

Scan Bidco A/S

Kirstinehøj 7, 2770 Kastrup
CVR no. 37 52 10 43

Annual Report 2017

Approved at the annual general meeting of shareholders on 30 / 4 2018

Chairman of the annual general meeting:



Claes Brønsgaard Pedersen



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Company details

Name	:	Scan Bidco A/S
Address, Postal code, Town	:	Kirstinehøj 7, 2770 Kastrup, Denmark
CVR no.	:	37 52 10 43
Registered office	:	Tårnby (Copenhagen)
Financial year	:	1 January - 31 December
Website	:	www.scangl.com
E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Board of Directors	:	Henrik von Sydow, Chairman John Francis Cozzi Alan Walter Wilkinson
Executive Board	:	Claes Brønsgaard Pedersen
Parent Company of Scan Bidco A/S	:	Scan (UK) Midco Limited, 35 Great Helen's, London, England (100% ownership)
Ultimate owner	:	AEA SGLT Holding I LP, c/o Maples Corporate Services Limited. P.O.Box 309, Ugland House, South Church Street, George Tower, KY1-1104, Cayman Islands (100% ownership)
Bankers	:	Jyske Bank A/S
Auditors	:	Ernst & Young Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvald Helmutshvej 4, P O Box 250, 2000 Frederiksberg, Denmark
CVR no.	:	30 70 02 28

Legal entities in the Scan Bidco Group

31 December

Company	Country	Currency	Nominal capital	Ownership interest
Scan Bidco A/S				
Anpartsselskabet af 1. november 2006*	Denmark	DKK	6,355,600	100%
Nidovni HH ApS*	Denmark	DKK	18,598,000	100%
TTGR Holding ApS*	Denmark	DKK	500,000	100%
Scan Global Logistics Holding ApS*	Denmark	DKK	3,530,502	100%
Scan Global Logistics A/S	Denmark	DKK	1,902,000	100%
Airlog Group Denmark A/S	Denmark	DKK	500,000	100%
SGL Road ApS	Denmark	DKK	500,000	100%
SGL Road AB	Sweden	SEK	100,000	80%
ScanAm Global Logistics AB	Sweden	SEK	100,000	100%
Crosseurope AB	Sweden	SEK	100,000	100%
Airlog Group Holding AB	Sweden	SEK	2,000,000	100%
Airlog Group Sweden AB	Sweden	SEK	2,000,000	100%
Pro Logistics i Helsingborg AB**	Sweden	SEK	100,000	100%
AirLog Air Logistics AB	Sweden	SEK	100,000	100%
Airlog Group Express AB	Sweden	SEK	1,000,000	100%
Connect Logistics ApS**	Denmark	DKK	50,000	100%
Airlog Group Fur OY	Finland	EUR	2,500	100%
Airlog Group AS	Norway	NOK	30,000	100%
Scan Global Logistics AS	Norway	NOK	150,000	100%
Scan Global Logistics (Finland) Oy	Finland	EUR	2,523	100%
Scan Global Logistics K.K.**	Japan	JPY	15,000,000	100%
Scan Global Logistics Ltd.	China	USD	1,650,000	100%
Scan Global Logistics Ltd.	Hong Kong	HKD	500,000	100%
Connect Air (HK) Ltd.	Hong Kong	HKD	300,000	100%
Scan Global Logistics Ltd. (Branch)	Taiwan			100%
Scan Global Logistics Ltd.	Thailand	THB	5,000,000	100%
Scan Global Logistics Ltd.	Malaysia	MYR	2	100%
Connect Air (Malaysia) Ltd.	Malaysia	MYR	2	100%
Scan Global Logistics Pty. Ltd.**	Australia	AUD	13	100%
Scan Global Logistics (Phil) Inc.** / ***	Philippines	PHP	4,000,000	40%
Scan Global Logistics Chile S.A.**	Chile	CLP	179,872,000	100%
Scan Global Logistics (Vietnam) Ltd.**	Vietnam	USD	100,000	100%
Scan Global Logistics Ltd.**	Indonesia	IDR	252,015,000	100%
Scan Global Logistics Pte Ltd. (Singapore)**	Singapore	SGD	100,000	100%

*Holding companies.

** Entities audited by other audit firms than Ernst & Young.

*** The Company is consolidated 100% as a subsidiary as the parent company defacto controls the activity and financing of the Company

Financial highlights for the Scan Bidco Group

2017

2016

Key figures (in DKK thousands):
Income statement

Revenue	3,391,185	1,250,824
Gross profit	505,887	193,998
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	30,035	36,321
Earnings Before Interest, Tax, Amortisation (EBITA) and special items	21,139	31,786
Operating profit (EBIT) before special items	-8,229	20,986
Special items, income	4,916	0
Special items, cost	-21,822	-11,018
Operating profit (EBIT)	-25,135	9,968
Net financial expenses	-50,677	-29,225
Profit/loss before tax	-75,812	-19,257
Profit/loss for the year	-65,275	-20,625

Cash flow

Cash flows from operating activities	-73,306	-3,688
Cash flows from investing activities	-193,256	-1,177,958
Free cash flow	-266,562	-1,181,646
Cash flows from financing activities	136,603	1,347,150
Cash flow for the year	-129,959	165,504

Financial position

Total equity	609,917	627,234
Equity attributable to parent company	609,605	626,238
Net interest-bearing debt (NIBD)	685,126	472,969
Total assets	2,577,894	2,426,872

Financial ratios in %

Gross margin*	14.9	15.5
EBITDA margin*	0.9	2.9
EBIT margin*	-0.2	1.7
EBIT margin	-0.7	0.8
Return on assets*	-0.1	0.4
Equity ratio	23.7	25.8
Return on equity (ROE)	-2.7	-3.3

*before special items

Number of average full-time employees

866 733

For definition of financial ratios please see note 24 Accounting policies.

The above figures for 2016 comprise income and cash flow statement for the period 2 August - 31 December 2016 regarding the SGL Holding Group activities, which were acquired with effect from 2 August 2016.

Operating review**Establishment of the Scan Bidco Group**

Scan Bidco was established in 2016 and became the Danish parent company of the Scan Global Logistic Group (SGL Group) when the SGL Group was sold to a fund sponsored by a private equity group, AEA Investors SBF LP, on 2 August 2016. Scan Bidco is owned directly by Scan (UK) Midco Limited, and the ultimate owner is AEA SGLT Holding I LP. The comparative figures for the performance 2016 are comprised of 5 months of activity (August to December).

The Scan Bidco Group's business model

The Scan Bidco Group's activities focus on international freight-forwarding services, primarily by air and sea, with supporting IT, logistics and road freight services. More than 80% of the revenue base originates from large customers contracted via corporate initiatives, primarily in the Nordic region. The Scan Bidco Group primarily provides services to its customers via the SGL Group network of offices supported by its close partner and affiliated company TransGroup, USA, and other key agents worldwide.

The Scan Bidco Group's business review

The Scan Bidco Group's main focus is to create solutions for complex logistics challenges.

During November 2016 Scan Bidco Group signed an agreement to acquire 100% of the shares in the Swedish-based company Airlog Group Holding AB in order to strengthen our position in the Nordics and particular in Sweden. The approval from the Danish competition authorities was obtained in January 2017 and the acquisition took effect on 6 March 2017.

Under the terms of the agreement, Scan Bidco Group acquired Airlog Group for a consideration of SEK 200 million. In addition an earn-out agreement with a maximum of SEK 15 million was concluded.

Scan Bidco Group also acquired 100% of the Swedish based freight forwarder Crosseurope AB. The Acquisition was effective 1 January 2017.

Crosseurope AB is a freight forwarder in Trelleborg, Sweden focusing on small to mid-sized customers. Since 1993, Crosseurope has established a solid position in road freight in Sweden.

Under the terms of the agreement, Scan Bidco Group acquired Crosseurope for a consideration of SEK 47.5 million. In addition, an earn-out agreement with a maximum of SEK 2.5 million has been concluded.

Furthermore Scan Bidco Global also purchased the remaining 48% shares in SGL Thailand end January 2017 from the two minority shareholders.

Operating review (continued)
Financial review, Scan Bidco Group

The 2017 consolidated financial statement describes operating results of the Scan Bidco Group including the new ownership of Airlog (10 months) and Crosseurope.

In 2017, the Scan Bidco Group generated revenues of DKK 3.4 billion, against DKK 1.3 billion (5 months) the year before, and a loss before tax of DKK -76 million against a loss before tax of DKK -19 million the year before. Compared with the original outlook for 2017 on the EBITDA level of DKK 90 million, the EBITDA result of DKK 30 million for the year is disappointing.

In addition to the revenue from the Airlog Group and Crosseurope acquisitions, the Scan Bidco Group did have positive revenue growth throughout 2017 driven by an increase in volumes within all main products (Air, Ocean and Road). The Aid, Development and Projects (ADP) division experienced increasing revenues throughout the year as well as a strengthened pipeline and no customer attrition.

Q4 2017 has been a transition period with renewals of contracts with some larger customers.

The weakening of the USD/DKK exchange rate during 2017 had a significant negative impact on the yearly Gross Profit and margin, estimated at minimum DKK 15 million.

Gross profit margin was 14.9 % compared to 15.5% in 2016.

EBITDA before special items of DKK 30 million (5 months 2016: DKK 36 million) decreased by 17%.

The EBITDA margin before special items of 1% is 0.9% points below 2016.

The total other external costs and staff costs of DKK 476 million in 2017 mainly comprised of salary related costs, travel and rent and is equal to an increase of DKK 318 million versus 2016.

The total salary costs was affected by the acquisition of the Airlog Group and Crosseurope. Please note the comparative figures 2016 comprise of cost for 5 months only. During 2017 the SGL Group had an increase of total 133 employees compared to 2016.

Special items net costs of DKK 17 million comprised mainly of restructuring costs in the Danish and Swedish organisations (salary related).

The Scan Bidco Group generated a cash flow of DKK 3 million from operating activities before special items, interest and tax in 2017 versus DKK 27 million in 2016. The lower level in 2017 is mainly due to the lower EBITDA.

The Scan Bidco Group continues to drive several initiatives supporting long-term stability in structures and processes as well as financial control procedures through uniform operational practices, a joint operational system and uniform models for financial controlling while also maintaining strong central control of key financial matters.

The plan for year 2018 assumes continued positive development of revenues, gradually improving Gross Margins from re-negotiated contracts, full impact on the SG&A costs of the organizational changes made by the end of 2017 and further synergy according to plan from the acquisitions of Airlog and Crosseurope.

Despite the disappointing results in 2017, the management has assessed that no impairment has been identified for intangible assets due to the expected future positive outlook.

As for the parent company itself, the operating result DKK -3.2 million comprises mainly of legal and audit costs as well as transaction costs (special items DKK 0.9 million) in connection with acquisitions.

The financial items of the parent company are affected by the interest expenses on the Bond loans as well as the interest income of the intercompany loan to the Transgroup Global Inc.

As a consequence of the loans given and taken in USD the USD/DKK exchange rates fluctuations in 2017 did have an impact on both the financial income and expenses. The exchange rate income almost off-set the expenses. Please refer to note 4 and 5 to the income statement of the parent company.

Financial review, AEA SGLT Holding I LP

An update of the financial performance year 2017 of the combined group (SGL and Transgroup) will be of interest to the investors and consequently the proforma income statement (in USD) is stated below.

Income statement AEA SGLT Holding I LP	2017 *)	2016 *)
<i>Proforma figures (in USD thousands):</i>		
Revenue	814,196	257,608
Gross profit	119,734	39,721
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	19,933	8,814
Earnings before Interest, Tax, Amortisation (EBITA) and special items	18,516	8,084
Operating profit (EBIT) before special items	9,274	5,447
Special items	-3,354	-12,233
Operating profit (EBIT)	5,920	-6,786
Net financial expenses	-15,084	-6,342
Profit/loss before tax	-9,164	-13,128
Profit/loss for the period	-6,644	-9,324

*) The comparative figures comprise of 5 month Scan Bidco and 3 months TGL (unaudited)

Please also see note 11 and 15.

Capital structure

On a regular basis, the Management assesses whether the Scan Bidco Group has an adequate capital structure, just as the Management regularly evaluates whether the Scan Bidco Group's capital structure is in line with the best interests of the Scan Bidco Group and its stakeholders.

It is the Management's assessment that the current capital structure is sufficient to support the Scan Bidco Group's strategic plans.

During first half of 2017, Scan Bidco A/S has made the following changes in the capital structure:

To finance the acquisition of Airlog equivalent to DKK 168 million a capital increase of DKK 79 million was made in March 2017 and DKK 84 million in intercompany loan from Transgroup was received.

The ultimate owner of the Scan Bidco Group, AEA SGLT Holding I LP, also acquired a US based freight forwarding company Transgroup in October 2016.

In 2016 Scan Bidco A/S issued senior secured callable bond in as a part of the financing of the acquisition of both Scan Global Group and Transgroup. The affiliated company Transgroup Global Inc. has therefore borrowed USD 98m from Scan Bidco A/S.

Post balance sheet events

No significant events effecting the financial statement for 2017 have occurred subsequent to the financial year-end.

Outlook

Even though there are several challenging macroeconomic and geopolitical factors within the EU as well as in Africa, China, USA, the Middle East and elsewhere, global trade continues to grow. The Group's two most important markets, China and the US, show solid GDP (Gross Domestic Product) growth projections although lower than some analysts projected earlier, but the underlying trade still grows.

The risk of a trade war between USA and China is present at Spring 2018, however the impact cannot be estimated at this point of time.

Our home markets are in the Nordic region where our group entities in Denmark and Sweden are on a growth path, both through M&A and organically. The project sales within Aid, Development and Projects (ADP) did in early 2017 experience a dip in the incoming contracts, however again in Q4 2017 an increase in the activity level. Scan Bidco Group do believe that ADP will generate long-term, sustainable growth. The Scan Bidco Group will stay focused on delivering superior logistics solutions to demanding customers, driven by our strong focus on our people's ability to excel. We continue to enhance our IT system support for operations, sales, management and financial support. The Scan Bidco Group's long-term ambitions remain the same as in previous years:

- 1) Outperform market growth
- 2) Improve all relevant KPIs with focus on:
 - Operating margin
 - Conversion rate (Gross profit to EBITDA)
 - Cash generation

The Scan Bidco Group expects to continue improving and growing the underlying business. However, financial KPIs are expected to be influenced by the macroeconomic development and challenges in 2017 vs 2016.

