FREJA

ANNUAL REPORT 2015

FREJA Transport & Logistics Holding A/S

Translated and converted extract from
annual report 1. januar - 31. december 2015

Viborgvej 52, DK-7800 Skive
CVR nr. 35839224

www.freja.com

CONTENTS

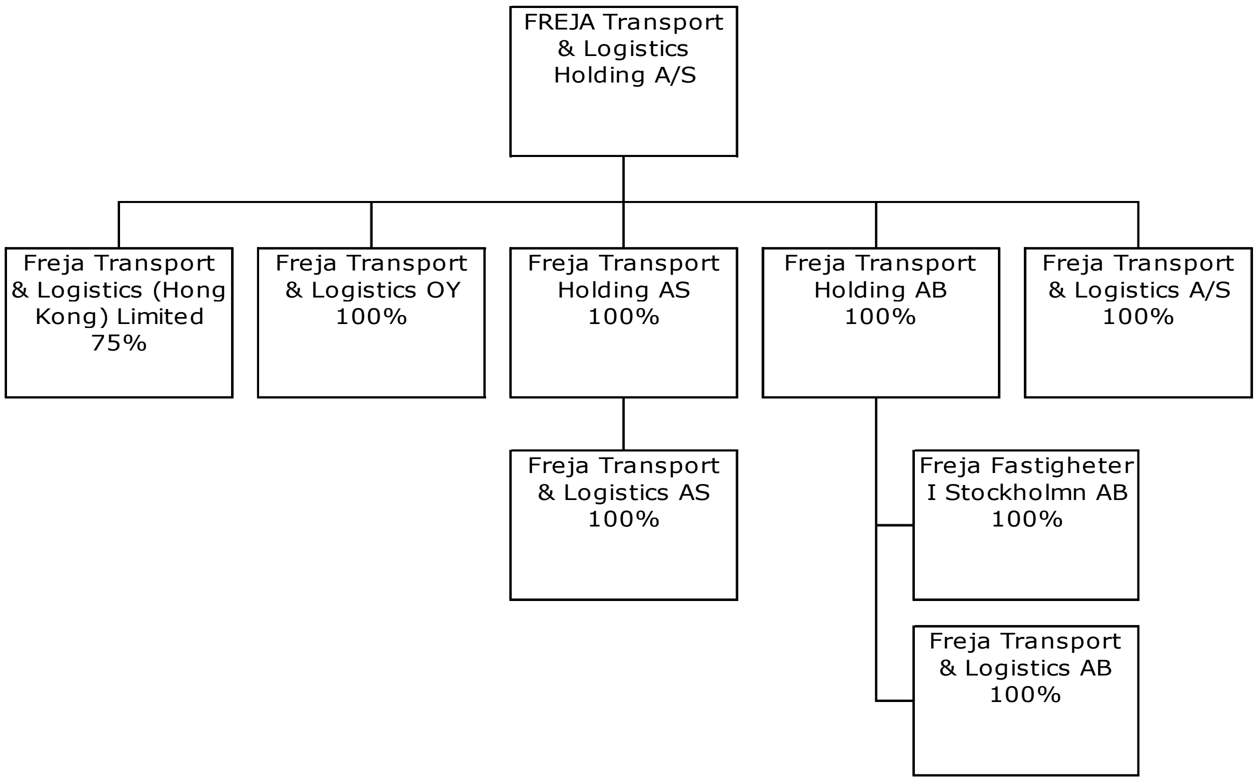
COMPANY INFORMATION

Company	FREJA Transport & Logistics Holding A/S Viborgvej 52 7800 Skive Telephone +45 9670 5000
Board of Directors	Asbjørn Berge Morten Windfeldt Mogens Ellerbæk Knud Borup Jensen Søren Kr. Sørensen Jørgen J. Hansen Nicolai Søborg Præstholm
Board of Executives	Jørgen J. Hansen
Auditor	BDO Statsautoriseret revisionsaktieselskab Asylgade 1U, 5. sal 7800 Skive
Banks	Danske Bank A/S Jyske Bank A/S
Law Firm	Advokat Knud Borup Jensen Nørregade 13 7800 Skive
Certifications	FREJA is certified according to DS/EN ISO 14001:2004 and 9001:2008 in Denmark, Norway and Sweden. FREJA is certified according to AEO (Authorized Economic Operator) in the EU.

