ANNUAL REPORT 2012

FREJA Transport & Logistics A/S
22th financial year

Translated and converted extract from
annual report 1. januar - 31. december 2012

Viborgvej 52, DK-7800 Skive
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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.

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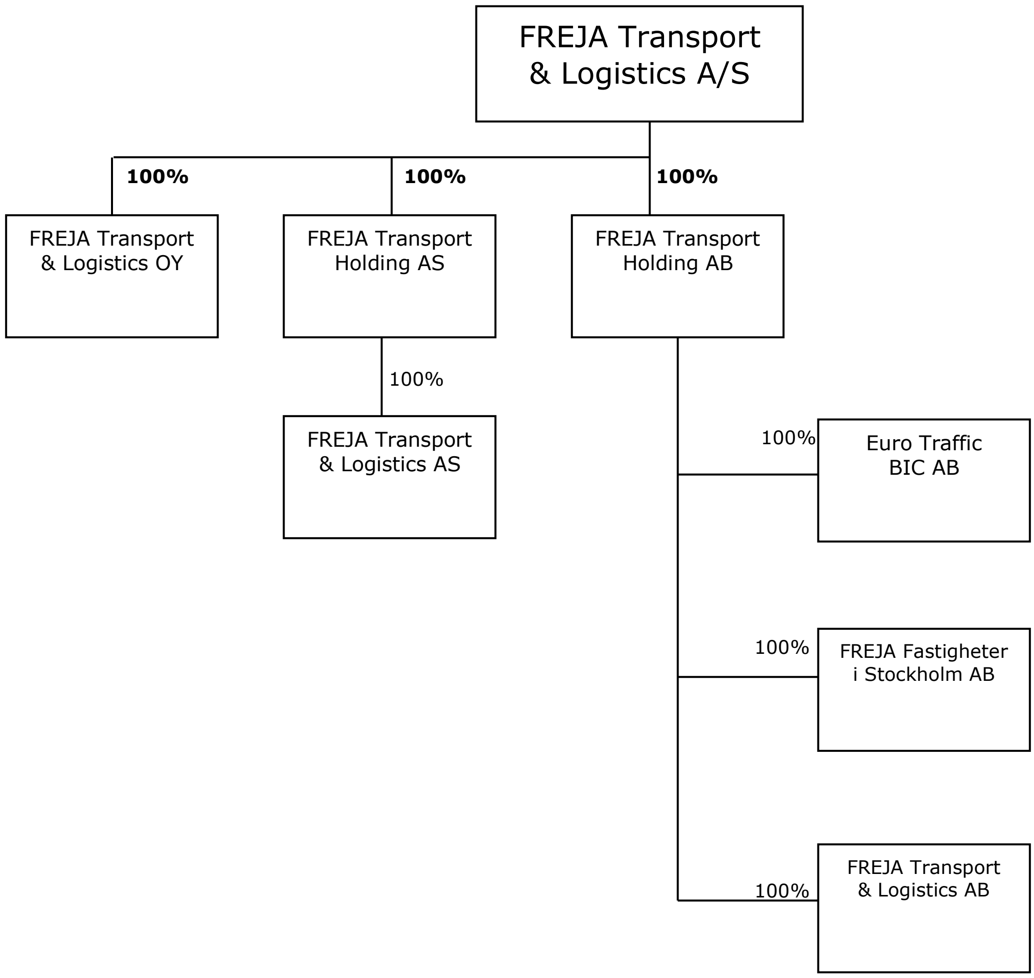
COMPANY INFORMATION

Company	FREJA Transport & Logistics A/S Viborgvej 52 7800 Skive Telephone 96 70 50 00
Board of Directors	Asbjørn Berge Morten Windfeldt Christian Sonne-Schmidt Knud Borup Jensen Søren Kr. Sørensen Jørgen J. Hansen
Board of Executives	Jørgen J. Hansen
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	200 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%
	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 2012 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 management's review includes in our opinion a fair presentation of the matters dealt with in the review.

