

TITAN CONTAINERS A/S
Litauen Allé 9
2630 Høje Taastrup

Annual report for the period
1 January to 31 December 2017
(29th Financial year)

Adopted at the annual general meeting on
18 April 2018



Helge Lunau
chairman

CVR-nr. 13 13 17 32

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COMPANY DETAILS

The company	TITAN Containers A/S Litauen Allé 9 2630 Høje Taastrup
	Telephone: +45 70 23 17 18
	Fax: +45 70 23 16 17
	Website: www.titancontainers.com
	CVR no.: 13 13 17 32
	Reporting period: 1 January - 31 December 2017
	Incorporated: 1. April 1989
	Domicile: Høje Taastrup
Secondary names	TITAN Container Udlejning A/S TITAN Container Hire A/S TITAN Container Leasing A/S TITAN Container Rental A/S TITAN Arcticstore A/S TITAN Boxtainer A/S TITAN Canons Park A/S Arcticstore A/S
Supervisory board	Neté Lind Barker John Layland Barker Helge Ernst Lunau Birger Lindberg Skov
Executive board	John Layland Barker, managing director Helge Ernst Lunau, director Susanne Borch-Jensen, director
Auditors	Mazars Statsautoriseret Revisionspartnerselskab Østerfælled Torv 10, 2. sal 2100 København Ø

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The supervisory and executive boards have today discussed and approved the annual report of TITAN Containers A/S for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31 December 2017 and of the results of the group and the company operations for the financial year 1 January - 31 December 2017.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Høje Taastrup, 18 April 2018

Executive board



John Layland Barker
Managing Director

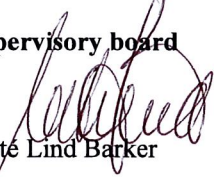


Helge Ernst Lunau
Director



Susanne Borch Jensen
Director

Supervisory board




Neté Lind Barker



John Layland Barker



Helge Ernst Lunau



Birger Lindberg Skov

INDEPENDENT AUDITOR'S REPORT

To the shareholder of TITAN Containers A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of TITAN Containers A/S for the financial year 1 January - 31 December 2017, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 31 December 2017 and of the results of the group and the parent company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and parent company 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.

Management's responsibilities for the consolidated financial statements and 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company 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.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company 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 group's and the parent company'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 consolidated financial statements and parent company 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 parent 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 consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are 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.

INDEPENDENT AUDITOR'S REPORT

Statement on management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 18 April 2018

