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# ***Nagel Danmark A/S***

Thorsvej 19, Frøslev, DK-6330 Padborg

## **Annual Report for 1 January - 31 December 2016**

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CVR No 81 74 55 28

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
24/5 2017

Martin Ventker  
Chairman



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nagel Danmark A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Padborg, 24 May 2017

## Executive Board

Martin Ventker  
CEO

## Board of Directors

Tobias Nagel  
Chairman

Ralf Heinz Sommer

Erik Christensen

Morten Amtrup

Anders Smedegaard  
Staff Representative

Malene Blom  
Staff Representative

# Independent Auditor's Report

To the Shareholder of Nagel Danmark A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nagel Danmark A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

## 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 misstate-

# Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

## Independent Auditor's Report

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Trekantområdet, 24 May 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jan Bunk Harbo Larsen  
State Authorised Public Accountant

Henrik Forthoft Lind  
State Authorised Public Accountant

## Company Information

### The Company

Nagel Danmark A/S  
Thorsvej 19  
Frøslev  
DK-6330 Padborg

Telephone: 74 30 74 30  
Facsimile: 74 30 74 00  
E-mail: [dk.info@nagel-group.dk](mailto:dk.info@nagel-group.dk)  
Website: [www.nagel-group.dk](http://www.nagel-group.dk)

CVR No: 81 74 55 28  
Financial period: 1 January - 31 December  
Incorporated: 9 February 1977  
Financial year: 40th financial year  
Municipality of reg. office: Aabenraa

### Board of Directors

Tobias Nagel, Chairman  
Ralf Heinz Sommer  
Erik Christensen  
Morten Amtrup  
Anders Smedegaard  
Malene Blom

### Executive Board

Martin Ventker

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2016	2015	2014	2013	2012
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	902	992	1.024	1.019	979
Gross profit/loss	143	153	165	157	274
Profit/loss before financial income and expenses	6	7	18	11	122
Net financials	1	-1	-6	-13	-24
Net profit/loss for the year	7	5	8	-2	87
<b>Balance sheet</b>					
Balance sheet total	421	411	421	477	480
Equity	114	111	106	158	157
Investment in property, plant and equipment	-2	-5	-3	-5	-2
Number of employees	199	210	220	221	243
<b>Ratios</b>					
Gross margin	15,9%	15,4%	16,1%	15,4%	28,0%
Profit margin	0,7%	0,7%	1,8%	1,1%	12,5%
Return on assets	1,4%	1,7%	4,3%	2,3%	25,4%
Solvency ratio	27,1%	27,0%	25,2%	33,1%	32,7%
Return on equity	6,2%	4,6%	6,1%	-1,3%	118,4%

For definitions, see under accounting policies.



# Management's Review

## Main activity

The Company's main activity comprises national and international logistics services with focus on especially temperature-controlled transportation for the food processing industry and trade in Europe.

We moreover offer chilled and frozen storage, dry goods storage, re-usable packaging systems, analyses and consultancy services, etc.

## Development in the year

Revenue for the year reached DKK 902 million compared to last year's DKK 992 million. The results for the year amounted to DKK 6.5 million compared to a profit of DKK 5 million last year.

Also in 2016, the market was affected by fierce competition with the resulting pressure on prices and weak development in freight volume. We have moreover witnessed a growing trend of food manufacturers redistributing labor-intensive processing to low cost export markets such as Germany and Poland thus resulting in declining volume of goods. Furthermore, the EU sanctions against Russia have had a notable impact on goods structures for foodstuff in Europe and thus also the composition and volume of Nagel Denmark's goods.

The results on ordinary activities are considered unsatisfactory. However, the commenced reconstruction of the company and its activities successfully continue as planned.

## Development expectations

Also 2017 is expected to be challenging for both the transport industry and the Nagel Denmark Group due to fierce competition, traffic bottlenecks, redistribution and outsourcing of food manufacturing as well as increasing waiting times in connection with offloading at the central warehouses in Europe.