As a long-term goal we expect all group entities to generate an average EBITDA margin of 4-4.5% over an economic cycle, which means that the Scan Bidco Group, after group function costs will generate 3.5-4% over such a period.

The outlook for year 2018 is positively impacted by the Airlog acquisition (12 months in 2018 vs. 10 months 2017) and the development within our traditional markets.

The estimated EBITDA before special items level is expected to be well above the level of 2017 and above DKK 80 million. I.e. close to the full year 2016 level.

Management and Board of Directors

Henrik von Sydow joined the Board of Directors and elected as chairman.

Todd Christian Welsch resigned from the Board of Directors.

Furthermore Allan Melgaard was appointed to CEO of Scan Global Logistics in November 2017.

Risk factors**Commercial risks**

The fluctuations in freight rates caused by a change in supply/demand on key trade lanes like Asia to Europe could represent the most significant short-term operating risk, as carrier cost is the largest single cost item for the Scan Bidco Group. Therefore, contracts with carriers constantly need to be balanced against customer contracts. The industry is characterised by short-term agreements, eliminating a large part of the risk. Furthermore, longer-term contracts are normally possible to agree back-to-back with the carriers, further balancing the risk.

Other main risks are clerical errors such as wrongful release of cargo (against instructions from customers), accepting liability outside of normal scope or standard trading conditions.

Global economic conditions

A lengthy economic downturn, a decline in the gross domestic product growth rate and world import and export levels, as well as other geopolitical events, could adversely affect the global transportation industry and trigger a decrease in demand for the Scan Bidco Group's services.

Risks related to IT infrastructure

The Scan Bidco Group depends on information technology to manage critical business processes, including administrative and financial functions. The Scan Bidco Group uses IT systems for internal purposes and externally in relation to its customers and suppliers. Extensive downtime of network servers, attacks by IT viruses or other disruptions or failure of information technology systems are possible and could have a negative effect on the Scan Bidco Group's operations.

Risks relating to the Scan Bidco Group's operations in emerging markets

The Scan Bidco Group Aid, Development and Project departments have operations and customers worldwide, including in a number of emerging markets. These markets are subject to greater political, economic and social uncertainties than countries with more developed institutional structures, and the risk of loss resulting from changes in law, economic or social upheaval and other factors may be substantial. Among the more significant risks of operating and investing in emerging markets are those arising from the introduction of trade restrictions, enforcement of foreign exchange restrictions and changes in tax laws and enforcement mechanisms.

The Scan Bidco Group has taken out liability insurance to meet any loss resulting from damage on customers goods, errors and omissions.

Operating review (continued)**Internal control and risk management systems in relation to financial reporting**

The Board of Directors and the Executive Board have the overall responsibility for risk management and internal controls in relation to financial reporting. In addition, the Board of Directors have in Q1 2018 established an Audit Committee with four members to support the oversight function regarding risk management, financial reporting and compliance.

The organisational structure and the internal guidelines form the control environment together with laws and other rules applicable to the Scan Bidco Group.

The Management regularly assesses the Scan Bidco Group's organisational structure, staffing, establishes and approves overall policies, procedures and controls in relation to financial reporting.

In relation to the financial reporting, the Management has special focus on procedures and internal controls within the following areas and accounting items, which ensures that the reporting is made on a reassuring basis:

- Revenue recognition of service contracts and projects.
- Assessment of work in progress.
- Trade receivables – management of credit.
- Assessment of recognition of business combinations/purchase price allocation.
- Assessment of impairment of intangible assets.

The Scan Bidco Group has established a formal group reporting process, which includes monthly reporting, with budget control, assessment of performance and fulfillment of agreed targets etc.

Internal control and risk management systems in relation to business risks

The Management assesses business risks in connection with the annual revision and approval of the strategic plan.

In connection with the risk assessment, the Management (if needed) also considers the policies approved by the Board of Directors regarding finance, hedging and insurance policies for the Scan Bidco Group.

The Scan Bidco Group's risk management, including internal controls in relation to the financial reporting, is designed to effectively minimise the risk of errors and lack of information.

Corporate Social Responsibility (CSR)

Scan Bidco Group has been working with Corporate Social Responsibility since 2013, where we expanded our focus activities in the economic, environmental and social scopes in line with the sustainable approach and commitments with the groups of stakeholders.

The following global standards and principles have been used in preparing Scan Bidco Group's Corporate Social Responsibility;

- The UN Global Compact ten principles on, Employees, Environment, Human Rights and anti-corruption
- The UN Sustainable Development Goals.

The Scan Bidco Group is committed and interested in making the principles an active part of our general company strategy, organizational culture and in the day-to-day operation.

Employees and knowledge resources

Scan Bidco Group respects human rights within our sphere of influence and we seek to conduct our business in a manner that makes us an attractive employer.

The Scan Bidco Group aims to further strengthen its strong market position in the Nordic region, expand globally and remain one of the world's leading suppliers to global aid and development organisations. Due to the Scan Bidco Group's highly customer-focused approach, it is essential to secure a high level of continuity with respect to customer-specific knowhow through retention of key staff and training of new employees.

Information on employee relations

During the year, there were additions of competent and experienced staff, which has strengthened the Scan Bidco Group's knowledge and competence base. In Scan Bidco Group there is a risk of employees not being trained.

On the SGL Group's intranet, an internal training program has been set up where the more experienced co-workers conduct training of both existing employees within new areas and training of new employees. 80% of employees received training by employees within the company.

Development in staff in the financial year 2017:

	Denmark	Rest of the world
Employees at the beginning of the year	320	413
Net change	62	130
Employees at year-end	<u>382</u>	<u>543</u>

The average number of employees in 2017 in the Scan Bidco Group was 866 compared to 733 in 2016.

The addition of employees in Denmark is mainly due to the acquisition of Airlog. The increase in the rest of the world is mainly due to the acquisition of Airlog and Crosseurope in Sweden as well as increasing activities in China.

Impact on the external environment and climate

The Scan Bidco Group's activities focus on international freight-forwarding services, primarily by air, ocean and road freight services. The Scan Bidco Group's main climate risk is related to CO2 emissions.

The Scan Bidco Group does not own nor directly operate aircrafts, vessels or trucks, but uses a wide range of subcontractors to facilitate the transports for our customers.

Operating review (continued)

The Scan Bidco Group is environmentally conscious and is making an ongoing effort to reduce the environmental impact from its operations, focusing also on being able to contribute positively to customers' green accounts. Therefore, environmental issues are a natural and integral part of the Scan Bidco Group's management system, and the Scan Bidco Group has developed an environmental management system that meets the requirements of DS/EN ISO14001. Furthermore in 2017/2018 we established a Multiple Site Certification covering all locations in Denmark and Sweden.

As freight forwarders, we are a service provider and we accommodate our customers' wishes in regard to how they want their transportation done. We do, however, facilitate information to our customers on, e.g., CO2 emissions on the particular transport. We encourage our hauliers to think and act with the environment in mind.

The Scan Bidco Group has identified several environmental risks related to its business. To start with, the Group has focused on reducing flammable waste and paper.

In 2016 we were re-certified within ISO-14001 and the goals for Denmark, where 41% are employed, are:

- We want to reduce our electricity consumption by 5%, measured by usage per employee, over a three year period (2015-2017).
- The result in 2017 vs 2016 was a reduction of 11% and with a reduction of 21% since 2014.
- Furthermore the aim is to reduce flammable waste to be max 20% of the overall waste and min 80% sorted by source.
- Result 2016-2017: 31% flammable and 69% sorted by source. We continue working hard to achieve the high ambition, but highly depending on the customers we have in our warehouses. The targets will be unchanged in 2018.
- We want to reduce paper and print by 5% yearly, measured by usage per employee.
- The result 2016-2017 was however no reduction per employee, but the overall reduction since 2013 has been -22%.

Actions have been taken in order to meet all targets going forward.

2017 Environmental Achievements

- We now hold the work environment certification, OHSAS 18001.
- We will continue to improve our energy-efficiency and initiate new tests to reduce our consumption.
- More than 90% of our hauliers will have engines with Euronorm 5 or 6 in their trucks.

Human rights, Anti Corruption and Ethics

The Scan Bidco Group has internal guidelines for respecting human rights.

The Scan Bidco Group has been servicing a number of UN organizations and NGOs, at all times in accordance with the International Labor Organisation's conventions and the requirements laid down by the UN's Commission on Human Rights.

In addition, as a Danish business entity, we are required to comply with all Danish and EU regulations and executive orders regarding labour and the environment. Scan Bidco Group does not wish to cooperate or otherwise deal with an undertaking or organisation that is known for being involved in illegal activities such as supply and carriage of illegal weapons or use of child work.

At the Scan Bidco Group, the risks of corruption and business ethics is mainly related to facilitation payment in the supply chain. To begin with, the Scan Bidco Group focuses on training its employees in the Group's Code of Conduct."

The Scan Bidco Group has successfully delivered a great number of shipments to a number of UN missions worldwide and together with our partners worldwide and thereby proved to ourselves that we are a reliable supplier of high quality.

The Scan Bidco Group delivered our first "Communication in Progress" to UN Global Compact in 2016. This report is conducted by our Executive Management Team and communicated to the organisation. We have taken an important step forward on our journey as a compliant organisation.

The Scan Bidco Group has internal guidelines for respecting human rights. The main human rights risks are assessed to be related to the supply chain, and we urge all of our business partners to strive to act in a responsible and respecting manner. In order to ensure that we within the Group act in a responsible manner, we have implemented a training on our Code of Conduct for all staff.

2017 Ethical Achievements

- Based on our own commitment and general values, we urge all of our business partners to strive to act in a responsible and respecting matter. This is also directly communicated when we engage sub-contractors.
- We will continue to contribute to deliberating human & labor rights violations throughout our operations.
- In order to protect human rights and anti-corruption the training on Code of conduct is now implemented.
- 80% of all staff, globally, has passed the Code-of-Conduct e-learning with 80-100% correct answers in the final test.
- Information Policy including Social Media Strategy rolled out.

Account of the gender composition of management

As freight forwarding and logistics has traditionally been a male-dominated trade, the Management in the Scan Bidco Group does not consider it realistic that the Scan Bidco Group can ensure a completely equal distribution of women and men in executive positions. The Scan Bidco Group strives to ensure that at least 25% of all candidates for all managerial positions are female.

The total ratio of women among the Scan Bidco Group's employees was approx. 50% at year-end. The Management has chosen to use 35% as a minimum target for the number of female executives and aims to have at least one female board member by the end of 2021 in the Scan Bidco Group. As for the year 2017 the Group did not find any candidates with the right qualifications for the Board of Directors.

Geographically, the ratio of female executives in the Scan Bidco Group is higher in the Asian entities, meaning that an improvement, if any, at group level requires that the Scandinavian entities increase the ratio of female executives.

It is our intention as a modern management to increase the number of women in our managerial positions. We acknowledge the value which diversity in management brings to the company and will focus on attracting women to vacant management positions.

While no concrete actions were taken to increase the number of women in managerial positions in 2017, we have made a commitment to establish a diversity policy in 2018, which will state specific action points with focus on developing and retaining our female employees and, through network and training, give opportunity for a more diverse community.

2017 has been a year with a high focus on acquisitions with the merger of organisations rather than focusing on the gender composition of management. Furthermore the Executive management team has been reduced and thereby it has not been possible to come closer to the target.

Ownership and Corporate Governance

Scan Bidco A/S is owned directly by Scan (UK) Midco Limited, and the ultimate owner is AEA SGLT Holding I LP.

The Board of Directors consists of the following members:

- Chairman Henrik von Sydow
- John Francis Cozzi
- Alan Walter Wilkinson

Operating review (continued)

The main responsibilities of the Board of Directors are outlined below:

1) Provide direction for the organisation. The Board has a strategic function in providing the vision, mission and goals of the organisation. These are determined in cooperation with the Executive Management Team of Scan Global Logistics Group (5 directors).

2) Develop a governance and approval system. The governance and approval system includes the interaction between the Board and the CEO and the Executive Management Team and clearly outlines the authorities given to the CEO.

Periodically, the Board of Directors interacts with the CEO and the Executive Management Team at board meetings, which typically take place 4 times per year. In between board meetings, the Board of Directors is updated through e-mails and phone conferences as required.

3) Monitor and control. The Board of Directors has a monitoring and control function and receives a monthly report outlining the financial results and current state of affairs of the SGL Group.

An audit committee has been established in 2018 and comprises of 4 members.

Other board positions of the members of the Board of Directors are:

Henrik von Sydow

My Dentist AB

Burt AB

New to World Sweden AB

John Francis Cozzi

Barnet Products

Galco

IGL Holdings

Mesa Line Services

NCS

AEA SGLT Holding II LP

Troxell Communications

ITT Educational Services Inc.

Alan Walter Wilkinson:

AramSCO

Balboa

Dayton Parts

Flow Control Group

LoneStar

NCS

Omega

SBP

AEA SGLT Holding II LP

Sparrows Offshore group Ltd.

Spectrum Plastics Group

Troxell Communications

DeLaSalle Acedemy

Claes Brønsgaard Pedersen

SGL Road ApS

Scan Global Logistics A/S

Scan Global Logistics Holding ApS

1 January - 31 December

(DKKt)		Group	Group
Notes	Consolidated income statement	2017	2016
1	Revenue	3,391,185	1,250,824
1	Cost of operation	-2,885,298	-1,056,826
	Gross profit	505,887	193,998
2	Other external expenses	-110,073	-35,064
3	Staff costs	-365,779	-122,613
	Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	30,035	36,321
9 + 10	Depreciation of software and property, plant and equipment	-8,896	-4,535
	Earnings before Interest, Tax, Amortisation (EBITA) and special items	21,139	31,786
9	Amortisation of customer relations and trademarks	-29,368	-10,800
	Operating profit (EBIT) before special items	-8,229	20,986
4	Special items, income	4,916	0
5	Special items, expenses	-21,822	-11,018
	Operating profit (EBIT)	-25,135	9,968
6	Financial income	133,386	53,174
7	Financial expenses	-184,063	-82,399
	Profit/loss before tax	-75,812	-19,257
8	Income tax for the year	10,537	-1,368
	Profit/loss for the year	-65,275	-20,625
	Total income for the year attributable to		
	Owners of the Parent Company	-66,150	-20,835
	Non-controlling interests	875	210
	Total	-65,275	-20,625

(DKKt)		Group	Group
Consolidated statement of comprehensive income		2017	2016
	Profit/loss for the year	-65,275	-20,625
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>		
	Exchange rate adjustment	-19,185	-608
	Other comprehensive income, net of tax	-19,185	-608
	Total comprehensive income for the period	-84,460	-21,233
	Total comprehensive income for the year attributable to		
	Owners of the Parent Company	-85,292	-21,478
	Non-controlling interests	832	245
	Total	-84,460	-21,233

The above comparison figures for 2016 comprise income statement for the period 2 August - 31 December.

