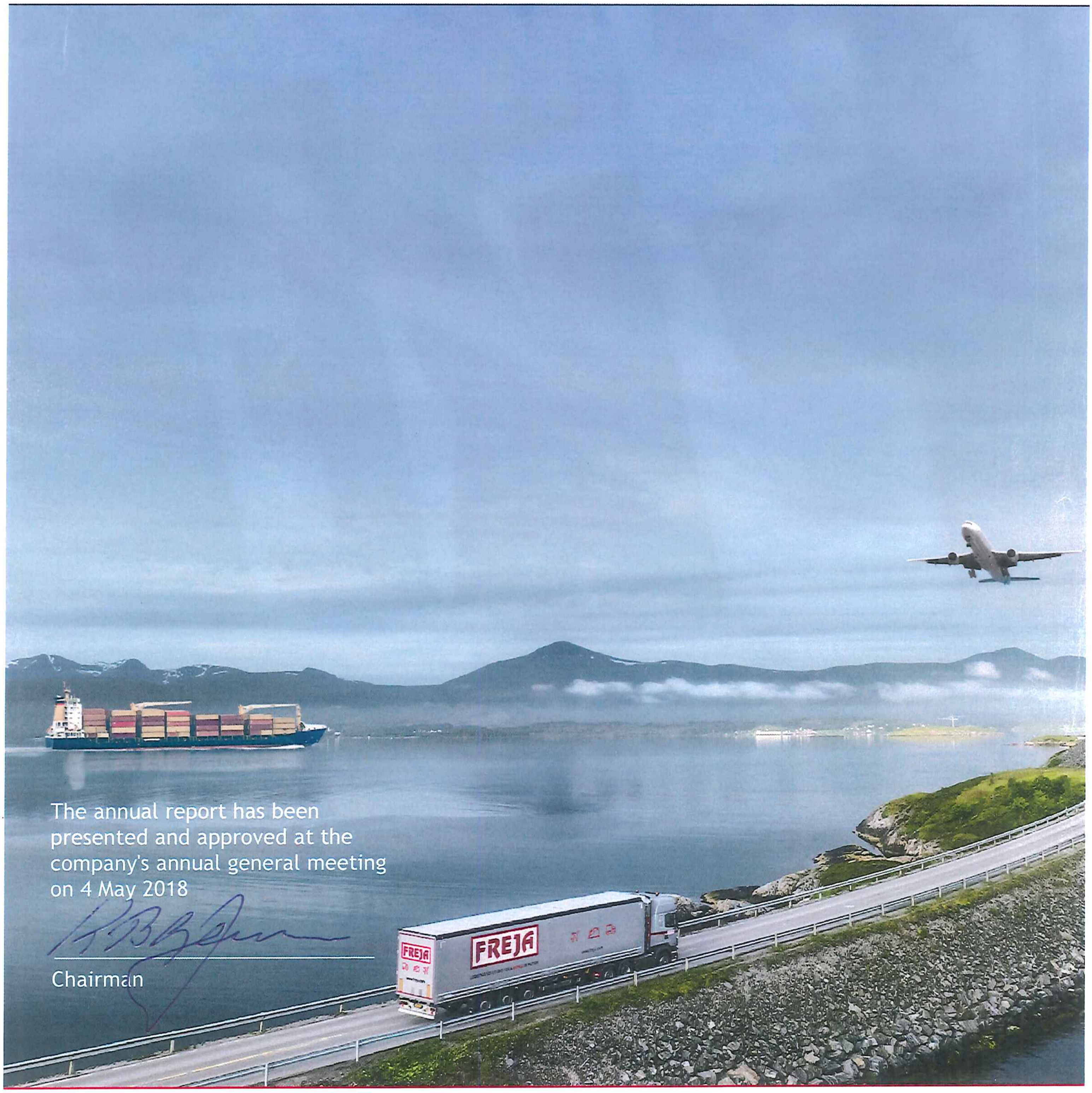
ANNUAL REPORT 2017



The annual report has been presented and approved at the company's annual general meeting on 4 May 2018

Chairman

CONTENTS

ABOUT FREJA

Values and attitudes

Quality, honesty, liability, and flexibility have been our guidelines for the company and the employees since the very beginning. To be able to hold on to those values while the company grows, our own FREJA Leadership Academy offers significant education in leadership, transport and logistics and ensures that our original values prepare the company for all future challenges.

Employees are our most important assets

When dealing with customers, colleagues and partners, we always remember the FREJA values.

Dare to challenge us. We can do it

With our extensive knowledge of logistics and transport systems and 30 years of experience, we will find the best solution for you. We make sure that your cargo will get there: on time, safely, and on budget.

FLEXIBILITY
RESULT-ORIENTATION
ENGAGEMENT
JUST IN TIME
ATTENTION
NETWORK
INNOVATION
TRUST

YOU HAVE A NEED - WE HAVE THE SOLUTION

ROAD TRANSPORT

SEA FREIGHT

AIR FREIGHT

PROJECT FORWARDING

LOGISTICS SOLUTIONS

HEALTHCARE SOLUTIONS

WAREHOUSING SOLUTIONS

REFRIGERATED SOLUTIONS

ABOUT FREJA

FREJA GROUP IN NUMBERS - 2018 ESTIMATES

100%
privately owned
Nordic Company

750
professionals

430
MEUR turnover

1.8 M
Consignments per year

2200
trailers

260
direct groupage lanes

FREJA WORLD MAP

FIVE-YEAR OVERVIEW

(MDKK)	2017	2016	2015	2014	2013
Income statement					
Revenue	2.546,8	2.431,4	2.408,4	2.244,1	2.100,6
Gross profit	305,2	307,6	297,9	260,8	253,0
Operating profit (EBIT)	41,6	47,3	44,3	31,0	24,9
Net financials	-2,9	-1,4	0,5	-7,6	-5,3
Profit before tax	59,4	45,9	44,8	23,4	19,6
Profit for the year	45,4	34,9	34,4	17,6	14,5
Comprehensive income incl. non-controlling interests	40,4	36,3	32,8	11,7	1,7
Statement of financial position					
Total assets	678,2	624,9	616,6	561,3	544,6
Equity, parent company's share	252,5	211,9	183,8	150,2	137,1
Total equity	252,2	211,8	183,8	150,2	137,1
Cash flows					
Cash flows from operating activities	70,8	30,1	47,0	32,9	12,6
Cash flows from investing activities *1	10,9	-0,6	-27,5	-5,2	-12,9
Cash flows from financing activities	0,0	-22,1	-3,8	-13,5	-20,3
Total cash flows	81,7	7,4	15,6	14,1	-20,6
*1 Portion relating to acquisition of property, plant and equipment	-6,4	-4,2	-11,0	-4,0	-12,0
Financial ratios					
Gross margin	12,0	12,7	12,4	11,6	12,0
(gross profit in % of revenue)					
Payroll ratio	120,5	123,9	123,2	118,8	118,0
(gross profit in % of staff costs)					
Profit margin	1,6	1,9	1,8	1,4	1,2
(operating profit in % of revenue)					
Return on capital employed	6,4	7,6	7,5	5,6	4,5
(operating profit in % of average total assets)					
Solvency ratio	37,2	33,9	29,8	26,8	25,2
(equity in % of total assets)					
Staffing					
Average number of employees	611	597	575	536	522


FREJA

STRATEGY AND FINANCIAL TARGETS

Industry, market and strategy

The FREJA Group has worked hard for several years, building a solid foundation, which is the cornerstone of the future positive development in the Group.

To secure the future development of FREJA's business, we are focused on the following strategic areas:

Developing organisation and HR

Freight forwarding is people's business, and managing human resources is a vital part of our strategy. Even though we constantly introduce new technology, we will always be depending on skilled and well-educated employees with a high degree of motivation to deliver excellent service to our clients.

Developing and optimizing processes and IT

The purpose of investments in new technology is to reduce and minimize the daily environmental impacts of moving goods from A to B. More efficient solutions help us to achieve greater synergies in the value chain for benefit off all involved partners.

Extension of CSR initiatives where it make sense

By 2017, we joined the UN Global Compact. FREJA has been quality and environmentally certified for many years and shown that there is a link between our business model and the CSR work that we are now intensifying.

Responsibility and consistency are key words in our business development and branding. And therefore FREJA is a reliable brand in the Nordics. A strengthened and knowledge-oriented organisation in all countries enables FREJA to continue to realise the market potential.

Be known to live up to our concepts and attitudes

FREJA highlights its responsibility and it is an integral part of the way we do business. This means that accountability and consistency are key words in our business base and branding. We are committed to ensuring sustainability, high business ethics, as well as full integrity.

Creating long-term relationships through close cooperation with our customers and collaborators

FREJA continuously develops partnerships with customers as well as suppliers. The goal is to optimize the overall value chain and thus create win-win for all parties.

Outlook for 2018

FREJA started in 2018 with the acquisition of Transcargo as a result of strengthening FREJA Group's position in the market. The expectation is that the acquisition will contribute positively to the development of the FREJA brand. The acquisition means that FREJA Group is now represented in six countries and has strengthened its position significant in Eastern Europe trade line for the benefit of our client portofolio.

In general, markets within our business segments are expected to grow marginally in 2018. The FREJA Group expects its organic growth to exceed that of the market. The acquisition of Transcargo is expected to contribute a further 25% to revenue.

The FREJA Group has succeeded in attracting new customers. Coupled with the strategic alliances in the groupage load market, our own skills and Transcargo, we expect earnings far beyond EBIT level for 2017.

The EU's new legislation on the protection of personal data will take effect on 25 May 2018. In 2017, FREJA initiated the process of mapping, describing and implementing processes that ensure that FREJA meets the requirements of the new GDPR legislation.

At the beginning of 2018, FREJA employed its first in-house lawyer with the aim of ensuring that FREJA is always compliant partly on the basis of assessing the risk picture.

Treasury shares

FREJA Transport & Logistics Holding A/S owns treasury shares of nom. DKK 404 thousand, corresponding to 5.5% of the share capital.

FINANCIAL PERFORMANCE

FREJA

FREJA GROUP

Jørgen J. Hansen
Group CEO

GROUP PERFORMANCE IN 2017

In 2017, the FREJA Group focused on becoming a Full Service Provider. Thus, we provide our customers with services within the Road, Logistics and Global Forwarding segments, including Air & Sea.

This focus was primary ensured by resource allocation and expansion in the subsidiaries and reorganizing the management in Sweden.

The Group saw positive development in revenue and deduction in EBIT, where particularly Norway and Finland showed earnings above market level. Denmark performed on same level as previous year. Sweden has negative earnings that compared to 2017 are even more significant.

It is crucial to the FREJA Group to be able to maintain and further develop the historic high level of quality and service for our customers. FREJA continuously consolidates this high level of quality and service by means of close dialogue with our customers and offers access to unique IT solutions that give customers full overview and security.

From 2016 to 2017, the Group realised an increase in revenue of 5% in terms of Danish kroner. Total revenue amounted to DKK 2.547 million in 2017.

Total EBIT before special items reduced by 12% and amounted to DKK 41.6 million compared to DKK 47.3 million in 2016.