MAZARS

Statsautoriseret Revisionspartnerselskab

CVR no. 31 06 17 41

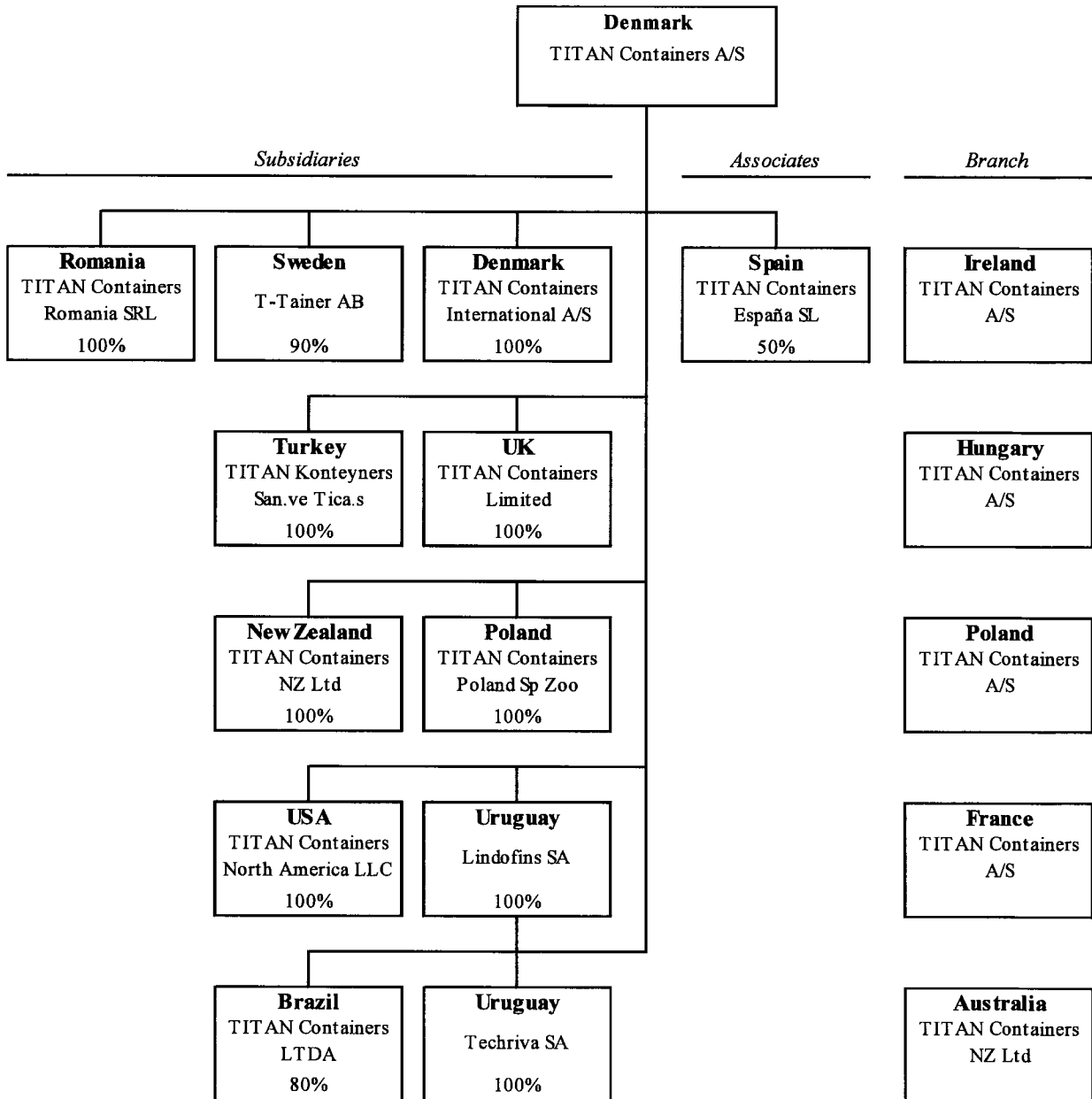
Pia Lillebæk

statsautoriseret revisor

(State-authorised public accountant)

MNE no. mne30257

GROUP CHART



MANAGEMENT'S REVIEW

Business activities

The Company owns and operates a fleet of ISO shipping and storage containers, purpose-built refrigerated storage containers and DNV offshore containers for international and domestic rentals.

Further, the company presently operates 35 self-storage sites located in 9 countries, 14 container depots with container handling equipment in 7 countries and 14 container lorries in 4 countries.

Through the Company's own and subsidiary offices in 17 countries, TITAN offers these containers and services to customers for domestic, offshore and international hire. The Company is also actively engaged in the purchase and sale of new and used containers and in the supply of related services to a wide range of customers.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Unusual matters

The financial position at 31 December 2017 of the Group and the results of the activities and cash flows of the Company for the financial year for 2017 have not been affected by any unusual events but please refer to the restatement description in the comparatives for 2016 in the paragraph of accounting policies.

Business review

The Group income statement for the year ended 31 December shows a profit of TDKK 25,515, and the balance sheet at 31 December 2017 shows equity of TDKK 134,702.

During 2017, the market environment continued the positive trend that began in the fourth quarter of 2016. Driven by firmer steel prices, shipping line demand and tight supply, new container prices increased from the very low levels reached in 2016. These conditions contributed the 23% increase in sales revenue realized by TITAN in 2017 through the sale of new containers purchased in 2016 and improved used container sale prices.

TITAN also continued to expand its rental business during 2017. The Company benefited from the recent investments in equipment and the maturation of its expanded operating network. This availability of additional containers and the development of more recently opened facilities enhanced rental opportunities and provided the Company with improved scale. As a result, TITAN's rental and services revenues increase significantly by 11.8% in 2017.

During 2017, the Company primarily invested in the expansion of the rental container fleet. This investment was specifically focused on acquiring the additional self-storage and refrigerated containers required to meet rental market demand and support the addition of new self-storage sites. The Company has started to realize the benefits of these investments and expects to realize further growth in 2018.

MANAGEMENT'S REVIEW

Financial review

The Company is in an excellent position to benefit from the 2017 performance. We continue to experience growing market demand for the ArcticStore range of refrigerated rental containers in both our newer and mature markets. Fleet growth and improved utilisation are both anticipated to continue the on the trend of the past several years.

Business levels at already established TITAN self-storage sites are expected to grow as new MultiStore 1st floor capacity is added. We plan to augment this growth with the addition of 15-20 new sites during 2018 resulting in strong performance for the self-storage business.

The DNV offshore market remains challenging but TITAN has been able to realise good performance from the existing fleet. We remain confident that we will continue to experience acceptable utilisation and income due to the conservative nature of TITAN's activities and continued limited investment.

The traditional core business of standard container rentals continues to perform well. Based on positive indicators from major clients for this year, we forecast another year of stable performance in 2018.

