

Damco Denmark A/S

Sommervej 31 B Høstie, 8210 Aarhus V

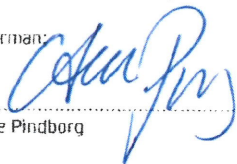
CVR no. 75 08 58 18

Annual report 2017

Approved at the Company's annual general meeting on 23 May 2018

Chairman:

Anne Pindborg



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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 Damco Denmark A/S for the financial year 1 January - 31 December 2017.

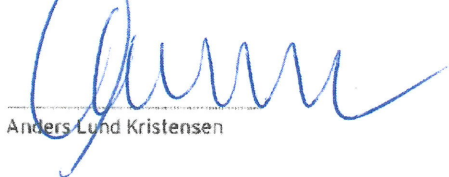
The annual report is prepared in accordance with the Danish Financial Statements Act.

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

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Aarhus, 22 May 2018
Executive Board:



Anders Lund Kristensen

Board of Directors:



Mikkel Søndergaard
Rasmussen
Chairman



Cezary Stanislaw Lomza



Anders Lund Kristensen

Independent auditor's report

To the shareholders of Damco Denmark A/S

Opinion

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

We have audited the Financial Statements of Damco Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 these 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 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.

Independent auditor's report

- 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
- 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 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 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.

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 the Management's review

Management is responsible for the Management's review.

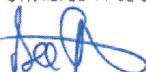
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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 the work we have performed, in our view, Management's Review is in accordance with the 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.

Hellerup 22 May 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31


Søren Ørjan Jensen
State Authorised Public Accountant
mne33226


Rune Kjeldsen
State Authorised Public Accountant
mne34160

Management's review

Company details

Name	Damco Denmark A/S
Address, Postal code, City	Sommervej 31 B Hasle, 8210 Aarhus V
CVR no.	75 08 58 18
Established	18 June 1984
Registered office	Aarhus
Financial year	1 January - 31 December
Telephone	+45 89 31 66 00
Board of Directors	Mikkel Søndergaard Rasmussen, Chairman Cezary Stanislaw Lomza Anders Lund Kristensen
Executive Board	Anders Lund Kristensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

Management's review

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Key figures					
Revenue	547,071	497,062	531,782	602,973	555,311
Gross margin	52,161	43,389	51,524	28,879	46,960
Operating profit/loss	3,861	3,038	13,330	-18,395	2,597
Net financials	-2,058	1,265	-1,560	-2,382	-560
Profit/loss for the year	81	1,512	8,577	-16,578	1,028
Financial ratios					
Total assets	117,706	98,801	97,799	131,220	102,888
Investment in property, plant and equipment	0	0	0	594	-1,752
Equity	23,286	23,205	21,693	13,116	15,694
Gross margin	9.5%	8.7%	9.7%	4.8%	8.5%
Equity ratio	19.8%	23.5%	22.2%	10.0%	15.3%
Average number of employees	79	68	61	86	85

Management's review

Business review

The Company carries out international transportation, shipping, thirds-party logistics and air freight. Furthermore, the Company undertakes packaging and packing of export goods.

Financial review

In 2017, the Company's revenue amounted to DKK 547,071 thousand against DKK 497,062 thousand last year. The income statement for 2017 shows a profit of DKK 81 thousand against a profit of DKK 1,512 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 23,286 thousand.

The result for 2017 is in line with expectations.

Special risks

Foreign exchange risks

The contact currency for Ocean, Supply Chain Management and Air products is USD. To some extent, the Company is therefore exposed to fluctuations in the exchange rate between USD and DKK.

Events after the balance sheet date

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

Outlook

The Company's revenue for 2018 is expected to be on the same levels as in 2017 due to the continued growth in the Company's core markets offset by margin pressure related to current freight markets. On this basis, a profit in the range of DKK 1-2 MDKK is expected for 2018. The expectations are based on the assumption that the exchange rates for the currencies to which the Company is exposed will remain unchanged.

Cash generated from operations in 2018 is expected to be positive as a result of the expected profit growth.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017	2016
	Revenue	547,071	497,062
	Other external expenses	-494,910	-453,673
	Gross margin	52,161	43,389
2	Staff costs	-48,286	-40,328
3	Depreciation of property, plant and equipment	-14	-23
	Profit before net financials	3,861	3,038
4	Financial income	4	323
5	Financial expenses	-2,062	-1,588
	Profit before tax	1,803	1,773
6	Tax for the year	-1,722	-261
	Profit for the year	81	1,512

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	19	33
		19	33
	Investments		
	Deposits, investments	686	113
		686	113
	Total fixed assets	705	146
	Non-fixed assets		
	Receivables		
	Trade receivables	70,835	55,844
	Receivables from group enterprises	38,947	32,464
8	Deferred tax assets	1,732	2,244
	Other receivables	2,190	4,822
9	Prepayments	3,297	3,281
		117,001	98,655
	Total non-fixed assets	117,001	98,655
	TOTAL ASSETS	117,706	98,801

