



ANNUAL REPORT 2011

FREJA Transport & Logistics A/S
21th financial year
Translated and converted extract from
annual report 1st January – 31st December 2011

Viborgvej 52, DK-7800 Skive
CVR nr. 15027800

www.freja.com

FREJA TRANSPORT & LOGISTICS A/S
TRANSLATED AND CONVERTED EXTRACT FROM
ANNUAL REPORT
2011
21th FINANCIAL YEAR

*) The English extract is an unofficial translation and converted version of the original Danish financial report, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CONTENTS

	Page
Company Information	
Company Information	2
Group Structure.....	3-4
Statement and Report	
Statement by Board of Directors and Board of Executives.....	5
Auditors' Report.....	6
Management's Review	
Key Figures and Financial Ratios of the Group	7
Management Report.....	8-13
Financial Statements 1 January – 31 December	
Income Statement	14
Statement of comprehensive income	15
Balance Sheet	16-17
Statement of change in equity.....	18-19
Cash Flow Statement	20
Survey of notes	21
Notes	22-33

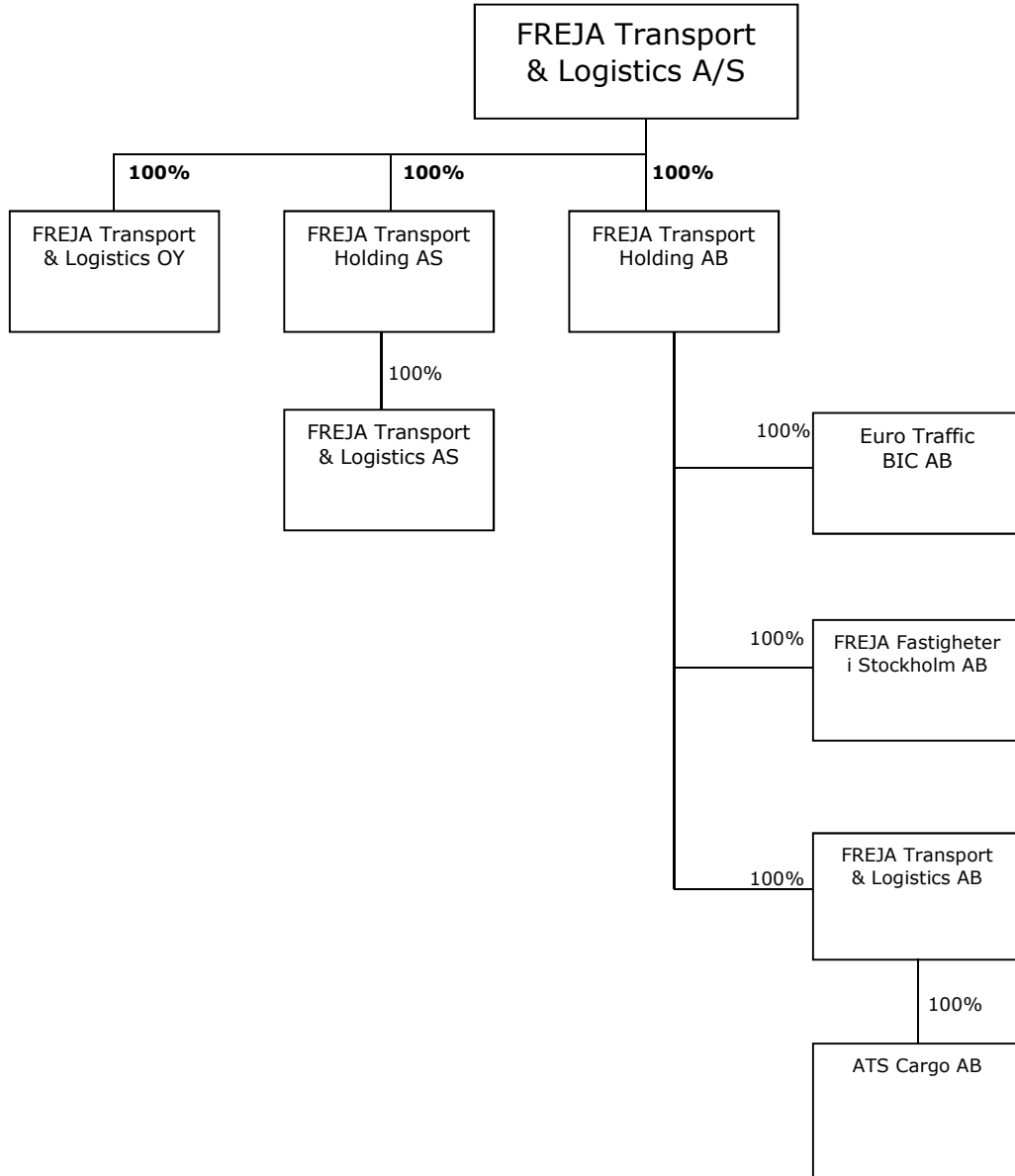
COMPANY INFORMATION

Company	FREJA Transport & Logistics A/S Viborgvej 52 7800 Skive Telephone 96 70 50 00
Board of Directors	Jørgen J. Hansen Christian Sonne-Schmidt Knud Borup Jensen Søren Kr. Sørensen Asbjørn Berge
Board of Executives	Jesper E. Petersen
Auditor	BDO Statsautoriseret revisionsaktieselskab Slotsgade 3 7800 Skive
Banks	Nordea Bank Danmark A/S Danske Bank A/S
Law Firm	Advokat Knud Borup Jensen Nørregade 13 7800 Skive