For the overall rental business, we forecast 2018 to follow a similar trend to 2017. The continued consolidation of activities, the realization of the full year impact of 2017 investment and only limited geographical expansion are expected to result in double figure percentage growth in TITAN's rental operations once again.

Both new and used container prices recovered significantly during late 2016 and remained solid through 2017. This increase in pricing was primarily the result increased material prices and improved container demand. We expect the relative stability of the new and used container market compared with last year to yield normalized levels of profitability.

While management will continue to monitor the BREXIT process, we remain confident that this will ultimately have minimal impact on our significant business activities.

MANAGEMENT'S REVIEW

The year at a glance and follow-up on expectations expressed last year

The Company's operating performance in 2017 was consistent with budget expectations.

All brands responded well to the market conditions in 2017. Performance across all product lines was strong with newer markets starting to make a more noticeable contribution to the Company's total performance.

During 2017, the Company again experienced high container rental volume, which led to rental revenues increasing by 15.8%. As a result, rental income once again exceeded revenue from container sales reflecting the Company's continued investment in the rental activity.

New investments in rental containers and plant and machinery were at a similar level to previous years. Investment in self-storage activities continued to grow. Similar investments are anticipated in 2018.

During 2016, the Company started the preliminary investigation of the market potential of several South East Asian markets. This process continued to move slowly during 2017 with no major investments having been made. We will continue to prudently evaluate this during 2018. No major investments are currently planned.

To meet our corporate growth objectives and the increasing complexity of national and international reporting and compliance, the Company added new resources in 2017. Further new appointments are expected in 2018.

Special risks apart from generally occurring risks in industry

Currency risks

The Company buys containers in U.S. Dollars (USD). To reduce currency exposure, the Company maintains certain foreign currency debt and a portion of its rental container fleet in TITAN Containers International A/S denominated in USD. This became effective in 2015.

The Company has financed the acquisition of containers using credit facilities denominated in Danish Krone (DKK), British Pounds (GBP) and USD. The Company's local operations are denominated in the relevant local currencies that primarily include: DKK, GBP, Euro, USD, and Swedish Krona (SEK). The Company continuously evaluates the risk for loss associated with fluctuations in the rates of foreign exchange and tries to hedge as and where appropriate.

The Company currently classifies currency adjustments as "financial costs" to give a fair view of the operating result excluding currency impact.

MANAGEMENT'S REVIEW

Statutory report on corporate social responsibility

For many years, the Company has maintained ethics provisions with regard to supplier and customer business activities. This is particularly pertinent in developing countries. These provisions include: no child labour, respect for human rights, no bribery or corruption to be given or received either directly or indirectly, care for the environment and reasonable financial and “in-kind” contributions to local, national and international charities, non-governmental organizations and other non-profit making associations.

The environment

It is the Company’s policy to use “less damaging” products and procedures where economically acceptable. In recent years, the Company has changed nearly 100% of container production to bamboo flooring (from tropical hardwoods) and adopted the use of water-based paints and environmentally friendly insulation in refrigerated containers. Our ArticStore refrigerated containers almost exclusively feature new technology refrigeration equipment that significantly reduces customer power consumption.

Statutory report on the underrepresented gender

The Company does not practise discrimination in any form. It is the Company’s policy to place the best person in a position regardless of their gender, orientation, ethnic origin, religious beliefs or other private considerations.

Seen over the entire workforce the Company has a well-balanced, multi-ethnic, multi-gender team where performance determines responsibility and advancement.

Appointments to the Board, and all external senior appointments, are made entirely based upon a candidate’s suitability, industry knowledge and national or international business experience.

Research and development activities in and for reporting entity

The Company maintains a limited research and development program primarily focused on developing new refrigerated, self-storage, accommodation and DNV container products and services.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

FINANCIAL HIGHLIGHTS

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	Group				
	2017	2016	2015	2014	2013
	TDKK	TDKK	TDKK	TDKK	TDKK
KEY FIGURES					
Profit/loss					
Revenue	426,990	362,596	363,079	283,760	279,569
Gross profit	132,545	115,567	102,892	97,246	57,069
Profit/loss before financial income and expenses	66,892	57,876	52,556	59,312	35,913
Net financials	-29,339	-17,753	-46,008	-37,276	-9,818
Profit/loss for the year	25,515	31,881	11,395	18,761	19,546
Balance sheet					
Balance sheet total	865,639	799,451	739,150	643,052	523,540
Investment in property, plant and equipment	99,300	73,319	102,880	134,416	142,049
Equity	134,702	116,034	88,876	79,317	60,665
FINANCIAL RATIOS					
Gross margin	31.0%	31.9%	28.3%	34.3%	20.4%
EBIT margin	15.7%	16.0%	14.5%	20.9%	12.8%
Return on assets	8.0%	7.5%	7.6%	10.2%	7.7%
Solvency ratio	15.6%	14.5%	12.0%	12.3%	11.6%
Return on equity	20.4%	31.1%	13.5%	26.8%	36.6%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

2014 is the first year the Company prepares a consolidated financial statement. Financial highlights for the period 2013 only includes financial highlights and ratios for the Parent Company.

