



LEMAN A/S

Ventrupvej 6
2670 Greve
CVR No. 41955619

Annual report 2019

The Annual General Meeting adopted the
annual report on 13.05.2020

Thomas Krøyer

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019	10
Balance sheet at 31.12.2019	11
Statement of changes in equity for 2019	13
Notes	14
Accounting policies	20

Entity details

Entity

LEMAN A/S

Ventrupvej 6

2670 Greve

CVR No.: 41955619

Registered office: Greve

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Philippe Ziegler, Chairman

Charles Duro

Lilian Merete Mogensen

Karen Nielsen

Ole Michael Ringheim

Executive Board

Thomas Krøyer, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of LEMAN A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 13.05.2020

Executive Board

Thomas Krøyer

Chief Executive Officer

Board of Directors

Philippe Ziegler

Chairman

Charles Duro

Lilian Merete Mogensen

Karen Nielsen

Ole Michael Ringheim

Independent auditor's report

To the shareholders of LEMAN A/S

Opinion

We have audited the financial statements of LEMAN A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing 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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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, 13.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Anders Kreiner

State Authorised Public Accountant
Identification No (MNE) mne26765

Management commentary

Financial highlights

	2019	2018	2017	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	1,138,126	1,124,629	1,086,914	1,019,709	1,007,572
Gross profit/loss	214,128	208,712	198,297	196,956	184,888
Operating profit/loss	17,503	26,320	27,302	38,958	15,049
Net financials	11,386	6,547	(55)	6,054	8,356
Profit/loss for the year	12,960	17,611	23,468	41,604	34,375
Total assets	623,650	607,986	586,296	562,190	513,038
Investment in intangible assets	14,245	17,054	27,011	0	11,203
Investments in property, plant and equipment	2,212	1,093	13,006	11,307	17,698
Equity	445,827	431,420	415,689	397,120	357,080
Average number of employees	382	373	343	329	330
Ratios					
Gross margin (%)	18.81	18.56	18.24	19.31	18.35
Return on equity (%)	2.95	4.16	5.77	11.03	10.20
Equity ratio (%)	71.49	70.96	70.90	70.64	69.60

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

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

Development in activities and finances

The revenue for the year amounted to DKK 1,138 million against DKK 1,125 million last year and thereby increased by 1%. The gross profit margin increased to 18.8% from 18.6% last year. The profit before tax amounted to DKK 19.9 million against DKK 25.4 million last year, as we commenced amortization of a new global TMS system (DKK 4.8 million) and as non-recurring cost was incurred in connection with restructuring initiatives in accordance with planned consolidation and optimization of activities and competencies. This primarily involved closing a warehouse in Denmark and one in Sweden, as well as closing Braintree and Tilbury branch offices in the UK.

The markets for international cargo transportation in which LEMAN operate showed only very modest growth during 2019 and quite a lot of volatility. LEMAN's revenue growth on a like-for-like basis was in line with the market growth rate.

Over the past 5 years, LEMAN Group has invested more than DKK 250 million in various assets. In 2019, the significant investments in IT and digitization continued, although on a smaller scale than in 2018. Implementation of a modern, global transport management system was commenced, and is expected to be fully implemented globally before the end of 2020.

During the year, LEMAN launched its new strategy, Mission LEMAN 3+, with specific targets for future growth and profitability. The corporate organization was strengthened with the establishment of new global positions to support the realization of the new strategic objectives.

The financial results for the year did not live up to Management's expectations. Challenging market conditions and the non-recurring cost incurred in connection with closing down two warehouses are the main factors behind this. The progress made during the year on the Company's strategic program was, however, very satisfactory.

Outlook

The Company will continue to execute on the launched series of profitable growth initiatives and investments to strengthen the diversification and the solid foundation across the LEMAN Group.

Management expects that the world economy will enter into a recession in 2020, caused by the outbreak and wide spreading of the coronavirus disease (COVID-19), which has negatively impacted global trade and thereby the markets on which LEMAN operates. The COVID-19 outbreak does, however, not affect LEMAN's financial position or strategic direction.

Particular risks

Financial risk

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 risk

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 seven countries, our services cover the entire world through a vast network of trusted agents. Besides the 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

The Company's statutory report on corporate social responsibility is included in the annual report 2019 of LEMAN HOLDING A/S.

Statutory report on the underrepresented gender

The Company's statutory report on the underrepresented gender is included in the annual report 2019 of LEMAN HOLDING A/S.

