Erhvervsstyrelsen

TITAN CONTAINERS INTERNATIONAL A/S

Litauen Alle 9
2630 Høje Taastrup

Annual report for 2016
(40th Financial year)

Adopted at the annual general meeting on
5 April 2017

Chairman

CVR-nr. 81 72 54 11

ØSTERFÆLLED TORV 10, 2. SAL - 2100 KØBENHAVN Ø
TEL: +45 35 26 52 22 - E-MAIL: INFO@MAZARS.DK - WWW.MAZARS.DK

MAZARS
STATSAUTORISERET REVISIONSPARTNERSELSKAB

CONTENTS

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Executive and Supervisory Boards have today discussed and approved the annual report of TITAN Containers International A/S for the financial year 1. januar - 31. december 2016.

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

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

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

We recommend the adoption of the annual report at the annual general meeting.

Høje Taastrup, 5 April 2017

Executive Board

John Layland Barker

Supervisory Board

Per Otto Bech
Chairman

John Layland Barker

Philip Bernard Brewer

Helge Ernst Lunau

Susanne Borch-Jensen

INDEPENDENT AUDITOR'S REPORT

To the shareholder of TITAN Containers International A/S

Opinion

We have audited the financial statements of TITAN Containers International A/S for the financial year 1. januar - 31. december 2016, which comprise an income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

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

- 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 Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 5 April 2017

MAZARS
Statsautoriseret Revisionspartnerselskab
CVR-nr. 31 06 17 41

Pia Lillebæk
State-autorized public accountant

COMPANY DETAILS

The Company	TITAN Containers International A/S Litauen Alle 9 2630 Høje Taastrup	
	Tel:	70 23 17 18
	Fax:	70 23 16 17
	Website:	www.titancontainers.com
	CVR no.:	81 72 54 11
	Reporting period: Incorporated:	1. januar - 31. december 17. May 1976
	Domicile:	Høje Taastrup
Supervisory Board	Per Otto Bech, Chairman, *Chairman* John Layland Barker Philip Bernard Brewer Helge Ernst Lunau Susanne Borch-Jensen	
Executive Board	John Layland Barker	
Auditors	Mazars Statsautoriseret Revisionspartnerselskab Østerfælled Torv 10, 2. sal 2100 København Ø	

MANAGEMENT'S REVIEW

Business activities

The Company's aim is to drive trade and management of containers and related activity following the board of directors.

Business review

The Company's 2016 annual accounts are presented on the following pages. The company income statement for the year ended 31 December shows an operating result of USD 679,340 and an equity of USD 203,200 as showing in the balance sheet.

The result of the Company is as forecasted.

Significant events occurring after end of reporting period

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

ACCOUNTING POLICIES

The annual report of TITAN Containers International A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The annual report for 2016 is presented in USD

Basis of recognition and measurement

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

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company's and the value of the liability can be measured reliably.

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

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

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

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the Company does not disclose its revenue.

Revenue

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

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

ACCOUNTING POLICIES

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges etc.

Tax on profit/loss for the year

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

Balance sheet

Tangible assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

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

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

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

	Useful life	Residual value
Operating equipment	28 years	30 %

Gains and losses are stated as the difference between the selling prices less than selling costs and the carrying amount at the date of sale.

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

ACCOUNTING POLICIES

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

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

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

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

Equity
Dividend
Dividend proposed by Management to be distributed for the year is recognised under liabilities.

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

Total payables company tax for the Group is showed in the ultimate parent company.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

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

ACCOUNTING POLICIES

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

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

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

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

Fixed assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 USD	2015 USD'000
GROSS PROFIT		1,904,780	837
Depreciation, amortisation and impairment of operating equipment		-1,225,440	-345
OPERATING PROFIT		679,340	492
Financial income	1	1,421,522	1,654
Financial costs	2	-2,232,833	-2,001
PROFIT/LOSS BEFORE TAX		-131,971	145
Tax on profit/loss for the year	3	115,046	-78
NET PROFIT/LOSS FOR THE YEAR		-16,925	67
Retained earnings		-16,925	67
		-16,925	67