ACCOUNTING POLICIES

The annual report of TITAN Containers A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Deferred Tax Provision for 2016 was understated by DKK 3.407.841 in the previous Financial Statements. The 2016 comparative figures of the item 'Tax on profit for the year' in the Income Statement has been restated with the updated provision for this increased amount. The corresponding provision in the Balance Sheet has also been restated accordingly. The effect on Equity has been corrected per 1 January 2017.

The accounting policies applied remain otherwise unchanged from last year.

The annual report for 2017 is presented in TDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group's and the parent company's 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 from the Group's and the Parent Company's such that the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company TITAN Containers A/S and subsidiaries in which the Parent Company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, cf. the group chart.

ACCOUNTING POLICIES

On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Entities disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Minority interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate share of subsidiaries' profit/loss and equity is presented separately under appropriation of profit and in a main item under equity.

Income statement

Segment information

Information is provided on business segments and geographical markets. The segment information is provided in consideration of the group's accounting policies, risks and management control.

Revenue

Revenue from lease and sale is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is recognised exclusive of VAT and other indirect taxes and less sales discounts.

Cost of sales

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses for distribution, sale, publicity, management, office premises and loss on debtors etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

ACCOUNTING POLICIES

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses include interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments and price adjustment of securities.

Profit/loss from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated and the Parent Company income statement after elimination of the proportionate share of intra-group profits/gains.

Tax on profit for the year

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion attributable to the net profit for the year, and in equity with the amount attributable to entries directly recognised in equity.

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 to be 5-7 years. The amortisation period is based on an assessment of the acquiree's market position and earnings capacity.

Software and development of IT are measured at cost less accumulated amortisation and impairment losses. Software are amortised on a straight-line basis over the expected life time however maximally 3 years.

Tangible assets

Items of tangible assets are measured at cost added revaluations and less accumulated depreciation and impairment losses.

ACCOUNTING POLICIES

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Revaluation of operating equipment is made to market value in connection with purchase by the end of the lease period.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Land and property	30 years	0 %
Operating equipment	28 years	30 %
Other fixtures and fittings, tools and equipment	3-10 years	0 %

Gains or losses from the disposal of property and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets, excl. residual value.

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

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the Group's accounting policies, less or plus unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill made up according to the purchase method.

ACCOUNTING POLICIES

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. Negative value arising from elimination of unrealised profit in excess of the investment is recognised as deferred income. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and associates are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of TITAN Containers A/S is adopted are not taken to the net revaluation reserve.

The booked value method is applied on acquisitions of group companies.

For acquisition of new enterprises the acquisition method is applied, according to which the identifiable assets and liabilities are measured at fair value at the time of acquisition.

Inventories

Inventories of containers are measured at cost.

Other inventories is measured using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of inventories are calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Impairment of fixed assets

The carrying amount of intangible and tangible assets is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Receivables

Receivables are measured at amortised cost, which usually correspond to nominal value. Bad debts are written down to net realisable value.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Income tax and deferred tax

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.

Deferred income includes elimination of downstream unrealised profits in excess of the carrying value of investments in group enterprises.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

ACCOUNTING POLICIES

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign exchange adjustments of balances with unrelated foreign subsidiaries which are considered part of the investment in the subsidiary are taken directly to equity. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments hedging separate foreign subsidiaries are taken directly to equity.

Cash flow statement

With reference to section 86(4) of the Danish Financial statement Act, no cashflow statement has been prepared. The entity's cash flow are part of the consolidated cash flow statement for the parent company, TITAN Sales & Management Holding Aps.

FINANCIAL HIGHLIGHTS

Definitions of financial ratios.

