleep while driving is thought to be one of the most common causes of accidents. In 2017 our drivers have been involved in three occupational accidents, from which none were fatal, and it is our aim to continue to educate our employees and provide the necessary support to avoid accidents in the future.

Anti-corruption Practices and Business Ethics

As an international company, the Entity employs personnel from more than fifteen countries. This requires a clear communication of the values and norms. Therefore, an additional attention is put on introductory training, where topics like human rights, respect, bribery are addressed.

We provide our drivers with a driver's manual to ensure that all the rules and regulations are transparent. In 2017 365 drivers have been trained in business ethics and anti-corruption and anti-bribery practices. By means of continuously communication with our employees and other stakeholders the Entity strives to ensure that no bribes are accepted or offered, and no employees are engaged in theft, fraud and anti-competitive behavior.

Statutory report on the underrepresented gender

Diversity

The gender ratio for the Board of Directors accounts for 20/80 woman and men accordingly. Considering the low turnover rate in managerial positions, the goal for reaching a 40/60 ratio has been set with deadline in

Management commentary

2022. To achieve this goal, the focus will be to search widely and to offer equal opportunities for candidates with the right competences.

During 2017, one replacement has been made in the Board of Directors. In the process of this replacement, the focus was on specific needed competences within the transportation business, where it did not turn out possible to impact on the gender ratio.

The gender ratio for the Management Group accounts in 2017 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. To achieve this goal, there will be a focus on encouraging all employees and potential employees to strive for any career goal despite their gender and to offer equal opportunities for candidates with the right competences.

No changes in the Management Group have been made during 2017.

In a business dominated by male employees it is our interest to attract and embrace qualified female candidates. However, we offer equal opportunities to all candidates regardless of their gender, race, sexual orientation or other factors, since all our employees are employed with consideration to their professional qualifications only.

In 2017 two female drivers have been employed in the company, and for the future we have set a goal to analyze and identify the aspects which would make a driver job more attractive to female candidates.

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 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue	1	404.849	397.131
Production costs	3, 4	<u>-371.676</u>	<u>-359.635</u>
Gross profit/loss		33.173	37.496
Administrative costs	2, 3	-32.068	-33.918
Other operating income		<u>3.341</u>	<u>0</u>
Operating profit/loss		4.446	3.578
Income from investments in group enterprises		1.850	2.263
Other financial income	5	969	830
Other financial expenses	6	<u>-3.851</u>	<u>-4.476</u>
Profit/loss before tax		3.414	2.195
Tax on profit/loss for the year	7	<u>-318</u>	<u>-214</u>
Profit/loss for the year	8	<u>3.096</u>	<u>1.981</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Plant and machinery		71.387	56.212
Other fixtures and fittings, tools and equipment		1.394	1.729
Leasehold improvements		<u>12</u>	<u>17</u>
Property, plant and equipment	9	<u>72.793</u>	<u>57.958</u>
Investments in group enterprises		19.218	17.393
Receivables from group enterprises		15.643	12.626
Investments in associates		63	63
Other investments		103	0
Deposits		<u>4.158</u>	<u>3.750</u>
Fixed asset investments	10	<u>39.185</u>	<u>33.832</u>
Fixed assets		<u>111.978</u>	<u>91.790</u>
Raw materials and consumables		<u>1.679</u>	<u>2.359</u>
Inventories		<u>1.679</u>	<u>2.359</u>
Trade receivables		64.313	59.965
Other receivables		11.663	10.009
Prepayments	11	<u>5.374</u>	<u>7.234</u>
Receivables		<u>81.350</u>	<u>77.208</u>
Cash	12	<u>59</u>	<u>1.504</u>
Current assets		<u>83.088</u>	<u>81.071</u>
Assets		<u>195.066</u>	<u>172.861</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital	13	4.211	4.211
Reserve for net revaluation according to the equity method		6.704	4.879
Retained earnings		17.493	16.247
Equity		28.408	25.337
Deferred tax	14	6.615	6.234
Provisions		6.615	6.234
Finance lease liabilities		31.482	17.516
Other payables		0	5.584
Non-current liabilities other than provisions	15	31.482	23.100
Current portion of long-term liabilities other than provisions	15	17.416	14.626
Payables to other credit institutions		6.024	15.090
Trade payables		59.935	58.033
Payables to group enterprises		24.913	20.034
Payables to associates		9.375	3.478
Other payables		10.898	6.929
Current liabilities other than provisions		128.561	118.190
Liabilities other than provisions		160.043	141.290
Equity and liabilities		195.066	172.861
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 2017