Special items amounts to DKK 20,7 million. They are related to FREJA Sweden, and comprise mainly of gain on disposal of property

Profit for the year before tax amounted to DKK 59.4 million against DKK 45.9 million in 2016.

Other comprehensive income was affected by minor negative value adjustments regarding investments in foreign subsidiaries and totalled a negative net amount of DKK 5.0 million.

In the financial year, the Group's equity was strengthened by DKK 40.4 million, and the solvency ratio increased to 37.2%.

The Group's total assets increased by 9% to DKK 678.2 million.

In 2017, the Group's cash flows from operating activities amounted to DKK 70.8 million. Net cash flows from investing activities amounted to DKK 10.9 million. The change in cash and cash equivalents was positive by DKK 81.7 million.

The Group as a whole expects improved earnings in 2018. Q1 shows development supporting this expectation.

The Group regularly prepares segmental financial statements, and the revenue stated in the financial statements is distributed by 88% on Road activities, 5% on Logistics activities and 7% on Project and Air & Sea activities.

FREJA DENMARK

Ulrik Rasmussen
Managing Director,
Denmark

PERFORMANCE IN 2017

FREJA Denmark continues to invest in new products and future growth

During 2017 FREJA Denmark became a full service provider due to our investment in a new Air & Sea Department. FREJA Denmark also continued to invest in our Logistics Healthcare & Pharma set up. Furthermore, FREJA Denmark expanded our European Road groupage set up, which we in the coming years expect to see grow more than the market.

In 2017, we gained market shares and reached an organic growth of nearly 5.00% on revenue and a contribution margin increase of 4.5%. Our EBIT level was marginally better than in 2016, which was unsatisfactory and mainly due to investments in further growth for the future.

All our divisions Road, Global Forwarding and Logistics had growth and now have a solid platform well prepared for further growth.

Market situation

During 2017 the lack of drivers and thereby capacity challenge had a great impact in the Road market, which FREJA Denmark also was part of. FREJA Denmark still expects to see a very competitive year 2018 on all Divisions, even though the market overall is growing.

Focus areas in 2018

FREJA Denmark is ready to accelerate the growth in all divisions, and is particularly optimistic on substantial developments in groupage shipments and our Healthcare & Pharma logistics solutions.

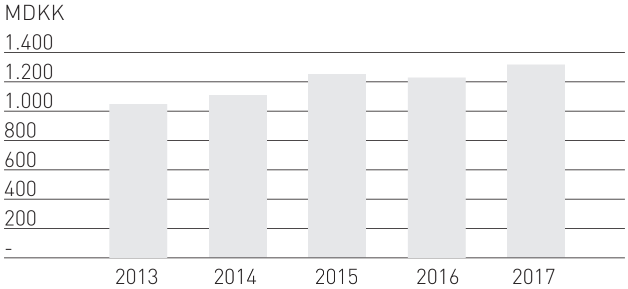
Also the acquisition of Transcargo with a strong position in the frigo segment as well as 4 branches in Poland we expect to have a significant impact on the Greece and Central East European trade line to and from Denmark

Q1 2018 is according to our expectations and we expect to see a 2018 result, which will be far better than 2017 on all KPI figures.

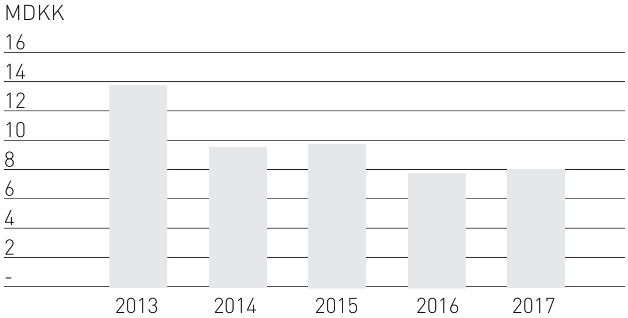
INCOME STATEMENT

(MDKK'000)	2017	2016
Revenue	1.303,6	1.243,9
Direct costs	-1.096,0	-1.045,3
Contribution margin	**207,6**	**198,6**
Other external costs	-59,2	-55,9
Gross profit	**148,4**	**142,7**
Staff costs	-131,0	-125,1
EBITDA	**17,4**	**17,6**
Depreciations	-9,6	-9,6
Other operating income	0,3	0,0
EBIT before special items	**8,1**	**8,0**
Finance income	2,8	3,0
Finance costs	-0,9	-0,8
Profit before tax	**10,0**	**10,2**
Tax on profit for the year	-2,3	-2,3
Profit for the year	**7,7**	**7,9**

FREJA DENMARK, TURNOVER



FREJA DENMARK, EBIT BEFORE SPECIAL ITEMS



FREJA NORWAY

Kjell-Arne Eloranta
Managing Director,
Norway

PERFORMANCE IN 2017

FREJA Norway all time high and preparing for growth

Although the company's activity in 2017 was historically high, the EBIT margin did not reach the same level as in 2016, though still satisfactory. Mainly changes in the official customs regulations, but also with investments in preparing for further growth in 2018 and onwards had an EBIT-impact. It is invested significantly in a continuous competence development program called "Forwarder 2.0" for the personnel. Also trainee programs arranged by the Norwegian Forwarding Ass. has been successfully completed. The positive cooperation with the other companies in the Group continued in the Nordics and in China.

The company was ISO certified in 2015 according to the group's ISO 9001/14001 and re-certified in 2017. Our quality-focus adapted from the Pharma & Healthcare operations attract customers also outside the Pharma industry who have the understanding that the best quality is the best investment.

During 2017 all our warehouses where equipped with Led-lights. The focus on using EURO 6 engines and ships which connect to shore power, remind us that we all have to contribute to a better environment, which also is an expectation from our customers.

Market situation

FREJA Norway is with all our products well prepared to serve the market, and expect to take further market shares in 2018. The new family members in Poland will give us further expansion also in Eastern European Market.

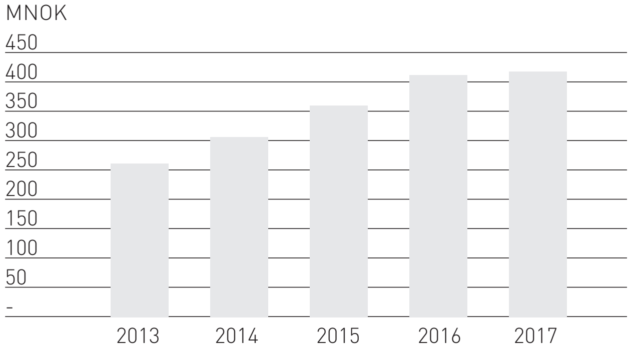
Focus areas in 2018

The investments in personnel, more environment-friendly solutions, more transport equipment, and from 2018 in another warehouse has given us a very positive start and forecast in 2018.

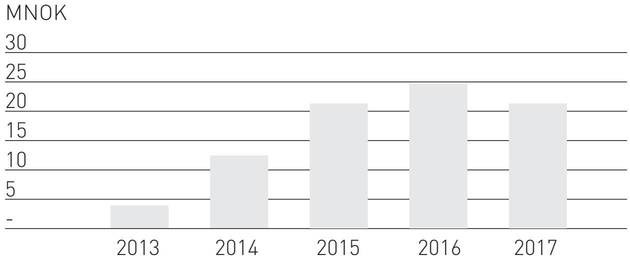
INCOME STATEMENT

(MNOK'000)	2017	2016
Revenue	423,3	418,5
Direct costs	-279,6	-271,6
Contribution margin	**143,7**	**146,9**
Other external costs	-58,8	-57,2
Gross profit	**84,9**	**89,7**
Staff costs	-63,6	-63,3
EBITDA	**21,3**	**26,4**
Depreciations	0,0	-1,3
Other operating income	0,0	0,2
EBIT before special items	**21,3**	**25,3**
Finance income	0,8	0,5
Finance costs	-1,0	-0,5
Profit before tax	**21,1**	**25,3**
Tax on profit for the year	-5,6	-6,2
Profit for the year	**15,5**	**19,1**

FREJA NORWAY, TURNOVER



FREJA NORWAY, EBIT BEFORE SPECIAL ITEMS



FREJA SWEDEN

Anders Ekroth
Managing Director,
Sweden

PERFORMANCE IN 2017

FREJA Sweden

Profit performance during the year has been clearly negative and overall the result is unsatisfactory for 2017, and not in line with expectations. It have been necessary to add new resources to management, and during 2017 a major organizational adjustment have been initiated at several levels. Among other things, a new CEO have been recruited. The road product segment, an analysis has been carried out during the second half of 2017. And a process of production and resource allocation has begun. FREJA Sweden together with other group companies, has entered into several new and significant partner agreements in Europe, which have brought about both volume and development new opportunities. This make it possible to achieve the quality and profitability targets set for the future. In the Air and Sea Transport product segment, there has also been added resources in order to offer the Swedish transport market a clear international footprint in 2018. Resources have been added to the sales & market department in order to strengthen our presence on the Swedish transport and logistics market.

Overall, the above actions are in line with the Group's strategy to strengthen profiling as supplier with comprehensive solutions in forwarding and logistics services

Market situation

During 2017 the lack of capacity have had a great impact of the road market, and this will continue also in 2018 including air & sea market.

Focus areas in 2018

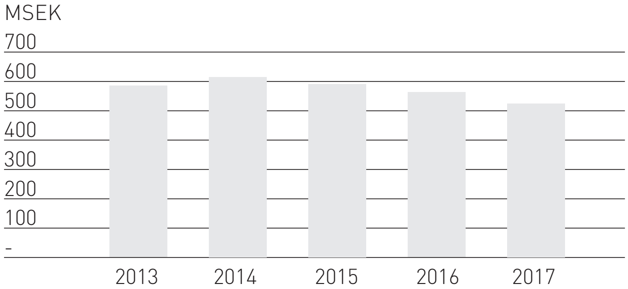
2018 will be a complete transformation year from a haulier company to a freight forwarder & a full service provider, with focus on the organization that has been implemented, but also the new products that have been added into our service.

Also the acquisition of Transcargo with a small branch in Trelleborg and 4 branches in Poland we expect to have a significant impact on the Greece and Central East European trade line to and from Sweden.

