BEIERHOLM
VI SKABER BALANCE

Kim Johansen Holding A/S

Agenavej 11, 2670 Greve

CVR no. 25 45 43 67

Annual report for 2018

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 01.05.19

Niels Gade
Dirigent

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Group information etc.

The company

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2670 Greve
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Website: www.kim-johansen.com
E-mail: kjit@kim-johansen.com
Registered office: Greve
CVR no.: 25 45 43 67
Financial year: 01.01 - 31.12

Executive Board

CEO Kim Leidersdorff Johansen

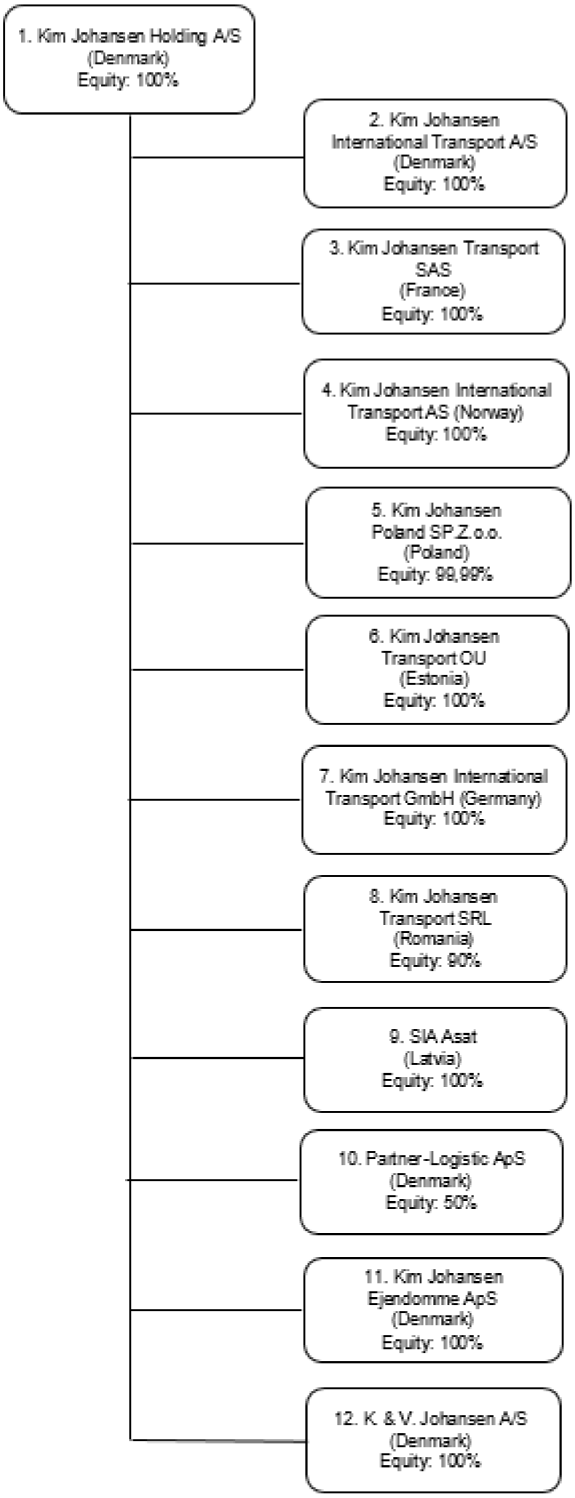
Board Of Directors

Niels Gade, chairman
CEO Kim Leidersdorff Johansen
Marylene Josette Sylvie Haigron

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Group chart


1. Kim Johansen Holding A/S (Denmark) Equity: 100%
2. Kim Johansen International Transport A/S (Denmark) Equity: 100%
3. Kim Johansen Transport SAS (France) Equity: 100%
4. Kim Johansen International Transport AS (Norway) Equity: 100%
5. Kim Johansen Poland SP.Z.o.o. (Poland) Equity: 99,99%
6. Kim Johansen Transport OU (Estonia) Equity: 100%
7. Kim Johansen International Transport GmbH (Germany) Equity: 100%
8. Kim Johansen Transport SRL (Romania) Equity: 90%
9. SIA Asat (Latvia) Equity: 100%
10. Partner-Logistic ApS (Denmark) Equity: 50%
11. Kim Johansen Ejendomme ApS (Denmark) Equity: 100%
12. K. & V. Johansen A/S (Denmark) Equity: 100%

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.18 - 31.12.18 for Kim Johansen Holding A/S.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabs-loven).

