

# Annual Report 2017

LEMAN Holding A/S



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# LEMAN Holding A/S Annual Report 2017 CBR No. 36 70 05 13

The Annual General Meeting adopted the annual report on 15th May 2018

**Chairman of the General Meeting**

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Thomas Krøyer

Our air transport solutions provide safe and timely deliveries around the globe.



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# Entity details

## Entity

LEMAN Holding A/S  
Ventrupvej 6, 2670 Greve  
Central Business Registration No: 36700513  
Registered in: Greve  
Financial year: 01.01.2017 - 31.12.2017

## Board of Directors

Philippe Robert Joseph Arthur Marie Ziegler, Chairman  
Charles Duro  
Hardy Petersen

## Executive Board

Thomas Krøyer, Chief Executive Officer

## Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
0900 Copenhagen C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of LEMAN Holding A/S for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Greve, 15.05.2018

### Executive Board

Thomas Krøyer  
Chief Executive Officer

### Board of Directors

Philippe Robert Joseph Arthur Marie Ziegler  
Chairman

Charles Duro

Hardy Petersen

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## Independent auditor's reports

To the shareholders of LEMAN Holding A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of LEMAN Holding A/S for the financial year 01.01.2017 – 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

## Independent auditor's reports

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## Independent auditor's reports

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 15 May 2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No 33 96 35 56

Anders Kreiner

State-Authorised Public Accountant

Identification NO (MNE) mne26765

# Management commentary

## Financial highlights

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
<b>Key figures</b>					
Revenue	2.162.884	1.999.758	1.918.751	1.571.346	1.385.600
Gross profit/loss	379.331	388.112	360.167	303.556	268.409
EBIT	43.529	59.741	50.154	53.607	42.888
Net financials	1.514	4.558	2.826	2.025	260
EBT	45.043	64.299	52.980	55.632	43.147
Profit/loss for the year	36.887	47.222	36.480	36.592	35.305
Total assets	954.923	869.793	829.122	739.426	646.885
Investment in intangible assets	53.939	0	14.256	11.171	384
Investments in property, plant and equipment	19.104	29.690	64.347	50.616	15.478
Equity	538.189	513.656	482.919	456.458	418.953
Employees in average	661	632	597	518	483
<b>Ratios</b>					
Gross margin (%)	17,5	19,4	18,8	19,3	19,4
Return on equity (%)	7,0	9,5	7,8	8,4	8,6
Equity ratio (%)	56,4	59,2	58,2	61,7	64,8

## Management commentary

### Primary activities

The Parent and all its subsidiaries operate within transportation and freight forwarding as well as logistic.

### Development in activities and finances

The consolidated revenue for the year amounts to DKK 2,163 million against DKK 2,000 million last year and thereby increasing by 8,2%. The profit before tax amounts to DKK 45.0 million against DKK 64.3 million last year.

The result reflects the significant capacity shortage in the European Road freight market as well as the very volatile market in the Global Sea freight market experienced as from end of Q1, as well as impact from the weakened currency of USD as well as GBP thus subsequent pressure on the profitability.

During 2017 the significant investments in IT and the digitalization process continued in line with the plan.

In addition, LEMAN acquired 100% of the shares in MARU UK as per the 01st of September 2017 and the related non-recurring integration cost has been taken in the 2017 result.

The market environment continued to be very competitive and regardless of the significant capacity shortage as well as tough sea freight market, then several activities and countries within the LEMAN Group developed better than the market.

The Management considers the result satisfying in view of the continued volatile market conditions.

### Outlook

The Company continues to execute on the launched series of profitable growth initiatives in order to strengthen the diversification and the solid foundation across the LEMAN Group.

Management expects that the world economy will remain volatile with an overall modest growth and associated competitive market conditions both nationally and internationally in 2018, why the Company is cautiously optimistic about earnings and revenue expected to be above the 2017.

# Management commentary

## Particular risks

### Financial risks

The Group is only exposed to changes in interest rates to a limited extent as the Group's equity ratio and financial resources are considered very satisfactory.