	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	4.879	16.247	25.337
Exchange rate adjustments	0	-25	0	-25
Profit/loss for the year	0	1.850	1.246	3.096
Equity end of year	4.211	6.704	17.493	28.408

Notes

	2017	2016
	DKK'000	DKK'000
1. Revenue		
Denmark	172	370
Other Countries	404.677	396.761
	404.849	397.131

	2017	2016
	DKK'000	DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	318	275
Other assurance engagements	5	0
Tax services	76	113
Other services	99	81
	498	469

	2017	2016
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	18.967	21.686
Pension costs	967	1.133
Other social security costs	176	218
	20.110	23.037

Average number of employees	35	41
-----------------------------	-----------	-----------

	Remunera- tion of manage- ment 2017 DKK'000	Remunera- tion of manage- ment 2016 DKK'000
Total amount for management categories	745	671
	745	671

Notes

	2017	2016
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Depreciation on property, plant and equipment	17.050	19.214
Profit/loss from sale of intangible assets and property, plant and equipment	-606	-2.038
	16.444	17.176

Of depreciation for the year, DKK 16,331k (2016: DKK 16,689k) has been recognised in production costs and DKK 113k (2016: DKK 487k) has been recognised in administrative costs.

	2017	2016
	DKK'000	DKK'000
5. Other financial income		
Financial income arising from group enterprises	900	821
Other financial income	69	9
	969	830

	2017	2016
	DKK'000	DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	968	936
Other financial expenses	2.883	3.540
	3.851	4.476

	2017	2016
	DKK'000	DKK'000
7. Tax on profit/loss for the year		
Change in deferred tax for the year	318	214
	318	214

	2017	2016
	DKK'000	DKK'000
8. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	1.850	2.435
Retained earnings	1.246	-454
	3.096	1.981

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	136.633	18.941	724
Additions	34.666	0	0
Disposals	-10.581	0	0
Cost end of year	160.718	18.941	724
Depreciation and impairment losses beginning of the year	-80.421	-17.212	-707
Depreciation for the year	-16.710	-335	-5
Reversal regarding disposals	7.800	0	0
Depreciation and impairment losses end of the year	-89.331	-17.547	-712
Carrying amount end of year	71.387	1.394	12
Recognised assets not owned by entity	70.511	1.384	-

Notes

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Investments in associates DKK'000	Other investments DKK'000
10. Fixed asset investments				
Cost beginning of year	12.516	12.626	63	0
Additions	0	3.270	0	103
Disposals	0	-253	0	0
Cost end of year	12.516	15.643	63	103
Revaluations beginning of year	4.877	0	0	0
Exchange rate adjustments	-25	0	0	0
Share of profit/loss for the year	1.850	0	0	0
Revaluations end of year	6.702	0	0	0
Carrying amount end of year	19.218	15.643	63	103
				Deposits DKK'000
10. Fixed asset investments				
Cost beginning of year				3.750
Additions				664
Disposals				-256
Cost end of year				4.158
Revaluations beginning of year				0
Exchange rate adjustments				0
Share of profit/loss for the year				0
Revaluations end of year				0
Carrying amount end of year				4.158

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	8.359	1.332
Kim Johansen International Transport AS	Norway	AS	100,0	2.622	307
Kim Johansen Transport OÜ	Estonia	OÜ	100,0	6.831	206
Kim Johansen Poland SP. Z.o.o.	Poland	Z.o.o.	100,0	1.948	-86
Kim Johansen Transport SRL	Romania	SRL	90,0	-620	83
Kim Johansen International Transport GmbH	Germany	GmbH	100,0	77	8

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

Profit/loss 2016 comprises 3 DKK'000 and the equity comprises 130 DKK'000 as per 31th December 2016.

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 0k (2016: DKK 1,120k) with no right of disposal.