GROUP STRUCTURE

	Name and registered office	Share capital in ' 000	Ownership
Subsidiaries	FREJA Transport & Logistics OY, Finland, Turku	39 EUR	100%
	FREJA Transport Holding AS, Norway, Oslo	100 NOK	100%
	FREJA Transport Holding AB, Sweden, Helsingborg	500 SEK	100%
	Euro Traffic Bic AB, Sweden	100 SEK	100%
	FREJA Fastigheter i Stockholm AB, Sweden	300 SEK	100%
	FREJA Transport & Logistics AB, Sweden	400 SEK	100%
	ATS Cargo AB, Sweden	300 SEK	100%
	FREJA Transport & Logistics AS, Norway	201 NOK	100%

GROUP STRUCTURE



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

The Board of Directors and Board of Executives have today presented the annual report for the financial year 1 January - 31 December 2011 of FREJA Transport & Logistics A/S.

The annual report is presented in accordance with International Reporting Standards as adopted by the EU.

We consider the accounting policies used to be appropriate. Accordingly, the Annual Report gives a true and fair view of the Group's and the parent company's financial position, cash flows and results of operations.

The annual report is submitted for adoption by the General Meeting.

Skive, 13 April 2012

Board of Executives:

Jesper E. Petersen

Board of Directors:

Jørgen J. Hansen

Christian Sonne-Schmidt

Søren Kr. Sørensen

Knud Borup Jensen

Asbjørn Berge

AUDITORS' REPORT

To the Shareholders of FREJA Transport & Logistics A/S

We have audited the Annual Report of FREJA Transport & Logistics A/S for the financial year 1 January - 31 December 2011 from which the summary financial statements have been prepared. We issued in our audit report of April 2011 an unqualified opinion on the Annual Report from which the summary financial statements have been translated and extracted.

Basis of opinion

We have planned and performed our work in accordance with the Danish auditing standard on the independent auditor's statement on audit assignments for the special purpose of obtaining a high degree of assurance that the summary financial statements in all material respects are in agreement with the Annual Report from which they have been translated and extracted.

Opinion

It is our opinion that the following summary financial statements in all material respects are in agreement with the Annual Report from which they have been translated and extracted.

In order to better understand the financial position and results of the company as well as the scope of the audit performed, the summary financial statements should be read in connection with the Annual Report from which the summary financial statements have been translated and extracted, including the accompanying auditor's report.

Skive, 29 May 2012

B D O Statsautoriseret revisionsaktieselskab

Ole Østergaard
State Authorised Public Accountant

Thomas Baagøe
State Authorised Public Accountant

KEY FIGURES AND FINANCIAL RATIOS OF THE GROUP

	2011 EURO m	2010 EURO m	2009 EURO m	2008 EURO m	2007 EURO m
Income statement					
Net revenue	260.40	240.54	218.11	264.88	213.39
Gross profit	29.79	29.71	30.29	29.99	25.37
Operating profit (EBIT)	0.44	0.67	1.43	0.22	6.06
Income from investments in associates	1.57	0.30	0.26	0.26	0.23
Financial income and expenses, net	-0.86	-1.01	-0.93	-1.23	-0.24
Profit before tax	1.16	-0.03	0.76	-1.18	6.06
Profit for the year	0.83	-0.05	0.58	-1.00	4.49
Comprehensive income	1.13	1.23	2.27	-3.46	4.67
Balance					
Balance sheet total	76.38	78.47	75.12	72.48	56.51
Equity, total	14.27	13.55	11.61	9.56	13.06
Cash flows					
Cash flows from operating activities	-0.03	2.96	10.19	-5.64	3.65
Cash flows from investing activities *1..	4.64	-2.75	-2.36	-14.02	-11.28
Cash flows from financing activities	-3.28	-1.98	3.54	4.31	4.60
Cash flows total	1.33	-1.78	11.37	-15.35	-3.04
*1 Includes purchase of tangible fixed assets	1.15	1.15	0.37	2.21	1.33
Employees					
Average number of employees	556	566	575	626	358
Financial Ratios					
Profit margin	0.2	0.3	0.7	-0.1	2.8
(operating profit as % of net revenue)					
Rate of return	0.6	0.9	1.9	-0.3	14.0
(operating profit as % of average balance sheet)					
Equity ratio (solvency ratio)	19	17	15	13	23
(equity incl. minority interests as % of assets, end of year)					

MANAGEMENT REPORT

Main activities

The parent company's and the Group's main activities have consisted of transport and logistics and related activities as in previous years.

The Group's results for 2011 are viewed as unsatisfactory

In 2011 the FREJA Group has continued to work partly to optimise the organisation, partly to strengthen the Nordic foundation further. During 2008-2011 a new, modern logistic centre has been established in Norway; Nordic ERP has been implemented in Denmark and Sweden and a unique fleet management system has been introduced. During the same period of time the qualifications of the management as well as of the production has been strengthened in the four Nordic countries and efficiency improvement and cost savings have been carried out.

It has been a crucial factor for FREJA in this phase to be able to maintain the present high level of quality and service towards our customers. In spite of the financial crisis FREJA has become stronger year by year and better prepared for the future.

At Group level 2011 has been characterised by a positive and controlled progress taking market conditions into consideration.