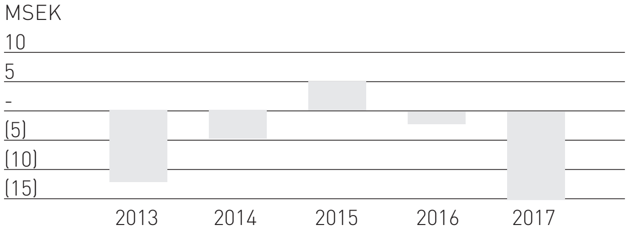
INCOME STATEMENT

(MSEK'000)	2017	2016
Revenue	535,5	574,5
Direct costs	-457,6	-487,1
Contribution margin	**77,9**	**87,4**
Other external costs	-31,9	-26,6
Gross profit	**46,0**	**60,8**
Staff costs	-59,8	-61,7
EBITDA	**-13,8**	**-0,9**
Depreciations	-0,9	-1,7
EBIT before special items	**-14,7**	**-2,6**
Special items	26,9	0,0
Finance income	0,2	0,1
Finance costs	-1,8	-4,1
Profit before tax	**10,6**	**-6,6**
Tax on profit for the year	-2,9	0,8
Profit for the year	**7,7**	**-5,8**

FREJA SWEDEN, TURNOVER



FREJA SWEDEN, EBIT BEFORE SPECIAL ITEMS



FREJA FINLAND

Matti Urmas
Managing Director,
Finland

PERFORMANCE IN 2017

FREJA Finland continued strong profitable growth

During 2017 FREJA Finland continued profitable growth taking more market share especially in road activities. End of the year we strength overseas activities with standard sea freight department to make Sea & Air business unit more attractive for Finnish market.

In 2017 FREJA Finland turnover increased 23 % and EBIT increased even 33 %.

During year 2017 FREJA Finland continued active marketing with different type of activities to increase awareness and strength FREJA brand.

Market situation

Due for positive development of Finnish national economy the overall market was growing in Finland. This kind of change brought new foreign players to the market bringing more competition especially to central East European market.

Focus areas in 2018

FREJA Finland was certified according to ISO 9001:2015 Quality System in March.

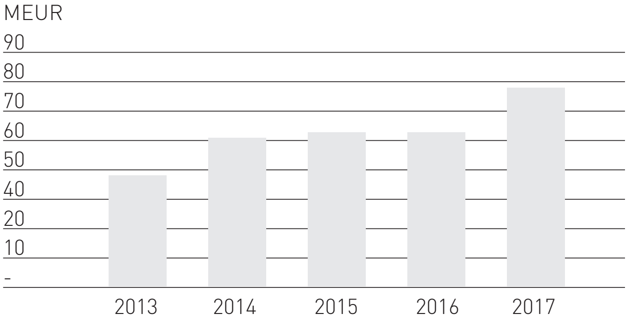
FREJA Finland will continue develop existing business areas to be even stronger and take role of trendsetter.

FREJA Finland is very optimistic concerning acquisition of Transcargo. FREJA Finland is expecting positive development in the Poland market area concerning transportation and volumes of shipments.

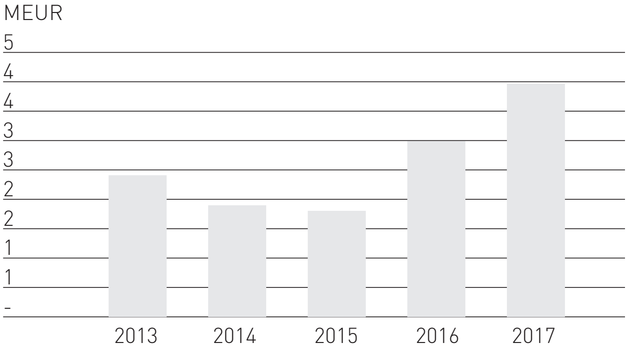
INCOME STATEMENT

(MEUR'000)	2017	2016
Revenue	77,9	63,5
Direct costs	-68,6	-55,5
Contribution margin	**9,3**	**8,0**
Other external costs	-2,2	-2,1
Gross profit	**7,1**	**5,9**
Staff costs	-3,2	-2,9
EBIT before special items	**3,9**	**3,0**
Finance income	0,0	0,0
Finance costs	0,0	0,0
Profit before tax	**3,9**	**3,0**
Tax on profit for the year	-0,8	-0,6
Profit for the year	**3,1**	**2,4**

FREJA FINLAND, TURNOVER



FREJA FINLAND, EBIT BEFORE SPECIAL ITEMS



RISK MANAGEMENT

Particular risks

The Group's primary operating risks are related to the ability to be strongly positioned in the markets where the products are sold and to ensure constantly competitive prices, high efficiency and customised adaptable solutions.

Price risks

The market for transport services is very sensitive to fluctuations, and the price of transport services is very sensitive to productive capacity and freight volumes.

Due to the significant price fluctuations in the transport market, the Company's acquisition of transport services poses a special risk as price increases on transport services can only partly – and only with some time lag – be recognised in the Company's selling prices.

By means of strategic measures, the Company has reduced the sensitivity to fluctuation in fuel prices.

Currency risks

Together with the acquisition and sale of transport services abroad, activities abroad entail that results, cash flows and equity are affected by the exchange rate development in a number of currencies. The Group minimises these currency risks relating to cash flows from operations by timing acquisitions and sales so that currency flows match one another to the largest extent possible.

In addition, the Group hedges commercial currency risks on a small scale by means of foreign exchange contracts in the currencies in question, and the real risks are thus very limited in relation to currency flows and operating results.

Value adjustments of investments in subsidiaries that are separate entities are recognised in other comprehensive income. Currency risks in this respect are generally not hedged as it is the Group's opinion that ongoing hedging of such non-current investments will not be optimum in terms of overall risks and costs.

Interest rate risks

The Group's interest-bearing debt carries floating-rate interest. As the interest-bearing debt is very limited, changes in interest rate levels will not have significant financial implications for the Group.

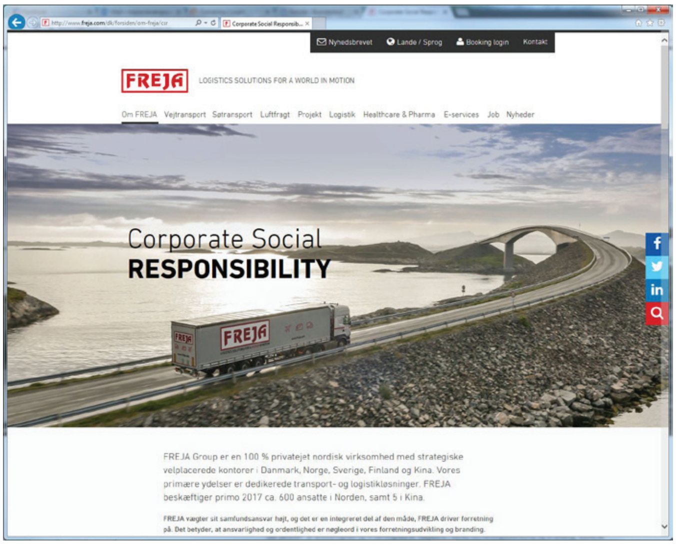
Consequently, interest rate risks are considered very limited.

Credit risks

The Group's credit risks primarily relate to receivables. Large customers and cooperative partners are rated on an ongoing basis, and the majority of trade receivables are covered by credit insurance.

CORPORATE **SOCIAL RESPONSIBILITY**

FREJA has chosen to publish its corporate social responsibility statement and statement on gender distribution on the Company's website at the following link:
http://www.freja.com/dk/forsiden/om-freja/csr




FREJA
FREJA

STATEMENTS

STATEMENT BY THE BOARD OF DIRECTORS AND THE CORPORATE MANAGEMENT

The Board of Directors and the Corporate Management have today discussed and approved the annual report of FREJA Transport & Logistics Holding A/S for the financial year 1 January – 31 December 2017.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

The parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the 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 December 2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management commentary gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Company's financial position and the financial position as a whole of the entities included in the consolidated financial statements as well as a description of the most significant risks and uncertainties that the Group and the Parent Company face.

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

Skive, 4. May 2018

Corporate Management:

Jørgen J. Hansen

Board of Directors:

Asbjørn Berge, Chairman

Jørgen J. Hansen

Søren Kr. Sørensen

Knud Borup Jensen

Morten Windfeldt

Nicolai Søborg Præstholm

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FREJA TRANSPORT & LOGISTICS HOLDING A/S

Conclusion

We have audited the consolidated financial statements and the parent company financial statements of FREJA Transport & Logistics Holding A/S for the financial year 1 January – 31 December 2017 comprising income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes and accounting policies for both the Group as well as for the Parent Company. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

The parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. Moreover, in our opinion, the parent company financial statements give a true and fair view of the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

Statement on the Management commentary

Management is responsible for the Management commentary.
Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management commentary and, in doing so, consider whether the Management commentary is materially inconsistent with the consolidated financial statements or the 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 the Management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management commentary is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management commentary.

Management's responsibility for the consolidated financial statements and the parent company 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 above-mentioned legislation and financial reporting standards and for such internal control that 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 the 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 the parent company 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.

INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the 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 ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users taken on the basis of these consolidated financial statements and parent company financial statements.

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

We also

- identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 the 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 the parent company financial statements or, if such disclosures are in-adequate, 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 con solidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the 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 performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Management 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.

Skive, 4. May 2018

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole Østergaard
State Authorised Public Accountant
MNE-nr. 23414

Thomas Baagøe
State Authorised Public Accountant
MNE-nr. 34119


FREJA
FREJA

CONSOLIDATED FINANCIAL STATEMENTS 2017

CONSOLIDATED INCOME STATEMENT

(DKK'000)	Note	2017	2016
Revenue	2.1	2.546.838	2.431.352
Direct costs	2.2	-2.095.095	-1.985.604
Contribution margin		**451.743**	**445.748**
Other external costs	2.3	-146.563	-138.180
Gross profit		**305.180**	**307.568**
Staff costs	2.4	-253.170	-248.231
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		**52.010**	**59.337**
Depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses	2.5	-10.605	-12.240
Other operating income	2.6	280	207
Other operating costs	2.6	-38	-23
Operating profit before special items (EBIT)		**41.647**	**47.281**
Special items	2.7	20.650	0
Finance income	4.3	1.541	1.295
Finance costs	4.3	-4.442	-2.717
Profit before tax		**59.396**	**45.859**
Tax on profit for the year	5.2	-14.023	-10.996
Profit for the year		**45.373**	**34.863**
Distribution of profit for the year			
Shareholders of FREJA Transport & Logistics Holding A/S		45.532	35.039
Non-controlling interests		-159	-176

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(DKK'000)	Note	2017	2016
PROFIT FOR THE YEAR		45.373	34.863
Items that can be reclassified to the income statement			
Translation from functional currency to presentation currency regarding foreign subsidiaries		-5.128	1.232
Value adjustment of other hedging instruments		0	0
Tax on other comprehensive income	5.2	140	211
OTHER COMPREHENSIVE INCOME AFTER TAX		**-4.988**	**1.443**
TOTAL COMPREHENSIVE INCOME		**40.385**	**36.306**
Distribution of total comprehensive income for the year:			
Shareholders of FREJA Transport & Logistics Holding A/S		40.509	36.479
Non-controlling interests		-124	-173

FREJA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

ASSETS

(DKK'000)	Note	2017	2016
Goodwill		153.006	159.545
Software		11.914	13.095
Intangible assets	3.1	**164.920**	**172.640**
Land and buildings		3.877	29.065
Leasehold improvements		8.646	9.379
Fixtures and operating equipment		12.431	11.923
Property, plant and equipment	3.2	**24.954**	**50.367**
Other equity investments	3.3	4.114	0
Deposits receivable		17.225	16.765
Deferred tax asset	5.2	4.305	4.604
Investments		**25.644**	**21.369**
TOTAL NON-CURRENT ASSETS		**215.518**	**244.376**
Trade receivables	4.4	314.520	287.786
Corporation tax receivable	5.2	1.011	403
Other receivables	4.4	30.779	20.002
Prepayments	3.4	18.211	17.737
Cash at bank and in hand		98.193	54.558
TOTAL CURRENT ASSETS		**462.714**	**380.486**
ASSETS		**678.232**	**624.862**

