BEIERHOLM
VI SKABER BALANCE

Kim Johansen Holding A/S

Agenavej 11, 2670 Greve
CVR no. 25 45 43 67

Annual report for 2019

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 29.04.20

Niels Gade
Dirigent

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Group information etc.

The company

Kim Johansen Holding A/S
Agenavej 11
2670 Greve
Tel.: +45 43 95 93 00
Fax: +45 43 95 93 93
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

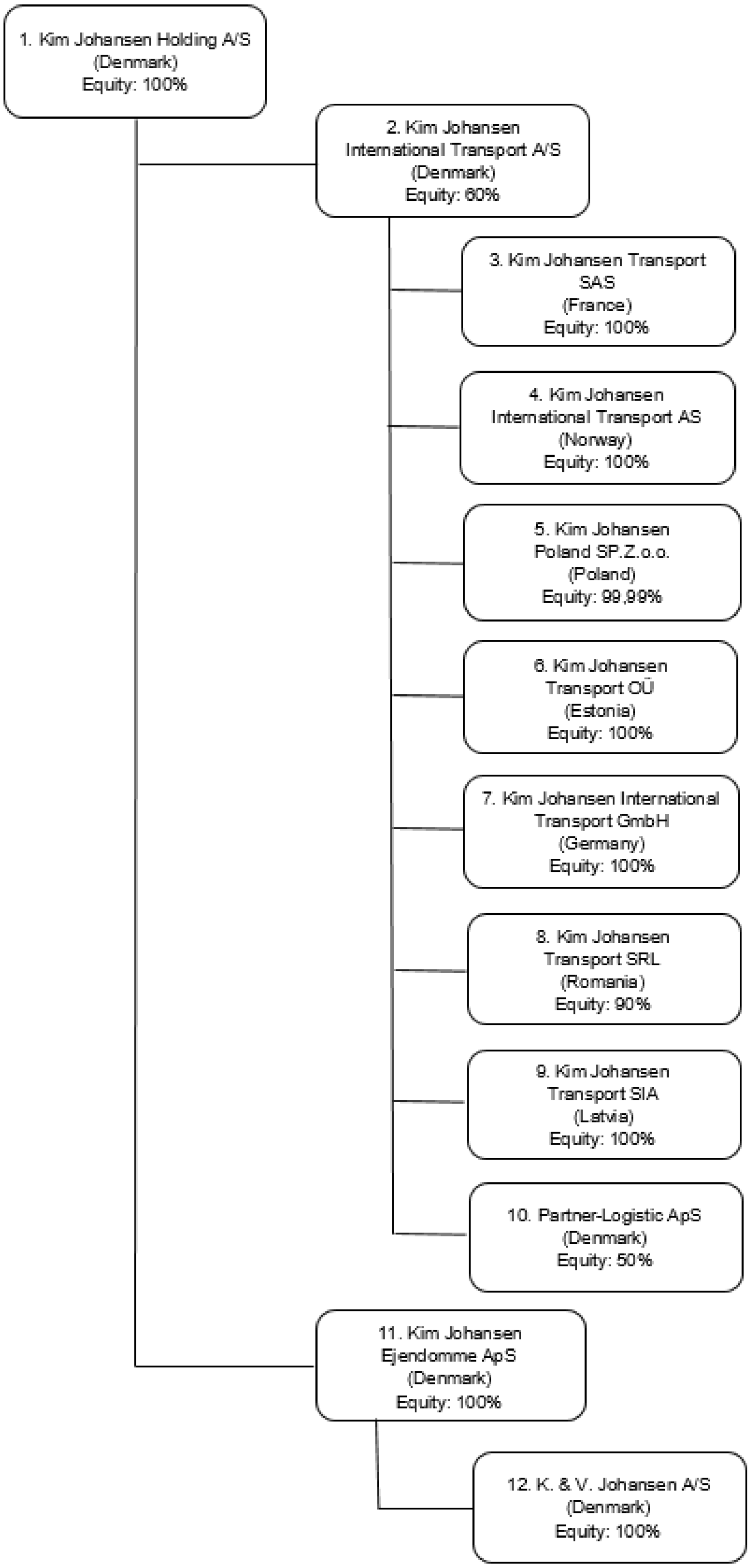
Board of Directors

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: 60%
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 OÜ
(Estonia)
Equity: 100%
7. Kim Johansen International Transport GmbH
(Germany)
Equity: 100%
8. Kim Johansen Transport SRL
(Romania)
Equity: 90%
9. Kim Johansen Transport SIA
(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 01.01.19 - 31.12.19 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 31.12.19 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.01.19 - 31.12.19.

