

Bukkehave Distribution ApS

Annual Report 2015

Godkendt på Selskabets ordinære
generalforsamling, d. 29 / 3 2016


Dirigent

CVR-nr. 33.49.77.25

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Statements

Statement by the Executive and Supervisory Board

The Executive and Supervisory Boards have today discussed and approved the annual report of Bukkehave Distribution ApS for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements of the Company gives a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's Review gives a fair review of the matters, the Review includes.

We recommend that the annual report be approved at the annual general meeting.

Svendborg ²⁹/3 2016

Executive Board:



Morten Ravn Frederiksen
CEO




Jesper Galsgaard Larsen
Executive Vice President - Finance




Bo Thomas Dybbro
CFO

Statements


Supervisory Board:



Jens Josefsen
Chairman



Karsten Kielland



Johannes Poulsen



Catherine Isabelle Cax

Statements

Independent auditors' report

To the shareholders of Bukkehave Distribution ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Bukkehave Distribution ApS for the financial year 1 January – 31 December 2015, which comprise accounting policies, income statement, balance sheet, cash flow statement, statement of shareholders equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Statements

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Odense ^{29/3} 2016
Ernst & Young
Godkendt Revisionspartnerselskab
CVR nr. 30 70 02 28



Per Günslev
State Authorised
Public Accountant



Søren Smedegaard Hvid
State Authorised
Public Accountant

Management's Review

Company Presentation

Bukkehave Distribution ApS
Troensevej 29
5700 Svendborg
Denmark

Telefon: 63 21 21 21

Telefax: 63 21 21 63

Homepage: www.bukkehave.com

CVR-nr.: 33.49.77.25

Established: 4. februar 2011

Domicile: Svendborg

Supervisory Board

Jens Josefsen, Chairman
Johannes Poulsen
Karsten Kielland
Catherine Isabelle Cax

Executive Board

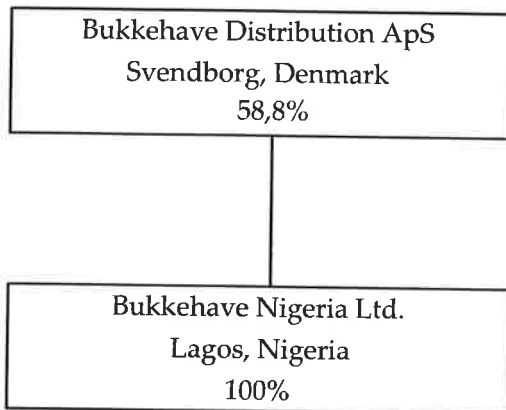
Morten Ravn Frederiksen, CEO
Bo Thomas Dybbro, CFO
Jesper Galsgaard Larsen, EVP Finance

Auditor

Ernst & Young Godkendt Revisionspartnerselskab
Englandsgade 25
5100 Odense C
Per Gunslev
Søren Smedegaard Hvid

Management's Review

Group chart



Bukkehave International A/S, Svendborg , having an owner's share of 58,8%, is the ultimate parent company. The financial statement for Bukkehave Distribution ApS is included in the consolidated financial statement for Bukkehave International A/S and Bukkehave Corporation A/S.

Management's Review

Review

Main activity

The business foundation for Bukkehave Distribution is to hold shares and manage ownership in other enterprises and related activities.

According to the Group overview, the company owns the subsidiary Bukkehave Nigeria Ltd.

Development in activities and financial conditions

Result of the year

The result after tax for 2015 was DKK -7.6 million vs. DKK -3.7 million in 2014. The Board does not find the result satisfactory.

The result for 2015 in the subsidiary Bukkehave Nigeria, was significantly influenced by the macroeconomic situation in the country, which was negatively influenced by low oil prices, lack of foreign currency and presidential election. Short term, we do not see any significant improvement in the market, but Nigeria is still considered a very interesting market long term. Adjustments has been made to the set-up in the subsidiary Bukkehave Nigeria to cope with the situation. Please see note 1 for further details.

Investments

No investments have taken place in 2015.

Cash resources and capital position

The total balance sum is DKK 0 million as of December 31 2015.

