

AA HOLDING ÅRHUS ApS

Nordre Villavej 4

7100 Vejle

Central Business Registration

No 34884463

Annual report 2017

The Annual General Meeting adopted the annual report on 14.06.2018

Chairman of the General Meeting

Name: Anders Andersen

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Entity details

Entity

AA HOLDING ÅRHUS ApS
Nordre Villavej 4
7100 Vejle

Central Business Registration No (CVR): 34884463

Registered in: Vejle

Financial year: 01.01.2017 - 31.12.2017

Executive Board

Anders Andersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of AA HOLDING ÅRHUS ApS for the financial year 01.01.2017 - 31.12.2017.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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

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

Vejle, 14.06.2018

Executive Board

Anders Andersen

Independent auditor's report

To the shareholders of AA HOLDING ÅRHUS ApS

Qualified opinion

We have audited the consolidated financial statements and the parent financial statements of AA HOLDING ÅRHUS ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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, except for the possible effect of the matter described in the Basis for qualified opinion section, 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 qualified opinion

The Parent recognises investments in group enterprises according to the equity method at a value of DKK 0k. It has not been possible to obtain sufficient audit evidence for the valuation of fixed asset investments recognised in the balance sheet of one of the company's subsidiaries. Investments in group enterprises are therefore potentially overvalued by DKK 724k in the Parent's balance sheet. Equity and financial performance for the year are thus potentially overvalued by DKK 724k.

In the consolidated financial statements, financial performance for the year, balance sheet total and equity are potentially overvalued by DKK 1,055k.

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 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 qualified opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as

Independent auditor's report

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.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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.

Aarhus, 14.06.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Lars Andersen
State Authorised Public Accountant
Identification No (MNE) mne34506

Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights			
Key figures			
Gross profit	7.786	11.585	6.919
Operating profit/loss	(444)	886	(1.857)
Net financials	(584)	(1.011)	(708)
Profit/loss for the year	(1.247)	(369)	(2.348)
Profit/loss for the year excl minority interests	(806)	(287)	(1.423)
Total assets	31.595	38.335	40.648
Investments in property, plant and equipment	247	582	4.728
Equity	(732)	536	1.089
Equity excl minority interests	(506)	444	755
Ratios			
Return on equity (%)	-	(47,9)	(188,3)
Equity ratio (%)	(1,6)	1,2	1,9

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

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year excl minority interests} \times 100}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activity consists of holding shares in group enterprises.

The Group's primary activity consists of shipping and haulage business with focus on Southern European markets.

Development in activities and finances

Financial performance for the year was a loss after tax of DKK -674,336. The year's loss is considered unsatisfactory.

The loss has been affected by the negative operation in the Polish haulage business.

The lack of drivers in all of Europe has increased the salaries and at times resulted in equipment standing still.

Unusual circumstances affecting recognition and measurement

During the present financial year, Management has observed misstatements in previous year's provisions for payable subsistence allowance etc. to employees in one of the Group's Polish subsidiaries.

The misstatement is attributable to previous financial years and has therefore been adjusted as a material misstatement. The monetary effect of the adjustment is recognised directly in equity at 01.01.2017, and the comparative figures for the financial year for 2017 have been restated. Thus, the adjustment of the material error has no impact on the income statement for the financial year 2017.

We refer to the accounting policies for a further description and to the consolidated and parent statements of changes in equity for the monetary effect of the adjusted misstatement.

Outlook

Management seeks to adjust the business to the current market. It is expected that all business units will gain profit of DKK 1,500k from operations for 2018.

Material assumptions and uncertainties

The financial statements are not based on any special assumptions or uncertainties.

Particular risks

The Group is not affected by risks that are significantly different from those usual for the transport and shipping industry in general.

Environmental performance

The Group, however, does what it can to reduce emissions.

Research and development activities

The Company has no special development activities.

Management commentary

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.

Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		7.786.099	11.584.531
Staff costs	1	(7.405.833)	(9.536.105)
Depreciation, amortisation and impairment losses	2	(824.021)	(1.161.959)
Operating profit/loss		(443.755)	886.467
Income from investments in associates		0	28
Other financial income	3	411.886	432.917
Impairment losses on financial assets		(150.000)	0
Other financial expenses	4	(845.770)	(1.443.622)
Profit/loss before tax		(1.027.639)	(124.210)
Tax on profit/loss for the year	5	(219.155)	(244.529)
Profit/loss for the year	6	(1.246.794)	(368.739)

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Goodwill		0	20.000
Intangible assets	7	0	20.000
Land and buildings		1.390.023	1.415.625
Other fixtures and fittings, tools and equipment		982.013	2.497.083
Property, plant and equipment	8	2.372.036	3.912.708
Deposits		435.681	476.908
Other receivables		1.573.457	1.610.460
Fixed asset investments	9	2.009.138	2.087.368
Fixed assets		4.381.174	6.020.076
Trade receivables		23.774.641	29.380.109
Deferred tax	10	479.400	432.700
Other receivables		1.093.032	516.716
Prepayments	11	184.757	1.106.019
Receivables		25.531.830	31.435.544
Cash		1.682.376	879.661
Current assets		27.214.206	32.315.205
Assets		31.595.380	38.335.281

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		80.000	80.000
Retained earnings		(586.172)	311.864
Proposed dividend		0	51.700
Equity attributable to the Parent's owners		(506.172)	443.564
Share of equity attributable to minority interests		(226.148)	92.931
Equity		(732.320)	536.495
Mortgage debt		498.438	517.867
Finance lease liabilities		0	403.327
Non-current liabilities other than provisions	12	498.438	921.194
Current portion of long-term liabilities other than provisions	12	420.291	1.518.016
Bank loans		3.646.018	5.175.905
Deposits		4.680	4.680
Prepayments received from customers		5.500	5.500
Trade payables		19.610.963	25.359.227
Payables to shareholders and management		8.844	8.844
Income tax payable		566.626	662.554
Other payables	13	7.566.340	4.142.866
Current liabilities other than provisions		31.829.262	36.877.592
Liabilities other than provisions		32.327.700	37.798.786
Equity and liabilities		31.595.380	38.335.281
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
Transactions with related parties	17		
Group relations	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Share of equity attributable to minority interests DKK
Equity beginning of year	80.000	834.573	51.700	293.996
Corrections of material errors	0	(522.709)	0	(201.065)
Adjusted equity, beginning of year	80.000	311.864	51.700	92.931
Ordinary dividend paid	0	0	(51.700)	0
Exchange rate adjustments	0	(92.438)	0	0
Other entries on equity	0	0	0	122.117
Profit/loss for the year	0	(805.598)	0	(441.196)
Equity end of year	80.000	(586.172)	0	(226.148)
				Total DKK
Equity beginning of year				1.260.269
Corrections of material errors				(723.774)
Adjusted equity, beginning of year				536.495
Ordinary dividend paid				(51.700)
Exchange rate adjustments				(92.438)
Other entries on equity				122.117
Profit/loss for the year				(1.246.794)
Equity end of year				(732.320)

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Operating profit/loss		(443.775)	886.467
Amortisation, depreciation and impairment losses		824.021	1.161.959
Working capital changes	14	3.489.959	(2.432.531)
Cash flow from ordinary operating activities		3.870.205	(384.105)
Financial income received		341.772	559.899
Financial income paid		(778.328)	(1.570.604)
Income taxes refunded/(paid)		(361.813)	(256.623)
Cash flows from operating activities		3.071.836	(1.651.433)
Acquisition etc of property, plant and equipment		(246.775)	(581.811)
Sale of property, plant and equipment		900.000	0
Acquisition of fixed asset investments		(227.730)	0
Sale of fixed asset investments		155.960	586.953
Cash flows from investing activities		581.455	5.142
Repayments of loans etc		(17.913)	0
Reduction of lease commitments		(1.501.076)	(406.787)
Dividend paid		(51.700)	(50.600)
Debt forgiveness		250.000	0
Cash flows from financing activities		(1.320.689)	(457.387)
Increase/decrease in cash and cash equivalents		2.332.602	(2.103.678)
Cash and cash equivalents beginning of year		(4.296.244)	(2.192.566)
Cash and cash equivalents end of year		(1.963.642)	(4.296.244)
Cash and cash equivalents at year-end are composed of:			
Cash		1.682.376	879.661
Short-term debt to banks		(3.646.018)	(5.175.905)
Cash and cash equivalents end of year		(1.963.642)	(4.296.244)

