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Kim Johansen Holding A/S

Geminivej 10
2670 Greve
Central Business Registration No 25454367

Annual report 2017

The Annual General Meeting adopted the annual report on 18.05.2018

Chairman of the General Meeting

Name: Niels Gade

Contents

Entity details

Entity
Kim Johansen Holding A/S
Geminivej 10
2670 Greve

Central Business Registration No: 25454367
Registered in: Greve
Financial year: 01.01.2017 - 31.12.2017

Phone: +4543959300
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Website: www.kim-johansen.dk
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Board of Directors
Niels Gade, chairman
Kim Leidersdorff Johansen, ceo
Marylene Josette Sylvie Haigron

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 Holding 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 and cash flows 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

Niels Gade	Kim Leidersdorff Johansen	Marylene Josette Sylvie Haigron
chairman	ceo	

Independent auditor's report

To the shareholders of Kim Johansen Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Kim Johansen Holding 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows 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 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 the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity 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 the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Revenue	471.185	464.250	476.494	559.870	593.546
Gross profit/loss	47.609	47.018	41.671	62.379	69.522
Operating profit/loss	10.933	9.140	5.233	9.446	9.165
Net financials	(4.681)	(5.490)	(8.004)	(8.930)	(8.903)
Profit/loss for the year	4.435	2.392	(3.101)	503	41
Total assets	250.797	226.312	252.751	284.887	322.948
Investments in property, plant and equipment	41.893	1.767	21.221	22.041	30.119
Equity	36.953	30.146	27.890	31.048	30.952
Average invested capital incl goodwill	152.443	153.112	183.888	188.657	213.988
Interest bearing debt, net	111.379	100.645	125.014	131.762	165.698
Ratios					
Gross margin (%)	10,1	10,1	8,7	11,1	11,7
Net margin (%)	0,9	0,5	(0,7)	0,1	0,0
Return on invested capital incl goodwill (%)	7,2	6,0	3,1	5,0	4,3
Revenue invested capital incl goodwill	3,1	3,0	2,9	3,0	2,8
Financial gearing (%)	3,0	3,3	4,5	4,2	5,4
Return on equity (%)	13,2	8,2	(10,5)	1,6	0,1
Equity ratio (%)	14,7	13,3	11,0	10,9	9,6
EBITA-margin (%)	2,3	2,0	1,1	1,7	1,5

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 (%)	Gross profit/loss x 100 / Revenue	The entity's operating gearing.
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
Return on invested capital incl goodwill (%)	EBITA x 100 / Average invested capital incl goodwill	The return generated by the entity on the investors' funds.
Revenue/Invested capital incl goodwill	Revenue / Average invested capital incl goodwill	Turnover rate of capital employed by the entity.
Financial gearing	Interest bearing debt, net / Equity	The entity's financial gearing.
Return on equity (%)	Profit/loss for the year x 100 / Average equity	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity x 100 / Total assets	The financial strength of the entity.
EBITA-margin (%)	EBITA x 100 / Revenue	Operational profitability of the Entity