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, April 29, 2020

Executive Board

Kim Leidersdorff Johansen
CEO

Board Of Directors

Niels Gade Chairman	Kim Leidersdorff Johansen CEO	Marylene Josette Sylvie Haigron

Independent auditor’s report

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 01.01.19 - 31.12.19, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant 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 31.12.19 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.19 - 31.12.19 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

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 group and 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.

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.

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.

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 group's and the parent 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 group and 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 group's and the parent 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 group's and the parent 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 group and 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.

Slagelse, April 29, 2020

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	2019	2018	2017	2016	2015
Profit/loss					
Revenue	530,784	495,916	471,185	464,250	476,494
Index	111	104	99	97	100
Gross profit	51,649	43,696	46,519	47,017	41,671
Index	124	105	112	113	100
Operating profit/loss	11,367	3,958	10,933	9,140	5,233
Index	217	76	209	175	100
Total net financials	-1,019	-2,230	-4,681	-5,490	-8,004
Index	13	28	58	69	100
Profit for the year	7,635	653	4,435	2,392	-3,101
Index	-246	-21	-143	-77	100
Balance					
Total assets	230,709	249,999	250,797	226,312	252,757
Index	91	99	99	90	100
Investments in property, plant and equipment	15,803	21,242	41,893	1,767	21,221
Index	74	100	197	8	100
Equity	46,968	37,816	36,955	30,146	27,891
Index	168	136	132	108	100
Invested capital including goodwill	115,505	128,048	152,443	153,112	183,888
Index	63	70	83	83	100
Interest-bearing debt	68,537	90,232	111,379	100,645	125,014
Index	55	72	89	81	100

Ratios

	2019	2018	2017	2016	2015
Profitability					
Return on equity	18,0%	1,7%	13,2%	8,2%	-10,5%
Gross margin	9,7%	8,8%	9,9%	10,1%	8,7%
Return on invested capital	9,3%	6,2%	6,0%	3,1%	5,0%
Profit margin	2,1%	0,9%	0,5%	-0,7%	0,1%
Net-margin (%)	1,4%	0,1%	0,9%	0,5%	-0,7%
Equity ratio					
Equity interest	20,4%	15,1%	14,7%	13,3%	11,0%
Others					
Number of employees (average)	747	708	651	594	626

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

Profit before tax for the year 2019 totals DKK 10,3m and profit after tax for the year 2019 totals DKK 7,6m. The equity at December 31st, 2019 totals DKK 47,0m. The positive cashflows for the year 2019 total DKK 8,4m and are generated by the positive operating activities.

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 process of high cost focus and efficiency improvements including implementation of new IT solutions.

Besides this, the activity level for 2018 and especially 2019 has been increasing based on a growth strategy implemented in 2018.

The increase in result before tax from 2018 to 2019 of DKK 8,6m is mainly based on these factors mentioned above.

In this perspective, the overall financial performance for the year is meeting the expectations of the Management.

Outlook

Management refers to the section "subsequent events" for a description of the expected outlook for 2020.

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 PLN and RON.

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

Subsequent events

COVID-19

Starting the year 2020, our focus was to continue the growth strategy and all other activities continuing from 2019. However, the situation with Covid-19 has changed our focus temporarily. The main impact of this situation is a decrease of activity - especially within air cargo - and the following need for adjusting capacity and costs. Also, relevant support from national funds in the countries where we are represented, is investigated and implemented in the extend possible.

With knowledge about this situation up to end April 2020, Management expects the mentioned actions to be sufficient to continue the business during this period. The period is expected to improve during the summer 2020 along with a more open Europe. The initial expectations to 2020 has been adjusted and Management now expects a lower activity level and a lower positive financial result and cashflow for 2020 compared to 2019.

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 http://www.kim-johansen.com/Did-you-know/CSR-policies/ we publish a more detailed CSR Report to summarize our activities, performance, and to review and set goals for the coming years. The last report was published in July 2018. A joint report for 2018 and 2019 is scheduled to be published in June, 2020.

In 2019 the management group has summarized its efforts in Mission statement: "We provide time sensitive and efficient transport solutions with respect for the environment and road safety."