EQUITY AND LIABILITIES

(DKK'000)	Note	2017	2016
Share capital	4.1	7.341	7.341
Reserves		245.117	204.608
Parent company's share of equity		**252.458**	**211.949**
Non-controlling interests	4.1	-275	-151
EQUITY	4.1	**252.183**	**211.798**
Deferred tax	5.2	2.337	1.729
Provisions	3.5	434	584
Non-current liabilities		**2.771**	**2.313**
Provisions	3.5	480	707
Banks and credit institutions	4.5	2.684	42.644
Trade payables		331.898	292.325
Corporation tax payable	5.2	7.403	7.016
Other payables, including freight forwarding in progress		80.813	68.059
Current liabilities		**423.278**	**410.751**
TOTAL LIABILITIES		**426.049**	**413.064**
EQUITY AND LIABILITIES		**678.232**	**624.862**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2017

(DKK'000)	Share capital	Translation reserve	Retained earnings	Parent Company's share of equity	Non-controlling interests	Total equity
Equity at 1 January 2017	**7.341**	**-6.506**	**211.114**	**211.949**	**-151**	**211.798**
Profit for the year	-	-	**45.532**	**45.532**	**-159**	**45.373**
Translation from functional currency to presentation currency regarding foreign subsidiaries	-	-5.163	-	-5.163	35	-5.128
Tax on other comprehensive income	-	-	140	140	-	140
Other comprehensive income after tax	-	**-5.163**	**140**	**-5.023**	**35**	**-4.988**
Total comprehensive income for the period	-	**-5.163**	**45.672**	**40.509**	**-124**	**40.385**
Equity at 31 December 2017	**7.341**	**-11.669**	**256.786**	**252.458**	**-275**	**252.183**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2016

(DKK'000)	Share capital	Translation reserve	Retained earnings	Parent Company's share of equity	Non-controlling interests	Total equity
Equity at 1 January 2016	**7.341**	**-7.735**	**184.163**	**183.769**	**22**	**183.791**
Profit for the year	-	-	**35.039**	**35.039**	**-176**	**34.863**
Translation from functional currency to presentation currency regarding foreign subsidiaries	-	1.229	-	1.229	3	1.232
Tax on other comprehensive income	-	-	211	211	-	211
Other comprehensive income after tax	-	**1.229**	**211**	**1.440**	**3**	**1.443**
Total comprehensive income for the period	-	**1.229**	**35.250**	**36.479**	**-173**	**36.306**
Transactions with owners:						
Acquisition of treasury shares	-	-	-8.299	-8.299	-	-8.299
Total transactions with owners	-	-	**-8.299**	**-8.299**	-	**-8.299**
Equity at 31 December 2016	**7.341**	**-6.506**	**211.114**	**211.949**	**-151**	**211.798**

CONSOLIDATED STATEMENT OF CASH FLOWS 1 JANUARY – 31 DECEMBER

(DKK'000)	Note	2017	2016
Profit for the year		**45.373**	**34.863**
Adjustments	3.7	12.887	13.477
Changes in working capital	3.7	14.342	-17.125
Finance income		1.541	1.295
Finance costs		-4.442	-2.717
Tax on profit for the year, reversed	5.2	14.023	10.996
Corporation tax paid	5.2	-12.956	-10.701
Cash flows from operating activities		**70.768**	**30.088**
Acquisition of intangible assets	3.1	-4.525	-4.653
Acquisition of property, plant and equipment	3.2	-6.413	-4.190
Disposal of property, plant and equipment		26.431	1.339
Changes in deposits and other financial assets		-4.574	6.906
Cash flows from investing activities		**10.919**	**-598**
Repayment on loans	4.5	0	-13.824
Acquisition of treasury shares		0	-8.299
Cash flows from financing activities		**0**	**-22.123**
Changes in cash and cash equivalents		**81.687**	**7.367**
Cash and cash equivalents at 1 January		11.914	3.354
Foreign currency translation adjustments		1.908	1.193
Cash and cash equivalents at 31 December		**95.509**	**11.914**
Cash and cash equivalents at 31 December can be specified as follows:			
Cash at bank and in hand		98.193	54.558
Bank loans, bank overdraft	4.5	-2.684	-42.644
Cash and cash equivalents		**95.509**	**11.914**

NOTES

The notes to the consolidated financial statements are divided into five chapters that each reflect the nature of the financial information. Each chapter includes a short description of the coherence of the note disclosures with our way of carrying on business. To increase transparency and make the notes easier to read, the accounting policies and significant accounting estimates have been included in the other note disclosures.

Chapter

Overview of notes

CHAPTER 1 – BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The annual report of FREJA Transport & Logistics Holding A/S has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the Danish Executive Order on Adoption of IFRSs issued in accordance with the Danish Financial Statements Act.

Measurement Basis

The annual report is presented in DKK thousands as Danish kroner is the Company's functional currency.

Accounting Policies

The accounting policies described have been applied consistently for all financial years presented.

Application of new and revised IFRSs

The Group has implemented all new or revised and amended International Financial Reporting Standards issued by the IASB and IFRSs adopted by the EU applicable for the financial year 2017.

The Group has performed an analysis showing that the application of the new IFRSs does not significantly affect the consolidated financial statements in 2017, and the application of these new IFRSs is not expected to have any significant effect on future reporting periods.

IFRS 16 *Leases* will take effect on 1 January 2019. The standard will have significant impact on the financial reporting of FREJA Transport & Logistics Holding A/S.

The standard extends the criteria for recognition of leased assets and liabilities to include almost all leases unless these are covered by the exemption provisions of the standard. Based on current estimate, the effect on the Group's consolidated balance sheet total at 1 January 2018 is expected to be an increase of around DKK 450-500 million.

IFRS 15 *Revenue from Contracts with Customers* entails changes in the criteria for recognition and measurement of revenue.

IFRS 9 *Financial Instruments* entails changes in the rules of classification and measurement of financial assets and liabilities.

Both IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* will take effect on 1 January 2018.

None of those two standards are expected to have significant impact on the future financial reporting of FREJA Transport & Logistics Holding A/S apart from increased disclosure requirements.

No other new standards or interpretations are expected to have significant impact on the future financial reporting of FREJA Transport & Logistics Holding A/S.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including adjustments of financial assets and liabilities. Moreover, costs, including amortisation, depreciation and impairment losses, are recognised in the income statement.

Assets are recognised in the statement of financial position 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 recognised in the statement of financial position when it is probable that future economic resources will flow from the Company and the value of the liability can be reliably measured.

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

Certain financial assets and liabilities are measured at amortised cost, and thus, constant effective interest is recognised over the term. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for events occurring between the reporting date and the date when the annual report is presented that evidence matters existing at the reporting date.

The carrying amount of intangible assets and property, plant and equipment is subject to an annual assessment of indications of impairment other than the decrease in value reflected by ordinary depreciation or amortisation. If indications of impairment are identified, an impairment test is performed and, if necessary, write-down to the lower recoverable amount.

Accounting estimates and assessments

The preparation of the consolidated financial statements include management estimates and assessments of future matters that materially affect the carrying amount of assets and liabilities.

These estimates and assessments are made based on experience and assumptions.

The areas where these estimates and assessments have the most significant effect on the consolidated financial statements include:

- Accrual of transportation income and expenses (note 2.1)
- Measurement of goodwill (note 3.1)
- Distinction between finance and operating leases (note 3.2)
- Return liabilities provided for (note 3.5)
- Measurement of receivables (note 4.4)
- Measurement of deferred tax assets (note 5.2).

Consolidated financial statements

The consolidated financial statements comprise the Parent Company FREJA Transport & Logistics Holding A/S and subsidiaries that the Company controls. The Company is considered to control another entity when it has dominant influence, the possibility to or a right to affect the size of the return. This assessment includes that an entity must be consolidated when the Group has de facto control even though the majority of the shares or voting rights are not owned by the Group.

The consolidated financial statements are based on consistent accounting policies across all the Group's entities. Upon consolidation of the Group's entities, all intra-group transactions and balances are eliminated.

Non-controlling interests

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' profit is presented in the income statement. The non-controlling shareholders' share of the consolidated equity is presented as a separate line item under equity.

Foreign currency translation

All the Group's entities have a functional currency, which is the currency that the entity in question is primarily affected by when determining prices on acquisitions and sales, etc. All transactions are measured in the functional currency. Foreign currencies are all other currencies than the functional currency.

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 the date of payment are recognised in the income statement as finance income or finance costs.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the reporting date are translated at the exchange rates at the reporting date. Differences between the exchange rates at the reporting date and the exchange rate at the date when the receivable or payable arose are recognised in the income statement as finance income and finance costs.

On recognition in the consolidated financial statements of foreign subsidiaries with another functional currency than the Group's presentation currency, the income statement items are translated at average exchange rates, and the items of the statement of financial position are translated at the exchange rates of the reporting date. Foreign exchange differences arising from the translation of foreign subsidiaries' opening balance of equity at the exchange rates at the reporting date and from translation of the income statement from average rates to the exchange rates at the reporting date are recognised directly in other comprehensive income.

Balances with equity investments that, in reality, are an addition or deduction in respect of the entity's equity are translated at the exchange rates of the reporting date, and the translation adjustment is recognised in the consolidated other comprehensive income.

Foreign currency translation adjustments of debt denominated in foreign currencies hedging the Group's net investments in foreign subsidiaries are recognised in the consolidated other comprehensive income in the consolidated financial statements.

CHAPTER 2 – OPERATING PROFIT/LOSS

This chapter includes an elaboration of the consolidated operating profit/loss. Moreover, reference is made to the comment on the consolidated earnings development in the Management commentary on pages 3-5.

2.1 Revenue

Accounting policies
Revenue from the provision of services is recognised in the income statement provided that the service in question has been provided before the reporting date and that the income can be measured reliably and is expected to be received.

Accounting estimates
Accrual of transportation income and expenses entails that, in connection with the preparation of the annual report, it must be assessed to what extent income will subsequently be invoiced and expenses will subsequently be incurred regarding transportation carried out at the reporting date. Management makes this assessment based on experience and estimates.

2.2 Direct costs

Accounting policies
Direct external costs comprise external costs incurred to generate revenue for the year, including truck credits, etc., and staff costs directly related to the services provided.

2.3 Other external costs

Accounting policies
Other external costs comprise costs for rent, marketing, IT, training, communication, travels and other sales costs and administrative expenses.

2.4 Staff costs

Accounting policies
Staff costs comprise costs for wages and salaries and other costs related to staff, however excluding staff costs recognised as direct costs.

Staff costs are recognised in the financial year when the employees have carried out their work.