(DKKt)		Group	Group
Notes	Consolidated balance sheet	31 Dec 2017	31 Dec 2016
	ASSETS		
	Goodwill	953,620	806,123
	Customer relations	257,601	243,300
	Trademarks	46,885	47,900
	Software	12,071	9,746
9	Intangible assets	1,270,177	1,107,069
	Land and buildings	1,768	2,188
	Plant and machinery	1,870	2,650
	Fixtures, tools, fittings and equipment	12,090	7,179
10	Property, plant and equipment	15,728	12,017
11	Receivable from Transgroup Global Inc.	608,473	691,307
	Other receivables	8,135	7,752
12	Deferred tax asset	5,203	3,186
	Financial assets	621,811	702,245
	Total non-current assets	1,907,716	1,821,331
13	Trade receivables	559,320	397,932
23	Receivables from Group entities	3,050	739
	Income taxes receivable	1,817	2,131
	Other receivables	22,442	20,678
	Prepayments	9,930	7,250
19	Cash	73,619	176,811
	Total current assets	670,178	605,541
	Total assets	2,577,894	2,426,872

(DKKt)		Group	Group
Notes	Consolidated balance sheet	31 Dec 2017	31 Dec 2016
EQUITY AND LIABILITIES			
14	Share capital	500	500
	Share premium	726,434	647,216
	Currency translation reserve	-19,785	-643
	Retained earnings	-97,544	-20,835
	Equity attributable to the Parent Company	609,605	626,238
	Non-controlling interests	312	996
	Total equity	609,917	627,234
15	Bond debt	1,229,436	1,310,317
15	Earn-out provision	2,825	0
12	Deferred tax liability	53,112	59,682
	Total non-current liabilities	1,285,373	1,369,999
19	Bank debt	37,574	10,807
15	Earn-out provision	5,888	0
	Trade payables	446,224	322,112
18	Payables to Group entities	83,874	0
	Deferred income	19,530	22,191
	Corporation tax	13,271	7,203
	Other payables	76,243	67,326
	Total current liabilities	682,604	429,639
	Total liabilities	1,967,977	1,799,638
	Total equity and liabilities	2,577,894	2,426,872

(DKKt)	Consolidated statement of changes in equity						
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
Equity at 1 January 2017	500	647,216	-643	-20,835	626,238	996	627,234
Profit/loss for the year	0	0	0	-66,150	-66,150	875	-65,275
Currency exchange adjustment	0	0	-19,142	0	-19,142	-43	-19,185
Other comprehensive income, net of tax	0	0	-19,142	0	-19,142	-43	-19,185
Total comprehensive income for the	0	0	-19,142	-66,150	-85,292	832	-84,460
Purchase of non-controlling interests	0	0	0	-10,559	-10,559	-1,516	-12,075
Capital increase by cash payment*	0	79,218	0	0	79,218	0	79,218
Total transactions with owners	0	79,218	0	-10,559	68,659	-1,516	67,143
Equity at 31 December 2017	500	726,434	-19,785	-97,544	609,605	312	609,917

*Capital increase by issuance of 2 shares of nominally DKK 100 per share.

Equity at 4 March 2016	500	0	0	0	500	0	500
Profit/loss for the year	0	0	0	-20,835	-20,835	210	-20,625
Currency exchange adjustment	0	0	-643	0	-643	35	-608
Other comprehensive income, net of tax	0	0	-643	0	-643	35	-608
Total comprehensive income for the year	0	0	-643	-20,835	-21,478	245	-21,233
Addition due to acquisition	0	0	0	0	0	751	751
Capital increase by cash payment*	0	448,790	0	0	448,790	0	448,790
Capital increase by contribution in kind*	0	198,426	0	0	198,426	0	198,426
Total transactions with owners	0	647,216	0	0	647,216	751	647,967
Equity at 31 December 2016	500	647,216	-643	-20,835	626,238	996	627,234

*Capital increase by issuance of 3 shares of nominally DKK 100 per share.

(DKKt)	Notes	Consolidated cash flow statement	Group 2017	Group 2016
		Operating profit (EBIT) before special items	-8,229	20,986
9 + 10		Depreciation, amortisation and impairment	38,264	15,335
		Exchange rate adjustments	-2,538	-3,255
17		Change in working capital	-24,051	-6,486
		Cash flows from operating activities before special items and interest	3,446	26,580
		Special items paid	-19,822	0
		Interest received	48,915	13,298
		Interest paid	-97,599	-39,851
		Tax paid	-8,246	-3,715
		Cash flows from operating activities	-73,306	-3,688
9		Purchase of software	-5,946	-1,884
10		Purchase of property, plant and equipment	-10,164	-485
16		Investments in group entities	-175,146	-521,196
16		Special items, transactions cost acquisitions	-2,000	0
11		Loan to Transgroup Global Inc.	0	-654,393
		Cash flows from investing activities	-193,256	-1,177,958
		Free cash flow	-266,562	-1,181,646
		Capital increase	79,218	448,790
		Purchase of non-controlling interest	-12,075	0
18		Loan from Transgroup Global Inc.	81,561	0
15		Proceeds from issuance of bonds	0	1,271,208
		Redemption of bond loan	0	-360,500
18		Redemption of other acquisition debt	-12,101	-12,348
		Cash flows from financing activities	136,603	1,347,150
		Change in cash and cash equivalents	-129,959	165,504
		Cash and cash equivalents		
		Cash and cash equivalents at 1 January	166,004	500
		Change in cash and cash equivalents	-129,959	165,504
19		Cash and cash equivalents at 31 December	36,045	166,004

Notes to the income statement

Note	Segment information	Air	Sea	Road	Solution	Total
1	Condensed gross profit					
2017	Revenue (services)	1,486,124	1,697,006	549,112	129,923	3,862,165
	Intercompany revenue	-272,137	-147,862	-48,606	-2,375	-470,980
	Net revenue (services)	1,213,987	1,549,144	500,506	127,548	3,391,185
	Cost of operation	-1,015,937	-1,339,372	-414,034	-115,955	-2,885,298
	Gross profit	198,050	209,772	86,472	11,593	505,887
2016	Revenue (services)	551,115	621,854	157,785	55,925	1,386,679
	Intercompany revenue	-84,910	-36,401	-13,521	-1,023	-135,855
	Net revenue (services)	466,205	585,453	144,264	54,902	1,250,824
	Cost of operation	-388,709	-494,664	-121,903	-51,550	-1,056,826
	Gross profit	77,496	90,789	22,361	3,352	193,998

Segments are monitored at gross profit level. The four segments are all using the Group's capacity, including headquarter costs.

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners (the arm's length principle).

	Goodwill, customer relations and trademarks	Air	Sea	Road	Solution	Total
2017	Balance at 1 January	432,929	649,394	10,568	4,432	1,097,323
	Exchange rate adjustments	-8,020	-6,714	-366	-39	-15,139
	Additions 2017	133,282	30,366	41,642	0	205,290
	Amortisation during the year	-11,874	-15,755	-1,634	-105	-29,368
	Balance at 31 December	546,317	657,291	50,210	4,288	1,258,106
2016	Balance at 4 March	0	0	0	0	0
	Additions 2016	437,249	655,874	10,568	4,432	1,108,123
	Amortisation during the year	-4,320	-6,480	0	0	-10,800
	Balance at 31 December	432,929	649,394	10,568	4,432	1,097,323

It is not possible to allocate assets (excluding goodwill, trademarks and customer relations) and liabilities to the four segments identified, as these assets and liabilities serve all segments.

The core business of the Scan Bidco Group is within the Air and Sea segments, whereas the Road and Solutions business areas are relatively small in a group context and within a limited geographical area (Denmark & Sweden). The project business of the Scan Bidco Group is also within the Air and Sea segments. Consequently, goodwill, customer relations and trademarks are primarily allocated to the Air and Sea segments.

Notes to the income statement

Note		Segment information (continued)				
1	Geographical information	Denmark	Other Nordics	Greater China	Other countries	Total
2017	Net revenue (services)	1,983,851	853,359	359,384	194,591	3,391,185
	Non-current assets less tax assets	1,886,825	7,482	5,063	3,143	1,902,513
2016	Net revenue (services)	790,340	225,322	102,439	132,723	1,250,824
	Non-current assets less tax assets	1,609,152	69,670	96,779	42,544	1,818,145

The revenue information is based on the locations of the seller.

Other Nordics comprise: Sweden, Norway and Finland.

Greater China comprise: China, Hong Kong and Taiwan.

Other countries comprise: Japan, Vietnam, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Australia and Chile.

No single customer accounts for more than 10 percent of consolidated revenues.

Note (DKKt)	Group 2017	Group 2016
2 Fee to the auditors		
<i>Fee to the auditors appointed at the annual general meeting:</i>		
EY		
Fee for the statutory audit	2,260	1,324
Fee for tax and VAT services	145	40
Fee for other services	1,666	170
Total fees to auditors appointed at the general meeting	4,071	1,534
Fee to other auditors for tax and other services	523	578
Total fees to the auditors	4,594	2,111

3 Staff costs	2017	2016
Wages and salaries	379,861	129,236
Pensions	32,524	8,855
Other social security costs	19,450	6,833
Total gross staff costs	431,835	144,924
Transferred to cost of operation	-47,378	-21,949
Transferred to special items	-18,678	-362
Total staff costs	365,779	122,613
Remuneration to key personnel:		
Wages	11,744	4,320
Pension	1,000	375
Other social security costs	11	
Severance pay including payments to the former CEO and CFO	9,128	
Key management personnel (short-term employee benefits)	21,883	4,695

Members of the Executive Board and Board of Directors did not receive remuneration in 2016 and 2017 except one board member, who received a fee of DKK 60 thousand in 2017. The key personnel of Scan Global Logistics Group comprise of 5 persons.

Management fee to AEA Investors SBF LP, New York	5,943	2,297
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The fee to AEA covers fee for management services for the Scan Bidco Group. The fee can not be split into the separate services.

	Number	Number
Average number of full-time employees	866	734

Notes to the income statement

1 January - 31 December

Note (DKKt)	Group	Group
	2017	2016
4 Special items, income		
Adjustment earn-out business combination	4,916	0
Total special items	4,916	0

If recognised the special items would have been recorded as other income.

5 Special items, expenses	2017	2016
Restructuring cost (Redundancy cost for personel and closing of offices)	19,822	0
Transaction costs in connection with the acquisition of the SGL Group	0	6,790
Transaction costs in connection with the acquisition of the Airlog Group and the Crosseurope AB	2,000	4,228
Total special items	21,822	11,018

If recognised the special items would have been expensed under other external costs and staff costs.

Notes to the income statement

1 January - 31 December

Note (DKKt)	Group 2017	Group 2016
6 Financial income		
Financial income from Transgroup Global Inc.	49,196	13,449
Other financial income	841	469
Exchange gain from FX contracts	3,353	0
Exchange gain	79,996	39,256
Total financial income	133,386	53,174

Financial income relates to the financial items measured of amortized income

7 Financial expenses	2017	2016
Interest expenses	0	1,429
Bond interest expense and amortisation of capitalised loan costs	96,730	38,323
Exchange losses from FX contracts	0	2,054
Exchange losses	87,333	40,593
Total financial expenses	184,063	82,399

Financial expenses relate to the financial items measured of amortized costs

Amortisation of capitalised loan costs for 2017 was DKK 3.6 million (2016: DKK 1 million).

8 Tax for the year	2017	2016
<i>Tax for the year is disaggregated as follows:</i>		
Tax on profit for the year	-10,537	1,368
Total tax for the year	-10,537	1,368
Reconciliation of tax rate (%)		
Danish corporation tax rate (22%)	-16,679	-4,237
Difference between tax rate for subsidiaries outside Denmark and Danish tax rate	-343	77
Unrecognised tax assets	2,458	1,564
Non-taxable income and non-deductible expenses (net)	6,672	3,556
Other	-2,645	408
Total tax for the year	-10,537	1,368

Notes to the balance sheet

Note 9 Intangible assets		Goodwill	Customer relations	Trade-marks	Software	Total
Group (DKKt)						
2017	Cost at 1 January 2017	806,123	252,000	50,000	12,413	1,120,536
	Currency exchange adjustment	-14,094	-933	-111	-3	-15,141
	Additions from acquisitions	161,591	39,277	4,421	0	205,289
	Additions	0	0	0	5,946	5,946
	Cost at 31 December 2017	953,620	290,344	54,310	18,356	1,316,630
	Amortisation at 1 January 2017	0	8,700	2,100	2,667	13,467
	Amortisation	0	24,043	5,325	3,618	32,986
	Amortisation at 31 December 2017	0	32,743	7,425	6,285	46,453
	Carrying amount at 31 December 2017	953,620	257,601	46,885	12,071	1,270,177
2016	Cost at 4 March 2016	0	0	0	0	0
	Additions from acquisitions	806,123	252,000	50,000	10,529	1,118,652
	Additions	0	0	0	1,884	1,884
	Cost at 31 December 2016	806,123	252,000	50,000	12,413	1,120,536
	Amortisation at 4 March 2016	0	0	0	0	0
	Amortisation	0	8,700	2,100	2,667	13,467
	Amortisation at 31 December 2016	0	8,700	2,100	2,667	13,467
	Carrying amount at 31 December 2016	806,123	243,300	47,900	9,746	1,107,069

Goodwill, customer relations and trademarks were tested for impairment at 31 December 2017.

The basis for the calculation is a 3 year projection with targets for year 2021; "3 year plan".