### Currency risks

Purchase and sales transactions are carried out in DKK, EUR, USD and USD-related currencies. Further, the Company has made investments in USD, GBP, SEK, EUR and NOK. Management's policy is generally not to hedge currency risks by way of derivative financial instruments.

The Company's foreign currency exposures relating to sales transactions have as far as possible been hedged by offsetting purchase transactions in USD and USD-related currencies.

## Intellectual capital

To ensure continued growth and future development, it is important to the Company to be able to retain and attract highly skilled employees.

An important part of the Company's permanent staff is made up by experienced employees with many years of employment in the Company.

## Environmental issues

As a forwarding agent the Company is not directly impacting the external environment. However, Management and employees are focusing on any impact on the external environment of daily activities, including transport activities where the Company itself acts as the carrier.

## Statutory statement regarding social responsibility

LEMAN wants to meet the laws and regulations of the countries and local communities in which the Company operates. However, the Company strategy does not comprise any agreed policies for voluntary integration of social responsibility.

As a consequence of the size of the organization and limited resources, the Group has no separate CSR policies, why the management commentary has no specific statement for the Group's work with social responsibility.

## Management commentary

### Women in Management and Board

In LEMAN we believe that our staff is the road to success. Our goal is to create an open and inspiring workplace where staff members can develop their full potential, and where, through a transparent structure, we work to ensure that there are relatively equal numbers of women and men in the various levels of management.

LEMAN want to develop a diversity and through the years to encourage and develop more female leaders. In this context, we aim at, no later than the year 2019, that 40% of the board is women. At the AGM held on 15th of May 2018 Ms. Karen Nielsen will join the board. The number of female managers currently represents 20%, and the goal would be 30%.

Our equal opportunities policy is put into practice in the Company's employee manual. Based on the limited time frame, it has not yet been possible to record any effect of the above.

The staff at LEMAN must also find that the Company has an open and open-minded culture in which the individual can use his or her skills best possible, regardless of gender.

### Events after balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Regular routes at sea to and from every corner of the world.





## Consolidated income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue	1	2.162.884	1.999.758
Other operating income		3.852	4.629
Cost of sales		-1.673.811	-1.499.580
Other external expenses	2	-113.594	-116.695
<b>Gross profit/loss</b>		<b>379.331</b>	<b>388.112</b>
Staff costs	3	-308.350	-306.180
Depreciation, amortisation and impairment losses	4	-27.452	-22.191
<b>EBIT</b>		<b>43.529</b>	<b>59.741</b>
Income from other fixed asset investments		11.885	0
Other financial income	5	2.874	7.025
Other financial expenses	6	-13.245	-2.467
<b>EBT</b>		<b>45.043</b>	<b>64.299</b>
Tax on profit/loss for the year	7	-8.156	-17.077
<b>Profit/loss for the year</b>	8	<b>36.887</b>	<b>47.222</b>

## Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Goodwill		51.922	32.076
Development projects in progress		27.045	0
<b>Intangible assets</b>	9	<b>78.967</b>	<b>32.076</b>
Land and buildings		283.871	284.886
Plant and machinery		21.189	17.502
Other fixtures and fittings, tools and equipment		23.984	29.188
<b>Property, plant and equipment</b>	10	<b>329.044</b>	<b>331.576</b>
Other investments		45.384	33.499
Deposits		642	648
<b>Fixed asset investments</b>	11	<b>46.026</b>	<b>34.147</b>
<b>Fixed assets</b>		<b>454.037</b>	<b>397.799</b>
Trade receivables		334.222	282.248
Other receivables		2.235	895
Income tax receivable		6.293	26.113
Prepayments	12	24.080	14.832
<b>Receivables</b>		<b>366.830</b>	<b>324.088</b>
Other investments		116	116
<b>Other investments</b>		<b>116</b>	<b>116</b>
<b>Cash</b>		<b>133.940</b>	<b>147.790</b>
<b>Current assets</b>		<b>500.886</b>	<b>471.994</b>
<b>Assets</b>		<b>954.923</b>	<b>869.793</b>

## Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		30.000	30.000
Retained earnings		508.189	476.216
Proposed dividend		0	7.440
<b>Equity</b>		<b>538.189</b>	<b>513.656</b>
Deferred tax	13	36.644	34.715
Other provisions	14	554	2.956
<b>Provisions</b>		<b>37.198</b>	<b>37.671</b>
Montgage debt		21.573	23.588
<b>Non-current liabilities other than provisions</b>		<b>21.573</b>	<b>23.588</b>
Current portion of long-term liabilities other than provisions		1.997	2.274
Trade payables		250.516	179.839
Income tax payable		9.523	28.748
Other payables		92.591	60.824
Deferred income	15	3.336	23.193
<b>Current liabilities other than provisions</b>		<b>357.963</b>	<b>294.878</b>
<b>Liabilities other than provisions</b>		<b>379.536</b>	<b>318.466</b>
<b>Equity and liabilities</b>		<b>954.923</b>	<b>869.793</b>
Financial instruments	17		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Subsidiaries	22		

## Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	30.000	476.216	7.440	513.656
Ordinary dividend paid		0	-7.440	-7.440
Exchange rate adjustments	0	-4.914	0	-4.914
Profit/loss for the year	0	36.887	0	36.887
<b>Equity end of year</b>	<b>30.000</b>	<b>508.189</b>	<b>0</b>	<b>538.189</b>

## Consolidated cash flow statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
EBIT		43.529	59.741
Amortisation, depreciation and impairment losses		27.453	22.191
Working capital changes	16	33.076	-38.102
Other provisions		-2.402	-168
<b>Cash flow from ordinary operating activities</b>		<b>101.656</b>	<b>43.662</b>
Financial income received		2.874	7.025
Financial income paid		-13.245	-2.467
Income taxes refunded/(paid)		-24.913	-4.590
<b>Cash flows from operating activities</b>		<b>66.372</b>	<b>43.630</b>
Acquisition etc of intangible assets		-53.939	0
Acquisition etc of property, plant and equipment		-19.104	-29.690
Sale of property, plant and equipment		2.554	4.377
<b>Cash flows from investing activities</b>		<b>-70.489</b>	<b>-25.313</b>
Repayments of loans etc		-2.293	-2.209
Dividend paid		-7.440	-14.920
<b>Cash flows from financing activities</b>		<b>-9.733</b>	<b>-17.129</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>-13.850</b>	<b>1.188</b>
Cash and cash equivalents beginning of year		147.906	146.718
<b>Cash and cash equivalents end of year</b>		<b>134.056</b>	<b>147.906</b>
Cash and cash equivalents at year-end are composed of:			
Cash		133.940	147.790
Securities		116	116
<b>Cash and cash equivalents end of year</b>		<b>134.056</b>	<b>147.906</b>

## Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
<b>1. Revenue</b>		
Denmark	1.088.398	1.043.114
Other countries	1.074.486	956.644
	<b>2.162.884</b>	<b>1.999.758</b>

The primary activities of the Group comprise transportation and logistics to and from foreign destinations on behalf of Danish and foreign customers. The revenue split on countries is not based on the actual activity in each country, but on the country in which the customer is invoiced.

	2017 DKK'000	2016 DKK'000
<b>2. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	271	264
Tax services	0	75
Other services	137	114
	<b>408</b>	<b>453</b>

	2017 DKK'000	2016 DKK'000
<b>3. Staff costs</b>		
Wages and salaries	281.203	276.839
Pension costs	18.482	19.314
Other social security costs	6.840	2.972
Other staff costs	7.188	7.055
Staff costs classified as assets	-5.363	0
	<b>308.350</b>	<b>306.180</b>

Average number of employees	661	632
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## Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
Remuneration of management		
Board of Directors	370	370
	<b>370</b>	<b>370</b>

	2017 DKK'000	2016 DKK'000
<b>4. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	5.669	4.942
Depreciation of property, plant and equipment	19.316	19.208
Impairment losses on property, plant and equipment	3.139	0
Profit/loss from sale of intangible assets and property, plant and equipment	-672	-1.959
	<b>27.452</b>	<b>22.191</b>

### 5. Other financial income

Other financial income consists of other interest income and exchange rate income.

### 6. Other financial expenses

Other financial expenses consists of other interest expenses and exchange rate losses.

## Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
<b>7. Tax on profit/loss for the year</b>		
Current tax	6.526	16.763
Change in deferred tax	1.929	270
Adjustment concerning previous year	-299	44
	<b>8.156</b>	<b>17.077</b>

	2017 DKK'000	2016 DKK'000
<b>8. Proposed distribution of profit/loss</b>		
Provision for distributions	0	7.440
Retained earnings	36.887	39.782
	<b>36.887</b>	<b>47.222</b>

	Goodwill DKK'000	Develop- ment projects in progress DKK'000
<b>9. Intangible assets</b>		
Cost beginning of year	47.525	0
Exchange rate adjustment	-1.555	0
Additions	26.894	27.045
<b>Cost end of year</b>	<b>72.864</b>	<b>27.045</b>
Amortisation and impairment losses beginning of year	-15.449	0
Exchange rate adjustment amortisation	176	0
Amortisation for the year	-5.669	0
<b>Amortisation and impairment losses end of year</b>	<b>-20.942</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>51.922</b>	<b>27.045</b>



## Notes to consolidated financial statements

### Development projects

Development projects in progress include the development of the Group's operating platform and other supportive systems. Development projects are expected to be completed within one and three years and comprise both external consultancy fees and internal labour costs.

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fix- tures and fittings, tools, and equipment DKK'000
<b>10. Property, plant and equipment</b>			
Cost beginning of year	337.091	39.715	83.693
Exchange rate adjustment	-232	0	-728
Additions	2.428	8.678	7.998
Disposals	-1.007	-7.903	-2.888
<b>Cost end of year</b>	<b>338.280</b>	<b>40.490</b>	<b>88.075</b>
Depreciation and impairment losses beginning of the year	-52.205	-22.213	-54.505
Exchange rate adjustment	348	0	596
Transfers	2.899	0	0
Impairment losses for the year	0	0	-3.139
Depreciation for the year	-5.501	-4.624	-9.373
Reversal regarding disposals	50	7.536	2.330
<b>Depreciation and impairment losses end of the year</b>	<b>-54.409</b>	<b>-19.301</b>	<b>-64.091</b>
<b>Carrying amount end of year</b>	<b>283.871</b>	<b>21.189</b>	<b>23.984</b>

## Notes to consolidated financial statements

	Other investments DKK'000	Deposits DKK'000
<b>11. Fixed asset investments</b>		
Cost beginning of year	33.499	648
Exchange rate adjustments	0	-6
<b>Cost end of year</b>	<b>33.499</b>	<b>642</b>
Fair value adjustments	11.885	0
<b>Revaluations end of year</b>	<b>11.885</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>45.384</b>	<b>642</b>

### 12. Prepayments

Prepayments comprise prepaid expenses.

	2017 DKK'000
<b>13. Deferred tax</b>	
Changes during the year	
Beginning of year	34.715
Recognised in the income statement	1.929
<b>End of the year</b>	<b>36.644</b>

### 14. Other provisions

Other provisions comprise anticipated additional costs of completion of transports in progress or completed.

### 15. Short-term deferred income

Deferred income relates to revenue cut-off

## Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
<b>16. Change in working capital</b>		
Increase/decrease in receivables	-62.562	-17.123
Increase/decrease in trade payables etc	82.587	-15.165
Other changes	13.051	-5.814
	<b>33.076</b>	<b>-38.102</b>

### 17. Financial instruments

In the financial year, the Group entered into forward exchange contracts of DKK 23,086 thousand distributed on the currencies USD, GBP, EUR, SEK and NOK. The fair value of these contracts amounts to DKK 276 thousand that has been recognised as other payables, and the fair value adjustment has been recognised in the income statement. All forward exchange contracts expire in the financial year 2018.

	2017 DKK'000	2016 DKK'000
<b>18. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>81.499</b>	<b>39.209</b>

Liabilities under rental or lease agreements until maturity, can be divided into liabilities under rental 46.783 thousand and liabilities under lease agreements 34.716 thousand.

