Scan Bidco A/S

Kirstinehøj 7, 2770 Kastrup
CVR no. 37 52 10 43
(Formation date 4 March 2016)

Annual Report 2016

Approved at the annual general meeting of shareholders on 30 April 2017.

Chairman of the annual general meeting:

T Welsch

Todd Welsch

Our world is logistics

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Notes to the Parent Company Scan Bidco A/S

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. First year 4 March - 31 December 2016.
Website	:	www.scangl.com
E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Board of Directors	:	John Cozzi, Chairman Alan Wilkinson Todd Welsch
Executive Board	:	Todd Welsch
Parent Company of Scan Bidco A/S	:	Scan (UK) Midco Limited
Ultimate owner	:	AEA SGLT Holding I LP
Bankers	:	Jyske Bank A/S
Auditors	:	Ernst & Young Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
CVR no.	:	30 70 02 28

Legal entities in the Scan Bidco Group

31 December

Company name	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%
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%
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	52%
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.

Financial highlights for the Scan Bidco Group

Key figures (in DKK thousands):	2016
Income statement	
Revenue	1,250,824
Gross profit	**193,998**
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**36,321**
Earnings Before Interest, Tax, Amortisation (EBITA) and special items	**31,786**
Operating profit (EBIT) before special items	**20,986**
Special items	-11,018
Operating profit (EBIT)	**9,968**
Net financial expenses	-29,225
Profit/loss before tax	**-19,257**
Profit/loss for the year	**-20,625**
Cash flow	
Cash flows from operating activities before special items and interest	**26,580**
Cash flows from operating activities	**-3,688**
Investments in software	-1,884
Investments in property, plant and equipment	-485
Investments in group entities	-521,196
Loan to Transgroup Global Inc.	-654,393
Cash flows from investing activities	**-1,177,958**
Free cash flow	**-1,181,646**
Cash flows from financing activities	**1,347,150**
Cash flow for the year	**165,504**
Financial position	
Total equity	627,234
Equity attributable to parent company	626,238
Net interest-bearing debt (NIBD)	472,969
Total assets	2,426,872
Financial ratios in %	
Gross margin*	15.5
EBITDA margin*	2.9
EBIT margin*	1.7
Equity ratio	25.8
*before special items	
Number of full-time employees at year-end	733

For definition of financial ratios please see note 22 Accounting policies.

The above figures 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

The Scan Bidco ownership review

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 private equity group, AEA Investors 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 Scan Bidco Group's business review

The Scan Bidco Group's activities focus on international freight-forwarding services, primarily by air and ocean, 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 sister company TransGroup, USA, and other key agents worldwide.

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

Financial review

Acquisition of the SGL Group

With effect from 2 August 2016, Scan Bidco A/S acquired the Scan Global Logistics Holding Group.
The total consideration amounted to DKK 899 million.

The purchase price of DKK 899 million was paid through a share contribution of DKK 198 million, a capital increase and issuance of bonds.

The SGL Group is included in the Scan Bidco Group's consolidated financial statements as from 2 August 2016.
In the section "Post balance sheet events" the acquisition of the Airlog Group is described.

Issuance of corporate bonds

For the acquisition of the SGL Group and for Scan Bidco's sister company Transgroup Global Inc's acquisition of TransGroup, the following bonds have been issued:
1. A DKK tranche of DKK 500 million.
2. An USD tranche of USD 100 million.
Less loan costs of DKK 21 million, the bond proceeds were DKK 1,150 million.

For the acquisition of the Airlog Group, the following bonds have been issued:
3. Addition to the DKK tranche of DKK 125 million.
Less loan costs of DKK 4 million the bond proceeds were DKK 121 million.

The issued bonds are expected to be listed on the Nasdaq Stock Exchange in Stockholm during the second quarter of 2017.

Operating review (continued)

Profit for the year
The 2016 revenue and EBITDA before special items total DKK 1,251 million and DKK 36 million, respectively.

Amortisation of intangible assets identified at acquisition of the SGL Group was DKK 10.8 million (5 months). The amortisation charge for full year 2017 without Airlog Group is expected to be DKK 26 million.

Special items of DKK 11 million in 2016 relate to transaction costs in connection with acquisitions of which DKK 7 million relates to the SGL Group and DKK 4 million to the Airlog Group.

Net financial expenses of DKK 29 million in 2016 mainly comprise interest on the bond debt.

Future monthly interest:
After the DKK 125 million increase of bond debt in December 2016, the future monthly interest expense on the bond debt is expected be DKK 8 million.
The future monthly interest income from the intercompany loan to Transgroup Global Inc. (the parent company of TransGroup) is expected to be DKK 4.4 million.
The net future monthly interest expense regarding the net interest-bearing debt will thereby be DKK 3.6 million. Please refer to notes 10 and 14 for further information.

Cash flows
Total cash flows from investing activities were DKK 1,178 million.
The acquisition of the SGL Group generated a cash outflow from investing activities of DKK 517 million.

DKK 654 million (USD 98 million) was lent to the sister company Transgroup Global Inc. as per 30 September 2016 to partly finance the TransGroup acquisition as of 1 October 2016.

Investments were financed through a capital increase of DKK 449 million in cash and DKK 1,150 million in proceeds from issuance of bonds.
DKK 360 million of the bond proceeds were used for redemption of the previous bond debt in SGL Holding ApS.
In December 2016 DKK 121 million was received in bond proceeds to partly finance the acquisition of the Airlog Group.

Operating review (continued)

Capital structure

On a regularly basis, the Excecutive 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.

The equity attributable to the Parent Company was DKK 626 million with an equity ratio of 25.8% as per 31 December 2016.