As of 31 December 2015 the company has shareholder's equity of DKK -4.9 million vs. DKK -14.4 million as of 31 December 2014. In 2016 a capital injection of DKK 5 million via loan conversion was completed. Please see note 1 for further comments.

Events after the termination of the financial year

Apart from the above mentioned capital injection/loan conversion, no events have occurred since the end of the financial year, which in our opinion will change the evaluation of the Annual Report and the company's financial position.

Expectations to the future

Due to a significant adjustment of the set-up in the subsidiary Bukkehave Nigeria, and a satisfying order pipeline, the company expects a positive result in 2016. Furthermore we refer to Note 1 regarding budget assumptions.

Financial statements 1 January – 31 December

Accounting practices applied

The annual report of Bukkehave Distribution ApS for 2015 has been prepared in accordance with the provisions applying to a class B enterprise under the Danish Financial Statements Act.

The accounting practices applied are unchanged from last year and described below.

Recognition and measurement

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

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognizing and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognized in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts, which were previously recognized in the income statement.

Income Statement

Administration costs

Administration costs comprise the costs incurred during the year for management and administration, including expenses for office equipment, rent of buildings etc.

Profit/Losses from Investments in Subsidiaries

The proportionate share of the results result after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profit/losses.

Financial statements 1 January – 31 December

Accounting practices applied

Corporation Taxes

The company is jointly taxed with the group parent company, Bukkehave International A/S, and affiliated companies.

Bukkehave International A/S manages the joint taxation and consequently settles all payments of corporate tax with the tax authorities.

The tax effect of the joint taxation is distributed as joint taxation contribution via the management company, Bukkehave International A/S, in proportion to each company's taxable income. The jointly taxed companies are registered in the Danish prepaid tax arrangement with the tax authorities.

The annual tax consist of the total joint taxation contribution payment and changes in deferred taxes, including changes in deferred tax due to changes in tax rates.

Balance sheet

Investments in Subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the companies' net asset value, calculated in agreement with the consolidated accounting principles with deduction or addition of unrealized group internal revenues and losses with deduction or addition of remaining value of positive or negative goodwill calculated in agreement with the method of acquisition.

Investments in subsidiaries with negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrevocable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognized under provisions.

Net revaluation of investments in subsidiaries is recognized in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Bukkehave Corporation A/S are not recognised in the reserve for net revaluation.

Capital increase due to issue of shares to new shareholders is treated the same way as sale of Investments in Subsidiaries.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the re-statement of assets and liabilities is taken into account.

Financial statements 1 January – 31 December

Accounting practices applied

Receivables from affiliated companies

Receivables from affiliated companies are measured after an individual assessment of the values at which they are expected to be debited.

Corporation tax and deferred tax

Current tax payable and receivable are recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to realize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Receivables and Debts

Receivables and liabilities are measured after an individual assessment of the values at which they are expected to be debited and credited, respectively.

Cash flow statement

The cash flow statement shows the Group's cash flow from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flow from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Financial statements 1 January – 31 December

Accounting practices applied

Cash flow from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Net Cash funds

Net cash funds comprise cash and short term debt to financial institutions.

Foreign Currency Translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as direct cost.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as direct cost.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Income statement

For the period January 1st. - December 31st.

Notes	<u>2015</u>	<u>2014</u>
Administration costs	521,993	428,726
Result of primary operations	-521,993	-428,726
2 Result after tax in subsidiaries	-6,974,759	-3,299,887
3 Financial income	0	0
3 Financial costs	109,350	14,298
Ordinary result before tax	-7,606,102	-3,742,911
Tax on the result of the year	0	0
Result for the financial year	-7,606,102	-3,742,911
Which is suggested to be distributed as follows:		
Retained earnings	-7,606,102	-3,742,911
Reserve for net revaluation under the equity method	0	0
	-7,606,102	-3,742,911

Balance sheet

As per December 31st.

Notes

ASSETS

Fixed assets

Financial fixed assets

2 Investments in subsidiaries

Total fixed assets

Current Assets

Cash funds

Total current assets

TOTAL ASSETS

	<u>2015</u>	<u>2014</u>
	<u>0</u>	<u>4,162,489</u>
	<u>0</u>	<u>4,162,489</u>
	<u>202</u>	<u>882</u>
	<u>202</u>	<u>882</u>
	<u>202</u>	<u>4,163,371</u>

Balance sheet

As per December 31st.