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 outbreak and wide spreading of COVID-19 have impacted the daily operation and might affect the Company's suppliers and customers. The Company's financial position and strategic direction have, however, not been affected.

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK '000
Revenue	2	1,138,126	1,124,629
Other operating income		33,266	32,223
Cost of sales		(880,403)	(872,304)
Other external expenses		(76,861)	(75,836)
Gross profit/loss		214,128	208,712
Staff costs	3	(180,108)	(169,375)
Depreciation, amortisation and impairment losses	4	(16,517)	(13,017)
Operating profit/loss		17,503	26,320
Income from investments in group enterprises		(8,996)	(7,437)
Other financial income		11,949	8,582
Other financial expenses		(563)	(2,035)
Profit/loss before tax		19,893	25,430
Tax on profit/loss for the year	5	(6,933)	(7,819)
Profit/loss for the year	6	12,960	17,611

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Completed development projects	8	48,869	5,416
Goodwill		10,376	13,544
Development projects in progress	8	1,956	37,330
Intangible assets	7	61,201	56,290
Plant and machinery		13,545	17,291
Other fixtures and fittings, tools and equipment		7,037	9,305
Property, plant and equipment	9	20,582	26,596
Investments in group enterprises		93,137	91,655
Deposits		285	285
Other financial assets	10	93,422	91,940
Fixed assets		175,205	174,826
Trade receivables		167,206	161,758
Receivables from group enterprises	11	225,517	228,170
Other receivables		1,097	481
Prepayments	12	5,940	7,436
Receivables		399,760	397,845
Other investments		76	84
Other investments		76	84
Cash		48,609	35,231
Current assets		448,445	433,160
Assets		623,650	607,986

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital	13	10,000	10,000
Reserve for net revaluation according to the equity method		33,965	47,045
Reserve for development expenditure		39,644	33,342
Retained earnings		362,218	341,033
Equity		445,827	431,420
Deferred tax	14	11,526	10,034
Provisions		11,526	10,034
Trade payables		119,761	127,865
Joint taxation contribution payable		5,514	4,655
Other payables		39,882	33,091
Deferred income	15	1,140	921
Current liabilities other than provisions		166,297	166,532
Liabilities other than provisions		166,297	166,532
Equity and liabilities		623,650	607,986
Events after the balance sheet date	1		
Financial instruments	16		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Related parties with controlling interest	19		
Non-arm's length related party transactions	20		
Group relations	21		

Statement of changes in equity for 2019

	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	Total DKK'000
Equity beginning of year	10,000	47,045	33,342	341,033	431,420
Exchange rate adjustments	0	1,447	0	0	1,447
Dividends from group enterprises	0	(5,532)	0	5,532	0
Transfer to reserves	0	0	6,302	(6,302)	0
Profit/loss for the year	0	(8,995)	0	21,955	12,960
Equity end of year	10,000	33,965	39,644	362,218	445,827

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date, which would influence the evaluation of this annual report. However, the outbreak and spread of the coronavirus disease (COVID-19) in early 2020 have affected the planning and execution of day-to-day operations, and the Company's suppliers and customers may be affected as well. Nevertheless, the Company's financial position, strategy and development remain unaffected at this point in time.

Aside from this, no material events have occurred after the balance sheet date, which affect the annual report.

2 Revenue

	2019 DKK'000	2018 DKK'000
Denmark	1,138,126	1,124,630
Total revenue by geographical market	1,138,126	1,124,630

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.

3 Staff costs

	2019 DKK'000	2018 DKK'000
Wages and salaries	171,327	168,788
Pension costs	12,349	11,682
Other social security costs	2,265	2,117
Other staff costs	757	632
	186,698	183,219
Staff costs classified as assets	(6,590)	(13,844)
	180,108	169,375

Average number of full-time employees	382	373
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	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Executive Board	6,046	6,436
	6,046	6,436

4 Depreciation, amortisation and impairment losses

	2019	2018
	DKK'000	DKK'000
Amortisation of intangible assets	9,334	4,486
Depreciation of property, plant and equipment	7,970	9,136
Impairment losses on property, plant and equipment	0	23
Profit/loss from sale of intangible assets and property, plant and equipment	(787)	(628)
	16,517	13,017