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	5,000	5,000
	Retained earnings	18,286	18,205
	Total equity	23,286	23,205
	Provisions		
11	Other provisions	5,125	8,394
	Total provisions	5,125	8,394
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Deposits	0	7,003
		0	7,003
	Current liabilities other than provisions		
	Trade payables	54,173	24,807
	Payables to group enterprises	23,346	20,972
	Deposits	3,992	0
	Other payables	7,784	14,420
		89,295	60,199
	Total liabilities other than provisions	89,295	67,202
	TOTAL EQUITY AND LIABILITIES	117,706	98,801

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2017	5,000	18,205	23,205
14	Transfer, see "Appropriation of profit"	0	81	81
	Equity at 31 December 2017	5,000	18,286	23,286

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Damco Denmark A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company A.P. Møller Mærsk A/S.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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 group entities. 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.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments

Deposits are recognised at amortised cost.

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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

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".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

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 according to the liability method on all temporary differences between the carrying amount and the tax base 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.

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. On subsequent recognition, 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 lease liability in respect of finance leases.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other liabilities are measured at net realisable value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2017	2016
2 Staff costs		
Wages/salaries	44,390	37,029
Pensions	3,929	3,333
Other social security costs	-33	-34
	<u>48,286</u>	<u>40,328</u>
Average number of full-time employees	<u>79</u>	<u>68</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
3 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	14	23
	<u>14</u>	<u>23</u>
4 Financial income		
Exchange gain	0	127
Other financial income	4	196
	<u>4</u>	<u>323</u>
5 Financial expenses		
Interest expenses, group entities	667	322
Other interest expenses	1,376	1,266
Exchange losses	19	0
	<u>2,062</u>	<u>1,588</u>
6 Tax for the year		
Estimated tax charge for the year	240	-883
Deferred tax adjustments in the year	1,395	2,741
Tax adjustments, prior years	87	1,360
Change in tax rate	0	-237
	<u>1,722</u>	<u>261</u>
7 Property, plant and equipment		
DKK'000	Fixtures and fittings, other plant and equipment	
Cost at 1 January 2017	<u>1,110</u>	
Cost at 31 December 2017	<u>1,110</u>	
Impairment losses and depreciation at 1 January 2017	<u>1,077</u>	
Depreciation	<u>14</u>	
Impairment losses and depreciation at 31 December 2017	<u>1,091</u>	
Carrying amount at 31 December 2017	<u>19</u>	

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2017	2016
8 Deferred tax		
Deferred tax at 1 January	-2,244	-4,985
Other deferred tax	512	2,741
Deferred tax at 31 December	1,732	-2,244
Analysis of the deferred tax		
Deferred tax assets	-1,732	-2,244
	-1,732	-2,244

9 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

10 Share capital

Analysis of the share capital:

5,000 shares of DKK 1,000.00 nominal value each	5,000	5,000
	5,000	5,000

Analysis of changes in the share capital over the past 5 years:

DKK'000	2017	2016	2015	2014	2013
Opening balance	5,000	5,000	5,000	4,000	4,000
Capital increase	0	0	0	1,000	0
	5,000	5,000	5,000	5,000	4,000

11 Other provisions

Opening balance at 1 January	8,394	14,827
Provisions utilised in the year	3,269	-6,433
Other provisions at 31 December	5,125	8,394

The provisions are expected to be payable in:

0-1 year	5,125	6,859
> 1 year	0	1,535
	5,125	8,394

Financial statements 1 January - 31 December

Notes to the financial statements

12 Contractual obligations and contingencies, etc.

Other contingent liabilities

The company has provided a bank guarantee towards the Danish tax authorities of DKK 3,000,000.

The Company is jointly taxed with other Danish Companies in the A.P. Møller - Mærsk Group. As a wholly-owned subsidiary, the Company is unlimited jointly and severally liable together with the other companies in the jointly taxed group for Danish corporation taxes, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2017	2016
Rent and lease liabilities	5,812	17,882

13 Related parties

Damco Denmark A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Damco International A/S	Esplanaden 50, 1098 København K	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
A.P. Møller Holding A/S	Esplanaden 50, 1098 København K	www.maersk.com
A.P. Møller-Mærsk A/S	Esplanaden 50, 1098 København K	www.maersk.com

Related party transactions

With reference to section 98 C(7) of the Danish Financial Statements Act, the company has chosen only to disclose transactions with related parties not carried through on normal market terms.

All transactions with related parties have been carried through on normal market terms.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Damco International A/S	Esplanaden 50, 1098 København K

14 Appropriation of profit

Recommended appropriation of profit
Retained earnings

81	1,512
81	1,512