All countries have had a growth in turnover and Finland contributes the most to the growth. In total the growth has been 8.2%

Comprehensive income after tax for the year amounts to 1.13 mEUR, where profit for the year has contributed positively by 0.83 mEUR. The profit and comprehensive income for the year have been heavily influenced by profit from sale of associated company. The accounts related profit included in the income statement for the group amounts to 1.6 mEUR before tax.

The Group's cash and cash equivalents have been improved compared to 2010 by approx. 1.33 mEUR and the Group's equity is positively strengthened by the earnings but also reduced in connection with purchase of own shares. Solvency ratio is 19%. Furthermore, the Group's interest-bearing net liabilities have been reduced by 4.38 mEUR to 12.1 mEUR.

Denmark – still not satisfactory, but the positive development continues

FREJA Denmark has experienced a growth in turnover of approx. 2%. Profit before tax has also developed positively.

A development which to a large extent is the result of the on-going work we have made to trim the organisation through adjustment of resource to match activity as well as change in structure and composition of management. Furthermore, we also seriously begin to see the positive synergies of our massive IT investment and the lean work which was initiated in 2008.

The progress in activities and earnings has been increasing during 2011 and has continued in 2012.

MANAGEMENT REPORT

Norway – acceptable result and the positive development continues

As well turnover as earnings have developed satisfactorily in Norway. We have seen a growth in earnings in Norway from 2010 to 2011 at approx. 1.39 mEUR before tax. A result of a successful implementation of our ultramodern logistics facilities.

Also in 2011 we have worked on trimming the organisation through adjustment of resources to match activity as well as change in structure and composition of management. Therefore, we are even better prepared in Norway for future growth.

Finland – acceptable result and the positive development continues

Seen in isolation, Finland is the country where we have had the largest growth in turnover from 2010 to 2011. This is because of a planned increase in the road activities and at the same time the project business has had a controlled growth. The changed mix of products will reduce the gross profit, but measured in absolute money it will contribute to the future growth and Nordic platform. The large growth and positive development have continued into 2012.

Sweden – unsatisfactory result, but chance of improvements

2011 has offered a series of challenges in Sweden. The implementation of new ERP in the beginning of the year gave us some challenges however they had been expected. In addition the Swedish market has been difficult in 2011. For one thing the growth has been limited, and furthermore expenses to our central suppliers have increased due to increasing oil prices. An increase which we have not been able to compensate for in terms of increased prices towards our customers. However, during the fall of 2011 we have taken initiatives to deal with this. A process which we have successfully continued in 2012.

Furthermore, we have had management related challenges in central positions which also have affected the negative development in 2011. In August FREJA chose to end cooperation with the then CEO. A new CEO started in December 2011.

The initiatives we have taken during the second half of 2011 will have an effect during 2012 so that again from 2013 we will see Sweden as a positive contributor to the Group result.

Knowledge resources

Faithful, skilled and loyal employees with high competence level are the foundation of the development. This is an essential foundation that FREJA Transport & Logistics A/S must build on to retain and attract new employees and develop an organisation in growth.

Internal education, development of the complete organisation and further development of the new IT platform will continue to have a high priority.

MANAGEMENT REPORT

Social responsibility

FREJA is a Nordic supplier of transport and logistics solutions and it is crucial that we respect and live by the national laws and regulations.

FREJA wants to integrate social and environmental considerations in our business activities and in relation to our interaction with our stakeholders. This is done by focusing on:

- **Customers**

FREJA emphasises long-term and mutual customer relations. No matter the potential, nationality and status our customers must be treated professionally and with respect for their individual needs.

- **Employees**

In 2011, the FREJA Group employed an average of 288 employees in Denmark and 556 employees in total. To be part of an international Group means to us that we ensure development and possibilities of a diversity of people with completely different cultural backgrounds.

It is important for us to attract and retain the highest qualified employees. The attitudes of the FREJA employees', our HR strategy and our education system "FREJA Academy" create the framework for the daily work for managers and employees at FREJA. Following this we continuously start initiatives that focus on our employees' well-being and development. Health schemes are implemented partly to prevent absence, partly to reduce unavoidable absence in the company.

Besides staff policies that regulate the employees' employment conditions FREJA also has policies that focus on the healthy work life. FREJA encourages exercise and healthy lifestyle and the alcohol policy tightens up the use of alcohol and prohibits the use of other intoxicants.

- **Environment/safety**

FREJA Transport & Logistics A/S in DK is certified according to DS/EN ISO 14001:2004 and 9001:2008. The certification was renewed at the beginning of March 2011. We work continuously to reduce our damaging environmental influences by reducing the driving of empty trucks and by optimising the load degree on all transport units used.

FREJA puts demands on sub-suppliers to follow the set norms. The environmental certification system helps increase suppliers', employees' and customers' awareness of the value of following the set plans.

The implementation of electronic IT solutions helps limit the use of paper in the company and with the customers.

FREJA has a management system that ensures registration and follow-up on focus areas and deviations with the purpose of remedying these and ensure that we develop constantly.

MANAGEMENT REPORT

- **Community**

FREJA takes on its part of the social responsibility by getting involved in relevant social conditions. It primarily takes place through participation in trade organisation meetings or through financial support for relevant purposes including donations to "Kræftens Bekæmpelse" (the Danish Cancer Society) as well as cultural as sporting sponsorships.

Special risks

The Group's and the parent company's primary operational risk is tied to the ability to be strongly positioned in the markets where the products are sold, as well as to ensure continuously competitive prices and a high level of efficiency.

Price risks

The market for transport services is very sensitive to market conditions just as the price of transport services is sensitive to production capacity and cargo volumes.