Notes

LIABILITIES

	<u>2015</u>	<u>2014</u>
Shareholder's equity		
Share capital	22,031,800	5,000,000
Reservet for net revaluation under the equity method	0	0
Retained earnings	-26,972,353	-19,443,299
Proposed dividend	0	0
Total shareholder's equity	<u>-4,940,553</u>	<u>-14,443,299</u>
Total provisions		
2 Negative equity in subsidiary	<u>2,735,221</u>	<u>0</u>
Debt		
4 Debt to affiliated companies	2,205,534	18,496,420
Other debt	0	110,250
Total short-term debt	<u>2,205,534</u>	<u>18,606,670</u>
Total debt	<u>2,205,534</u>	<u>18,606,670</u>
TOTAL LIABILITIES	<u>202</u>	<u>4,163,371</u>
5 Employees		
6 Pledges, securities and contingent liabilities		
7 Related party disclosures		

Cash flow statement

For the period January 1st. - December 31st.

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Result before tax	-7,606,102	-3,742,911
Depreciations for the year	0	0
Adjustment of result in subsidiaries	6,974,759	3,299,887
Profit due to sale of fixed assets	0	0
Corporation tax paid a.o.	0	0
Cash generated from operations before changes in working capital	<u>-631,343</u>	<u>-443,024</u>
Change in receivables, accruals	0	4,698,432
Change in debt	-2,369,336	8,405,000
Cash flows from operating activities	<u>-3,000,679</u>	<u>12,660,408</u>
Investing activities		
Net value of purchase and sale of financial fixed assets	0	-12,662,171
Cash flows from investing activities	<u>0</u>	<u>-12,662,171</u>
Financing activity		
Capital increase during the year	3,000,000	0
Cash flows from Financing activities	<u>3,000,000</u>	<u>0</u>
Change in net cash funds for the year	<u>-679</u>	<u>-1,763</u>
Net cash funds opening	881	2,644
Change in net cash funds	-679	-1,763
Net cash funds year end	<u>202</u>	<u>881</u>

The item "net cash funds" represents cash funds.

The cash flow statement cannot be directly inferred from other components to the Annual Report.

Statement of shareholder's equity

As per December 31st, 2015

	Share capital	Reserve for net revaluation under the equity method	Proposed dividend	Retained earnings	Total
Equity as per 31.12.2013	5,000,000	0	0	-15,436,959	-10,436,959
Currency translation adjustments of investments in subsidiaries	0	0	0	-263,429	-263,429
Profit distribution on Result of the financial year	0	0	0	-3,742,911	-3,742,911
Equity as per 31.12.2014	5,000,000	0	0	-19,443,299	-14,443,299
Capital increase during 2015	17,031,800	0	0	0	17,031,800
Currency translation adjustments of investments in subsidiaries	0	0	0	77,049	77,049
Profit distribution on Result of the financial year	0	0	0	-7,606,102	-7,606,102
Equity as per 31.12.2015	22,031,800	0	0	-26,972,353	-4,940,553
Sharecapital 2015-2011	2015	2014	2013	2012	2011
Balance 1. january	5,000,000	5,000,000	5,000,000	80,000	80,000
Capital increase	17,031,800	0	0	4,920,000	0
Balance 31. december	22,031,800	5,000,000	5,000,000	5,000,000	80,000
22.031.800 shares of DKK 1	22,031,800				

Notes to the accounts of 2015

Notes

1 Significant matters in relation to the Financial statement

Budget Assumptions

The subsidiary Bukkehave Nigeria has substantiated expectations about long term future growth in turnover and profit.

The prepared budgets and forecasts expresses managements best judgment of the development, taking the general insecure situation regarding the establishment in a new market into consideration.

The budget has been prepared based on expectations about known customer relations, combined with an estimated hit rate on new customers. During 2016, the company still expect a low activity level in Nigeria due to the Macroeconomical factors such as oil prices and lack of foreign currency in the market. As a consequence, the set-up in Nigeria has been adjusted to an appropriate level. The company expects to sell few trucks as commission based sales via Renault Financing and some trucks and trailers directly to customers. Furthermore the company will continue to sell spare parts for Renault Trucks.