In continuation of the improvement measures started in 2011 our efforts were intensified and accordingly we expect a profit in line with the achievements of 2016 although under the circumstances described in the subsequent events section.

## Statutory statement of corporate social responsibility

The Nagel Danmark A/S Group endeavours to operate in a safe manner and wants to comply with legislation governing the areas in which we carry out our activities.

The Group has not adopted any specific CSR policy covering human rights and reduction of the environmental impact.

## Share of the underrepresented gender

*Target for female representation on the Board of Directors*

When appointing candidates for the Board of Directors it is important that the candidates show a specific

## Management's Review

professional background and qualifications. It is moreover important that appointments are made with no regard to ethnicity, religious belief, political conviction, age or gender.

Especially in respect of gender representation we are attentive to increasing the female representation on the Board of Directors within the period 2013-2017. In order to reach this target we must ensure that employees and external partners are informed of our gender representation policy in future recruitment procedures.

Target until 2017: one female member on the Board of Directors.

At the moment Nagel Denmark has no female representation on the Board of Directors. The main reason for not meeting the objective is due to reelection of the board.

### *Target for appointment of women at other management levels*

We consider a diverse workforce an asset. We employ our staff on the basis of qualifications and personality and we offer all our employees equal opportunities with no regard to their background, religious belief, political conviction, age or gender. Nagel Denmark encourages every employee to pursue and realise his or her personal goals.

At management and administrative levels the representation of women is currently some 20% and hence women are slightly underrepresented.

### **Subsequent events**

End of 2016 it was decided to form the Joint Venture Nagel Liller A/S with Nagel Danmark A/S holding 62,5% of the shares. The joint venture comprises three companies with a long time trackrecord on the national Danish market for transportation and it will give our customers better access to routes and improved delivery cycles along with Freezer facilities and access to entire Europe via the Nagel Group network.

The formation will significantly impact both turnover, cost structures and headcounts in Nagel Danmark A/S, but Nagel Liller A/S will be fully consolidated on Andreas Andresen Holding level.

We expect positive synergies from the Joint Venture from 2018 and onwards.

## Income Statement 1 January - 31 December

	Note	2016 TDKK	2015 TDKK
<b>Revenue</b>		<b>901.722</b>	<b>992.458</b>
Other operating income		5.805	3.825
Direct freight expenses		-722.193	-797.783
Other external expenses		-42.719	-45.450
<b>Gross profit/loss</b>		<b>142.615</b>	<b>153.050</b>
Staff expenses	1	-127.911	-137.416
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-8.406	-8.848
Other operating expenses		-16	-40
<b>Profit/loss before financial income and expenses</b>		<b>6.282</b>	<b>6.746</b>
Income from investments in subsidiaries	2	1.825	1.428
Financial income	3	6.705	6.333
Financial expenses	4	-7.806	-8.315
<b>Profit/loss before tax</b>		<b>7.006</b>	<b>6.192</b>
Tax on profit/loss for the year	5	-505	-1.159
<b>Net profit/loss for the year</b>		<b>6.501</b>	<b>5.033</b>

