

Annual Report 2017

LEMAN International System Transport A/S



With an extensive network and direct routes, we offer complete flexibility.



LEMAN International System Transport A/S Annual Report 2017 CBR No. 41 95 56 19

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

Chairman of the General Meeting

Thomas Krøyer

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



Contents

Entity details	4
Statement by Management on the annual report.....	5
Independent auditor's reports	7
Management commentary.....	10
Consolidated income statement for 2017	15
Consolidated balance sheet at 31.12.2017	16
Consolidated statement of changes in equity for 2017	18
Consolidated cash flow statement for 2017	19
Notes to consolidated financial statements.....	20
Parent income statement for 2017	28
Parent balance sheet at 31.12.2017.....	29
Parent statement of changes in equity for 2017	31
Notes to parent financial statements.....	32
Accounting policies.....	41

Entity details

Entity

LEMAN International System Transport A/S
Ventrupvej 6, 2670 Greve
Central Business Registration No: 41955619
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 International System Transport 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

Worldwide express service, online booking
and full track & trace around the clock.



LEMAN 
EXPRESS

Independent auditor's reports

To the shareholders of LEMAN International System Transport A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of LEMAN International System Transport 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
Key figures					
Revenue	2.154.438	1.976.353	1.913.667	1.567.191	1.381.800
Gross profit/loss	359.667	368.930	345.963	290.297	252.627
EBIT	32.399	47.810	41.944	51.251	36.500
Net financials	-2.213	8.771	7.603	4.654	2.200
EBT	30.186	56.581	49.547	55.905	38.692
Profit/loss for the year	23.468	41.604	34.368	39.843	27.900
Total assets	796.653	708.816	648.908	571.823	471.000
Investment in intangible assets	53.939	0	14.256	11.171	384
Investments in property, plant and equipment	17.842	28.784	46.149	33.446	11.617
Equity	415.689	397.120	357.081	317.790	272.500
Employees in average	661	632	597	518	483
Ratios					
Gross margin (%)	16,7	18,7	18,1	18,5	18,3
Return on equity (%)	5,8	11,0	10,2	13,5	10,7
Equity ratio (%)	52,2	56,0	55,0	55,6	57,9

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 2,154 million against DKK 1,976 million last year and thereby increasing by 9,0%. The profit before tax amounts to DKK 30.2 million against DKK 56.6 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	2.154.438	1.976.353
Other operating income		1.167	4.703
Cost of sales		-1.674.015	-1.499.575
Other external expenses	2	-121.923	-112.551
Gross profit/loss		359.667	368.930
Staff costs	3	-304.573	-303.423
Depreciation, amortisation and impairment losses	4	-22.695	-17.697
EBIT		32.399	47.810
Other financial income	5	8.361	10.583
Other financial expenses	6	-10.574	-1.812
EBT		30.186	56.581
Tax on profit/loss for the year	7	-6.718	-14.977
Profit/loss for the year	8	23.468	41.604

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
Intangible assets	9	78.967	32.076
Land and buildings		52.733	49.549
Plant and machinery		21.189	17.502
Other fixtures and fittings, tools and equipment		23.984	29.188
Property, plant and equipment	10	97.906	96.239
Deposits		642	648
Fixed asset investments	11	642	648
Fixed assets		177.515	128.963
Trade receivables		335.307	285.602
Receivables from group enterprises	12	128.257	137.861
Other receivables		1.769	640
Income tax receivables		5.156	0
Prepayments	13	24.024	14.662
Receivables		494.513	438.765
Other investments		116	116
Other investments		116	116
Cash		124.509	140.972
Current assets		619.138	579.853
Assets		796.653	708.816

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		10.000	10.000
Retained earnings		405.689	387.120
Equity		415.689	397.120
Deferred tax	14	8.066	5.696
Other provision	15	554	2.956
Provisions		8.620	8.652
Montgage debt		0	1.022
Non-current liabilities other than provisions		0	1.022
Current portion of long-term liabilities other than provisions		1.004	1.281
Trade payables		250.387	178.064
Payables to group enterprises	16	16.761	18.178
Income tax payable		7.517	10.231
Joint taxation contribution payable		1.557	10.520
Other payables		91.782	60.555
Defered income	17	3.336	23.193
Current liabilities other than provisions		372.344	302.022
Liabilities other than provisions		372.344	303.044
Equity and liabilities		796.653	708.816
Financial instruments	19		
Unrecognised rental and lease commitments	20		
Contingent liabilities	21		
Transactions with related parties	22		
Group relations	23		
Subsidiaries	24		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Notes			
Equity beginning of year	10.000	387.120	397.120
Exchange rate adjustments	0	-4.899	-4.899
Profit/loss for the year	0	23.468	23.468
Equity end of year	10.000	405.689	415.689

