Annual Report 2018

LEMAN A/S

LEMAN A/S | Ventrupvej 6 | DK-2670 Greve | Denmark | CBR No. 41 95 56 19 | www.leman.com

Strong focus on good working conditions and terms of employment.

LEMAN A/S
Annual Report 2018
CBR No. 41 95 56 19

The Annual General Meeting adopted the annual report on 14th May 2019

Chairman of the General Meeting

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Thomas Krøyer

Open communication ensures compliance with regulations to protect the environment.

Contents

Entity details

Entity

LEMAN A/S
Ventrupvej 6, 2670 Greve
Central Business Registration No: 41955619
Registered in: Greve
Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Philippe Ziegler, Chairman
Charles Duro
Karen Nielsen
Hardy Petersen (up to 14^{th} May 2019)

Executive Board

Thomas Krøyer, Chief Executive Officer
Morten Rasmussen, Chief Financial Officer

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
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 A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018.

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, 14.05.2019

Executive Board

Thomas Krøyer Chief Executive Officer	Morten Rasmussen Chief Financial Officer

Board of Directors

Philippe Ziegler Chairman	Charles Duro	Hardy Petersen	Karen Nielsen

Global capacity and services in more than 150 countries around the world.

LEMAN

Independent auditor's reports

To the shareholders of LEMAN A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of LEMAN A/S for the financial year 01.01.2018 - 31.12.2018, 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 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 the 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 re-sponsible for assessing the Group's and the Entity'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 the 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 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 skepticism 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 Entity'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 Entity'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, 14th May 2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33 96 35 56

Anders Kreiner
State-Authorised Public Accountant
Identification NO (MNE) mne26765

CSR initiatives also means fighting to make a difference to your surroundings.

Management commentary

Financial highlights

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Key figures					
Revenue	2.429.664	2.154.438	1.976.353	1.913.667	1.567.191
Gross profit/loss	382.174	359.667	368.930	345.963	290.297
EBIT	22.048	32.399	47.810	41.944	51.251
Net financials	3.895	-2.213	8.771	7.603	4.654
EBT	25.943	30.186	56.581	49.547	55.905
Profit/loss for the year	17.611	23.468	41.604	34.368	39.843
Total assets	798.565	796.235	708.816	648.908	571.823
Investment in intangible assets	25.431	53.939	0	14.256	11.171
Investments in property, plant and equipment	13.277	17.842	28.784	46.149	33.446
Equity	431.420	415.689	397.120	357.081	317.790
Average number of employees	744	661	632	597	518
Ratios					
Gross margin (%)	15,7	16,7	18,7	18,1	18,5
Return on equity (%)	4,2	5,8	11,0	10,2	13,5
Equity ratio (%)	54,0	52,2	56,0	55,0	55,6

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 2,429 million against DKK 2,154 million last year and thereby increases by 12,8%. The gross profit margin decreases to 15.7% from 16.7% last year. The profit before tax amounts to DKK 25.9 million against DKK 30.2 million last year.

The results reflect the continued significant capacity shortage in the European road freight market. Also, the global sea freight market has been very volatile throughout the year. The weakened SEK currency against the EUR has caused pressure on the profitability.

During 2018, the significant investments in IT and the digitalization process continued. In the UK the two former sites in Dewsbury and Wakefield were merged into a new major site in Normanton. In Norway the former logistic sites in Moss and Vestby were relocated to a new major purpose build site in Vestby. All costs related to these changes have been finalized as planned and budgeted.

In addition, LEMAN acquired 100% of the shares in FIN Logistic Services OY as per 1 June 2018 and the related non-recurring integration cost influenced the 2018 result.

The market environment continued to be very competitive despite the significant capacity shortage as well as the tough sea freight market, several activities and countries within the LEMAN Group developed better than the market, and the gross profit improved by 6,3% compared with 2017.