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 can contribute to climate change. To minimize the effect, we work closely with our suppliers to certify the right technical solutions and the choices of more sustainable materials. 100% of our fleet is EURO6 compliable. During 2019 we have invested in 69 new trucks and the average age of our fleet by the year end was under two years.

To minimize fuel consumption, we have an ongoing Eco-Driving project. This includes control of unnecessary idling, eco-driving training and feedback on individual eco-driving techniques. All the drivers received personalized eco-driving scores and were involved in a monthly competition for showing the best score improvement or becoming the best Eco-Driver of the group. All the Eco-Driving scores were made available monthly on our drivers´ portal, and scores of our best performing drivers were published in a quarterly driver's newspaper: "Drive&News". Some drivers were offered to participate in practical Eco-Driving training with an external consultant to provide further understanding of Eco-Driving techniques and meaning.

By means of the young age of the fleet, eco-driving and anti-idling initiatives, during the last seven years CO2 count per 100 km driven has been reduced by 16,4%. With consideration to our business model, available technologies and our fleet - a goal has been set to maintain current levels of CO2 emission. To explore further possibilities of lowering emission by currently available alternative technologies and monitor the effectiveness of such in our type of business, in 2020 the Group has invested in two LNG trucks and in rebuilding two traditional diesel trucks to 50/50 diesel and CNG gas.

Besides our focus on direct emission, our environmental policies also apply to waste management and reduction. Paper and waste from workshop activities are recycled and agreements are made to dispose of waste appropriately when recycling is not possible. Agreements are also made to ensure that all used tires are rethread and re-used by other businesses or recycled into new materials. Our administrative employees are encouraged to reduce, re-use and recycle various office supplies and to recycle paper.

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, 223 drivers have received two weeks training and most experienced drivers have been offered to increase their qualification to drive the long 25 m truck.

To avoid risks associated with drowsy driving, our 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 2019, seven work related accidents involving drivers have been reported, 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. We will continue to conduct unannounced alcohol checks to certify that all drivers follow the policies.

In the beginning of 2019, the French agency EcoVadis has once again evaluated us on parameters like Environment, Labor, Fair Business Practices and Sustainable procurement. The results showed that our score is higher or equal to the scores of 93% companies within same industry accessed by EcoVadis and our goal is to sustain the good results.

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 serious and when relevant reported to authorities. During 2019, more than 400 new drivers have been trained in business ethics, anti-competitive behavior and anti-bribery practices as a part of the introduction training.

Drivers from many countries are employed in the Group. Cultural diversity requires a lot of resources to make certain that values of the Group are understood despite cultural barriers and language differences. To facilitate successful communication between our six offices and our drivers, in 2018 and 2019 all our office employees participated in communication training program conducted by TACK International A/S. To ensure that knowledge is sustained and used, a communication ambassador has been appointed in each office. The ambassadors' job is to ensure high communication standard and that skills obtained during the training are not forgotten. All the new administrative employees are required to participate in one of on-boarding trainings held in our headquarters to certify that they have the necessary communication skills and understanding of company's culture.

Target figure for the underrepresented gender

Target figures for the Board of Directors

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

Income statement

Note		Group 2019 DKK '000	Group 2018 DKK '000	Parent 2019 DKK '000	Parent 2018 DKK '000
	Revenue	**530,784**	**495,916**	**0**	**0**
	Production costs	-479,135	-452,220	0	0
	Administration costs	-42,800	-41,344	-85	-54
	Other operating income	3,781	3,917	0	0
	Other operating expenses	-1,263	-2,311	0	0
	Profit/loss before net financials	**11,367**	**3,958**	**-85**	**-54**
4	Income from equity investments in group enterprises	0	0	4,644	709
5	Financial income	1,377	722	76	90
6	Financial expenses	-2,396	-2,952	0	-82
	Profit before tax	**10,348**	**1,728**	**4,635**	**663**
	Tax on profit or loss for the year	-2,713	-1,075	23	-10
	Profit for the year	**7,635**	**653**	**4,658**	**653**