Consolidated cash flow statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
EBIT		32.399	47.810
Amortisation, depreciation and impairment losses		22.695	17.697
Other provisions		-2.402	0
Working capital changes	18	36.606	-32.420
Cash flow from ordinary operating activities		89.298	33.087
Financial income received		8.361	10.583
Financial income paid		-10.574	-1.812
Income taxes refunded/(paid)		-21.181	-13.812
Cash flows from operating activities		65.904	28.046
Acquisition etc of intangible assets		-53.939	0
Acquisition etc of property, plant and equipment		-17.842	-28.784
Sale of property, plant and equipment		1.850	4.377
Cash flows from investing activities		-69.931	-24.407
Repayments of loans etc		-1.299	-1.242
Received payment from group enterprises		-11.021	0
Cash flows from financing activities		-12.320	-1.242
Increase/decrease in cash and cash equivalents		-16.347	2.397
Cash and cash equivalents beginning of year		140.972	138.691
Cash and cash equivalents beginning of year		124.625	141.088
Cash and cash equivalents at year-end are composed of:			
Cash		124.509	140.972
Securities		116	116
Cash and cash equivalents end of year		124.625	141.088

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
1. Revenue		
Denmark	1.086.914	1.019.709
Other countries	1.067.524	956.644
	2.154.438	1.976.353

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
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	205	202
Tax services	0	75
Other services	75	117
	280	394

	2017 DKK'000	2016 DKK'000
3. Staff costs		
Wages and salaries	277.426	274.082
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
	304.573	303.423

Average number of employees	661	632
-----------------------------	-----	-----

Disclosures of remuneration to Management are excluded according to section 98b(3)(2) of the Danish Financial Statements Act.

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	5.669	4.942
Depreciation of property, plant and equipment	14.812	14.714
Impairment losses on property, plant and equipment	3.139	0
Profit/ / loss from sale of intangible assets and property, plant and equipment	-925	-1.959
	22.695	17.697

	2017 DKK'000	2016 DKK'000
5. Other financial income		
Financial income arising from group enterprises	5.516	4.837
Other interest income	2.845	5.746
	8.361	10.583

Other interest income consists also of exchange rate income.

	2017 DKK'000	2016 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	1.174	950
Other interest expenses	9.400	862
	10.574	1.812

Other interest expences consists also of exchange rate losses.

	2017 DKK'000	2016 DKK'000
7. Tax on profit/loss for the year		
Current tax	4.348	14.394
Change in deferred tax	2.370	583
	6.718	14.977

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	23.468	41.604
	23.468	41.604
		Development projects in progress
	Goodwill	DKK'000
	DKK'000	DKK'000
9. Intangible assets		
Cost beginning of year	47.525	0
Exchange rate adjustments	-1.555	0
Additions	26.894	27.045
Cost end of year	72.864	27.045
Amortisation and impairment losses beginning of year	-15.449	0
Exchange rate adjustments	176	0
Amortisation for the year	-5.669	0
Amortisation and impairment losses end of year	-20.942	0
Carrying amount end of year	51.922	27.045

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.

Notes to consolidated financial statements

	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	59.222	39.715	83.693
Exchange rate adjustmentS	-232	0	-728
Additions	1.166	8.678	7.998
Disposals	0	-7.903	-2.888
Cost end of year	60.156	40.490	88.075
Depreciation and impairment losses beginning of year	-9.673	-22.213	-54.505
Exchange rate adjustment amortisation	348	0	596
Adjustment to beginning year	2.899	0	0
Impairment losses for the year	0	0	-3.139
Depreciation for the year	-997	-4.624	-9.373
Reversal regarding disposals	0	7.536	2.330
Depreciation and impairment losses beginning of year	-7.423	-19.301	-64.091
Carrying amount end of year	52.733	21.189	23.984
11. Fixed asset investments			
Cost beginning of year			648
Exchange rate adjustments			-6
Cost end of year			642
Carrying amount end of year			642

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. Prepayments

Prepayments comprise prepaid expenses.