Staff costs

(DKK'000)	2017	2016
Wages and salaries	256.294	250.220
Pensions	20.136	19.333
Other staff costs and social security costs	32.722	32.537
Total costs	**309.152**	**302.090**
Portion transferred to direct costs	-55.982	-53.859
Staff costs	**253.170**	**248.231**
Average number of employees	611	597
Remuneration of the Corporate Management and the Board of Directors	4.737	4.557
Pension contributions to the Corporate Management and the Board of Directors	131	125
Total remuneration of the Corporate Management and the Board of Directors	**4.868**	**4.682**

2.5 Depreciation, amortisation and impairment losses

Accounting policies

Depreciation and amortisation for the year is recognised in accordance with the determined depreciation/amortisation profile of the assets. See notes 3.1 and 3.2.

Depreciation, amortisation and impairment losses

(DKK'000)	2017	2016
Depreciation on property, plant and equipment	4.899	7.256
Amortisation of intangible assets	5.706	4.984
Total depreciation, amortisation and impairment losses	**10.605**	**12.240**

2.6 Other operating income/expenses

Accounting policies

Other operating income and costs comprise items secondary to the primary activities of the Company.

Other operating income and costs

(DKK'000)	2017	2016
Gains from the disposal of property, plant and equipment	280	207
Other operating income	**280**	**207**
Losses from the disposal of property, plant and equipment	38	23
Other operating costs	**38**	**23**

2.7 Special items

Accounting policies

Special items include significant income and expenses of a special nature in terms of the group's revenue-generating operating activities that cannot be attributed directly to the group's ordinary operating activities.

Special items are shown separately from the group's ordinary operations, as this gives a truer and fairer view of the group's operation profit.

Special items

(DKK'000)	2017	2016
Gain on disposal of property	22.787	0
Special items, income	**22.787**	**0**
Costs related to restructuring	2.137	0
Special items, expenses	**2.137**	**0**
Special items, net	20.650	0
If special items had been recognised in operating profit before special items, they would have been included in the following items:		
Other external costs	-843	0
Staff costs	-1.294	
Other operating income	22.787	0
Special items, net	20.650	0

Special items comprise:

- Gain on disposal of property in Sweden. The transaction is part of a sale and leaseback transaction, that results in an operating lease and the sale is carried out at fair value.
- Restructuring costs relating to fundamental structural, procedural and managerial reorganisation in Sweden.

CHAPTER 3 – OPERATING ASSETS AND LIABILITIES

This chapter describes the Group's invested capital, which forms the basis for our activities. The invested capital is reflected in the Group's property, plant and equipment and intangible assets as well as in the Group's net working capital in the form of assets and liabilities derived from operations.

3.1 Intangible assets

Goodwill

Accounting policies

Goodwill acquired in connection with acquisition of activities or entities is measured at cost less impairment write-down. Goodwill is not amortised.

The carrying amount of goodwill is assessed on an ongoing basis. Each amount of goodwill relates to an activity (cash-generating unit), which is tested for impairment at least once a year. The value is written down to the recoverable amount if the carrying amount exceeds the present value of the expected future net income from the activity to which the goodwill relates. Write-down is recognised as a separate item of expense in the income statement and cannot be reversed in later periods if there is no longer any impairment.

Accounting estimates

Goodwill acquired in connection with acquisitions is subject to an annual impairment test, which implies that Management estimates future cash flows from the acquired entities. A number of factors affect these cash flows, including market trends, customer behaviour and competitive environment. See a detailed description of the impairment test performed below.

Goodwill

(DKK'000)	2017	2016
Cost at 1 January	159.545	158.723
Foreign currency translation adjustments	-6.539	822
Cost at 31 December	**153.006**	**159.545**
Carrying amount	**153.006**	**159.545**

Impairment tests

The carrying amount of goodwill is tested for impairment in connection with the preparation of the financial statements. The impairment test did not show any indication of impairment.

It is Management's assessment that the integration of the Company's entities has been successful to an extent where the dependency between the individual entities entails that it is not possible to identify a smaller cash-generating unit than the Group as a whole.

In 2017, the Group's impairment test was therefore based on the total consolidated cash flows as a whole.

The change of the Group's allocation of cash-generating units has not affected the assessment of the indication of impairment.

The impairment test is based on the calculated value in use determined by applying expected net cash flows based on budgets and forecasts for 2018-2023 and a discount rate before tax of 10% (2016: 10%).

For the budget and forecast period, an average annual revenue growth rate of 8% has been recognised along with an earnings improvement reflected by an increase in profit margin from 1.6% in 2017 to 2.3% in the terminal period.

Revenue growth is expected as all consolidated companies are assessed to be able to realise growth compared to their current revenue levels due to a strong market position. The recognised revenue growth corresponds to previously realised growth.

Improved earnings are expected based on measures taken by the Group that have entailed an increased profit margin in recent financial years. This development is expected to continue.

In the terminal period, growth of 2% (2016: 2%) has been recognised, which corresponds to the expected inflation. Thus, no real growth has been recognised.

It is Management's assessment that probable changes in the basic assumptions will not entail that the carrying amount will exceed the recoverable amount.

Software

Accounting policies

Costs for acquisition of software are recognised as intangible assets if it is sufficiently certain that future earnings can cover the purchase price.

Capitalised costs from the acquisition of software are measured at the lower of cost less accumulated amortisation and the recoverable amount.

Software is amortised on a straight-line basis after entry into service over the estimated useful life, which is 3-5 years. The basis of amortisation is reduced by amortisation made.

Software

(DKK'000)	2017	2016
Cost at 1 January	47.205	43.957
Additions	4.525	4.653
Disposals	-4.674	-1.432
Foreign currency translation adjustments	-40	27
Cost at 31 December	**47.016**	**47.205**
Amortisation and impairment losses		
at 1 January	34.110	30531
Amortisation	5.706	4.984
Amortisation of assets disposed of	-4.674	-1.432
Foreign currency translation adjustments	-40	27
Amortisation and impairment losses at	**35.102**	**34.110**
Carrying amount	**11.914**	**13.095**

All software is acquired from an external provider.

3.2 Property, plant and equipment

Accounting policies

Land and buildings, plant and machinery as well as fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises costs for materials, components, sub-suppliers, direct cost of labour and indirect production costs as well as borrowing costs if the manufacturing period is long. Moreover, cost comprises estimated costs of dismantling and of removing the asset as well as restoration costs to the extent that these costs have been recognised as a liability.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items that are depreciated separately.

Subsequent expenditure for replacement of components is recognised as property, plant and equipment when it is probable that it will entail future economic benefits. The carrying amount of the replaced components is recognised in the income statement. All other repair and maintenance costs are recognised in the income statement as incurred.

The basis of depreciation is cost less expected residual value after the end of the useful life. The residual value is reassessed annually. Depreciation is provided on a straight-line basis based on the following assessment of the expected useful lives and residual values of the assets:

	Useful life	**Residual value**
Buildings	20-40 year	0%
Leasehold improvements	5-15 year	0%
Operating equipment, tools and equipm	3-5 year	0%

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the net disposal proceeds and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income and other operating costs, respectively.

Leases

Leases for property, plant and equipment that transfer substantially all risks and rewards incident to ownership to the Group (finance leases) are recognised in the statement of financial position as assets. On initial recognition in the statement of financial position, the assets are measured at cost, corresponding to fair value, or (if lower) the present value of the future lease payments. When the net present value is calculated, the interest rate implicit in the lease or an approximate value thereof is used as the discount factor. Finance leases are depreciated in line with the Group's other property, plant and equipment.

The capitalised residual lease obligation is recognised in the statement of financial position as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases.

Accounting estimates

At the inception of leases, Management must assess whether the leases should be considered finance or operating leases.

Management bases the assessment on the fact that leases are considered finance leases when the present value of the lease payment exceeds 90% of the fair value of the leased asset.

The assessment of the present value is made by Management based on an estimate of the market rate and maintenance costs, etc., that are included in the lease payment made, if any.

When the seller and lessor are the same, an estimate of the fair value of the leased asset is made based on the alternative purchase price that could have been achieved. This estimate is based on information from the seller or lessor.

Impairment of property, plant and equipment

The carrying amount of the Group's assets is assessed annually to determine whether there is any indication of impairment. When indication of impairment exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the net selling price and the value in use of an asset. If the carrying amount exceeds the recoverable amount, the impairment loss is recognised in the income statement.

Property, plant and equipment

(DKK'000)	Land and buildings 2017	Land and buildings 2016	Leasehold improvements 2017	Leasehold improvements 2016	Operating equipment, tools and equipment 2017	Operating equipment, tools and equipment 2016
Cost at 1 January	41.091	42.712	18.599	17.722	39.323	44.397
Additions	0	0	486	1.038	5.927	3.152
Disposals	-36.688	0	-117	-228	-3.489	-8.602
Foreign currency translation adjustments	-526	-1.621	-100	67	-966	376
Cost at 31 December	**3.877**	**41.091**	**18.868**	**18.599**	**40.795**	**39.323**
Depreciation and impairment losses at 1 January	12.026	11.654	9.220	8.128	27.400	29.507
Depreciation	211	877	1.185	1.223	3.503	5.156
Depreciation on assets disposed of	-12.067	0	-110	-178	-1.928	-7.497
Foreign currency translation adjustments	-170	-505	-73	47	-611	234
Depreciation and impairment losses at :	**0**	**12.026**	**10.222**	**9.220**	**28.364**	**27.400**
Carrying amount	**3.877**	**29.065**	**8.646**	**9.379**	**12.431**	**11.923**

3.3 Other equity investments

Accounting policies
Equity investments recognised as investments comprise unlisted shares and equity investments that are recognised at cost as the fair value cannot be measured reliably.

Other equity investments comprise shares of a company, and these shares gives the right to have one apartment.

There is not an active market for the shares and observable prices are therefore not available. The shares are intended to be held for as long as the apartment is in use.

3.4 Prepayments and deferred income

Accounting policies
Prepayments comprise costs incurred relating to subsequent financial years.

Deferred income comprises payments received that are income relating to subsequent years.

3.5 Provisions

Accounting policies
Recognition is made of provisions that are probable at the reporting date and where the amount of the provision can be measured reliably.

Provisions are measured at the expected outflow of resources in connection with the settlement of the provision.

On measurement of provisions, the costs necessary to settle the provision is discounted to net present value if it has a material effect on the measurement of the provision.

Return liabilities
Return liabilities relate to operating leases on trailers. The liabilities are recognised based on a specific estimate of expected costs to be paid when returning trailers held under operating leases.

On measurement of the above-mentioned provisions, discounting to net present value has not been made as the effect thereof is not material.

Accounting estimates
Costs in connection with the return of trailers held under operating leases, etc., are accrued in respect of damage, etc., expected to entail costs upon return. Management makes this assessment based on experience and estimates.

