COSCO SHIPPING Lines Nordic A/S

Birkerød Kongevej 150 A, DK-3460 Birkerød

Annual Report for 1 January - 31 December 2016

CVR No 10 70 25 77

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/05 2017

Ulf Svejgaard Poulsen
Chairman

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of COSCO SHIPPING Lines Nordic A/S for the financial year 1 January - 31 December 2016.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2016.

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

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

Birkerød, 30 May 2017

Direktion

Jan Timmermann	Shiwu Zhou

Bestyrelse

Ulf Svejgaard Poulsen Chairman	Guo Jing	Tian Chao
Lin Ji	Shiwu Zhou	Jan Timmermann
Erik Lund Eriksen		

Independent Auditor's Report

To the Shareholders of COSCO SHIPPING Lines Nordic A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements and the Consolidated Financial Statements of COSCO SHIPPING Lines Nordic A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Madsen
statsautoriseret revisor

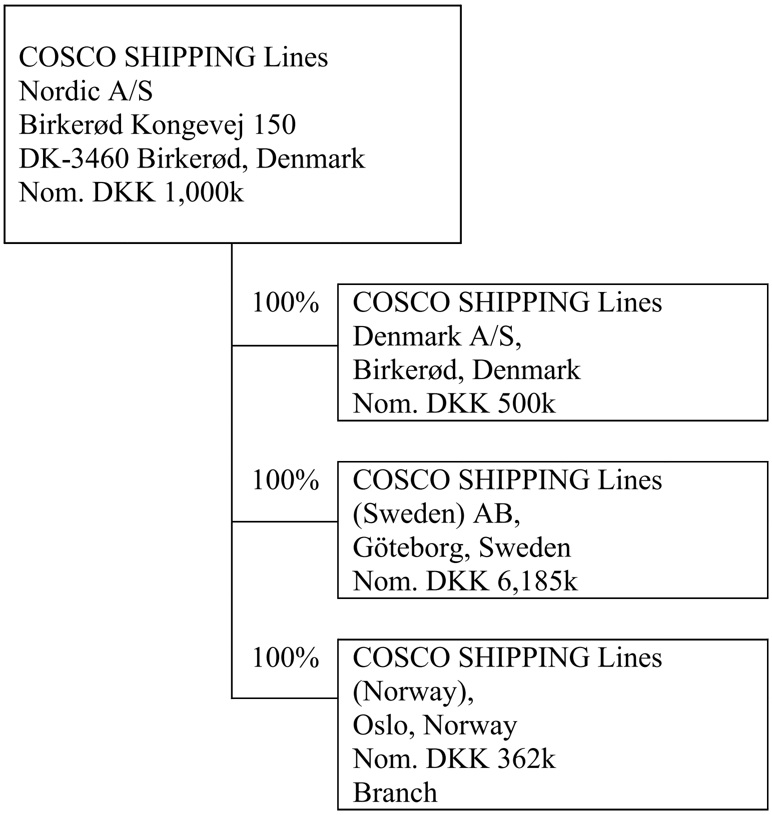
Company Information

The Company	COSCO SHIPPING Lines Nordic A/S Birkerød Kongevej 150 A DK-3460 Birkerød Telephone: + 45 45 16 01 60 CVR No: 10 70 25 77 Financial period: 1 January - 31 December Financial year: 30th financial year Municipality of reg. office: Rudersdal
Board of Directors	Ulf Svejgaard Poulsen, Chairman Guo Jing Tian Chao Lin Ji Shiwu Zhou Jan Timmermann Erik Lund Eriksen
Executive Board	Jan Timmermann Shiwu Zhou
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Lawyers	Svejgaard Galst Advokataktieselskab Gammel Strand 44 1202 København K
Bankers	Jyske Bank Strandvejen 104 A DK- 2900 Hellerup

Group Chart

Parent Company

Consolidated subsidiaries



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Financial Highlights

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

	Group				
	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	96.933	95.605	87.985	85.797	99.749
Gross profit/loss	45.133	47.100	46.452	38.221	45.225
Operating profit/loss	13.245	17.981	18.413	12.855	17.004
Profit/loss before financial income and expenses	13.245	17.981	18.413	12.855	17.004
Net financials	-1.141	119	271	-200	-29
Net profit/loss for the year	9.252	13.741	13.831	9.352	12.373
Balance sheet					
Balance sheet total	77.079	92.600	96.551	74.041	100.255
Equity	30.246	37.181	34.740	31.887	35.356
Cash flows					
Cash flows from:					
- operating activities	19.279	5.908	1.449	17.532	-10.553
- investing activities	-87	-135	238	-109	-3.897
including investment in property, plant and equipment	-67	-200	-75	-112	0
- financing activities	-36.659	-13.865	8.489	-31.804	20.899
Change in cash and cash equivalents for the year	-17.467	-8.092	10.176	-14.381	6.449
Number of employees	41	40	39	39	38
Ratios					
Gross margin	46,6%	49,3%	52,8%	44,5%	45,3%
Profit margin	13,7%	18,8%	20,9%	15,0%	17,0%
Return on assets	17,2%	19,4%	19,1%	17,4%	17,0%
Solvency ratio	39,2%	40,2%	36,0%	43,1%	35,3%
Return on equity	27,4%	38,2%	41,5%	27,8%	35,5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of COSCO SHIPPING Lines Nordic A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