The 3 year plan is covering each focus area bringing loss making units into profitable businesses, plan for the organic growth and the project business. Furthermore new and potential contract wins have been factored into the plan affecting several business segments and companies within the Group.

Note Intangible assets (continued)
9 Group (DKKt)

A discounted cash flow model (DCF) has been used to determine the recoverable amount per business segment on a value in use basis.

Please see note 1 for the allocation of goodwill to each business segment.

The test did not result in any impairment of the carrying amount of goodwill allocated to each business segment. In that connection, a sensitivity analysis was performed to assess whether changes in the cash flow would have led to any impairment losses being recognised. The analysis showed that probable changes in the future cash flow would not indicate a need for an impairment of goodwill.

In 2017, the management estimated that likely changes to the basic assumptions will not result in the carrying amount of goodwill exceeding the recoverable amount.

The most significant assumptions for this are:

- In the calculation a WACC of 9.3% after tax (11.4% before tax) has been applied.
- The basis for the calculation is a 3 year projection with targets for year 2021; "3 year plan".
- A subsequent terminal period is applied.
- An expectation has been applied in which the Scan Global Logistics A/S Group is expected to grow with the expected annual market growth of 2% from 2021 and onward.
- An expected normalisation in the project sales and the rates from sea freight carriers end 2017 with a positive impact from year 2018.

For impairment purpose other cost below segment result (Gross Profit) is allocated to the reportable segment based on their relative share of the profit contribution in the Group.

		Total Company	Air	Sea	Road	Solutions	
Carrying amount of Goodwill, Customer relations & Trademarks		mDKK	1,258	546	657	50	4
Plan period	Average annual Gross Profit growth rate	24%	28%	27%	6%	34%	
	Terminal period	Growth rate	2%	2%	2%	2%	2%
	Pre tax discount rate	11.4%	11.4%	11.4%	11.4%	11.4%	
Sensitivity analysis							
Growth in plan period allowed decline %		4%	2%	3%	>50%	>50%	
Discount rate allowed increase %		2.4%	1.1%	1.2%	23.7%	58.1%	

Reasonably possible changes in key assumption on which management has based its determination of the Air and Sea segments recoverable amount would cause the Air and Sea segments carrying amounts for intangible assets to exceed the segments recoverable amounts. The Air and Sea segments recoverable amounts exceed its recoverable amount for the Air segment with DKK 8 million and the Sea segment with DKK 11 million.

Notes to the balance sheet

Note 10		Land and buildings	Plant and machinery	Fixtures, tools, fittings and equipment	Total
Property, plant and equipment					
Group (DKKt)					
2017	Cost at 1 January 2017	2,492	2,881	8,404	13,777
	Currency exchange adjustment	-342	-99	-501	-942
	Additions	233	755	9,176	10,164
	Additions from acquisitions	126	0	244	370
	Disposals	0	-894	-260	-1,154
	Cost at 31 December 2017	2,509	2,643	17,063	22,215
	Depreciation at 1 January 2017	304	231	1,225	1,760
	Currency exchange adjustment	-176	1	-165	-340
	Depreciation	613	541	4,124	5,278
	Depreciation from acquisition	0	0	0	0
	Depreciation and impairment of disposals	0	0	-211	-211
	Depreciation at 31 December 2017	741	773	4,973	6,487
	Carrying amount at 31 December 2017	1,768	1,870	12,090	15,728
2016	Cost at 4 March 2016	0	0	0	0
	Exchange rate adjustments	18	-86	-40	-108
	Additions from acquisitions	2,297	2,916	8,187	13,400
	Additions	177	51	257	485
	Cost at 31 December 2016	2,492	2,881	8,404	13,777
	Depreciation at 4 March 2016	0	0	0	0
	Exchange rate adjustments	12	-80	-40	-108
	Depreciation	292	311	1,265	1,868
	Depreciation at 31 December 2016	304	231	1,225	1,760
	Carrying amount at 31 December 2016	2,188	2,650	7,179	12,017

Notes to the balance sheet

11 Receivable from Transgroup Global Inc.	31 Dec 2017	31 Dec 2016
Principal, USD 98,019 thousand, fixed interest rate 7.70% p.a.	608,473	691,307
Total receivable from Transgroup Global Inc.	608,473	691,307
	Cash flow*	Cash flow*
Receivable falling due between 1 and 5 years (2022)	772,456	212,923
Receivable falling due after more than 5 years	0	717,922
Total non-current receivable from Transgroup Global Inc.	772,456	930,845
Total current receivable from Transgroup Global Inc.	46,852	53,231

* Total cash flows including interest.

In connection with TGI US Bidco's (name changed to Transgroup Global Inc.) acquisition of TransGroup with acquisition effect from 1 October 2016, TGI US Bidco borrowed USD 98 million from Scan Bidco A/S.

Interest of 7.70% p.a. is paid quarterly and repayments are voluntary but the receivable has to be repaid in June 2022 at the latest.

If no repayments occur before June 2022 the cash flow will evolve as stated in the above note.

Notes to the balance sheet

Note (DKKt)	Group	Group
12	31 Dec 2017	31 Dec 2016
Deferred tax assets and liabilities		
Deferred tax 1 January	-56,496	0
Additions from acquisitions	-9,613	-57,556
Deferred tax for the year	17,940	1,060
Exchange rate adjustments	260	0
Deferred tax at 31 December	-47,909	-56,496
<i>Specification of deferred tax in the balance sheet:</i>		
Deferred tax asset	5,203	3,186
Deferred tax liability	-53,112	-59,682
Deferred tax at 31 December	-47,909	-56,496

2017	Deferred tax assets/liabilities arise from the following	Group intangibles*	Other**	Tax loss carry- forwards	Total
	Deferred tax at 1 January	-64,064	5,103	2,465	-56,496
	Exchange rate adjustments	0	260	0	260
	Additions from acquisitions	-9,613	0	0	-9,613
	Recognised in the income statement	5,720	0	12,220	17,940
	Deferred tax at 31 December	-67,957	5,363	14,685	-47,909

* Group intangibles temporary differences, comprise customer relations and trademarks.

** Other temporary differences, comprise other intangible assets + property, plant and equipment.

2016	Deferred tax assets/liabilities arise from the following	Group intangibles*	Other**	Tax loss carry- forwards	Total
	Deferred tax at 4 March	0	0	0	0
	Additions from acquisitions	-66,440	5,526	3,358	-57,556
	Recognised in the income statement	2,376	-423	-893	1,060
	Deferred tax at 31 December	-64,064	5,103	2,465	-56,496

* Group intangibles temporary differences, comprise customer relations and trademarks.

** Other temporary differences, comprise other intangible assets + property, plant and equipment.

Deferred tax assets not recognised in the balance sheet (tax loss carry-forwards)	31 Dec 2017	31 Dec 2016
Unrecognised at 1 January	7,956	0
Additions from acquisitions	0	6,437
Additions	2,458	1,519
Unrecognised tax assets at 31 December	10,414	7,956

Notes to the balance sheet
At 31 December

Note 13	(DKKt) Trade receivables	Group 31 Dec 2017	Group 31 Dec 2016
	Trade receivables before impairment at 31 December	570,098	404,190
	Provision for bad debts	-10,778	-6,258
	Trade receivables at 31 December	559,320	397,932
	Trade receivables not due	432,438	340,901
	Overdue trade receivables not written down	126,882	57,031
	<i>Overdue trade receivables not written down break down as follows:</i>		
	Overdue 1-30 days	75,934	39,831
	Overdue 31-60 days	20,632	12,077
	Overdue 61-90 days	8,527	2,101
	Overdue for more than 90 days	21,789	3,022
	Overdue trade receivables not written down	126,882	57,031
	<i>Impairment losses for the year relating to doubtful trade receivables break down as follows:</i>		
	Impairment at 1 January	6,258	0
	Currency exchange adjustment	-217	0
	Additions from acquisitions	420	10,929
	Impairment losses recognised for receivables	4,317	-4,671
	Impairment at 31 December	10,778	6,258

14	Share capital	31 Dec 2017	31 Dec 2016
	<i>The Parent Company's share capital of DKK 500 thousand comprises:</i>		
	5,000 shares of DKK 100 each on formation	500	500
	3 shares of DKK 100 each in share capital increase by cash payment and contribution in kind	0	0
	2 shares of DKK 100 each in share capital increase by cash payment and contribution in kind	0	0
	Total share capital at 31 December	500	500

Notes to the balance sheet

Note (DKKt)	Group	Group
15	31 Dec 2017	31 Dec 2016
Financial liabilities and financial risks		
Bond debt		
Issued bonds, DKK tranche, fixed interest rate 6.80% p.a.	625,000	625,000
Issued bonds, USD tranche USD 100 million, fixed interest rate 7.70% p.a.	620,770	705,280
	1,245,770	1,330,280
Capitalised loan costs	-16,334	-19,963
Total bond debt	1,229,436	1,310,317
	Cash flow*	Cash flow*
Bond debt falling due between 1 and 5 years	1,561,818	387,226
Bond debt falling due after more than 5 years	0	1,378,683
Total non-current financial liabilities	1,561,818	1,765,909
Current portion of financial liabilities	90,299	96,807

* Total cash flows including interest.

In 2016, Scan Bidco A/S issued senior secured callable bonds of DKK 625 million with an interest rate of 6.80% p.a. and USD 100 million with an interest rate of 7.70% p.a. Borrowing costs of DKK 21 million are paid in 2016 and amortised until 2022.

Interest is paid quarterly and the bond debt has to be repaid in June 2022.

For the issued bond certain terms and conditions apply regarding negative pledge, redemption, change of control and incurrence test.

The company bonds was listed on the Nasdaq Stock Exchange in Stockholm in June 2017.

Please see note 20 for a description of pledges.

Capital structure and liquidity risk

On a regular basis, the Executive Board assesses whether the Scan Bidco Group has an adequate capital structure, just as the Board of Directors regularly evaluates whether the Scan Bidco Group's capital structure is in line with the best interests of the Scan Bidco Group and its stakeholders.

It is the Management's assessment that the current capital structure is sufficient to support the Scan Bidco Group's strategy plans.

Loan facilities and undrawn bank credit facilities are disclosed in note 19.

Note	(DKKt)	Group
15	Financial liabilities and financial risks (Continued)	2017

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scan Bidco Group's exposure to the risk of changes in market interest rates relates primarily to the Scan Bidco Group's long-term debt obligations with floating interest rates.

The interest rate on the bond debt is locked until the year 2022 as well as the receivable against Transgroup Global Inc.

Thereby the Scan Bidco Group has no interest rate exposure on the long-term debt until the year 2022.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks and financial institutions (to the extend the balance is in surplus of the Group), foreign exchange transactions and other financial instruments.

The Group has established procedures for handling of credit risk and actively monitors and limits risks and losses on receivables. Historically, losses on receivables are at a low level. We refer to note 13 regarding credit quality and impairment losses on trade receivables.

Due to the nature of customers in ADP (Aid, Development and Projects) customers have complex approval procedures which can delay payments and therefore overdue trade receivables for more than 90 days can arise, but credit risks are generally assessed as low.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, primary from USD. The Scan Bidco Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Scan Bidco Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Scan Bidco Group's net investments in foreign subsidiaries. Primary currencies for invoicing and cost are USD, EUR, DKK and SEK.

The Scan Bidco Group manages its foreign currency risk for business purposes by hedging the net position of foreign operating & financial assets and liabilities according to the balance sheet at an ongoing basis. Net foreign positions are hedged by financial instruments.

No hedge accounting is recognised. All changes in financial instruments are recognised as financial income or financial expenses in the income statement.

The USD 100 million tranche bond loan has no significant currency exchange exposure, because this is covered by the USD 98 million receivable from Transgroup Global Inc.

Notes to the balance sheet

Note						Group
15	Financial liabilities and financial risks (Continued)					31 Dec 2017

The Scan Bidco Group's foreign currency risk mainly relates to USD, EUR and SEK and the exposure towards these currencies is described below.

Main currency exposures	In DKK millions					Total
	DKK/DKK	USD/DKK	EUR/DKK	SEK/DKK	Other	
Receivable from Transgroup Global Inc.	0	608	0	0	0	608
Trade receivables	162	123	79	60	135	559
Other receivables	7	0	0	5	11	23
Cash	59	5	0	8	2	74
Cash and receivables	228	736	79	73	148	1,264
Bond debt, excl. cap. loan costs	625	621	0	0	0	1,246
Credit institutions	38	0	0	0	0	38
Earn-out	0	0	0	9	0	9
Trade payables	136	91	38	34	147	446
Other payables	48	0	12	3	13	76
Financial liabilities	847	712	50	46	160	1,815
Net position before FX contracts		24	29	27	-12	68
Fx contracts		-6	-5	7	4	0
Net position		18	24	34	-8	68
Exchange rate fluctuation		13%	0%	3%	10%	
Impact on profit/loss		2	0	1	-1	3
Impact on other comprehensive income		0	0	0	0	0

Notes to the balance sheet
Note
Group
15 Financial liabilities and financial risks (Continued)
31 Dec 2016

The Scan Bidco Group's foreign currency risk mainly relates to USD, EUR and SEK and the exposure towards these currencies is described below.