The equity was mainly affected by a capital increase of DKK 647 million of which DKK 449 million was a cash contribution.

Net interest-bearing debt (NIBD)

Consolidated net interest-bearing debt amounted to DKK 473 million. The debt is due to the acquisition of the SGL Group.

Post balance sheet events

During November 2016 Scan Global Logistics A/S 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. 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 Global Logistics acquired Airlog Group for a consideration of SEK 200 million. In addition an earn-out agreement with a maximum of SEK 15 million has been concluded.

To finance the acquisition of DKK 168 million a capital increase of DKK 79 million was made in March 2017, and an issuance of DKK 125 million in corporate bonds was made in December 2016.

Scan Global Logistics also purchased the remaning 48% shares in SGL Thailand end January 2017 from the two minority shareholders.

No other significant events 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 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.

Our home markets are in the Nordic region where our group entities in Denmark and Sweden are on a growth path, both through M&As and organically. The project sales within Aid, Development and Projects (ADP) do experience a dip in the incoming contracts, which we believe is a short-term phenomenon as no customer churn has been registered. SGL Group do believe that ADP will generate long-term, sustainable growth. The SGL 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 SGL 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 SGL Group expects to continue improving and growing the underlying business. However, financial KPIs are expected to be influenced by the macroeconomical development and challenges in 2017 vs 2016.

As a long-term goal we expect all group entities to generate an average EBITDA margin of 4-5% over an economic cycle, which means that the SGL Group, after group function costs will generate 4-4.5% over such a period.

The outlook for year 2017 is positively impacted by the Airlog acquisition and the development within our traditional markets, but challenged by fluctuation in the projects sales and higher-than-expected rates from sea freight carriers in the beginning of the year.

Scan Bidco A/S expects only to carry insignificant overhead costs and, consequently, the estimated EBITDA level is expected to be above the level of SGL Group EBITDA 2016 (SGL Group 2016 DKK 90 million).

Operating review (continued)

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 has 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.

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.
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 and staffing and 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 strategy 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.

Knowledge resources

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 SGL Group’s knowledge and competence base.
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.
Development in staff in the financial year 2016:

	Denmark	Rest of the world
Employees at the beginning of the year	308	414
Net change	12	-1
Employees at year-end	320	413

The average number of employees in 2016 in the SGL Group was 731 compared to 713 in 2015.
The addition of employees in Denmark is mainly due to higher activity in the Road and Solution sectors.

Impact on the external environment

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.

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.

In May 2016 we were re-certified within ISO-14001. Our goals for 2016 are:
We want to reduce our electricity consumtion by 5%, measured by usage per employee, over the next three years (2015,2016,2017).
Result 2015-2016: -4.3%.
We want to reduce flammable waste to be max 20% of the overall waste and min 80% sorted by source.
Result 2015-2016: 27% flammable and 73% sorted by source.
We want to reduce paper and print by 5% yearly, measured by usage per employee.
Result 2015-2016: Reduction of 5.8% per employee.

For the Danish entities in 2016 where approx. 44% of the employees are employed, photocopy paper consumption was reduced more than targeted (6%), whereas the electricity consumption and combustible waste were just below the targets. Actions have been taken in order to meet all targets going forward.

Statutory CSR report

For a number of years, the SGL 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 Global Logistics 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.

The SGL 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.

In 2015 the SGL Group joined UN Global Compact and in 2016 we delivered our first ”Communication in Progress”. This report is conducted by our Executive Management Team and communicated to our organisation. With clear goals for 2016, we have taken an important step forward on our journey as a compliant organisation.

Achievements 2016

- 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 want to contribute to liberating human & labour rights violations throughout our operations. This is one of the tasks of the newly employed Head of Exellence and Process Control.

- We will continue to improve our energy-efficiency and initiate new tests to reduce our consumption.

- In order to protect human rights and anti-corruption the training on Code of conduct is now implemented.

- In 2016, 205 employees completed the Code of Conduct training. The training is made mandatory in DK, SE, NO and FI from 2017.

Operating review (continued)

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, all appointed by AEA Investors LP in 2016:

- Chairman John Cozzi
- Partner Alan Wilkinson
- Principal Todd Welsch

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.

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 4-6 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.

In 2016, the Board of Directors held one board meeting.

Account of the gender composition of management

The owners of Scan Bidco A/S (in respect of the AEA Investors LP) have a portfolio management that determines the composition of the Board of Directors. In 2016, all members of the Board of Directors as well as the Executive Board (one person) were men.

As freight forwarding and logistics has traditionally been a male-dominated trade, the Board of Directors in the operating group (SGL Group) does not consider it realistic that the SGL Group can ensure a completely equal distribution of women and men in executive positions. The SGL Group strives at ensuring that at least 25% of all candidates for all managerial positions are female.

The total ratio of women among the SGL Group's employees was approx. 50% at year-end. The Board of Directors 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 SGL Group.

Geographically, the ratio of female executives in the SGL 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 2016, we have made a commitment to establish a diversity policy in 2017, 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.

In 2016 the SGL Group management appointed a female HR executive.