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

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2017	2016	2017	2016
		TDKK	TDKK	TDKK	TDKK
Revenue		426,990	362,596	412,401	353,484
Cost of sales		-233,407	-206,053	-220,400	-198,671
Other external expenses		-61,038	-40,976	-107,189	-78,013
Gross profit		132,545	115,567	84,812	76,800
Staff costs	2	-41,520	-35,468	-19,267	-16,965
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-24,133	-22,223	-12,393	-10,682
Operating profit		66,892	57,876	53,152	49,153
Income from investments in subsidiaries		0	0	-3,138	-392
Income from investments in associates		-203	-114	-203	-114
Financial income	3	2,507	11,065	2,538	3,065
Financial costs	4	-31,643	-28,704	-15,862	-11,617
Profit before tax		37,553	40,123	36,487	40,095
Tax on profit for the year		-12,038	-8,242	-9,479	-8,223
Net profit/loss for the year		25,515	31,881	27,008	31,872
Distribution of profit	5				

BALANCE SHEET 31 DECEMBER

	Note	Group		Parent Company	
		2017	2016	2017	2016
		TDKK	TDKK	TDKK	TDKK
ASSETS					
Goodwill		21,906	9,704	3,609	0
Software		1,412	0	1,412	0
Intangible assets	6	23,318	9,704	5,021	0
Land and buildings		6,325	6,997	3,808	4,392
Operating Equipment		451,243	451,638	310,493	282,778
Other fixtures and fittings, tools and equipment		7,825	3,663	3,055	1,939
Leased operating equipment		199,356	164,440	6,990	6,002
Tangible assets	7	664,749	626,738	324,346	295,111
Investments in subsidiaries	8	0	0	2,103	0
Investments in associates	9	270	473	270	473
Deposits	10	374	764	8	204
Fixed asset investments		644	1,237	2,381	677
Fixed assets total		688,711	637,679	331,748	295,788

BALANCE SHEET 31 DECEMBER (CONTINUED)

	Note	Group		Parent Company	
		2017	2016	2017	2016
		TDKK	TDKK	TDKK	TDKK
ASSETS					
Inventories and consumables		47,224	30,504	45,932	30,209
Inventories		47,224	30,504	45,932	30,209
Trade receivables		89,890	94,547	79,570	91,244
Receivables from group enterprises		21,663	26,002	95,409	70,670
Receivables from associates		3,319	2,419	3,319	2,419
Other receivables		1,915	1,666	134	99
Deferred tax asset	13	476	0	0	0
Prepayments	11	3,269	2,184	1,598	793
Receivables		120,532	126,818	180,030	165,225
Cash at bank and in hand		9,172	4,450	3,449	2,897
Current assets total		176,928	161,772	229,411	198,331
Assets total		865,639	799,451	561,159	494,119

BALANCE SHEET 31 DECEMBER

	Note	Group		Parent Company	
		2017	2016	2017	2016
		TDKK	TDKK	TDKK	TDKK
LIABILITIES AND EQUITY					
Share capital		500	500	500	500
Revaluation reserve		984	984	984	984
Other reserves		-2,822	-1,121	-2,822	-1,121
Retained earnings		129,550	110,538	129,547	110,538
Proposed dividend for the year		8,000	5,000	8,000	5,000
Non-controlling interests		-1,510	133	0	0
Equity	12	134,702	116,034	136,209	115,901
Provision for deferred tax	13	44,390	35,130	52,360	43,104
Provisions total		44,390	35,130	52,360	43,104
Banks		2,278	3,571	2,026	2,599
Lease obligations		91,366	89,485	3,868	3,425
Trade payables		6,293	0	6,293	0
Long-term debt	14	99,937	93,056	12,187	6,024

BALANCE SHEET 31 DECEMBER (CONTINUED)

	Note	Group		Parent Company	
		2017	2016	2017	2016
		TDKK	TDKK	TDKK	TDKK
LIABILITIES AND EQUITY					
Short-term part of long-term debt	14	317,010	342,136	147,134	167,058
Banks		151,187	121,736	106,394	71,217
Prepayments received from customers		1,172	340	1,191	340
Trade payables		101,178	76,009	91,195	69,437
Payables to group enterprises		102	1,861	2,498	6,471
Payables to shareholders and management		0	27	0	27
Corporation tax		476	0	0	0
Other payables		14,962	12,736	11,495	10,998
Deferred income	15	523	386	496	3,542
Short-term debt		586,610	555,231	360,403	329,090
Debt total		686,547	648,287	372,590	335,114
Liabilities and equity total		865,639	799,451	561,159	494,119
Rental agreements and lease commitments	16				
Contingent assets, liabilities and other financial obligations	17				
Charges and securities	18				
Related parties and ownership	19				
Fee to auditors appointed at the general meeting	20				

STATEMENT OF CHANGES IN EQUITY

Group

	Share capital	Revaluation reserve	Other reserves	Retained earnings	Proposed dividend for the year	Non-controlling interests	Total
Equity at 1 January 2017	500	984	-1,121	113,947	5,000	133	119,443
Net effect from adjustment of error	0	0	0	-3,408	0	0	-3,408
	500	984	-1,121	110,539	5,000	133	116,035
Exchange adjustments	0	0	-1,701	0	0	-147	-1,848
Ordinary dividend paid	0	0	0	0	-5,000	0	-5,000
Net profit/loss for the year	0	0	0	19,011	8,000	-1,496	25,515
Equity at 31 December 2017	500	984	-2,822	129,550	8,000	-1,510	134,702