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

Skive, 22 May 2013

Board of Executives:

Jørgen J. Hansen

Board of Directors:

Asbjørn Berge Chairman	Søren Kr. Sørensen	Knud Borup Jensen
Christian Sonne-Schmidt	Morten Windfeldt	Jørgen J. Hansen

AUDITORS' REPORT

To the Shareholders of FREJA Transport & Logistics A/S

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2012, the summary income statement, summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, including summary of significant accounting policies, for the Group as well as for the Parent Company is a translated and converted extract of the audited financial statements of FREJA Transport & Logistics A/S for the financial year 1 January - 31 December 2012.

We expressed an unmodified audit opinion on those financial statements in our report dated May 22, 2013. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act, applied in the preparation of the audited financial statements of FREJA Transport & Logistics A/S.

Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of FREJA Transport & Logistics A/S.

Management's Responsibility for the Summary Financial Statements
Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Auditor's Responsibility
Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Opinion
In our opinion, the summary financial statements in all material respects are in agreement with the Annual Report of FREJA Transport & Logistics A/S for the financial year 1 January - 31 December 2012 from which they have been translated and converted.

Skive, 20 June 2013

BDO Statsautoriseret revisionsaktieselskab

Ole Østergaard State Authorised Public Accountant	Thomas Baagøe State Authorised Public Accountant

KEY FIGURES AND FINANCIAL RATIOS OF THE GROUP

	2012 *EURO m*	2011 *EURO m*	2010 *EURO m*	2009 *EURO m*	2008 *EURO m*
Income statement					
Net revenue................................	278.70	260.40	240.54	218.11	264.88
Gross profit................................	34.06	29.79	29.71	30.29	29.99
Operating profit (EBIT)................	4.62	0.44	0.67	1.43	0.22
Income from investments in associates..................................	0.00	1.57	0.30	0.26	0.26
Financial income and expenses, net	-0.67	-0.86	-1.01	-0.93	-1.23
Profit before tax	3.95	1.16	-0.03	0.76	-1.18
Profit for the year	2.90	0.83	-0.05	0.58	-1.00
Comprehensive income	3.74	1.13	1.23	2.27	-3.46
Balance					
Balance sheet total	76.68	76.38	78.47	75.12	72.48
Equity, total	18.16	14.27	13.55	11.61	9.56
Cash flows					
Cash flows from operating activities....................................	4.64	-0.03	2.96	10.19	-5.64
Cash flows from investing activities *1..	-1.67	4.64	-2.75	-2.36	-14.02
Cash flows from financing activities	-2.73	-3.28	-1.98	3.54	4.31
Cash flows total..........................	0.24	1.33	-1.78	11.37	-15.35
*1 Includes purchase of tangible fixed assets	0.84	0.44	1.15	0.37	2.21
Employees					
Average number of employees	538	556	566	575	626
Financial Ratios					
Profit margin.............................. (operating profit as % of net revenue)	1.7	0.2	0.3	0.7	-0.1
Rate of return .... (operating profit as % of average balance sheet)	6.0	0.6	0.9	1.9	-0.3
Equity ratio (solvency ratio).......... (equity incl. minority interests as % of assets, end of year)	24	19	17	15	13

MANAGEMENT REVIEW

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.

Group result 2012 shows a very positive development

In 2012 the FREJA Group has also experienced fluctuations related to the state of the economy. But in all countries we have experienced a positive development in earnings and thereby improved total earnings, which is a big step in the right direction. Earnings which have been obtained by constant optimising of the organisation, strengthening of the Nordic foundation as well as structured sales efforts. The implementation of a shared Nordic IT- and ERP system was continued in 2012 and as of 1st January 2013 Norway is connected to the shared platform equal to Denmark and Sweden. In 2012 the qualifications of as well management, production as sale have been strengthened in the four Nordic countries.

