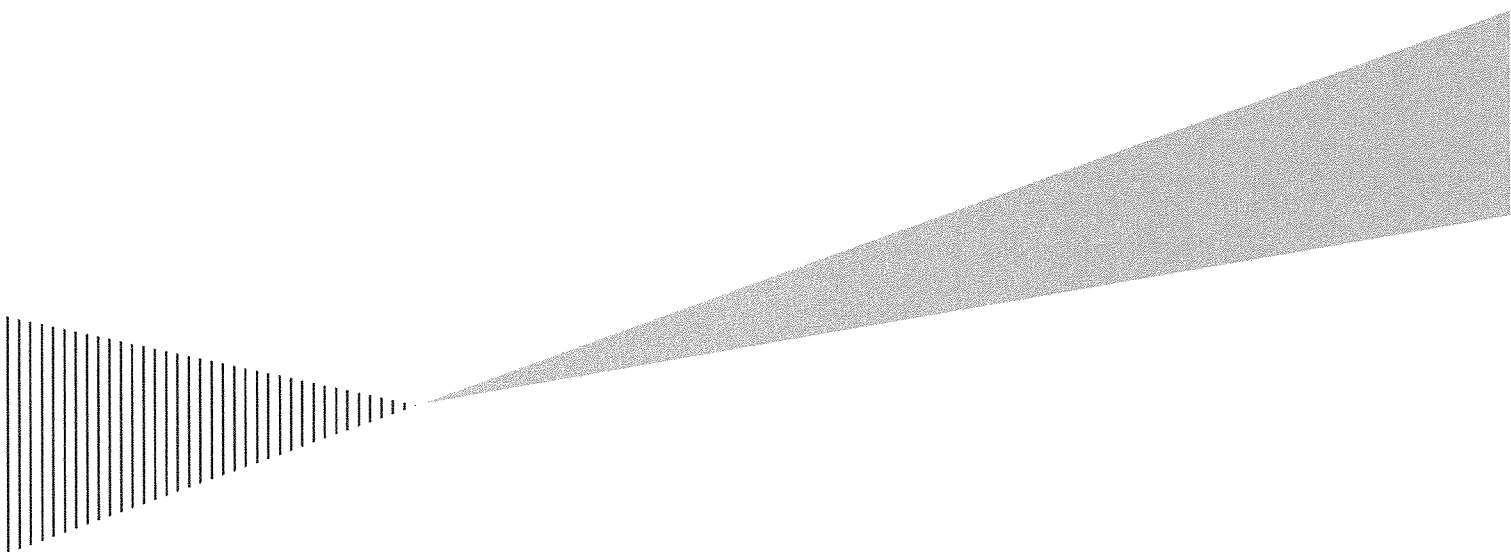


Scanbalt International ApS

Kilen 5, 6330 Padborg

CVR no. 34 21 21 04



Annual report 2016/17

Approved at the annual general meeting of shareholders on 13 September 2017

Chairman:



Building a better
working world



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Scanbalt International ApS for the financial year 1 August 2016 - 31 July 2017.

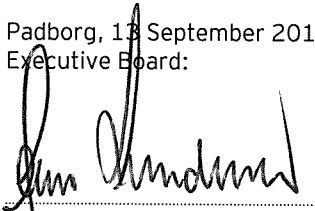
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 July 2017 and of the results of the Company's operations for the financial year 1 August 2016 - 31 July 2017.

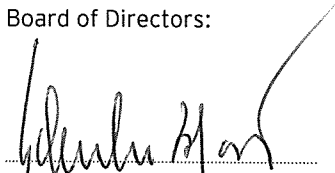
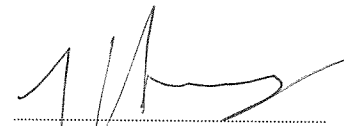
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Padborg, 13 September 2017
Executive Board:


Jan Theodor Knudsen

Board of Directors:


Gero Schulze Isfort
Aloysius Schnelte
Johannes Hennewig

Independent auditor's report

To the shareholders of Scanbalt International ApS

Opinion

We have audited the financial statements of Scanbalt International ApS for the financial year 1 August 2016 - 31 July 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 July 2017 and of the results of the Company's operations for the financial year 1 August 2016 - 31 July 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 financial statements" section of our report. We are independent of the Company 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 rules and 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 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.

In preparing the financial statements, Management is responsible for assessing 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 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 the 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 skepticism 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 internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ 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 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 13 September 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Jon Midtgaard
State Authorised Public Accountant



Management's review

Company details

Name	Scanbalt International ApS
Address, Postal code, City	Kilen 5, 6330 Padborg
CVR no.	34 21 21 04
Established	11 January 2012
Registered office	Aabenraa
Financial year	1 August 2016 - 31 July 2017
Board of Directors	Gero Schulze Isfort Aloysius Schnelte Johannes Hennewig
Executive Board	Jan Theodor Knudsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark



Management's review

Management commentary

Business review

The purpose of the company is to own equity in business-driven companies.