The Company is a holding company of the following wholly owned subsidiaries, which all carry on shipping activities:

- COSCO SHIPPING Lines Denmark A/S, Birkerød, Denmark
- COSCO SHIPPING Lines (Norway), Oslo, Norway (branch)
- COSCO SHIPPING Lines Sweden AB, Stockholm, Sweden

Development in the year

The income statement of the Group for 2016 shows a profit of DKK 9,252,316, and at 31 December 2016 the balance sheet of the Group shows equity of DKK 30,246,052.

The past year and follow-up on development expectations from last year

In 2016 the Groups activity has raised as a consequens of the merger between Cosco Container Lines and China Shipping. In connection with the merger the Group changed is name to Cosco Shipping Lines.

It is the Management expectation that the full effect from the merger will impact in 2017.

The containermarket has in 2016 been very unstabil and affected by mergers and Hanjins bankrupcy.

It is managements expectation that the Group activities in 2017 will have a positive development and that the generel demand for transport and freightrate will increase.

The expectations to the results for 2017 are at the same level as in 2016.

Foreign exchange risks

Due to international activities, the Group is exposed to foreign exchange risks in connection with tradingin foreign currencies. This risk is especially relevant in relation to the Group's transactions in EUR andUSD. No specific measures are taken to hedge these transactions as the risk is assessed to be limited.

Management's Review

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Group 2016 DKK	Group 2015 DKK	Parent Company 2016 DKK	Parent Company 2015 DKK
Revenue		**96.932.823**	**95.604.528**	**0**	**0**
Logistics and transport expenses		-41.469.542	-39.253.259	0	0
Other external expenses		-10.330.317	-9.251.590	-151.268	-149.938
Gross profit/loss		**45.132.964**	**47.099.679**	**-151.268**	**-149.938**
Staff expenses	1	-31.697.564	-28.916.975	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-190.380	-202.084	0	0
Profit/loss before financial income and expenses		**13.245.020**	**17.980.620**	**-151.268**	**-149.938**
Income from investments in subsidiaries	2	0	0	9.371.783	13.896.854
Financial income	3	2.450.322	3.169.468	12.995	0
Financial expenses	4	-3.591.803	-3.050.805	-14.852	-36.928
Profit/loss before tax		**12.103.539**	**18.099.283**	**9.218.658**	**13.709.988**
Tax on profit/loss for the year	5	-2.851.223	-4.357.865	33.658	31.430
Net profit/loss for the year		**9.252.316**	**13.741.418**	**9.252.316**	**13.741.418**