The Group and the parent company's purchase of transport services entails, due to significant price fluctuations in the transport market, a certain risk as price increases on transport services can only be included in the company's sales prices exceptionally and only with time delays.

However, the company has reduced the sensitivity to fluctuations in fuel prices by building in relevant regulation clauses in all significant customer agreements.

Currency risks

Activities in foreign countries as well as purchase and sale of transport services in foreign countries lead to result, money flows and net capital are influenced by the exchange rate development for a number of currencies, including significantly SEK, NOK and EUR.

The Group and the parent company try to minimize exchange rate risks that relate to the continuous payments flows from the operation by planning purchase and sale so currency flows counterbalance each other as much as possible.

On the financing side the parent company and the Group have partly uncovered exchange rate risks at net investments in foreign subsidiaries by taking up debt in corresponding currency.

Interest risks

For both the parent company and the Group it applies that most of the long-term debt has fixed interest or interest supported by entering financial contracts, whereby there is no interest risk associated with this financing.

The other interest bearing net debt, which is subject to a currency risk, amounts no longer to a significant amount and a change in the interest level will therefore have a limited influence on the profit.

MANAGEMENT REPORT

Credit risks

The Group and the parents company's credit risks primarily concern amounts due. There is no significant risk concerning individual large customers.

Large customers and partners are credit assessed continuously and the significant part of the amounts due from sales are credit insured.

Expected development 2012

The Danish entity of the Group is built on a solid basis and the frames have been created for a positive development. At Nordic level, we have strengthened our brand by using the FREJA name in all the countries we are represented in. FREJA has gained a solid foothold in as well Norway, Sweden as Finland. Furthermore, we have in 2011 strengthened the organization in as well Denmark, Norway, Sweden as Finland.

The Danish market is expected to grow marginally in 2012, but we expect to grow more than the market. Already now we see that we have succeeded in attracting a number of new customers, and the continuous optimizations of the operation gives a positive return.

The subsidiaries in Norway and Finland are also expected to develop positively. During 2011 we have seen an ongoing progress in the results in both companies and this is expected to continue in 2012. In both subsidiaries we will implement our new ERP-system in 2012, so that the entire Group will operate on a fully integrated ERP- and Fleet Management system on January 1st 2013.

In Sweden focus will be on implementing the new organization and bring us into position for a positive growth. Already in 2012 we expect a result which will be significantly better than 2011.

For the FREJA Group we therefore expect a total result in 2012 which is better than 2011. We expect an improvement in essential key figures, including an improved solvency ratio.

The Group appears forward as a streamlined unit with a strong brand in a competitive market.

FREJA Transport & Logistics A/S will continue to try to exploit the possibilities which arise for business related structural adjustments in all Nordic countries.

Events after the end of the financial year

No significant events have occurred after the end of the financial year.

INCOME STATEMENT 1 JANUARY – 31 DECEMBER

	Note	Group		Parent company	
		2011	2010	2011	2010
		EURO ('000)	EURO ('000)	EURO ('000)	EURO ('000)
NET REVENUE		260,395	240,538	129,296	127,073
Cost of sales		-213,730	-194,931	-106,857	-105,033
CONTRIBUTION MARGIN		46,665	45,607	22,439	22,040
Other external expenses		-16,878	-15,901	-6,506	-6,140
GROSS PROFIT		29,787	29,706	15,933	15,900
Staff costs		-27,972	-27,538	-14,531	-15,263
Operating income before depreciation and amortisation (EBITDA)		1,815	2,168	1,402	637
Depreciation, amortisations og write- down on tangible and intangible fixed assets		-1,378	-1,497	-912	-1,029
OPERATING PROFIT (EBIT)		437	671	490	-392
Dividend from investments in subsidiaries and associates		0	0	300	2,993
Income from investments in associates.	7	1,574	303	3,168	0
Foreign currency translation adjustment of loans to subsidiaries.....		0	0	105	1,454
Value adjustment of hedging of loans to subsidiaries		0	0	-10	-418
Financial income.....		295	374	631	735
Financial expenses.....		-1,151	-1.380	-779	-988
PROFIT BEFORE TAX		1,156	-32	3,905	3,384
Tax on profit		-323	-14	-563	-178
PROFIT FOR THE YEAR		833	-46	3,342	3,206

STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY – 31 DECEMBER

(EURO '000)	Note	Group		Parent Company	
		2011	2010	2011	2010
Profit for the year		833	-46	3,342	3,206
Comprehensive income in associated enterprises.....		202	-7	0	0
Foreign currency translation adjustment of investments.....		158	1,959	-38	-12
Value adjustment of hedging instruments.....		14	-421	102	-2
Tax on other comprehensive income .		-78	-257	-25	0
OTHER COMPREHENSIVE INCOME AFTER TAX		296	1,274	39	-14
COMPREHENSIVE INCOME		1,129	1,228	3,381	3,192