Notes to consolidated financial statements

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	7.125.365	8.237.000
Pension costs	215.795	441.050
Other social security costs	45.115	815.959
Other staff costs	19.558	42.096
	7.405.833	9.536.105
Average number of employees	59	64
Referring to section 98b of the Danish Financial Statements Act, Management's remuneration has not been disclosed.		
	2017 DKK	2016 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	20.000	20.000
Depreciation of property, plant and equipment	887.447	1.141.594
Profit/loss from sale of intangible assets and property, plant and equipment	(83.426)	0
	824.021	1.161.594
	2017 DKK	2016 DKK
3. Other financial income		
Other interest income	91.722	432.917
Exchange rate adjustments	70.164	0
Remission of debt etc	250.000	0
	411.886	432.917
	2017 DKK	2016 DKK
4. Other financial expenses		
Other interest expenses	507.433	1.029.883
Exchange rate adjustments	67.442	76.265
Other financial expenses	270.895	337.474
	845.770	1.443.622
	2017 DKK	2016 DKK
5. Tax on profit/loss for the year		
Current tax	265.855	147.931
Change in deferred tax	(46.700)	96.598
	219.155	244.529

Notes to consolidated financial statements

	2017 DKK	2016 DKK
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	51.700
Retained earnings	(805.598)	(338.900)
Minority interests' share of profit/loss	(441.196)	(81.539)
	(1.246.794)	(368.739)
		Goodwill DKK
7. Intangible assets		
Cost beginning of year		1.115.732
Cost end of year		1.115.732
Amortisation and impairment losses beginning of year		(1.095.732)
Amortisation for the year		(20.000)
Amortisation and impairment losses end of year		(1.115.732)
Carrying amount end of year		0
		Other fixtures and fittings, tools and equipment DKK
	Land and buildings DKK	
8. Property, plant and equipment		
Cost beginning of year	1.441.750	4.298.238
Additions	0	246.775
Disposals	0	(1.665.000)
Cost end of year	1.441.750	2.880.013
Depreciation and impairment losses beginning of year	(26.125)	(1.801.155)
Depreciation for the year	(25.602)	(861.845)
Reversal regarding disposals	0	765.000
Depreciation and impairment losses end of year	(51.727)	(1.898.000)
Carrying amount end of year	1.390.023	982.013
Recognised assets not owned by entity	-	386.108

Notes to consolidated financial statements

	Deposits DKK	Other receivables DKK
9. Fixed asset investments		
Cost beginning of year	476.908	1.610.460
Additions	108	227.622
Disposals	(41.335)	(114.625)
Cost end of year	435.681	1.723.457
Impairment losses for the year	0	(150.000)
Impairment losses end of year	0	(150.000)
Carrying amount end of year	435.681	1.573.457
	2017 DKK	2016 DKK
10. Deferred tax		
Intangible assets	6.000	5.000
Property, plant and equipment	102.000	63.000
Receivables	33.000	0
Liabilities other than provisions	11.000	11.000
Tax losses carried forward	327.400	353.700
	479.400	432.700
Changes during the year		
Beginning of year	431.400	
Recognised in the income statement	48.000	
End of year	479.400	

During 2017, the Group has carried out a significant restructuring, which is expected to reduce the level of costs in the Group considerably for which reason Management budgets for future profits.

Management therefore expects to use the deferred tax asset in future earnings within the next 3-4 years, and consequently, has not found any indication of impairment of the deferred tax asset.

11. Prepayments

The item comprises the Group's prepaid costs.

Notes to consolidated financial statements

	Due within 12 months 2017 DKK	Due within 12 months 2016 DKK	Due after more than 12 months 2017 DKK	Outstanding after 5 years DKK
12. Liabilities other than provisions				
Mortgage debt	17.937	17.913	498.438	426.721
Finance lease liabilities	402.354	1.500.103	0	0
	420.291	1.518.016	498.438	426.721
			2017 DKK	2016 DKK
13. Other short-term payables				
VAT and duties			3.678.354	1.071.429
Wages and salaries, personal income taxes, social security costs, etc payable			26.693	729.667
Holiday pay obligation			178.154	313.020
Other costs payable			1.778.750	2.028.750
			5.661.951	4.142.866
			2017 DKK	2016 DKK
14. Change in working capital				
Increase/decrease in receivables			5.950.414	297.680
Increase/decrease in trade payables etc			(2.324.790)	(2.793.106)
Other changes			(135.665)	62.895
			3.489.959	(2.432.531)
			2017 DKK	2016 DKK
15. Unrecognised rental and lease commitments				
Liabilities under rental or lease agreements until maturity in total			6.737.218	7.421.827

16. Assets charged and collateral

Mortgage debt is secured by way of an owner's mortgage on land and buildings, and the Group has provided security of a nominal value of DKK 20k secured on land and buildings. The carrying amount of land and buildings is DKK 1,390k.