Main currency exposures	In DKK millions				Total
	DKK/DKK	USD/DKK	EUR/DKK	SEK/DKK	
Receivable from Transgroup Global Inc.	0	691	0	0	691
Trade receivables	179	112	77	30	398
Other receivables	9	6	4	2	21
Cash	148	11	8	10	177
Cash and receivables	336	820	89	42	1,287
Bond debt	605	705	0	0	1,310
Credit institutions	9	0	0	2	11
Trade payables	205	61	43	13	322
Other payables	42	13	9	3	67
Financial liabilities	861	779	52	18	1,710
Net position before FX contracts		41	37	24	102
Fx contracts		-41	41	0	0
Net position		0	78	24	102
Exchange rate fluctuation		5%	2%	5%	
Impact on profit/loss		0	2	1	3
Impact on other comprehensive income		0	0	0	0

Notes to the cash flow statement
1 January - 31 December

Note (DKKt)	Airlog Group	Crosseurope	Group	Group
16	Holding AB	AB	2017	2016
Investments in group entities				
Provisional fair value at date of acquisition:				
ASSETS				
Software	0	0	0	10,529
Property, plant and equipment	274	96	370	13,400
Deferred tax asset	0	0	0	8,884
Non-current receivables	0	0	0	8,273
Trade receivables (2016: Gross DKKt 367,756, bad debt provision DKKt 10,929)	59,045	9,931	68,977	356,827
Income taxes receivable	937	160	1,097	305
Other receivables	2,661	1,089	3,750	18,203
Prepayments	2,225	2,612	4,837	13,608
Cash	8,451	8,646	17,097	190,205
Total assets	73,593	22,535	96,127	620,234
LIABILITIES				
Bond debt	0	0	0	360,500
Trade payables	34,251	4,474	38,725	286,165
Deferred income	0	0	0	24,337
Corporation tax	7,930	131	8,061	6,663
Other payables	21,309	17,836	39,145	84,692
Total liabilities	63,489	22,442	85,931	762,357
Non-controlling interests' share of acquired net assets	0	0	0	751
Acquired net assets before identification of intangible assets and goodwill	10,104	93	10,197	-142,874
Goodwill	136,690	24,902	161,592	806,123
Customer relations	23,540	15,737	39,277	252,000
Trademarks	3,418	1,003	4,421	50,000
Deferred tax on customer relations and trademarks	-5,931	-3,683	-9,614	-66,440
Fair value of total consideration	167,821	38,052	205,873	898,809
Earn-out provision	11,701	1,929	13,629	0
Paid through share contribution in kind	0	0	0	198,426
Cash consideration	156,120	36,124	192,244	700,383
Adjustment for cash taken over	-8,451	-8,646	-17,097	-190,205
Cash consideration for the acquisitions	147,669	27,477	175,146	510,178
Transaction costs for acquisitions	150	1,850	2,000	11,018
Investments in group entities (cash outflow)	147,819	29,327	177,146	521,196

Acquisition of Airlog Group AB

Scan Global Logistics A/S has on the 6 of March 2017 acquired 100% of the shares in Swedish based freight forwarder Airlog Group AB.

The acquisition is made in order to strengthen Scan Global Logistic Group position especially in the air segment.

Airlog is a full-service freight forwarder with offices in Sweden and Denmark focusing on small to mid-sized customers. Airlog had established a solid position in air and ocean freight in Denmark and Sweden by leveraging its extensive network of global partners.

In 2016, Airlog generated sales of DKK 360 million (SEK 451 million) and a profit after tax of DKK 3 million (SEK 4 million).

After the acquisition the Swedish and Danish Airlog traditional freight forwarding activity has been fully integrated in the Scan Global Logistic freight forwarding activity. Therefore, it is not possible to disclose financial information regarding the specific Airlog activity after the acquisition, including information regarding the Airlog performance recognized in the Scan Global Logistic consolidation after acquisition.

Under the terms of the agreement, the Airlog Group was acquired for a total cash consideration of SEK 200 million. In addition, an earn-out with a maximum of SEK 15 million has been agreed. At the date of the transaction it is expected that the earn-out will be paid 100%. Total consideration amounts to DKK 168 million.

Transaction cost amounts to DKK 4.4 million, which has been expensed and recognized as special items amounting to DKK 4.2 million in 2016 and DKK 0.2 million in 2017.

The earn out will be paid based on certain conditions regarding target for gross profit for the acquired Airlog agent business. Final calculation and payment of the earn out will be paid after end of the financial year 2017 and 2018 respectively.

Based on events in Q4 2017 a subsequent measurement of the earn out has been made. This measurement has resulted in a reduced liability and recognition of a special item (income) amounting to DKK 4.9 million.

Acquired net assets before identification of intangible assets including goodwill amounts to DKK 10.1 million. The Airlog carrying amount on the date of acquisition did not deviate materially from the fair market value.

Intangible assets of trademark and customer relations have been identified. A royalty cash flow model has been used for calculation a fair market value of trademark. A customer attrition model has been used for calculation of the fair market value of customer relations. The purchase price allocation has been finalized in Q4 2017. The expected lifetime of the customer relations is 10-12 year and for the trademark 10 years.

After recognition of identified assets and liabilities at fair value, goodwill has been recognized at an amount of DKK 136.7 million. Goodwill represents the values of the expected significant cost synergies and other synergies from combining the two businesses including value of the Airlog Group employees and related knowhow. Goodwill are non-deductible for tax purposes.

Acquisition of Crosseurope Aktiebolag

Scan Global Logistics A/S on 29 of June 2017 acquired 100% of the shares in the Swedish based freight forwarder Crosseurope AB.

The acquisition was made in order to strengthen Scan Global Logistic Group's position especially in the road segment.

Crosseurope AB is a freight forwarder based in Trelleborg, Sweden focusing on small to mid-size customers. Crosseurope has since 1993 established a solid position in the road freight business in Sweden.

In 2016, Crosseurope generated sales of DKK 77 million (SEK 98 million) and a profit after tax of DKK 5.6 million (SEK 7 million).

Under the terms of the agreement, Crosseurope was acquired for a total cash consideration of SEK 47.5 million. In addition, an earn-out agreement with a maximum of SEK 2.5 million has been agreed. At the date of acquisition, it is expected that the earn out will be paid 100%. Total amounts hereafter amount to DKK 38 million.

Payment of the earn out is based on conditions that certain Crosseurope AB customers will generate a certain level of revenue in 2017.

Transaction cost amounts to DKK 1.9 million, which has been expensed and recognized as special items in 2017.

Revenue and result for Crosseurope AB for 2017, has on a proforma basis been calculated to an amount of respectively DKK 83 million and DKK 7.5 million. Crosseurope revenue and result have been consolidated into the Scan Bidco Group consolidation with DKK 83 million and DKK 7.5 million.

Acquired net assets before identification of intangible assets including goodwill amounts to DKK 0.1 million. The Crosseurope carrying amount at the date of acquisition did not deviate materially from the fair market value.

Intangible assets of trademark and customer relations have been identified. A royalty cash flow model has been used for calculating a fair market value of trademark. A customer relation attrition model has been used for calculation of the fair market value of customer relations. The expected lifetime of the customer relations is 12 year and for the trademark 10 years.

The purchase price allocation has been finalized in Q4 2017.

After recognition of identified assets and liabilities at fair value, goodwill has been recognized at an amount of DKK 24.9 million. Goodwill represents the values of the expected cost synergies and other synergies from combining the two businesses including takeover of the Crosseurope employees and related knowhow. Goodwill is non-deductible for tax purposes.

Acquisition of the Scan Global Logistics Holding Group

With effect from 2 August 2016, Scan Bidco A/S acquired 100% of the Scan Global Logistics Holding Group.

The total consideration amounted to DKK 898,809 thousand.

About the Scan Global Logistics Group

The Scan Global Logistics Group is a Nordic-based, full-service global freight forwarding provider with nearly 800 employees (including partnerships) working out of 42 offices in 19 countries, specialised in complex logistics solutions. The Group offers customers a wide range of global transportation and logistics supply chain solutions with a complete coverage on air, sea and overland transportation.

Fair value of acquired net assets and recognised goodwill

The integration of the SGL Holding Group is ongoing for which reason net assets and goodwill, trademarks and customer relations may be adjusted and off-balance sheet items may be recorded for up to 12 months from the date of acquisition in compliance with IFRS 3.

In connection with the acquisition of the SGL Holding Group, adjustments have been made to a number of the acquired net assets in compliance with the financial reporting requirements.

These include changes to Scan Bidco's accounting policies and fair value adjustments and relate mainly to valuation of deferred income and deferred tax asset.

The carrying amount on the date of acquisition did not deviate materially from the fair value.

Customer relations are amortised over 12 years and trademarks over 10 years.

Recognised goodwill, trademarks and customer relations is non-deductible for tax purposes.

Deferred tax is calculated on trademarks and customer relations.

The recognised goodwill represents knowhow and employee staff.

Earnings impact

The YTD 2016 revenue and EBITDA before special items total DKK 1,251 million and DKK 37 million, respectively, reported by the SGL Holding Group since the date of acquisition.

On a pro forma basis, if the acquisition had been effective from on 1 January 2016, the SGL Holding Group would have contributed DKK 2,741 million to revenue and DKK 82 million to EBITDA before special items.

Note	(DKKt)	Group	Group
17	Change in working capital	2017	2016
	Changes in receivables	-76,550	-36,609
	Changes in trade payables, etc.	52,499	30,123
	Total change in working capital	-24,051	-6,486

18 Financial liabilities and financing activities

(DKKt)	2016	Cash flow	Non-cash change			2017
			Business combinations	Foreign exchange movement	Fair value change	
Bond debt	1,310,317	0	0	-80,881	0	1,229,436
Financial debt in business combinations	0	-12,101	25,730	0	-4,916	8,713
Payables to Group entities	0	81,561	0	2,313	0	83,874
Total liabilities from financing activities	1,310,317	69,460	25,730	-78,568	-4,916	1,322,023
Bank debt	10,807	26,767	0	0	0	37,574
Total other financial liabilities	10,807	26,767	0	0	0	37,574
Financial liabilities at 31 December	1,321,124	96,227	25,730	-78,568	-4,916	1,359,597

19 Cash and liquidity

	31 Dec 2017	31 Dec 2016
Cash	73,619	176,811
Credit institutions	-37,574	-10,807
Net cash	36,045	166,004
Credit facilities	148,476	89,911
Liquidity reserve	184,521	255,915

The Scan Bidco Group holds net negative bank liquidity of DKK 36,045 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregate to DKK 184,521 thousand.

DKK 121,247 thousand of the cash was kept in an escrow account as per 31 December 2016 and was released in March 2017 in connection with the acquisition of the Airlog Group.

Supplementary notes

Note	(DKKt)	Group	Group
20	Security for loans	31 Dec 2017	31 Dec 2016

As security for debt to credit institutions, for undrawn credit facilities and payment warranties, the Group has pledged assets as collateral

Chattel mortgages	11,500	11,500
Company charge	213,300	213,300
Total security	224,800	224,800

The above-mentioned securities relate to assets in the company Scan Global Logistics A/S. Carrying amount of total assets in Scan Global Logistics A/S is as of 31 December 2017 DKK 688 million (2016: DKK 353 million) of which DKK 2 million (2016: DKK 3 million) relates to fixed assets.

As at 31 December 2017 the total credit facility including warranties with the credit institution amounts to DKK 202 million (2016: DKK 151 million) regarding Scan Global Logistics A/S.

As security for bond debt the Parent Company has pledged assets as collateral

Bond debt at par	1,245,770	1,330,280
<i>The following assets are pledged as collateral:</i>		
Bond proceeds on escrow account for the acquisition of the Airlog Group	0	121,247
Intercompany loan to Scan Global Logistics Holding ApS	297,931	297,931
Intercompany loan to Scan Global Logistics A/S	102,298	0
Intercompany loan to Transgroup Global Inc.	608,473	691,307
<i>The following shares:</i>		
Shares in Scan Global Logistics Holding ApS	963,830	907,690
Shares in Anpartsselskabet af 1. november 2006		
Shares in Nidovni HH ApS		
Shares in TTGR Holding ApS		
Shares in Airlog Group Holding AB	171,429	0
Shares in Airlog Group Denmark A/S	28,689	
Shares in Crosseurope AB	46,061	0

As security for bond debt the Group has pledged assets as collateral

<i>The following assets are</i>		
Intercompany loan from Scan Global Logistics Holding ApS to Scan Global Logistics A/S	80,000	80,000
Shares in Scan Global Logistics A/S, carrying amount in Scan Global Logistics Holding ApS	767,511	667,503

Supplementary notes

Note	(DKKt)	Group	Group
21	Contingent liabilities and other financial obligations	31 Dec 2017	31 Dec 2016
	Rent obligations for leased premises	61,529	62,099
	Operating leases for cars	24,772	28,602
	Total rent and lease obligations	86,301	90,701
	Maturity analysis:		
	Falling due before 1 year	46,997	44,671
	Falling due between 1 and 5 years	39,304	46,030
	Falling due after more than 5 years	0	0
	Total rent and lease obligations	86,301	90,701
	Total rent and lease expenses during the year	56,981	24,561
	Warranties for payments, issued by bank	21,010	20,590
	Warranties for payments, issued by group entities	13,120	11,761
	Warranties for payments	34,130	32,351

Claims and legal disputes:

There are a few claims which are considered immaterial. The claims are covered by the Group's insurance programs.

Disputes can arise for project sales, which usually are settled in-between the parties. One dispute was unsettled by the end of December 2017 with an estimated amount of approx. DKK 4 million. No provision was made as management does not expect the dispute to result in any payment from the company.

Supplementary notes

Note	(DKKt)	Group	Group
22	Financial instruments by category	31 Dec 2017	31 Dec 2016
	<p>The carrying amount of financial assets, trade payables and payables to credit institutions corresponds to the estimated fair value.</p> <p>The issued bonds were not yet listed on any regulated market by 31 December 2016 for which reason it was not possible to assess a fair value. However, if the bonds were traded at par, then the fair value would be DKK 625 million for the DKK tranche and USD 100 million, corresponding to DKK 621 million (2016: DKK 705 million) for the USD tranche, totalling DKK 1,246 million (2016: DKK 1,330 million). The fair value 31 December 2017 was DKK 1,087 millions, based on last quoted bond rate of 87,25 at Nasdaq, Stockholm.</p>		
	<i>Financial instruments by category, carrying amount</i>		
	Financial assets (measured at amortised cost):		
	Trade receivables	559,320	397,932
	Other receivables	30,577	28,430
	Receivables from group entities	611,523	692,046
	Cash	73,619	176,811
	Financial assets measured at amortised cost	1,275,039	1,295,219
	Financial liabilities (measured at fair value at IFRS level 2):		
	Currency derivatives	-172	187
	Financial liabilities (measured at amortised cost):		
	Issued bonds measured at amortised cost	1,229,436	1,310,317
	Credit institutions	37,574	10,807
	Earn-out provision	8,713	0
	Trade payables	446,224	322,112
	Financial liabilities measured at amortised cost	1,721,947	1,643,236

Supplementary notes

Note 23	(DKKt) Related parties	Group 31 Dec 2017
Information about related parties with a controlling interest and significant influence:		
	Related Party	Domicile
Owners of Scan Bidco A/S:		
	Scan (UK) Midco Limited (controlling interest of 100%)	United Kingdom
Ultimate owner with controlling interest:		
	AEA SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
Owners of AEA SGLT Holding I LP:		
	AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands
No consolidated financial statements are prepared by either the parent company Scan (UK) Midco Limited nor by the ultimate parent company.		
Receivables from related parties		
	Outlay for expenses incurred in Scan (UK) Midco Limited	97
	Outlay for expenses incurred in Scan (Jersey) Topco Limited	244
	Outlay for expenses incurred in AEA SGLT Holding II LP	141
	Outlay for expenses incurred in AEA SGLT Holding I LP	2,568
	Total current receivables from group entities	3,050
	Loan to Transgroup Global Inc. (net)	524,599
	Total receivables from group entities	527,649
	Management fee to AEA Investors SBF LP, New York (part of AEA Group)	5,943

The fee to AEA Investors SBF LP covers fee for management services for the Scan Bidco Group.