GROUP STRUCTURE

	Name and registered office	Share capital in ' 000	Ownership
Subsidiaries	FREJA Transport & Logistics A/S, Denmark, Skive	7.341 DKK	100%
	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%
	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%
	FREJA Transport & Logistics (Hong Kong) Limited, China	100 HKD	75%

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 2015 of FREJA Transport & Logistics Holding A/S.

The annual report is presented in accordance with International Financial 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 financial position, cash flows and results of operations.

The management's review includes in our opinion a true and fair account of the development in the operations and financial circumstances, of the results for the year, and of the financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

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

Skive, 29 April 2016

Board of Executives:

Jørgen J. Hansen

Board of Directors:

Asbjørn Berge Chairman	Jørgen J. Hansen	Søren Kr. Sørensen
Knud Borup Jensen	Morten Windfeldt	Mogens Ellerbæk
Nicolai Søborg Præstholm		

AUDITORS' REPORT

To the Shareholders of FREJA Transport & Logistics Holding A/S

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2015, 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, is an unofficial translated and converted extract of the original audited Danish financial statements of FREJA Transport & Logistics Holding A/S for the financial year 1 January - 31 December 2015.

We expressed an unmodified audit opinion on those financial statements in our report dated April 29, 2016. 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 Holding A/S.

Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of FREJA Transport & Logistics Holding 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 official Danish Annual Report of FREJA Transport & Logistics Holding A/S for the financial year 1 January - 31 December 2015 from which they have been translated and converted.

Skive, 1 June 2016

BDO Statsautoriseret revisionsaktieselskab – CVR-nr. 20 22 26 70

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

KEY FIGURES AND FINANCIAL RATIOS OF THE GROUP

	2015 *EURO m*	2014 *EURO m*	2013 *EURO m*	2012 *EURO m*	2011 *EURO m*
Income statement					
Net revenue	323.14	301.14	281.57	278.70	260.40
Gross profit	39.97	35.00	33.91	34.06	29.79
Operating profit (EBIT)	5.94	4.15	3.34	4.62	0.44
Income from investments in associates	0.00	0.00	0.00	0.00	1.57
Financial income and expenses, net	0.07	-1.01	-0.70	-0.67	-0.86
Profit before tax	6.01	3.14	2.63	3.95	1.16
Profit for the year	4.61	2.36	1.94	2.90	0.83
Comprehensive income................	4.35	1.61	0.23	3.74	1.13
Balance					
Balance sheet total	82.63	75.41	74.34	76.68	76.38
Equity, total	24.63	20.18	18.38	18.16	14.27
Total attributable to equity holders of parent	24.63	20.18	18.38	18.16	14.27
Cash flows					
Cash flows from operating activities	6.30	4.41	1.69	4.64	-0.03
Cash flows from investing activities *1	-3.69	-0.70	-1.73	-1.67	4.64
Cash flows from financing activities	-0.51	-1.81	-2.73	-2.73	-3.28
Cash flows total	2.10	1.90	-2.76	0.24	1.33
*1 Includes purchase of tangible fixed assets	1.48	0.54	1.62	0.84	0.44
Employees					
Average number of employees	575	536	522	538	556
Financial Ratios					
Profit margin .... (operating profit as % of net revenue)	1.8	1.4	1.2	1.7	0.2
Rate of return............................. (operating profit as % of average balance sheet)	7.5	5.6	4.4	6.0	0.6
Equity ratio (solvency ratio) .... (equity incl. minority interests as % of assets, end of year)	30	27	25	24	19

MANAGEMENT REVIEW

Report for the financial year

The main activities of the group, as in previous years, are transport and logistics-related activities.