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

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

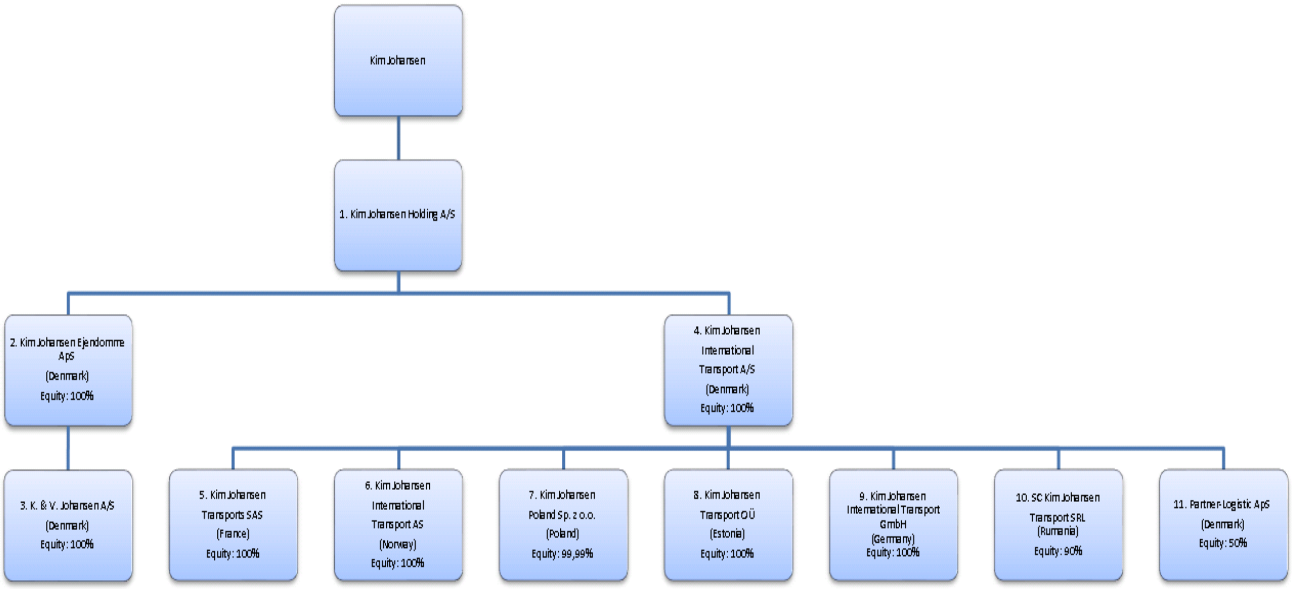
Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital. Net interest-bearing debt is defined as interest-bearing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

Management commentary

Primary activities

The Group's activity is to provide transport services and solutions to customers in Europe. The Group 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 Group is the Scandinavian market leader of this segment.

Group Chart



Development in activities and finances

Profit before tax for the year totals DKK 6,252k and profit after tax totals DKK 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.

In this process, a part of the land and buildings of the Group has been sold and another part is being rented out and/or is for sale. Due to this process a revaluation of the values has been made at December 31st 2017. The overall financial impact of this is a net profit after tax of DKK 0,900k and a positive revaluation directly on the equity of DKK 2,397k.

Management commentary

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

Outlook

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

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

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

CSR reporting

CSR Policies

Since 2012 the Group 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 Group does not own any warehousing or re-packing facilities; therefore, the largest environmental impactor is emission from the transportation activity.

Since 2012 the Group 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.

Management commentary

To lower the emission levels of heat trapping gasses, during 2017 the Group 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 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 continuality of the project in 2018. All eco-driving scores of our drivers are available for them on the intranet.

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 Group 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 compliable and the average age of trucks did not exceed three years. During 2017 89 new EURO6 trucks have been added to the fleet. The Group 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 compliable.

Staff Conditions, Labor and Human Rights

The Group 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 Group 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 Group 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 Group has decided to continue offering the traineeship program at the current level.

The Group 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 Group 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 Group strives to ensure that no bribes are accepted or offered, and no employees are engaged in theft, fraud and anti-competitive behavior.

Diversity
The gender ratio for the Board of Directors accounts for 30/60 women and men accordingly. This ratio was established during 2017 by a replacement of one member. The future goal is to maintain this level.

Management commentary

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 group, 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.

