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***Gondrand International AG***

***Basel***

***Report of the  
statutory auditor to the  
General Meeting on  
the financial statements 2017***





# ***Report of the statutory auditor to the General Meeting of Gondrand International AG Basel***

## ***Report of the statutory auditor on the financial statements***

As statutory auditor, we have audited the accompanying financial statements of Gondrand International AG, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2017.

### ***Board of Directors' responsibility***

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements for the year ended 31 December 2017 comply with Swiss law and the company's articles of incorporation.

## ***Report on other legal requirements***

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.



In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

We draw your attention to the information included in the note "Financial assets" of the financial statements mentioning that financial assets include an intercompany loan to Go-Trans Hong Kong amounting to KCHF 874 and due per year-end 2019 thereof recoverability depends on the successful development of the Chinese entities in the coming years.

PricewaterhouseCoopers AG

Dr. Rodolfo Gerber  
Audit expert  
Auditor in charge

Karen Schmitt  
Audit expert

Basel, 26 March 2018

Enclosures:

- Financial statements (balance sheet, income statement and notes)

# Balance sheet

of Gondrand International AG, Basel, as of December 31, 2017

<b>Assets</b>	<b>31.12.2017</b> CHF	<b>31.12.2016</b> CHF
Cash	5'785'489	6'584'430
Trade accounts receivable	6'052'593	6'683'724
<i>From third parties</i>	5'984'727	7'361'678
<i>From affiliated companies</i>	957'420	642'058
<i>less valuation adjustments</i>	-889'554	-1'320'012
Other receivables	3'124'225	5'246'722
<i>From third parties</i>	1'193'988	1'130'785
<i>From affiliated companies</i>	2'300'721	4'484'648
<i>less valuation adjustments</i>	-397'708	-434'975
<i>From shareholders and management bodies</i>	27'224	66'264
Deferred expenses and accrued income	176'802	429'076
<b>Current assets</b>	<b>15'139'110</b>	<b>18'943'951</b>
Financial assets	4'549'752	4'048'949
<i>Investments</i>	3'300'071	2'437'070
<i>Loans to third parties</i>	82'998	78'429
<i>Loans to affiliated companies</i>	894'881	1'260'649
<i>Other financial assets</i>	271'803	272'802
Tangible fixed assets	426'778	244'766
<i>Equipment and vehicles</i>	426'778	244'766
Intangible assets	43'304	305'625
Assets under construction	116'058	0
<b>Non current assets</b>	<b>5'135'892</b>	<b>4'599'340</b>
<b>Total assets</b>	<b>20'275'002</b>	<b>23'543'291</b>

# Balance sheet

of Gondrand International AG, Basel as of December 31, 2017

Liabilities and equity	31.12.2017 CHF	31.12.2016 CHF
Trade accounts payable	9'230'767	10'141'991
<i>To third parties</i>	8'194'579	9'284'142
<i>To affiliated companies</i>	1'036'188	857'849
Other liabilities	705'985	732'457
<i>To third parties</i>	252'169	323'843
<i>To affiliated companies</i>	452'614	283'512
<i>To Swisslife plan resp. "Personalvorsorgestiftung Gondrand"</i>	1'202	125'102
Deferred income and accrued liabilities	1'033'135	1'143'013
Pending carriers	1'370'971	187'890
Provisions	845'100	3'275'874
<b>Current liabilities</b>	<b>13'185'958</b>	<b>15'481'224</b>
Non-current interest-bearing liabilities from affiliated companies	75'446	70'251
<b>Non-current liabilities</b>	<b>75'446</b>	<b>70'251</b>
<b>Liabilities</b>	<b>13'261'404</b>	<b>15'551'475</b>
Share capital	1'200'000	1'200'000
Capital contribution reserve	5'264'267	5'264'267
Legal reserves from retained earnings	576'075	425'400
Retained earnings	-26'745	1'102'149
<i>Balance carried forward</i>	951'474	-1'911'359
<i>Net result of the year</i>	-978'219	3'013'508
<b>Shareholder's equity</b>	<b>7'013'598</b>	<b>7'991'816</b>
<b>Total liabilities and shareholder's equity</b>	<b>20'275'002</b>	<b>23'543'291</b>