	2017 DKK'000	2016 DKK'000
<b>19. Contingent liabilities</b>		
Recourse and non-recourse guarantee commitments	31.178	29.833
<b>Contingent liabilities in total</b>	<b>31.178</b>	<b>29.833</b>

## Notes to consolidated financial statements

### 20. Assets charged and collateral

LEMAN Group has provided bank guarantees limit to 38.600 thousand for bank debt.

LEMAN Groups debt to Sydbank A/S is secured by way of a mortgage deed registered to the mortgagor and a letter of indemnity on its properties of DKK 11.750 thousand.

LEMAN Groups debt to Nykredit A/S is secured by way of a mortgage deed registered to the mortgagor and a letter of indemnity on its properties of DKK 25.000 thousand.

### 21. Transactions with related parties

All transactions with related parties were made on an arm's length basis in the financial year 2017.

	Registered in	Corporate form	Equity interest %
<b>22. Subsidiaries</b>			
LEMAN International System Transport A/S	Greve	A/S	100
LEMAN International Transport Limited	Bradford	Ltd.	100
Maru International Limited	Dewsbury	Ltd.	100
LEMAN Finland Oy	Helsinki	Oy	100
LEMAN Norge AS	Drammen	AS	100
LEMAN Int. System Transport AB	Helsingborg	AB	100
LEMAN U.S.A. Inc.	Sturtevant	Inc.	100
Inter-Distrans ApS	Greve	ApS	100
Inter-Distrans AS	Oslo	AS	100
Inter-Distrans AB	Helsingborg	AB	100
Inter-Distrans GmbH	Flensburg	GmbH	100
Inter-Distrans OY	Helsinki	OY	100
Worldtrans Aeroship A/S	Greve	A/S	100
F.S.I. A/S	Greve	A/S	100

GDP trained staff provides safe handling in compliance with regulatory requirements.



## Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Other operating income		21.180	17.295
Other external expenses		-4.387	-2.714
<b>Gross profit/loss</b>		<b>16.793</b>	<b>14.581</b>
Depreciation, amortisation and impairment losses	1	-4.757	-4.494
<b>EBIT</b>		<b>12.036</b>	<b>10.087</b>
Income from investments in group enterprises		21.137	43.016
Income from other fixed asset investments		11.885	0
Other financial income	2	1.700	2.372
Other financial expenses	3	-9.015	-6.636
<b>EBT</b>		<b>37.743</b>	<b>48.839</b>
Tax on profit/loss for the year	4	-856	-1.617
<b>Profit/loss for the year</b>	5	<b>36.887</b>	<b>47.222</b>

## Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Land and buildings		231.137	235.337
<b>Property, plant and equipment</b>	6	<b>231.137</b>	<b>235.337</b>
Investments in group enterprises		417.143	400.418
Other investments		45.384	33.499
<b>Fixed asset investments</b>	7	<b>462.527</b>	<b>433.917</b>
<b>Fixed assets</b>		<b>693.664</b>	<b>669.254</b>
Receivables from group enterprises	8	20.511	18.367
Income tax receivable		1.234	15.593
Joint taxation contribution receivable		1.616	10.520
Prepayments	9	255	255
<b>Receivables</b>		<b>23.616</b>	<b>44.735</b>
<b>Cash</b>		<b>2.127</b>	<b>202</b>
<b>Current assets</b>		<b>25.743</b>	<b>44.937</b>
<b>Assets</b>		<b>719.407</b>	<b>714.191</b>

## Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital	10	30.000	30.000
Reserve for net revaluation according to the equity method		403.872	387.147
Retained earnings		104.317	89.069
Proposed dividend		0	7.440
<b>Equity</b>		<b>538.189</b>	<b>513.656</b>
Deferred tax	11	28.585	29.032
<b>Provisions</b>		<b>28.585</b>	<b>29.032</b>
Montgage debt		21.573	22.566
<b>Non-current liabilities other than provisions</b>	12	<b>21.573</b>	<b>22.566</b>
Current portion of long-term liabilities other than provisions	12	993	993
Payables to group enterprises	13	129.712	140.146
Income tax payable		0	7.505
Other payables		355	293
<b>Current liabilities other than provisions</b>		<b>131.060</b>	<b>148.937</b>
<b>Liabilities other than provisions</b>		<b>152.633</b>	<b>171.503</b>
<b>Equity and liabilities</b>		<b>719.407</b>	<b>714.191</b>
Contingent liabilities	14		
Assets charged and collateral	15		
Related parties with controlling interest	16		
Transactions with related parties	17		



