
Gondrand International AG

Basel

***Report of the
statutory auditor to the
General Meeting on
the financial statements 2016***





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 2016.

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 2016 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 further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Dr. Rodolfo Gerber

Audit expert
Auditor in charge

Karen Schmitt

Audit expert

Basel, 15 June 2017

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of the available earnings

Balance sheet

of Gondrand International AG, Basel, as of December 31, 2016

Assets	31.12.2016 CHF	31.12.2015 CHF
Cash	6'584'430	4'637'292
Trade accounts receivable	6'683'724	4'213'884
<i>From third parties</i>	7'361'678	4'620'841
<i>From affiliated companies</i>	642'058	1'032'689
<i>less valuation adjustments</i>	-1'320'012	-1'439'646
Other receivables	5'246'722	7'203'670
<i>From third parties</i>	1'197'049	1'442'156
<i>From affiliated companies</i>	4'484'648	6'172'560
<i>less valuation adjustments</i>	-434'975	-411'046
Pending carriers	0	1'365'434
Deferred expenses and accrued income	429'076	481'553
Current assets	18'943'951	17'901'833
Financial assets	4'048'949	4'824'606
<i>Investments</i>	2'437'070	3'510'115
<i>Loans to third parties</i>	78'429	82'398
<i>Loans to affiliated companies</i>	1'260'649	947'212
<i>Other financial assets</i>	272'802	284'881
Tangible fixed assets	244'766	701'090
<i>Equipment and vehicles</i>	244'766	701'090
Intangible assets	305'625	1'008'216
Non current assets	4'599'340	6'533'912
Total assets	23'543'291	24'435'745

Balance sheet

of Gondrand International AG, Basel as of December 31, 2016

Liabilities and equity	31.12.2016 CHF	31.12.2015 CHF
Trade accounts payable	10'141'991	10'223'848
<i>To third parties</i>	9'350'406	8'337'893
<i>To affiliated companies</i>	857'849	1'859'322
<i>To shareholders and management bodies</i>	-66'264	26'633
Other liabilities	732'457	859'169
<i>To third parties</i>	323'843	325'839
<i>To affiliated companies</i>	283'512	348'289
<i>To Swisslife plan resp. "Personalvorsorgestiftung Gondrand"</i>	125'102	185'041
Deferred income and accrued liabilities	1'143'013	1'412'528
Pending carriers	187'890	0
Provisions	3'275'874	3'760'265
Current liabilities	15'481'224	16'255'809
Non-current interest-bearing liabilities from affiliated companies	70'251	3'201'628
Non-current liabilities	70'251	3'201'628
Liabilities	15'551'475	19'457'437
Share capital	1'200'000	1'200'000
Capital contribution reserve	5'264'267	5'264'267
Legal reserves from retained earnings	425'400	425'400
Retained earnings	1'102'149	-1'911'359
<i>Balance carried forward</i>	-1'911'359	2'237'500
<i>Net result of the year</i>	3'013'508	-4'148'859
Shareholder's equity	7'991'816	4'978'308
Total liabilities and shareholder's equity	23'543'291	24'435'745

Income statement

2016 Gondrand International AG, Basel

	2016 CHF	2015 CHF
Gross sales	78'884'290	88'608'305
Cost of invoiced customs duties and taxes	-46'261'286	-46'886'647
Cost of sales (without customs duties and tax)	-16'633'607	-24'475'779
Gross profit from operations	15'989'398	17'245'878
Other operating income	361'454	373'588
Gross profit	16'350'851	17'619'466
Personnel expenses	-14'135'864	-16'970'818
Other operating expenses	-7'650'651	-10'674'030
<i>Rental and maintenance expenses of operational properties</i>	-3'269'879	-3'660'952
<i>Office expenses</i>	-283'311	-365'181
<i>Information technology expenses</i>	-2'117'699	-2'439'431
<i>Administration expenses</i>	-1'280'167	-2'061'751
<i>Maintenance and other expenses</i>	-699'595	-2'146'716
Management fees	2'705'946	3'776'504
ICT Fees	2'750'472	3'150'869
Depreciation expenses	-1'207'840	-1'424'402
Operating result	-1'187'085	-4'522'410
Financial income	2'737'344	7'325'679
<i>Income from investments and marketable securities</i>	1'386'561	1'377'723
<i>Interest and other financial income</i>	1'350'783	5'947'956
Financial expenses	-1'578'885	-7'098'425
<i>Depreciation of investments / receivables from affiliates</i>	-171'736	-2'440'844
<i>Interest and other financial expenses</i>	-1'407'149	-4'657'581
Financial result	1'158'459	227'254
Extraordinary income	108'483	0
Extraordinary expenses	-105'605	-64'299
Gains from disposals of investments	3'037'614	0
Gains from disposals of fixed assets	2'863	266'000
Extraordinary result	3'043'354	201'702
Result before taxes	3'014'729	-4'093'454
Taxes	-1'221	-55'405
Net result of the year	3'013'508	-4'148'859

Notes to the financial statements

2016 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.

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 %	
				2016	2015
Sempex AG, Basel	Fairs	CHF	100'000	0%	100%
GO-Transit AG, Basel	Customs	CHF	100'000	100%	100%
Go Trans SAS, Annemasse	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%	0%
Gondrand Transport Co. Inc., New York	Shipping	USD	200'000	100%	100%

Long-term interest bearing liabilities

	31.12.2016 CHF	31.12.2015 CHF
Long-term interest-bearing liabilities		
Up to five years	70'251	3'201'628
	70'251	3'201'628

Other information

	31.12.2016 CHF	31.12.2015 CHF
Guarantees in favour of third parties		
Guarantees	7'559'936	8'747'438
Unrecognized lease liabilities		
Lease payments with maturity term		
- Up to 1 year	72'678	94'812
- 1 year and longer	120'875	129'178
Total unrecognized lease liabilities	193'553	223'990
Other off-balance sheet transactions and liabilities		
Liabilities out of non-current rental contracts	14'408'961	15'673'000

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

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Proposed appropriation of available earnings

for Gondrand International AG, Basel AG

Net result of the financial year	CHF	3'013'508
Balance from previous year	CHF	-1'911'359
Available earnings for appropriation by the General Meeting	CHF	1'102'149
Allocation to legal reserves from retained earnings	CHF	150'675
Balance to be carried forward	CHF	951'474
Available earnings	CHF	1'102'149