# Balance Sheet 31 December

## Assets

	Note	2016 TDKK	2015 TDKK
Software		471	105
Development projects in progress		405	243
<b>Intangible assets</b>	7	<b>876</b>	<b>348</b>
Land and buildings		112.315	120.304
Other fixtures and fittings, tools and equipment		7.827	11.772
<b>Property, plant and equipment</b>	8	<b>120.142</b>	<b>132.076</b>
Investments in subsidiaries	9	38.524	26.283
Other investments	10	809	347
Other receivables	10	2.888	2.726
<b>Fixed asset investments</b>		<b>42.221</b>	<b>29.356</b>
<b>Fixed assets</b>		<b>163.239</b>	<b>161.780</b>
Raw materials and consumables		11.504	9.137
<b>Inventories</b>		<b>11.504</b>	<b>9.137</b>
Trade receivables		59.466	72.481
Receivables from group enterprises		161.740	130.149
Other receivables		699	1.001
Prepayments	11	1.247	1.100
<b>Receivables</b>		<b>223.152</b>	<b>204.731</b>
<b>Cash at bank and in hand</b>		<b>23.134</b>	<b>35.332</b>
<b>Currents assets</b>		<b>257.790</b>	<b>249.200</b>
<b>Assets</b>		<b>421.029</b>	<b>410.980</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2016 TDKK	2015 TDKK
Share capital		92.000	92.000
Revaluation reserve		0	3.547
Reserve for development costs		316	0
Retained earnings		21.497	15.315
<b>Equity</b>	12	<b>113.813</b>	<b>110.862</b>
Provision for deferred tax	13	9.462	9.315
<b>Provisions</b>		<b>9.462</b>	<b>9.315</b>
Mortgage loans		52.524	58.088
<b>Long-term debt</b>	14	<b>52.524</b>	<b>58.088</b>
Mortgage loans	14	5.563	5.534
Prepayments received from customers		2.969	3.156
Trade payables		94.966	101.360
Payables to group enterprises		114.560	91.227
Corporation tax		358	987
Other payables		26.814	29.993
Deferred income		0	458
<b>Short-term debt</b>		<b>245.230</b>	<b>232.715</b>
<b>Debt</b>		<b>297.754</b>	<b>290.803</b>
<b>Liabilities and equity</b>		<b>421.029</b>	<b>410.980</b>
Distribution of profit	6		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Fee to auditors appointed at the general meeting	17		

## Statement of Changes in Equity

	Share capital	Revaluation reserve	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	92.000	3.547	0	15.315	110.862
Exchange adjustments	0	0	0	-3	-3
Reversal for the year of revaluation	0	-3.547	0	0	-3.547
Development costs for the year	0	0	316	-316	0
Net profit/loss for the year	0	0	0	6.501	6.501
<b>Equity at 31 December</b>	<b>92.000</b>	<b>0</b>	<b>316</b>	<b>21.497</b>	<b>113.813</b>

# Notes to the Financial Statements

	2016 <u>TDKK</u>	2015 <u>TDKK</u>
<b>1 Staff expenses</b>		
Wages and salaries	118.222	127.643
Pensions	7.190	7.461
Other social security expenses	721	718
Other staff expenses	1.778	1.594
	<u><b>127.911</b></u>	<u><b>137.416</b></u>
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	4.186	4.305
Supervisory Board	100	100
	<u><b>4.286</b></u>	<u><b>4.405</b></u>
<b>Average number of employees</b>	<u><b>199</b></u>	<u><b>210</b></u>
<b>2 Income from investments in subsidiaries</b>		
Share of profits/losses including gain/loss of investments of subsidiaries	1.825	1.428
	<u><b>1.825</b></u>	<u><b>1.428</b></u>
<b>3 Financial income</b>		
Income from fixed asset investments	928	366
Interest received from group enterprises	5.192	5.202
Other financial income	585	765
	<u><b>6.705</b></u>	<u><b>6.333</b></u>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	3.644	3.492
Other financial expenses	4.162	4.823
	<u><b>7.806</b></u>	<u><b>8.315</b></u>

## Notes to the Financial Statements

	2016 <u>TDKK</u>	2015 <u>TDKK</u>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	358	1.027
Deferred tax for the year	147	132
	<u><b>505</b></u>	<u><b>1.159</b></u>
 <b>6 Distribution of profit</b>		
Retained earnings	<u>6.501</u>	<u>5.033</u>
	<u><b>6.501</b></u>	<u><b>5.033</b></u>
 <b>7 Intangible assets</b>		
	Software	Development projects in progress
	<u>TDKK</u>	<u>TDKK</u>
Cost at 1 January	8.191	243
Additions for the year	706	405
Disposals for the year	-373	-243
Cost at 31 December	<u>8.524</u>	<u>405</u>
Impairment losses and amortisation at 1 January	8.086	0
Amortisation for the year	340	0
Reversal of amortisation of disposals for the year	-373	0
Impairment losses and amortisation at 31 December	<u>8.053</u>	<u>0</u>
 <b>Carrying amount at 31 December</b>	<u><b>471</b></u>	<u><b>405</b></u>
 Amortised over	<u>5-10 years</u>	