The results for the year do not live up to Management's expectations for the financial year 2018. However, in the light of the above matters as well as the continued volatile market conditions and the investments made, the results for the year are considered satisfactory.

Outlook

The Company continues to execute on the launched series of profitable growth initiatives as well as investments 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 2019, why the Company is cautiously optimistic about earnings and revenue expected to be above the 2018 level.

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, SEK, NOK, EUR, USD and USD-related currencies. Further, the Company has made investments in SEK, NOK and EUR. 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 DKK, SEK, NOK, EUR, USD and USD-related currencies.

Group relations

LEMAN operates within transportation, freight forwarding and logistics. With a presence in six countries, our services cover the entire world through a vast network of trusted agents. Besides transportation of goods, we offer several value-adding services such as customs clearance, cargo insurance, warehousing, customized distribution solutions, etc.

Statutory report on corporate social responsibility

A description of our business activities can be found above in the management commentary.

LEMAN wants to meet the laws and regulations of the countries and local communities in which the Company operates. Consequently, the Company has introduced CSR policies in the areas of:

Human rights

- We must treat all employees with dignity and respect and shall comply with all national human rights legislation in force at any time.
- All agreements on working hours, holidays and wages shall comply with applicable legislation in the country in which the employee is employed. We also aim to minimize hazardous work and ensure that all employees are properly trained to perform their duties.
- We do not tolerate child labour. That is why nobody at LEMAN or our business partners may employ children under the age of 15.
- None of our employees may discriminate based on age, religion, nationality, race, gender, sexual orientation, handicap, pregnancy or political conviction.

Management commentary

Goals and implementation:
Our goal is always to have no reported incidents involving violation of human rights, both internally and with our suppliers and business partners. As a tool to avoid incidents violating human rights, LEMAN suppliers must sign our Code of Conduct in which we expect similar respect for human rights from suppliers as we do from ourselves.

Results, expectations and risks:
In 2018, we did not record any incidents that violate human rights. It is our expectation every year going forward, not to have any human rights violations to report.

It is the view of the Company that the most significant risk pertaining to human rights is difficulties upholding sufficient inspection. Operating in an international marketplace, our upstream activities carry risks. In this case, we are left to rely on the intimation from every supplier in our Supplier Code of Conduct.

Working conditions

Through relevant procedures and processes, we must create the safest possible working environment for our employees and minimize work-related accidents and diseases. Furthermore, we must protect our employees from chemical, biological and physical danger in their workplace.

Goals and implementation:
Every year, our goal is to avoid accidents in the workplace completely. The prevention will be upheld by a combination of education of each employee and the implementation of behavioral procedures ensuring a safe working environment. We must always make sure that all equipment is maintained properly, for it to carry a minimal risk to our employees.

Results, expectations and risks:
In 2018, we reported three workplace accidents. Accidents are always unfortunate, and we always strive to eliminate them. The relatively low number, however, is a result of education and constantly increasing safety measures.

It is the view of the Company that the most significant risk pertaining to working conditions is workplace accidents, which can cause injury to employees and impact our ability as a company to attract a skilled workforce.

Environment and climate

It is our goal to help protect the environment through efficient utilization of energy resources. We aim to take environmental considerations into account in all our decision-making processes.

Management commentary

As a forwarding agent, the Company is not directly impacting the external environment. However, we recognize that the transport industry impacts the environment and that is why the Company, since 2018, has launched new initiatives to reduce the use of electricity and spread the use of green energy. At the same time, both Management and employees are focusing on any impact on the external environment of daily activities, including transport activities in which the Company itself acts as the carrier.

Goals and implementation:
Our overriding goal is to contribute to actively reducing the adverse environmental impact of transport.

