Andreas Andresen Holding ApS

Thorsvej 19, Frøslev, DK-6330 Padborg

Annual Report for 1 January - 31 December 2016

CVR No 29 24 17 67

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 24/5 2017

Martin Ventker
Chairman

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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Andreas Andresen Holding ApS for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2016.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Padborg, 24 May 2017

Executive Board

Tobias Nagel

Independent Auditor's Report

To the Shareholder of Andreas Andresen Holding ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Andreas Andresen Holding ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Financial Statements" section of our report. We are independent of the Group 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 on Management's Review
Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
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, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

Independent Auditor's Report

auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the 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.

Trekantområdet, 24 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen	Henrik Forthoft Lind
State Authorised Public Accountant	State Authorised Public Accountant

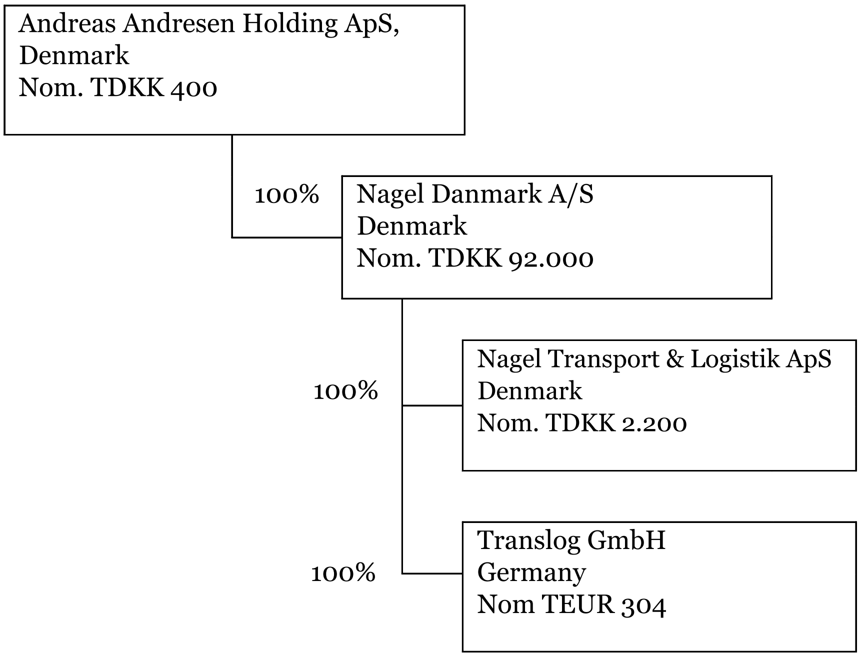
Company Information

The Company	Andreas Andresen Holding ApS Thorsvej 19 Frøslev DK-6330 Padborg Telephone: 74 30 74 30 Facsimile: 74 30 74 00 E-mail: dk.info@nagel-group.dk Website: www.nagel-group.dk CVR No: 29 24 17 67 Financial period: 1 January - 31 December Incorporated: 15 December 2005 Financial year: 11th financial year Municipality of reg. office: Aabenraa
Executive Board	Tobias Nagel
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Group Chart

Parent Company

Consolidated subsidiaries



Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2016	2015	2014	2013	2012
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	972	1.050	1.096	1.067	1.003
Gross profit/loss	255	261	280	293	418
Profit/loss before financial income and expenses	3	4	4	-4	107
Net financials	0	-1	-2	-5	-16
Net profit/loss for the year	3	1	2	-9	81
Balance sheet					
Balance sheet total	424	417	436	494	511
Equity	133	133	132	190	196
Cash flows					
Cash flows from:					
- operating activities	13	9	12	-45	61
- investing activities	0	-5	-3	-3	114
- financing activities	-23	-7	29	-19	-95
Change in cash and cash equivalents for the year	-10	-2	38	-67	80
Number of employees	553	573	598	626	740
Ratios					
Gross margin	26,2%	24,9%	25,5%	27,5%	41,7%
Profit margin	0,3%	0,4%	0,4%	-0,4%	10,7%
Return on assets	0,7%	1,0%	0,9%	-0,8%	20,9%
Solvency ratio	31,4%	31,9%	30,3%	38,5%	38,4%
Return on equity	2,3%	0,8%	1,2%	-4,7%	111,7%

For definitions, see under accounting policies.