4 March - 31 December

Consolidated income statement

(DKKt) Notes		Group 2016
1	Revenue	1,250,824
1	Cost of operation	-1,056,826
	Gross profit	**193,998**
2	Other external expenses	-35,064
3	Staff costs	-122,613
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**36,321**
8 + 9	Depreciation of software and property, plant and equipment	-4,535
	Earnings before Interest, Tax, Amortisation and special items	**31,786**
8	Amortisation of customer relations and trademarks	-10,800
	Operating profit before special items	**20,986**
4	Special items	-11,018
	Operating profit (EBIT)	**9,968**
5	Financial income	53,174
6	Financial expenses	-82,399
	Profit/loss before tax	**-19,257**
7	Income tax for the year	-1,368
	Profit/loss for the year	**-20,625**
	Total income for the year attributable to	
	Owners of the Parent Company	-20,835
	Non-controlling interests	210
	Total	**-20,625**

Consolidated statement of comprehensive income

(DKKt)	Group 2016
Profit/loss for the year	-20,625
Items that will be reclassified to income statement when certain conditions are met:	
Exchange rate adjustment	-608
Other comprehensive income, net of tax	-608
Total comprehensive income for the period	-21,233
Total comprehensive income for the year attributable to	
Owners of the Parent Company	-21,478
Non-controlling interests	245
Total	**-21,233**

(DKKt) Notes	Consolidated balance sheet	Group 31 Dec 2016
	ASSETS	
	Goodwill	806,123
	Customer relations	243,300
	Trademarks	47,900
	Software	9,746
8	**Intangible assets**	**1,107,069**
	Land and buildings	2,188
	Plant and machinery	2,650
	Fixtures and fittings, tools and equipment	7,179
9	**Property, plant and equipment**	**12,017**
10	Receivable from Transgroup Global Inc.	691,307
	Other receivables	7,752
11	Deferred tax asset	3,186
	Financial assets	**702,245**
	Total non-current assets	**1,821,331**
12	Trade receivables	397,932
21	Receivables from group entities	739
	Income taxes receivable	2,131
	Other receivables	20,678
	Prepayments	7,250
17	Cash	176,811
	Total current assets	**605,541**
	Total assets	**2,426,872**

(DKKt) Notes	Consolidated balance sheet	Group 31 Dec 2016
	EQUITY AND LIABILITIES	
13	Share capital	500
	Share premium	647,216
	Currency translation reserve	-643
	Retained earnings	-20,835
	Equity attributable to the Parent Company	**626,238**
	Non-controlling interests	996
	Total equity	**627,234**
14	Bond debt	1,310,317
11	Deferred tax liability	59,682
	Total non-current liabilities	**1,369,999**
17	Credit institutions	10,807
	Trade payables	322,112
	Deferred income	22,191
	Corporation tax	7,203
	Other payables	67,326
	Total current liabilities	**429,639**
	Total liabilities	**1,799,638**
	Total equity and liabilities	**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 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.

4 March - 31 December

(DKKt) Notes	Consolidated cash flow statement	Group 2016
	Operating profit (EBIT) before special items	20,986
8 + 9	Depreciation, amortisation and impairment	15,335
	Exchange rate adjustments	-3,255
16	Change in working capital	-6,486
	Cash flows from operating activities before special items and interest	**26,580**
	Interest received	13,298
	Interest paid	-39,851
	Tax paid	-3,715
	Cash flows from operating activities	**-3,688**
8	Purchase of software	-1,884
9	Purchase of property, plant and equipment	-485
15	Investments in group entities	-521,196
10	Loan to Transgroup Global Inc.	-654,393
	Cash flows from investing activities	**-1,177,958**
	Free cash flow	**-1,181,646**
	Capital increase	448,790
14	Proceeds from issuance of bonds	1,271,208
	Redemption of bond loan	-360,500
	Redemption of other acquisition debt	-12,348
	Cash flows from financing activities	**1,347,150**
	Change in cash and cash equivalents	**165,504**
	Cash and cash equivalents	
	Cash and cash equivalents at 4 March	500
	Change in cash and cash equivalents	165,504
17	**Cash and cash equivalents at 31 December**	**166,004**

Notes to the income statement

Note 1 Segment information
Condensed gross profit

		Air	Sea	Road	Solution	Total
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
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 reliable 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 SGL 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 SGL Group is also within the Air and Sea segments.
Consequently, goodwill, customer relations and trademarks are primarily allocated to the Air and Sea segments.

	Geographical information	Denmark	Other Nordics	Greater China	Other countries	Total
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 per cent of consolidated revenues.

Notes to the income statement

4 March - 31 December

Note	(DKKt)	Group 2016
2	**Fee to the auditors**	
	Fee to the auditors appointed at the annual general meeting:	
	EY	
	Fee for the statutory audit	1,324
	Fee for tax and VAT services	40
	Fee for other services	170
	Total fees to auditors appointed at the general meeting	**1,534**
	Fee to other auditors for tax and other services	578
	Total fees to the auditors	**2,111**

Note		2016
3	**Staff costs**	
	Wages and salaries	129,236
	Pensions	8,855
	Other social security costs	6,833
	Total gross staff costs	**144,924**
	Transferred to cost of operation	-21,949
	Transferred to special items	-362
	Total staff costs	**122,613**

Remuneration to members of management:	
Key management personnel (short-term employee benefits)	**4,699**

Management fee to AEA Investors LP, New York	**2,297**

The fee to AEA covers fee for the Executive Board and Board of Directors in Scan Bidco A/S and other management services for the Scan Bidco Group. The fee can not be split into the seperate services.