Consequently, at LEMAN, we have adopted the following environmental policy in which we pledge to:

- Make demands for cleaner technology for means of transport and choosing the best means of transport.
- Ensure good utilisation of resources through better unloading and optimum route planning (fewest kilometers driven).
- Utilize information technology to increase efficiency in the transport flow.
- Collaborate actively with authorities on environmental issues.
- Enter into environmental collaborations with key transport customers and foreign partners based on specific transports and routines.
- Communicate openly with employees and society in general about the environmental impact associated with our work.
- Motivate employees to comply with both internal and external guidelines and regulations for protecting the environment around us.
- Encourage suppliers to ensure that their products and services are environmentally acceptable.

From 2019 the Company will launch even more initiatives, based on the UN Global Goals. The Company will be working specifically with the following focus areas: Responsible Consumption and Production (UN Goal 7) and Affordable and Clean Energy (UN Goal 12).

Results, expectations and risks:
Throughout 2018, we underwent several transformations in our energy consumption. We prioritized using suppliers that live up to Euronorm 6, minimizing the environmental impact of our transports.

In late 2018, transitioning to LED lighting across large parts of our business resulted in a reduction in power consumption by 5%, expecting a 10% reduction upon transition completion. Purchasing 100% green electricity in our Danish facilities has reduced carbon emissions considerably. The process of purchasing sustainable power in the entire LEMAN Group will continue in the years to come.

Management commentary

The most significant risks to hinder environmental progress are the volatility of our industry, as well as the fact that market terms have a huge impact on the behavior of our subcontractors, carrying out the actual transportation. Our ability to impact the carbon footprint of the transportation industry is limited. However, we are aware that every effort makes a real difference.

Ethics and anti-corruption

We must comply with all international and national legislation and regulations, and we reject all forms of corruption, including extortion and bribery. LEMAN is deeply committed to compliance and so, we have zero tolerance for illegal or unethical behavior. We go about our business to the highest ethical standards, and we expect the same from our suppliers.

Goals and implementation:
Living up to our ethical standards is key, and our goals are to make sure each employee and supplier live up to this as well. Our long-term goal is to have 100% of our regular suppliers sign our Supplier Code of Conduct, committing to our high ethical standards.

Each new employee at LEMAN is signing our Employee Code of Conduct at the beginning of employment. This is to make sure that LEMAN complies with all applicable laws and regulations, but in addition, that we behave in accordance with our values and ethics by respecting our colleagues, business partners, and the world around us.

Results, expectations and risks:
In 2018, we did not record any cases of corruption or bribery. It is our expectation every year going forward, not to have any corruption or bribery issues to report.

For our ethical and moral standards to be met, we are not only obliged to live up to our expectations. Our ethical responsibility goes further. In 2018, 25% of our regular suppliers had signed our *Supplier Code of Conduct*.

We have made the *Employee Code of Conduct* an obligatory part of our hiring process and have reached 100% completion.

As part of an international, cross-cultural line of business we have an ever-present risk of having to deal with bribery and other ethical concerns. This makes our efforts to educate our staff, as well as having our suppliers commit to responsible and ethical behavior, even more important.

Statutory report on the underrepresented gender

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

Management commentary

LEMAN wants to develop a diversity and through the years to encourage and develop more female leaders. In this context, our goal is, no later than the year 2020, that 40% of the board is women. At the 2017 AGM, the Board was extended with Ms Karen Nielsen. The board currently comprises four AGM-elected members. The number of female managers currently represents 20%, and the goal would be 30% by 2020.

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 the balance sheet date

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

The newest warehouse management system (WMS) guarantees high efficiency.