## Notes to the Financial Statements

### 8 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	191.640	62.241
Additions for the year	184	473
Disposals for the year	0	-20.829
Cost at 31 December	<u>191.824</u>	<u>41.885</u>
Revaluations at 1 January	4.729	0
Reversals for the year of revaluations in previous years	-4.729	0
Revaluations at 31 December	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January	76.065	50.469
Depreciation for the year	4.626	3.440
Reversal of impairment and depreciation of sold assets	-1.182	-19.851
Impairment losses and depreciation at 31 December	<u>79.509</u>	<u>34.058</u>
<b>Carrying amount at 31 December</b>	<b><u>112.315</u></b>	<b><u>7.827</u></b>
Depreciated over	<u>10-40 years</u>	<u>3-20 years</u>

## Notes to the Financial Statements

	2016 TDKK	2015 TDKK
<b>9 Investments in subsidiaries</b>		
Cost at 1 January	28.448	28.448
Additions for the year	10.419	0
Cost at 31 December	<u>38.867</u>	<u>28.448</u>
Value adjustments at 1 January	-2.165	-3.592
Exchange adjustment	-3	0
Net profit/loss for the year	1.825	1.427
Value adjustments at 31 December	<u>-343</u>	<u>-2.165</u>
<b>Carrying amount at 31 December</b>	<b><u>38.524</u></b>	<b><u>26.283</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Nagel Transport &					
Logistik ApS	Denmark	TDKK 2.200	100%	26.478	1.192
Translog GmbH	Germany	TEUR 304	100%	12.046	633

### 10 Other fixed asset investments

	Other investments TDKK	Other receiv- ables TDKK
Cost at 1 January	347	2.726
Additions for the year	462	162
Cost at 31 December	<u>809</u>	<u>2.888</u>
<b>Carrying amount at 31 December</b>	<b><u>809</u></b>	<b><u>2.888</u></b>

### 11 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums and lease.

# Notes to the Financial Statements

## 12 Equity

The share capital consists of 75.000 shares of a nominal value of TDKK 1.000. 1 share of a nominal value of DKK 200.000, 1 share of a nominal value of DKK 800.000, 1 share of a nominal value of DKK 3.000.000, 1 share of a nominal value of DKK 3.600.000, 1 share of a nominal value of DKK 4.000.000, 1 share of a nominal value of DKK 4.400.000 and 1.000 shares of a nominal value of DKK 1.000. No shares carry any special rights.

	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>13 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	9.315	9.183
Amounts recognised in the income statement for the year	<u>147</u>	<u>132</u>
<b>Provision for deferred tax at 31 December</b>	<b><u>9.462</u></b>	<b><u>9.315</u></b>

## 14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

### Mortgage loans

After 5 years	29.715	35.701
Between 1 and 5 years	<u>22.809</u>	<u>22.387</u>
Long-term part	52.524	58.088
Within 1 year	<u>5.563</u>	<u>5.534</u>
	<b><u>58.087</u></b>	<b><u>63.622</u></b>

## Notes to the Financial Statements

	2016 TDKK	2015 TDKK
<b>15 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with mortgage credit institutes:		
Buildings with a carrying amount of	111.697	113.536
The following assets have been placed as security with bankers:		
Mortgages registered to the mortgagors and all monies mortgages totalling TDKK 53.100 on buildings with a total carrying amount of	111.697	113.536
Payment guarantees totalling TDKK 6.217 (2015: TDKK 6.000) have been provided through a credit institution.		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	28.798	6.890
Between 1 and 5 years	64.475	2.811
	<b>93.273</b>	<b>9.701</b>
Rental obligations, period of interminability up to 48 months	14.268	22.372

### Other contingent liabilities

A guarantee has been issued in respect of lease obligations of group enterprises. The total guarantee commitment at 31 December 2016 amounts to TDKK 18.185 (2015: TDKK 14.086).