Management's Review

Main activity

The Groups's main activity comprises national and international logistics services with focus on especially temperature-controlled transportation for the food processing industry and trade in Europe.

We moreover offer chilled and frozen storage, dry goods storage, re-usable packaging systems, analyses and consultancy services, etc.

Development in the year

Revenue for the year reached DKK 972 million compared to last year's DKK 1.050 million. The results for the year amounted to DKK 2,8 million compared to a profit of DKK 1,2 million last year.

Also in 2016, the market was affected by fierce competition with the resulting pressure on prices and weak development in freight volume. We have moreover witnessed a growing trend of food manufacturers redistributing labor-intensive processing to low cost export markets such as Germany and Poland thus resulting in declining volume of goods. Furthermore, the EU sanctions against Russia have had a notable impact on goods structures for foodstuff in Europe and thus also the composition and volume of Nagel Denmark's goods.

The results on ordinary activities are considered unsatisfactory. However, the commenced reconstruction of the company and its activities successfully continue as planned.

Development expectations

Also 2017 is expected to be challenging for both the transport industry and the Nagel Denmark Group due to fierce competition, traffic bottlenecks, redistribution and outsourcing of food manufacturing as well as increasing waiting times in connection with offloading at the central warehouses in Europe.

In continuation of the improvement measures started in 2011 our efforts were intensified and accordingly we expect a profit in line with the achievements of 2016 although under the circumstances described in the subsequent events section.

Statement of corporate social responsibility

The Nagel Danmark A/S Group endeavours to operate in a safe manner and wants to comply with legislation governing the areas in which we carry out our activities.

The Group has not adopted any specific CSR policy covering human rights and reduction of the environmental impact.

Statement on gender composition

Target for female representation on the Board of Directors

When appointing candidates for the Board of Directors it is important that the candidates show a specific professional background and qualifications. It is moreover important that appointments are made with no regard to ethnicity, religious belief, political conviction, age or gender.

Especially in respect of gender representation we are attentive to increasing the female representation on the Board of Directors within the period 2013 - 2017. In order to reach this target we must ensure that employees and external partners are informed of our gender representation policy in future recruitment procedures.

Target until 2017: one female member on the Board of Directors.

At the moment Nagel Denmark has no female representation on the Board of Directors. The main reason for not meeting the objective is due to reelection of the board.

Target for appointment of women at other management levels

We consider a diverse workforce an asset. We employ our staff on the basis of qualifications and personality and we offer all our employees equal opportunities with no regard to their background, religious belief, political conviction, age or gender. Nagel Denmark encourages every employee to pursue and realise his or her personal goals.

At management and administrative levels the representation of women is currently some 20% and hence women are slightly underrepresented.

Subsequent events

End of 2016 it was decided to form the Joint Venture Nagel Liller A/S with Nagel Danmark A/S holding 62,5% of the shares. The joint venture comprises three companies with a long time trackrecord on the national Danish market for transportation and it will give our customers better access to routes and improved delivery cycles along with Freezer facilities and access to entire Europe via the Nagel Group network.

The formation will significantly impact both turnover, cost structures and headcounts in Nagel Danmark A/S, but Nagel Liller A/S will be fully consolidated on Andreas Andresen Holding level.

