
Andreas Andresen Holding ApS

Thorsvej 19, Frøslev, DK-6330 Padborg

Annual Report for 1 January - 31 December 2017

CVR No 29 24 17 67

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
23/5 2018

Tobias Nagel
Chairman



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Andreas Andresen Holding ApS for the financial year 1 January - 31 December 2017.

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

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017.

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

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

Padborg, 23 May 2018

Executive Board

Tobias Nagel

Independent Auditor's Report

To the Shareholder of Andreas Andresen Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Andreas Andresen Holding ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group'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 Group's and 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

Independent Auditor's Report

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 Group and the Company to cease to continue as a going concern.

- 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.
- 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.

Trekantområdet, 23 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant
mne30224

Henrik Forthoft Lind
State Authorised Public Accountant
mne34169

Company Information

The Company

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CVR No: 29 24 17 67
Financial period: 1 January - 31 December
Incorporated: 15 December 2005
Financial year: 12nd financial year
Municipality of reg. office: Aabenraa

Executive Board

Tobias Nagel

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Group Chart

Parent Company

Andreas Andresen Holding ApS
Denmark
Nom. TDKK 400

Consolidated subsidiaries

100% Nagel Danmark A/S
Denmark
Nom. TDKK 92.000

100% Nagel Transport & Logistik ApS
Denmark
Nom. TDKK 2.200

62,5% Nagel Liller A/S
Denmark
Nom TDKK 500

100% Translog GmbH
Germany
Nom TEUR 304

Investments in associates

50% Nagel Andresen Fleet Management ApS
Denmark
Nom. TDKK 50

Financial Highlights

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

	Group				
	2017	2016	2015	2014	2013
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	1.031	972	1.050	1.096	1.067
Gross profit/loss	286	255	261	280	293
Profit/loss before financial income and expenses	-24	3	4	4	-4
Net financials	2	0	-1	-2	-5
Net profit/loss for the year	-24	3	1	2	-9
Balance sheet					
Balance sheet total	403	424	417	436	494
Equity	109	133	133	132	190
Cash flows					
Cash flows from:					
- operating activities	-49	13	9	12	-45
- investing activities	-10	0	-5	-3	-3
including investment in property, plant and equipment	-3	-2	-5	-5	-5
- financing activities	56	-23	-7	29	-19
Change in cash and cash equivalents for the year	-3	-10	-3	38	-67
Number of employees	637	553	573	598	626
Ratios					
Gross margin	27,7%	26,2%	24,9%	25,5%	27,5%
Profit margin	-2,3%	0,3%	0,4%	0,4%	-0,4%
Return on assets	-6,0%	0,7%	1,0%	0,9%	-0,8%
Solvency ratio	27,0%	31,4%	31,9%	30,3%	38,5%
Return on equity	-19,8%	2,3%	0,8%	1,2%	-4,7%

For definitions, see under accounting policies.

Management's Review

Key activities

The Group'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 1.031 million compared to last year's DKK 972 million. The results for the year amounted to DKK -24.106 million compared to a profit of DKK 2.771 million last year.

Also in 2017, 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 labour 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 group and its activities 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.

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.

Management's Review

Statement on gender composition

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 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 2017-2022. 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 2022: 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.

The Company is working on promoting its female talents. This work has produced a result that is satisfactory for the industry. Through further training and education, we have succeeded in retaining female talents.

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

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2017 TDKK	2016 TDKK	2017 TDKK	2016 TDKK
Revenue		1.030.996	972.373	0	0
Other operating income		1.734	3.528	0	0
Direct freight expenses		-693.081	-672.117	0	0
Other external expenses		-54.023	-49.016	-30	-24
Gross profit/loss		285.626	254.768	-30	-24
Staff expenses	2	-297.483	-238.618	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-12.110	-12.607	0	0
Other operating expenses		-202	-52	0	0
Profit/loss before financial income and expenses		-24.169	3.491	-30	-24
Income from investments in subsidiaries	3	0	0	4.389	2.814
Income from investments in associates		100	0	0	0
Financial income	4	6.951	6.468	1	250
Financial expenses	5	-5.126	-6.341	-67	-277
Profit/loss before tax		-22.244	3.618	4.293	2.763
Tax on profit/loss for the year	6	-1.862	-847	21	8
Net profit/loss for the year		-24.106	2.771	4.314	2.771