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	10.000.000	16.000.000
Reserve for net revaluation under the equity method	-5.743.646	1.900.774
Retained earnings	4.995.962	-4.159.356
	9.252.316	**13.741.418**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2016	2015	2016	2015
		DKK	DKK	DKK	DKK
Other fixtures and fittings, tools and equipment		149.382	267.254	0	0
Leasehold improvements		93.230	98.904	0	0
Property, plant and equipment	6	**242.612**	**366.158**	**0**	**0**
Investments in subsidiaries	7	0	0	27.630.297	33.560.832
Other receivables	8	635.525	615.656	0	0
Fixed asset investments		**635.525**	**615.656**	**27.630.297**	**33.560.832**
Fixed assets		**878.137**	**981.814**	**27.630.297**	**33.560.832**
Trade receivables		1.570.517	3.321.150	0	0
Receivables from group enterprises		56.574.619	52.912.309	2.401.274	2.299.950
Other receivables		1.445.758	773.011	0	0
Deferred tax asset	10	841.583	839.470	0	0
Corporation tax		498.677	1.035.432	0	1.035.432
Receivables		**60.931.154**	**58.881.372**	**2.401.274**	**3.335.382**
Cash at bank and in hand		**15.269.675**	**32.736.865**	**529.785**	**384.410**
Currents assets		**76.200.829**	**91.618.237**	**2.931.059**	**3.719.792**
Assets		**77.078.966**	**92.600.051**	**30.561.356**	**37.280.624**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
		DKK	DKK	DKK	DKK
Share capital		1.000.000	1.000.000	1.000.000	1.000.000
Reserve for net revaluation under the equity method		0	0	20.919.210	26.849.745
Retained earnings		19.246.052	20.180.625	-1.673.158	-6.669.120
Proposed dividend for the year		10.000.000	16.000.000	10.000.000	16.000.000
Equity	9	**30.246.052**	**37.180.625**	**30.246.052**	**37.180.625**
Trade payables		31.683.723	21.069.837	0	0
Payables to group enterprises		3.618.180	24.671.821	0	0
Corporation tax		0	188.339	215.304	0
Other payables		11.531.011	9.489.429	100.000	99.999
Short-term debt		**46.832.914**	**55.419.426**	**315.304**	**99.999**
Debt		**46.832.914**	**55.419.426**	**315.304**	**99.999**
Liabilities and equity		**77.078.966**	**92.600.051**	**30.561.356**	**37.280.624**
Contingent assets, liabilities and other financial obligations	13				
Related parties	14				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1.000.000	0	20.180.625	16.000.000	37.180.625
Exchange adjustments	0	0	-581.487	0	-581.487
Ordinary dividend paid	0	0	0	-16.000.000	-16.000.000
Other equity movements	0	0	394.598	0	394.598
Net profit/loss for the year	0	0	-747.684	10.000.000	9.252.316
Equity at 31 December	**1.000.000**	**0**	**19.246.052**	**10.000.000**	**30.246.052**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January	1.000.000	26.849.745	-6.669.120	16.000.000	37.180.625
Ordinary dividend paid	0	0	0	-16.000.000	-16.000.000
Exchange adjustments relating to foreign entities	0	-581.487	0	0	-581.487
Other equity movements	0	394.598	0	0	394.598
Net profit/loss for the year	0	-5.743.646	4.995.962	10.000.000	9.252.316
Equity at 31 December	**1.000.000**	**20.919.210**	**-1.673.158**	**10.000.000**	**30.246.052**

Cash Flow Statement 1 January - 31 December

	Note	Group 2016	Group 2015
		DKK	DKK
Net profit/loss for the year		9.252.316	13.741.418
Adjustments	11	3.601.597	4.861.904
Change in working capital	12	10.071.049	-6.754.830
Cash flows from operating activities before financial income and expenses		**22.924.962**	**11.848.492**
Financial income		2.450.323	3.169.467
Financial expenses		-3.591.811	-3.050.805
Cash flows from ordinary activities		**21.783.474**	**11.967.154**
Corporation tax paid		-2.504.919	-6.059.531
Cash flows from operating activities		**19.278.555**	**5.907.623**
Purchase of property, plant and equipment		-66.834	-200.206
Fixed asset investments made etc		-19.869	65.449
Cash flows from investing activities		**-86.703**	**-134.757**
Repayment of payables to group enterprises		-21.053.640	-2.143.670
Other equity entries		394.598	278.933
Dividend paid		-16.000.000	-12.000.000
Cash flows from financing activities		**-36.659.042**	**-13.864.737**
Change in cash and cash equivalents		**-17.467.190**	**-8.091.871**
Cash and cash equivalents at 1 January		32.736.865	40.828.736
Cash and cash equivalents at 31 December		**15.269.675**	**32.736.865**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		15.269.675	32.736.865
Cash and cash equivalents at 31 December		**15.269.675**	**32.736.865**

Notes to the Financial Statements

	Group		Parent Company	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
1 Staff expenses				
Wages and salaries	27.652.532	25.376.607	0	0
Pensions	2.204.763	2.112.979	0	0
Other social security expenses	1.729.989	1.373.641	0	0
Other staff expenses	110.280	53.748	0	0
	31.697.564	**28.916.975**	**0**	**0**
Including remuneration to the Executive Board	**7.300.764**	**5.273.187**	**0**	**0**
Average number of employees	**41**	**40**	**0**	**0**

2 Income from investments in subsidiaries

Share of profits of subsidiaries			9.371.783	13.896.854
			9.371.783	**13.896.854**

3 Financial income

Interest received from group enterprises	0	90	12.995	0
Other financial income	19.046	35.746	0	0
Exchange gains	2.431.276	3.133.632	0	0
	2.450.322	**3.169.468**	**12.995**	**0**