Consolidated income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Revenue	1	2.429.664	2.154.438
Other operating income		402	1.167
Cost of sales		-1.898.256	-1.674.015
Other external expenses	2	-149.636	-121.923
Gross profit/loss		**382.174**	**359.667**
Staff costs	3	-336.852	-304.573
Depreciation, amortisation and impairment losses	4	-23.274	-22.695
Operating profit/loss		**22.048**	**32.399**
Other financial income	5	6.146	8.361
Other financial expenses	6	-2.251	-10.574
Profit/loss before tax		**25.943**	**30.186**
Tax on profit/loss for the year	7	-8.332	-6.718
Profit/loss for the year	8	**17.611**	**23.468**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Completed development projects		5.416	0
Goodwill		51.442	51.922
Development projects in progress		37.330	27.045
Intangible assets	9	**94.188**	**78.967**
Land and buildings		51.250	52.733
Plant and machinery		20.942	21.189
Other fixtures and fittings, tools and equipment		23.633	23.984
Property, plant and equipment	10	**95.825**	**97.906**
Deposits		693	642
Fixed asset investments	11	**693**	**642**
Fixed assets		**190.706**	**177.515**
Trade receivables		363.520	335.307
Receivables from group enterprises	12	131.123	128.257
Deferred tax	13, 15	773	0
Other receivables		1.432	1.769
Income tax receivables		6.002	4.738
Prepayments	14	32.616	24.024
Receivables		**535.466**	**494.095**
Other investments		84	116
Other investments		**84**	**116**
Cash		**72.309**	**124.509**
Current assets		**607.859**	**618.720**
Assets		**798.565**	**796.235**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital		10.000	10.000
Retained earnings		421.420	405.689
Equity		**431.420**	**415.689**
Deferred tax	13, 15	19.402	15.069
Other provisions	16	0	554
Provisions		**19.402**	**15.623**
Current portion of long-term liabilities other than provisions		0	1.004
Trade payables		262.244	250.387
Payables to group enterprises	17	15.647	16.761
Income tax payable		210	96
Joint taxation contribution payable		4.655	1.557
Other payables		60.372	91.782
Defered income	18	4.615	3.336
Current liabilities other than provisions		**347.743**	**364.923**
Liabilities other than provisions		**347.743**	**364.923**
Equity and liabilities		**798.565**	**796.235**
Financial instruments	20		
Unregcognised rental and lease commitments	21		
Contingent liabilities	22		
Transactions with related parties	23		
Group relations	24		
Subsidiaries	25		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.000	405.689	415.689
Exchange rate adjustments	0	-1.880	-1.880
Profit/loss for the year	0	17.611	17.611
Equity end of year	**10.000**	**421.420**	**431.420**

Consolidated cash flow statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Operating profit/loss		22.048	32.399
Amortisation, depreciation and impairment losses		23.274	22.695
Other provisions		-554	-2.402
Working capital changes	19	-61.500	36.606
Cash flow from ordinary operating activities		**-16.732**	**89.298**
Financial income received		6.146	8.361
Financial income paid		-2.251	-10.574
Income taxes refunded/(paid)		-2.051	-21.181
Cash flows from operating activities		**-14.888**	**65.904**
Acquisition etc of intangible assets		-25.431	-53.939
Acquisition etc of property, plant and equipment		-13.277	-17.842
Sale of property, plant and equipment		616	1.850
Cash flows from investing activities		**-38.092**	**-69.931**
Repayments of loans etc		-1.004	-1.299
Received payment from group enterprises		1.752	-11.021
Cash flows from financing activities		**748**	**-12.320**
Increase/decrease in cash and cash equivalents		**-52.232**	**-16.347**
Cash and cash equivalents beginning of year		124.625	140.972
Cash and cash equivalents end of year		**72.393**	**124.625**
Cash and cash equivalents at year-end are composed of:			
Cash		72.309	124.509
Securities		84	116
Cash and cash equivalents end of year		**72.393**	**124.625**

Motivated employees are a prerequisite for achieving success and results.

LEMAN

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
1. Revenue		
Denmark	1.124.630	1.086.914
Other countries	1.305.034	1.067.524
	2.429.664	2.154.438

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.