BALANCE SHEET 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2010 EURO ('000)	2009 EURO ('000)	2010 EURO ('000)	2009 EURO ('000)
Goodwill	2	23,534	23,350	1,773	1,768
Software	3	1,271	1,770	1,218	1,648
Intangible fixed assets		24,806	25,120	2,991	3,416
Land and buildings.....	4	4,959	5,104	522	521
Leasehold improvements.....	5	1,244	1,374	1,168	1,284
Plant, machinery, fixtures and equipment	6	1,622	1,969	683	865
Tangible fixed assets		7,826	8,447	2,373	2,670
Investments in subsidiaries		0	0	8,946	8,250
Investments in associates	7	0	2,578	0	1,188
Other investments		13	13	3	3
Receivables from group enterprises		45	0	14,206	15,201
Receivable deposits		2,085	2,602	2,076	2,589
Deferred tax (assets)		0,985	2,182	966	1,529
Fixed asset investments		3,128	7,375	26,197	28,760
NON-CURRENT ASSETS		35,760	40,942	31,561	34,846
Trade receivables		30,486	26,178	15,331	14,320
Receivables from group enterprises ..		0	0	0	58
Receivable corporation tax		310	123	0	0
Other receivables		965	972	608	570
Prepayments and accrued income		1,742	2,780	641	766
Cash		7,114	7,470	3,364	4,109
CURRENT ASSETS		40,617	37,523	20,658	19,823
ASSETS		76,377	78,465	52,219	54,669

BALANCE SHEET 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2011	2010	2011	2010
		<i>EURO ('000)</i>	<i>EURO ('000)</i>	<i>EURO ('000)</i>	<i>EURO ('000)</i>
Share capital.....		985	985	985	985
Reserves		13,286	12,560	11,488	8,510
EQUITY		14,271	13,545	12,473	9,495
Deferred tax		177	1,178	0	0
Provisions for liabilities		246	286	144	180
Debt to banks	8	7,103	9,885	5,117	7,921
Leasing debt	8	254	375	0	0
Long-term liabilities		7,781	11,724	5,261	8,101
Provisions for liabilities.....		153	116	153	116
Debt to banks		11,303	12,909	10,462	12,708
Leasing debt		124	118	0	0
Trade payables.....		34,720	31,330	20,309	20,758
Corporation tax		15	318	0	0
Other debt.....		8,011	8,405	3,561	3,491
Current liabilities		54,326	53,196	34,485	37,073
LIABILITIES		62,106	64,920	39,745	45,174
EQUITY AND LIABILITIES		76,377	78,465	52,219	54,669
CONTONGENT LIABILITIES	9				

STATEMENT OF CHANGES IN EQUITY 1 JANUARY - 31 DECEMBER

Group	Share capital	Reserves	Total
	<i>EURO (‘000)</i>	<i>EURO (‘000)</i>	<i>EURO (‘000)</i>
Equity at 1 January 2010	930	10,676	11,606
Comprehensive income 2010	0	1,228	1,228
Capital increase	55	656	711
Changes in equity 2010.....	55	656	711
Equity at 31 December 2010 and 1 January 2011	985	12,560	13,545
Comprehensive income 2011	0	1,129	1,129
Acquisition of own shares.....	0	-403	-403
Changes in equity 2011.....	0	-403	-403
Equity at 31 December 2011	985	13,286	14,271

STATEMENT OF CHANGES IN EQUITY 1 JANUARY - 31 DECEMBER

Parent Company	Share capital	Reserves	Total
	<i>EURO</i> (<i>'000</i>)	<i>EURO</i> (<i>'000</i>)	<i>EURO</i> (<i>'000</i>)
Equity at 1 January 2010	930	4,662	5,592
Comprehensive income 2010	0	3,192	3,192
Capital increase	55	656	711
Changes in equity 2010	55	656	711
Equity 31 at December 2010 and 1 January 2011	985	8,510	9,495
Comprehensive income 2011	0	3,381	3,381
Acquisition of own shares.....	0	-403	-403
Changes in equity 2011	0	-403	-403
Equity at 31 December 2011	985	11,488	12,473

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

Note	Group		Parent company	
	2011 EURO ('000)	2010 EURO ('000)	2011 EURO ('000)	2010 EURO ('000)
Profit for the year	833	-46	3,342	3,206
Adjustments.....	535	1,306	-2,524	-3,683
Change in working capital	-173	3,203	-1,945	1,160
Financial income	295	374	631	735
Financial costs.....	-1,151	-1,380	-779	-988
Tax on profit for the year	323	14	563	178
Corporation tax paid.....	-696	-513	0	0
Cash flows from operating activities	-34	2,958	-712	608
Purchase of intangible fixed assets	-120	-666	-111	-543
Purchase of tangible fixed assets.....	-439	-1,151	-342	-361
Sale of tangible fixed assets	314	216	278	198
Sale of intangible fixed assets.....	55	0	0	0
Purchase of enterprises and activities	0	-1,116	0	0
Change in deposits and other financial investments.....	523	-34	519	-55
Repayment of securities.....	0	2	0	0
Investments in subsidiaries	0	0	-672	0
Long-term loans to group enterprises.....	-45	0	1,138	1,581
Change in and repayment of investments in associates and subsidiaries.....	4,358	0	4,658	2,993
Cash flows from investing activities	4,646	-2,749	5,468	3,813
Proceeds from long-term borrowing...	0	37	0	37
Repayments of loans	-2,879	-2,732	-2,689	-2,605
Dividend paid in the financial year...	0	0	0	-2,309
Capital increase	0	711	0	712
Acquisition of own shares.....	-403	0	-403	0
Cash flows from financing activities	-3,282	-1,984	-3,092	-4,165
Change in cash and cash equivalents	1,330	-1,775	1,664	256
Cash and cash equivalents 1 January	-2,786	-1,004	-6,019	-6,278
Exchange adjustment	-4	-7	-14	3
Cash and cash equivalents 31 December.....	-1,460	-2,786	4,369	-6,019
Cash and cash equivalents at 31 December:				
Cash	7,114	7,470	3,364	4,109
Bank overdraft	-8,574	-10,256	-7,733	-10,128
Cash and cash equivalents	-1,460	-2,786	-4,369	-6,019

SURVEY OF NOTES

	Page
1. Accounting policies	22
2. Goodwill	29
3. Software	29
4. Land and buildings	30
5. Leasehold improvements.....	30
6. Plant, machinery, fixtures and equipment.....	31
7. Provisions for liabilities.....	31
8. Long-term liabilities	32
9. Contingent liabilities	33

NOTES

ACCOUNTING POLICIES

1

The annual report of FREJA Transport & Logistics A/S for 2011 has been presented in accordance with International Reporting Standards as adopted by the EU.