	Number
Average number of full-time employees	734

Note		2016
4	**Special items**	
	Transaction costs in connection with the acquisition of the SGL Group	6,790
	Transaction costs in connection with the acquisition of the Airlog Group	4,228
	Total special items	**11,018**

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Notes to the income statement

4 March - 31 December

Note	(DKKt)	Group 2016
5	**Financial income**	
	Financial income from Transgroup Global Inc.	13,449
	Other financial income	469
	Exchange income (mainly regarding the receivable from Transgroup Global Inc.)	39,256
	Total financial income (amortised cost)	**53,174**

Note		2016
6	**Financial expenses**	
	Interest expenses	1,429
	Bond interest expense and amortisation of capitalised loan costs	38,323
	Exchange loss from FX contracts	2,054
	Exchange loss (mainly regarding the bond loan)	40,593
	Total financial expenses (amortised cost)	**82,399**

Note		2016
7	**Tax for the year**	
	Tax for the year is disaggregated as follows:	
	Tax on profit for the year	1,368
	Tax on other changes in equity	0
	Tax on other comprehensive income	0
	Total tax for the year	**1,368**
	Tax on profit for the year is calculated as follows:	
	Current tax on profit for the year	2,428
	Change in deferred tax for the year	-1,060
	Total tax on profit for the year	**1,368**
	Reconciliation of tax rate:	
	Tax on profit for the year	1,368
	Profit before tax	-19,257
	Effective tax rate	-7.10%
	Danish corporation tax rate	22.00%
	Difference in tax rate	-29.10%

Reconcilliation of tax rate (%)	DKK t	Percentage
Danish corporation tax rate	4,237	22.00%
Difference between tax rate for subsidiaries outside Denmark and Danish tax rate	-77	-0.40%
Unrecognised tax assets	-1,564	-8.12%
Non-taxable income and non-deductible expenses	-3,556	-18.47%
Other	-408	-2.11%
Effective tax rate	**-1,368**	**-7.10%**

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Notes to the balance sheet

Note 8 Intangible assets

	Group (DKKt)	Goodwill	Customer relations	Trade-marks	Software	Total
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 was tested for impairment at 31 December 2016. The test did not result in any impairment of the carrying amount. In that connection, a sensitivity analysis was performed to assess whether changes in the cash flow or discount rate would lead to any impairment losses being recognised. The analysis showed that probable changes in the discount rate and the future cash flow would not indicate a need for an impairment of goodwill.

The most significant assumptions for this are:
- In the calculation a WACC of 9.3% after tax (11.4% before tax) has been applied.
- A budget period of 5 years with a subsequent terminal period is applied.
- An expectation has been applied in which the Scan Bidco Group is expected to grow with the expected annual market growth of 2% from 2022 onwards.
- The budget 2017 excluding Airlog adjusted for the fluctuation in the projects sales and higher-than-expected rates from sea freight carriers.
- The expected normalisation in the projects sales and the rates from sea freight carriers end 2017 with a positive impact from year 2018.

For impairment purposes, other costs below segment result (gross profit) are allocated to the reportable segment based on their relative share of the profit contribution in the Group.
For a description per segment, reference is made to note 1.

Note 9 Property, plant and equipment

	Group (DKKt)	Land and buildings	Plant and machinery	Fixtures, tools, fittings and equipment	Total
2016	Cost at 4 March 2016	0	0	0	0
	Currency exchange adjustment	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
	Currency exchange adjustment	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**

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Notes to the balance sheet

Note	(DKKt)		Group
10	**Receivable from Transgroup Global Inc.**		31 Dec 2016
	Principal, USD 98,019 thousand, fixed interest rate 7.70%		691,307
	Total receivable from Transgroup Global Inc.		**691,307**
		Cash flow*	Carrying amount
	Receivable falling due between 1 and 5 years (2021)	212,923	0
	Receivable falling due after more than 5 years	717,922	691,307
	Total non-current receivable from Transgroup Global Inc.	**930,845**	**691,307**
	Total current receivable from Transgroup Global Inc.	**53,231**	**0**

* 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% 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.

Note		31 Dec 2016
11	**Deferred tax assets and liabilities**	
	Deferred tax at 4 March	0
	Additions from acquisitions	-57,556
	Deferred tax for the year	1,060
	Deferred tax at 31 December	**-56,496**
	Specification of deferred tax in the balance sheet:	
	Deferred tax asset	3,186
	Deferred tax liability	-59,682
	Deferred tax at 31 December	**-56,496**

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 2016
Unrecognised at 4 March	0
Additions from acquisitions	6,437
Additions	1,519
Unrecognised tax assets at 31 December 2016	**7,956**

Notes to the balance sheet

At 31 December

Note	(DKKt)	Group
12	**Trade receivables**	**31 Dec 2016**
	Trade receivables before impairment at 31 December	404,190
	Provision for bad debts	-6,258
	Trade receivables at 31 December	397,932
	Trade receivables not due	340,901
	Overdue trade receivables not written down	**57,031**
	Overdue trade receivables not written down break down as follows:	
	Overdue 1-30 days	39,831
	Overdue 31-60 days	12,077
	Overdue 61-90 days	2,101
	Overdue for more than 90 days	3,022
	Overdue trade receivables not written down	**57,031**
	Impairment losses for the year relating to doubtful trade receivables break down as follows:	
	Additions from acquisitions	10,929
	Reversal of impairments	-1,815
	Impairment losses recognised for receivables	-4,045
	Impairment for the year	1,189
	Impairment at 31 December	**6,258**
	Realised losses during the year (Income in 2016)	**626**

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

Notes to the balance sheet

Note	(DKKt)		Group
14	**Financial liabilities and financial risks**		**31 Dec 2016**
	Bond debt		
	Issued bonds, DKK tranche, fixed interest rate 6.80%		625,000
	Issued bonds, USD trance USD 100 million, fixed interest rate 7.70%		705,280
	Total bond debt		**1,330,280**
	Capitalised loan costs		-19,963
	Total carrying amount		**1,310,317**

	Cash flow*	Carrying amount
Bond debt falling due between 1 and 5 years (2021)	387,226	0
Bond debt falling due after more than 5 years	1,378,683	1,330,280
Total non-current financial liabilities	**1,765,910**	**1,330,280**
Current portion of financial liabilities	**96,807**	**0**

* Total cash flows including interest.