Group profit in 2015

The activities in the FREJA Group are also affected by the market climate. In 2015, FREJA continued to focus on optimising the organisation and processes, as well as the intensively machined general cargo market. The general cargo market comprises both a national as well as international stake, where several long-term strategic partnership agreements have been made just like Denmark, Norway and Sweden have been included in the network System Alliance Europe. Finland is a member of the network Cargoline International. The Group has experienced a positive development in both turnover and EBIT, which Sweden and Norway have in particular shown a positive trend. Finland has maintained its impressive high level of earnings, while Denmark has not fully lived up to its expectations.

It is crucial for FREJA to maintain and further develop its previous high level of quality and service to our customers. FREJA is constantly supporting this relationship by communication intimately with customers. FREJA offers access to a unique WEB and fleet management system which provides a complete overview and security of the customer.

From 2014 to 2015, the Group increased revenue in Danish Krone of 7%. The total turnover amounted to 323.14 mEUR. in 2015, which corresponds to the budget.

The total EBIT amounted to 5.94 mEUR compared to 4.15 mEUR in 2014.

The year's profit before tax amounted to 6.01 mEUR compared to 3.14 mEUR in 2014.

Other total incomes are affected by minor negative currency regulations relating to investments in foreign subsidiaries, and amounted to a loss 0.26 mEUR after tax.

The Group's consolidated cash flow from operating activities amounted to a total of 6.30 mEUR in 2015. Cash flows used in investment activities amounted to 3.69 mEUR and cash used for net repayments of long-term interest-bearing debt amounted to 0.51 mEUR. Overall, the change in cash and cash equivalents is therefore positive, with 2.10 mEUR.

The financial leverage factor measured in EBITDA on net interest-bearing debt amounted to 0.2 at the end of 2015.

The Group's balance sheet has increased by 9% to 82.63 mEUR.

The Group's equity in the financial year has been strengthened with 4.45 mEUR and the solvency ratio has increased to 29.8%.

MANAGEMENT REPORT

As a whole, the Group expects improved earnings in 2016. The first quarter shows a development that supports this expectation.

Denmark – a smaller satisfactory profit with an underlying positive trend
FREJA Denmark has experienced a revenue growth of approximately 10%. EBIT has increased by 6% and amounts to 10.0 mDKK.

Over the course of the year, there have been investments in numerous sales resources as well as a Global Forwarding department. New cross dock facility in Tåstrup is being used. In the fourth quarter, there have been investments to upgrade the logistics facilities in Tåstrup. We have attained a §39 approval to store pharmaceutical products. This investment affects profits for 2015, but has an expected positive impact on the future.

The year's development has been greatly influenced by a continued negative profit in the national department that, despite several initiatives, failed to show a positive trend. Despite a strong focus on sales and developing flexible and customer-related solutions, there was a lack of profits. Change in management and restructuring is ongoing and will continue in 2016. A large improvement in earnings emerged in early 2016.

Despite a relatively satisfactory first half year in 2015, there was a less satisfactory development in the second half of the year as a result of continued tough competition.

The first quarter of 2016 shows great improvement in activity and earnings. We expect it to continue throughout the whole of 2016.

Norway – excellent profit and geared towards further growth
The previous years' investments, organisational optimisations as well as exploitation of the market in general has led to a very positive development. A development which must also be considered in light of the general negative development in the Norwegian market.

Revenue from 2014 to 2015 increased by approx. 61.2 mNOK, corresponding to a gain of approx. 20%.

EBIT increased correspondingly from 12.3 mNOK to 20.8 mNOK.

During 2015, there were continued applied skills as well as conducted training programmes at various levels. As of 1 September, headquarters has moved from Østre Akervei in Oslo to new facilities in Langhus, outside of Oslo.

This impressive development in 2015 seems to maintaining the level in 2016. Despite very difficult market conditions, a profit in line with 2015 is expected.

MANAGEMENT REPORT

Finland – highly satisfactory profit in a difficult market
From 2014 to 2015, Finland experienced an increase in revenue of 6.2%, which amounted to 62.9 mEUR.

Despite difficult market conditions, primarily due to the high Finnish unemployment rate and the continuing crisis in Russia/Ukraine, FREJA Finland increased its activities with earnings at a reduced but still very satisfactory level. EBIT's total 1.9 mEUR in 2015 therefore corresponds to a slight decline of 0.1 mEUR. A decrease is primarily attributable to an additional consumption of resources through implementing the Group's IT platform Aspect 4.