# Income statement

2017 Gondrand International AG, Basel

	2017 CHF	2016 CHF
Gross sales	82'547'519	78'884'290
Cost of invoiced customs duties and taxes	-49'449'310	-46'261'286
Cost of sales (without customs duties and tax)	-17'728'654	-16'633'607
<b>Gross profit from operations</b>	<b>15'369'556</b>	<b>15'989'398</b>
Other operating income	389'934	361'454
<b>Gross profit</b>	<b>15'759'490</b>	<b>16'350'851</b>
Personnel expenses	-12'796'490	-14'135'864
Other operating expenses	-6'979'931	-7'650'651
<i>Rental and maintenance expenses of operational properties</i>	-3'149'709	-3'269'879
<i>Office expenses</i>	-200'496	-283'311
<i>Information technology expenses</i>	-1'588'206	-2'117'699
<i>Administration expenses</i>	-1'209'624	-1'280'167
<i>Maintenance and other expenses</i>	-831'895	-699'595
Management fees	1'790'510	2'705'946
ICT Fees	1'836'480	2'750'472
Depreciation expenses	-356'647	-1'207'840
<b>Operating result</b>	<b>-746'587</b>	<b>-1'187'085</b>
Financial income	2'203'562	2'737'344
<i>Income from investments and marketable securities</i>	367'143	1'356'561
<i>Interest and other financial income</i>	1'836'420	1'350'783
Financial expenses	-4'463'979	-1'578'885
<i>Depreciation of investments / receivables from affiliates</i>	-3'062'446	-171'736
<i>Interest and other financial expenses</i>	-1'401'534	-1'407'149
<b>Financial result</b>	<b>-2'260'417</b>	<b>1'158'459</b>
Extraordinary income	2'270'786	108'483
Extraordinary expenses	-247'141	-105'605
Gains from disposals of investments	0	3'037'614
Gains from disposals of fixed assets	7'000	2'863
<b>Extraordinary result</b>	<b>2'030'645</b>	<b>3'043'354</b>
<b>Result before taxes</b>	<b>-976'359</b>	<b>3'014'729</b>
Taxes	-1'860	-1'221
<b>Net result of the year</b>	<b>-978'219</b>	<b>3'013'508</b>

# Notes to the financial statements

## 2017 Gondrand International AG, Basel

### Principles

These financial statements are prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

### Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized profits are not recognized.

Financial assets include an intercompany loan to Go-Trans Hong Kong amounting to KCHF 874 and due by end of 2019. The recoverability of that loan depends on the successful development of the Chinese entities in the coming years.

### Extraordinary income & expenses

Extraordinary income mainly relates to the reversal of a provision in connection of a litigation with Austrian customs. Based on an external legal assessment, this provision is no longer justified. Nevertheless should this litigation results in a liability, such would be borne by Gondrand Holding AG.

Extraordinary expenses relate to expenses in connection with past periods.

### Foregoing a cash flow statement and additional disclosures in the notes

As Gondrand International AG is fully integrated in the consolidated financial statements of Gondrand Holding AG, prepared in accordance with Swiss GAAP FER, it has decided to forego presenting additional information on audit fees in the notes as well as a cash flow statement in accordance with the law.

## Information on balance sheet and income statement items

### Main investments of Gondrand International AG

Company	Purpose	Share capital		Equity interest in %	
				2017	2016
GO-Transit AG, Basel	Customs	CHF	100'000	100%	100%
Go Trans SAS, Archamps	Shipping	EUR	100'000	100%	100%
Transfin S.r.l., Como	Shipping	EUR	104'000	100%	100%
Lesuisse Frères S.A., Antwerpen	Shipping	EUR	148'736	100%	100%
Gondrand Kft., Budapest	Shipping	HUF	103'000'000	100%	100%
Gondrand a.s., Prag	Shipping	CZK	3'125'000	100%	100%
Gondrand Asia Ltd., Hong Kong	Holding	HKD	8'000'000	100%	100%
Go-Trans (Hong Kong) Ltd., Hong Kong	Shipping	HKD	8'000'000	100%	100%
Gondrand Transport Co. Inc., New York	Shipping	USD	200'000	100%	100%

## Long-term interest bearing liabilities

	31.12.2017 CHF	31.12.2016 CHF
<b>Long-term interest-bearing liabilities</b>		
Up to five years	75'446	70'251
	<b>75'446</b>	<b>70'251</b>

## Other information

	31.12.2017 CHF	31.12.2016 CHF
<b>Guarantees in favour of third parties</b>		
Guarantees	7'616'631	7'559'936
<b>Unrecognized lease liabilities</b>		
Lease payments with maturity term		
- Up to 1 year	98'801	72'678
- 1 year and longer	138'664	120'875
Total unrecognized lease liabilities	237'465	193'553
<b>Other off-balance sheet transactions and liabilities</b>		
Liabilities out of non-current rental contracts	13'048'214	14'408'961

### Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous exceed 50 but not 250.

### Subsequent events

The ultimate parent company of Gondrand International AG (Gondrand Holding AG in Switzerland) as decided to divest some of its investments including Gondrand International AG. A Share purchase agreement has been approved by the ultimate parent company, to sell 100% of the shares of Gondrand International AG to Nordic Transport Group A/S, a Danish company specialized in the Freight Forwarding & Logistics, mainly based in the North and Eastern Europe. With this acquisition Nordic Transport Group A/S will provide a large coverage in Europe/Russia/Asia, with complementary coverage thanks to Gondrand' subsidiaries.

Closing date is expected end of first quarter 2018.