In 2016, Scan Bidco A/S issued senior secured callable bonds of DKK 625 million with a fixed interest rate of 6.80% and USD 100 million with a 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 2016 was 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.

DKK 121 million of the proceeds is kept in an escrow account as per 31 December 2016 and is reserved for the partial financing of the acquisition of the Airlog Group in March 2017.

For the issued bonds certain terms and conditions apply regarding negative pledge, redemption, change of control and incurrance test.
Please see note 18 for a description of pledges.
The company bonds are expected to be listed on the Nasdaq Stock Exchange in Stockholm during the second quarter of 2017.

Capital structure and liquidity risk

On a regularly basis, the Excecutive 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

Besides net cash of DKK 166 million the Scan Bidco Group has undrawn bank credit facilities of DKK 90 million at 31 December 2016. Please se note 17 for further information.

Notes to the balance sheet

Note	(DKKt)	Group
14	**Financial liabilities and financial risks (Continued)**	31 Dec 2016

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 monitores and limits risks and loss on receivables. Historically, losses on receivables are at a low level. We refer to note 12 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 reivables 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 currency exchange exposure, because this is covered by the USD 98 million receivable from Transgroup Global Inc.

Note		Group
14	**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.

			In DKK millions		
Main currency exposures	**DKK/DKK**	**USD/DKK**	**EUR/DKK**	**SEK/DKK**	**Total**
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	**862**	**779**	**52**	**18**	**1,711**
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

4 March - 31 December

Note 15	(DKKt) Investments in group entities	Group 2016
	Provisional fair value at date of acquisition:	
	ASSETS	
	Software	10,529
	Property, plant and equipment	13,400
	Deferred tax asset	8,884
	Non-current receivables	8,273
	Trade receivables (Gross DKKt 367,756, bad debt provision DKKt 10,929)	356,827
	Income taxes receivable	305
	Other receivables	18,203
	Prepayments	13,608
	Cash	190,205
	Total assets	**620,234**
	LIABILITIES	
	Bond debt	360,500
	Trade payables	286,165
	Deferred income	24,337
	Corporation tax	6,663
	Other payables	84,692
	Total liabilities	**762,357**
	Non-controlling interests' share of acquired net assets	751
	Acquired net assets before identification of intangible assets and goodwill	**-142,874**
	Goodwill	806,123
	Customer relations	252,000
	Trademarks	50,000
	Deferred tax on customer relations and trademarks	-66,440
	Fair value of total consideration	**898,809**
	Paid through share contribution in kind	198,426
	Cash consideration	**700,383**
	Adjustment for cash taken over	-190,205
	Cash consideration for the acquisition of the Scan Global Logistics Group	**510,178**
	Transaction costs for acquisition of SGL Group	6,790
	Investment in SGL Group	**516,968**
	Transaction costs for acquisition of Airlog Group	4,228
	Investments in group entities (cash outflow)	**521,196**

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.

Note		Group
15	**Investments in group entities** (continued)	2016

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 asssets 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.

Acquisition of the Airlog Group

In November 2016 Scan Global Logistics A/S entered into an agreement to acquire 100% of the Swedish-based freight forwarder Airlog Group AB.
The acquisition took effect on 6 March 2017.
Under the terms of the agreement, Scan Global Logistics acquired Airlog Group for a consideration of SEK 200 million. In addition, an earn-out agreement with a maximum of SEK 15 million has been concluded. Total consideration amounts to DKK 168 million plus transaction costs of DKK 4 million.
Acquired net assets before identification of intangible assets and goodwill amount to approx. DKK 10 million.
Intangible assets (customer relations and trademarks) including goodwill have provisionally been calculated to DKK 158 million.
A large part of the intangible assets are expected to be allocated to goodwill, because there are material synergies implied in the business combination.
The purchase price allocation has not yet been finalised, as the acquisition took effect on 6 March 2017.

About the Airlog Group

Airlog is a full-service freight forwarder with offices in Sweden and Denmark focusing on small to mid-sized customers. Airlog has 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 SEK 451 million and a profit after tax of SEK 4 million.

Notes to the cash flow statement

4 March - 31 December

Note	(DKKt)	Group 2016
16	**Change in working capital**	
	Changes in receivables	-36,609
	Changes in trade payables, etc.	30,123
	Total change in working capital	**-6,486**

17	**Cash and liquidity**	**31 Dec 2016**
	Cash	176,811
	Credit institutions	-10,807
	Net cash	166,004
	Credit facilities	89,911
	Liquidity reserve	255,915

The Scan Bidco Group holds net positive bank liquidity of DKK 166,004 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregate to DKK 255,915 thousand.

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	(DKKt)	Group
18	**Security for loans**	**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
Company charge	213,300
Total security	**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 2016 DKK 270 million of which DKK 3 million relates to fixed assets.
The total credit facility including warranties with the credit institution amounts to 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	1,330,280
The following assets are pledged as collateral:	
Bond proceeds on escrow account for the acquisition of the Airlog Group	121,247
Intercompany loan to Scan Global Logistics Holding ApS	297,931
Intercompany loan to Transgroup Global Inc.	691,307
The following shares:	907,690
Shares in Scan Global Logistics Holding ApS	
Shares in Anpartsselskabet af 1. november 2006	
Shares in Nidovni HH ApS	
Shares in TTGR Holding ApS	

As security for bond debt the Group has pledged assets as collateral	
The following assets are pledged as collateral:	
Intercompany loan from Scan Global Logistics Holding ApS to Scan Global Logistics A/S	80,000
Shares in Scan Global Logistics A/S, carrying amount in Scan Global Logistics Holding ApS	667,503

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Supplementary notes

Note	(DKKt)	Group
19	**Contingent liabilities and other financial obligations**	**31 Dec 2016**
	Rent obligations for leased premises	62,099
	Operating leases for cars	28,602
	Total rent and lease obligations	**90,701**
	Maturity analysis:	
	Falling due before 1 year	44,671
	Falling due between 1 and 5 years	46,030
	Falling due after more than 5 years	0
	Total rent and lease obligations	**90,701**
	Total rent and lease expenses during the year	**24,561**
	Warranties for payments	**32,351**

Claims and legal disputes:

There are a few claims which are considered immaterial, because the claims are covered by the Group's insurance programme.