We expect positive synergies from the Joint Venture from 2018 and onwards.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2016	2015	2016	2015
		TDKK	TDKK	TDKK	TDKK
Revenue		**972.373**	**1.049.908**	**0**	**0**
Other operating income		3.528	5.062	0	0
Direct freight expenses		-672.117	-739.807	0	0
Other external expenses		-49.016	-53.680	-24	-25
Gross profit/loss		**254.768**	**261.483**	**-24**	**-25**
Staff expenses	1	-238.618	-244.440	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-12.607	-13.059	0	0
Other operating expenses		-52	-62	0	0
Profit/loss before financial income and expenses		**3.491**	**3.922**	**-24**	**-25**
Income from investments in subsidiaries	2	0	0	2.814	1.345
Financial income	3	6.468	6.232	250	285
Financial expenses	4	-6.341	-7.164	-277	-359
Resultat før skat		**3.618**	**2.990**	**2.763**	**1.246**
Tax on profit/loss for the year	5	-847	-1.781	8	-37
Net profit/loss for the year		**2.771**	**1.209**	**2.771**	**1.209**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2016	2015	2016	2015
		TDKK	TDKK	TDKK	TDKK
Software		471	105	0	0
Goodwill		18.444	22.130	0	0
Development projects in progress		405	243	0	0
Intangible assets	7	**19.320**	**22.478**	**0**	**0**
Land and buildings		113.107	121.096	0	0
Other fixtures and fittings, tools and equipment		9.725	13.197	0	0
Property, plant and equipment	8	**122.832**	**134.293**	**0**	**0**
Investments in subsidiaries	9	0	0	132.255	132.990
Other investments	10	809	347	0	0
Other receivables	10	2.888	2.726	0	0
Fixed asset investments		**3.697**	**3.073**	**132.255**	**132.990**
Fixed assets		**145.849**	**159.844**	**132.255**	**132.990**
Raw materials and consumables		11.818	9.521	0	0
Inventories		**11.818**	**9.521**	**0**	**0**
Trade receivables		59.837	72.515	0	0
Receivables from group enterprises		177.004	130.761	0	9.490
Other receivables		1.748	5.892	0	0
Corporation tax		619	0	1.179	0
Prepayments	11	2.019	2.608	0	0
Receivables		**241.227**	**211.776**	**1.179**	**9.490**
Cash at bank and in hand		**25.454**	**35.764**	**102**	**106**
Currents assets		**278.499**	**257.061**	**1.281**	**9.596**
Assets		**424.348**	**416.905**	**133.536**	**142.586**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2016	2015	2016	2015
		TDKK	TDKK	TDKK	TDKK
Share capital		400	400	400	400
Revaluation reserve		0	3.547	0	0
Reserve for development costs		0	0	316	0
Retained earnings		132.185	129.414	131.869	132.961
Equity	12	**132.585**	**133.361**	**132.585**	**133.361**
Provision for deferred tax	13	9.580	9.284	0	0
Provisions		**9.580**	**9.284**	**0**	**0**
Mortgage loans		52.524	58.088	0	0
Long-term debt	14	**52.524**	**58.088**	**0**	**0**
Mortgage loans	14	5.563	5.534	0	0
Prepayments received from customers		2.969	3.156	0	0
Trade payables		105.803	111.971	0	0
Payables to group enterprises		66.338	37.727	935	3.243
Corporation tax		0	5.724	0	5.724
Other payables		48.986	51.602	16	258
Deferred income		0	458	0	0
Short-term debt		**229.659**	**216.172**	**951**	**9.225**
Debt		**282.183**	**274.260**	**951**	**9.225**
Liabilities and equity		**424.348**	**416.905**	**133.536**	**142.586**

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Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	400	3.547	0	129.414	133.361
Reversal for the year of revaluation	0	-3.547	0	0	-3.547
Net profit/loss for the year	0	0	0	2.771	2.771
Equity at 31 December	**400**	**0**	**0**	**132.185**	**132.585**

Parent Company

	Share capital	Revaluation reserve	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	400	0	0	132.961	133.361
Other equity movements	0	0	0	-3.547	-3.547
Development costs for the year	0	0	316	-316	0
Net profit/loss for the year	0	0	0	2.771	2.771
Equity at 31 December	**400**	**0**	**316**	**131.869**	**132.585**

Cash Flow Statement 1 January - 31 December

	Note	2016	2015
		Group	
		TDKK	TDKK
Net profit/loss for the year		2.771	1.209
Adjustments	15	11.483	15.614
Change in working capital	16	5.684	-5.329
Cash flows from operating activities before financial income and expenses		**19.938**	**11.494**
Financial income		6.468	6.233
Financial expenses		-6.341	-7.164
Cash flows from ordinary activities		**20.065**	**10.563**
Corporation tax paid		-6.863	-1.326
Cash flows from operating activities		**13.202**	**9.237**
Purchase of intangible assets		-868	-243
Purchase of property, plant and equipment		-1.681	-4.966
Fixed asset investments made etc		-624	-253
Sale of property, plant and equipment		2.828	534
Cash flows from investing activities		**-345**	**-4.928**
Repayment of mortgage loans		-5.535	-5.504
Reduction of lease obligations		0	-1.291
Repayment of payables to group enterprises		-17.632	0
Cash flows from financing activities		**-23.167**	**-6.795**
Change in cash and cash equivalents		**-10.310**	**-2.486**
Cash and cash equivalents at 1 January		35.764	38.250
Cash and cash equivalents at 31 December		**25.454**	**35.764**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		25.454	35.764
Cash and cash equivalents at 31 December		**25.454**	**35.764**