It is crucial for FREJA to maintain the present high level of quality and service towards our customers. In spite of economic fluctuations FREJA has become stronger and better prepared year by year – the result in 2012 reflects this development.

At Group level 2012 has been characterised by a positive and controlled progress on as well turnover as earnings.

Growth in turnover comes to 7%. Finland contributes the most to this growth as well in monetary terms as percentage.

On EBIT level all countries have developed positively. In monetary terms the largest progress has been in Sweden and Denmark. The total EBIT amounts to 4.62 mEURO compared to 0.44 mEURO in 2011.

Comprehensive income after tax amounts to 3.74 mEURO, where profit for the year has contributed positively by 2.9 mEURO.

The Group's cash and cash equivalents have been improved compared to 2011 by approx. 0.27 mEURO and simultaneously we have paid down approx. 2.90 mEURO on loans. The financial gearing factor measured in EBITDA against the interest-bearing net liabilities amounts to 1.3 at the end of 2012.

The Group's equity has been strengthened during the financial year, partly by earnings, partly by sale of own shares. Solvency ratio has gone up to 23.7%

Denmark – acceptable result with a positive development

FREJA Denmark has experienced a growth in turnover of approx. 7%. Profit before tax has developed significantly positively and EBIT has been improved by approx. 1.5 mEURO and now amounts to approx. 2 mEURO.

This is a development which to a large extend is a result of the recent years' constant efforts in having the organisation and production trimmed. Furthermore, we have had large focus on sale as well as flexible and customer related solutions which meet the needs of the customers and the market.

The progress in activities and earnings is expected to continue in 2013.

MANAGEMENT REVIEW

Norway – satisfactory result and a positive development

Turnover has been slightly increasing and earnings have developed positively in Norway. Furthermore, we have seen a growth in EBIT from 2011 to 2012 at approx. 0.5 mEURO so that this now amounts to 1.57 mEURO.

Also in 2012 we have continued to work on trimming the organisation and optimizing the production. Through training and IT-development during the second half year the organisation has been prepared for the implementation of a new IT-platform with production start January 1st 2013. With our new IT-platform as well as updated technical installations and equipment, we are now even better prepared in Norway for future growth.

Finland – very satisfactory result and increasing activities

Seen in isolation, Finland is the country where we have had the largest growth in turnover from 2011 to 2012 – approx. 40%. This is primary the result of a planned increase in road activities and by controlled growth in the project business. Earnings have developed concurrently with the increased activities and are on a very satisfactory level.

Sweden – very satisfactory development, but not satisfactory earnings

In 2011 we initiated larger organisational changes. The process has continued as planned into 2012. Simultaneously to these changes we have seen much improved earnings with a clear positive trend throughout the year.

By the end of 2012 we have a substantially stronger organisation. The positive development in 2012 will continue in 2013.

Knowledge resources

Faithful, skilled and loyal employees with high competence level are the foundation of the development - a foundation which FREJA builds 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 and related working processes will continue to have a high priority. After the IT implementation in Norway, we now only need to implement Finland to the shared Group platform. This process will begin end of 2013.

MANAGEMENT REVIEW

Social responsibility

FREJA is a Scandinavian 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 2012 the FREJA Group employed an average of 283 employees in Denmark and in total 538 employees in the Group. 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 relevant personalised education create the framework for the daily work for managers and employees at FREJA. Following this we continuously start initiatives that focus on our employees' wellbeing and development. Health schemes are implemented partly to prevent absence and reduce unavoidable absence in the company, partly to maintain a healthy welfare at the workplace.

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.

Correspondingly, we follow alcohol policies that tighten up the association with alcohol and forbid consumption of other intoxicants. The policies apply to all employees and associated sub suppliers. In case of deviance the consequences are known in advance.

- **Environment/safety**

FREJA Transport & Logistics in Denmark and in Sweden are certified according to DS/EN ISO 14001:2004 and 9001:2008. We work continuously to reduce our damaging environmental influences by reducing the empty driving and by optimising payload percentages on all transport units used.