Despite very pressured market conditions, we expect that the reasonable level of activity and relatively high earnings will continue at a stable rate in 2016. The first quarter of 2016 supports this.

Sweden – positive earnings with a very positive trend
The transformation of the Swedish organisation to a market-oriented "freight forwarder" continued in 2015. The process of changing less-profitable transport tasks related to haulage in favour of more profitable and general cargo-oriented agreements has continued. This has resulted in a reduction of revenue by approx. 15 mSEK, to a total of approx. 595 mSEK. On 1 March, we moved the headquarters to our own new terminal. This has both improved the quality of our production as well as led to improved profitability.

The profit before tax of approx. 4.2 mSEK for 2015 is still unsatisfactory, but the trend has been very satisfactory. A positive development is expected to continue with additional strength in 2016, where an improved profit compared to 2015 is expected.

RISK MANAGEMENT

Particular risks
The Group's most important operating risk is linked to its ability to be strongly positioned in the markets where the products are sold, as well as to ensure consistently competitive prices, a high level of efficiency and flexible solutions for customers.

Price risks
The market for transport services is particularly susceptible to the economic climate, just as the price of transport services is sensitive to production capacity and freight volumes.

The Group's purchases of transport services mean that, because of significant price fluctuations in the transport market – as prices of transport services only increase partially and only with a certain delay in time – a particular risk can be recognised in the company's sales prices.

Through strategic initiatives, the Group has reduced its susceptibility to fluctuations in fuel prices.

MANAGEMENT REPORT

Currency risks

Activities abroad, as well as the purchasing and sales of transport services abroad, cause profits, cash flows and equity to be affected by the exchange rate of a number of currencies, including in particular SEK, NOK and EUR. The Group minimises these exchange rate risks, relating to current cash flows from operations to organise purchase and sale, so that currency flows correspond to each other wherever possible.

To compliment this, the company covers the commercial currency risks to a lesser extent through exchange transaction companies in the relevant currencies.

Exchange rate regulations of investments in the subsidiaries, which are independent entities, are recognised in other total income. Currency exchange risks related to these are usually not covered because the company believes that a continuous currency exchange risk of such long-term investments would not be optimal from an overall risk and cost perspective.

Interest rate risks

The Group's interest-bearing debt is a floating rate. Because the interest-bearing debt is limited, changes in interest rates will not have significant financial consequences for the Group.

On this basis, the interest rate risk is assessed to be very limited.

Credit risks

The Group's credit risk relates primarily to receivables. The credit ratings of major customers and partners are assessed regularly, and the bulk of the receivables from sales are credit insured.

CORPORATE SOCIAL RESPONSIBILITY

Social responsibility is an integral part of the way in which FREJA conducts business. This means that responsibility and orderliness are key words in our business development and branding. More specifically, this means that, with responsible business conduct, FREJA focuses on the workplace and community, and seek to reduce environmental impacts of the company on a daily basis. FREJA emphasises long-term and mutual relations with customers, suppliers and partners.

Underrepresented genders at management level

Together with daily management, the Board works under the assumption that the organisation represents different skills, ages and genders, and is also not discriminatory.

The Group currently has no women represented on the Board. This is being continuously worked on and, either by replacing future Board members or expanding the Board, will be worked on actively to include women with the right qualifications and skills. The aim is for there to be a minimum of one Board member by the end of 2018.

MANAGEMENT REPORT

Environment and climate
FREJA focuses on the environment and has clear goals and policies pertaining to this. FREJA in Denmark, Norway and Sweden are certified according to the DS/EN ISO 14001: 2004 and 9001:2008 standard.

Efforts are being made continuously to reduce the major environmental impacts by reducing the number of unladen vehicles and optimising the unloading rate of all transport units.

FREJA requires permanently affiliated subcontractors to use a minimum of Euro 4 standard cars. The environmental certification system helps to increase the awareness of suppliers, employees and customers to the importance of following the established plans.

Implementing electronic IT solutions helps to reduce paper consumption within the company and with customers.