The annual report has been prepared in EURO ('000).

Change of presentation

As a result of the change of IAS 1 "Presentation of financial statements" changes in equity, which do not arise from transactions with the owners, cannot be presented in the statement of equity, but must be presented separately from transactions with the owners in a comprehensive income statement.

Thus, only changes in equity arising from transactions with the owners are presented in the equity statement, whereas other changes in equity are presented in the comprehensive income statement.

General about recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and impairment charge are also recognised in the income statement.

Assets are recognised in the balance sheet when it is likely that future economic benefits 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 likely that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation on the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

Consolidated financial statements

The consolidated financial statements include the parent company FREJA Transport & Logistics A/S and its subsidiary enterprises in which FREJA Transport & Logistics A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence.

Enterprises in which the Group holds between 20% and 50% of the voting rights and can exercise significant, but not controlling influence, are considered associates.

NOTES

ACCOUNTING POLICIES

The consolidated financial statements are prepared on the basis of the annual report of the parent company and the individual subsidiary enterprises whose annual reports, to be used for consolidation, are prepared in accordance with the group accounting policies. Uniform items are added together. Intercompany income and expenses, shareholdings, intercompany balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or established enterprises are recognised in the consolidated financial statements from the time when the group gains control. Sold or wound up enterprises are excluded from consolidation at the date of transfer of the control in the enterprises. Comparative figures are not adjusted for newly acquired, sold or wound up enterprises, however, discontinued activities are presented separately.

Subsidiary enterprises, acquired after 1 January 2005, are measured at fair value at the time of the transaction. The cost price is distributed on identifiable assets and liabilities, including deferred tax on recognised amounts, at the time of acquisition. Positive differences between the net value of identifiable assets and liabilities and the cost price are recognised as goodwill in the balance sheet. Negative differences are recognised as gains in the income statement at the acquisition. In the event that subsequently assets, liabilities and contingent liabilities prove to have another value than anticipated, goodwill is adjusted for up to 12 months after the date of acquisition, and comparative figures are adjusted. Furthermore, goodwill changes in connection with amendments to estimates of conditional consideration and in connection with realisation of deferred tax assets which were not recognised at the date of acquisition.

Subsidiary enterprises, acquired before 1 January 2005, are recognised in accordance with the distribution of the cost price according to the accounting policies at the time of acquisition.

Investments in associates

In the consolidated financial statements, investments in associates are recognised in the balance sheet at the equity interest in the enterprises.

Profit or loss at the disposal or winding up of subsidiaries and related parties is determined as the difference between the selling or the disposal price and the accounting value of net assets at the date of sale, including goodwill and costs in terms of sale or winding up.

Minority interests

The accounting items of the subsidiary enterprises are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results of the subsidiary enterprises is presented in the distribution of profit. The minority shareholders' equity interest in the group is presented as a separate line item in the equity.

NOTES

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue

The net revenue from sale is recognised in the income statement in the period when the transportation was carried out.

Investments in subsidiary enterprises and associates

The income statement of the parent company recognises the proportional share of the results before tax of each subsidiary and associate enterprise after elimination of internal gains/loss and deduction of amortisation of goodwill.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Interest and other costs of borrowing for financing of manufacture of current assets and fixed assets are not recognised in the cost price.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Goodwill

Acquired goodwill from acquisition of activities or enterprises is measured at cost less write-down for impairment. Goodwill is not amortised.

The carrying amount of goodwill is assessed currently. Each amount of goodwill is attached to an activity (cash flow generating entity) which as a minimum is tested annually for impairment. The value is written down to recoverable value if the carrying amount exceeds the present value of the expected future net income from the activity related to the goodwill. The write-down is recognised as a separate cost item in the income statement and cannot be carried back in subsequent periods if the impairment falls away.

Software

Software is measured at cost less accumulated amortisation.

Software is amortised on a straight-line basis over the expected useful life which is estimated to 5 years.

NOTES

ACCOUNTING POLICIES

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs. The cost includes also estimated cost of dismantling and disposal of the asset and reestablishment in so far as these costs are recognised as a liability.

The cost of an asset is divided into separate components which are depreciated individually if the useful lives are not identical.

Subsequent costs of replacement of components are recognised as a tangible fixed asset when it is likely that they will lead to future economic benefits. The carrying amount of the replaced components are recognised in the income statement. All other costs of repair and maintenance are recognised in the income statement when incurred.

The depreciation base is cost less estimated residual value after end of useful life. The residual value is reassessed annually.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Buildings.....	20-40 years	15-20% of cost
Leasehold improvements	12-13 years	0% of cost
Plant, Machinery, Fixtures and Equipment.....	3-5 years	0-10% of cost

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised as depreciation in the income statement.