Notes

	<u>Number</u>	<u>Nominal value DKK'000</u>
13. Contributed capital		
Ordinary shares	4.210.526	4.211
	4.210.526	4.211

	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
14. Deferred tax		
Property, plant and equipment	5.923	6.154
Inventories	369	519
Receivables	1.298	1.759
Liabilities other than provisions	-101	-64
Tax losses carried forward	-874	-2.134
	6.615	6.234

Changes during the year

Beginning of year	6.234
Recognised in the income statement	381
End of year	6.615

	<u>Instalments within 12 months 2017 DKK'000</u>	<u>Instalments within 12 months 2016 DKK'000</u>	<u>Instalments beyond 12 months 2017 DKK'000</u>
15. Liabilities other than provisions			
Finance lease liabilities	17.416	14.626	31.482
Payables to group enterprises	0	0	0
Other payables	0	0	0
	17.416	14.626	31.482

16. Unrecognised rental and lease commitments

Operating leases have been entered on trucks, trailers and operating plant etc. for the years 2018 – 2020. Annual payments for operating leases (2018 amounts) are DKK 26,286k (2016: DKK 24,001k).

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 (2016: 4,354k).

Notes

Other contractual obligations are DKK 1,728k (2016: 1,593k)

Other annual lease commitments are DKK 3,871k (2016: 3,674k).

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 2017 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 (2016: DKK 30,000k) 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 874k (2016: DKK 824k).

The Entity's bank has provided payment guarantees in respect of suppliers at a total amount of DKK 0k (2016: DKK 1,500k).

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 5,620k (2016: DKK 6,520k).

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 260k (31st December 2016: EUR 160k). Bank loans in Kim Johansen Transport SRL amount to EUR 220 (31st December 2016: EUR 143k).

The entity has provided guarantee for payment on operating and financial lease agreements in subsidiaries. The carrying amount of financial lease debt in subsidiaries is EUR 751k (31st December 2016: EUR 0k). Annual payments for operating leases in subsidiaries (in 2018 amounts) are EUR 132k.

Notes

19. Transactions with related parties

Transaction type:	Related parties:	2017 DKK'000
Sales recognised in production costs	Kim Johansen Transport SAS, Kim Johansen Transport OÜ, Kim Johansen Transport SRL and Kim Johansen Poland SP. Z.o.o.	185.538
Purchases recognised in production costs	Kim Johansen Transport SAS, Kim Johansen Transport OÜ, Kim Johansen Transport SRL, Kim Johansen Poland SP. Z.o.o., Kim Johansen International Transport AS and Kim Johansen International Transport GmbH	(295.134)
Sales recognised in administrative costs	Kim Johansen Transport SAS, Kim Johansen Transport OÜ, Kim Johansen Transport SRL, Kim Johansen Poland SP. Z.o.o., Kim Johansen International Transport GmbH and Kim Johansen Ejendomme ApS	11.148
Purchases recognised in administrative costs	Kim Johansen Transport SAS, Kim Johansen Transport OÜ, Kim Johansen Poland SP. Z.o.o., and Kim Johansen International Transport AS	(16.120)
Other operating income	Kim Johansen Transport OÜ, Kim Johansen Poland SP. Z.o.o.	3.341
Other financial income	Kim Johansen Ejendomme ApS and Kim Johansen International Transport GmbH	900
Other financial expenses	Kim Johansen Transport SAS, Kim Johansen International Transport AS, Kim Johansen Transport OÜ, Kim Johansen Transport SRL and Kim Johansen Holding A/S	(967)
Receivables	Kim Johansen Ejendomme ApS, Kim Johansen International Transport GmbH and Kim Johansen Poland SP. Z.o.o.	15.643
Payables	Kim Johansen Transport SAS, Kim Johansen International Transport AS, Kim Johansen Transport OÜ, Kim Johansen Transport SRL and Kim Johansen Holding A/S	(20.034)

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.

Non-comparability

Historically, including last year, the Entity has presented all intra-group balances under current assets respectively current liabilities other than provisions. As intra-group balances typically are treated as financing activities and not operating activities, intra-group balances are in the 2017 Financial Statements presented as respectively non-current assets and non-current liabilities other than provisions. As the intra-group balances per 31.12.2016 have not been offset in the Financial Year 2017, comparison figures have been reclassified to give a similar understanding of the intra-group balances.

The changes to comparison figures have resulted in change of result of DKK 0k, total assets of DKK 0k and total equity of DKK 0k between the comparison figures and the annual report of 2016.

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.

Accounting policies

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. 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.

Accounting policies

Other operating income

Other operating income comprises income from operational lease agreements with group enterprises in which the Entity serves as the lessor.

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.

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

Accounting policies

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.

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.

Receivables

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

Other investments

Other investments comprise unlisted equity investments measured at cost. Unlisted equity investments are written down to any lower net realisable value.

Accounting policies

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.

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.

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.