No members of the Board of Directors or the Executive Board had in 2017 any direct or indirect transactions with the Group other than the above mentioned and the benefits described in note 3 staff costs.

For purchases and sales between Group companies, the same pricing principles are applied as to transactions with external partners. Please see note 1 regarding intercompany revenue and note 6-7 for financial income and expenses.

In addition Scan Global Logistics A/S charge group services to the benefit of the subsidiary companies amounting to DKK 32 million (2016: DKK 27 million)

Information about related parties with a controlling interest and significant influence:

Related Party	Domicile
<i>Owners of Scan Bidco A/S:</i>	
Scan (UK) Midco Limited (controlling interest of 100%)	United Kingdom
<i>Ultimate owner with controlling interest:</i>	
AEA SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
<i>Owners of AEA SGLT Holding I LP:</i>	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands

No consolidated financial statements are prepared by either the parent company Scan (UK) Midco Limited nor by the ultimate parent company.

Receivables from related parties

Accrued interest on loan to Transgroup Global Inc	591
Outlay for expenses incurred in Scan (UK) Midco Limited	4
Outlay for expenses incurred in Scan (Jersey) Topco Limited	41
Outlay for expenses incurred in AEA SGLT Holding II LP	51
Outlay for expenses incurred in AEA SGLT Holding I LP	52
Total current receivables from group entities	739
Loan to Transgroup Global Inc.	691,307
Total receivables from group entities	692,046

Management fee to AEA Investors SBF LP, New York (part of AEA Group)	2,297
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The fee to AEA Investors SBF LP covers fee for the management services for the Scan Bidco Group.

No members of the Board of Directors or the Executive Board had in 2016 any direct or indirect transactions with the Group other than the above mentioned.

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners.

Please see note 6 regarding intercompany interest income.

Basis of preparation

The 2017 Annual Report of Scan Bidco A/S has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements in the Danish Financial Statements Act. The Annual Report of Scan Bidco A/S comprises the consolidated financial statements of Scan Bidco A/S and its subsidiaries.

Scan Bidco has implemented those standards and interpretations, which will enter into force in EU for 2017. None of these standards and interpretations has had any effect on recognition and measurement in 2017 or are expected to have any effect in the future.

Basis of measurement

The financial statements have been prepared on a historical cost basis unless otherwise specifically indicated, such as derivative financial instruments and acquisition opening balances, which are measured at fair value.

Reporting currency

The financial statements are presented in Danish kroner (DKK) and all values are rounded to the nearest thousand, except when otherwise indicated.

Consolidation

The consolidated financial statements comprise the parent, Scan Bidco A/S, and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting rights of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items.

Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated.

Investments in consolidated entities are set off by the Parent Company's proportionate share of the consolidated entity's fair value of assets and liabilities at the time of acquisition.

Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The acquisition method of accounting is applied to the acquisition of subsidiaries.

The purchase price is made up at the net present value of the consideration agreed.

Conditional payments are recognised at the amount expected to be paid.

Directly attributable acquisition expenses are expensed in the income statement.

Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities.

Any residual difference between the purchase price and the Group's share of the fair value of the identifiable assets and liabilities is recognised as goodwill.

If the purchase price is less than the fair value of the acquired subsidiary's assets, the residual difference (negative goodwill) is recognised directly in the income statement.

For each acquisition, the Group determines whether any non-controlling interest in the acquired business is accounted at fair value (so-called full goodwill) or to the proportional share of the acquired business's net assets.

Entities over which the Group exercises significant influence are considered associates. Significant influence is presumed to exist when the Group directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

Non-controlling interests

Accounting items attributable to group entities are recognised in full in the consolidated financial statements. Non-controlling interests' share of Group entities' profit or loss for the year and equity is recognised as separate items in the income statement and the statement of changes in equity.

If an investment in group entities is considered to be a transaction with non-controlling interests the difference between the consideration and the net assets taken over is recognised under equity.

If a divestment in group entities is considered to be a transaction with non-controlling interests the difference between the sales price and the net assets divested is recognised under equity.

Functional currency

The Group's consolidated financial statements are presented in Danish kroner (DKK), which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date.

Realised and unrealised exchange gains and losses are recognised in the income statement as financial income and expenses.

Foreign group entities

As regards integral foreign group entities, the items in their financial statements are translated using the following principles:

- Balance sheet items are translated at the closing rate.
- Items in the income statement are translated at the rate at the date of the transaction.
- Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.
- Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Materiality in financial reporting

When preparing the financial statements, the Management considers how to best present the financial statements and its commentary to ensure that the content is relevant and focus is kept on what is material to the user. This is pursued by aggregating immaterial items in the financial statements and only including relevant descriptions in the Management commentary and only including descriptions on risks, mitigating thereof etc. that may have or had material impact on the achievement of the Group's results and targets. The notes to the financial statements are prepared with focus on ensuring that the content is relevant and that the presentation is clear. All judgements are made with due consideration of legislation, international accounting standards and guidelines and of the financial statements as a whole is presented fair and truly.

Income statement
Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue from services, comprising air, sea and road freight forwarding is recognised by reference to the stage of completion, which is measured as time elapsed of total expected time to render the service for each contract.

Rent income from the Solutions activity (Warehousing) is recognised on a straight-line basis over the rent period.

Revenue is measured at fair value net of VAT, all types of discounts/rebates granted, as well as net of other indirect taxes charged on behalf of third parties.

Cost of operations

Cost of operations comprises costs incurred to generate the net turnover for the year. The cost of operations includes settlement of shipping companies, airlines and haulage contractors, etc. Also including wages and salaries relating to own staff used to fulfil the contracts with customers.

Cost related to operating leases is recognised on a straight-line basis over the term of the lease. Based on assessments of the individual lease arrangement, a judgement is made to whether the lease is an operating or financial lease.

Other external expenses

Other external expenses comprise the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debt provisions, payments under operating leases, etc.

Staff costs

Staff costs comprise costs such as salaries, wages, pensions and social security costs except staff costs recognised under costs of operation and special items. Staff costs are recognised in the year in which the Group's employees have performed the related work.

The item is net of refunds made by public authorities.

Special items

Special items is recognised in connection with presenting the consolidated income statement for the year to separate items there by its nature are not related to the Groups ordinary business activity and a separation of these items improve the understanding of the performance for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period.

The items comprise interest income and expenses, also from group entities and associates, dividends declared from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year consists of current tax and changes in deferred tax for the year, including adjustments to previous years. The tax for the year is recognised in the income statement, unless the tax relates directly to items included in other comprehensive income or equity.

Current income tax receivable and payable is measured at the amount expected to be recovered from or paid to the taxation authorities.

Balance sheet
Goodwill

Goodwill arising from business combinations is recognised and is stated as the difference between the consideration paid and the fair value of the identified net assets. Goodwill is not amortised but tested for impairment if there is evidence of impairment, or at least once a year.

Customer relations

Customer relations arising from business combinations are recognised at fair value at acquisition.

When evidence of impairment is identified, customer relations are tested for impairment.

Customer relations arising from the acquisition are amortized over 10-12 years.

Trademarks

Trademarks arising from business combinations is recognised at fair value at acquisition.

When evidence of impairment is identified, trademarks are tested for impairment.

Trademarks arising from the acquisition of the SGL Group are amortised over 10 years.

Software

Software includes acquired intangible rights.

Software acquired separately or developed for internal use is measured at the lower of cost less any accumulated amortisation and impairment losses and the recoverable amount.

Costs related to development of software is calculated as, external costs, staff costs, amortisation and depreciation directly or indirectly attributable to the development of the software. After commissioning, software is amortised on a straight-line basis over the expected useful life.

The amortisation period is 3 years.

Software acquired has an expected useful life time of 3 years and is amortised over the full economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

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.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation

Depreciation is provided on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost.

The expected useful lives of the assets are as follows:

Leasehold improvements & Other tools and equipment 3 to 10 years

Plant and machinery 3 to 5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Accounting estimates

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment testing of non-current assets
Goodwill

The carrying amount of goodwill is tested for impairment at least once a year together with the other non-current assets of the Group.

The tests are conducted for each cash generating unit (CGU) to which the goodwill is allocated to. As goodwill is allocated to the Groups activity, it follows the structure of the segment information in note 1.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset including geographical location and financial risks.

Other non-current intangible assets, property, plant and equipment

The carrying amount of other non-current assets is tested for impairment at least once a year in connection with the impairment test of goodwill or when an indication of impairment is identified. Impairment is determined by assessing the recoverable amount of each CGU. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

The recoverable amount is the higher of the fair value of the assets less the expected costs of sale and the value in use.

Value in use is the net present value of estimated future cash flows from the asset or the CGU of which the asset form parts.

Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets proportionally.

Receivables

Receivables are measured at amortised cost.

Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired.

Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

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

Cash

Cash comprises cash balances and bank balances and amounts on escrow accounts which will be released within 3 months.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc.

Corporation tax
Income taxes payable:

Current tax payable and receivable is recognised in the balance sheet at the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Deferred tax:

Deferred tax is measured using the balance sheet liability method on temporary differences between the carrying amount and the tax base of assets and liabilities at the reporting date.

However, deferred tax is not recognised on temporary differences relating to goodwill, which is not deductible for tax purposes and on 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.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is adjusted for elimination of unrealised intercompany gains and losses.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred.

Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises open files, which will not be recognised as revenue until the subsequent financial year once the recognition criteria are satisfied.

Contingent liabilities

Contingent liabilities comprise of a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as the operating profit, adjusted for non-cash operating items, changes in working capital, paid net financials and paid income taxes.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities which are part of investment activities and payments in connection with purchase and sale of businesses and activities.

Cash flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant.

Segment information

The segment information is based on the internal applicable management reporting to the Management of the Scan Bidco Group, as they are deemed to be the Chief Operating Decision Maker of the Group.

Business segments

The operations are organised into four reportable segments (Air, Sea, Road and Solution) that form the segmental reporting.

Measurement of earnings by segment

The business segment is measured by gross profit. Segment performance is measured consistently with the profit or loss in the consolidated income statement.

Geographical segments

The Group has operations in 16 countries worldwide. The operations are divided into the four geographical locations below:

Denmark
 Other Nordics
 Greater China
 Other countries

The revenue information is based on the locations of the seller.

Financial ratios

Financial ratios are calculated in accordance to the following definitions:

Gross margin*:

Gross profit / Revenue * 100

EBITDA margin*:

EBITDA before special items / Revenue * 100

EBIT margin*:

Operating profit (EBIT) before special items / Revenue * 100

EBIT margin:

Operating profit (EBIT) / Revenue * 100

Return on assets*:

Operating profit (EBIT) before special items / Average total assets * 100

Equity ratio:

Equity at year end / Total assets * 100

Return on equity:

Profit/loss for the year attributable to owners of the parent / Average equity excluding non-controlling interests * 100

Net interest-bearing debt

Interest-bearing debt less of interest-bearing assets.

**before special items*

Significant accounting estimates

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The accounting estimates and judgements deemed by the Management to be material for the preparation and understanding of the consolidated financial statements are listed below:

Revenue, significant accounting estimates

Revenue from service is recognised with reference to the stage of completion determined as the time elapsed at the reporting date and the total expected time to render the service contract. Consequently, recognition of revenue contains judgements, estimates and assumptions made by the Management based on information available at the reporting date. Although the Management believes the assumptions made for the purpose of measuring revenue and work-in-progress, possible unforeseeable changes in these assumptions may result in changes to revenue and work-in-progress in subsequent periods.

Deferred tax asset, significant accounting estimates

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax asset, recognition and measurement uncertainties**Deferred tax asset at 31 December****5,203****3,186**

The recognition is due subject to the facts that the tax losses can be utilised against future earnings within a period of 3-5 years. The uncertainty about recognition and measurement of the deferred tax asset therefore depends on whether the future earnings can be realized.

The Management expects that the Company will be able to generate sufficient profits to utilise the tax loss carry forwards within 3-5 years and therefore the deferred tax asset has been recognised at full value in the financial statements.

Business combinations

Upon acquisition of companies, the acquired company's identifiable assets, liabilities and contingent liabilities must be recognised using the acquisition method at fair value. The most important assets are usually goodwill, property, plant and equipment and intangible assets and receivables.

For a large part of the assets and liabilities taken over, there are no effective markets that can be used to determine the fair value. This applies in particular to acquired intangible assets. The typical methods used are based on the present value of future cash flows, based, for example, on royalties or other expected net cash flows related to the asset, or the cost price method, based, for example, on the replacement cost. The Management therefore makes estimates in connection with the determination of the fair value of the acquired assets, liabilities and contingent liabilities. Depending on the type of asset/liability, the calculation of the fair value may be subject to uncertainty and may be subject to subsequent adjustment.

The fair values of the identifiable assets, liabilities and contingent liabilities are stated in note 16, Investments in group entities, which also reflects the methods for calculating fair value of acquisitions made in 2017.

Goodwill, significant accounting estimates

In connection with the impairment tests the Management estimates, e.g., revenue development, gross profit, operating margin and growth rate in the terminal period. The estimates are made per business segment and are determined based on historical experience and assumptions about the future development within each segment, including the expected long-term average market growth rates. Significant factors relevant for the future net cash flow for the segments:

Air

The air segment operates globally which means that the global economic and world trade have an impact of the future cash flow. The gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity will also affect the cash flow.