	2018 DKK'000	2017 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	250	205
Tax services	45	0
Other services	235	75
	530	280

	2018 DKK'000	2017 DKK'000
3.Staff costs		
Wages and salaries	316.133	277.426
Pension costs	19.010	18.482
Other social security costs	8.093	6.840
Other staff costs	7.460	7.188
Staff costs classified as assets	-13.844	-5.363
	336.852	304.573
Average number of employees	744	661

Notes to consolidated financial statements

	2018 DKK'000
Renumeration of management	
Excecutive Board	6.436
	6.436

Comparative figures from remuneration to the Executive Board are excluded given that the Executive Board only had one member last year and, accordingly, the Company fell within section 98b(3)(2) of the Danish Financial Statements Act.

	2018 DKK'000	2017 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	8.890	5.669
Depreciation of property, plant and equipment	13.941	14.812
Impairment losses on property, plant and equipment	21	3.139
Profit/ / loss from sale of intangible assets and property, plant and equipment	422	-925
	23.274	22.695

	2018 DKK'000	2017 DKK'000
5. Other financial income		
Financial income from group enterprises	5.683	5.516
Other interest income	463	2.845
	6.146	8.361

Other interest income also consists of exchange gains.

	2018 DKK'000	2017 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	836	1.174
Other interest expenses	1.415	9.400
	2.251	10.574

Other interest expences also consist of exchange losses.

Notes to consolidated financial statements

7. Tax on profit/loss for the year	2018 DKK'000	2017 DKK'000
Current tax	3.999	4.348
Change in deferred tax	4.333	2.370
	8.332	6.718

8. Proposed distribution of profit/loss	2018 DKK'000	2017 DKK'000
Retained earnings	17.611	23.468
	17.611	23.468

9. Intangible assets	Completed development projects DKK´000	Goodwill DKK´000	Development projects in progress DKK´000
Cost beginning of year	0	72.864	27.045
Exchange rate adjustments	0	-577	0
Transfers	6.335	0	-6.335
Additions	400	8.411	16.620
Disposals	0	-831	0
Cost end of year	**6.735**	**79.867**	**37.330**
Amortisation and impairment losses beginning of year	0	-20.942	0
Exchange rate adjustments	0	88	0
Amortisation for the year	-1.319	-7.571	0
Amortisation and impairment losses end of year	**-1.319**	**-28.425**	**0**
Carrying amount end of year	**5.416**	**51.442**	**37.330**

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 a period of one to three years and comprise both external consultancy fees and internal labour costs.

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtues and fittings, tools, and equipment DKK'000
10. Property, plant and equipment			
Cost beginning of year	60.156	40.490	88.075
Exchange rate ajustments	-328	0	-736
Additions	1.133	6.374	5.770
Disposals	0	-3.354	-2.529
Cost end of year	**60.961**	**43.510**	**90.580**
Depreciation and impairment losses beginning of year	-7.423	-19.301	-64.091
Exchange rate adjustment	104	0	602
Impairment losses for the year	0	0	-21
Depreciation for the year	-2.392	-6.019	-5.530
Reversal regarding disposals	0	2.752	2.093
Depreciation and impairment losses end of year	**-9.711**	**-22.568**	**-66.947**
Carrying amount end of year	**51.250**	**20.942**	**23.633**

	Deposits DKK'000
11. Fixed asset investments	
Cost beginning of year	642
Exchange rate adjustments	51
Cost end of year	**693**
Carrying amount end of year	**693**

Notes to consolidated financial statements

12. Short-term 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.

13. Deferred tax

As of 31.12.2018, the Group has recognised a tax asset of DKK 773 thousand. The tax asset is composed of tax loss carryforwards and unutilised tax deductions consisting of timing differences. Management believes that the tax asset is likely to be offset against future taxable income.

14. Prepayments

Prepayments comprise prepaid expenses.

15. Deferred tax

	2018 DKK'000
Changes during the year	
Beginning of year	15.069
Recognised in the income statement	3.560
End of year	**18.629**

16. Other provisions

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

17. Short-term debt to group enterprises

No due date has been determined for the debt to group enterprises. However, it is expected to fall due within one year.