FREJA has a management system that partly ensures the registration of quality and environmental areas of deployment as well as any deviations, in the hope of remedying these problems, but also partly to ensure that we continue to develop in a positive direction. We have achieved positive improvements in a number of areas.

We have a goal of keeping the unloading rate of our vehicles above 100%. As of 2015 and within the context of the Group, the goal has not been achieved. However, the trend is positive.

FREJA wants to reduce the number of empty kilometers by 1% per year. The goal has not yet been achieved.

We have a goal of reducing emissions by 1% of the total relative emissions, measured on a consignment level. This goal has been achieved.

In 2015, we reduced our total energy consumption.

In 2015, we achieved an overall satisfactory result by reducing the negative impact of emissions that our business burdens society with.

Knowledge resources, employees and work environment
Our employees are the greatest asset in FREJA. In 2015, the FREJA Group had an average of 575 employees.

The Group's business platform is based on a desire that not merely provides customised solutions that satisfy the customer's basic need for transport. The Group wants to enter into the customer's value chain and help to develop new value-added logistics solutions. This requires FREJA to have knowledge resources available at a high level, who can rethink, develop and implement in FREJA, as well as by our customers.

MANAGEMENT REPORT

To ensure we have the necessary knowledge resources, we have an HR strategy that supports this.

We conduct internal training and motivate employees to undertake further training. The Group has clear growth objectives and it is important for us to attract and retain the most highly qualified knowledge resources.

FREJAnitten's attitudes are the core value for both the internal and external collaboration in the Group.

FREJA also has staff policies that regulate the employment of employees, and policies that focus on the healthy work life. Along with sponsoring internal activities, FREJA encourages exercise and a healthy lifestyle. In addition to this, we undertake ongoing initiatives that focus on our employees' well-being and development. Health plans are implemented partly to prevent absence and reduce unavoidable absence in the company, and partly to maintain a healthy, thriving workplace environment.

FREJA's alcohol policy takes alcohol misconduct seriously and prohibits the use of other drugs. The policy applies to all employees and related suppliers. The policies entails consequences for those with previous knowledge thereof.

We work continuously to reduce the number of accidents at work and days of sick leave.

Subcontracters
FREJA's business model is based on the fact that we make heavy use of a number of foreign carriers to carry out our transport. In recent years, we have formalised our cooperation with our regular carriers by implementing the "Code of Conduct" in the spring of 2014.

The framework describes what FREJA considers good business morals and ethics for all subcontractors when they transport for FREJA.

Along with our suppliers, we deal daily with thousands of consignments, from small packages to large project assignments. We are confident that our selected subcontractors comply with the requirements in the Code of Conduct and that they establish a legalised framework for their employees. Our subcontractors are part of our value chain as well as our direct relationship with our customers and society.

Respect for human rights
FREJA works actively for the organisation to reflect equality and an all-encompassing environment. We therefore work actively with diversity in terms of gender, age, ethnicity, disability, sexual orientation, creed and religion.

Regardless of potentials, nationality and status, they must be treated professionally and with respect for individual needs and desires.

Today, FREJA employs people of different nationalities and cultures.

MANAGEMENT REPORT

Anti-corruption and bribery

FREJA has committed itself to ensuring sustainability, high business morals and ethics, as well as full integrity. We know that there are different business cultures around the world and must therefore be able to deal with both domestic and international regulations. We have explained ethical rules to employees. No employee may receive bribes in the form of gifts, loans or fees.

All employees must respect FREJA's staff policies and workplace laws, as well as Code of Conduct.

All employees are informed of FREJA's Whistleblower programme and the ability to make reports.

EXPECTED DEVELOPMENT FOR 2016

The FREJA Group is built on a solid foundation, which is the cornerstone of the future positive development of the whole Group. FREJA is a trusted brand in Nordic countries. A strengthened and knowledge-oriented organisation in all countries makes FREJA ready to continue exploiting market opportunities.

In early 2016, the Group established a subsidiary in China, starting in March 2016 – this will have a positive impact on the Group's customers, our own opportunities and future income.
The current optimisations relating to sales and operations in the Group will encourage positive growth in all key figures.