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2017 TDKK	2016 TDKK	2017 TDKK	2016 TDKK
Software		317	471	0	0
Goodwill		14.755	18.444	0	0
Development projects in progress		7.393	405	0	0
Intangible assets	7	22.465	19.320	0	0
Land and buildings		108.261	113.107	0	0
Other fixtures and fittings, tools and equipment		8.834	9.725	0	0
Property, plant and equipment	8	117.095	122.832	0	0
Investments in subsidiaries	9	0	0	136.644	132.255
Investments in associates	10	125	0	0	0
Other investments	11	1.317	809	0	0
Deposits	11	46	0	0	0
Other receivables	11	2.953	2.888	0	0
Fixed asset investments		4.441	3.697	136.644	132.255
Fixed assets		144.001	145.849	136.644	132.255
Raw materials and consumables		14.647	11.818	0	0
Inventories		14.647	11.818	0	0
Trade receivables		115.862	59.837	0	0
Receivables from group enterprises		100.174	177.004	202	0
Receivables from associates		1.599	0	0	0
Other receivables		599	1.748	0	0
Corporation tax		720	619	1.179	1.179
Prepayments	12	2.677	2.019	0	0
Receivables		221.631	241.227	1.381	1.179
Cash at bank and in hand		22.759	25.454	716	102
Currents assets		259.037	278.499	2.097	1.281
Assets		403.038	424.348	138.741	133.536

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2017 TDKK	2016 TDKK	2017 TDKK	2016 TDKK
Share capital		400	400	400	400
Reserve for development costs		0	0	5.751	316
Retained earnings		118.854	132.185	130.748	131.869
Equity attributable to shareholders of the Parent Company		119.254	132.585	136.899	132.585
Minority interests		-10.587	0	0	0
Equity		108.667	132.585	136.899	132.585
Provision for deferred tax	14	10.927	9.580	0	0
Provisions		10.927	9.580	0	0
Mortgage loans		46.931	52.524	0	0
Long-term debt	15	46.931	52.524	0	0
Mortgage loans	15	5.593	5.563	0	0
Credit institutions		5	0	0	0
Prepayments received from customers		2.238	2.969	0	0
Trade payables		123.702	105.803	0	0
Payables to group enterprises		41.365	66.338	1.822	935
Payables to associates		11.183	0	0	0
Other payables		52.427	48.986	20	16
Short-term debt		236.513	229.659	1.842	951
Debt		283.444	282.183	1.842	951
Liabilities and equity		403.038	424.348	138.741	133.536
Subsequent events	1				
Distribution of profit	13				
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Fee to auditors appointed at the general meeting	20				
Accounting Policies	21				

Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	400	0	132.185	132.585	0	132.585
Cash capital increase	0	0	0	0	188	188
Net profit/loss for the year	0	0	-13.331	-13.331	-10.775	-24.106
Equity at 31 December	400	0	118.854	119.254	-10.587	108.667

Parent Company

	Share capital	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	400	316	131.869	132.585	0	132.585
Development costs for the year	0	5.435	-5.435	0	0	0
Net profit/loss for the year	0	0	4.314	4.314	0	4.314
Equity at 31 December	400	5.751	130.748	136.899	0	136.899

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2017 TDKK	2016 TDKK
Net profit/loss for the year		-24.106	2.771
Adjustments	16	12.047	11.483
Change in working capital	17	-37.754	5.684
Cash flows from operating activities before financial income and expenses		-49.813	19.938
Financial income		6.951	6.468
Financial expenses		-5.126	-6.341
Cash flows from ordinary activities		-47.988	20.065
Corporation tax paid		-615	-6.863
Cash flows from operating activities		-48.603	13.202
Purchase of intangible assets		-7.076	-868
Purchase of property, plant and equipment		-2.891	-1.681
Fixed asset investments made etc		-644	-624
Sale of property, plant and equipment		448	2.828
Cash flows from investing activities		-10.163	-345
Repayment of mortgage loans		-5.563	-5.535
Repayment of loans from credit institutions		5	0
Repayment of payables to group enterprises		51.857	-17.632
Repayment of payables to associates		9.584	0
Minority interests		188	0
Cash flows from financing activities		56.071	-23.167
Change in cash and cash equivalents		-2.695	-10.310
Cash and cash equivalents at 1 January		25.454	35.764
Cash and cash equivalents at 31 December		22.759	25.454
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		22.759	25.454
Cash and cash equivalents at 31 December		22.759	25.454