20 Financial instruments by category — 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 are not yet listed on any regulated market for which reason it is 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 705 million for the USD tranche, totalling DKK 1,330 million.

Financial instruments by category, carrying amount	
Financial assets (measured at amortised cost)**:**	
Trade receivables	397,932
Other receivables	28,430
Receivables from group entities	692,046
Cash	176,811
Financial assets measured at amortised cost	1,295,219
Financial liabilities (measured at fair value at IFRS level 2)**:**	
Currency derivatives	187
Financial liabilities (measured at amortised cost)**:**	
Issued bonds measured at amortised cost	1,310,317
Credit institutions	10,807
Trade payables	322,112
Financial liabilities measured at amortised cost	1,643,236

Supplementary notes

Note	(DKKt)	Group
21	**Related parties**	**31 Dec 2016**

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	
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., described in note 10	691,307
Total receivables from group entities	**692,046**
Management fee to AEA Investors LP, New York (part of AEA Group)	**2,297**

The fee to AEA covers fee for the Executive Bord and Board of Directors in Scan Bidco A/S and other 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 5 regarding intercompany interest income.

Note 22

Accounting policies

Basis of preparation

The 2016 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.

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 and all values are rounded to the nearest thousand, except when otherwise indicated.

Significant accounting estimates

The preparation of the Group's consolidated financial statements requires the 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 and described in detail in the relevant notes:

- Impairment testing (note 8)

Note

22 Accounting policies (Continued)

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 aquisition 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.

Note
22 **Accounting policies** (Continued)

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, 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.

Note 22 **Accounting policies (Continued)**

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 costs improves 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 combinaitons 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 of the SGL Group are amortised over 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.

Note
22 **Accounting policies** (Continued)

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.

Note
22 **Accounting policies** (Continued)

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.

Note 22 **Accounting policies (Continued)**

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.

Note
22 **Accounting policies (Continued)**

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.

Note
22 **Accounting policies** (Continued)

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.

Geografical 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 with the Danish Finance Society's guidelines on the calculation of financial ratios 'Recommendations and Financial Ratios 2015'.

Definition of financial ratios:

Gross margin:
Gross profit / Revenue * 100

EBITDA margin:
EBITDA / Revenue * 100

EBIT margin:
Operating profit / Revenue * 100

Equity ratio:
Equity at year end / Total assets * 100

Net interest-bearing debt
Interest-bearing debt less of interest-bearing assets.

Note 23	(DKKt) Recognition and measurement uncertainties (DKKt)	Group 2016

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 re-assessed 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	**3,186**

A deferred tax asset, of which DKK 2,465 thousand relates to tax losses carried forward in Norway, has been recognised as per 31 December 2016.
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 realised.

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.

Note 23 (DKKt) Group 2016

Recognition and measurement uncertainties (Continued)

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 15, Investments in group entities, which also reflects the methods for calculating fair value of acquisitions made in 2016.

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.

Note 24

New accounting regulation not yet adopted

A number of new standards and interpretations have been issued which had not become mandatory at the preparation of the financial statements for 2016 and has not yet been adopted by the Group.

The IASB has issued the following new accounting standards (IFRS and IAS) and interpretations (IFRIC):
• IFRS 9, IFRS 14, IFRS 15, IFRS 16, IFRIC 22, amendments to IAS 1, IAS 16, IAS 27, IAS 28, IAS 38, IAS 39, IAS 40, IAS 41, IFRS 2, IFRS 4, IFRS 7, IFRS 9, IFRS 10, IFRS 11, IFRS 12 and annual improvements to IFRSs cycle 2012-2016

Of the above, IFRS 14, IFRS 16, IFRIC 22, amendments to IAS 28, IAS 40, IFRS 2, IFRS 4, IFRS 10 and IFRS 12 have not yet been endorsed by the EU.

The Scan Bidco Group expects to adopt the new accounting standards and interpretations when they become mandatory according to the effective dates adopted by the EU. Apart from note disclosure requirements and IFRS 16, none of the new standards or interpretations are expected to have a significant impact on recognition and measurement for the Scan Bidco Group, though the analysis of the expected impact from the implementation of IFRS 9, IFRS 15 and IFRS 16 have not yet been completed, as further described below:

• IFRS 9 Financial Instruments, which replaces IAS 39, changes the classification and thus also the measurement of financial assets and liabilities. The classification under IFRS 9 is based on a more logic approach closely related to the Group’s business model and the characteristics of the underlying cash flows. Further, a new impairment model is introduced for financial assets, according to which impairment is based on expected loss. IFRS 9 becomes mandatory for the Scan Bidco Group’s annual report for 2018. The impact of adopting IFRS 9 is expected to be limited; however, it is undetermined at this point.

• IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The new standard replaces all current accounting standards and interpretations on revenue recognition and becomes mandatory for the Scan Bidco Group’s annual report for 2018. A detailed impact analysis of adopting IFRS 15 has not yet been carried out; however, the impact is expected to be limited.