## Parent statement of changes in equity for 2017

Notes	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividends DKK'000
Equity beginning of year	30.000	387.147	89.069	7.440
Ordinary dividend paid	0	0	0	-7.440
Exchange rate adjustments	0	-4.914	0	0
Dividends from group enterprises	0	-1.434	1.434	0
Profit/loss for the year	0	23.073	13.814	0
<b>Equity end of year</b>	<b>30.000</b>	<b>403.872</b>	<b>104.317</b>	<b>0</b>

	Total DKK'000
Equity beginning of year	513.656
Ordinary dividend paid	-7.440
Exchange rate adjustments	-4.914
Other adjustments	0
Profit/loss for the year	36.887
<b>Equity end of year</b>	<b>538.189</b>

## Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
<b>1. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	4.504	4.494
Profit/loss from sale of intangible assets and property, plant and equipment	253	0
	<b>4.757</b>	<b>4.494</b>

	2017 DKK'000	2016 DKK'000
<b>2. Other financial income</b>		
Financial income arising from group enterprises	1.174	1.233
Exchange rate adjustment	0	592
Other financial income	526	547
	<b>1.700</b>	<b>2.372</b>

Other interest income consists also of exchange rate income.

	2017 DKK'000	2016 DKK'000
<b>3. Other financial expenses</b>		
Financial expenses from group enterprises	5.516	5.608
Other interest expenses	1.203	1.028
Exchange rate adjustments	2.296	0
	<b>9.015</b>	<b>6.636</b>

Other interest expenses consists also of exchange rate losses.

	2017 DKK'000	2016 DKK'000
<b>4. Tax on profit/loss for the year</b>		
Current tax	1.561	1.573
Change in deferred tax	-447	0
Adjustment concerning previous years	-258	44
	<b>856</b>	<b>1.617</b>

## Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
<b>5. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	0	7.440
Transferred to reserve for net revaluation according to the equity method	23.073	41.472
Retained earnings	13.814	-1.690
	<b>36.887</b>	<b>47.222</b>
		<b>Land and buildings DKK'000</b>
<b>6. Property, plant and equipment</b>		
Cost beginning of year		277.869
Additions		1.261
Disposals		-1.007
<b>Cost end of year</b>		<b>278.123</b>
Depreciation and impairment losses beginning of year		-42.532
Depreciation for the year		-4.504
Reversal regarding disposals		50
<b>Depreciation and impairment losses end of year</b>		<b>-46.986</b>
<b>Carrying amount end of year</b>		<b>231.137</b>

## Notes to parent financial statements

	Investments in group enterprises DKK'000	Other investments DKK'000
<b>7. Fixed asset investments</b>		
Cost beginning of year	13.271	33.499
<b>Cost end of year</b>	<b>13.271</b>	<b>33.499</b>
Revaluations beginning of year	387.147	0
Exchange rate adjustments	-4.914	0
Share of profit/loss for the year	21.137	0
Dividend	-1.434	0
Investments with negative equity value depreciated over receivables	1.936	0
Fair value adjustments	0	11.885
<b>Revaluations end of year</b>	<b>403.872</b>	<b>11.885</b>
<b>Carrying amount end of year</b>	<b>417.143</b>	<b>45.384</b>

Investments in group enterprises include consolidated goodwill of DKK 340 thousand.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

### 8. Receivables from group enterprises

No due date has been determined for the receivables from group enterprises. However, they are expected to fall due within one year.

### 9. Prepayments

Prepayments comprise prepaid expenses.

## Notes to parent financial statements

	Number	Par value DKK'000	Nominal Value DKK'000
<b>10. Contributed capital</b>			
Class A shares	120	250	30.000
	<b>120</b>		<b>30.000</b>

There have been no changes in the contributed capital during the past five years.