18. Short-term deferred income

Deferred income relates to revenue cut-off.

Notes to consolidated financial statements

	2018 DKK’000	2017 DKK’000
19. Change in working capital		
Increase/decrease in receivables	-36.468	-60.196
Increase/decrease in trade payables etc	-18.274	83.692
Other changes	-6.758	13.110
	-61.500	**36.606**

20. Financial instruments

In the financial year, the Group entered into forward exchange contracts of DKK 15,429 thousand distributed among the currencies EUR, SEK and NOK. The fair value of these contracts amounts to DKK 727 thousand that has been recognized as other payables, and the fair value adjustment has been recognized in the income statement. All forward exchange contracts expire in the financial year 2019.

	2018 DKK’000	2017 DKK’000
21. Unrecognized rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**106.999**	**81.499**

Liabilities under rental or lease agreements until maturity can be divided into liabilities under rental agree-ments DKK 76,756 thousand (2017: DKK 46,936 thousand) and DKK 30,243 thousand liabilities under lease agreements (2017: DKK 34,716 thousand).

	2018 DKK’000	2017 DKK’000
22. Contingent liabilities		
Recourse and non-recourse guarantee commitments	49.234	49.238
Contingent liabilities in total	**49.234**	**49.238**

23. Transactions with related parties

All transactions with related parties were made on an arm’s length basis in the financial year 2018.

Notes to consolidated financial statements

24. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
LEMAN Holding A/S, Ventrupvej 6, 2670 Greve

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
LEMAN Holding A/S, Ventrupvej 6, 2670 Greve

	Registered in	Corporate form	Equity interest %
25. Subsidiaries			
LEMAN U.S.A Inc.	Sturtevant	Inc.	100
LEMAN International Transport Limited	Bradford	Ltd.	100
Maru International Limited	Dewsbury	Ltd.	100
LEMAN Int. System Transport AB	Helsingborg	AB	100
LEMAN OY	Helsinki	OY	100
FL Services OY	Helsinki	OY	100
LEMAN Norge AS	Drammen	AS	100

Complete transport and logistics solutions with customized additional services.

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Parent income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Revenue	1	1.124.629	1.086.914
Other operating income		15.739	11.326
Cost of sales		-872.304	-845.952
Other external expenses		-54.514	-48.770
Gross profit/loss		**213.550**	**203.518**
Staff costs	2	-174.213	-160.562
Depreciation, amortisation and impairment losses	3	-13.017	-15.654
Operating profit/loss		**26.320**	**27.302**
Income from investments in group enterprises		-7.437	2.950
Other financial income	4	8.582	8.441
Other financial expenses	5	-2.035	-8.496
Profit/loss before tax		**25.430**	**30.197**
Tax on profit/loss for the year	6	-7.819	-6.729
Profit/loss for the year	7	**17.611**	**23.468**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Completed development projects		5.416	0
Goodwill		13.544	16.711
Development projects in progress		37.330	27.012
Intangible assets	8	**56.290**	**43.723**
Plant and machinery		17.291	21.285
Other fixtures and fittings, tools and equipment		9.306	13.670
Property, plant and equipment	9	**26.597**	**34.955**
Investments in group enterprises		91.655	103.414
Deposits		285	285
Fixed asset investments	10	**91.940**	**103.699**
Fixed assets		**174.827**	**182.377**
Trade receivables		161.758	159.945
Receivables from group enterprises	11	228.169	158.760
Other receivables		481	445
Prepayments	12	7.436	7.622
Receivables		**397.844**	**326.772**
Other investments		84	116
Other investments		**84**	**116**
Cash		**35.231**	**77.031**
Current assets		**433.159**	**403.919**
Assets		**607.986**	**586.296**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital	13	10.000	10.000
Reserve for net revaluation according to the equity method		47.045	58.804
Reserve for development expenditure		33.342	21.069
Retained earnings		341.033	325.816
Equity		**431.420**	**415.689**
Deferred tax	14	10.034	6.870
Other provisions	15	0	554
Provisions		**10.034**	**7.424**
Trade payables		127.865	127.397
Joint taxation contribution payable		4.655	1.553
Other payables		33.091	33.748
Defered income	16	921	485
Current liabilities other than provisions		**166.532**	**163.183**
Liabilities other than provisions		**166.532**	**163.183**
Equity and liabilities		**607.986**	**586.296**
Financial instruments	17		
Unrecognized rental and lease commitments	18		
Contingent liabilities	19		
Related parties with controlling interest	20		
Transactions with related parties	21		