Notes to the Financial Statements

1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	Group		Parent Company	
	2017 TDKK	2016 TDKK	2017 TDKK	2016 TDKK
2 Staff expenses				
Wages and salaries	272.364	212.110	0	0
Pensions	18.166	16.015	0	0
Other social security expenses	4.203	8.216	0	0
Other staff expenses	2.750	2.277	0	0
	297.483	238.618	0	0
Average number of employees	637	553	0	0

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Income from investments in subsidiaries

	Parent Company	
	2017 TDKK	2016 TDKK
Share of profits of subsidiaries	8.077	6.502
Amortisation of goodwill	-3.688	-3.688
	4.389	2.814

4 Financial income

	Group		Parent Company	
	2017 TDKK	2016 TDKK	2017 TDKK	2016 TDKK
Income from fixed asset investments	1.115	928	0	0
Interest received from group enterprises	5.823	4.953	0	250
Other financial income	13	587	1	0
	6.951	6.468	1	250

Notes to the Financial Statements

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
5 Financial expenses				
Interest paid to group enterprises	2.355	2.205	67	261
Interest paid to associates	43	0	0	0
Other financial expenses	2.718	4.136	0	16
Exchange loss	10	0	0	0
	5.126	6.341	67	277

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
6 Tax on profit/loss for the year				
Current tax for the year	514	552	-21	-8
Deferred tax for the year	1.348	295	0	0
	1.862	847	-21	-8

Notes to the Financial Statements

7 Intangible assets

Group

	Software	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK
Cost at 1 January	8.874	91.816	405
Additions for the year	89	0	6.988
Disposals for the year	-1.470	0	0
Cost at 31 December	<u>7.493</u>	<u>91.816</u>	<u>7.393</u>
Impairment losses and amortisation at 1 January	8.403	73.372	0
Amortisation for the year	243	3.689	0
Reversal of amortisation of disposals for the year	-1.470	0	0
Impairment losses and amortisation at 31 December	<u>7.176</u>	<u>77.061</u>	<u>0</u>
Carrying amount at 31 December	<u>317</u>	<u>14.755</u>	<u>7.393</u>
Amortised over	<u>5-10 years</u>	<u>5-10 years</u>	

Development projects relate to the development of new versions of the Company's existing software products. The project is progressing according to plan through the use of the resources allocated by management to development.

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	192.616	47.222
Additions for the year	435	2.456
Disposals for the year	-273	-7.702
Cost at 31 December	<u>192.778</u>	<u>41.976</u>
Impairment losses and depreciation at 1 January	79.509	37.498
Depreciation for the year	5.232	2.946
Reversal of impairment and depreciation of sold assets	-224	-7.302
Impairment losses and depreciation at 31 December	<u>84.517</u>	<u>33.142</u>
Carrying amount at 31 December	<u>108.261</u>	<u>8.834</u>
Depreciated over	<u>10-40 years</u>	<u>3-20 years</u>

Notes to the Financial Statements

	Parent Company	
	2017 TDKK	2016 TDKK
9 Investments in subsidiaries		
Cost at 1 January	197.392	197.392
Additions for the year	0	0
Cost at 31 December	<u>197.392</u>	<u>197.392</u>
Value adjustments at 1 January	-65.137	-64.402
Exchange adjustment	0	-3
Net profit/loss for the year	8.077	6.501
Amortisation of goodwill	-3.688	-3.688
Other adjustments	0	-3.545
Value adjustments at 31 December	<u>-60.748</u>	<u>-65.137</u>
Carrying amount at 31 December	<u>136.644</u>	<u>132.255</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>14.756</u>	<u>18.442</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Nagel Danmark A/S	Padborg, Denmark	TDKK 92.000	100%

Notes to the Financial Statements

	Group		Parent Company	
	2017 TDKK	2016 TDKK	2017 TDKK	2016 TDKK
10 Investments in associates				
Additions for the year	25	0	0	0
Cost at 31 December	25	0	0	0
Net profit/loss for the year	100	0	0	0
Value adjustments at 31 December	100	0	0	0
Carrying amount at 31 December	125	0	0	0

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Nagel Andresen Fleet Management ApS	Padborg, Denmark	TDKK 50	50%

11 Other fixed asset investments

	Group		
	Other investments TDKK	Deposits TDKK	Other receivables TDKK
Cost at 1 January	809	0	2.888
Additions for the year	508	46	65
Cost at 31 December	1.317	46	2.953
Carrying amount at 31 December	1.317	46	2.953

12 Prepayments

Prepayments consist mainly of prepaid expenses concerning insurance premiums, lease and etc.