Notes to the Financial Statements

	Group		Parent Company	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
1 Staff expenses				
Wages and salaries	212.110	217.980	0	0
Pensions	16.015	16.863	0	0
Other social security expenses	8.216	7.529	0	0
Other staff expenses	2.277	2.068	0	0
	238.618	**244.440**	**0**	**0**
Average number of employees	**553**	**573**	**0**	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

	Parent Company	
	2016	2015
	TDKK	TDKK
2 Income from investments in subsidiaries		
Share of profits of subsidiaries	6.502	5.033
Amortisation of goodwill	-3.688	-3.688
	2.814	**1.345**

	Group		Parent Company	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
3 Financial income				
Income from fixed asset investments	928	366	0	0
Interest received from group enterprises	4.953	5.100	250	285
Other financial income	587	766	0	0
	6.468	**6.232**	**250**	**285**

Notes to the Financial Statements

4 Financial expenses

	Group 2016 TDKK	Group 2015 TDKK	Parent Company 2016 TDKK	Parent Company 2015 TDKK
Interest paid to group enterprises	2.205	2.018	261	101
Other financial expenses	4.136	5.146	16	258
	6.341	**7.164**	**277**	**359**

5 Tax on profit/loss for the year

	Group 2016 TDKK	Group 2015 TDKK	Parent Company 2016 TDKK	Parent Company 2015 TDKK
Current tax for the year	552	1.861	-8	37
Deferred tax for the year	295	-80	0	0
	847	**1.781**	**-8**	**37**

6 Distribution of profit

	Parent Company 2016 TDKK	Parent Company 2015 TDKK
Retained earnings	2.771	1.209
	2.771	**1.209**

Notes to the Financial Statements

7 Intangible assets

Group

	Software	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK
Cost at 1 January	8.541	91.816	243
Additions for the year	706	0	405
Disposals for the year	-373	0	-243
Cost at 31 December	8.874	91.816	405
Impairment losses and amortisation at 1 January	8.436	69.686	0
Amortisation for the year	340	3.686	0
Impairment and amortisation of sold assets for the year	-373	0	0
Impairment losses and amortisation at 31 December	8.403	73.372	0
Carrying amount at 31 December	**471**	**18.444**	**405**
Amortised over	5-10 years	5-10 years	

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	192.432	68.066
Additions for the year	184	1.497
Disposals for the year	0	-22.340
Cost at 31 December	192.616	47.223
Revaluations at 1 January	4.729	0
Reversals for the year of revaluations in previous years	-4.729	0
Revaluations at 31 December	0	0
Impairment losses and depreciation at 1 January	76.065	54.869
Depreciation for the year	4.626	3.955
Reversal of impairment and depreciation of sold assets	-1.182	-21.326
Impairment losses and depreciation at 31 December	79.509	37.498
Carrying amount at 31 December	**113.107**	**9.725**
Depreciated over	10-40 years	3-20 years

Notes to the Financial Statements

		Parent Company	
		2016	2015
		TDKK	TDKK
9	**Investments in subsidiaries**		
	Cost at 1 January	197.392	197.392
	Additions for the year	0	0
	Cost at 31 December	197.392	197.392
	Value adjustments at 1 January	-64.402	-65.748
	Exchange adjustment	-3	0
	Net profit/loss for the year	6.501	5.033
	Amortisation of goodwill	-3.688	-3.687
	Other adjustments	-3.545	0
	Value adjustments at 31 December	-65.137	-64.402
	Carrying amount at 31 December	**132.255**	**132.990**
	Remaining positive difference included in the above carrying amount at 31 December	18.442	22.128

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Nagel Danmark A/S	Padborg, Denmark	TDKK 92.000	100%	113.813	6.501

10 Other fixed asset investments

	Group	
	Other investments	Other receiv-ables
	TDKK	TDKK
Cost at 1 January	347	2.726
Additions for the year	462	162
Cost at 31 December	809	2.888
Carrying amount at 31 December	**809**	**2.888**

Notes to the Financial Statements

11 Prepayments

Prepayments consist mainly of prepaid expenses concerning insurance premiums, lease and etc.