7 Distribution of net profit

Balance sheet

ASSETS

Note		Group 31.12.19 DKK '000	Group 31.12.18 DKK '000	Parent 31.12.19 DKK '000	Parent 31.12.18 DKK '000
	Completed development projects	1,495	0	0	0
	Goodwill	984	1,268	0	0
	Development projects in progress	0	589	0	0
8	**Total intangible assets**	**2,479**	**1,857**	**0**	**0**
	Land and buildings	41,402	42,183	0	0
	Leasehold improvements	261	454	0	0
	Plant and machinery	66,930	80,910	0	0
	Other fixtures and fittings, tools and equipment	2,566	2,548	0	0
9	**Total property, plant and equipment**	**111,159**	**126,095**	**0**	**0**
10	Equity investments in group enterprises	0	0	39,587	37,110
11	Receivables from group enterprises	0	0	1,901	674
10	Equity investments in associates	63	63	0	0
10	Other investments	1,335	815	0	0
11	Deposits	1,382	1,190	0	0
11	Other receivables	830	8	830	0
	Total investments	**3,610**	**2,076**	**42,318**	**37,784**
	Total non-current assets	**117,248**	**130,028**	**42,318**	**37,784**
	Raw materials and consumables	2,930	2,685	0	0
	Total inventories	**2,930**	**2,685**	**0**	**0**
	Trade receivables	78,033	74,727	0	0
15	Deferred tax asset	0	0	66	81
	Other receivables	20,868	20,126	0	0
12	Prepayments	9,283	7,849	0	0
	Total receivables	**108,184**	**102,702**	**66**	**81**
	Cash	**2,347**	**14,584**	**0**	**0**
	Total current assets	**113,461**	**119,971**	**66**	**81**
	Total assets	**230,709**	**249,999**	**42,384**	**37,865**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.19 DKK '000	Group 31.12.18 DKK '000	Parent 31.12.19 DKK '000	Parent 31.12.18 DKK '000
13	Share capital	6,000	6,000	6,000	6,000
	Revaluation reserve	1,574	1,610	0	0
	Reserve for net revaluation according to the equity method	0	0	34,081	29,576
	Retained earnings	34,461	30,006	1,954	2,040
	Proposed dividend for the financial year	300	200	300	200
	Equity attributable to owners of the parent	**42,335**	**37,816**	**42,335**	**37,816**
14	Non-controlling interests	4,633	0	0	0
	Total equity	**46,968**	**37,816**	**42,335**	**37,816**
15	Provisions for deferred tax	10,377	11,647	0	0
	Total provisions	**10,377**	**11,647**	**0**	**0**
16	Mortgage debt	14,117	15,843	0	0
16	Lease commitments	32,695	35,063	0	0
16	Other payables	663	0	0	0
	Total long-term payables	**47,475**	**50,906**	**0**	**0**
16	Short-term part of long-term payables	16,247	28,333	0	0
	Payables to other credit institutions	4,434	25,049	0	0
	Trade payables	74,916	76,055	0	0
	Payables to associates	4,932	3,280	0	0
	Income taxes	2,728	528	0	0
	Other payables	22,632	16,385	49	49
	Total short-term payables	**125,889**	**149,630**	**49**	**49**
	Total payables	**173,364**	**200,536**	**49**	**49**
	Total equity and liabilities	**230,709**	**249,999**	**42,384**	**37,865**

17 Contingent liabilities
18 Charges and security
19 Related parties

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	Equity of the parent company's capital owners	Non-controlling interests	Total equity
Group:								
Statement of changes in equity for 01.01.19 - 31.12.19								
Balance as at 01.01.19	6,000	1,610	0	30,006	200	37,816	0	37,816
Foreign currency translation adjustment of foreign enterprises	0	0	0	61	0	61	28	89
Dissolution of revaluations in respect of previous years	0	-46	0	46	0	0	0	0
Dividend paid	0	0	0	0	-200	-200	-400	-600
Purchase of non-controlling interests	0	0	0	0	0	0	2,028	2,028
Tax on changes in equity	0	10	0	-10	0	0	0	0
Net profit/loss for the year	0	0	0	4,358	300	4,658	2,977	7,635
Balance as at 31.12.19	6,000	1,574	0	34,461	300	42,335	4,633	46,968
Parent:								
Statement of changes in equity for 01.01.19 - 31.12.19								
Balance as at 01.01.19	6,000	0	29,576	2,040	200	37,816	0	37,816
Foreign currency translation adjustment of foreign enterprises	0	0	61	0	0	61	0	61
Distributed dividend from group enterprises	0	0	-200	200	0	0	0	0
Dividend paid	0	0	0	0	-200	-200	0	-200
Net profit/loss for the year	0	0	4,644	-286	300	4,658	0	4,658
Balance as at 31.12.19	6,000	0	34,081	1,954	300	42,335	0	42,335