Provisions

(DKK'000)	2017	2016
Return liabilities	914	1.291
Other liabilities	0	0
Provisions at 31 December	**914**	**1.291**

(DKK'000)	2017	2016
Development in provisions:		
Provisions at 1 January	1.291	1.292
Additions for the year	479	572
Disposals for the year	-856	-578
Foreign currency translation adjustments	0	5
Provisions at 31 December	**914**	**1.291**

(DKK'000)	2017	2016
Expected maturity of provisions:		
0-1 year	480	707
1-5 year	434	584
>5 years	0	0
Provisions at 31 December	**914**	**1.291**
Provisions have been recognised in the statement of financial position as follows:		
Non-current provisions	434	584
Current provisions	480	707
Provisions at 31 December	**914**	**1.291**

3.6 Operating lease obligations

Accounting policies

Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease.

Operating lease obligations

(DKK'000)	2017	2016
0-1 year	54.729	52.475
1-5 year	115.929	86.866
>5 years	435	80
Residual lease payment at 31 December	**171.093**	**139.421**
The development in the residual lease payment can be explained as follows:		
Residual lease payment at 1 January	139.421	139.375
Lease payments expensed in the year	-53.437	-55.393
Cancelled contracts	-4.085	-2.767
New operating leases entered into	90.368	57.276
Foreign currency translation adjustments	-1.174	930
Residual lease payment at 31 December	**171.093**	**139.421**

The Group leases operating equipment under operating leases. The lease term is typically 3-5 years.

Service obligations

(DKK'000)	2017	2016
Service costs related to operating leases in the non-cancellable period amount to	52.486	50.736

Rental obligations

(DKK'000)	2017	2016
Future annual rent amounts to	51.797	53.864
Rent in the non-cancellable period amounts to	385.795	355.152

3.7 Statement of cash flows

Accounting policies

The statement of cash flows show the consolidated cash flows for the year broken down by operating activities, investing activities and financing activities for the year, changes in cash and cash equivalents for the year as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are determined as profit for the year adjusted for non-cash operating items, changes in working capital and corporation tax. Corporation tax paid is presented as a separate line item under operating activities.

Cash flows from investing activities comprise payments related to acquisition and disposal of non-current assets and cash flows from the acquisition and disposal of entities and activities. Acquisition and disposal of other securities that are not cash and cash equivalents are also included in investing activities.

Cash flows from financing activities comprise changes in the size or composition of the share capital and costs in this respect as well as borrowing, instalments on interest-bearing loans, acquisition and disposal of treasury shares as well as distribution of dividend.

Cash and cash equivalents comprise bank overdrafts and cash at bank and in hand with a maturity of less than three months.

Adjustments, statement of cash flows

(DKK'000)	2017	2016
Depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses	10.605	12.240
Gains and losses from the disposal of property, plant ans equipment and intangible assets	-242	-184
Adjustment of provisions and impairment losses	-377	-1
Finance income	-1.541	-1.295
Finance costs	4.442	2.717
Total adjustments of cash flows	**12.887**	**13.477**

Changes in working capital

(DKK'000)	2017	2016
Changes in receivables	-37.985	-5.384
Changes in trade payables and other payables	52.327	-11.741
Total changes in working capital	**14.342**	**-17.125**

CHAPTER 4 – CAPITAL STRUCTURE AND FINANCIAL POSITION

This chapter describes the financial base of the Group's activities. Financing is reflected in the Group's capital structure defined as the relationship between funds generated from operations and loan financing as well as components thereof, including related financial risks.

4.1 Equity

Accounting policies

Share capital
The share capital comprises 7,340,933 shares of nom. DKK 1 each that are all fully paid-up. There have been no changes to the share capital for the last five years. All shares rank equally. There are no restrictions on negotiability or voting rights.

Treasury shares
Acquisition costs and considerations as well as dividend for treasury shares are recognised directly in retained earnings under equity. Consequently, gains and losses from disposal are not recognised in the income statement. Capital reduction in connection with the cancellation of treasury shares reduces the share capital by an amount equivalent to the nominal value of the treasury shares.

Equity reserves
The foreign currency translation reserve comprises foreign exchange differences on the translation of subsidiary financial statements that have another functional currency than the Parent Company's currency (DKK).

Non-controlling interests

(DKK'000)	2017	2016
Non-controlling interests at 1 January	-151	22
Contributions from non-controlling shareholders (FREJA Transport & Logistics Limited, Hong Kong)	0	0
Non-controlling interests' share of comprehensive income for the year	-124	-173
Foreign currency translation adjustments		
Non-controlling interests at 31 December	**-275**	**-151**

Treasury shares
The Group owns the following holding of treasury shares:

	No. of shares		Nominal value, DKK'000		% of share capital	
	2017	2016	2017	2016	2017	2016
Treasury shares at 1 January	403.677	68.505	404	69	5,5%	0,9%
Disposal for the year	0	0	0	0	0,0%	0,0%
Acquisition for the year	0	335.172	0	335	0,0%	4,6%
Treasury shares at 31 December	**403.677**	**403.677**	**404**	**404**	5,5%	5,5%

All treasury shares are owned by FREJA Transport & Logistics Holding A/S.

The holding of treasury shares was acquired in connection with the buy-back of employee shares.

4.2 Capital structure

The Group regularly assesses the need for an adjustment of the capital structure. The solvency ratio of 37.2% realised at 31 December 2017 is considered very satisfactory given the current composition of the statement of financial position. This matter is assessed on an ongoing basis. The assessments include balancing required rate of return and equity and the opportunities to obtain loan capital, independence thereof and required rate of return in this respect.

4.3 Finance income and costs

Accounting policies

Finance income and costs comprise interest income and expenses, finance costs related to finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Realised and unrealised gains and losses regarding transactions in foreign currencies and derivative financial instruments are treated as described in the below section on foreign currency translation and derivative financial instruments. Finance income and costs are recognised at the amounts relating to the financial year.

Finance income

(DKK'000)	2017	2016
Other finance income	1.541	1.295
Total finance income	**1.541**	**1.295**

Interest on financial assets measured at amortised cost

Finance costs

(DKK'000)	2017	2016
Interest, corporation tax	6	10
Changes in exchange rates	3.351	1.212
Other finance costs	1.085	1.495
Total finance costs	**4.442**	**2.717**

Interest on financial liabilities measured at amortised cost

4.4 Financial risks

The Board of Directors is responsible for the Company's overall financial policy. The Board of Directors has decided that speculation is not accepted. Group Finance in Denmark has the day-to-day operational responsibility for ensuring that the Company is in compliance with its policy. The policy remains unchanged compared to 2015.

Financial instrument categories:

	Carrying amount	
(DKK'000)	2017	2016
Loans and receivables	345.299	307.788
Financial liabilities measured at amortised cost	-412.711	-360.384

The carrying amount approximates to the fair value of all financial instruments. Reference is made to the section "Methods and assumptions for determining fair values".

Accounting policies

On initial recognition, derivative financial instruments are recognised at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables, respectively. The fair value of derivative financial instruments is measured based on the market data received from the Company's bankers.

Changes in the fair value of derivative financial instruments that are not designated as hedging instruments are recognised in the income statement under finance income and costs.

Changes in the fair value of derivative financial instruments designated and qualifying as hedges of the fair value of a recognised asset or a recognised liability are recognised in the income statement along with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments designated and qualifying as hedges of future cash flows are temporarily recognised in other comprehensive income until the hedged transaction is carried out. If the future transaction entails recognition in assets or liabilities, the value of the hedging instrument is transferred from equity to the cost of the asset or liability, respectively. If the future transaction entails income or costs, the value of the hedging instrument is transferred to the income statement.

Changes in the fair value of derivative financial instruments used for hedging net investments in separate foreign subsidiaries are recognised in other comprehensive income.

Liquidity risk

It is group policy to ensure flexibility by means of diversification of borrowings from cooperative partners (credit institutions) and ensure access to committed credit facilities with appropriate pricing.

Thus, the Group aims to always have access to undrawn credit facilities.

Cash resources at the reporting date can be specified as follows:

(DKK'000)	2017	2016
Cash at bank and in hand	98.193	54.558
Undrawn credit lines	103.414	65.774
Total cash resources	**201.607**	**120.332**

Currency risk

The Group's activities entail an exposure to changes in exchange rates. The Group's most significant currency exposures relate to the following currencies: EUR, SEK and NOK.

The currency exposures affect both translation and cash flows.

Translation

The Group has currency risks related to translation of monetary items in other currencies than the functional currency of the entity in question and net investments in foreign subsidiaries with another functional currency than DKK.

Cash flows

The Group seeks to minimise currency risks from operations by timing acquisitions and sales so that currency flows match one another to the largest extent possible.

The Group uses the following financial contracts to handle cash flows in currencies:

- Currency swap agreements
- Forward contracts

Currency swap agreements are used for interest rate optimisation by converting excess liquidity in one currency to another currency. Thus, the yield spread (the difference between deposit rate and lending rate) is saved by optimising the liquidity.

Currency swap agreements do not affect the Group's currency exposure, and the specific use of currency swaps will not have an adverse financial effect on the Group.

Forward contracts are used in rare cases to hedge cash flows in foreign currencies.

As the Group only enters into short-term forward contracts to a very limited extent and the contracts are solely used for hedging cash flows in foreign currencies, this matter does not – and will not – have a material financial effect on the Group.

Sensitivity

The Group's currency exposure and sensitivity to changes in exchange rates are summarised in the tables below.

Fairly probable changes in exchange rates compared to the exchange rates at the reporting date will, all other things being equal, have the following hypothetical effect on profit before tax for the year and the consolidated closing equity:

(DKK'000)	Change in exchange rate	Hypothetical effect in profit/loss before tax for the year(+/-) 2017	2016	Hypothetical effect in Other comprehensive income before tax (+/-) 2017	2016
SEK/DKK	5%	800	2.100	3.100	4.200
NOK/DKK	5%	2.500	1.800	5.300	4.400
EUR/DKK	1%	1.900	1.600	1.200	900
USD/DKK	5%	800	300	800	300
Total		**6.000**	**5.800**	**10.400**	**9.800**

Corresponding negative changes in exchange rates would have a similar opposite effect on profit and equity.

Sensitivity has been determined based on an assumption of unchanged sales, price levels and interest rate levels. Sensitivity related to financial instruments has been calculated based on the financial instruments recognised at 31 December. It is assumed that all hedging relationships are 100% effective.

There were no open hedging instruments at 31 December 2017 and only immaterial open hedging instruments at 31 December 2016.

At 31 December 2017, the Group's monetary currency positions included the following:

(DKK'000)	DKK	SEK	NOK	EUR	Other	Total
Short-term						
Cash at bank and in hand	7.279	10.469	21.429	48.661	10.355	98.193
Trade receivables, nominal value	106.676	28.248	24.314	147.897	9.008	316.143
Trade receivables, impairment loss	-152	-149	-352	-970	0	-1.623
Trade payables	-106.200	-22.475	-24.130	-175.478	-3.615	-331.898
Banks and credit institutions	0	-49	0	-2.635	0	-2.684
Net position	**7.603**	**16.044**	**21.261**	**17.475**	**15.748**	

At 31 December 2016, the Group's monetary currency positions included the following:

(DKK'000)	DKK	SEK	NOK	EUR	Other	Total
Short-term						
Cash at bank and in hand	1.055	1.281	1.645	34.033	16.544	54.558
Trade receivables, nominal value	101.519	27.252	21.139	131.846	8.683	290.439
Trade receivables, impairment loss	-280	-186	-1.183	-1.004	0	-2.653
Accounts payable	-95.377	-22.978	-22.206	-146.825	-4.939	-292.325
Banks and credit institutions	-18.384	-1.937	0	-21.314	-1.009	-42.644
Net position	**-11.467**	**3.432**	**-605**	**-3.264**	**19.279**	

Interest rate risk

The Group's interest-bearing debt carries floating-rate interest. As the interest-bearing debt is limited, changes in interest rate levels will not have significant financial implications for the Group.