The turnover for 2016 is budgeted at DKK 9.2 million while the contribution margin is budgeted at DKK 2.3 million. Based on the known sales order pipeline and the reduced cost structure, it is considered realistic to achieve the budget for 2016.

The subsidiary Bukkehave Nigeria does not have any local bank credit facilities. If the company will need cash for financing of the day to day operation, Bukkehave Corporation will provide this.

Liquidity and capital resources

The companys equity was negative by DKK 4.9 million by the end of 2015. The company is covered by the regulations regarding capital loss in the Danish Companys Act, since the company has lost more than 50% of the share capital.

In the beginning of 2016, a share capital increase of DKK 5 million was approved by the board and shareholders. The injection was completed via an assignment of loan originally granted from Bukkehave Corporation to Bukkehave Nigeria. The loan was assigned to Bukkehave Distribution and part of the loan was subsequently converted to share capital. The injection has been registered at the Danish Business Authority on 27 January 2016. The equity thereby turned positive.

The adjustment of the set-up in Bukkehave Nigeria and the following future positive perspectives for profit generation in this entity, combined with the above mentioned conversion of loan to share capital in Bukkehave Distribution in January 2016, is expected to enable a repayment of the remaining intercompany loan between Bukkehave Distribution and Bukkehave Corporation.

The company will consider to complete a capital reduction during 2016 in order to comply with the regulations regarding capital loss in the Danish Companys Act.

Notes to the accounts of 2015

Notes

2 Investment in Subsidiaries

As per December 31st., 2015

	<u>2015</u>	<u>2014</u>
Cost price as of January 1	22,702,771	10,040,600
Increase during the year	0	12,662,171
Cost price as of December 31	22,702,771	22,702,771
Adjustments January 1	-18,540,282	-14,976,966
Currency translation adjustments	77,049	-263,429
Annual result before tax	-6,974,759	-3,299,887
Current tax for the year	0	0
Revaluations December 31	-25,437,992	-18,540,282
Investment in subsidiary December 31	<u>-2,735,221</u>	<u>4,162,489</u>

Investments in subsidiaries are specified as follows:

	Domicile	Share of ownership	Share capital	Equity capital December 31	Annual result
Bukkehave Nigeria Ltd.	Lagos Nigeria	100%	647,607,728 NGN	-2,735,222	-6,974,759
Book value as of December 31, 2015				<u>-2,735,222</u>	<u>-6,974,759</u>

Notes to the accounts of 2015

Notes

	<u>2015</u>	<u>2014</u>
3 FINANCIAL INCOME AND COSTS		
Financial income		
Interest from affiliated companies	<u>0</u>	<u>0</u>
Financial costs		
Interest to affiliated companies	<u>109,350</u>	<u>14,298</u>

4 DEBT TO AFFILIATED COMPANIES

The item debt to affiliated companies includes debt to the company's minority-shareholder with DKK 0 (2014: DKK 4.1 million)

5 EMPLOYEES

During the financial year, the Executive Board and Supervisory Board associated with the Company, have received no wages, salaries and Director's fee.

6 PLEDGES, SECURITIES AND CONTINGENT LIABILITIES

The parent company is jointly taxed with the Danish subsidiary. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties. At 31 December 2015, the net taxes payable to the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 0.0 thousand. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase. The Group as a whole is not liable to others.

7 RELATED PARTY DISCLOSURES

The related parties of Bukkehave Distribution ApS are:

Party exercising control

Bukkehave Corporation A/S, Svendborg, Denmark being the majority shareholder of the share capital in Bukkehave Distribution ApS, and Christian Haar being the majority shareholder of the capital in Bukkehave International A/S, the parent company of Bukkehave Corporation A/S.

Related parties exercising significant influence

Related parties exercising significant influence comprise the minority shareholder, subsidiary companies as mentioned in note 2, shareholders, the Group's Supervisory and Executive Boards and their family members.

Further, related parties comprise affiliated companies and other companies in which the above persons have substantial interest.