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.18 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.18 - 31.12.18.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Greve, May 1, 2019

Executive Board

Kim Leidersdorff Johansen
CEO

Board Of Directors

Niels Gade Chairman	Kim Leidersdorff Johansen CEO	Marylene Josette Sylvie Haigron

To the Shareholder of Kim Johansen Holding A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of Kim Johansen Holding A/S for the financial year 01.01.18 - 31.12.18, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven)

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.18 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.18 - 31.12.18 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

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 “Auditor’s responsibilities for the audit of the consolidated financial statements and parent company financial statements” section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing 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 in preparing the consolidated financial statements and parent company financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 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 parent company 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company 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 company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company 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 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 parent company 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and per-formance of the group audit. We remain solely responsible for our audit opinion.

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

Statement regarding the management's review

Management is responsible for management's review.

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

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

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

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

Slagelse, May 1, 2019

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jens Jørgen Bay Simonsen

State Authorized Public Accountant
MNE-no. mne11503

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2018	2017	2016	2015	2014
Profit/loss					
Revenue	495,916	471,185	464,250	476,494	559,870
Index	89	84	83	85	100
Gross profit	43,696	46,519	47,017	41,671	62,380
Index	70	75	75	67	100
Operating profit/loss	3,958	10,933	9,140	5,233	9,446
Index	42	116	97	55	100
Total net financials	-2,230	-4,681	-5,490	-8,004	-8,930
Index	25	52	61	90	100
Profit/loss for the year	653	4,435	2,392	-3,101	503
Index	130	882	476	-617	100
Balance					
Total assets	249,999	250,797	226,312	252,757	284,868
Index	88	88	79	89	100
Investments in property, plant and equipment	21,242	41,893	1,767	21,221	22,040
Index	96	190	8	96	100
Equity	37,816	36,955	30,146	27,891	31,049
Index	122	119	97	90	100
Invested capital including goodwill	148,159	152,443	153,112	183,888	188,657
Index	79	81	81	97	100
Interest-bearing debt	107,379	111,379	100,645	125,014	131,764
Index	81	85	76	95	100

Ratios

	2018	2017	2016	2015	2014
Profitability					
Return on equity	1,7%	13,2%	8,2%	-10,5%	1,6%
Gross margin	8,8%	9,9%	10,1%	8,7%	11,1%
Return on invested capital	7,2%	6,0%	3,1%	5,0%	4,3%
Profit margin	0,9%	0,5%	-0,7%	0,1%	1,7%
Net-margin (%)	0,1%	0,9%	0,5%	-0,7%	0,0%
Equity ratio					
Equity interest	15,1%	14,7%	13,3%	11,0%	10,9%
Others					
Number of employees (average)	708	651	594	626	746

Return on equity:	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result x 100}}{\text{Revenue}}$
Return on invested capital:	$\frac{\text{EBITA x 100}}{\text{Avg. invested capital excl. goodwill}}$
EBITA:	Operating profit plus amortisation and im-pairment losses on intangible assets.
Invested capital excl. goodwill:	Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.
Profit margin:	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Equity interest:	$\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$
Financial gearing	$\frac{\text{Interest bearing debt, net}}{\text{Equity, end of year}}$

The ratios have been computed in accordance with the recommendations of the Danish Society of Financial Analysts (Den Danske Finansanalytikerforening).

Primary activities

We provide time sensitive and efficient transport solutions with respect for the environment and road safety. We are striving for a market leading position within air cargo trucking in Europe while also strengthening our position within time sensitive transport solutions.

Development in activities and financial affairs

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. To counter this market situation, we have continued a high level of cost focus and efficiency improvements.

The income statement for the period 01.01.18 - 31.12.18 shows a profit/loss of DKK'000 653 against DKK'000 4,435 for the period 01.01.17 - 31.12.17. The balance sheet shows equity of DKK'000 37,816.

The earnings expectations for the financial year 2018, as outlined in the annual report for 2017 were an improved profit before tax compared to 2017.

The actual result before tax is DKK'000 4,524 lower than 2017, which - besides the normal challenges within the market conditions - can be assigned to the Group's investment in projects within development of employees and compliance and the renovation and sale of properties.

In 2018, an ongoing tax matter has been settled without impact on the result due to the provisions made previous years but with negative impact on the cash flow.

The activity level for 2018 has slightly increased compared to the previous three years. At the end of 2018, a minor acquisition has been made to start up a growth strategy.

In this perspective, the overall financial performance for the year is considered acceptable by Management.

Outlook

Based on our continuous process for adapting to the market situation and our growth strategy, Management expects a higher activity level and improved financial performance for 2019.