	Number	Nominal value DKK'000	Recorded par value DKK'000	Share of contributed capital %
<b>Treasury shares</b>				
Holding of treasury shares:				
Class A shares	12	250	3.000	10,0
	<b>12</b>	<b>250</b>	<b>3.000</b>	<b>10,0</b>

	2017 DKK'000	2016 DKK'000
<b>11. Deferred tax</b>		
Property, plant and equipment	28.673	29.124
Liabilities other than provisions	-88	-92
	<b>28.585</b>	<b>29.032</b>
<b>Changes during the year</b>		
Beginning of year	29.032	
Recognised in the income statement	-447	
<b>End of year</b>	<b>28.585</b>	

## Notes to parent financial statements

	Due within 12 months 2017 DKK'000	Due after more than 12 months 2017 DKK'000	Outstan- ding after 5 years DKK'000
12. Liabilities other than provisions			
Mortgage debts	993	21.573	17.174
	<b>993</b>	<b>21.573</b>	<b>17.174</b>

### 13. Payables to group enterprises

No due date has been determined for the payables from group enterprises. However, they are expected to fall due within one year.

### 14. Contingent liabilities

#### Other contingent liabilities

The Company is jointly taxed with the other Danish entities of the LEMAN Group. The Company is unlimitedly, jointly and severally liable with the other jointly taxed entities for the Danish corporation tax etc. The jointly taxed entities' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

## Notes to parent financial statements

### 15. Assets charged and collateral

LEMAN Holdings A/S' debt to Sydbank A/S is secured by way of a mortgage deed registered to the mortgagor and a letter of indemnity on its properties of DKK 11.750 thousand.

LEMAN Holdings A/S' debt to Nykredit A/S is secured by way of a mortgage deed registered to the mortgagor and a letter of indemnity on its properties of DKK 25.000 thousand.

### Collateral provided for group enterprises

LEMAN Holding A/S has provided bank guarantees limit to 38.600 thousand for bank debt in subsidiaries.

LEMAN Holding A/S has presented a letter of support to Inter-Distrans ApS, confirming that the company will provide the necessary liquidity in 2018.

### 16. Related parties with controlling interest

Related parties with a controlling interest in LEMAN International System Transport A/S:

- La Capite S.A., Rue Nicolas Adames 10, L-1114 Luxembourg.

### 17. Transactions with related parties

All transactions with related parties were made on a arm's length basis in the financial year 2017.

Fast, fresh and reliable transport of multiple perishable cargo.





## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

### Recognition and measurement

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

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

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

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

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

### Consolidated financial statements

The consolidated financial statements comprise the Parent and the Group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

#### Basis of consolidation

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

## Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

### Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of ncome statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

## Accounting policies

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

### Income statement

#### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Segment information

The primary activities of the LEMAN Group comprise transportation and logistics to and from foreign destinations on behalf of Danish and foreign customers in Europe and USA. The transportations are arranged through an extended network of cooperation among agents.

The services rendered by the Company and the Group, respectively, comprise fairly uniform transport services which do not differ from each other significantly. Consequently, it is not relevant to provide further disclosures on business segments, just as it is not relevant to provide disclosures on geographical markets.

#### Other operating income

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

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

#### Other external expenses

Other external expenses include expenses relating to the Group's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

## Accounting policies

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Income from investments in group enterprises

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

### Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

### Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent, LEMAN Holding A/S, is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Accounting policies

### Balance sheet

#### Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually ten years based on acquired market positions and a long-term earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### Intellectual property rights etc

Intellectual property rights comprise of development projects in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equaling the costs incurred is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

#### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labour costs.

## Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	39-50 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	8 years

Estimated useful lives and residual values are reassessed annually.

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

### Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Please refer to the above section on business combinations for more details about the accounting policies used on acquisition of investments in group enterprises.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period used is ten years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted investments measured at market value of the investment.

### Receivables

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

### Prepayments

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

### Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

## Accounting policies

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

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

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Other provisions

Other provisions comprise anticipated additional costs of completion of transports in progress or completed.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

### Mortgage debt

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

### Operating leases

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

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

## Accounting policies

### Income tax receivable or payable

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

### Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

### Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

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

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



## Accounting policies

### Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

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