It is generally expected that the markets within our business areas will grow marginally in 2016. The FREJA Group expects to grow organically more than the market.

The FREJA Group has succeeded in attracting new customers. Along with the strategic collaboration with general cargo market, we expect earnings on an EBIT level that exceed the level in 2015.

In order to support the FREJA Group's vision of being an all-round supplier of transport and logistics services, the workforce has expanded with new knowledge resources which will build up the Global Forwarding division.

The FREJA Group will continue to try to exploit the opportunities that arise from sectoral structural adjustments throughout the Nordic countries.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

There are no important events after the end of the financial year.

STATEMENT OF INCOME AND COMPREHENSIVE INCOME FOR THE GROUP 1 JANUARY – 31 DECEMBER

	Note	2015 *EURO ('000)*	2014 *EURO ('000)*
STATEMENT OF INCOME:			
NET REVENUE		**323,141**	**301,140**
Cost of sales		-265,755	-249,995
CONTRIBUTION MARGIN		**57,386**	**51,145**
Other external expenses		-17,415	-16,147
GROSS PROFIT		**39,971**	**34,998**
Staff costs		-32,455	-29,469
Operating income before depreciation and amortisation (EBITDA)		**7,516**	**5,529**
Depreciation, amortisations and impairment charges on tangible and intangible fixed assets		-1,606	-1,419
Other operating income		34	43
OPERATING PROFIT (EBIT)		**5,944**	**4,153**
Financial income		323	132
Financial expenses		-256	-1,145
PROFIT BEFORE TAX		**6,011**	**3,140**
Tax on profit		-1,401	-781
PROFIT FOR THE YEAR		**4,610**	**2,359**
STATEMENT OF COMPREHENSIVE INCOME:			
Profit for the year		**4,610**	**2,359**
Foreign currency translation adjustment of investments		-238	-800
Investment hedges, gains/losses		0	5
Cash flow hedges, gains/losses		-1	1
Tax on other comprehensive income		-23	43
OTHER COMPREHENSIVE INCOME AFTER TAX		**-262**	**-751**
COMPREHENSIVE INCOME		**4,348**	**1,608**
DISTRIBUTION OF INCOME:			
Profit for the year to shareholders in FREJA Transport & Logistics Holding A/S		**4,610**	**2,359**
Comprehensive income to shareholders in FREJA Transport & Logistics Holding A/S		**4,348**	**1,608**

BALANCE SHEET FOR THE GROUP 31 DECEMBER

ASSETS	Note	2015 *EURO ('000)*	2014 *EURO ('000)*
Goodwill	2	21,269	21,564
Software	3	1,799	1,272
Intangible fixed assets		**23,068**	**22,836**
Land and buildings	3	4,162	4,192
Leasehold improvements	4	1,286	973
Plant, machinery, fixtures and equipment	4	1,995	1,794
Tangible fixed assets		**7,443**	**6,959**
Other investments		3	3
Receivable deposits		3,169	1,997
Deferred tax (assets)		553	652
Fixed asset investments		**3,725**	**2,652**
NON-CURRENT ASSETS		**34,236**	**32,447**
Trade receivables		38,634	32,934
Receivable corporation tax		206	204
Other receivables		1,857	2,443
Prepayments and accrued income		2,409	1,866
Cash at bank		5,290	5,516
CURRENT ASSETS		**48,396**	**42,963**
ASSETS		**82,632**	**75,410**

EQUITY AND LIABILITIES	Note	2015	2014
Share capital		985	985
Reserves		23,641	19,195
Equity, shareholders in FREJA Transport & Logistics Holding A/S		**24,626**	**20,180**
Minority interests of equity		**3**	**0**
EQUITY		**24,629**	**20,180**
Deferred tax		262	179
Provisions for liabilities		136	202
Debt to banks		1,926	1,868
Leasing debt		0	6
Long-term liabilities	**5**	**2,324**	**2,255**
Provisions for liabilities		38	27
Debt to banks		4,840	7,675
Leasing debt		6	88
Trade payables		39,270	35,079
Corporation tax		929	543
Other liabilities		10,596	9,563
Current liabilities		**55,679**	**52,975**
LIABILITIES		**58,003**	**55,230**
EQUITY AND LIABILITIES		**82,632**	**75,410**
CONTINGENT LIABILITIES	**6**		