Financial review

The income statement for 2016/17 shows a profit of DKK 20,673 against DKK 193,266 last year, and the balance sheet at 31 July 2017 shows equity of DKK 109,227.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



Financial statements for the period 1 August 2016 - 31 July 2017

Income statement

DKK	2016/17	2015/16
Other external expenses	-13,033	-11,272
Gross margin	-13,033	-11,272
Income from investments in associates	31,006	202,057
Financial income	0	3
Financial expenses	-215	-1
Profit before tax	17,758	190,787
Tax for the year	2,915	2,479
Profit for the year	20,673	193,266
Recommended appropriation of profit		
Retained earnings	20,673	193,266
	20,673	193,266

Financial statements for the period 1 August 2016 - 31 July 2017

Balance sheet

Note	DKK	<u>2016/17</u>	<u>2015/16</u>
	ASSETS		
	Fixed assets		
3	Investments		
	Investments in associates, net asset value	64,326	45,723
		<u>64,326</u>	<u>45,723</u>
	Total fixed assets	<u>64,326</u>	<u>45,723</u>
	Non-fixed assets		
	Receivables		
	Receivables from group entities	0	10,066
	Income taxes receivable	2,915	0
		<u>2,915</u>	<u>10,066</u>
	Cash	<u>89,859</u>	<u>94,979</u>
	Total non-fixed assets	<u>92,774</u>	<u>105,045</u>
	TOTAL ASSETS	<u>157,100</u>	<u>150,768</u>
	EQUITY AND LIABILITIES		
	Equity		
4	Share capital	100,000	100,000
	Retained earnings	9,227	-17,734
	Total equity	<u>109,227</u>	<u>82,266</u>
	Provisions		
3	Provision, investments in associates	38,873	57,564
	Total provisions	<u>38,873</u>	<u>57,564</u>
	Liabilities		
	Current liabilities		
	Joint taxation contribution payable	0	1,938
	Other payables	9,000	9,000
		<u>9,000</u>	<u>10,938</u>
	Total liabilities other than provisions	<u>9,000</u>	<u>10,938</u>
	TOTAL EQUITY AND LIABILITIES	<u>157,100</u>	<u>150,768</u>

- 1 Accounting policies
- 5 Collateral
- 6 Related parties



Financial statements for the period 1 August 2016 - 31 July 2017

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 August 2016	100,000	-17,734	82,266
Transfer through appropriation of profit	0	20,673	20,673
Exchange adjustment	0	6,288	6,288
Equity at 31 July 2017	100,000	9,227	109,227

Financial statements for the period 1 August 2016 - 31 July 2017

Notes to the financial statements

1 Accounting policies

The annual report of Scanbalt International ApS for 2016/17 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Other external expenses

Other external expenses include administration costs.

Income from investments in associates

The item includes the Company's proportionate share of the profit/loss for the year in associates after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements for the period 1 August 2016 - 31 July 2017

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Investments in associates

On initial recognition, investments in associates are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in associates are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements for the period 1 August 2016 - 31 July 2017

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. 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 liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 August 2016 - 31 July 2017

Notes to the financial statements

DKK	2016/17	2015/16
2 Tax for the year		
Estimated tax charge for the year	-2,915	-2,479
	-2,915	-2,479

3 Investments

DKK	Investments in associates, net asset value
Cost at 1 August 2016	432,096
Cost at 31 July 2017	432,096
Value adjustments at 1 August 2016	-386,373
Exchange adjustment	6,288
Share of the profit/loss for the year	31,006
Other adjustments, investments	-18,691
Value adjustments at 31 July 2017	-367,770
Carrying amount at 31 July 2017	64,326

Name	Domicile	Interest	Equity DKK	Profit/loss DKK
Associates				
Krone ScanBalt	Ukraine	1.00 %	-3,887,168	-143,969
Krone ScanBalt	Kaliningrad	1.00 %	1,675,235	3,318,648
Krone ScanBalt	Moskva	1.00 %	4,757,426	-74,031

Financial statements for the period 1 August 2016 - 31 July 2017

Notes to the financial statements

DKK	<u>2016/17</u>	<u>2015/16</u>
4 Share capital		
Analysis of the share capital:		
1 shares of DKK 80,000.00 nominal value each	80,000	80,000
1 shares of DKK 20,000.00 nominal value each	<u>20,000</u>	<u>20,000</u>
	<u>100,000</u>	<u>100,000</u>

Analysis of changes in the share capital over the past 4 years:

DKK	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
Opening balance	100,000	100,000	100,000	80,000
Capital increase	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

5 Collateral

The Company has not provided any security or other collateral in assets at 31 July 2017.

6 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Krone ScanBalt A/S	Padborg	CVR.dk