Parent statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	10.000	58.804	21.069	325.816
Exchange rate adjustments	0	-1.880	0	0
Dividends from group enterprises	0	-2.442	0	2.442
Profit/loss for the year	0	-7.437	12.273	12.775
Equity end of year	**10.000**	**47.045**	**33.342**	**341.033**

	Total DKK'000
Equity beginning of year	415.689
Exchange rate adjustments	-1.880
Dividends from group enterprises	0
Profit/loss for the year	17.611
Equity end of year	**431.420**

Experience, flexibility and creativity to compose the best solution.

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Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
1. Revenue		
Denmark	1.124.629	1.086.914
	1.124.629	**1.086.914**

The primary activities of the Company comprise transportation and logitics 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.

	2018 DKK'000	2017 DKK'000
2. Staff costs		
Wages and salaries	173.626	151.546
Pension costs	11.682	11.094
Other social security costs	2.117	2.564
Other staff costs	632	721
Staff costs classified as assets	-13.844	-5.363
	174.213	**160.562**
Average number of employees	373	343

	2018 DKK'000
Renumeration of management	
Excecutive Board	6.436
	6.436

Comparative figures from remuneration to the Executive Board are excluded given that the Executive Board only had one member last year and, accordingly, the Company fell within section 98b(3)(2) of the Danish Financial Statements Act.

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	4.486	3.168
Depreciation of property, plant and equipment	9.136	10.605
Impairment losses on property, plant and equipment	23	3.139
Profit/loss from sale of intangible assets and property, plant and equipment	-628	-1.258
	13.017	15.654

	2018 DKK'000	2017 DKK'000
4. Other financial income	7.411	5.542
Financial income from group enterprises	1.171	2.899
Other interest income	8.582	8.441

Other interest income also consists of exchange gains.

	2018 DKK'000	2017 DKK'000
5. Other financial expenses	2.035	8.496
Other interest expenses	2.035	8.496

Other interest expenses also consist of exchange losses.

	2018 DKK'000	2017 DKK'000
6. Tax on profit/loss for the year	4.655	1.557
Current tax	3.164	5.172
Change in deferred tax	7.819	6.729

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
7. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	-7.437	3.419
Retained earnings	25.048	20.049
	17.611	23.468

	Completed development projects DKK´000	Goodwill DKK´000	Development projects in progress DKK´000
8. Intangible assets			
Cost beginning of year	0	31.675	27.012
Transfers	6.335	0	-6.335
Additions	400	0	16.653
Cost end of year	6.735	31.675	37.330
Amortisation and impairment losses beginning of year	0	-14.964	0
Amortisation for the year	-1.319	-3.167	0
Amortisation and impairment losses end of year	-1.319	-18.131	0
Carrying amount end of year	5.416	13.544	37.330

Development projects

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

Notes to parent financial statements

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
9. Property, plant and equipment		
Cost beginning of year	40.354	46.369
Additions	694	400
Disposals	-2.584	-1.848
Cost end of year	**38.464**	**44.921**
Depreciation and impairment losses beginning of the year	-19.069	-32.699
Impairment losses for the year	0	-23
Depreciation for the year	-4.512	-4.624
Reversal regarding disposals	2.408	1.731
Depreciation and impairment losses end of year	**-21.173**	**-35.615**
Carrying amount end of year	**17.291**	**9.306**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Deposits DKK'000
10. Fixed asset investments		
Cost beginning of year	44.610	285
Cost end of year	**44.610**	**285**
Revaluations beginning of year	58.804	0
Exchange rate adjustments	-1.880	0
Amortisation of goodwill	-326	0
Share of profit/loss for the year	-7.111	0
Dividend	-2.442	0
Revaluations end of year	**47.045**	**0**
Carrying amount end of year	**91.655**	**285**

Investments in group enterprises include consolidated goodwill that was fully amortised in 2018.