STATEMENT OF CHANGES IN EQUITY FOR THE GROUP 1 JANUARY - 31 DECEMBER

	Share capital EURO ('000)	Reserves EURO ('000)	Total attributable to equity holders of parent EURO ('000)	Minority interests of equity EURO ('000)	Equity, total EURO ('000)
Equity at 31 December 2014 .	**985**	**17,398**	**18,383**	**0**	**18,383**
Comprehensive income 2014	**0**	**1,608**	**1,608**	**0**	**1,608**
Acquisition of treasury shares ..	0	189	189	0	189
Changes in equity 2014	**0**	**189**	**189**	**0**	**189**
Equity at 31 December 2014 .	**985**	**19,195**	**20,180**	**0**	**20,180**
Comprehensive income 2015	**0**	**4,348**	**4,348**	**0**	**4,348**
Disposal of treasury shares......	0	289	289	0	289
Acquisition of treasury shares ..	0	-191	-191	0	-191
Sale of subsidiary shares to minority interests	0	0	0	3	3
Changes in equity 2015	**0**	**98**	**98**	**3**	**101**
Equity at 31 December 2015 .	**985**	**23,641**	**24,626**	**3**	**24,629**

CASH FLOW STATEMENT FOR THE GROUP 1 JANUARY – 31 DECEMBER

	Note	2015 *EURO ('000)*	2014 *EURO ('000)*
Profit for the year		4,610	2,359
Adjustments		1,449	2,034
Change in working capital		-345	729
Financial income		322	132
Financial costs		-256	-1,145
Tax on profit for the year		1,401	781
Corporation tax paid		-878	-480
Cash flows from operating activities		**6,303**	**4,410**
Purchase of intangible fixed assets	3	-1,154	-524
Purchase of tangible fixed assets	4	-1,476	-542
Sale of tangible fixed assets		120	201
Change in deposits and other financial investments		-1,179	160
Investments in and loans to group enterprises		0	1
Cash flows from investing activities		**-3,689**	**-704**
Repayments of loans	5	-616	-1,999
Disposal of treasury shares		289	189
Acquisition of treasury shares		-191	0
Sale of subsidiary shares to minority interests		3	0
Cash flows from financing activities		**-515**	**-1,810**
Change in cash and cash equivalents		**2,099**	**1,896**
Cash and cash equivalents 1 January		-1,630	-4.043
Exchange adjustment		-19	517
Cash and cash equivalents 31 December		**450**	**-1,630**
Cash and cash equivalents at 31 December:			
Cash at bank and on hand		5,290	5,516
Bank overdraft		-4,840	-7,146
Cash and cash equivalents		**450**	**-1,630**

SURVEY OF NOTES

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NOTES

ACCOUNTING POLICIES 1

The annual report of FREJA Transport & Logistics Holding A/S for 2015 has been presented in accordance with International Financial Reporting Standards as adopted by the EU.

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

New accounting regulations
We have implemented the standards and interpretations which are effective for the financial year of 2015. The new standards and interpretations did not affect FREJA's recognition or measurement of financial items for 2015, nor are they expected to have any significant future impact.

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 Holding A/S and its subsidiary enterprises in which FREJA Transport & Logistics Holding 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.

Minority interests
The accounting items of the subsidiaries are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiaries is ad-justed annually and stated as separate items in the income statement and balance sheet.

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.

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	0% of cost
Leasehold improvements..	5-15 years	0% of cost
Plant, Machinery, Fixtures and Equipment	3-5 years	0% 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 fixes assets 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.

Other securities and investments (fixed assets)

Securities, deposits and investments, recognised as fixed assets, are recognised at cost.

NOTES

ACCOUNTING POLICIES

Accounts receivable
Accounts receivable are measured at amortised cost which usually corresponds to nominal value. Impairment charges 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.

Provision for liabilities
Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation and it is probable that the Group will have to give up future economic benefits to meet the obligation.