Special risks

Currency risks

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

Further, the Group is not considered particularly exposed to financial risks as most of its revenue, purchases and funding is in Danish kroner or Euro. A part of the cost is paid in Zloty (PLN) and Lei (RON).

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

Corporate social responsibility

CSR Policies

We have formalized our CSR policies and reports in following categories: Environment and Climate, Staff Conditions, Labor and Human Rights, Anti-corruption practices and Business Ethics and Diversity. On our website www.kim-johansen.com we publish a more detailed CSR Report annually to summarize our activities, performance and to review and set goals for the coming years. The report for 2017 was published in July, 2018. The report for 2018 is scheduled to be published in June, 2019. For any further information we refer to these reports.

Environment and Climate

Our environmental policies are directed towards internal and external stakeholders. The external policies are based on a choice of reliable business partners and suppliers, and the intention of our internal policies are to secure that knowledge, skills and resources are provided to our employees for a successful environmental performance.

Daily we depend on use of fuel, oil, tires and equipment, which are contributors to climate change. To minimize the effect, we work closely with our suppliers to certify the right technical solutions. During the year we have invested in 145 new trucks and by the year end the average age of trucks in our fleet was 1,5 years - where 99% of our fleet was EURO6 compliable.

To minimize fuel consumption, we have an ongoing Eco-Driving project which includes control of unnecessary idling and analysis of individual driving styles. During 2018, all our drivers have received personalized Eco-Driving scores and were involved in a competition for becoming the best Eco-Driver of the Group. The Eco-Driving scores are made available monthly on our internal drivers' portal, and scores of our top performing drivers are published quarterly in the internal driver newspaper "Drive&News". Drivers are also offered to get an individual feedback and recommendations for adjustments to improve their Eco-Driving performance. In 2019 the Group will continue the Eco-Driving project.

Due to the young age of the fleet and continuous support of Eco-driving initiatives, since 2012 the CO2 count has been reduced by more than 14%. With a consideration to present technological development and limited access to information, e.g. weight of transported goods, goal has been set to maintain the current level of CO2 emission per hundred kilometers driven.

Besides the direct emission, our environmental policies also apply to waste. Agreements are made to recycle waste from workshop activities or to dispose of waste appropriately, when recycling is not possible. In 2018, in cooperation with SAS Cargo Group A/S we have conducted a life-cycle analysis of tires used at Kim Johansen International Transport Group. The purpose of the analysis is to determine the weaknesses and potential opportunities in a selection and utilization of tires and to learn about the life cycle of the tires. We use approximately 1800 tires annually and all the used tires are rethreaded or recycled when rethreading is not possible. By internal initiatives our aim is to reduce the amount of unrecycled waste from our workshops and offices in the future.

Staff Conditions, Labor and Human Rights

We are committed to respect human and labor rights in all activities and operations. All our employees are hired on a contractual basis and are entitled to social security benefits. An individual performance assessment is conducted at least once a year, where employees have an opportunity to express their concerns and opinions to their direct managers.

To ensure the safety in operations, all employees are required to use the provided safety equipment and to follow safety guidelines described in the driver and workshop manuals. All drivers are ADR and security trained. For many years the Group has provided training to all the unexperienced drivers to confirm that drivers have the necessary knowledge to work comfortably on their own. During the year, 198 drivers have received two weeks training. Only most experienced drivers have been offered to increase their qualifications to drive the long 25 m trucks.

Drowsy driving is believed to be one of the most common reasons for accidents, therefore drivers and our driver-planners are trained to understand the driving and resting rules. To offer proper conditions for rest, the Group has approximately 30 apartment-and hotel-hubs across Europe. When in a need of support, our 24/7 service desk is available to all employees. In 2018, 10 work related accidents involving drivers have been reported resulting in 525 days lost due to injury, of which none were fatal. Our aim is to prevent accidents from happening by verifying that drivers follow safety precautions and understand the driving and resting rules well.

The Group endorses a zero alcohol and drug policy - drivers are not allowed to possess, use or transport any alcohol beverages nor drugs while working or resting. Random alcohol checks are conducted by an external security company and our internal security manager. During the year, three contracts were terminated due to breach of alcohol policies. We will continue to conduct unannounced alcohol checks to certify that all drivers follow the policies.

French Agency EcoVadis has fifth time in a row evaluated us on parameters like: Environment, Labor Practices, Fair Business Practices and Sustainable procurement. The results showed that our score is higher or equal to the scores of 87% of other companies in the same industry also accessed by EcoVadis. In 2019, the goal is to sustain the current result.