Bank debt is secured by way of letters of indemnity (floating charge) of DKK 6,000k nominal on intangible assets, property, plant and equipment and receivables.

The carrying amount of mortgaged intangible assets is DKK 0k.

The carrying amount of mortgaged property, plant and equipment is DKK 596k.

Notes to consolidated financial statements

The carrying amount of mortgaged receivables is DKK 23,775k.

On behalf of Flex Logistics A/S, the company's bank has provided payment guarantees of a total of DKK 4,092k.

17. Transactions with related parties

The Group has only had related party transactions conducted on an arm's length basis in the present financial year.

18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Flex Holding A/S, Lindevej 15, Lindved

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
19. Subsidiaries			
Flex Logistics A/S	Vejle	A/S	68,6
A2B Trans Sp Z.o.o.	Konin, PL	Z.o.o.	68,6
FLex Logistics Spain S.L.	Barcelona, ESP	S.L.	68,6
FLex Logistics Polen Z.o.o.	Konin, PL	Z.o.o.	68,6
Flex Logistics Ltd.	Burgas, BGL	Ltd.	68,6
Flex Holding A/S	Vejle	A/S	68,6

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		39.466	16.149
Depreciation, amortisation and impairment losses		(25.602)	(26.125)
Operating profit/loss		13.864	(9.976)
Income from investments in group enterprises		(802.876)	(238.334)
Income from investments in associates		0	28
Other financial income	2	355.000	126.982
Other financial expenses	3	(205.024)	(165.002)
Profit/loss before tax		(639.036)	(286.302)
Tax on profit/loss for the year	4	(35.300)	(898)
Profit/loss for the year	5	(674.336)	(287.200)

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Land and buildings		1.390.023	1.415.625
Property, plant and equipment	6	1.390.023	1.415.625
Investments in group enterprises		0	241.075
Fixed asset investments	7	0	241.075
Fixed assets		1.390.023	1.656.700
Receivables from group enterprises		893.459	1.933.161
Deferred tax		0	1.300
Receivables		893.459	1.934.461
Cash		726	0
Current assets		894.185	1.934.461
Assets		2.284.208	3.591.161

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		80.000	80.000
Retained earnings		(424.712)	311.864
Proposed dividend		0	51.700
Equity		(344.712)	443.564
Mortgage debt		498.438	517.867
Non-current liabilities other than provisions	8	498.438	517.867
Current portion of long-term liabilities other than provisions	8	17.937	17.913
Bank loans		0	66.838
Deposits		4.680	4.680
Prepayments received from customers		5.500	5.500
Trade payables		8.750	15.000
Payables to shareholders and management		8.844	8.844
Income tax payable		334.771	510.955
Other payables		1.750.000	2.000.000
Current liabilities other than provisions		2.130.482	2.629.730
Liabilities other than provisions		2.628.920	3.147.597
Equity and liabilities		2.284.208	3.591.161
Staff costs	1		
Contingent liabilities	9		
Assets charged and collateral	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	80.000	0	834.573	51.700
Corrections of material errors	0	0	(522.709)	0
Adjusted equity, beginning of year	80.000	0	311.864	51.700
Ordinary dividend paid	0	0	0	(51.700)
Exchange rate adjustments	0	(62.240)	0	0
Profit/loss for the year	0	62.240	(736.576)	0
Equity end of year	80.000	0	(424.712)	0
				Total DKK
Equity beginning of year				966.273
Corrections of material errors				(522.709)
Adjusted equity, beginning of year				443.564
Ordinary dividend paid				(51.700)
Exchange rate adjustments				(62.240)
Profit/loss for the year				(674.336)
Equity end of year				(344.712)

Notes to parent financial statements

	<u>2017</u>	<u>2016</u>
1. Staff costs		
Average number of employees	<u>0</u>	
	<u>2017 DKK</u>	<u>2016 DKK</u>
2. Other financial income		
Financial income arising from group enterprises	105.000	126.982
Remission of debt etc	250.000	0
	<u>355.000</u>	<u>126.982</u>
	<u>2017 DKK</u>	<u>2016 DKK</u>
3. Other financial expenses		
Other interest expenses	205.024	165.002
	<u>205.024</u>	<u>165.002</u>
	<u>2017 DKK</u>	<u>2016 DKK</u>
4. Tax on profit/loss for the year		
Current tax	34.000	0
Change in deferred tax	1.300	898
	<u>35.300</u>	<u>898</u>
	<u>2017 DKK</u>	<u>2016 DKK</u>
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	51.700
Transferred to reserve for net revaluation according to the equity method	62.240	(25.981)
Retained earnings	(736.576)	(312.919)
	<u>(674.336)</u>	<u>(287.200)</u>