• IFRS 16 Leases was issued in January 2016 and will be effective for reporting periods beginning on 1 January 2019 or later. The standard will significantly change the accounting treatment of leases that under the current IAS 17 are classified as operating leases. IFRS 16 requires that all leases irrespective of their type, with only few exceptions, are recognised in the balance sheet by the lessee as an asset with a corresponding liability. The income statement will also be impacted as the annual lease expenses under IFRS 16 will consist of two elements - depreciation on the leased assets and interest expenses. Under the current standard, the annual expenses from operating leases are recognised as other external expenses. The Scan Bidco Group has not yet made a thorough impact assessment of the new standard. However it is expected that IFRS 16 will have material impact, as the Group’s minimum lease payments related to operating leases (primarily warehouses, offices, vehicles and office equipment, etc.) amount to approximately DKK 91 million (undiscounted) at year-end 2016 (refer to note 19), which potentially should be recognised in the balance sheet.

4 March - 31 December

Income statement

Notes	(DKKt)	Parent 2016
	Revenue	0
	Cost of operation	0
	Gross profit	**0**
1	Other external expenses	-210
2	Staff costs	0
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**-210**
	Amortisation and depreciation of intangible assets and property, plant and equipment	0
	Operating profit before special items	**-210**
	Special items	0
	Operating profit (EBIT)	**-210**
6	Income from investments in group entities	2,734
3	Financial income	60,723
4	Financial expenses	-80,234
	Profit/loss before tax	**-16,987**
5	Income tax for the year	2,942
	Profit/loss for the year	**-14,045**

Statement of comprehensive income

(DKKt)	Parent 2016
Profit/loss for the year	-14,045
Items that will be reclassified to income statement when certain conditions are met:	
Exchange rate adjustment	-643
Other comprehensive income, net of tax	-643
Total comprehensive income for the period	-14,688

(DKKt) Notes	Balance sheet	Parent 31 Dec 2016
	ASSETS	
6	Investments in group entities	907,690
7	Receivable from Scan Global Logistics Holding ApS	297,931
8	Receivable from Transgroup Global Inc.	691,307
	Financial assets	**1,896,928**
	Total non-current assets	**1,896,928**
17	Receivables from group entities	3,497
	Other receivables	447
13	Cash	121,675
	Total current assets	**125,619**
	Total assets	**2,022,547**

	EQUITY AND LIABILITIES	
9	Share capital	500
	Share premium	647,216
	Currency translation reserve	-643
	Reserve for net revaluation according to the equity method	2,734
	Retained earnings	-16,779
	Total equity	**633,028**
10	Bond debt	1,310,317
	Total non-current liabilities	**1,310,317**
	Corporation tax	246
	Payables to group entities	77,671
	Other payables	1,285
	Total current liabilities	**79,202**
	Total liabilities	**1,389,519**
	Total equity and liabilities	**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 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.

4 March - 31 December

(DKKt) Notes	Cash flow statement	Parent 2016
	Operating profit (EBIT) before special items	-210
	Depreciation, amortisation and impairment	0
	Exchange rate adjustments	-1,540
12	Change in working capital	-385
	Cash flows from operating activities before special items and interest	**-2,135**
	Interest received	20,689
	Interest paid	-36,165
	Tax received	3,187
	Cash flows from operating activities	**-14,424**
11	Investments in group entities	-700,383
11	Transaction costs for acquisitions	-6,790
7	Loan to group entity, principal	-297,931
	Payments to/from group entities	75,098
8	Loan to Transgroup Global Inc.	-654,393
	Cash flows from investing activities	**-1,584,399**
	Free cash flow	**-1,598,823**
	Capital increase	448,790
10	Proceeds from issuing of bonds	1,271,208
	Cash flows from financing activities	**1,719,998**
	Change in cash and cash equivalents	**121,175**
	Cash and cash equivalents	
	Cash and cash equivalents at 4 March	500
	Change in cash and cash equivalents	121,175
13	**Cash and cash equivalents at 31 December**	**121,675**

Notes to the income statement

4 March - 31 December

Note	(DKKt)	Parent 2016
1	**Fee to the auditors**	
	Fee to the auditors appointed at the annual general meeting:	
	EY	
	Fee for the statutory audit	210
	Total fees to auditors appointed at the general meeting	**210**
	Fee to other auditors for tax and other services (transaction costs)	125
	Total fee to the auditors	**335**

Note		2016
2	**Staff costs**	
	Total staff costs	**0**

Members of the Executive Board and the Board of Directors in Scan Bidco A/S did not receive any remuneration in 2016.

Please refer to note 21 for the Group for management fee to related parties.

	Number
Average number of full-time employees	0

Note		2016
3	**Financial income**	
	Financial income from Transgroup Global Inc.	13,449
	Financial income from Scan Global Logistics Holding ApS	7,679
	Other financial income	339
	Exchange income (mainly regarding the receivable from Transgroup Global Inc.)	39,256
	Total financial income (amortised cost)	**60,723**

Note		2016
4	**Financial expenses**	
	Interest expenses	369
	Bond interest expense and amortisation of capitalised loan costs	38,323
	Exchange loss (mainly regarding the bond loan)	41,542
	Total financial expenses (amortised cost)	**80,234**