FREJA requires sub-suppliers to provide Euro 3 norm trucks as a minimum. 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.

MANAGEMENT REVIEW

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

FREJA is AEO certified (Authorized Economic Operator). This is a customs related certification with focus on economy, customs and security.

- **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 main 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, a high degree of efficiency and customer related, flexible solutions.

- **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's and parent company's purchase of transport services entails, due to the 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 a certain time delay.

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 abroad and purchases and sales of transport services abroad lead to result, money flow and net capital are influenced by the exchange rate development for a number of currencies, including especially SEK, NOK and EUR.

The Group and the parent company minimise the exchange rate risks that relate to the continuous payments flows from the operation by planning purchases and sales 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 security by entering financial contracts, whereby there is no interest risk associated with this financing.

The part of the interest bearing net debt, which is subject to a currency risk, does not amount to a significant amount, and a change in the interest level will therefore have a limited influence on the profit.

MANAGEMENT REVIEW

- **Credit risks**

The Group's and the parent company's credit risks primarily concern receivables. There is no significant risk concerning individual customers.

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

Expected development 2013

The Danish entity of the Group is built on a solid foundation which is also the cornerstone for the future, positive development of the entire Group. FREJA has a solid foothold in the Nordic countries and based on the strengthened organisation FREJA is now ready to continuously exploit the market related opportunities.

The continuous sales related and operational optimizations in the Group will give a positive return.

In Denmark the market is expected to grow marginally in 2013, and we expect to grow more than the market. It is a fact that during the first quarter of 2013 we have succeeded in attracting new customers and this makes us expect earnings to exceed the level for 2012.

In Sweden the positive growth will continue. A merger of our divisions and activities in Helsingborg and the opening of a new office in Göteborg beginning of 2013 will also have a significantly positive influence on as well turnover as earning in 2013. We expect an improved and positive earning compared to 2012.

In Norway the implementation of the ERP- and the fleet management system will in the short run have a negative influence on earnings, but will in the long run clearly strengthen possibilities and earnings. The market in Norway is flat, and we expect changes in transport calculations and solutions. For 2013 we expect earnings in Norway that will not exceed the level for 2012.

In Finland we have obtained relatively high earnings in 2011 and 2012 and we expect earnings in 2013 at the same level as 2012.

For the FREJA Group we therefore expect a total result in 2013 which is better than 2012. We expect an improvement in essential key figures, including an improved solvency ratio.

In future the Group will appear a streamlined unit with a strong brand in a competitive market.

FREJA Transport & Logistics A/S will continue to try to exploit the opportunities that arise for structure adaptations in the trade 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 2012	Group 2011	Parent company 2012	Parent company 2011
		EURO ('000)	*EURO ('000)*	*EURO ('000)*	*EURO ('000)*
NET REVENUE		**278,699**	**260,395**	**137,787**	**129,296**
Cost of sales		-227,180	-213,730	-113,795	-106,857
CONTRIBUTION MARGIN		**51,519**	**46,665**	**23,992**	**22,439**
Other external expenses		-17,460	-16,878	-7,062	-6,506
GROSS PROFIT		**34,059**	**29,787**	**16,930**	**15,933**
Staff costs		-27,815	-27,972	-13,865	-14,531
Operating income before depreciation and amortisation (EBITDA)		**6,244**	**1,815**	**3,065**	**1,402**
Depreciation, amortisations and impairment charges on tangible and intangible fixed assets		-1,624	-1,378	-1,138	-912
OPERATING PROFIT (EBIT)		**4,620**	**437**	**1,927**	**490**
Dividend from investments in subsidiaries and associates		0	0	701	300
Income from investments in associates		0	1,575	0	3,168
Foreign currency translation adjustment of loans to subsidiaries		0	0	750	105
Gain/losses on hedging of loans to subsidiaries		0	0	-69	-10
Financial income		322	295	564	631
Financial expenses		993	-1,151	-657	-817
PROFIT BEFORE TAX		**3,949**	**1,156**	**3,216**	**3,867**
Tax on profit		-1,047	-323	-651	-563
PROFIT FOR THE YEAR		**2,902**	**833**	**2,565**	**3,304**

STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY – 31 DECEMBER

	Note	Group		Parent Company	
		2012 *EURO ('000)*	**2011** *EURO ('000)*	**2012** *EURO ('000)*	**2011** *EURO ('000)*
Profit for the year....................		**2,902**	**833**	**2,565**	**3,304**
Comprehensive income in associated enterprises..............		0	202	0	0
Foreign currency translation adjustment of investments		1,064	168	0	0
Investment hedges, gains/losses .		-69	-10	0	0
Cash flow hedges, gains/losses ...		15	14	15	102
Tax on other comprehensive income....................................		-174	-78	-4	-25
OTHER COMPREHENSIVE INCOME AFTER TAX.................		**836**	**296**	**11**	**77**
COMPREHENSIVE INCOME		**3,738**	**1,129**	**2,576**	**3,381**

BALANCE SHEET 31 DECEMBER

ASSETS	Note	Group 2012	Group 2011	Parent company 2012	Parent company 2011
		EURO ('000)	*EURO ('000)*	*EURO ('000)*	*EURO ('000)*
Goodwill	2	24,452	23,534	1,766	1,773
Software	3	1,524	1,271	1,467	1,218
Intangible fixed assets...........		**25,976**	**24,805**	**3,233**	**2,991**
Land and buildings	4	4,939	4,959	519	522
Leasehold improvements............	5	1,131	1,244	1,056	1,168
Plant, machinery, fixtures and equipment	6	1,667	1,622	833	683
Tangible fixed assets.............		**7,737**	**7,825**	**2,408**	**2,373**
Investments in subsidiaries		0	0	9,629	8,946
Other investments.....................		14	13	3	3
Receivables from group enterprises		46	45	14,477	14,206
Receivable deposits		2,122	2,087	2,111	2,076
Deferred tax (assets)................		340	985	307	966
Fixed asset investments.........		**2,522**	**3,130**	**26,528**	**26,197**
NON-CURRENT ASSETS		**36,235**	**35,760**	**32,169**	**31,561**
Trade receivables		32,293	30,486	15,519	15,331
Receivable corporation tax		166	310	0	0
Other receivables		940	965	700	608
Prepayments and accrued income....................................		2,714	1,742	600	641
Cash at bank and on hand..........		4,327	7,114	1,271	3,364
CURRENT ASSETS..................		**40,440**	**40,617**	**18,090**	**20,658**
ASSETS..................................		**76,675**	**76,377**	**50,259**	**52,219**

BALANCE SHEET 31 DECEMBER

		Group		Parent company	
EQUITY AND LIABILITIES	**Note**	**2012**	**2011**	**2012**	**2011**
		EURO ('000)	*EURO ('000)*	*EURO ('000)*	*EURO ('000)*
Share capital............................		985	985	985	985
Reserves		17,171	13,286	14,211	11,488
EQUITY		**18,156**	**14,271**	**15,196**	**12,473**
Deferred tax		18	177	0	0
Provisions for liabilities..............		285	246	180	144
Debt to banks	7	4,416	7,103	2,348	5,117
Leasing debt	7	131	254	0	0
Long-term liabilities		**4,850**	**7,781**	**2,528**	**5,261**
Provisions for liabilities..............		294	153	294	153
Debt to banks		8,282	11,303	7,929	10,462
Leasing debt		137	124	0	0
Trade payables.........................		34,992	34,720	20,518	20,309
Corporation tax		608	15	0	0
Other liabilities.........................		9,356	8,011	3,794	3,561
Current liabilities...................		**53,669**	**54,326**	**32,535**	**34,485**
LIABILITIES		**58,519**	**62,106**	**35,063**	**39,745**
EQUITY AND LIABILITIES		**76,675**	**76,377**	**50,259**	**52,219**