Consolidated cash flow statement

Note		Group 2019 DKK '000	Group 2018 DKK '000
	Net profit/loss for the year	**7,635**	**653**
20	Adjustments	24,097	28,273
	Change in working capital:		
	Inventories	-245	220
	Receivables	-6,319	-10,751
	Other payables relating to operating activities	8,325	-3,310
	Cash flows from operating activities before net financials	**33,493**	**15,085**
	Interest income and similar income received	1,361	500
	Interest expenses and similar expenses paid	-2,396	-2,952
	Income tax paid	-1,527	-399
	Cash flows from operating activities	**30,931**	**12,234**
	Purchase of intangible assets	-1,126	-589
	Purchase of property, plant and equipment	-15,606	-20,684
	Sale of property, plant and equipment	9,426	14,896
	Purchase of investments	-2,937	-384
	Disposal of investments	2,227	2,135
	Acquisition of enterprise	0	-1,435
	Cash flows from investing activities	**-8,016**	**-6,061**
	Raising of additional capital	2,028	0
	Dividend paid	-600	-300
	Repayment of mortgage debt	-11,167	0
	Arrangement of credit institutions	14,327	18,083
	Repayment of credit institutions	-19,125	-35,126
	Cash flows from financing activities	**-14,537**	**-17,343**
	Total cash flows for the year	**8,378**	**-11,170**
	Cash, beginning of year	14,584	8,538
	Short-term payables to credit institutions, beginning of year	-25,049	-7,833
	Cash, end of year	**-2,087**	**-10,465**
	Cash, end of year, comprises:		
	Cash	2,347	14,584
	Short-term payables to credit institutions	-4,434	-25,049
	Total	**-2,087**	**-10,465**

1. Subsequent events

COVID-19

Starting the year 2020, our focus was to continue the growth strategy and all other activities continuing from 2019. However, the situation with Covid-19 has changed our focus temporarily. The main impact of this situation is a decrease of activity - especially within air cargo - and the following need for adjusting capacity and costs. Also, relevant support from national funds in the countries where we are represented, is investigated and implemented in the extend possible.

With knowledge about this situation up to end April 2020, Management expects the mentioned actions to be sufficient to continue the business during this period. The period is expected to improve during the summer 2020 along with a more open Europe. The initial expectations to 2020 has been adjusted and Management now expects a lower activity level and a lower positive financial result and cashflow for 2020 compared to 2019.

	Group		Parent	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000

2. Employee aspects

Wages and salaries	123,999	116,106	0	0
Pensions	2,884	2,883	0	0
Other social security costs	13,930	12,178	0	0
Total	140,813	131,167	0	0
Average number of employees during the year	747	708	0	0

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	2,118	1,998	0	0

3. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	522	567	24	22
Other assurance engagements	28	61	0	0
Tax advice	119	442	9	9
Other services	514	403	16	15
Total	1,183	1,473	49	46

Beierholm (member of HLB International) serves as the auditor appointed by the general meeting for Kim Johansen International Transport A/S.

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

	Group		Parent	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000

4. Income from equity investments in group enterprises

Income from equity investments in group enterprises	0	0	4,644	709
Total	0	0	4,644	709

5. Financial income

Interest, group enterprises	0	0	60	90
Other financial income	1,377	722	16	0
Total	1,377	722	76	90

6. Financial expenses

Interest, group enterprises	0	0	0	82
Other financial expenses	2,396	2,952	0	0
Total	2,396	2,952	0	82

7. Distribution of net profit

Reserve for net revaluation according to the equity method	0	0	4,644	709
Proposed dividend for the financial year	300	200	300	200
Non-controlling interests	2,977	0	0	0
Retained earnings	4,358	453	-286	-256
Total	7,635	653	4,658	653

8. Intangible assets

Figures in DKK '000	Completed development projects	Goodwill	Development projects in progress
Group:			
Cost as at 01.01.19	0	1,335	589
Additions during the year	1,126	0	0
Transfers during the year to/from other items	589	0	-589
Cost as at 31.12.19	1,715	1,335	0
Amortisation and impairment losses as at 01.01.19	0	-67	0
Amortisation during the year	-220	-284	0
Amortisation and impairment losses as at 31.12.19	-220	-351	0
Carrying amount as at 31.12.19	1,495	984	0

Completed development projects comprise the development of new internal ERP-systems and autoated processes.