	2017
	<u>DKK'000</u>
14. Deferred tax	
Changes during the year	
Beginning of year	5.696
Recognised in the income statement	<u>2.370</u>
End of year	<u>8.066</u>

15. Other provisions

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

16. 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.

17. Short-term deferred income

Deffered income relates to revenue cut-off

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
18. Change in working capital		
Increase/ decrease in receivables	-60.196	-54.304
Increase/ decrease in trade payables etc	83.692	7.027
Other changes	13.110	14.857
	36.606	32.420

19. 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
20. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	81.499	39.209

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
21. Contingent liabilities		
Recourse and non-recourse guarantee commitments	19.427	18.083
Contingent liabilities in total	19.427	18.083

22. Transactions with related parties

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

Notes to consolidated financial statements

23. 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

	<u>Registered in</u>	<u>Corporate form</u>	<u>Equity interest %</u>
24. Subsidiaries			
LEMAN U.S.A Inc.	Sturtevant	Inc.	100
LEMAN International Transport Limited	Leeds	Ltd.	100
Maru International Ltd.	Dewsbury	Ltd.	100
LEMAN Int. System Transport AB	Helsinborg	AB	100
LEMAN Finland Oy	Helsinki	Oy	100
LEMAN Norge AS	Drammen	AS	100

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



Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue	1	1.086.914	1.019.709
Other operating income		11.330	10.119
Cost of sales		-845.952	-777.989
Other external expenses		-48.771	-50.349
Gross profit/loss		203.521	201.490
Staff costs	2	-160.562	-150.583
Depreciation, amortisation and impairment losses	3	-15.653	-11.950
EBIT		27.306	38.957
Income from investments in group enterprises		2.950	7.206
Other financial income	4	8.437	6.528
Other financial expenses	5	-8.496	-473
EBT		30.197	52.218
Tax on profit/loss for the year	6	-6.729	-10.614
Profit/loss for the year	7	23.468	41.604

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Goodwill		16.712	19.880
Development projects in progress		27.012	0
Intangible assets	8	43.724	19.880
Land and buildings		216	312
Plant and machinery		21.284	17.468
Other fixtures and fittings, tools and equipment		13.454	18.734
Property, plant and equipment	9	34.954	36.514
Investments in group enterprises		103.414	104.894
Deposits		285	285
Fixed asset investments	10	103.699	105.179
Fixed assets		182.377	161.573
Trade receivables		159.945	130.694
Receivables from group enterprises	11	158.760	157.147
Other receivables		445	49
Prepayments	12	7.622	4.997
Receivables		326.772	292.887
Other investments		116	116
Other investments		116	116
Cash		77.031	107.614
Current assets		403.919	400.617
Assets		586.296	562.190

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital	13	10.000	10.000
Reserve for net revaluation according to the equity method		58.804	60.284
Reserve for development expenditure		21.069	0
Retained earnings		325.816	326.836
Equity		415.689	397.120
Deferred tax	14	6.870	1.698
Other provisions	15	553	2.956
Provisions		7.423	4.654
Trade payables		127.398	112.008
Joint taxation contribution payable		1.553	10.230
Other payables		33.748	37.459
Deferred income	16	485	719
Current liabilities other than provisions		163.184	160.416
Liabilities other than provisions		163.184	160.416
Equity and liabilities		586.296	562.190
Financial instruments	17		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Transactions with related parties	22		

Parent statement of changes in equity for 2017

	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	60.284	0	326.836
Exchange rate adjustments	0	-4.899	0	0
Profit/loss for the year	0	3.419	21.069	-1.020
Equity end of year	10.000	58.804	21.069	325.816
				Total DKK'000
Equity beginning of year				397.120
Exchange rate adjustments				-4.899
Profit/loss for the year				23.468
Equity end of year				415.689

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
1. Revenue		
Denmark	1.086.914	1.019.709
	1.086.914	1.019.709

The primary activities of the Company 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
2. Staff costs		
Wages and salaries	151.546	137.195
Pension costs	11.094	10.530
Other social security costs	2.564	2.312
Other staff costs	721	546
Staff costs classified as assets	-5.363	0
	160.562	150.583
Average number of employees	343	329

Disclosures of remuneration to Management are excluded according to section 98b(3)(2) of the Danish Financial Statements Act.