Anti-corruption Practices and Business Ethics

We strive to ensure that no bribes are accepted nor offered and that no employees are engaged in theft, fraud and anti-competitive behavior. A breach of rules is taken seriously and when relevant reported to authorities. During 2018, 260 new drivers have been trained in business ethics, anti-competitive behavior and anti-bribery practices as a part of the introduction training.

Currently, drivers from 13 different countries are employed in the Group. The cultural diversity requires a lot of resources to guarantee that the values of the Group are understood despite the language and cultural barriers. We have offices in 6 countries, and to improve our internal and external communication and to handle the diverse cultural and national background, all administrative and workshop personnel took part in a communication training program conducted by TACK International A/S. The training resulted in exams for all the employees involved.

Regrettably, during the year three driver contracts were terminated due to unacceptable behaviour. To avoid similar situations in the future, we will continue to educate the employees in business ethics and communication. To highlight the importance of the topic, driver ethics will be addressed in our drivers newspaper "Drive&News".

Target figure for the underrepresented gender

Target figures for the Board of Directors

The gender ration for the Board of Diectors accounts for 1/3 women and 2/3 men, and the gender representation is thus regarded as balanced. The gender balance is expected to be maintained in future.

Income statement

Note		Group 2018 DKK '000	Group 2017 DKK '000	Parent 2018 DKK '000	Parent 2017 DKK '000
	Revenue	**495,916**	**471,185**	**0**	**0**
	Production costs	-452,220	-424,666	0	0
	Gross profit	**43,696**	**46,519**	**0**	**0**
	Administrative expenses	-41,344	-37,708	-54	-55
	Other operating income	3,917	4,100	0	0
	Other operating expenses	-2,311	-1,978	0	0
	Profit/loss before net financials	**3,958**	**10,933**	**-54**	**-55**
3	Income from equity investments in group enterprises	0	0	709	4,483
4	Financial income	722	111	90	98
5	Financial expenses	-2,952	-4,792	-82	-84
	Profit/loss before tax	**1,728**	**6,252**	**663**	**4,442**
	Tax on profit or loss for the year	-1,075	-1,817	-10	-7
	Profit/loss for the year	**653**	**4,435**	**653**	**4,435**

Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	709	4,483
Proposed dividend for the financial year	200	300	200	300
Retained earnings	453	4,135	-256	-348
Total	**653**	**4,435**	**653**	**4,435**

Balance sheet

ASSETS

Note		Group 31.12.18 DKK '000	Group 31.12.17 DKK '000	Parent 31.12.18 DKK '000	Parent 31.12.17 DKK '000
	Goodwill	1,268	0	0	0
	Development projects in progress	589	0	0	0
7	**Total intangible assets**	**1,857**	**0**	**0**	**0**
	Land and buildings	42,183	54,186	0	0
	Leasehold improvements	454	578	0	0
	Plant and machinery	80,910	87,446	0	0
	Other fixtures and fittings, tools and equipment	2,548	1,909	0	0
8	**Total property, plant and equipment**	**126,095**	**144,119**	**0**	**0**
9	Equity investments in group enterprises	0	0	37,110	36,190
10	Receivables from group enterprises	0	0	674	1,842
9	Equity investments in associates	63	63	0	0
9	Other investments	815	103	0	0
10	Deposits	1,190	3,117	0	0
10	Other receivables	8	0	0	0
	Total investments	**2,076**	**3,283**	**37,784**	**38,032**
	Total non-current assets	**130,028**	**147,402**	**37,784**	**38,032**
	Raw materials and consumables	2,685	2,906	0	0
	Total inventories	**2,685**	**2,906**	**0**	**0**
	Trade receivables	74,727	74,401	0	0
14	Deferred tax asset	0	0	81	101
	Other receivables	20,126	8,953	0	0
11	Prepayments	7,849	8,597	0	0
	Total receivables	**102,702**	**91,951**	**81**	**101**
12	**Cash**	**14,584**	**8,538**	**0**	**0**
	Total current assets	**119,971**	**103,395**	**81**	**101**
	Total assets	**249,999**	**250,797**	**37,865**	**38,133**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		31.12.18 DKK '000	31.12.17 DKK '000	31.12.18 DKK '000	31.12.17 DKK '000
13	Share capital	6,000	6,000	6,000	6,000
	Revaluation reserve	1,610	3,824	0	0
	Reserve for net revaluation according to the equity method	0	0	29,576	28,856
	Retained earnings	30,006	26,829	2,040	1,796
	Proposed dividend for the financial year	200	300	200	300
	Total equity	**37,816**	**36,953**	**37,816**	**36,952**
14	Provisions for deferred tax	11,647	11,473	0	0
	Total provisions	**11,647**	**11,473**	**0**	**0**
15	Mortgage debt	15,843	26,439	0	0
15	Lease commitments	35,063	37,837	0	0
	Total long-term payables	**50,906**	**64,276**	**0**	**0**
15	Short-term portion of long-term payables	28,333	30,728	0	0
	Payables to other credit institutions	25,049	7,833	0	0
	Trade payables	76,055	69,903	0	0
	Payables to group enterprises	0	0	0	1,134
	Payables to associates	3,280	9,375	0	0
	Income taxes	528	504	0	0
	Other payables	16,385	19,752	49	47
	Total short-term payables	**149,630**	**138,095**	**49**	**1,181**
	Total payables	**200,536**	**202,371**	**49**	**1,181**
	Total equity and liabilities	**249,999**	**250,797**	**37,865**	**38,133**