Sea

The sea segment operates globally which means that the global economic and world trade have an impact of the future cash flow. The gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity will also affect the cash flow.

Road

The road segment mainly operates in Denmark and Sweden, which means that the future cash flow is mainly affected by the growth rates in those two countries. The gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity will also affect the cash flow.

Solutions

The solution segment mainly operates in Denmark, which means that the future cash flow is mainly affected by the growth rates in this country. The development in lease cost and other related cost of warehousing gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity will also affect the cash flow.

New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2017 consolidated financial statements. The most significant of these are listed in the following; however only IFRS 16 Leases is expected to have an impact on the consolidated financial statements when implemented. Scan Bidco Group expects to implement these standards when they take effect.

IFRS 9 Financial instruments

IFRS 9 has effect from 1 January 2018. The standard introduces several changes to IAS 39 – including a new impairment framework, new rules for hedge accounting and new requirements and guidance on classifications and measurement of financial assets and liabilities.

Impact assessments of the standard are in progress. Based on a provisional evaluation, the standard is not expected to have significant impact on the financial statements of the Group. The expected impact for the parent company is a decrease in the equity of DKK 3 million as of 1. of January 2018. The standard will result in minor changes to existing accounting practices, mainly in the form of changes to existing credit loss and impairment models applied for accounts receivable and group internal receivables including the receivables from Transgroup Global Inc. (DKK 608 million).

IFRS 9 will be applied following the standards retrospective approach.

IFRS 15 Revenue from contracts with customers

IFRS 15 has effect from 1 January 2018. The standard introduces a new framework for revenue recognition and measurement.

Impact assessments of current logistics and freight forwarding services offered by Scan Bidco Group are in progress. Based on these, the standard is not expected to have any significant impact on the financial statements or the timing of revenue recognition of services delivered, as our services for the most part are straightforward in nature with short delivery times. The standard will result in only minor changes to existing accounting practices, mainly in the form of extended external reporting disclosure requirements.

IFRS 15 will be applied following the modified retrospective approach with any cumulative effects recognized in retained earnings as of 1 January 2018 and with no restatement of the comparison period.

IFRS 16 Leases

IFRS 16 Leases will take effect on 1 January 2019 and will be further analysed in the following months and the retrospective approach with full restatement for the comparison period, when implemented in 2019.

The standard broadens the criteria for recognition of lease assets and liabilities and will have a minor impact on SGL's financial statements, as off-balance operating leases will be capitalized and accounted for similar to our current finance lease accounting policies. Reported operating profit will increase, as operating lease expenses will be replaced by depreciation and interest expenses. Reported cash flow from operating activities will increase but be offset by an increase cash outflow from financing activities, and, accordingly, there will be no change in the underlying cash flow for the year.

Impact assessments and implementation strategies are in progress. Based on current estimates, the standard will, if the standard was implemented in 2018, have an effect on the Group's consolidated balance sheet at 1 January 2018, where the leased assets and liabilities are expected to increase by around DKK 78 million, corresponding to an increase in total assets and liabilities by around 3%. The estimated impact on the consolidated income statement for 2018 is an expected increase in operating profit before amortization, depreciation and special items of around DKK 44 million. The expected effect on cash flow will be an increase in operating cash flow of DKK 42 million and similar reduction in cash flow from financing activities. The estimated effects are provisional and subject to uncertainties, and are based on analysis of our current contract portfolio and therefore do not take any future significant changes in activities or contracts in 2018 into account.

We continue our work with the implementation of the standard as well as the underlying accounting processes, and will follow up on the impact assessment in the financial statement for 2018.

1 January - 31 December

(DKKt) Notes	Income statement	Parent 2017	Parent 2016
	Revenue	0	0
	Cost of operation	0	0
	Gross profit	0	0
1	Other external expenses	-2,286	-210
2	Staff costs	0	0
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	-2,286	-210
	Amortisation and depreciation of intangible assets and property, plant and equipment	0	0
	Operating profit before special items	-2,286	-210
3	Special items	-918	0
	Operating profit (EBIT)	-3,204	-210
7	Income from investments in group entities	-41,656	2,734
4	Financial income	155,247	60,723
5	Financial expenses	-179,654	-80,234
	Profit/loss before tax	-69,267	-16,987
6	Income tax for the year	3,117	2,942
	Profit/loss for the year	-66,150	-14,045

(DKKt)	Statement of comprehensive income	Parent 2017	Parent 2016
	Profit/loss for the year	-66,150	-14,045
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>		
	Exchange rate adjustment	-19,142	-643
	Other comprehensive income, net of tax	-19,142	-643
	Total comprehensive income for the period	-85,292	-14,688

(DKKt)		Parent	Parent
Notes	Balance sheet	31 Dec 2017	31 Dec 2016
	ASSETS		
7	Investments in Group entities	974,389	907,690
8	Receivable from Group entities	400,229	297,931
9	Receivable from Transgroup Global Inc.	608,473	691,307
6	Deferred tax asset	3,117	0
	Financial assets	1,986,208	1,896,928
	Total non-current assets	1,986,208	1,896,928
18	Receivables from group entities	5,622	3,497
	Other receivables	911	447
14	Cash	237	121,675
	Total current assets	6,770	125,619
	Total assets	1,992,978	2,022,547
	EQUITY AND LIABILITIES		
10	Share capital	500	500
	Share premium	726,434	647,216
	Currency translation reserve	-19,785	-643
	Reserve for net revaluation according to the equity method	10,559	2,734
	Retained earnings	-90,754	-16,779
	Total equity	626,954	633,028
11	Bond debt	1,229,437	1,310,317
	Total non-current liabilities	1,229,437	1,310,317
	Corporation tax	0	246
	Payables to Transgroup Global Inc.	83,874	0
	Payables to Scan Global Logistics Holding ApS	51,739	77,671
	Other payables	974	1,285
	Total current liabilities	136,587	79,202
	Total liabilities	1,366,024	1,389,519
	Total equity and liabilities	1,992,978	2,022,547

(DKKt)	Statement of changes in equity					
	Share capital	Share premium	Currency translation reserve	Reserve equity method	Retained earnings	Total equity
Equity at 1 January 2017	500	647,216	-643	2,734	-16,779	633,028
Profit/loss for the year	0	0	0	-41,656	-24,494	-66,150
Currency exchange adjustment	0	0	-19,142	0	0	-19,142
Other comprehensive income, net of tax	0	0	-19,142	0	0	-19,142
Total comprehensive income for the year	0	0	-19,142	-41,656	-24,494	-85,292
Capital increase by cash payment*	0	79,218	0	0	0	79,218
Total transactions with owners	0	79,218	0	0	0	79,218
Transfer to retained earnings	0	0	0	49,481	-49,481	0
Equity at 31 December 2017	500	726,434	-19,785	10,559	-90,754	626,954

*Capital increase by issuance of 2 shares of nominally DKK 100 per share.

Equity at 4 March 2016	500	0	0	0	0	500
Profit/loss for the year	0	0	0	2,734	-16,779	-14,045
Currency exchange adjustment	0	0	-643	0	0	-643
Other comprehensive income, net of tax	0	0	-643	0	0	-643
Total comprehensive income for the year	0	0	-643	2,734	-16,779	-14,688
Capital increase by cash payment*	0	448,790	0	0	0	448,790
Capital increase by contribution in kind*	0	198,426	0	0	0	198,426
Total transactions with owners	0	647,216	0	0	0	647,216
Equity at 31 December 2016	500	647,216	-643	2,734	-16,779	633,028

*Capital increase by issuance of 3 shares of nominally DKK 100 per share.

1 January - 31 December

(DKKt)		Parent	Parent
Notes	Cash flow statement	2017	2016
	Operating profit (EBIT) before special items	-2,286	-210
	Depreciation, amortisation and impairment	0	0
	Exchange rate adjustments	2,662	-1,540
12	Change in working capital	-775	-385
	Cash flows from operating activities before special items and interest	-399	-2,135
3	Special items paid	-918	0
4	Interest received	70,413	20,689
	Interest paid	-93,189	-36,165
	Tax received	-246	3,187
	Cash flows from operating activities	-24,339	-14,424
7	Capital increase in subsidiaries	-127,523	0
	Investments in group entities	0	-700,383
	Transaction costs for acquisitions	0	-6,790
8	Loan to group entity, principal	-102,298	-297,931
	Repayments to/from group entities	-28,057	75,098
	Loan to Transgroup Global Inc.	0	-654,393
	Cash flows from investing activities	-257,878	-1,584,399
	Free cash flow	-282,217	-1,598,823
	Capital increase	79,218	448,790
13	Loan/repayment to/from Transgroup Global Inc.	81,561	0
11	Proceeds from issuing of bonds	0	1,271,208
	Cash flows from financing activities	160,779	1,719,998
	Change in cash and cash equivalents	-121,438	121,175
	Cash and cash equivalents		
	Cash and cash equivalents at 4 March	121,675	500
	Change in cash and cash equivalents	-121,438	121,175
14	Cash and cash equivalents at 31 December	237	121,675

Notes to the income statement

1 January - 31 December

Note (DKKt)	Parent 2017	Parent 2016
1 Fee to the auditors		
<i>Fee to the auditors appointed at the annual general meeting:</i>		
EY		
Fee for the statutory audit	165	210
Fee for other services	730	0
Total fees to auditors appointed at the general meeting	895	210
Fee to other auditors for tax and other services	93	125
Total fee to the auditors	988	335

2 Staff costs	2017	2016
Total staff costs	0	0

Members of the Executive Board and the Board of Directors in Scan Bidco A/S did not receive any remuneration in 2017.

Please refer to note 23 for the Group for management fee to related parties.

	Number	Number
Average number of full-time employees	0	0

3 Special items	2017	2016
Transaction costs in connection with the acquisition of businesses	918	0
Total special items	918	0

Notes to the income statement
1 January - 31 December

Note (DKKt)	Parent	Parent
4 Financial income	2017	2016
Financial income from Group entities	70,413	21,128
Other financial income	0	339
Exchange gains	84,834	39,256
Total financial income	155,247	60,723

Financial income relates to the financial items measured of amortized income

5 Financial expenses	2017	2016
Interest expenses	96,817	38,692
Exchange losses	82,837	41,542
Total financial expenses	179,654	80,234

Financial expenses relate to the financial items measured of amortized costs

Notes to the income statement

1 January - 31 December

Note (DKKt)	Parent 2017	Parent 2016
6 Tax for the year		
<i>Tax on loss for the year is calculated as follows:</i>		
Current tax on loss for the year (tax refund)	0	2,942
Change in deferred tax for the year	-3,117	0
Total tax on loss for the year (tax refund)	-3,117	2,942
<i>Reconciliation of tax rate (%)</i>		
Danish corporation tax rate (22%)	-15,238	3,737
Non-taxable income from investments in group entities	9,164	601
Non-deductible expenses	2,957	-1,396
Effective tax rate	-3,117	2,942

Deferred tax for the financial year 2017 relates to tax loss carry forward

Notes to the balance sheet

7 Investments in Group entities	2017	2016
Cost at 1 January	905,599	0
Additions	127,523	898,809
Transaction costs on acquisitions	0	6,790
Cost at 31 December	1,033,122	905,599
Changes at 1 January	2,091	0
Currency exchange adjustment	-19,168	-643
Share of profit in subsidiaries after tax	-21,376	11,158
Amortisation of group intangibles	-26,000	-10,800
Tax on amortisation of group intangibles	5,720	2,376
Changes at 31 December	-58,733	2,091
Carrying amount at 31 December	974,389	907,690

Income from investments accounted for using the equity method recognised in the income statement:

Share of profit in subsidiaries after tax	-21,376	11,158
Amortisation of group intangibles	-26,000	-10,800
Tax on amortisation of group intangibles	5,720	2,376
Total Income from investments in Group entities	-41,656	2,734

Notes to the balance sheet

Note	(DKKt)	Parent	Parent
8	Receivable from Group entities	31 Dec 2017	31 Dec 2016
	Receivable from Scan Global Logistics A/S, interest rate 7.70% p.a.	102,298	0
	Receivable from Scan Global Logistics Holding ApS, interest rate 7.70% p.a.	297,931	297,931
	Total receivable from group entities	400,229	297,931
		Cash flow*	Cash flow*
	Receivable falling due between 1 and 5 years	554,317	91,763
	Receivable falling due after more than 5 years	0	309,401
	Total non-current receivable	554,317	401,164
	Total current receivable	30,817	22,941

* Total cash flows including interest.

In connection of Scan Global Logistics A/S' acquisition of Airlog Group AB with acquisition effect from 6 March 2017, Scan Bidco A/S lend DKK 103 million to Scan Global Logistics A/S

In connection with Scan Bidco's acquisition of Scan Global Logistics Holding ApS with acquisition effect from 2 August 2016, Scan Bidco redeemed the bond debt in Scan Global Logistics Holding ApS. Thereby the receivable of DKK 298 million arose.

For both receivables an interest of 7.70% p.a. is paid quarterly, and repayments are voluntary, but the receivable must be repaid in July 2022 at the latest.

If no repayments occur before July 2022, the cash flow will evolve as stated in the above note.

Please see note 15 for a description of pledges.

9	Receivable from Transgroup Global Inc.	31 Dec 2017	31 Dec 2016
	Principal, USD 98,019 thousand, fixed interest rate 7.70% p.a.	608,473	691,307
	Total receivable from Transgroup Global Inc.	608,473	691,307
		Cash flow*	Cash flow*
	Receivable falling due between 1 and 5 years	772,456	212,923
	Receivable falling due after more than 5 years	0	717,922
	Total non-current receivable from Transgroup Global Inc.	772,456	930,845
	Total current receivable from Transgroup Global Inc.	46,852	53,231

* Total cash flows including interest.

In connection with TGI US Bidco's (name changed to Transgroup Global Inc.) acquisition of TransGroup with acquisition effect from 1 October 2016, TGI US Bidco (a sister company to Scan Bidco A/S) borrowed USD 98 million from Scan Bidco A/S.

Interest of 7.70% p.a. is paid quarterly, and repayments are voluntary, but the receivable must be repaid in June 2022 at the latest.

If no repayments occur before June 2022, the cash flow will evolve as stated in the above note.

Please see note 15 for a description of pledges.

