

UPS SCS (Denmark) ApS
Central Business Registration No
26265886
Rugvænget 35
2630 Taastrup

Annual report 2015

The Annual General Meeting adopted the annual report on 31.05.2016

Chairman of the General Meeting

Name: Anne Kathryn Melaragni

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Entity details

Entity

UPS SCS (Denmark) ApS
Rugvænget 35
2630 Taastrup

Central Business Registration No: 26265886

Registered in: Høje-Taastrup

Financial year: 01.01.2015 - 31.12.2015

Executive Board

Anne Kathryn Melaragni

Nando Cesarone

Jose Maria Odriozola Cuende

Hans Michael Mensing

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of UPS SCS (Denmark) ApS for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Taastrup, 31.05.2016

Executive Board

Anne Kathryn Melaragni

Nando Cesarone

Jose Maria Odriozola Cuende

Hans Michael Mensing

Independent auditor's reports

To the owner of UPS SCS (Denmark) ApS

Report on the financial statements

We have audited the financial statements of UPS SCS (Denmark) ApS for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Martin Juul Møller
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The Company's primary activities are transportation services and other related business.

Development in activities and finances

Profit for the year amounts to DKK 1,085 thousand. The performance for 2015 has been satisfactory.

The Company also expects a profit in 2016.

Events after the balance sheet date

No events have occurred after the balance sheet date which would impact the results presented in these financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises, with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that future economic benefits will flow out of the entity, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement of the assets and liabilities presented in these financial statements.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales as well as other external expenses.

Accounting policies

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

The Entity is jointly taxed with its Danish sister subsidiary. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less write-downs for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Gross profit		10.772.283	9.537
Staff costs	1	(9.550.347)	(9.211)
Depreciation, amortisation and impairment losses		<u>(55.580)</u>	<u>(61)</u>
Operating profit/loss		1.166.356	265
Other financial income	2	277.520	348
Other financial expenses	3	<u>(13.096)</u>	<u>(54)</u>
Profit/loss from ordinary activities before tax		1.430.780	559
Tax on profit/loss from ordinary activities	4	<u>(345.724)</u>	<u>(165)</u>
Profit/loss for the year		<u>1.085.056</u>	<u>394</u>
Proposed distribution of profit/loss			
Retained earnings		<u>1.085.056</u>	<u>394</u>
		<u>1.085.056</u>	<u>394</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Other fixtures and fittings, tools and equipment		115.499	107
Property, plant and equipment	5	<u>115.499</u>	<u>107</u>
Deferred tax		106.431	101
Fixed asset investments	6	<u>106.431</u>	<u>101</u>
Fixed assets		<u>221.930</u>	<u>208</u>
Trade receivables		6.404.692	5.951
Receivables from group enterprises		6.066.181	5.768
Other short-term receivables		602.015	374
Prepayments		46.860	31
Receivables		<u>13.119.748</u>	<u>12.124</u>
Cash		<u>5.744.712</u>	<u>3.261</u>
Current assets		<u>18.864.460</u>	<u>15.385</u>
Assets		<u>19.086.390</u>	<u>15.593</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital		3.125.373	3.125
Retained earnings		4.208.987	3.124
Equity		<u>7.334.360</u>	<u>6.249</u>
Bank loans		113.362	214
Trade payables		515.877	1.564
Debt to group enterprises		5.333.038	4.213
Income tax payable		349.050	151
Other payables	7	5.440.703	3.202
Current liabilities other than provisions		<u>11.752.030</u>	<u>9.344</u>
Liabilities other than provisions		<u>11.752.030</u>	<u>9.344</u>
Equity and liabilities		<u><u>19.086.390</u></u>	<u><u>15.593</u></u>
Unrecognised rental and lease commitments	8		
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Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	3.125.373	3.123.931	6.249.304
Profit/loss for the year	0	1.085.056	1.085.056
Equity end of year	3.125.373	4.208.987	7.334.360

Notes

	2015	2014
	DKK	DKK'000
1. Staff costs		
Wages and salaries	8.706.622	8.489
Pension costs	753.766	605
Other social security costs	89.959	117
	9.550.347	9.211
2. Other financial income		
Exchange rate adjustments	277.520	348
	277.520	348
3. Other financial expenses		
Other financial expenses	13.096	54
	13.096	54
4. Tax on ordinary profit/loss for the year		
Current tax	349.050	151
Change in deferred tax for the year	(5.173)	7
Adjustment relating to previous years	(101)	0
Effect of changed tax rates	1.948	7
	345.724	165

Notes

	Other fixtures and fittings, tools and equipment DKK	
	<u>DKK</u>	
5. Property, plant and equipment		
Cost beginning of year		1.899.277
Additions		94.574
Disposals		(47.364)
Cost end of year		<u>1.946.487</u>
Depreciation and impairment losses beginning of the year		(1.792.428)
Depreciation for the year		(55.580)
Reversal regarding disposals		17.020
Depreciation and impairment losses end of the year		<u>(1.830.988)</u>
Carrying amount end of year		<u>115.499</u>
		<u>Deferred tax DKK</u>
6. Fixed asset investments		
Cost beginning of year		101.258
Additions		5.173
Cost end of year		<u>106.431</u>
Carrying amount end of year		<u>106.431</u>
	<u>2015 DKK</u>	<u>2014 DKK'000</u>
7. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc. payable	2.392.843	1.789
Other costs payable	3.047.860	1.413
	<u>5.440.703</u>	<u>3.202</u>
	<u>2015 DKK</u>	<u>2014 DKK'000</u>
8. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>1.905.569</u>	<u>2.352</u>

Notes

	<u>2015</u> <u>DKK</u>	<u>2014</u> <u>DKK'000</u>
9. Contingent liabilities		
Recourse and non-recourse guarantee commitments	<u>7.500.000</u>	<u>7.500</u>
Contingent liabilities	<u>7.500.000</u>	<u>7.500</u>

The Company participates in a Danish joint taxation arrangement in which UPS Danmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

10. Ownership

The following shareholder is registered as holding more than 5% of the voting share capital or more than 5% of the nominal value of share capital:

UPS Logistics Group International B.V., the Netherlands

11. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

United Parcel Service of America, Inc., Atlanta, Georgia, USA

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

UPS Logistics Group International B.V., the Netherlands