16 Contingent liabilities
17 Charges and security
18 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Total equity
Group:						
Statement of changes in equity for 01.01.18 - 31.12.18						
Balance as at 01.01.18	6,000	3,824	0	26,829	300	36,953
Foreign currency translation adjustment of foreign enterprises	0	0	0	-84	0	-84
Dissolution of revaluations in respect of previous years	0	-2,109	0	2,109	0	0
Depreciation and amortisation during the year	0	-46	0	0	0	-46
Total depreciation, amortisation, impairment losses and write-downs during the year	0	0	0	46	0	46
Dividend paid	0	0	0	0	-300	-300
Other changes in equity	0	-69	0	68	0	-1
Tax on changes in equity	0	10	0	585	0	595
Net profit/loss for the year	0	0	0	453	200	653
Balance as at 31.12.18	6,000	1,610	0	30,006	200	37,816
Parent:						
Statement of changes in equity for 01.01.18 - 31.12.18						
Balance as at 01.01.18	6,000	0	28,856	1,796	300	36,952
Foreign currency translation adjustment of foreign enterprises	0	0	-84	0	0	-84
Dividend paid	0	0	0	0	-300	-300
Tax on changes in equity	0	0	595	0	0	595
Transfers to/from other reserves	0	0	-500	500	0	0
Net profit/loss for the year	0	0	709	-256	200	653
Balance as at 31.12.18	6,000	0	29,576	2,040	200	37,816

Consolidated cash flow statement

Note		Group 2018 DKK '000	Group 2017 DKK '000
	Net profit/loss for the year	**653**	**4,435**
19	Adjustments	28,273	27,346
	Change in working capital:		
	Inventories	220	354
	Receivables	-10,751	-2,659
	Trade payables	-3,310	8,147
	Cash flows from operating activities before net financials	**15,085**	**37,623**
	Interest income and similar income received	500	111
	Interest expenses and similar expenses paid	-2,952	-4,792
	Income tax paid	-399	-315
	Cash flows from operating activities	**12,234**	**32,627**
	Purchase of intangible assets	-589	0
	Purchase of property, plant and equipment	-20,684	-41,893
	Sale of property, plant and equipment	14,896	10,562
	Purchase of investments	-384	-511
	Disposal of investments	2,135	0
	Acquisition of enterprise	-1,435	0
	Cash flows from investing activities	**-6,061**	**-31,842**
	Dividend paid	-300	0
	Arrangement of credit institutions	18,083	42,314
	Repayment of credit institutions	-35,126	-28,413
	Cash flows from financing activities	**-17,343**	**13,901**
	Total cash flows for the year	**-11,170**	**14,686**
	Cash, beginning of year	8,538	2,515
	Short-term payables to credit institutions, beginning of year	-7,833	-16,496
	Cash, end of year	**-10,465**	**705**
	Cash, end of year, comprises:		
	Cash	14,584	8,538
	Short-term payables to credit institutions	-25,049	-7,833
	Total	**-10,465**	**705**

	Group		Parent	
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000

1. Employee aspects

Wages and salaries	116,106	103,924	0	0
Pensions	2,883	2,385	0	0
Other social security costs	12,178	14,140	0	0
Total	131,167	120,449	0	0
Average number of employees during the year	708	651	0	0

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	1,998	1,990	0	0

2. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	567	548	22	17
Other assurance engagements	61	66	0	0
Tax advice	442	90	9	7
Other services	403	301	15	12
Total	1,473	1,005	46	36

Beierholm (member of HLB International) serves as the auditor appointed by the general meeting for Kim Johansen International Transport A/S. Total fee to Beierholm comprises DKK 879k (2017: DKK 498k).