Parent Company

	Share capital	Revaluation reserve	Other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2017	500	984	-1,121	113,947	5,000	119,310
Net effect from adjustment of error	0	0	0	-3,408	0	-3,408
	500	984	-1,121	110,539	5,000	115,902
Exchange adjustments	0	0	-1,701	0	0	-1,701
Ordinary dividend paid	0	0	0	0	-5,000	-5,000
Net profit/loss for the year	0	0	0	19,008	8,000	27,008
Equity at 31 December 2017	500	984	-2,822	129,547	8,000	136,209

NOTES

1 INFORMATION ON SEGMENTS

ACTIVITIES - PRIMARY SEGMENT

t.kr.	<u>Rental</u>	<u>Sales</u>	<u>Service</u>	<u>Group total</u>
Revenue	181,640	177,341	68,009	426,990

GEOGRAPHICAL - SECONDARY SEGMENT

TDKK	<u>Denmark</u>	<u>EEC</u>	<u>Outside EEC</u>	<u>Group total</u>
Revenue	46,929	245,698	134,363	426,990

2 STAFF COSTS

	<u>Group</u>		<u>Parent Company</u>	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	39,681	34,397	18,248	16,245
Pensions	724	575	270	252
Other social security costs	1,115	496	749	468
	<u>41,520</u>	<u>35,468</u>	<u>19,267</u>	<u>16,965</u>
Including remuneration to the Executive and Supervisory Boards	<u>13,024</u>	<u>9,966</u>	<u>12,154</u>	<u>9,545</u>
Average number of employees	<u>124</u>	<u>89</u>	<u>26</u>	<u>21</u>

NOTES

	Group		Parent Company	
	2017 TDKK	2016 TDKK	2017 TDKK	2016 TDKK
3 FINANCIAL INCOME				
Interest received, group entities	1,292	948	2,522	2,455
Other financial income	325	498	16	282
Exchange adjustments	183	0	0	0
Exchange gains	707	9,619	0	328
	<u>2,507</u>	<u>11,065</u>	<u>2,538</u>	<u>3,065</u>
4 FINANCIAL COSTS				
Other financial costs	27,334	27,450	12,062	11,617
Exchange adjustment	4,309	1,254	3,800	0
	<u>31,643</u>	<u>28,704</u>	<u>15,862</u>	<u>11,617</u>
5 DISTRIBUTION OF PROFIT				
Proposed distribution of profit				
Proposed dividend for the year	8,000	5,000	8,000	5,000
Non-controlling interests	-1,496	9	0	0
Retained earnings	19,011	26,872	19,008	26,872
	<u>25,515</u>	<u>31,881</u>	<u>27,008</u>	<u>31,872</u>
6 INTANGIBLE ASSETS				
Group			Goodwill	Software
Cost at 1 January 2017			19,862	0
Additions for the year			16,424	1,412
Disposals for the year			-5,364	0
Cost at 31 December 2017			<u>30,922</u>	<u>1,412</u>

NOTES

6 INTANGIBLE ASSETS (continued)

Group

	<u>Goodwill</u>	<u>Software</u>
Impairment losses and amortisation at 1 January 2017	10,158	0
Amortisation for the year	4,222	0
Reversal of impairment and amortisation of sold assets	<u>-5,364</u>	<u>0</u>
Impairment losses and amortisation at 31 December 2017	<u>9,016</u>	<u>0</u>
Carrying amount at 31 December 2017	<u><u>21,906</u></u>	<u><u>1,412</u></u>
Goodwill included in cost of associates	<u>519</u>	<u>0</u>

NOTES

6 INTANGIBLE ASSETS (continued)

Parent Company

	Goodwill	Software
Cost at 1 January 2017	5,364	0
Net effect from demerger and business sale	6,449	0
Additions for the year	0	1,412
Disposals for the year	-5,364	0
Cost at 31 December 2017	6,449	1,412
Impairment losses and amortisation at 1 January 2017	5,364	0
Depreciation classified as associate, beginning	1,919	0
Amortisation for the year	921	0
Reversal of impairment and amortisation of sold assets	-5,364	0
Impairment losses and amortisation at 31 December 2017	2,840	0
Carrying amount at 31 December 2017	3,609	1,412
Goodwill included in cost of subsidiaries and associates	22,425	