Consolidated income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue	1	471.185	464.250
Production costs	3, 4	(423.576)	(417.232)
Gross profit/loss		**47.609**	**47.018**
Administrative costs	2	(38.702)	(40.433)
Other operating income		2.207	2.600
Other operating expenses		(181)	(45)
Operating profit/loss		**10.933**	**9.140**
Other financial income		111	77
Other financial expenses		(4.792)	(5.567)
Profit/loss before tax		**6.252**	**3.650**
Tax on profit/loss for the year	5	(1.817)	(1.258)
Profit/loss for the year	6	**4.435**	**2.392**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Land and buildings		54.186	57.308
Plant and machinery		87.446	70.435
Other fixtures and fittings, tools and equipment		1.909	2.200
Leasehold improvements		578	711
Property, plant and equipment	7	**144.119**	**130.654**
Investments in associates		63	63
Other investments		103	0
Deposits		3.117	2.709
Fixed asset investments	8	**3.283**	**2.772**
Fixed assets		**147.402**	**133.426**
Raw materials and consumables		2.906	3.260
Inventories		**2.906**	**3.260**
Trade receivables		74.401	69.620
Other receivables		8.953	8.478
Prepayments		8.597	9.014
Receivables		**91.951**	**87.112**
Cash	10	**8.538**	**2.514**
Current assets		**103.395**	**92.886**
Assets		**250.797**	**226.312**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		6.000	6.000
Revaluation reserve		3.824	1.427
Retained earnings		26.829	22.719
Proposed dividend		300	0
Equity		**36.953**	**30.146**
Deferred tax	11	11.473	9.699
Provisions		**11.473**	**9.699**
Mortgage debts		26.444	28.602
Bank loans		5	5.961
Finance lease liabilities		37.833	24.327
Other payables		0	5.584
Non-current liabilities other than provisions	12	**64.282**	**64.474**
Current portion of long-term liabilities other than provisions	12	30.727	22.189
Bank loans		7.833	16.496
Trade payables		69.903	64.482
Payables to associates		9.375	3.478
Income tax payable		504	202
Other payables		19.747	15.146
Current liabilities other than provisions		**138.089**	**121.993**
Liabilities other than provisions		**202.371**	**186.467**
Equity and liabilities		**250.797**	**226.312**
Associates	9		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Mortgages and securities	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	6.000	1.427	22.719	0
Exchange rate adjustments	0	0	(25)	0
Revaluations for the year	0	2.397	0	0
Profit/loss for the year	0	0	4.135	300
Equity end of year	**6.000**	**3.824**	**26.829**	**300**

	Total DKK'000
Equity beginning of year	30.146
Exchange rate adjustments	(25)
Revaluations for the year	2.397
Profit/loss for the year	4.435
Equity end of year	**36.953**

Consolidated cash flow statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Operating profit/loss		10.933	9.140
Amortisation, depreciation and impairment losses		20.848	22.494
Working capital changes	13	5.843	(7.308)
Cash flow from ordinary operating activities		**37.624**	**24.326**
Financial income received		111	77
Financial income paid		(4.792)	(5.567)
Income taxes refunded/(paid)		(315)	(395)
Cash flows from operating activities		**32.628**	**18.441**
Acquisition etc of property, plant and equipment		(41.893)	(1.765)
Sale of property, plant and equipment		10.562	7.722
Acquisition of fixed asset investments		(511)	(28)
Cash flows from investing activities		**(31.842)**	**5.929**
Loans raised		42.314	623
Instalments on loans etc		(28.413)	(32.173)
Cash flows from financing activities		**13.901**	**(31.550)**
Increase/decrease in cash and cash equivalents		**14.687**	**(7.180)**
Cash and cash equivalents beginning of year		(13.982)	(6.802)
Cash and cash equivalents end of year		**705**	**(13.982)**
Cash and cash equivalents at year-end are composed of:			
Cash		8.538	2.514
Short-term debt to banks		(7.833)	(16.496)
Cash and cash equivalents end of year		**705**	**(13.982)**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
1. Revenue		
Danmark	172	370
Øvrige lande	471.013	463.880
	471.185	**464.250**

	2017 DKK'000	2016 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	548	624
Other assurance engagements	66	18
Tax services	90	123
Other services	301	161
	1.005	**926**

Fees to the auditors appointed by the Annual General Meeting are split on the following audit firms:

Deloitte:	2017 DKK'000
Statutory audit services	459
Other assurance engagements	66
Tax services	90
Other services	195
	810

Fideta Audit:	2017 DKK'000
Statutory audit services	89
Other assurance engagements	0
Tax services	0
Other services	49
	138

Avanta Audit:	2017 DKK'000
Statutory audit services	0
Other assurance engagements	0
Tax services	0
Other services	57
	57