Fee to other auditors comprise fees to the appointed auditors for other group enterprises. Other auditors comprise the following companies:
- Deloitte
- Fideta Audit
- Avanta Audit
- HLB Expertus KLF (member of HLB International).
- SIA "Sandra Dzerele un Partneris" (member of HLB International)

	Group		Parent	
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000

3. Income from equity investments in group enterprises

Income from equity investments in group enterprises	0	0	709	4,483

4. Financial income

Interest, group enterprises	0	0	90	98
Other financial income	722	111	0	0
Total	722	111	90	98

5. Financial expenses

Interest, group enterprises	0	0	82	84
Other financial expenses	2,952	4,792	0	0
Total	2,952	4,792	82	84

6. Distribution of net profit

Reserve for net revaluation according to the equity method	0	0	709	4,483
Proposed dividend for the financial year	200	300	200	300
Retained earnings	453	4,135	-256	-348
Total	653	4,435	653	4,435

7. Intangible assets

Figures in DKK '000	Goodwill	Development projects in progress
Group:		
Additions during the year	1,335	589
Cost as at 31.12.18	1,335	589
Amortisation during the year	-67	0
Amortisation and impairment losses as at 31.12.18	-67	0
Carrying amount as at 31.12.18	1,268	589

Development projects in progress comprise the development of new internal ERP-systems and automation of processes.

The capitalized costs comprise internal hours and external costs.

Development projects in progress are expected to be completed within 1 year of the balance sheet date. The company deems that there are sufficient internal ressources to complete the projects. It is Management's assessment that there are no impairment indications regarding development projects in progrees.

8. Property, plant and equipment

Figures in DKK '000	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:				
Cost as at 01.01.18	61,798	1,940	187,095	20,644
Additions relating to mergers and acquisition of enterprises	0	0	3,011	0
Additions during the year	1,082	94	18,402	1,077
Disposals during the year	-14,209	-43	-19,475	-268
Transfers during the year to/from other items	0	0	731	0
Cost as at 31.12.18	48,671	1,991	189,764	21,453
Revaluations as at 01.01.18	4,903	0	0	0
Reversal of revaluations of disposed assets	-2,704	0	0	0
Revaluations as at 31.12.18	2,199	0	0	0
Depreciation and impairment losses as at 01.01.18	-12,515	-1,325	-99,647	-18,751
Additions relating to mergers and acquisition of enterprises	0	0	-1,588	0
Foreign currency translation adjustment of foreign enterprises	0	0	-267	0
Depreciation during the year	-1,146	-212	-23,633	-394
Reversal of depreciation of and impairment losses on disposed assets	4,974	0	16,938	240
Transfers during the year to/from other items	0	0	-657	0
Depreciation and impairment losses as at 31.12.18	-8,687	-1,537	-108,854	-18,905
Carrying amount as at 31.12.18	42,183	454	80,910	2,548
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.12.18	40,118	0	0	0
Interest expenses included in cost as at 31.12.18	2,810	0	0	0
Carrying amount of assets held under finance leases as at 31.12.18	0	0	79,380	2,124

9. Investments

Figures in DKK '000	Equity investments in group enterprises	Equity investments in associates	Other investments
Group			
Cost as at 01.01.18	0	63	103
Cost as at 31.12.18	0	63	103
Revaluations during the year	0	0	712
Revaluations as at 31.12.18	0	0	712
Carrying amount as at 31.12.18	0	63	815
Goodwill on initial recognition of equity investments measured at equity value	0	0	0
Parent:			
Cost as at 01.01.18	7,534	0	0
Cost as at 31.12.18	7,534	0	0
Revaluations as at 01.01.18	28,656	0	0
Foreign currency translation adjustment of foreign enterprises	-84	0	0
Net profit/loss from equity investments	709	0	0
Dividend relating to equity investments	-300	0	0
Other adjustments relating to equity investments	595	0	0
Revaluations as at 31.12.18	29,576	0	0
Carrying amount as at 31.12.18	37,110	0	0

9. Investments - continued -

Name and Registered office:	Ownership interest	Equity	Net profit/loss for the year	Recognised value
Group enterprises:				
Kim Johansen International Transport A/S, Greve	100%	29,605	1,281	29,605
Kim Johansen Transport SAS, France	100%	7,037	955	9,282
Kim Johansen International Transport AS, Norway	100%	2,665	313	2,807
Kim Johansen Transport OÜ, Estonia	100%	6,997	188	6,981
Kim Johansen Poland Sp. Z.o.o, Poland	100%	2,524	618	2,511
Kim Johansen Transport SRL, Romania	90%	-741	44	-615
Kim Johansen Ejendomme ApS, Greve	100%	7,513	-572	7,513
K. & V. Johansen A/S, Greve	100%	2,511	183	2,511
Kim Johansen International Transport GmbH, Germany	100%	119	34	118
SIA ASAT, Latvia	100%	-92	-192	1,176
Associates				
Partner-Logistic ApS, Glostrup	50%	132	2	63

Other investments comprise shares of OK A.m.b.a. The fair value of shares in OK A.m.b.a. is determined as the amount on the shareholder account calculated in accordance with OK A.m.b.a.'s articles of association.