4 Financial expenses

Other financial expenses	68.366	98.064	1.292	36.928
Exchange loss	3.523.437	2.952.741	13.560	0
	3.591.803	**3.050.805**	**14.852**	**36.928**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	Group 2016 DKK	Group 2015 DKK	Parent Company 2016 DKK	Parent Company 2015 DKK
Current tax for the year	2.770.286	3.952.740	-33.658	-31.430
Deferred tax for the year	80.937	405.125	0	0
	2.851.223	**4.357.865**	**-33.658**	**-31.430**

6 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	1.089.754	1.240.716
Exchange adjustment	-6.483	2.495
Additions for the year	0	64.261
Cost at 31 December	1.083.271	1.307.472
Impairment losses and depreciation at 1 January	822.501	1.141.810
Exchange adjustment	-7.857	1.297
Depreciation for the year	119.245	71.135
Impairment losses and depreciation at 31 December	933.889	1.214.242
Carrying amount at 31 December	**149.382**	**93.230**
Depreciated over	5 years	10 years

Notes to the Financial Statements

7 Investments in subsidiaries

	Parent Company 2016	Parent Company 2015
	DKK	DKK
Cost at 1 January	6.711.087	6.711.087
Cost at 31 December	6.711.087	6.711.087
Value adjustments at 1 January	26.849.745	24.249.419
Exchange adjustment	-581.487	420.623
Net profit/loss for the year	9.371.783	13.896.854
Dividend to the Parent Company	-15.115.429	-11.996.080
Other equity movements, net	394.598	278.929
Value adjustments at 31 December	20.919.210	26.849.745
Carrying amount at 31 December	**27.630.297**	**33.560.832**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
COSCO SHIPPING Lines Denmark A/S	Birkerød, Denmark	DKK 500k	100%	11.394.770	7.356.442
COSCO SHIPPING Lines (Sweden) AB	Göteborg, Sweden	DKK 5,837k	100%	12.578.153	1.230.271
COSCO SHIPPING Lines (Norway)	Oslo, Norway	DKK 327k	100%	3.657.363	785.070

8 Other fixed asset investments

	Group Other receivables
	DKK
Cost at 1 January	615.656
Exchange adjustment	12.636
Additions for the year	7.233
Disposals for the year	0
Cost at 31 December	635.525
Carrying amount at 31 December	**635.525**

Notes to the Financial Statements

9 Equity

The share capital consists of 2,000 shares of a nominal value of DKK 500. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

10 Deferred tax asset

	Group		Parent Company	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
Deferred tax asset at 1 January	839.470	1.258.927	0	0
Amounts recognised in the income statement for the year	-80.937	-405.125	0	0
Deferred tax asset at 31 December	**841.583**	**839.470**	**0**	**0**

11 Cash flow statement - adjustments

	Group	
	2016	2015
	DKK	DKK
Financial income	-2.450.322	-3.169.468
Financial expenses	3.591.803	3.050.805
Depreciation, amortisation and impairment losses, including losses and gains on sales	190.380	202.084
Tax on profit/loss for the year	2.851.223	4.357.865
Exchange adjustments	-581.487	420.618
	3.601.597	**4.861.904**

12 Cash flow statement - change in working capital

	Group	
	2016	2015
	DKK	DKK
Change in receivables	-2.584.423	-5.692.276
Change in trade payables, etc	12.655.472	-1.062.554
	10.071.049	**-6.754.830**

Notes to the Financial Statements

13 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The subsidiary COSCO SHIPPING Lines Sweden AB has given security in assets for own obligations and subsidiary obligations of approx SEK 2.0 mio.

The Group's total lease obligations amount to kDKK 2,433.

The Group's total rent obligations amount to kDKK 4,198.

COSCO SHIPPING Lines Nordic A/S is jointly and severally liable for the corporation tax in other Group enterprises under the joint taxation.

COSCO SHIPPING Lines Nordic A/S has guarenteed for all debt to the bank in COSCO SHIPPING Lines Denmark A/S.

Notes to the Financial Statements

14 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of

Name	Place of registered office
COSCO Container Lines Europe GmbH	Herrengraben 24, D-20459, Hamburg, Germany

The Group Annual Report of COSCO Container Lines Europe GmbH may be obtained at the following address:

Herrengraben 24,
20459, Hamburg,
Germany

Notes, Accounting Policies

Basis of Preparation

Consolidated and Parent Company Financial Statements of COSCO SHIPPING Lines Nordic A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2016 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, COSCO SHIPPING Lines Nordic A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

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

Notes, Accounting Policies

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of transport and services is recognised in the income statement when delivery andtransfer of risk to the buyer have been made before year end.

Logistics and transport expenses

Logistics and transport expenses comprise the consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Notes, Accounting Policies

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

EDB	3 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

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

The items “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

Notes, Accounting Policies

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes, Accounting Policies

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

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

Notes, Accounting Policies

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$