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
3. Staff costs		
Wages and salaries	103.923	98.623
Pension costs	2.385	2.123
Other social security costs	14.077	13.883
	120.385	**114.629**
Average number of employees	**651**	**594**

	Remuneration of management 2017 DKK'000	Remuneration of management 2016 DKK'000
Total amount for management categories	1.990	1.916
	1.990	**1.916**

	2017 DKK'000	2016 DKK'000
4. Depreciation, amortisation and impairment losses		
Depreciation on property, plant and equipment	22.685	24.554
Impairment losses relating to property, plant and equipment	1.000	0
Profit/loss from sale of intangible assets and property, plant and equipment	(2.921)	(2.060)
	20.764	**22.494**

Total depreciation is recognized at DKK 19,995k of the Group's production costs (2016: DKK 20,084k) and DKK 769k in the Group's administrative expenses (2016: DKK 2,410k), respectively.

	2017 DKK'000	2016 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	755	314
Change in deferred tax for the year	1.082	947
Adjustment concerning previous years	(20)	(3)
	1.817	**1.258**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	300	0
Retained earnings	4.135	2.392
	4.435	**2.392**

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
7. Property, plant and equipment				
Cost beginning of year	65.823	159.826	21.418	1.820
Additions	0	41.522	285	86
Disposals	(4.025)	(14.281)	(203)	0
Cost end of year	**61.798**	**187.067**	**21.500**	**1.906**
Revaluations beginning of year	1.903	0	0	0
Revaluations for the year	3.000	0	0	0
Revaluations end of year	**4.903**	**0**	**0**	**0**
Depreciation and impairment losses beginning of the year	(10.418)	(89.391)	(19.218)	(1.109)
Impairment losses for the year	(1.000)	0	0	0
Depreciation for the year	(1.097)	(20.815)	(554)	(219)
Reversal regarding disposals	0	10.585	181	0
Depreciation and impairment losses end of the year	**(12.515)**	**(99.621)**	**(19.591)**	**(1.328)**
Carrying amount end of year	**54.186**	**87.446**	**1.909**	**578**
Carrying amount if asset had not been revalued	**58.519**	**-**	**-**	**-**
Financial expenses included in carrying amount	**2.880**	**-**	**-**	**-**
Recognised assets not owned by entity	**-**	**70.511**	**1.384**	**-**

Notes to consolidated financial statements

	Investments in associates DKK'000	Other investments DKK'000	Deposits DKK'000
8. Fixed asset investments			
Cost beginning of year	63	0	2.709
Additions	0	103	664
Disposals	0	0	(256)
Cost end of year	**63**	**103**	**3.117**
Carrying amount end of year	**63**	**103**	**3.117**

	Registered in	Equity inte-rest %
9. Associates		
Partner-Logistic ApS	Denmark	50,0

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

10. Cash and cash equivalents

Cash and cash equivalents include one escrow account with a carrying amount of DKK 5,700k with no right of disposal.

	2017 DKK'000	2016 DKK'000
11. Deferred tax		
Property, plant and equipment	10.054	9.028
Inventories	369	519
Receivables	1.298	1.759
Liabilities other than provisions	(101)	(64)
Tax losses carried forward	(1.371)	(2.716)
Other taxable temporary differences	1.224	1.173
	11.473	**9.699**
Changes during the year		
Beginning of year	9.699	
Recognised in the income statement	1.774	
End of year	**11.473**	

Notes to consolidated financial statements

12. Liabilities other than provisions	Instalments within 12 months 2017 DKK'000	Instalments within 12 months 2016 DKK'000	Instalments beyond 12 months 2017 DKK'000	Outstanding after 5 years DKK'000
Mortgage debts	2.157	2.113	26.444	17.436
Bank loans	5.763	877	5	0
Finance lease liabilities	22.635	19.176	37.833	0
Other payables	172	23	0	0
	30.727	**22.189**	**64.282**	**17.436**

13. Change in working capital	2017 DKK'000	2016 DKK'000
Increase/decrease in inventories	354	697
Increase/decrease in receivables	(2.659)	(7.546)
Increase/decrease in trade payables etc	8.148	(459)
Other changes	N/A	0
	5.843	**(7.308)**

14. 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 (31st December 2016: DKK: 24,101k).