Notes to the balance sheet

Note (DKKt)	Parent 31 Dec 2017	Parent 31 Dec 2016
10 Share capital		
<i>The Parent Company's share capital of DKK 500 thousand comprises:</i>		
5,000 shares of DKK 100 each on formation	500	500
3 shares of DKK 100 each in share capital increase by cash payment and contribution in kind	0	0
2 shares of DKK 100 each in share capital increase by cash payment and contribution in kind	0	0
Total share capital at 31 December 2017	500	500

11 Financial liabilities and financial risks	31 Dec 2017	31 Dec 2016
Issued bonds, DKK tranche, fixed interest rate 6.80%	625,000	625,000
Issued bonds, USD tranche USD 100 million, fixed interest rate 7.70%	620,770	705,280
	1,245,770	1,330,280
Capitalised loan costs	-16,334	-19,963
Total bond debt	1,229,436	1,310,317
	Cash flow*	Cash flow*
Bond debt falling due between 1 and 5 years (2021)	1,561,818	387,226
Bond debt falling due after more than 5 years	0	1,378,683
Total non-current financial liabilities	1,561,818	1,765,909
Current portion of financial liabilities	90,299	96,807

* Total cash flows including interest.

In 2016, Scan Bidco A/S issued senior secured callable bonds of DKK 625 million with an fixed interest rate of 6.80% and USD 100 million with an fixed interest rate of 7.70% until the year 2022. Borrowing costs of DKK 21 million were paid in 2016 and are amortised until 2022. Amortisation of capitalised loan costs for 2017 was 3.6 million (2016: DKK 1 million).

Interest is paid quarterly and the bond debt must be repaid in June 2022.

The proceeds were used for the acquisition of the SGL Group and TransGroup and repayment of SGL Holding ApS' bond debt.

For the issued bonds, certain terms and conditions apply regarding negative pledge, redemption, change of control and incurance test.

Please see note 20 for the Group for a description of pledges.

The company bonds are listed on the Nasdaq Stock Exchange in Stockholm.

Notes to the Balance sheet

Note	(DKKt)	Parent
11	Financial liabilities and financial risks (Continued)	31 Dec 2017

Please see note 15 for the Group for a description of the Scan Bidco Group's financial risks.

The Parent Company's foreign currency risk only regards USD and the exposure towards the currency is described below.

2017	Main currency exposures (DKK millions)	DKK/DKK	USD/DKK
	Receivable from Group entities	403	608
	Other receivables	1	0
	Cash	0	0
	Cash and receivables	404	608
	Payables to Group entities	52	84
	Other payables	1	0
	Financial liabilities	53	84
	Net position		524
	Exchange rate fluctuation		13%
	Impact on profit/loss		68
	Impact on other comprehensive income		0

Notes to the Balance sheet
Note (DKKt)
Parent
11 Financial liabilities and financial risks (Continued)
31 Dec 2016

The Parent Company's foreign currency risk only regards USD and the exposure towards the currency is

2016	Main currency exposures (DKK millions)	DKK/DKK	USD/DKK
	Receivable from Scan Global Logistics Holding ApS	298	0
	Receivable from Transgroup Global Inc.	0	691
	Receivables from group entities	2.758	1
	Other receivables	0	0
	Cash	122	0
	Cash and receivables	423	692
	Bond debt	605	705
	Other payables	1	1
	Financial liabilities	606	706
	Net position	-183	-14
	Exchange rate fluctuation		5%
	Impact on profit/loss		-1
	Impact on other comprehensive income		0

12 Change in working capital		2017	2016
Changes in receivables		-464	-385
Changes in trade payables, etc.		-311	0
Total change in working capital		-775	-385

13 Financial liabilities and financing activities						
	2016	Cash flow	Non-cash change			2017
			Business combinations	Foreign exchange movement	Fair value change	
(DKKt)						
Bond debt	1,310,317	0	0	-80,881	0	1,229,436
Payables to Group entities	0	81,561	0	2,313	0	83,874
Total liabilities from financing activities	1,310,317	81,561	0	-78,568	0	1,313,310

14 Cash and liquidity		31 Dec 2017	31 Dec 2016
Cash		237	121,675
Credit facilities		0	0
Liquidity reserve		237	121,675

DKK 121,247 thousand of the cash is kept in an escrow account as per 31 December 2016 and was released in March 2017 in connection with the acquisition of the Airlog Group.

Supplementary notes

Note 15	(DKKt) Security for loans	Parent 31 Dec 2017	Parent 31 Dec 2016
	As security for bond debt, the Parent Company has pledged assets as collateral.		
	Bond debt at par	1,245,770	1,330,280
	<i>The following assets are pledged as collateral:</i>		
	Bond proceeds on escrow account for the acquisition of the Airlog Group	0	121,247
	Intercompany loan to Scan Global Logistics Holding ApS	297,931	297,931
	Intercompany loan to Scan Global Logistics A/S	102,298	0
	Intercompany loan to Transgroup Global Inc.	608,473	691,307
	The following shares:		
	Shares in Scan Global Logistics Holding ApS	974,389	907,690
	Shares in Anpartsselskabet af 1. november 2006		
	Shares in Nidovni HH A/S		
	Shares in TTGR Holding ApS		
	Total carrying amount	1,983,091	2,018,175

Please see note 20 for the Group for a description of securities in the Group.

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Contingent liabilities and other financial obligations

31 Dec 2017

Joint taxation

Scan Bidco A/S, company reg. no 37 52 10 43 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Supplementary notes

Note	(DKKt)	Parent	Parent
17	Financial instruments by category	31 Dec 2017	31 Dec 2016

The carrying amount of financial assets, trade payables and payables to credit institutions corresponds to the estimated fair value.

The issued bonds were not yet listed on any regulated market by 31 December 2016 for which reason it was not possible to assess a fair value. However, if the bonds were traded at par, then the fair value would be DKK 625 million for the DKK tranche and USD 100 million, corresponding to DKK 621 million (2016: DKK 705 million) for the USD tranche, totalling DKK 1,246 million (2016: DKK 1,330 million). The fair value 31 December 2017 was DKK 1,087 millions, based on last quoted bond rate of 87,25 at Nasdaq, Stockholm.

Financial instruments by category, carrying amount
Financial assets (measured at amortised cost):

Other receivables	911	447
Receivables from group entities	1,014,324	992,735
Cash	237	121,675
Financial assets measured at amortised cost	1,015,472	1,114,857

Financial liabilities (measured at amortised cost):

Payables to group entities	135,613	77,671
Issued bonds measured at amortised cost	1,229,437	1,310,317
Financial liabilities measured at amortised cost	1,365,050	1,387,988

Supplementary notes
Note
18
(DKKt)
Related parties
Parent
31 Dec 2017
Information about related parties with a controlling interest and significant influence:

Related party	Domicile
Owners of Scan Bidco A/S:	
Scan (UK) Midco Limited (controlling interest)	United Kingdom
Ultimate owner with controlling interest:	
AEA SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
Owners of AEA SGLT Holding I LP:	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands
Receivables from related parties	
Outlay for expenses incurred in TTGR Holding ApS	2,572
Outlay for expenses incurred in Scan (UK) Midco Limited	97
Outlay for expenses incurred in Scan (Jersey) Topco Limited	244
Outlay for expenses incurred in AEA SGLT Holding II LP	141
Outlay for expenses incurred in AEA SGLT Holding I LP	2,568
Total current receivables from group entities	5,622
Payables to Scan Global Logistics Holding ApS	-51,739
Payables to Transgroup Global Inc.	-83,874
Loan to Scan Global Logistics A/S, described in note 8	102,298
Loan to Scan Global Logistics Holding ApS, described in note 8	297,931
Loan to Transgroup Global Inc., described in note 9	608,473
Total receivables from group entities	878,711

No members of the Board of Directors or the Executive Board had in 2017 any direct or indirect transactions with the Group other than the benefits described in note 23 for the Group, "Related parties".

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners.

Please see note 4 regarding intercompany interest income.

Supplementary notes

Note (DKKt)
Parent
19
Related parties
31 Dec 2016
Information about related parties with a controlling interest and significant influence:

Related party	Domicile
<i>Owners of Scan Bidco A/S:</i>	
Scan (UK) Midco Limited (controlling interest)	United Kingdom
<i>Ultimate owner with controlling interest:</i>	
AEA SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
<i>Owners of AEA SGLT Holding I LP:</i>	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands
<i>Receivables from related parties</i>	
Accrued interest on loan to Transgroup Global Inc	591
Accrued interest on loan to Scan Global Logistics ApS	186
Outlay for expenses incurred in TTGR Holding ApS	2,572
Outlay for expenses incurred in Scan (UK) Midco Limited	4
Outlay for expenses incurred in Scan (Jersey) Topco Limited	41
Outlay for expenses incurred in AEA SGLT Holding II LP	51
Outlay for expenses incurred in AEA SGLT Holding I LP	52
Total current receivables from group entities	3,497
Payables to Scan Global Logistics Holding ApS	-77,671
Loan to Scan Global Logistics Holding ApS, described in note 8	297,931
Loan to Transgroup Global Inc., described in note 9	691,307
Total receivables from group entities	915,064

No members of the Board of Directors or the Executive Board had in 2016 any direct or indirect transactions with the Group other than the benefits described in note 23 for the Group, "Related parties".

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners.

Please see note 4 regarding intercompany interest income.

The accounting policies applied by the Parent Company are consistent with those of the Group. Further comments are:

Income statement

Income from investments in group entities

The item comprises the Parent Company's proportionate share of such entities' profit after tax. Further, it comprises amortisation (less tax) of intangible assets identified on acquisition of the group entity.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

Balance sheet

Investments in group entities

Investments in subsidiaries are measured, using the equity method, at the Parent Company's proportionate share of such entities' equity plus goodwill, customer relations and trademarks on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any.

On acquisition of subsidiaries, the difference between cost of acquisition and net asset value of the entity acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value and allowing for the recognition of any restructuring provisions relating to the entity acquired. Any remaining positive differences in connection with the acquisition of subsidiaries are included in the item "Investments in group entities".

Negative investments:

Investments in entities whose net asset value is negative are measured at DKK 0, with the effect that the entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable.

Amounts in excess thereof are recognised under "Provisions" in so far as the parent has a legal or constructive obligation to cover the deficit.

Newly acquired and sold investments are recognised in the financial statements from the time of acquisition or until the time of sale, respectively.

The acquisition method of accounting is applied to corporate takeovers as described under "Consolidation" in the accounting policies for the Group.

Note

21

Recognition and measurement uncertainties

Parent

2016

The Parent Company Scan Bidco uses the equity method for valuation of investments in group entities.

Therefore, the same recognition and measurement uncertainties apply to the Parent Company as those for the Group.

Please see note 25 for the Group for further information.

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New accounting regulation not yet adopted

Please see note 26 for the Group where new accounting regulation not yet adopted is described.

Statement by the Board

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Scan Bidco A/S for the financial year 1 January - 31 December 2017.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Danish Financial Statements Act.

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

Further, in our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's operations and financial conditions, the results for the year, cash flow and financial position as well as a description of the significant risks and uncertainty factors that the Parent Company and the Group face.

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

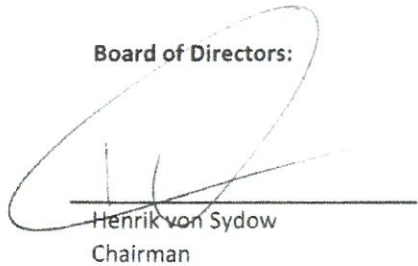
Kastrup, / 2018

Executive Board:



Claes Brønsgaard Pedersen

Board of Directors:



Henrik von Sydow
Chairman



Alan Walter Wilkinson



John Francis Cozzi

Independent auditor's report

To the shareholders of Scan Bidco A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Scan Bidco A/S for the financial year 1 January – 31 December 2017, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. 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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

Scan Bidco A/S has issued bonds, which was listed on the NASDAQ Stockholm Stock Exchange in June 2017. We were initially appointed as auditor of Scan Bidco A/S on 15 September 2016 for the financial year 2016. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 2 years up until the financial year 2017.

Independent auditor's report (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2017. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Revenue recognition

The Group generates revenue from three principal freight forwarding services being Air, Sea and Road in addition to the Solutions services. Revenue from freight forwarding services is recognised by reference to the stage of completion, which is measured as time elapsed of total expected time to render the service to the customer or another service provider. Given the significance of revenue and significant management judgements in respect of estimating stage of completion, we considered this of most significance in our audit. Accordingly, we considered revenue recognition to be a key audit matter for the consolidated financial statements.

As part of our audit, we obtained an understanding of the process for how stage of completion is estimated and risk evaluated. We evaluated the design and tested the operating effectiveness of selected controls in this area. We further, for a sample containing large ongoing transports and a sample of other ongoing transports at year-end, evaluated the judgments made by management regarding stage of completion by and assumptions made in assessment of claims. We evaluated on a sample basis changes in estimated total time to render the service to the customer to supporting underlying documentation, and discussed these with shipping agents and group management. For those balances subject to claims, we made inquiries of external legal counsel. We also assessed whether policies and processes for making these estimates have been applied consistently to all services of a similar nature.

The accounting principles and disclosures about revenue recognition are included in note 24 and note 25 to the consolidated financial statements.

Impairment of goodwill and other intangible assets

An impairment test of goodwill and other intangible assets is carried out annually by the Group by assessing the value in use of the Group's cash generating units (CGUs) which requires significant assumptions about future developments. The assumptions used in the impairment test represent management's best estimate for the period under consideration. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, we considered impairment of goodwill and other intangible assets to be a key audit matter for the consolidated financial statements.

Independent auditor's report (continued)

As part of our audit, we obtained an understanding of the impairment assessment process. Our work included test and comparison of inputs with supporting documentation including evaluation of key assumptions used in the valuation including projected future income and earnings and testing the allocation of the goodwill and other intangible assets. We further assessed the sensitivities applied by Group Management. We also assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation of goodwill and other intangible assets.

The accounting principles and disclosures about goodwill and other intangible assets are included in note 8, note 15, note 23 and note 24 to the consolidated financial statements.

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, we conclude that the 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 of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report (continued)

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent auditor's report (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 30 April 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Søren Skov Larsen
State Authorised Public Accountant
MNE no.: mne26797



Allan Nørgaard
State Authorised Public Accountant
MNE no.: mne35501