The capitalized costs comprise internal hours and external costs.

It is Management' assessment that there are no impairment indications regarding completed development projects.

9. 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 01.01.19	48,671	1,991	189,764	21,453
Additions during the year	110	0	15,059	635
Disposals during the year	0	-47	-33,590	-10,701
Cost as at 31.12.19	48,781	1,944	171,233	11,387
Revaluations as at 01.01.19	2,199	0	0	0
Revaluations as at 31.12.19	2,199	0	0	0
Depreciation and impairment losses as at 01.01.19	-8,687	-1,537	-108,854	-18,905
Foreign currency translation adjustment of foreign enterprises	0	0	-136	0
Depreciation during the year	-891	-193	-21,151	-591
Reversal of depreciation of and impairment losses on disposed assets	0	47	25,838	10,675
Depreciation and impairment losses as at 31.12.19	-9,578	-1,683	-104,303	-8,821
Carrying amount as at 31.12.19	41,402	261	66,930	2,566
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.12.19	39,203	0	0	0
Interest expenses included in cost as at 31.12.19	2,739	0	0	0
Carrying amount of assets held under finance leases as at 31.12.19	0	0	40,998	981

10. Investments

Figures in DKK '000	Equity investments in group enterprises	Equity investments in associates	Other investments
Group			
Cost as at 01.01.19	0	63	103
Cost as at 31.12.19	0	63	103
Revaluations as at 01.01.19	0	0	712
Revaluations during the year	0	0	520
Revaluations as at 31.12.19	0	0	1,232
Carrying amount as at 31.12.19	0	63	1,335
Goodwill on initial recognition of equity investments measured at equity value	0	0	0
Parent:			
Cost as at 01.01.19	7,534	0	0
Disposals during the year	-2,028	0	0
Cost as at 31.12.19	5,506	0	0
Revaluations as at 01.01.19	29,576	0	0
Foreign currency translation adjustment of foreign enterprises	61	0	0
Net profit/loss from equity investments	4,644	0	0
Dividend relating to equity investments	-200	0	0
Revaluations as at 31.12.19	34,081	0	0
Carrying amount as at 31.12.19	39,587	0	0

10. 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	60%	36,540	7,446	32,236
Kim Johansen Transport SAS, France	100%	9,991	2,604	10,222
Kim Johansen International Transport AS, Norway	100%	2,838	137	2,909
Kim Johansen Transport OÜ, Estonia	100%	5,258	-5	4,593
Kim Johansen Poland Sp. Z.o.o, Poland	100%	3,060	521	3,060
Kim Johansen Transport SRL, Romania	90%	-432	281	-357
Kim Johansen International Transport GmbH, Germany	100%	-12	-156	-63
Kim Johansen Transport SIA, Latvia	100%	2,329	745	3,211
Kim Johansen Ejendomme ApS, Greve	100%	7,689	176	7,689
K. & V. Johansen A/S, Greve	100%	2,511	183	2,511
Associates				
Partner-Logistic ApS, Glostrup	50%	138	6	63

Equity investments in group entreprises include a dividend priority right related to the ownership of Kim Johansen Internation Transport A/S. Book value of the dividend priority right as at 31.12.2019 comprise DKK 24,555k.

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.

11. Other non-current financial assets

Figures in DKK '000	Receivables from group enterprises	Deposits	Other receivables
Group:			
Cost as at 01.01.19	0	1,190	8
Additions during the year	0	2,417	930
Disposals during the year	0	-2,225	-108
Cost as at 31.12.19	0	1,382	830
Parent:			
Cost as at 01.01.19	674	0	0
Additions during the year	1,227	0	930
Disposals during the year	0	0	-100
Cost as at 31.12.19	1,901	0	830

	Group		Parent	
	31.12.19 DKK '000	31.12.18 DKK '000	31.12.19 DKK '000	31.12.18 DKK '000
12. Prepayments				
Other prepayments	9,283	7,849	0	0
Total	9,283	7,849	0	0

13. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	6,000	6,000,000

	Group		Parent	
	31.12.19 DKK '000	31.12.18 DKK '000	31.12.19 DKK '000	31.12.18 DKK '000

14. Non-controlling interests

Foreign currency translation adjustment of foreign enterprises	28	0	0	0
Dividend paid	-400	0	0	0
Purchase of non-controlling interests	2,028	0	0	0
Net profit/loss for the year (distribution of net profit)	2,977	0	0	0
Total	4,633	0	0	0