CONTONGENT LIABILITIES 8

STATEMENT OF CHANGES IN EQUITY 1 JANUARY - 31 DECEMBER

Group	**Share capital**	**Reserves**	**Total**
	EURO ('000)	*EURO ('000)*	*EURO ('000)*
Equity at 1 January 2011	**985**	**12,560**	**13,545**
Comprehensive income 2011	**0**	**1,129**	**1,129**
Purchase of treasury shares	0	-403	-403
Changes in equity 2011	**0**	**-403**	**-403**
Equity at 31 December 2011	**985**	**13,286**	**14,271**
Comprehensive income 2012	**0**	**3,738**	**3,738**
Sales of treasury shares	0	147	147
Changes in equity 2012	**0**	**147**	**147**
Equity at 31 December 2012	**985**	**17,171**	**18,156**

STATEMENT OF CHANGES IN EQUITY 1 JANUARY - 31 DECEMBER

Parent Company	**Share capital** *EURO ('000)*	**Reserves** *EURO ('000)*	**Total** *EURO ('000)*
Equity 31 at 1 January 2011	**985**	**8,510**	**9,495**
Comprehensive income 2011	**0**	**3,381**	**3,381**
Purchase of treasury shares	0	-403	-403
Changes in equity 2011	**0**	**-403**	**-403**
Equity at 31 December 2011	**985**	**11,488**	**12,473**
Comprehensive income 2012	**0**	**2,576**	**2,576**
Sales of treasury shares	0	147	147
Changes in equity 2012	**0**	**147**	**147**
Equity at 31 December 2012	**985**	**12,411**	**15,196**

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

	Note	Group		Parent company	
		2012	2011	2012	2011
		EURO ('000)	*EURO ('000)*	*EURO ('000)*	*EURO ('000)*
Profit for the year		2,902	833	2,565	3,304
Adjustments		2,502	535	-106	-2,486
Change in working capital..........		-1,130	-173	1,089	-1,945
Financial income......................		322	295	564	631
Financial costs.........................		-993	-1,151	-609	-779
Tax on profit for the year...........		1,047	323	651	563
Corporation tax paid		-8	-696	1	0
Cash flows from operating activities...............................		**4,642**	**-34**	**4,155**	**-712**
Purchase of intangible fixed assets		-969	-120	-955	-111
Purchase of tangible fixed assets.		-842	-439	-678	-342
Sale of tangible fixed assets.......		0	314	0	278
Sale of intangible fixed assets		186	55	198	0
Change in deposits and other financial investments		-44	523	-42	519
Investments in subsidiaries........		0	0	-716	-672
Long-term loans to group enterprises		-1	-45	429	1,138
Change in and repayment of investments in associates and subsidiaries.............................		0	4,358	701	4,658
Cash flows from investing activities...............................		**-1,670**	**4,646**	**-1,063**	**5,468**
Repayments of loans................		-2,877	-2,879	-2.749	-2,689
Sale of own shares		146	0	146	0
Acquisition of own shares		0	-403	0	-403
Cash flows from financing activities...............................		**-2,731**	**-3,282**	**-2,603**	**-3,092**
Change in cash and cash equivalents		**241**	**1,330**	**489**	**1,664**
Cash and cash equivalents 1 January..................................		-1,460	-2,786	-4,369	-6,019
Exchange adjustment		58	-4	15	-14
Cash and cash equivalents 31 December		**-1,161**	**-1,460**	**-3,865**	**-4,369**
Cash and cash equivalents at 31 December:					
Cash at bank and on hand		4,327	7,114	1,270	3,364
Bank overdraft		-5,488	-8,574	-5,135	-7,733
Cash and cash equivalents.....		**-1,161**	**-1,460**	**-3,865**	**-4,369**

SURVEY OF NOTES

NOTES

ACCOUNTING POLICIES 1

The annual report of FREJA Transport & Logistics A/S for 2012 has been presented in accordance with International Reporting Standards as adopted by the EU.