Lease contracts

Lease contracts relating to tangible fixed assets where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

NOTES

ACCOUNTING POLICIES

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the income statement over the term of the contract. The company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Impairment

The accounting value of the current assets of the parent company or the subsidiaries are assessed annually to determine any indication of impairment. In the event of such an impairment, the recovery value of the asset is calculated. The recovery value is the highest net selling price or VIU of an asset. If the accounting value exceeds the recovery value, the loss is recognised at impairment in the income statement.

Fixed asset investments

Investments in subsidiary enterprises and associates are measured at cost in the parent company balance sheet. If distributed dividend exceeds the accumulated earnings after the acquisition date, the cost price is written down similarly.

In the consolidated financial statements, investments in associates are measured in the balance sheet at the proportional interest in the enterprises' equity, calculated in accordance with the group accounting policies, with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of goodwill calculated in accordance with the acquisition method. The share of the results for the year of associates is recognised separately in the income statement as financial income or expenses. Share of equity adjustments is recognised in group equity.

Subsidiary enterprises and associates with a negative fair value are written down to EURO 0. Any receivables from these enterprises are written down to the estimated risk of loss.

Securities, deposits and investments, recognised as fixed assets, are recognised at the lower of cost and net realisable value.

Other securities and investments

Securities recognised as current assets (public quoted bonds) are measured at fair value corresponding to stock market price.

Accounts receivable

Accounts receivable are measured at amortised cost which usually corresponds to nominal value. Write-down is provided to meet expected losses.

Accruals

Income and expenses relating to transportations that are not completed in the present financial year are recognised in the balance sheet as a separate receivable or liability.

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

NOTES

ACCOUNTING POLICIES

Dividend

Dividend is provided for in the financial statements when the General Meeting has declared the dividend and the company has assumed a liability. Management's proposal for dividend for the present financial year is thus part of the equity and is disclosed in the equity note.

Provision for liabilities

Provisions for expected renovation costs on return of leased trailers. Provisions for liabilities are recognised on the basis of a specific estimate.

Foreign subsidiaries have undertaken a few uncovered obligations on retirement pensions. These obligations on retirement pensions are included in the vesting period and are recognized in the balance under provision for liabilities.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Mortgage debt is measured at amortised cost which for cash loans is equal to the debt outstanding and for bond loans is equal to the debt outstanding, calculated on the basis of the underlying cash value of the loan at the time of borrowing.

Other liabilities which include debt to suppliers, affiliates and associates and other debt are measured at amortised cost which usually corresponds to the nominal value.

Accruals recognised as liabilities include payments received regarding income in subsequent years.

The capitalised residual lease liability on finance lease contracts is also recognised as financial liabilities.

NOTES

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as part of gross profit.

The income statements of foreign subsidiary enterprises and associates are translated at an average exchange rate and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of the foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity if the amounts are significant.

Cash flow statement

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital, corporation tax paid, and payment of dividend to shareholders.

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt.

Cash and cash equivalents include bank overdraft.

NOTES

Goodwill	Group		Parent company		Note 2
	2011	2010	2011	2010	
	EURO ('000)	EURO ('000)	EURO ('000)	EURO ('000)	
Cost 1 January	23,350	20,268	1,768	1,771	
Addition on purchase of subsidiary...	0	1,059	0	0	
Addition on change in ownership interest	0	0	0	0	
Exchange differences.....	184	2,023	5	-3	
Cost 31 December	23,534	23,350	1,773	1,768	
Impairment charge 1 January	0	0	0	0	
Impairment charge	0	0	0	0	
Impairment charge 31 December	0	0	0	0	
Book value	23,534	23,350	1,773	1,768	

An impairment test of the carrying amount of goodwill was performed on 31 December 2011. Goodwill has been distributed on the following 4 cash flow generating entities:

	Denmark	Norway	Finland	Sweden
Accounting value of included goodwill	1,773	10,388	3,161	8,212

The recoverable value of the cash flow generating entities has been calculated on the basis of the net present value, which has been calculated by using the expected net cash flows for each entity during the period 2012 – 2019, and the terminal value for the period after 2019, which has been determined on the assumption of an annual growth in profit of 2%, corresponding to an expected average rate of inflation. The present value has been calculated on the basis of a discount factor of 13% (before tax).

NOTES

Software	Group		Parent company		Note 3
	2011	2010	2011	2010	
	EURO ('000)	EURO ('000)	EURO ('000)	EURO ('000)	
Cost 1 January	2,886	2,483	2,756	2,483	
Addition.....	120	666	111	543	
Disposal.....	-69	-267	0	-267	
Exchange differences	7	4	6	-3	
Cost 31 December	2,944	2,886	2,873	2,756	
Depreciation and impairment charge					
1 January	1,116	881	1,108	881	
Depreciation.....	568	502	545	494	
Depreciation, assets sold	-14	-267	0	-267	
Exchange differences	3	0	2	-3	
Depreciation and impairment charge 31 December.....	1,673	1,116	1,655	1,108	
Book value	1,271	1,770	1,218	1,648	
Land and buildings					4
	Group		Parent company		
	2011	2010	2011	2010	
	EURO ('000)	EURO ('000)	EURO ('000)	EURO ('000)	
Cost 1 January	5,791	5,134	521	521	
Addition.....	0	0	0	0	
Disposal.....	0	0	0	0	
Exchange differences.....	61	657	1	0	
Cost 31 December	5,852	5,791	522	521	
Depreciation and impairment charge					
1 January	687	428	0	0	
Depreciation.....	197	184	0	0	
Depreciation, assets sold	0	0	0	0	
Exchange differences.....	8	75	0	0	
Depreciation and impairment charge 31 December.....	892	687	0	0	
Book value	4,959	5,104	522	521	