Notes to the Financial Statements

	Parent Company	
	2017	2016
	TDKK	TDKK
13 Distribution of profit		
Retained earnings	4.314	2.771
	4.314	2.771

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
14 Provision for deferred tax				
Provision for deferred tax at 1 January	9.580	9.285	0	0
Amounts recognised in the income statement for the year	1.348	295	0	0
Provision for deferred tax at 31 December	10.927	9.580	0	0

15 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	24.000	29.715	0	0
Between 1 and 5 years	22.931	22.809	0	0
Long-term part	46.931	52.524	0	0
Within 1 year	5.593	5.563	0	0
	52.524	58.087	0	0

Notes to the Financial Statements

	Group	
	2017	2016
	TDKK	TDKK
16 Cash flow statement - adjustments		
Financial income	-6.951	-6.468
Financial expenses	5.126	6.341
Depreciation, amortisation and impairment losses, including losses and gains on sales	12.110	10.763
Income from investments in associates	-100	0
Tax on profit/loss for the year	1.862	847
	12.047	11.483
17 Cash flow statement - change in working capital		
Change in inventories	-2.829	-2.297
Change in receivables	-55.534	17.410
Change in trade payables, etc	20.609	-9.429
	-37.754	5.684

Notes to the Financial Statements

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	106.846	111.697	0	0
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The following assets have been placed as security with bankers:

Mortgages registered to the mortgagors and all monies mortgages totalling TDKK 53.100 on land and buildings as well as other property, plant and equipment with a total carrying amount of	106.846	111.697	0	0
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Contingent assets

Total unrecognised deferred tax assets amount to DKK 6.3 mio, hereof tax loss carry-forwards for which deferred tax assets have not been recognised in the income statement and balance sheet amount to DKK 6.3 mio.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	50.312	36.513	0	0
Between 1 and 5 years	89.847	78.173	0	0
	140.159	114.686	0	0

Rental obligations, period of interminability up to 60 months	12.155	14.507	0	0
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Notes to the Financial Statements

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
18 Contingent assets, liabilities and other financial obligations (continued)				

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Andreas Andresen Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Payment guarantees totalling TDKK 6.196 (2016: TDKK 6.217) have been provided through a credit institution.

19 Related parties

	Basis
Controlling interest	
Nagel Logistik + Beteiligungs GmbH, Versmold	Immediate Parent Company
Other related parties	
Nagel-Group SE & Co. KG, Versmold	Ultimate Parent Company

Consolidated Financial Statements

The Company is included in the Consolidated Annual Report of its ultimate Parent Company, Nagel-Group SE & Co. KG.

Name	Place of registered office
Nagel-Group SE & Co. KG	D-33775 Versmold

The Group Annual Report of Nagel-Group SE & Co. KG may be obtained at the following address:

Friedrich-Menzefricke-Straße 6
D-33775 Versmold
Germany

Notes to the Financial Statements

	Group		Parent Company	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
20 Fee to auditors appointed at the general meeting				
Audit fee to PricewaterhouseCoopers	445	365	15	10
Other assurance engagements	7	0	0	0
Tax advisory services	50	252	0	4
Other services	228	248	0	2
	<u>730</u>	<u>865</u>	<u>15</u>	<u>16</u>

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Andreas Andresen Holding ApS for 2017 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.

The Consolidated and Parent Company Financial Statements for 2017 are presented in TDKK.

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.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Andreas Andresen Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income

Notes to the Financial Statements

21 Accounting Policies (continued)

and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Notes to the Financial Statements

21 Accounting Policies (continued)

Leases

Leases in terms of which the Group 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 alternative borrowing rate 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 Group.

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.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

Direct freight expenses

Direct freight expenses comprise the raw materials and consumables consumed 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 main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" in the income statement include the proportionate share of the profit for the year less goodwill amortisation, including gains and losses on the sale of shares in subsidiaries.

Financial income and expenses

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

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 year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

The Company is jointly taxed with the subsidiaries Nagel Danmark A/S, Nagel Transport & Logistik ApS and Nagel Liller A/S. Andreas Andresen Holding ApS has been selected as the administrative company. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

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 5-10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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 to the Financial Statements

21 Accounting Policies (continued)

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 and associates

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

The items “Investments in subsidiaries” and “Investments in associates” 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 inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates 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 the subsidiaries and the associates.

Subsidiaries and associates 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 are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable

Notes to the Financial Statements

21 Accounting Policies (continued)

value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums, lease and 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 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 or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

21 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$