Consequently, interest rate risks are considered very limited.

Credit risk

The Group's credit risks primarily relate to receivables.

Credit risks correspond to receivables, but as large customers and cooperative partners are rated regularly and the majority of trade receivables are covered by credit insurance at a respected credit insurer, the risks are considered minimal. Based on the Group's internal credit procedures, it is assessed that there are no significant differences in the credit quality of the Group's trade receivables, including in respect of customer types and markets.

Receivables are measured at amortised cost, which usually corresponds to nominal value.

If it is assessed that there is a risk of loss on a receivable, it is written down in connection with year end.

Receivables – and thus credit risks – can be specified as follows:

	Value of statement of financial position	
(DKK'000)	31/12 2017	31/12 2016
Trade receivables	314.520	287.786
Other receivables	30.779	20.002
	345.299	**307.788**

	Maximum credit risk	
(DKK'000)	31/12 2017	31/12 2016
Trade receivables	314.520	287.786
Other receivables	30.779	20.002
	345.299	**307.788**

Trade receivables can be specified as follows:

(DKK'000)	31/12 2017	31/12 2016
Receivables not due	271.328	208.611
Less than 1 month overdue	25.496	70.072
1-3 months overdue	15.643	8.808
3-6 months overdue	1.764	1.452
More than 6 months overdue	1.912	1.496
Trade receivables, gross	316.143	290.439
Impairment	-1.623	-2.653
Carrying amount	**314.520**	**287.786**

Impairment of receivables

Accounting policies
Impairment for doubtful receivables are booked based on an individual assessment of the individual exposures.

Accounting estimates
Provisions for impairment of receivables is made to show consideration for impairment of receivables arisen after initial recognition. Provisions are primarily made based on individual assessments and is subject to estimates, including as to which receivables show objective indication of impairment. However, FREJA's credit risks are considered limited as large customers and cooperative partners are rated regularly, and the majority of trade receivables are covered by credit insurance at a respected credit insurer.

Impairment for doubtful trade receivables can be specified as follows:

(DKK'000)	2017	2016
Impairment losses at 1 January	2.653	1.920
Change for the year	-1.030	733
Impairment losses at 31 December	**1.623**	**2.653**

4.5 Financial liabilities

Accounting policies
Financial liabilities are measured at the time of borrowing at the proceeds received, corresponding to the principal amount less transaction costs paid. In subsequent periods, financial liabilities are recognised at amortised cost, corresponding to the capitalised value using the effective interest method. Borrowing costs are thus recognised in the income statement over the term of the loan.

Financial liabilities also comprise the capitalised residual lease obligation of finance leases.

Current liabilities other than provisions, such as trade payables, payables to group entities and associates as well as other payables, are measured at amortised cost, which usually corresponds to the nominal value.

Non-current liabilities to banks and credit institutions

(DKK'000)	2017	2016
Development in debt:		
Total debt at 1 January	0	14.424
Repayment of loans	0	-13.824
Foreign currency translation adjustments	0	-600
Total debt at 31 December	**0**	**0**

Current liabilities to banks and credit institutions

(DKK'000)	2017	2016
Draws on credit facilities	2.684	42.644
Total debt at 31 December	**2.684**	**42.644**

4.6 Fair value hierarchy

Methods and assumptions for determining fair values
The methods and assumptions applied in determining the fair value of financial instruments are described by financial instrument class. The methods applied are consistent with those applied in 2016.

Forward exchange contracts and interest rate swaps are measured in accordance with generally accepted valuation methods based on relevant observable swap curves and exchange rates.

The fair value of financial liabilities is measured as the expected future payment of interest and instalments. For floating-rate loans, contractual cash flows are determined based on the interest rate level at the reporting date.

For financial instruments measured at fair value or where the fair value is disclosed, the following disclosures can be made:

Fair value hierarchy 2017:
At 31 December 2017, there were no open financial instruments measured at fair value.

Fair value hierarchy 2016:
At 31 December 2016, there were no open financial instruments measured at fair value.

CHAPTER 5 – OTHER NOTES

This chapter includes other statutory notes that are not directly derived from the Group's ordinary operating activities. The chapter describes acquisition and disposal of entities during the year, tax on the Company's activities, contingent liabilities and collateral as well as transactions with the Company's auditor and other related parties.

5.1 Acquisition and disposal of entities

Newly acquired or newly established entities are recognised in the consolidated financial statements in accordance with the acquisition method from the date when the Group obtains control. Entities disposed of or wound up are excluded from the consolidation at the date when control of the entities are transferred. Comparative figures are not restated for newly acquired entities or entities disposed of or wound up, but discontinued operations are presented separately; see separate section in this respect.

Subsidiaries acquired on or after 1 January 2005 are measured at fair value at the transaction date.

The cost of identifiable assets and liabilities, including deferred tax on recognised amounts, is allocated at the acquisition date.

Positive differences between the net value of identifiable assets and liabilities and cost are recognised as goodwill in the statement of financial position. Negative differences are recognised as gains in the income statement on acquisition. If it subsequently becomes evident that the value of assets, liabilities and contingent liabilities deviates from the assumed value, goodwill is adjusted up to 12 months after the acquisition date, and comparative figures are restated.

Subsidiaries acquired before 1 January 2005 are recognised by allocation of cost in accordance with the accounting policies at the acquisition date.

In the financial year 2017, the Group did not acquire or dispose of entities, non-controlling interests or activities.

5.2 Tax

Accounting policies

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to other comprehensive income is recognised in other comprehensive income.

Current tax payable and receivable are recognised in the statement of financial position 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 computed in accordance with the balance sheet liability method on temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the reporting date when the deferred tax is expected to crystallise as current tax.

Deferred tax assets are recognised at the value of their expected utilisation, 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.

The Danish consolidated companies are included in national joint taxation. International joint taxation has been deselected.

Accounting estimates

Deferred tax assets are recognised in the consolidated financial statements to the extent that Management assesses that the tax assets can be utilised within the foreseeable future. Utilisation may take place by using tax losses carried forward for offsetting in future taxable profits in accordance with applicable tax rules.

In connection with the measurement of deferred tax assets, estimates of future earnings have been made based on budgets and forecasts. A number of factors affect the actual development, including market trends, customer behaviour and competitive environment.

Tax for the year

(DKK'000)	2017	2016
Current tax	13.048	11.656
Adjustment of deferred tax	810	-880
Adjustment of tax regarding prior years	25	9
Total tax	**13.883**	**10.785**

Tax for the year relates to:		
Tax on profit for the year	14.023	10.996
Tax on other comprehensive income	-140	-211
Total tax	**13.883**	**10.785**

Reconciliation of tax for the year:

(DKK'000)	2017	2016
The effective tax rate can be explained as follows:		
Profit before tax	59.396	45.859
Applicable Danish tax rate	22,0%	22,0%
Tax computed	**13.067**	**10.089**
Effect of differences in tax rates in foreign entities, net	-272	138
Non-taxable income	-201	-62
Non-tax deductible expenses	1.236	454
Change in tax rate	-154	-133
Tax asset valuation adjustments, net	322	501
Changes regarding previous years	25	9
Tax on profit for the year	**14.023**	**10.996**

Tax on other comprehensive income

(DKK'000)	2017	2016
Tax on foreign currency translation regarding net investments in foreign subsidiaries	-140	-211
Tax on other comprehensive income	**-140**	**-211**

Corporation tax payable

The development in corporation tax payable can be explained as follows:

(DKK'000)	2017	2016
Corporation tax payable at 1 January	6.613	5.396
Corporation tax paid for the year	-12.956	-10.701
Tax computed on taxable income for the year	13.048	11.656
Adjustment of tax regarding prior years	25	9
Foreign currency translation adjustments	-338	253
Corporation tax payable at 31 December	**6.392**	**6.613**
Corporation tax has been recognised as follows:		
Corporation tax receivable	1.011	403
Corporation tax payable	7.403	7.016
Net liability	**6.392**	**6.613**

Deferred tax

(DKK'000)	2017	2016
Deferred tax at 1 January	-2.875	-2.171
Deferred tax adjustment for the year	810	-880
Foreign currency translation adjustments	97	176
Deferred tax recognised in the income statement at 31 December	**-1.968**	**-2.875**
Deferred tax relates to:		
Intangible assets and property, plant and equipment	2.528	5.037
Trade receivables	-135	0
Prepayments, deferred income, provisions and borrowing costs	-201	-272
Tax loss carried forward	-4.160	-7.640
Total deferred tax	**-1.968**	**-2.875**
Deferred tax has been recognised as follows:		
Deferred tax assets	4.305	4.604
Deferred tax (liabilities)	2.337	1.729
Net liability	**-1.968**	**-2.875**

Tax losses carried forward that are recognised in the consolidated statement of financial position at 31 December 2017 amount to DKK 4.2 million (2016: DKK 7.6 million), and these items solely relate to tax losses carried forward in Sweden.

Deferred Swedish tax assets are recognised at the value of their expected utilisation as a set-off against tax on future income from the Swedish activities based on budgets and forecasts for the period 2018-2023. These budgets and forecasts are based on specific management initiatives and business assumptions for a successful transformation of the Swedish organisation.

A reassessment of the expected rate of utilisation has been made in the financial year. The specific estimates entail that certain tax losses carried forward have not been recognised at a value.

The unrecognised deferred tax assets at 31 December 2017 amount to DKK 7.0 million (2016: DKK 0.5 million) and can be recognised in subsequent financial years if earnings forecasts of the Swedish activities improve.

5.3 Fees to auditors appointed at the general meeting

(DKK'000)	2017	2016
Fee for statutory audit of the consolidated financial statements	80	80
Fee for other assurance engagements	924	969
Fee for tax services	2	71
Fee for non-audit services	250	125
Total fees to auditor appointed at the general meeting	**1.256**	**1.245**

5.4 Contingent liabilities

Contingent liabilities
From time to time, the Group is party to legal disputes and disputes regarding direct and indirect tax matters. In respect of pending disputes, it is Management's opinion that the outcome of these disputes will not affect the Group's financial position apart from the receivables and liabilities recognised in the statement of financial position at 31 December 2017.

5.5 Related parties

Related parties comprise the following:

Control
JJH Invest ApS, Durupvej 23, Glyngøre, 7870 Roslev, Denmark, which is the parent company. This company is included JJH Holding I Glyngøre ApS, which is the ultimate parent company.