BALANCE SHEET 31 DECEMBER

	Note	2016	2015
		USD	USD'000
ASSETS			
Operating equitment		27,401,818	28,522
Leased operating equipment		17,800,463	13,124
Tangible assets	4	45,202,281	41,646
FIXED ASSETS TOTAL		45,202,281	41,646
Deferred tax asset		348,311	233
Prepayments		96,390	63
Receivables		444,701	296
Cash at bank and in hand		828	1
CURRENT ASSETS TOTAL		445,529	297
ASSETS TOTAL		45,647,810	41,943

BALANCE SHEET 31 DECEMBER

	Note	2016 USD	2015 USD'000
LIABILITIES AND EQUITY			
Share capital		81,681	82
Retained earnings		121,519	139
Egenkapital	5	203,200	221
Banks		0	18,087
Lease obligations		10,781,393	7,845
Long-term debt	6	10,781,393	25,932
Short-term part of lon-term debt	6	30,476,887	12,480
Trade payables		508,140	11
Payables to subsidiaries		3,678,190	3,299
Short-term debt		34,663,217	15,790
DEBT TOTAL		45,444,610	41,722
LIABILITIES AND EQUITY TOTAL		45,647,810	41,943
Contingent assets, liabilities and other financial obligations	7		
Charges and securities	8		

NOTES

		2016	2015
		USD	USD'000
1	**FINANCIAL INCOME**		
	Financial income, group entities	0	1,602
	Exchange gains	1,421,522	52
		1,421,522	1,654

		2016	2015
		USD	USD'000
2	**FINANCIAL COSTS**		
	Financial expenses, group entities	218,172	0
	Other financial costs	2,013,181	2,001
	Exchange loss	1,480	0
		2,232,833	2,001

3	**TAX ON PROFIT/LOSS FOR THE YEAR**		
	Deferred tax for the year	-115,046	78
		-115,046	78

NOTES

4 TANGIBLE ASSETS

	Operating equitment	Leased operating equipment
Cost at 1 January 2016	28,583,000	13,408,250
Additions for the year	610,430	5,771,958
Disposals for the year	-1,039,930	-560,930
Cost at 31 December 2016	28,153,500	18,619,278
Impairment losses and depreciation at 1 January 2016	60,692	284,365
Depreciation for the year	703,838	534,450
Reversal of impairment and depreciation of sold assets	-12,848	0
Impairment losses and depreciation at 31 December 2016	751,682	818,815
Carrying amount at 31 December 2016	27,401,818	17,800,463

5 EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2016	81,681	138,444	220,125
Net profit/loss for the year	0	-16,925	-16,925
Equity at 31 December 2016	81,681	121,519	203,200

The share capital consists of:

20 Ashares of USD 163.362	3,267
480 Bshares of USD 163.362	78,414
	81,681

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

NOTES

6 LONG TERM DEBT

	Debt at 1 January 2016	Debt at 31 December 2016	Payment within 1 year	Debt after 5 years
Banks	29,144,279	28,078,596	28,078,596	0
Lease obligations	9,268,126	13,179,684	2,398,291	0
	38,412,405	41,258,280	30,476,887	0

NOTES

7 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The Company is jointly taxed with other Danish companies in the TITAN Group. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. The total payable corporate tax is shown in TITAN Sales & Management ApS' annual report, registration no. 12 51 19 73, who is managing company in relation to the joint taxation. Furthermore, the Danish companies of the Group are jointly and severally liable to the Danish withholding taxes in form of dividend tax, royalty tax and interest tax. Any future corrections to corporate taxes and withholding taxes can result in a larger amount of company's liability.

8 CHARGES AND SECURITIES

As security for mortgage bank loans, the company has been given security in current and future acquisitions of operating equipment and claims arised from sales of goods, under the rules on company charge (floating charge). The book value of assets comprised of floating charge are 31/12 2016 USD'000 27,401.

The company is surely debtor for the group enterprise bank engagements.

Charges and collateral security towards parent company and associated companies

The company is providing guarantee towards TITAN Containers A/S.