Provisions are measured on the basis of the anticipated expenditure for settlement of the relevant obligation and are discounted if deemed material.

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 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**
	2015 *EURO ('000)*	**2014** *EURO ('000)*	
Cost 1 January	21,564	22,685	
Exchange differences	-295	-1.121	
Cost 31 December	**21.269**	**21,564**	
Book Value	**21,269**	**21,564**	

An impairment test of the carrying amount of goodwill was performed on 31 December 2015. Goodwill has been distributed on these 4 cash flow generating entities:

	Denmark	Norway	Finland	Sweden
Carrying amount of goodwill.........................	1,766	8,376	3,161	7,966

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 2016 – 2023, and the terminal value for the period after 2023. The present value has been calculated on the basis of a discount factor of 13% (before tax).

NOTES

Note

Fixed assets **3**

	Software		Land and buildings	
	2015 *EURO ('000)*	**2014** *EURO ('000)*	**2015** *EURO ('000)*	**2014** *EURO ('000)*
Cost 1 January	4,754	4,226	5,565	5,873
Addition..................................	1,154	524	12	0
Disposal	0	0	-11	0
Exchange differences	-18	4	158	-308
Cost 31 December	**5,890**	**4,754**	**5,724**	**5,565**
Depreciation and impairment charge 1 January.....................	3,482	2,993	1,373	1,281
Depreciation	623	487	155	171
Depreciation, assets sold	0	0	-11	0
Exchange differences	-14	2	45	-79
Depreciation and impairment charge 31 December	**4,091**	**3,482**	**1,562**	**1,373**
Book value............................	**1,799**	**1,272**	**4,162**	**4,192**

NOTES

Note

Fixed assets **4**

	Leasehold improvements		Plant, machinery, fixtures and equipment	
	2015	**2014**	**2015**	**2014**
	EURO ('000)	*EURO ('000)*	*EURO ('000)*	*EURO ('000)*
Cost 1 January	1,938	2,343	5,184	5,155
Addition..................................	452	14	1,012	528
Disposal	0	-413	-169	-392
Exchange differences	-15	-6	-79	-107
Cost 31 December	**2,375**	**1,938**	**5,948**	**5,184**
Depreciation and impairment charge 1 January	965	1,234	3,390	3,081
Depreciation	133	122	695	639
Depreciation, assets sold	0	-387	-83	-261
Exchange differences	-9	-4	-49	-69
Depreciation and impairment charge 31 December	**1,089**	**965**	**3,953**	**3,390**
Book value............................	**1,286**	**973**	**1,995**	**1,794**
Amount of finance lease assets	**0**	**0**	**13**	**404**

NOTES

Note

Long-term liabilities **5**

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

Dept to banks

Loan	Expiry	Fixed/ variable	Effective interest 2015 %	Effective interest 2014 %	Carrying amount 2015	Carrying amount 2014	Fair value 2015	Fair value 2014
DKK	2015	Variable	2,5	3,3	0	272	0	272
EUR	2015	Fixed	4,5	4,5	0	258	0	260
SEK		Variable	2,5	5,7	1,926	1,868	1,926	1,868
Total					**1,926**	**2,398**	**1,926**	**2,400**
Weighted average effective interest			2,7	5,3				

Dept to bank and leasing

	1/1 2015 Debt	31/12 2015 Debt	Repayments < 1 year	31/12 2015 Long-term liabilities	Repayments 1-5 years	Repayments after 5 years
Debt to banks	2,398	1,926	0	1,926	0	1,926
Leasing debt	94	6	6	0	0	0
Total	**2,492**	**1,932**	**6**	**1,926**	**0**	**1,926**

Debt 1 January...........	2,492
Repayment of loans	-616
Exchange differences ..	56
Debt 31 December...	**1,932**

NOTES

Contingent liabilities 6

	2015 *EURO ('000)*	2014 *EURO ('000)*
Liabilities regarding lease of real property/ premises		
Interminable period on the part of lessee	47,673	38,993
Other lease liabilities (operating leases)		
Total residual lease payment	18,677	17,129
Total service cost linked to operating leases	7,545	6,432