Other related parties that the Group has had transactions with
Apart from Management, other related parties that the Group has had transactions with comprise:

- Subsidiaries
- Ejendomsselskabet Viborgvej 52, 7800 Skive ApS, which is a subsidiary of AH Skive ApS, which owns significant equity investments in the Parent Company, FREJA Transport & Logistics Holding A/S.

Related party transactions
In the year, the Group has leased a property:

(DKK'000)	2017	2016
Ejendomsselskabet Viborgvej 52, 7800 Skive ApS	1.740	1.729

In the financial year, there have been no transactions with Management apart from ordinary remuneration as described in note 2.4.

5.6 Events after the reporting date

In January 2018 the FREJA Group announced the 100% acquisition of Transcargo A/S, International Transport & Spedition. The acquisition has been approved by the competition authorities. Transcargo A/S, International Transport & Spedition owns the subsidiary Transcargo SP. Z O.O. (Poland), which is also part of the acquisition. In 2017 the Transcargo group had a turnover of approx. DKK 500 million and had approx. 140 employees.

Furthermore the building located in Padborg, where Transcargo A/S, International Transport & Spedition perform their daily operations was bought.

By the time that these condensed consolidated financial statements had been completed, management had not become aware of any further events that would have a material impact on the condensed consolidated financial statements as a whole.

GROUP STRUCTURE

	Registered office	Equity interest	Share capital in local currency	Share capital in DKK'000 at closing rate
Consolidated subsidiaries				
FREJA Transport & Logistics A/S	Denmark	100%	7.341 DKK'000	7.341
FREJA Transport Holding AB	Sweden	100%	500 SEK'000	378
FREJA Transport Holding AS	Norway	100%	200 NOK'000	151
FREJA Transport & Logistics OY	Finland	100%	39 EUR'000	290
FREJA Transport & Logistics A/S (Hong Kong) Limited	Hong Kong	75%	100 HKD'000	79
Consolidated subsubsidiaries				
FREJA Transport & Logistics AB	Sweden	100%	400 SEK'000	303
FREJA Transport & Logistics AS	Norway	100%	201 NOK'000	152
FREJA Transport & Logistics (Shanghai) CO., LTD.	China	100%	5.000 CNY'000	4.770

PARENT COMPANY FINANCIAL STATEMENT 2017

INCOME STATEMENT, PARENT COMPANY

(DKK'000)	Note	2017	2016
Revenue		1.131	1.089
Other external costs		-438	-150
Gross profit		**693**	**939**
Staff costs	2	-1.123	-1.060
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		**-430**	**-121**
Income from investments in Group entities	3	22.859	30.088
Finance income	4	1.199	953
Finance costs	5	-5.365	-2.667
Profit before tax		**18.263**	**28.253**
Tax on profit for the year	6	1.011	403
Profit for the year		**19.274**	**28.656**

STATEMENT OF FINANCIAL POSITION 31. DECEMBER, PARENT COMPANY

ASSETS

(DKK'000)	Note	2017	2016
Investments in Group entities		245.068	245.068
Non-current receivables from Group entities		51.614	51.413
Financial assets	7	**296.682**	**296.481**
TOTAL NON-CURRENT ASSETS		**296.682**	**296.481**
Corporation tax		1.011	403
Receivables from Group entities		16.283	16.770
Other receivables		8.450	18
Cash and cash equivalent		13	101
TOTAL CURRENT ASSETS		**25.757**	**17.292**
TOTAL ASSETS		**322.439**	**313.773**

EQUITY AND LIABILITIES

(DKK'000)	Note	2017	2016
Share capital	8	7.341	7.341
Reservers		208.691	189.417
TOTAL EQUITY		**216.032**	**196.758**
Payables to Group entities		105.194	116.842
Other payables		1.213	173
Total current liabilities		**106.407**	**117.015**
TOTAL LIABILITIES		**106.407**	**117.015**
TOTAL EQUITY AND LIABILITIES		**322.439**	**313.773**

STATEMENT OF CHANGES IN EQUITY

(DKK'000)	Share capital	Retained earnings	Total
Equity at 1 January 2016	7.341	169.060	176.401
Profit for the year	0	28.656	28.656
Purchase of treasury shares	0	-8.299	-8.299
Equity at 31 December 2016 and at 1 Januar	7.341	189.417	196.758
Profit for the year	0	19.274	19.274
Equity 31 December 2017	**7.341**	**208.691**	**216.032**

NOTES

Note 1 Accounting policies

As parent company for the FREJA Group, the financial statements of FREJA Transport & Logistics Holding A/S are separate financial statements disclosed as required by the Danish Financial Statements Act for accounting class C companies.

The annual report is prepared according to the same accounting policies as last year.

Income Statement

Revenue
Revenue from delivery of administrative services is recognized in the income statement if the services are completed before the balance sheet date and the income can be calculated reliably and expected to be received.

Other external costs
Other external costs comprise primarily administrative expenses.

Staff costs
Staff costs include costs for wages and salaries, as well as other expenses related to staff employed.

Income from investments in Group entities
In the Parent company's income statement, the dividend adopted during the financial year as well as write-downs on investments in Group companies are recognized.

Financial income and costs
Financial income and costs include interest income and expenses, realized and unrealized gains and losses on liabilities and transactions in foreign currency, amortization of financial assets and liabilities, as well as surcharges and allowances under the a-conto tax scheme etc. Financial income and costs are recognized by the amount relating to the financial year.

Tax on profit for the year
The tax for the year, which consists of current tax and changes in deferred tax for the year, is recognized in the income statement with the portion attributable to the profit for the year and directly to equity, with the part attributable to entries directly to equity.

Statement of financial position

Financial assets
Investments in Group companies are measured at cost. I cases where the cost price exceeds the net realizable value, the investments are written down to these lower values.

Other financial assets except from Investments in Group companies are measured at amortized cost price, and comprise loans and other long-term receivables expected to be held to expiration.

Impairment of fixed assets
The carrying amount of financial fixed assets not measured at fair value is assessed annually for indications of impairment in addition to that expressed by depreciation.

If there are indications of impairment, impairment tests of each asset or group of assets are carried out. A write-down of the recoverable amount is made if this is lower than the carrying amount.

Recovery value is the highest value of net selling price and capital value. The capital value is calculated as the present value of the expected net cash flows from the use of the asset or asset group and expected net cash flows on the sale of the asset or asset group after the end of life.

Receivables
Receivables are measured at amortized cost, which usually corresponds to the nominal value. Write-downs are made to meet expected losses based on an individual assessment of the individual exposures.

Corporation and deferred tax
Current corporation tax liabilities and receivables are recognized in the balance sheet as calculated tax on taxable income for the year adjusted for tax on previous years taxable income as well as for paid taxes.

The company is jointly taxed with group-linked Danish companies. The current corporation tax is distributed among the jointly taxed companies in proportion to their taxable income and with full distribution with a refund on tax losses. The jointly taxed companies are included in the a-conto tax scheme. Accrued and receivable joint taxation contributions are recognized in the balance sheet under current assets and liabilities respectively.

Deferred tax is measured by temporary differences between the accounting and tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the value at which the asset is expected to be realized either by settlement in tax on future earnings or by offsetting in 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 apply at the balance sheet date when the deferred tax is expected to be set of as current tax. Changes in deferred tax due to changes in tax rates are recognized in the income statement, except for items that are recognized directly in equity.

Liabilities
Amortized cost of current liabilities normally corresponds to nominal value.

Conversion of foreign currency
Transactions in foreign currency are translated at the exchange rates on the transaction date. Exchange rate differences arising between the transaction date and the exchange rate on the payment date are recognized in the income statement as a financial item.

Receivables, debt and other monetary items denominated in foreign currency, which are not settled at the balance sheet date, are translated at the exchange rate at the balance sheet date. The difference between the balance sheet date and the exchange rate at the time of the receivable or debt arising is recognized in the income statement under financial income and expenses.

Fixed assets purchased in foreign currency are translated at the exchange rate on the transaction date.

Note 2 Staff costs

(DKK'000)	2017	2016
Remuneration of the Corporate Management and the Board of directors	1.123	1.060
Total staff costs	**1.123**	**1.060**
Average number of employees	5	5

Note 3 Income from investments in Group entities

(DKK'000)	2017	2016
Income from investments in in Group entities	22.859	30.088
Total income from investments Group entities	**22.859**	**30.088**

Note 4 Financial income

(DKK'000)	2017	2016
Interest from Group entities	1.199	953
Changes in exchange rates	0	0
Total financial income	**1.199**	**953**

Note 5 Financial costs

(DKK'000)	2017	2016
Interest expenses for Group entities	2.153	2.421
Changes in exchange rates	3.211	246
Other financial costs	1	0
Total financial costs	**5.365**	**2.667**

Note 6 Tax on profit for the year

(DKK'000)	2017	2016
Current tax	1.011	403
Adjustment of deferred tax	0	0
Total tax on profit for the year	**1.011**	**403**

Note 7 Investments in Group entities

(DKK'000)	Investments in Group entities	Receivables from Group entities
Cost at 1 January	305.068	51.413
Additions	0	201
Cost at 31 December	**305.068**	**51.614**
Impairments at 1 January	60.000	0
Impairments	0	0
Impairments at 31 December	**60.000**	**0**
Carrying amounts	**245.068**	**51.614**

Investments in Group entities are specified as follows:

(DKK'000)	Ownership	Equity	Profit for the year
FREJA Transport & Logistics A/S, Danmark	100%	128.074	7.733
FREJA Transport & Logistics AB, Sverige	100%	-5.403	-6.048
FREJA Transport Holding Norge AS, Norge	100%	19.689	0
FREJA Transport & Logistics OY, Finland	100%	53.012	22.969
FREJA Transport & Logistics Limited, Hong Kong	75%	21	-58

Note 8 Share capital

(DKK'000)	2017	2016
Share capital is distributed as follows:		
7.340.933 pcs. at 1 DKK	7.341	7.341

Material transactions with related parties

FREJA Transport & Logistics Holding A / S (parent company) has over the year had outstandings with Group companies. These balances, which reflect lendings, are repaid at an interest rate reflecting the parent company's average bank overdraft rate.

Transactions have taken place under market conditions. The company has chosen to only disclose transactions not made under normal market conditions pursuant to section 98c of the Danish Financial Statements Act. 7th

Group issues

The parent company is included in consolidated accounts prepared by the parent company JJH Holding I Glyngøre ApS, Glyngøre, 7870 Roslev, which is the top company in the Group.

Contingent liabilities

The company is jointly liable with other group companies for the subsidiaries' total engagement with banks.

The company is jointly and severally liable with the company's parent company and the other companies in the jointly taxed group for tax on the Group's jointly taxed income and for certain withholding taxes as income tax. Deferred tax on the Group's jointly taxed income is stated in the annual report of JJH Invest ApS, who is the administration company of the joined taxation.

The company has guaranteed for subsidiary debt to a specific supplier.

The company has provided a guarantee of DKK 96,000. regarding a subsidiary's lease.


FREJA

ANNUAL REPORT | 1. JANUARY - 31. DECEMBER 2017

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