Other annual lease commitments for office and parking are DKK 4,973k (31st December 2016: DKK 4,997k).

Other contractual obligations are DKK 1,728k (31st December 2016: 1,593k).

The Group has entered into other lease commitments of DKK 3,871k (31st December 2016: 3,674k).

15. Contingent liabilities

The Group is a part in an ongoing tax matter. Based on the Group's estimation, a provision has been recognized in the annual report at 31st December 2017, equivalent to the risk expected by the Group.

16. Mortgages and securities

Bank debt and 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 a deposited mortgage deed registered to the mortgagor on land & buildings of DKK 16,600k nominal (31st December 2016: 16,600k).

Notes to consolidated financial statements

The carrying amount of mortgaged properties is DKK 49,853k (31st December 2016: 55,932k).

Bank debt is secured by way of floating charge of nominal DKK 30,000k (31st December 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 100k shares in Kim Johansen Norge AS is DKK 874k (31st December 2016: DKK 824k)

The Group's bank has provided payment guarantees in respect of suppliers at a total amount of DKK 0k (31st December 2016: DKK 1,500k).

HSBC France has given a surety in relation with the lease of parking area and with payments for tunnels passing of total EUR 284k (31st December 2016: EUR 134k).

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK'000	Profit/loss DKK'000
17. Subsidiaries					
Kim Johansen International Transport A/S	Denmark	A/S	100,0	28.408	3.096
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	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 Ejendomme ApS	Denmark	ApS	100,0	7.791	1.388
K. & V. Johansen A/S	Denmark	A/S	100,0	2.627	337
Kim Johansen International Transport GmbH	Germany	GmbH	100,0	77	8

Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Administrative costs	1	(55)	(45)
Operating profit/loss		**(55)**	**(45)**
Income from investments in group enterprises		4.483	2.407
Other financial income	2	98	104
Other financial expenses	3	(84)	(78)
Profit/loss before tax		**4.442**	**2.388**
Tax on profit/loss for the year	4	(7)	4
Profit/loss for the year	5	**4.435**	**2.392**

Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Investments in group enterprises		36.190	29.535
Receivables from group enterprises		1.842	1.590
Fixed asset investments	6	**38.032**	**31.125**
Fixed assets		**38.032**	**31.125**
Deferred tax	7	101	108
Receivables		**101**	**108**
Current assets		**101**	**108**
Assets		**38.133**	**31.233**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital	8	6.000	6.000
Reserve for net revaluation according to the equity method		28.856	22.001
Retained earnings		1.796	2.144
Proposed dividend		300	0
Equity		**36.952**	**30.145**
Payables to group enterprises		1.134	1.050
Other payables		47	38
Current liabilities other than provisions		**1.181**	**1.088**
Liabilities other than provisions		**1.181**	**1.088**
Equity and liabilities		**38.133**	**31.233**
Contingent liabilities	9		
Mortgages and securities	10		
Related parties with controlling interest	11		

Parent 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	Proposed dividend DKK'000
Equity beginning of year	6.000	22.001	2.144	0
Exchange rate adjustments	0	(25)	0	0
Other equity postings	0	2.397	0	0
Profit/loss for the year	0	4.483	(348)	300
Equity end of year	**6.000**	**28.856**	**1.796**	**300**

	Total DKK'000
Equity beginning of year	30.145
Exchange rate adjustments	(25)
Other equity postings	2.397
Profit/loss for the year	4.435
Equity end of year	**36.952**

Notes to parent financial statements

1. Fees to the auditor appointed by the Annual General Meeting	2017 DKK'000	2016 DKK'000
Statutory audit services	22	17
Tax services	9	7
Other services	15	12
	46	**36**