NOTES

7 TANGIBLE ASSETS

Group

	Land and buildings	Operating Equipment	Other fixtures and fittings, tools and equipment	Leased operating equipment
Cost at 1 January 2017	16,411	507,087	17,319	178,682
Exchange adjustment	-88	-24,102	-218	-17,153
Additions for the year	0	94,210	5,223	65,845
Disposals for the year	0	-62,915	-25	-6,327
Re-classification on leased assets disposal	0	0	1,965	-1,965
Cost at 31 December 2017	<u>16,323</u>	<u>514,280</u>	<u>24,264</u>	<u>219,082</u>
Revaluations at 1 January 2017	<u>0</u>	<u>1,261</u>	<u>0</u>	<u>0</u>
Revaluations at 31 December 2017	<u>0</u>	<u>1,261</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January 2017	9,414	56,711	13,656	14,242
Exchange adjustment	0	-942	-97	-783
Depreciation for the year	584	11,224	1,814	7,403
Reversal of impairment and depreciation of sold assets	0	-2,695	-25	-45
Re-classification on leased assets - additions	0	0	1,091	-1,091
Impairment losses and depreciation at 31 December 2017	<u>9,998</u>	<u>64,298</u>	<u>16,439</u>	<u>19,726</u>
Carrying amount at 31 December 2017	<u><u>6,325</u></u>	<u><u>451,243</u></u>	<u><u>7,825</u></u>	<u><u>199,356</u></u>

NOTES

7 TANGIBLE ASSETS (continued)

Group

Parent Company

	Land and buildings	Operating Equipment	Other fixtures and fittings, tools and equipment	Leased operating equipment
Cost at 1 January 2017	13,806	320,301	8,013	9,477
Additions for the year	0	87,371	1,659	3,932
Disposals for the year	0	-54,288	-25	0
Re-classification on leased assets disposal	0	0	429	-429
Cost at 31 December 2017	<u>13,806</u>	<u>353,384</u>	<u>10,076</u>	<u>12,980</u>
Revaluations at 1 January 2017	<u>0</u>	<u>1,261</u>	<u>0</u>	<u>0</u>
Revaluations at 31 December 2017	<u>0</u>	<u>1,261</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January 2017	9,414	38,785	6,075	3,475
Depreciation for the year	584	7,665	730	2,493
Reversal of impairment and depreciation of sold assets	0	-2,298	-25	263
Re-classification on leased assets - additions	0	0	242	-242
Impairment losses and depreciation at 31 December 2017	<u>9,998</u>	<u>44,152</u>	<u>7,022</u>	<u>5,989</u>
Carrying amount at 31 December 2017	<u><u>3,808</u></u>	<u><u>310,493</u></u>	<u><u>3,054</u></u>	<u><u>6,991</u></u>

NOTES

8 INVESTMENTS IN SUBSIDIARIES	Parent Company	
	2017	2016
	TDKK	TDKK
Cost at 1 January 2017	33,382	32,926
Additions for the year	16,945	7
Disposals for the year	-3,447	-27
Transfers for the year	-6,449	0
Cost at 31 December 2017	40,431	32,906
Revaluations at 1 January 2017	-32,906	-32,926
Negative net asset value, at 1 January 2016	-3,183	-1,186
Exchange adjustment	-1,701	-1,734
Net effect from merger and acquisition	1,157	0
Net profit/loss for the year	-2,664	459
Transfers for the year	1,919	0
Other equity movements, net	676	0
Amortisation of goodwill	-3,301	-2,130
Change in intercompany profit on inventories	1,675	1,428
Equity investments with negative net asset value transferred to provisions	0	3,183
Revaluations at 31 December 2017	-38,328	-32,906
Carrying amount at 31 December 2017	2,103	0

NOTES

Parent Company

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership	Equity	Net profit/loss for the year
TITAN Containers Ltd	United Kingdom	100%	14,265	1,612
TITAN Containers Romania SRL	Romania	100%	1,740	452
T-Tainer AB	Sweden	90%	1,375	85
TITAN Containers Poland sp.zoo	Poland	100%	64	18
TITAN Konteyners San. ve Tica.s.	Turkey	100%	-2,206	-931
TITAN Containers International A/S	Denmark	100%	2,752	346
TITAN Containers NZ Ltd	New Zealand	100%	1,469	739
Techriva SA	Uruguay	100%	82	34
TITAN Container North America, LLC	America	100%	412	172
TITAN Containers Ltda	Brazil	80%	12,661	13,377

NOTES

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
9 INVESTMENTS IN ASSOCIATES				
Cost at 1 January 2017	1,235	1,235	1,235	1,235
Cost at 31 December 2017	1,235	1,235	1,235	1,235
Revaluations at 1 January 2017	-762	-500	-762	-500
Net profit/loss for the year	-42	-114	-42	-114
Other equity movements, net	-13	0	-13	0
Amortisation of goodwill	-148	-148	-148	-148
Revaluations at 31 December 2017	-965	-762	-965	-762
Carrying amount at 31 December 2017	270	473	270	473