	2017 DKK'000	2016 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3.168	3.168
Depreciation of property, plant and equipment	10.604	10.560
Impairment losses on property, plant and equipment	3.139	0
Profit/loss from sale of intangible assets and property, plant and equipment	-1.258	-1.778
	15.653	11.950

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
4. Other financial income		
Financial income arising from group enterprises	5.542	5.012
Other interest income	2.895	1.516
	8.437	6.528

Other interest income consists also of exchange rate income.

	2017 DKK'000	2016 DKK'000
5. Other financial expenses		
Other interest expenses	8.496	473
	8.496	473

Other interest expenses consists also of exchange rate losses.

	2017 DKK'000	2016 DKK'000
6. Tax on profit/loss for the year		
Current tax	1.557	10.521
Change in deferred tax	5.172	93
	6.729	10.614

	2017 DKK'000	2016 DKK'000
7. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	3.419	-6.783
Retained earnings	20.049	48.387
	23.468	41.604

Notes to parent financial statements

	Goodwill DKK'000	Development projects in progress DKK'000
8. Intangible assets		
Cost beginning of year	31.675	0
Additions	0	27.012
Cost end of year	31.675	27.012
Amortisation and impairment losses beginning of year	-11.795	0
Amortisation for the year	-3.168	0
Amortisation and impairment losses end of year	-14.963	0
Carrying amount end of year	16.712	27.012

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 one and three years and comprise both external consultancy fees and internal labour costs.

Notes to parent financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fix- tures and fittings, tools and equipment DKK'000
9. Property, plant and equipment			
Cost beginning of year	573	39.578	43.413
Additions	0	8.678	4.328
Disposals	0	-7.902	-1.945
Cost end of year	573	40.354	45.796
Depreciation and impairment losses beginning of the year	-261	-22.110	-24.679
Impairment losses for the year	0	0	-3.139
Depreciation for the year	-96	-4.496	-6.012
Reversal regarding disposals	0	7.536	1.488
	-357	-19.070	-32.342
Carrying amount end of year	216	21.284	13.454

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	60.284	0
Exchange rate adjustments	-4.899	0
Amortisation of goodwill	-279	0
Share of profit/loss for the year	3.698	0
Revaluations end of year	58.804	0
Carrying amount end of year	103.414	285

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

11. 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.

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.

	2017 DKK'000	2016 DKK'000
14. Deferred tax		
Intangible assets	5.943	0
Property, plant and equipment	1.213	1.828
Receivables	-286	-130
	6.870	1.698
Changes during the year		
Beginning of year	1.698	
Recognised in the income statement	5.172	
End of year	6.870	

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 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
18. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	30.614	16.428

	2017 DKK'000	2016 DKK'000
19. Contingent liabilities		
Recourse and non-recourse guarantee commitments	9.044	9.108
Contigent liabilities in total	9.044	9.108

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.

20. Assets charged and collateral

Collateral provided for group enterprises

The company has provided bank guarantees limit to 759 thousand for bank debt in subsidiaries'.

Notes to parent financial statements

21. Related parties with controlling interest

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

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

22. Transactions with related parties

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

We constantly aim to deliver the best transport experience to our customers.



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 income 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 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.

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.

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).

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.

Accounting policies

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.

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.

Accounting policies

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.

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.

Cash

Cash comprises cash in hand and bank deposits.

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.

Accounting policies

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.

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.

Joint taxation contributions receivable or payable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised 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 recognised if such losses are expected to be used under the joint taxation arrangement.

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.

Accounting policies

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 shortterm bank debt.

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.

YOUR PERSONAL LINK TO GLOBAL TRANSPORTATION AND LOGISTICS



LEMAN International System Transport A/S
Venttrupvej 6
DK-2670 Greve
Denmark

+45 33 43 42 00
kontakt.dk@leman.com
CBR: 41 95 56 19
www.leman.com