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

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 impairment charges. 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 reduced to recoverable value if the carrying amount exceeds the present value of the expected future net income from the activity related to the goodwill. Impairment charges is recognised as a separate cost item in the income statement and cannot be carried back in subsequent periods if the impairment falls away.

NOTES

ACCOUNTING POLICIES

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 3-5 years.

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	5-15 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.

NOTES

ACCOUNTING POLICIES

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.

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.

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.

NOTES

ACCOUNTING POLICIES

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.

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 liabilities include the expected loss on contracts and expected renovation costs on return of leased trailers. Provisions for these 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.

NOTES

ACCOUNTING POLICIES

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.

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.

NOTES

ACCOUNTING POLICIES

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

Note

Goodwill **2**

	Group		Parent company	
	2012 *EURO ('000)*	**2011** *EURO ('000)*	**2012** *EURO ('000)*	**2012** *EURO ('000)*
Cost 1 January	23,534	23,350	1,773	1,768
Exchange differences..................	918	184	-7	5
Cost 31 December	**24,452**	**23,534**	**1,766**	**1,773**
Impairment charge 1 January and 31 December.......................	**0**	**0**	**0**	**0**
Book value	**24,452**	**23,534**	**1,766**	**1,773**

An impairment test of the carrying amount of goodwill was performed on 31 December 2012. Goodwill has been distributed on these 4 cash flow generating entities:

	Denmark	**Norway**	**Finland**	**Sweden**
Carrying amount af goodwill	1,766	10,976	3,161	8,549

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 2013 – 2020, and the terminal value for the period after 2020, 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 **3**

	Group		Parent company	
	2012	**2011**	**2012**	**2011**
	EURO ('000)	*EURO ('000)*	*EURO ('000)*	*EURO ('000)*
Cost 1 January	2,944	2,886	2,873	2,756
Addition.......................................	969	120	955	111
Disposal.......................................	0	-69	0	0
Exchange differences	-7	7	-11	6
Cost 31 December	**3,906**	**2,944**	**3,817**	**2,873**
Depreciation and impairment charge				
1 January	1,673	1,116	1,655	1,108
Depreciation.................................	716	568	702	545
Depreciation, assets sold	0	-14	0	0
Exchange differences	-7	3	-7	2
Depreciation and impairment charge 31 December..................	**2,382**	**1,673**	**2,350**	**1,655**
Book value.................................	**1,524**	**1,271**	**1,467**	**1,218**

Note

Land and buildings **4**

	Group		Parent company	
	2012	**2011**	**2012**	**2011**
	EURO ('000)	*EURO ('000)*	*EURO ('000)*	*EURO ('000)*
Cost 1 January	5,852	5,791	522	521
Addition.......................................	7	0	0	0
Disposal.......................................	-7	0	0	0
Exchange differences....................	216	61	-3	1
Cost 31 December	**6,068**	**5,852**	**519**	**522**
Depreciation and impairment charge				
1 January	892	687	0	0
Depreciation.................................	202	197	0	0
Depreciation, assets sold	0	0	0	0
Exchange differences....................	35	8	0	0
Depreciation and impairment charge 31 December..................	**1,129**	**892**	**0**	**0**
Book value.................................	**4,939**	**4,959**	**519**	**522**

NOTES

Leasehold improvements 5

	Group		Parent company	
	2012	**2011**	**2012**	**2011**
	EURO ('000)	*EURO ('000)*	*EURO ('000)*	*EURO ('000)*
Cost 1 January	2,231	2,217	2,121	2,108
Addition.......................................	25	9	0	9
Exchange differences	0	5	-8	4
Cost 31 December	**2,256**	**2,231**	**2,113**	**2,121**
Depreciation and impairment charge 1 January	987	843	953	824
Depreciation.................................	138	143	109	127
Exchange differences	0	1	-5	2
Depreciation and impairment charge 31 December..................	**1,125**	**987**	**1,057**	**953**
Book value	**1,131**	**1,244**	**1,056**	**1,168**