Group

Investments in associates are specified as follows:

Name	Place of registered office	Ownership	Equity	Net profit/loss for the year
TITAN Containers España SL	Spain	50%	-499	-84

10 FIXED ASSET INVESTMENTS

Group

	Deposits
Cost at 1 January 2017	764
Disposals for the year	-390
Cost at 31 December 2017	374
Carrying amount at 31 December 2017	374

NOTES

10 FIXED ASSET INVESTMENTS (continued)

Parent Company

	<u>Deposits</u>
Cost at 1 January 2017	204
Disposals for the year	<u>-196</u>
Cost at 31 December 2017	<u>8</u>
Carrying amount at 31 December 2017	<u><u>8</u></u>

11 PREPAYMENTS

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

12 EQUITY

The share capital consists of:

500 shares of TDKK 1,000	Nominal value
	<u>500,000</u>
	<u><u>500,000</u></u>

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

NOTES

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
13 PROVISION FOR DEFERRED TAX				
Provision for deferred tax at 1 January 2017	35,130	27,711	43,104	34,909
Provision in year	9,469	7,419	9,464	8,195
Adjustment prior year	-209	0	-208	0
Provision for deferred tax at 31 December 2017	<u>44,390</u>	<u>35,130</u>	<u>52,360</u>	<u>43,104</u>

14 LONG TERM DEBT

Group	Debt at 1 January 2017	Debt at 31 December 2017	Payment within 1 year	Debt after 5 years
	Banks	167,934	277,871	275,593
Lease obligations	5,148	136,806	41,416	4,024
Trade payables	0	6,293	0	0
	<u>173,082</u>	<u>420,970</u>	<u>317,009</u>	<u>4,024</u>

Parent Company	Debt at 1 January 2017	Debt at 31 December 2017	Payment within 1 year	Debt after 5 years
	Banks	167,934	146,543	144,517
Lease obligations	5,148	6,485	2,616	0
Trade payables	0	6,293	0	0
	<u>173,082</u>	<u>159,321</u>	<u>147,133</u>	<u>0</u>

NOTES

15 DEFERRED INCOME

Deferred income consists of payments received in respect of income in subsequent years as well as fair value adjustments of derivative financial instruments with a negative fair value.

16 RENTAL AGREEMENTS AND LEASE COMMITMENTS

Lease obligation (operating leases) due within 5 Years: TDKK 39,916

17 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The company is vigorously defending a lawsuit from an ex employee, however the actual amount of any such obligation cannot be accurately measured with any degree of probability

The Company is jointly taxed with other Danish companies in the TITAN Group. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. The total payable corporate tax is shown in TITAN Sales & Management Holding ApS' annual report, CVR-no. 12 51 19 73, who is managing company in relation to the joint taxation. Furthermore, the Danish companies of the Group are jointly and severally liable together with other jointly taxed entities for payment of corporate income tax for the income year 2017 and withholding tax on interest, royalties and dividends falling due on or after 1 July 2012.

18 CHARGES AND SECURITIES

Parent company

The Company has issued mortgage deed of TDKK 12,461 which gives pledge in the Company's land and property. The mortgage deeds are deposited as security for credit institute engagement. The Company has issued chattel mortgage deed of total TDKK 162,890 which gives pledge in the Company's operating equipment, which accountable value at 31 December 2017 amounts to TDKK 314,960. As security for credit institute engagement TDKK 230,000 pledges are given in the business at the date of the presentation of the Financial Statements. The Company is surely debtor for the group enterprise bank engagement for TITAN Sales & Management Holding ApS and TITAN Konteyner Sanayi Ve Ticarel, Turkey. As security for mortgage debt, TDKK 2,644 pledges are given in land and property, whose accountable value at 31 December 2017 amounts to TDKK 3,808.

TITAN Containers Ltd

As collateral for current account with foreign credit institute, £ 53,424 security is placed in property and other property, plant and equipment. As collateral for entered lease contracts with a remaining obligation at 31 December 2017 of £ 3,604,072 security is placed in property, plant and equipment. Security for lease contracts is also placed by TITAN Containers A/S.

NOTES

19 RELATED PARTIES AND OWNERSHIP

Controlling interest

The Company's share capital is owned 100 % by:
TITAN Sales & Management Holding ApS
Græstedvej 36, Slettelte
3200 Helsingør

Transactions

Transactions with related parties have been concluded at marked terms.

Consolidated financial statements

The Company is included in the group annual report of TITAN Sales & Management Holding ApS

20 FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statement Act. The fee is specified in the consolidated financial statements for TITAN Sales & Management Holding ApS.