2. Other financial income	2017 DKK'000	2016 DKK'000
Financial income arising from group enterprises	98	104
	98	**104**

3. Other financial expenses	2017 DKK'000	2016 DKK'000
Financial expenses from group enterprises	84	78
	84	**78**

4. Tax on profit/loss for the year	2017 DKK'000	2016 DKK'000
Change in deferred tax for the year	7	(4)
	7	**(4)**

5. Proposed distribution of profit/loss	2017 DKK'000	2016 DKK'000
Ordinary dividend for the financial year	300	0
Transferred to reserve for net revaluation according to the equity method	4.483	2.207
Retained earnings	(348)	185
	4.435	**2.392**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000
6. Fixed asset investments		
Cost beginning of year	7.534	1.590
Additions	0	252
Cost end of year	**7.534**	**1.842**
Revaluations beginning of year	22.001	0
Exchange rate adjustments	(25)	0
Share of profit/loss for the year	4.483	0
Dividend	(200)	0
Other adjustments	2.397	0
Revaluations end of year	**28.656**	**0**
Carrying amount end of year	**36.190**	**1.842**

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK'000	Profit/loss DKK'000
Investments in associates comprise:					
Partner-Logistic ApS	Denmark	ApS	50,0	130	3

	2017 DKK'000	2016 DKK'000
7. Deferred tax		
Other taxable temporary differences	101	108
	101	**108**
Changes during the year		
Beginning of year	108	
Recognised in the income statement	(7)	
End of year	**101**	

Notes to parent financial statements

	Number	Nominal value DKK'000
8. Contributed capital		
Ordinary shares	6.000	6.000
	6.000	**6.000**

9. Contingent liabilities

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

10. Mortgages and securities

The Entity has guaranteed operating and financial leases on plant and machinery in Kim Johansen International Transport A/S. Annual payments for operating leases (2017 amounts) are DKK 2,826k. The included lease commitment is DKK 28,765k at 31st December 2017 and the carrying amount of the included plant and machinery is DKK 34,518k at 31st December 2017.

The Entity has provided an unlimited absolute guarantee for bank loans raised by Kim Johansen International Transport A/S. Bank loans in group enterprise amount to DKK 6,024k (31st December 2016: DKK 15,090k).

The Entity has provided an unlimited absolute guarantee for bank loans raised by Kim Johansen Ejendomme ApS. Bank loans in group enterprise amount to DKK 5,603k (31st December 2016: DKK 6,540k).

11. Related parties with controlling interest

The Entity's related parties consists of the Chief Executive Officer Kim Johansen, 12 Rue Saint-Etienne, F-60300 Senlis, France who also is the principal shareholder. Other related parties with significant influence on the entity is the entity's Board of Directors.

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

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, producition costs and administrative costs have been corrected. The change of classification has also been made in previous years. Financial highligts and ratios have been corrected as well.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

Basis of consolidation

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

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ proportionate share of profit or loss is presented as a separate item in Management’s proposal for

Accounting policies

distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate 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 recognised directly in 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 of 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 transport 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 consideration fixed.

Accounting policies

Production costs
Production costs comprise cost of sales for the financial year, including ordinary write-down of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

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

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income
Other financial income comprises interest income, net capital gains on securities, payables and transactions in foreign currencies.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies

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.

Accounting policies

The Parent is jointly taxed with all of its wholly owned Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Revaluation is based in regular, independent assessments of fair value.

Plant and machinery comprise the Group's trucks and trailers as well as vans and passengers cars.

Plant and machinery and 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.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

Buildings	50 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment, vans and passenger cars	3-5 years
Other fixtures and fittings, tools and equipment, lifts etc.	20 years
Leasehold improvements	7-10 years

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

Estimated useful lives and residual values are reassessed annually.

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

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

Accounting policies

Investments in group enterprises

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

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

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.

Other investments

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

Inventories

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

Cost consists of purchase price plus delivery costs.

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend
♥Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Additional payments from and repayments to members
♥ Indsæt beskrivelse.

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.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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.

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

Accounting policies

Cash flow statement

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

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

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

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

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