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

11. Receivables from group enterprises

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

12. Prepayments

Prepayments comprise prepaid expenses.

Notes to parent financial statements

	Number	Par value DKK'000	Nominal value DKK'000
13. Contributed capital			
Class A shares	10.000	1	10.000
	10.000		**10.000**

There have been no changes in contributed capital over the past five year.

	2018 DKK'000	2017 DKK'000
14. Deferred tax		
Intangible assets	9.405	5.943
Property, plant and equipment	804	1.213
Receivables	-175	-286
	10.034	**6.870**
Changes during the year		
Beginning of year	6.870	
Recognised in the income statement	3.164	
End of year	**10.034**	

15. Other provisions

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

16. Deferred income

Deferred income relates to revenue cut-off.

Notes to parent financial statements

17. Financial instruments

In the financial year, the Company entered into forward exchange contracts of DKK 15,429 thousand distributed among the currencies EUR, SEK and NOK. The fair value of these contracts amounts to DKK 727 thousand that has been recognized as other payables, and the fair value adjustment has been recognized in the income statement. All forward exchange contracts expire in the financial year 2019.

	2018 DKK'000	2017 DKK'000
18. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	30.975	30.614

	2018 DKK'000	2017 DKK'000
19. Contingent liabilities		
Recourse and non-recourse guarantee commitments	9.044	9.044
Contigent liabilities in total	**9.044**	**9.044**

Other contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which LEMAN Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Notes to parent financial statements

20. Related parties with controlling interest

Related parties with controlling interest in LEMAN A/S:

- La Capite S.A., Rue Nicolas Adames 10, L-1114 Luxembourg.
- LEMAN Holding A/S, Ventrupvej 6, 2670 Greve.

21. Transactions with related parties

All transactions with related parties were made on an arm's length basis in the financial year 2018.

A holistic transport solution is essential to optimizing the entire supply chain.

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 recognized 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 recognized 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 recognized in the income statement when earned, whereas costs are recognized 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.

Accounting policies

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.

Subsidiaries' financial statement items are recognized 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 recognized in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognized 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 trans-action 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 rate in effect at the payment date, or the rate at the balance sheet date, are recognized 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.

Accounting policies

When recognizing 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 income statements from average rates to the exchange rates at the balance sheet date are recognized directly in equity.

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 recognized under other receivables or other payables.

Income statement

Revenue

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

Accounting policies

Other external expenses

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

Staff costs

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

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 comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

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 or exchange 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 or exchange 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 recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

Accounting policies

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 refund concerning tax losses).

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 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 utilization, 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 recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred. When recognizing development projects as intangible assets, an amount equalling 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 recognized in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are five years.

Accounting policies

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, subsuppliers and labour costs.

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	3-8 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 recognized 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 unrealized 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 straigth-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.

Receivables

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

Accounting policies

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

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.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognized on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value 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 recognized 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 recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Mortgage
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs 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 recognized in the income statement as a financial expense over the term of the loan applying the effective interest method.

Accounting policies

Operating leases

Lease payments on operating leases are recognized 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.

Joint taxation contributions receivable or payable

Current joint taxation contributions receivable or joint taxation contributions payable are recognized in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognized if such losses are expected to be used under the joint taxation arrangement.

Deferred income

Deferred income comprises income received 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 (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The Entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the Entity.

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