Note

Plant, machinery, fixtures and equipment 6

	Group		Parent company	
	2012	**2011**	**2012**	**2011**
	EURO ('000)	*EURO ('000)*	*EURO ('000)*	*EURO ('000)*
Cost 1 January	4,141	4,290	2,070	2,324
Addition.......................................	810	430	678	333
Disposal.......................................	-263	-594	-249	-594
Exchange differences....................	59	15	-8	7
Cost 31 December......................	**4,727**	**4,141**	**2,491**	**2,070**
Depreciation and impairment charge 1 January	2,519	2,321	1,387	1,461
Depreciation.................................	573	614	316	346
Depreciation, assets sold	-82	-425	-40	-421
Exchange differences....................	50	9	-5	1
Depreciation and impairment charge 31 December..................	**3,060**	**2,519**	**1,658**	**1,387**
Book value	**1,667**	**1,622**	**833**	**683**

NOTES

Note

Long-term liabilities **7**

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

Parent company

Loan	Expiry	Fixed/ variable	Effective interest 2012	Effective interest 2011	Carrying amount 2012	Carrying amount 2011	Fair value 2012	Fair value 2011
			%	%				
DKK	2008	Variable	3,3	3,4	811	1,085	811	1,085
SEK	2014	Fixed	5,2	5,2	1,252	2,004	1,285	2,085
EUR	2015	Fixed	4,5	4,5	2,079	2,930	2,173	3,090
EUR	2014	Variable	4,5	4,3	1,000	1,800	1,000	1,800
DKK	2016	Variable		5,5	0	27	0	27
Parent Company............					**5,142**	**7,846**	**5,270**	**8,087**
Weighted average effective interest............................			4,5	4,5				

Subsidiaries

Loan	Expiry	Fixed/ variable	Effective interest 2012	Effective interest 2011	Carrying amount 2012	Carrying amount 2011	Fair value 2012	Fair value 2011
			%	%				
SEK		Variable	5,7	5,3	841	808	841	808
SEK		Variable	5,7	5,3	841	808	841	808
SEK		Variable	5,7	5,3	386	370	386	370
NOK	2014	Variable	4,6	4,5	268	378	268	378
Subsidiaries					**2,336**	**2,364**	**2,336**	**2,364**
Group............................					**7,478**	**10,210**	**7,478**	**10,451**
Weighted average effective interest			4,8	4,6				

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Note

Long-term liabilities (continue) 7

	1/1 2012 Debt	31/12 2012 Debt	Repayments < 1 year	31/12 2012 Long-term liabilities	Repayments 1-5 years	Repayments after 5 years
Moderselskabet						
Debt to banks.............	7,846	5,142	2,794	2,348	2,348	0
Parent company........	**7,846**	**5,142**	**2,794**	**2,348**	**2,348**	**0**
Subsidiaries:						
Debt to banks.............	1,986	2,067	0	2,067	0	2,067
Leasing debt	378	268	137	131	131	0
Subsidiaries.............	**2,364**	**2,336**	**137**	**2,199**	**131**	**2,067**
Group.......................	**10,210**	**7,478**	**2,931**	**4,547**	**2,479**	**2,067**
Debt 1 January...........		10,210				
Proceeds from long-term borrowing		0				
Repayment of loans		-2,877				
Exchange differences ...		415				
Debt 31 December....		**7,748**				

Contingent liabilities 8

	Group		Parent company	
	2012 EURO ('000)	**2011** EURO ('000)	**2012** EURO ('000)	**2011** EURO ('000)
Liabilities regarding lease of real property/premises				
Interminable period on the part of lessee	**45,359**	**43,531**	**28,406**	**31,267**
Other lease liabilities (operating leases)				
Total residual lease payment	**15,086**	**13,808**	**8,570**	**7,459**