The Danish group enterprises are jointly and severally liable for tax on the consolidated jointly taxed income etc. The total corporation tax payable is shown in the Annual Report of Andreas Andresen Holding ApS, which is the management company of the joint taxation. The Danish group enterprises are moreover jointly and severally liable for Danish withholding taxes. Any subsequent adjustments of corporation tax and withholding taxes may imply that the Company is liable for a higher amount.

# Notes to the Financial Statements

## 16 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Andreas Andresen Holding ApS, Thorsvej 19, 6330 Padborg	Immediate Parent Company
<b>Other related parties</b>	
Nagel Logistik-Holding GmbH & Co KG, D-33775 Versmold	Ultimate Parent Company

### Consolidated Financial Statements

The company is included in the Consolidated Financial Statements of its immediate parent company Andreas Andresen Holding ApS, CVR No 29 24 17 67.

Moreover, the company is included in the Consolidated Financial Statements of its ultimate parent company, Nagel Logistik-Holding GmbH & Co KG.

<u>Name</u>	<u>Place of registered office</u>
Nagel Logistik-Holding GmbH & Co KG	D-33775 Versmold, Germany
Andreas Andresen Holding ApS	6330 Padborg, Denmark

The Group Annual Report of Nagel Logistik-Holding GmbH & Co KG may be obtained at the following address:

Friedrich-Menzefricke-Straße 6  
D-33775 Versmold  
Germany

The Consolidated Annual Report of Andreas Andresen Holding ApS, CVR No 29 24 17 67, may be obtained at the following address:

Thorsvej 19  
Frøslev  
6330 Padborg  
Denmark

## **Notes to the Financial Statements**

### **17 Fee to auditors appointed at the general meeting**

Pursuant to section 96(3) of the Danish Financial Statements Act, the fee to the auditors appointed at the general meeting has been disclosed in the Consolidated Financial Statements of Andreas Andersen Holding ApS, Padborg, Denmark.

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of Nagel Danmark A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in TDKK.

### **Consolidated financial statements**

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Andreas Andresen Holding ApS, the Company has not prepared consolidated financial statements.

### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Andreas Andresen Holding ApS, the Company has not prepared a cash flow statement.

### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

## **Notes, Accounting Policies**

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

### **Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **Translation policies**

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### **Segment reporting**

For competitive reasons, the exemption rule under section 96 of the Danish Financial Statements Act has been applied.



# Notes, Accounting Policies

## Income Statement

### Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### Direct freight expenses

Direct freight expenses comprise the transport costs etc incurred to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect freight expenses and expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## Notes, Accounting Policies

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with the parent company Andreas Andresen Holding ApS and the subsidiary company Nagel Transport og Logistik ApS. Andreas Andresen Holding ApS has been selected as the administrative company. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

### Balance Sheet

#### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 3-10 years.

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assessed at 3 - 5 years.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	10-40 years
Other fixtures and fittings, tools and equipment	3-20 years

Depreciation period and residual value are reassessed annually.

## **Notes, Accounting Policies**

### **Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### **Fixed asset investments**

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### **Other fixed asset investments**

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### **Inventories**

Inventories of consumables (pallets, crates and boxes, etc) are measured at the lower of cost and net realisable value. The inventories are written down systematically over their estimated useful lifetime.

## **Notes, Accounting Policies**

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### **Prepayments**

Prepayments comprise prepaid expenses concerning insurance premiums etc.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

## Notes, Accounting Policies

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$