12 Equity

The share capital consists of 800 shares of a nominal value of TDKK 500. No shares carry any special rights.

13 Provision for deferred tax

	Group		Parent Company	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	9.284	9.364	0	0
Amounts recognised in the income statement for the year	295	-80	0	0
Provision for deferred tax at 31 December	**9.580**	**9.284**	**0**	**0**

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans

	Group 2016 TDKK	Group 2015 TDKK	Parent Company 2016 TDKK	Parent Company 2015 TDKK
After 5 years	29.715	35.701	0	0
Between 1 and 5 years	22.809	22.387	0	0
Long-term part	52.524	58.088	0	0
Within 1 year	5.563	5.534	0	0
	58.087	**63.622**	**0**	**0**

Notes to the Financial Statements

	Group 2016	Group 2015
	TDKK	TDKK
15 Cash flow statement - adjustments		
Financial income	-6.468	-6.232
Financial expenses	6.341	7.164
Depreciation, amortisation and impairment losses, including losses and gains on sales	10.763	12.901
Tax on profit/loss for the year	847	1.781
	11.483	**15.614**

	Group 2016	Group 2015
16 Cash flow statement - change in working capital		
Change in inventories	-2.297	1.299
Change in receivables	17.410	3.137
Change in trade payables, etc	-9.429	-9.765
	5.684	**-5.329**

Notes to the Financial Statements

17 **Contingent assets, liabilities and other financial obligations**

	Group		Parent Company	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a carrying amount of	111.697	113.536	0	0
The following assets have been placed as security with bankers:				
Mortgages registered to the mortgagors and all monies mortgages totalling TDKK 53.100 on land and buildings as well as other property, plant and equipment with a total carrying amount of	111.697	113.536	0	0
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	36.513	14.916	0	0
Between 1 and 5 years	78.173	9.752	0	0
	114.686	**24.668**	**0**	**0**
Rental obligations, period of interminability up to 60 months	14.507	22.678	0	0

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Andreas Andresen Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Payment guarantees totalling TDKK 6.217 (2015: TDKK 6.000) have been provided through a credit institution.

Notes to the Financial Statements

18 Related parties

	Basis
Controlling interest	
Nagel Logistik + Beteiligungs GmbH, Versmold	Immediate Parent Company
Other related parties	
Nagel Logistik-Holding GmbH & Co KG, Versmold	Ultimate Parent Company

Consolidated Financial Statements

The Company is included in the Consolidated Annual Report of its ultimate Parent Company, Nagel Logistik-Holding GmbH & Co KG.

Name	Place of registered office
Nagel Logistik-Holding GmbH & Co KG	D-33775 Versmold

The Group Annual Report of Nagel Logistik-Holding GmbH & Co KG may be obtained at the following address:

Friedrich-Menzefricke-Straße 6
D-33775 Versmold
Germany

19 Fee to auditors appointed at the general meeting

	Group		Parent Company	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
Audit fee to PricewaterhouseCoopers	365	365	10	10
Tax advisory services	252	62	4	4
Other services	248	242	2	2
	865	**669**	**16**	**16**

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Andreas Andresen Holding ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2016 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Notes, Accounting Policies

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Andreas Andresen Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Notes, Accounting Policies

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment reporting

For competitive reasons, the exemption rule under section 96 of the Danish Financial Statements Act has been applied.

Income Statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have beenmade before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Notes, Accounting Policies

Direct freight expenses

Direct freight expenses comprise the transport costs etc. incurred to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect freight expenses and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The items "Income from investments in subsidiaries" in the income statement include the proportionate share of the profit for the year less goodwill amortisation, including gains and losses on the sale of shares in subsidaries.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes, Accounting Policies

The Company is jointly taxed with the subsidiaries Nagel Danmark A/S and Nagel Transport og Logistik ApS. Andreas Andresen Holding ApS has been selected as the administrative company. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	10-40 years
Other fixtures and fittings tools and equipment	3-20 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes, Accounting Policies

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverableamount.

Inventories

Inventories of consumables (pallets, crates and boxes, etc) are measured at the lower of cost and net realisable value. The inventories are written down systematically over their estimated useful lifetime.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums, lease and etc.

Notes, Accounting Policies

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes, Accounting Policies

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes, Accounting Policies

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$