15. Deferred tax

Deferred tax as at 01.01.19	11,647	11,473	-81	-101
Deferred tax recognised in the income statement	-1,260	779	15	20
Deferred tax recognised in equity	-10	-605	0	0
Deferred tax as at 31.12.19	10,377	11,647	-66	-81

Deferred tax is recognized in the balance sheet as:

Deferred tax asset	0	0	-66	-81
Deferred tax liability	10,377	11,647	0	0
Total	10,377	11,647	-66	-81

Deferred tax is distributed as below:

Intangible assets	310	130	0	0
Property, plant and equipment	8,212	9,714	0	0
Inventories	347	345	0	0
Receivables	1,150	1,167	0	0
Liabilities	654	1,150	0	0
Tax losses	-296	-859	-66	-81
Total	10,377	11,647	-66	-81

As at 31.12.2019, the company has recognised a deferred tax asset of DKK 66k, 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 in the Group for the coming years.

16. Longterm payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.19	Total payables at 31.12.18
Group:				
Mortgage debt	1,728	6,086	15,845	27,012
Lease commitments	14,519	888	47,214	52,227
Other payables	0	663	663	0
Total	16,247	7,637	63,722	79,239

17. Contingent liabilities

Group:

Lease commitments

The Group has entered operating lease agreements on trucks, trailers and operating plant etc. for the years 2020-2023. Annual payments for operating leases (2020 amounts) are DKK 36,020k (2018: DKK 27,498k).

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 (2020 amounts) are DKK 11,483k (2018: DKK 11,647k).

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 1,911k at the balance sheet date (2018: DKK 22,724k).

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 (2020 amounts) are DKK 3,007k (2018: DKK 3,024k). The included lease commitment is DKK 19,984k as at 31st December 2019 (DKK 21,196k as at 31st December 2018) and the carrying amount of the included plant and machinery is DKK 22,204k as at 31st December 2019 (DKK 25,567k as at 31st December 2018).

The company is taxed jointly with the other Danish 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.

18. Charges and security

Group:

Land and buildings with a carrying amount of DKK 38,726k have been provided as security for mortgage debt of DKK 15,845k.

The group has issued mortgage deeds registered to the mortgagor on land and buildings of DKK 16,600 nominal (2018: DKK 16,600k). The mortgage deeds registered to the mortgagor are provided as security for debt to credit institutions.

The Group has issued mortage 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 enterprise has provided a company charge of DKK 30,000k (2018: DKK 30,000k) as security for debt to credit institutions. As at 31.12.19, the company charge comprises intangible property rights, property plant and equipment, inventories and trade receivables.

Furthermore, debt to credit instituions 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 970k (2018: DKK 936k).

Parent:

The company has not provided any other security over assets.

19. 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 in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 2. Employee aspects.

	Group	
	2019 DKK '000	2018 DKK '000
20. Adjustments for the cash flow statement		
Depreciation, amortisation, impairment losses and write-downs	20,365	24,968
Financial income	-1,377	-721
Financial expenses	2,396	2,951
Tax on profit or loss for the year	2,713	1,075
Total	24,097	28,273

21. 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.

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements.

21. Accounting policies - continued -

The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in the parent losing control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

BUSINESS COMBINATIONS

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

No enterprises were acquired in 2019.

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).

21. Accounting policies - continued -

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 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

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

21. Accounting policies - continued -

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.

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:

21. Accounting policies - continued -

	Useful lives, years	Residual value, per cent
Completed development projects	3	0
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.

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.

21. Accounting policies - continued -

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, 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.

BALANCE SHEET

Intangible assets

Completed development projects and 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

21. Accounting policies - continued -

amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

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, for land and buildings with revaluation at fair value recognised under the revaluation reserve in equity, however, and less accumulated depreciation and impairment losses. The fair value for land and buildings is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has not been used to determine the fair value.

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.

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.

21. Accounting policies - continued -

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, which include a dividend priority right, are measured according to the equity method with an addition of the net present value of the dividend priority right.

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.

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

21. Accounting policies - continued -

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.

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

21. Accounting policies - continued -

years.

Other investments

Other equity investments are measured at fair value in the balance sheet. Refer to note 10 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 comprisesrevaluation of land and buildings 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 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.

21. Accounting policies - continued -

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.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

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.

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.

21. Accounting policies - continued -

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 flows from financing activities also comprise finance lease payments.

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