

Damco Denmark A/S

Sommervej 31 B Hasle, 8210 Aarhus V

CVR no. 75 08 58 18

Annual report 2018

Approved at the Company's annual general meeting on 16 May 2019

Chairman:

DocuSigned by:

Anne Pindborg

.....
Anne Pindborg A05CDDDFB3E4A6...

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12

Damco Denmark A/S
Annual report 2018

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 2018.

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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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.

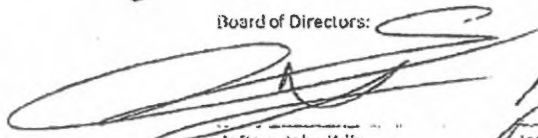
We recommend that the annual report be approved at the annual general meeting.

Aarhus, 16 May 2019
Executive Board:



Jonas Krogh
Director

Board of Directors:



Jeffrey John Krijn
Hoogsteleges
Chairman



Jonathan Kizil



Eric Hoffmann

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 2018, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018 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 2018, 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.

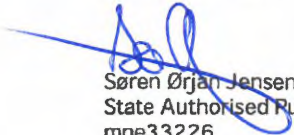
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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, 16 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31



Søren Ørjan Jensen
State Authorised Public Accountant
mne33226



Rune Kjeldsen
State Authorised Public Accountant
mne34160

Damco Denmark A/S
Annual report 2018

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	Jeffrey John Krijn Hoogesteger, Chairman Jonas Krogh Jan Eric Hoffmann
Executive Board	Jonas Krogh, Director
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	604,241	547,071	497,062	531,782	602,973
Gross margin	50,047	52,161	43,389	51,524	28,879
Operating profit/loss	-103	3,861	3,038	13,330	-18,395
Net financials	1,898	-2,058	-1,265	-1,560	-2,382
Profit/loss for the year	2,813	81	1,512	8,577	-16,578
Total assets					
Investment in property, plant and equipment	0	0	0	0	594
Equity	26,099	23,286	23,205	21,693	13,116
Financial ratios					
Gross margin	8.3%	9.5%	8.7%	9.7%	4.8%
Equity ratio	25.1%	19.8%	23.5%	22.2%	10.0%
Average number of employees					
	94	79	68	61	86

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios Recommendations and Financial Ratios. For terms and definitions, please see the accounting policies.

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 2018, the Company's revenue amounted to DKK 604,241 thousand against DKK 547,071 thousand last year. The income statement for 2018 shows a profit of DKK 2,813 thousand against a profit of DKK 81 thousand last year, and the balance sheet at 31 December 2018 shows equity of DKK 26,099 thousand.

The result for 2018 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 2019 is expected to be on the same levels as in 2018 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 2019. The expectations are based on the assumption that the exchange rates for the currencies to which the Company is exposed will remain unchanged.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
	Revenue	604,241	547,071
	Other operating income	10	0
	Other external expenses	-554,204	-494,910
	Gross margin	50,047	52,161
2	Staff costs	-50,146	-48,286
3	Depreciation of property, plant and equipment	-1	-14
4	Other operating expenses	-3	0
	Profit/loss before net financials	-103	3,861
5	Financial income	4,595	4
6	Financial expenses	-2,697	-2,062
	Profit before tax	1,795	1,803
7	Tax for the year	1,018	-1,722
	Profit for the year	2,813	81

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	0	19
		0	19
	Investments		
	Deposits, investments	689	686
		689	686
	Total fixed assets	689	705
	Non-fixed assets		
	Receivables		
	Trade receivables	56,084	70,835
	Receivables from group enterprises	43,695	38,947
9	Deferred tax assets	1,281	1,732
	Other receivables	1,718	2,190
10	Prepayments	473	3,297
		103,251	117,001
	Total non-fixed assets	103,251	117,001
	TOTAL ASSETS	103,940	117,706