5 Tax on profit/loss for the year

	2019	2018
	DKK'000	DKK'000
Current tax	5,514	4,655
Change in deferred tax	1,492	3,164
Adjustment concerning previous years	(73)	0
	6,933	7,819

6 Proposed distribution of profit and loss

	2019	2018
	DKK'000	DKK'000
Retained earnings	12,960	17,611
	12,960	17,611

7 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	6,735	31,675	37,330
Transfers	37,118	0	(37,118)
Additions	12,501	0	1,744
Cost end of year	56,354	31,675	1,956
Amortisation and impairment losses beginning of year	(1,319)	(18,131)	0
Amortisation for the year	(6,166)	(3,168)	0
Amortisation and impairment losses end of year	(7,485)	(21,299)	0
Carrying amount end of year	48,869	10,376	1,956

8 Development projects

Development projects in progress include the development of other supportive IT-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.

9 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	38,464	44,920
Additions	416	1,796
Disposals	(4,991)	(1,160)
Cost end of year	33,889	45,556
Depreciation and impairment losses beginning of year	(21,173)	(35,615)
Depreciation for the year	(4,116)	(3,854)
Reversal regarding disposals	4,945	950
Depreciation and impairment losses end of year	(20,344)	(38,519)
Carrying amount end of year	13,545	7,037

10 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	44,610	285
Additions	14,562	0
Cost end of year	59,172	285
Revaluations beginning of year	47,045	0
Exchange rate adjustments	1,447	0
Share of profit/loss for the year	(8,995)	0
Dividend	(5,532)	0
Revaluations end of year	33,965	0
Carrying amount end of year	93,137	285

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
LEMAN U.S.A Inc.	USA	Inc.	100
LEMAN International Transport Limited	England	Ltd.	100
Maru International Limited	England	Ltd.	100
Maru Logistics Limited	England	Ltd.	100
Dalpa International Limited	England	Ltd.	100
LEMAN AB	Sweden	AB	100
LEMAN OY	Finland	OY	100
LEMAN AS	Norway	AS	100

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 incurred costs such as rent, insurance premiums, subscription fees and freight forwarding costs relating to the next financial year.

13 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Class A shares	10,000	1	10,000
	10,000		10,000

14 Deferred tax

	2019	2018
	DKK'000	DKK'000
Intangible assets	11,180	9,405
Property, plant and equipment	508	804
Receivables	(162)	(175)
Deferred tax	11,526	10,034

	2019	2018
	DKK'000	DKK'000
Changes during the year		
Beginning of year	10,034	6,870
Recognised in the income statement	1,492	3,164
End of year	11,526	10,034

15 Deferred income

Deferred income relates to revenue cut-off.

16 Financial instruments

In the financial year, the Company entered into forward exchange contracts of DKK 8,466 thousand distributed among the currencies EUR and SEK. The fair value of these contracts amounts to DKK 600 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 2020.

17 Unrecognised rental and lease commitments

	2019	2018
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	46,275	30,975

18 Contingent liabilities

	2019	2018
	DKK'000	DKK'000
Recourse and non-recourse guarantee commitments	6,630	9,044
Contingent liabilities	6,630	9,044
Recourse and non-recourse guarantee commitments	33,325	33,325
Contingent liabilities to group enterprises	33,325	33,325

The Entity participates in a Danish joint taxation arrangement where 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.

19 Related parties with controlling interest

- LEMAN HOLDING A/S, Ventrupvej 6, 2670 Greve, owns all shares in LEMAN A/S and has the controlling interest.
- La Capite S.A., Rue Nicolas Adames 10, L1114 Luxembourg, owns all shares in LEMAN HOLDING A/S and has the controlling interest.

20 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

21 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.

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 financial statements are consistent with those applied last year.

A few changes have been made to the presentation of the the Company's comparative figures. These changes have no effect on the Company's income statement or equity.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the 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 lives. If the useful life cannot be

estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

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 rate 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 and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

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 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 freight costs and other costs relating in the financial year measured at cost.

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 recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and 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, and gains and losses from the sale of intangible assets and 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 intra-group 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, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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 in the 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 Entity is jointly taxed with all Danish group enterprises. 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 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 of property, plant and equipment used in the development process are recognised 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. If the useful life cannot be estimated reliably, it is fixed at 10 years. 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 3-10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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:

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

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 or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. 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.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns 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 the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

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.

Joint taxation contributions payable or receivable

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

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the company has not prepared any cash flow statement.