10. Receivables

Figures in DKK '000	Receivables from group enterprises	Deposits	Other receivables
Group:			
Cost as at 01.01.18	0	3,117	0
Additions relating to mergers and acquisition of enterprises	0	0	8
Additions during the year	0	384	0
Disposals during the year	0	-2,311	0
Cost as at 31.12.18	0	1,190	8
Parent			
Cost as at 01.01.18	1,842	0	0
Disposals during the year	-1,168	0	0
Cost as at 31.12.18	674	0	0

	Group		Parent	
	31.12.18 DKK '000	31.12.17 DKK '000	31.12.18 DKK '000	31.12.17 DKK '000
11. Prepayments				
Other prepayments	7,849	8,597	0	0

12. Cash

Cash includes bank deposits of DKK 12,339k, which are deposited in relation to the sale of two properties. The amount will be released in 2019.

13. Share capital

The share capital consists of:

	Number of shares	Nominal value DKK'000
Ordinary shares	6,000	6,000

14. Deferred tax

Deferred tax as at 01.01.18	11,473	9,699	-101	-108
Deferred tax recognised in the income statement	779	1,774	20	7
Deferred tax recognised in equity	-605	0	0	0
Deferred tax as at 31.12.18	11,647	11,473	-81	-101

Deferred tax comprises:

Deferred tax asset	0	0	-81	-101
Deferred tax liability	11,647	11,473	0	0
Total	11,647	11,473	-81	-101

Deferred tax comprises:

Intangible assets	130	0	0	0
Property, plant and equipment	9,714	10,054	0	0
Inventories	345	369	0	0
Liabilities	2,317	2,421	0	0
Tax losses	-859	-1,371	-81	-101
Total	11,647	11,473	-81	-101

The parent company has recognised a deferred tax asset of DKK 81k, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

15. Longterm payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.18	Total payables at 31.12.17
Group:				
Mortgage debt	11,169	8,932	27,012	28,597
Payables to other credit institutions	0	0	0	5,603
Lease commitments	17,164	1,370	52,227	60,804
Total	28,333	10,302	79,239	95,004

16. Contingent liabilities

Group:

Lease commitments

The Group has entered operating lease agreements on trucks, trailers and operating plant etc. for the years 2019-2022. Annual payments for operating leases (2019 amounts) are DKK 27,498k (2017: DKK 26,286k).

The Group has entered other lease and contractual agreements regarding rental of office and workshop premises as well as parking areas, etc. with terms to maturity of 12-48 months. Annual payments for these operating lease agreements / contractual obligations (2019 amounts) are DKK 11,647k (2017: DKK 10,572k).

Parent:

Recourse guarantee commitments

The company has provided an unlimited absolute guarantee for debt to credit institutions raised by the group enterprise, Kim Johansen International Transport A/S. The group enterprise's debt to the credit institutions concerned amounts to DKK 22,724k at the balance sheet date (2017: DKK 6,024k).

The company has provided an unlimited absolute guarantee for debt to credit institutions raised by the group enterprise, Kim Johansen Ejendomme Aps. The group enterprise's debt to the credit institutions concerned amounts to DKK 0k at the balance sheet date (2017: DKK 5,620k).

Guarantee commitments

The company has provided a payment guarantee on operating and financial leases on plant and machinery in Kim Johansen International Transport A/S. Annual payments for operating leases (2019 amounts) are DKK 631k (2017: DKK 2,826k). The included lease commitment is DKK 21,196k as at 31st December 2018 (DKK 28,765k as at 31st December 2017) and the carrying amount of the included plant and machinery is DKK 25,567k as at 31st December 2018 (DKK 34,518k as at 31st December 2017).

The company is taxed jointly with the other companies in the group, where the company serves as the administration company. As such, the company has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

17. Charges and security

Group:

Land and buildings with a carrying amount of DKK 39,428k have been provided as security for mortgage debt of DKK 27,012k.