NOTES

Leasehold improvements

Note

5

	Group		Parent company	
	2011 EURO ('000)	2010 EURO ('000)	2011 EURO ('000)	2010 EURO ('000)
Cost 1 January	2,217	2,156	2,108	2,109
Addition	9	58	9	0
Disposal	0	0	0	0
Exchange differences	5	3	4	-1
Cost 31 December	2,231	2,217	2,121	2,108
Depreciation and impairment charge				
1 January	843	702	824	697
Depreciation	143	140	127	127
Exchange differences	1	1	2	0
Depreciation and impairment charge 31 December	987	843	953	824
Book value	1,244	1,374	1,168	1,284

Plant, machinery, fixtures and equipment

6

	Group		Parent company	
	2010 EURO ('000)	2009 EURO ('000)	2010 EURO ('000)	2009 EURO ('000)
Cost 1 January	4,290	3,409	2,324	2,300
Addition on purchase of subsidiary ...	0	16	0	0
Addition	430	1,093	333	361
Disposal	-594	-340	-594	-335
Exchange differences	15	112	7	-2
Cost 31 December	4,141	4,290	2,070	2,324
Depreciation and impairment charge				
1 January	2,321	1,708	1,461	1,188
Addition on purchase of subsidiary	0	15	0	0
Depreciation	614	697	346	417
Depreciation, assets sold	-425	-148	-421	-146
Exchange differences	9	49	1	0
Depreciation and impairment charge 31 December	2,519	2,321	1,387	1,459
Book value	1,622	1,969	683	865

Income from investments in associates

In 2011 FREJA Transport & Logistics A/S has sold its equity holdings in Søholm Invest III I/S to a net price of 4.53 mEUR. The sale has provided a lump sum to the Group and the parent company.

For the parent company, where equity holdings in Søholm Invest III I/S have been included in the cost price, the lump sum, which is included in the income statement, amounts to 3.29 mEUR.

For the Group, where equity holdings in Søholm Invest III I/S have been included to inner value, the lump sum, which is included in the income statement, amounts to 1.60 mEUR.

Furthermore, in the Group accounts an amount of 0.21 mEUR has been included as other total income as a consequence of accumulated valuation adjustment of guaranteed transactions in Søholm Invest III I/S, which temporarily has been included as other total income, but will be taken into result in connection with realisation.

NOTES

Note

Long-term liabilities

8

The parent company and the group have raised the following long-term loan and leasing liabilities:

Parent company

Loan	Expiry	Fixed/ variable	Effective interest		Carrying amount		Fair value	
			2011	2010	2011	2010	2011	2010
			%	%				
DKK	2008	Variable	3,4	3,0	1,086	1,352	1,086	1,352
SEK	2014	Fixed	5,2	5,2	2,004	2,774	2,085	2,880
EUR	2015	Fixed	4,5	4,5	2,930	3,743	3,090	3,922
EUR	2014	Variable	4,3	2,9	1,800	2,600	1,800	2,600
DKK	2016	Variable	5,5	3,0	27	32	27	32
Parent Company.....					7,846	10,501	8,087	10,786
Weighted average effective interest			4,5	4,1				

Subsidiaries

Loan	Expiry	Fixed/ variable	Effective interest		Carrying amount		Fair value	
			2011	2010	2011	2010	2011	2010
			%	%				
SEK		Variable	5,3	2,6	808	799	808	799
SEK		Variable	5,3	2,6	808	799	808	799
SEK		Variable	5,3	4,0	370	366	370	366
NOK	2010	Variable	-	-	0	0	0	0
NOK	2011	Variable	-	5,1	0	67	0	67
NOK	2011	Variable	4,5	6,0	378	6	378	6
Subsidiaries					2,364	2,037	2,364	2,037
Group					10,210	12,538	10,451	12,823
Weighted average effective interest			4,6	3,9				

NOTES

	Note
Long-term liabilities (continue)	8

	1/1 2011 Debt	31/12 2011 Debt	Repayments < 1 year	31/12 2011 Long-term liabilities	Repayments 1-5 years	Repayments after 5 years
Parent company						
Debt to banks.....	10,501	7,846	2,729	5,117	5,117	0
Parent company.....	10,501	7,846	2,729	5,117	5,117	0
Subsidiaries:						
Debt to banks.....	2,037	1,986	0	1,986	0	1,986
Leasing debt	493	378	124	254	254	0
Subsidiaries	2,530	2,364	0,124	2,240	254	1,986
Group.....	13,031	10,210	2,853	7,357	5,371	1,986
Debt 1 January.....		13,031				
Proceeds from long- term borrowing		0				
Repayment of loans		-2,879				
Exchange differences ...		58				
Debt 31 December		10,210				

Contingent liabilities	9
-------------------------------	----------

	<u>Group</u>		<u>Parent company</u>	
	2011	2010	2011	2010
	<i>EURO ('000)</i>	<i>EURO ('000)</i>	<i>EURO ('000)</i>	<i>EURO ('000)</i>
Liabilities regarding lease of real property/premises				
Interminable period on the part of lessee	43,531	43,041	31,267	26,432
Other lease liabilities (operating leases)				
Total residual lease payment	13,808	15,471	7,459	7,866