Notes to parent financial statements

	Land and buildings DKK
6. Property, plant and equipment	
Cost beginning of year	1.441.750
Cost end of year	1.441.750
Depreciation and impairment losses beginning of year	(26.125)
Depreciation for the year	(25.602)
Depreciation and impairment losses end of year	(51.727)
Carrying amount end of year	1.390.023
	Invest- ments in group enterprises DKK
7. Fixed asset investments	
Cost beginning of year	1.300.010
Additions	195.000
Cost end of year	1.495.010
Impairment losses beginning of year	(1.058.935)
Exchange rate adjustments	(62.240)
Share of profit/loss for the year	(802.876)
Investments with negative equity value depreciated over receivables	429.041
Impairment losses end of year	(1.495.010)
Carrying amount end of year	0

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

	Due within 12 months 2017 DKK	Due within 12 months 2016 DKK	Due after more than 12 months 2017 DKK	Outstanding after 5 years DKK
8. Liabilities other than provisions				
Mortgage debt	17.937	17.913	498.438	426.721
	17.937	17.913	498.438	426.721

Notes to parent financial statements

9. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

10. Assets charged and collateral

Mortgage debt is secured by way of an owner's mortgage on land and buildings, and the company has provided security of a nominal value of DKK 20k secured on land and buildings. The carrying amount of land and buildings is DKK 1,390k.

11. Transactions with related parties

The Company has only had related party transactions conducted on an arm's length basis in the present financial year.

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 (medium).

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

Material errors in previous years

During the present financial year, Management has observed misstatements in previous year's provisions for payable subsistence allowance etc. to employees in one of the Group's Polish subsidiaries.

The misstatement is attributable to previous financial years and has therefore been adjusted as a material misstatement. The monetary effect of the adjustment is recognised directly in equity at 01.01.2017, and the comparative figures for the financial year for 2017 have been restated. Thus, the adjustment of the material error has no impact on the income statement for the financial year 2017.

Referring to Section 11(3) of the Danish Financial Statements Act, the following outline states the monetary effect on assets, equity and financial performance in the consolidated financial statements:

	2017 DKK	2016 DKK
Profit for the year according to consolidated financial statements 2016	0	344.897
Staff costs	<u>0</u>	<u>(723.774)</u>
Loss before tax	0	(378.877)
Tax on loss for the year	<u>0</u>	<u>0</u>
Adjusted financial performance	<u>0</u>	<u>(378.877)</u>
Assets according to consolidated financial statements 2016	0	38.335.281
Adjustment of "Deferred tax assets"	<u>0</u>	<u>0</u>
Total adjusted assets	<u>0</u>	<u>38.335.281</u>
Equity according to consolidated financial statements 2016	0	1.260.269
Adjustment	<u>0</u>	<u>(723.774)</u>
Total adjusted equity	<u>0</u>	<u>536.495</u>

Accounting policies

The comparative figures in the financial statements have been restated as follows:

	2017 DKK	2016 DKK
Profit for the year according to financial statements 2016	0	235.509
Income from investments in group enterprises	<u>0</u>	<u>(522.709)</u>
Adjusted financial performance	<u>0</u>	<u>(287.200)</u>
Assets according to financial statements 2016	0	4.113.870
Adjustment af "Investments in group enterprises"	<u>0</u>	<u>(522.709)</u>
Total adjusted assets	<u>0</u>	<u>1.882.595</u>
Equity according to financial statements 2016	0	966.273
Adjustment	<u>0</u>	<u>(723.774)</u>
Total adjusted equity	<u>0</u>	<u>443.564</u>

Please refer to the statement of changes in equity in the consolidated and parent financial statements for the impact on the Group's and the Parent's financial position.

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.

Accounting policies

Basis of consolidation

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

Subsidiaries' financial statement items are 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Accounting policies

Income from investments in group enterprises

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

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

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.

Impairment losses on financial assets

Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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 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.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a

Accounting policies

long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets.

The amortisation periods used are 5 years.

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

Property, plant and equipment

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:

Other fixtures and fittings, tools and equipment	3-5 years
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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

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

Receivables

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

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.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

Accounting policies

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

Minority interests

Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

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 costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Accounting policies

Income tax receivable or payable

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

Cash flow statement

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

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

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

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

Cash and cash equivalents comprise cash and less short-term bank loans.