The Group has issued mortgage deeds registered to the mortgagor on land and buildings of DKK 16,600k nominal (2017: DKK 16,600k). The mortgage deeds registered to the mortgagor are provided as security for debt to credit institutions.

The Group has issued mortgage deeds registered to the mortgagor secured upon plant and machinery. The mortgage deeds registered to the mortgagor are provided as security for debt to credit institutions and for financial leasing liabilities.

The Group has provided a company charge of DKK 30,000k (2017: DKK 30,000k) as security for debt to credit institutions. As at 31.12.18, the company charge comprises intangible property rights, property plant and equipment, invenvories and trade receivables.

Furthermore, debt to credit institutions has been 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 936k (2017: DKK874k).

Parent:

The company has not provided any other security over assets.

18. Related parties

Controlling influence:	Basis of influence
Kim Leidersdorff Johansen, 12 Rue Saint-Etienne, F-60300 Senlis, France	Principal shareholder, owns 100% of the shares

Related party transactions are not disclosed, as all transactions are entered into the ordinary course of business at arms' length.

Remuneration for Management is specified in note 1. Employee aspects.

	Group	
	2018 DKK '000	2017 DKK '000
19. Adjustments for the cash flow statement		
Depreciation, amortisation, impairment losses and write-downs	24,968	20,848
Financial income	-721	-111
Financial expenses	2,951	4,792
Tax on profit or loss for the year	1,075	1,817
Total	28,273	27,346

20. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds equity investments, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the

20. Accounting policies - continued -

date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Newly acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

The tax effect of any reassessments made is recognised.

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the subsidiaries' net assets at the date of the establishment of the group relationship.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets. Goodwill is amortised using the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 5 years in consideration of the expected future net earnings of the enterprise to which goodwill relates. Goodwill from acquired enterprises is adjusted until the end of the year after the year in which the acquisition took place.

Gains or losses on the divestment of subsidiaries are determined as the difference between the divestment consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of foreign subsidiaries and associates which are independent entities, the income

20. Accounting policies - continued -

statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity.

Translation adjustments of intercompany balances with independent foreign subsidiaries and associates, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

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

INCOME STATEMENT

Revenue

Income 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 measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including operation of trucks, drivers' wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

20. Accounting policies - continued -

Other operating income

Other operating income comprises income of a secondary nature in relation to the Group's activities, including reinvoicing of production costs, as well as income from rental agreements with subsidiaries and other external rental agreements.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Goodwill	5	0
Buildings	50	0
Leasehold improvements	7	0
Plant and machinery	3-10	0-15
Other plant, fixtures and fittings, tools and equipment	3-20	0-15

Goodwill is amortised over 5 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs relating to generating other operating income.

20. Accounting policies - continued -

Income from equity investments in group entreprises and associates

For equity investments in associates and in the parent also equity investments in subsidiaries that are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For associates, only the proportionate share of intercompany gains and losses is eliminated

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

Income from equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

20. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

20. Accounting policies - continued -

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the ‘Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises and associates

Associates are recognised and measured in the consolidated balance sheet according to the equity method, meaning that equity investments are measured at the proportionate share of the enterprises’ equity value, determined according to the group’s accounting policies, adjusted for the remaining value of positive or negative goodwill and the proportionate share of intercompany gains and losses.

Equity investments in associates are measured in the balance sheet of the parent at cost less any impairment losses.

Equity investments in subsidiaries are measured in the balance sheet of the parent according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises’ equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

Equity investments in subsidiaries and associates with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised only to the extent that the parent company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Accounting policies for the acquisition of new enterprises are stated in the ‘Business combinations’ section. This section comprises acquisitions of subsidiaries and existing enterprises (activities) whereby control of another enterprise is obtained. Accounting policies for the acquisition of equity investments in associates are subject to the same accounting policies as for business combinations, see the description in the 'Business combinations' section.

20. Accounting policies - continued -

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in associates exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

Inventories

Inventories, comprising fuel, tyres and spareparts, are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

20. Accounting policies - continued -

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Other investments

Other equity investments are measured at fair value in the balance sheet. Refer to note 9 for a description of how fair value is measured for other investments.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Revaluation reserve comprises in the financial statements of the parent revaluation of at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation and amortisation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

The net revaluation of equity investments in subsidiaries is recognised in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer associated with the operations of the enterprise, and the remaining amount will be transferred to retained earnings. In accordance with act no. 738 amending the Danish Financial Statements Act of 1 June 2015, development costs will initially be recognised in the reserve, with initial recognition in the

20. Accounting policies - continued -

balance sheet from 1 January 2016.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management’s intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

20. Accounting policies - continued -

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.