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	5,000	5,000
	Retained earnings	21,099	18,286
	Total equity	26,099	23,286
	Provisions		
12	Other provisions	1,978	5,125
	Total provisions	1,978	5,125
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	41,138	54,173
	Payables to group enterprises	26,440	23,346
	Deposits	0	3,992
	Other payables	8,285	7,784
		75,863	89,295
	Total liabilities other than provisions	75,863	89,295
	TOTAL EQUITY AND LIABILITIES	103,940	117,706

- 1 Accounting policies
13 Contractual obligations and contingencies, etc.
14 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
15	Transfer, see "Appropriation of profit"	0	81	81
	Equity at 1 January 2018	5,000	18,286	23,286
15	Transfer, see "Appropriation of profit"	0	2,813	2,813
	Equity at 31 December 2018	5,000	21,099	26,099

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Damco Denmark A/S for 2018 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 operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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
--------------------------------------------------	-----------

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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		2018	2017
2	Staff costs		
	Wages/salaries	46,268	44,390
	Pensions	4,159	3,929
	Other social security costs	-281	-33
		<u>50,146</u>	<u>48,286</u>
	Average number of full-time employees	<u>94</u>	<u>79</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	<u>1</u>	<u>14</u>
		<u>1</u>	<u>14</u>
4	Other operating expenses		
	Other operating expenses include losses on the sale of property, plant and equipment, including other operating equipment, totalling DKK 3.		
5	Financial income		
	Exchange gain	3,871	0
	Other financial income	<u>724</u>	<u>4</u>
		<u>4,595</u>	<u>4</u>
6	Financial expenses		
	Interest expenses, group entities	2,148	667
	Exchange losses	0	19
	Other financial expenses	<u>549</u>	<u>1,376</u>
		<u>2,697</u>	<u>2,062</u>
7	Tax for the year		
	Estimated tax charge for the year	-449	240
	Deferred tax adjustments in the year	900	1,395
	Tax adjustments, prior years	<u>-1,469</u>	<u>87</u>
		<u>-1,018</u>	<u>1,722</u>

Financial statements 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment
Cost at 1 January 2018	1,110
Disposals	-1,110
Cost at 31 December 2018	0
Impairment losses and depreciation at 1 January 2018	1,091
Depreciation	1
Reversal of accumulated depreciation and impairment of assets disposed	-1,092
Impairment losses and depreciation at 31 December 2018	0
Carrying amount at 31 December 2018	0

DKK'000	2018	2017
9 Deferred tax assets		
Deferred tax at 1 January	-1,732	-2,244
Other deferred tax	451	512
Deferred tax at 31 December	-1,281	-1,732
Analysis of the deferred tax		
Deferred tax assets	-1,281	-1,732
	-1,281	-1,732

The deferred tax asset is recognized at the amount which the asset is expected to be realized, either by elimination in tax on future income or by set-off against deferred tax liabilities within a 5-year period. The deferred tax asset is measured based on the tax rules and at tax rates applicable at the balance sheet date when the deferred tax asset is expected to be utilized.

10 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.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2018	2017			
11 Share capital					
Analysis of the share capital:					
5,000 shares of DKK 1,000.00 nominal value each	5,000	5,000			
	<u>5,000</u>	<u>5,000</u>			
Analysis of changes in the share capital over the past 5 years:					
DKK'000	2018	2017	2016	2015	2014
Opening balance	5,000	5,000	5,000	5,000	4,000
Capital increase	0	0	0	0	1,000
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
12 Other provisions					
Opening balance at 1 January				5,125	8,394
Provisions in the year				636	0
Provisions utilised in the year				-3,783	-3,269
Other provisions at 31 December				<u>1,978</u>	<u>5,125</u>
The provisions are expected to be payable in:					
0-1 year				<u>1,978</u>	<u>5,125</u>
				<u>1,978</u>	<u>5,125</u>
13 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:					
Rent and lease liabilities				11,200	5,812

Financial statements 1 January - 31 December

Notes to the financial statements

14 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	Parent Company

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

DKK'000	2018	2017
15 Appropriation of profit		
Recommended appropriation of profit	2,813	81
Retained earnings	2,813	81