Notes to the income statement

4 March - 31 December

Note	(DKKt)		Parent
5	**Tax for the year**		2016
	Tax on loss for the year is calculated as follows:		
	Current tax on loss for the year (tax refund)		2,942
	Change in deferred tax for the year		0
	Total tax on loss for the year (tax refund)		**2,942**
	Calculation of effective tax rate:		
	Tax on loss for the year (tax refund)		2,942
	Loss before tax		16,987
	Effective tax rate		17.32%
	Reconcilliation of tax rate (%)	**DKK t**	**Percentage**
	Danish corporation tax rate	3,737	22.00%
	Non-taxable income from investments in group entities	601	3.54%
	Non-deductible expenses	-1,396	-8.22%
	Effective tax rate	**2,942**	**17.32%**

Notes to the balance sheet

6	**Investments in Group entities**	Parent
2016	Cost at 4 March 2016	0
	Additions	898,809
	Transaction costs on acquisitions	6,790
	Cost at 31 December 2016	**905,599**
	Changes at 4 March 2016	0
	Currency exchange adjustment	-643
	Share of profit in subsidiaries after tax	11,158
	Amortisation of group intangibles	-10,800
	Tax on amortisation of group intangibles	2,376
	Changes at 31 December 2016	**2,091**
	Carrying amount at 31 December 2016	**907,690**

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

Share of profit in subsidiaries after tax	11,158
Amortisation of group intangibles	-10,800
Tax on amortisation of group intangibles	2,376
Total Income from investments in Group entities	**2,734**

Notes to the balance sheet

Note	(DKKt)		Parent
7	**Receivable from Scan Global Logistics Holding ApS**		31 Dec 2016

Receivable from Scan Global Logistics Holding ApS, interest rate 7.70%	297,931
Total receivable from group entities	**297,931**

	Cash flow*	Carrying amount
Receivable falling due between 1 and 5 years (2021)	91,763	0
Receivable falling due after more than 5 years	309,401	297,931
Total non-current receivable from Scan Global Logistics Holding ApS	**401,164**	**297,931**
Total current receivable from Scan Global Logistics Holding ApS	**22,941**	**0**

* Total cash flows including interest.

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 arose.
Interest of 7.70% 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 14 for a description of pledges.

8	**Receivable from Transgroup Global Inc.**	31 Dec 2016

Principal, USD 98,019 thousand, fixed interest rate 7.70%	691,307
Total receivable from Transgroup Global Inc.	**691,307**

	Cash flow*	Carrying amount
Receivable falling due between 1 and 5 years (2021)	212,923	0
Receivable falling due after more than 5 years	717,922	691,307
Total non-current receivable from Transgroup Global Inc.	**930,845**	**691,307**
Total current receivable from Transgroup Global Inc.	**53,231**	**0**

* 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% 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 14 for a description of pledges.

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Notes to the balance sheet

Note	(DKKt)	Parent
9	**Share capital**	31 Dec 2016

The Parent Company's share capital of DKK 500 thousand comprises:	
5,000 shares of DKK 100 each on formation	500
3 shares of DKK 100 each in share capital increase by cash payment and contribution in kind	0
Total share capital at 31 December 2016	**500**

10	**Financial liabilities and financial risks**	31 Dec 2016

Issued bonds, DKK tranche, fixed interest rate 6.80%	625,000
Issued bonds, USD trance USD 100 million, fixed interest rate 7.70%	705,280
	1,330,280
Capitalised loan costs	-19,963
Total bond debt	**1,310,317**

	Cash flow*	Carrying amount
Bond debt falling due between 1 and 5 years (2021)	387,226	0
Bond debt falling due after more than 5 years	1,378,683	1,330,280
Total non-current financial liabilities	**1,765,910**	**1,330,280**
Current portion of financial liabilities	**96,807**	**0**

* 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 2016 was 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.
DKK 121 million of the proceeds is kept in an escrow account as per 31 December 2016 and is reserved for the partial financing of the acquisition of the Airlog Group in March 2017.
For the issued bonds, certain terms and conditions apply regarding negative pledge, redemption, change of control and incurrance test.
Please see note 18 for the Group for a description of pledges.

The company bonds are expected to be listed on the Nasdaq Stock Exchange in Stockholm during the second quarter of 2017.

Note	(DKKt)	Parent
10	**Financial liabilities and financial risks** (Continued)	31 Dec 2016

Please see note 14 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.

Main currency exposures	DKK/DKK	USD/DKK
Receivable from Scan Global Logistics Holding ApS	297,931	0
Receivable from Transgroup Global Inc.		691,307
Receivables from group entities	2,758	739
Other receivables	447	0
Cash	121,624	51
Cash and receivables	**422,760**	**692,097**
Bond debt	605,037	705,280
Other payables	682	603
Financial liabilities	**605,719**	**705,883**
Net position	**-182,959**	**-13,786**
Exchange rate fluctuation		5%
Impact on profit/loss		-689
Impact on other comprehensive income		0

Note	(DKKt)	Parent
11	**Investments in group entities**	2016
	Fair value of total consideration	**898,809**
	Paid through share contribution	198,426
	Cash consideration	**700,383**
	Transaction costs for acquisition of SGL Group	6,790
	Investments in group entities	**707,173**

Acquisition of the Scan Global Logistics Holding Group

With effect from 2 August 2016, Scan Bidco A/S acquired 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.

12	**Change in working capital**	2016
	Changes in receivables	-385
	Changes in trade payables, etc.	0
	Total change in working capital	**-385**

13	**Cash and liquidity**	31 Dec 2016
	Cash	121,675
	Credit facilities	0
	Liquidity reserve	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.

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Supplementary notes

Note	(DKKt)	Parent
14	**Security for loans**	**31 Dec 2016**

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

Bond debt at par	1,330,280
The following assets are pledged as collateral:	
Bond proceeds on escrow account for the acquisition of the Airlog Group	121,247
Intercompany loan to Scan Global Logistics Holding ApS	297,931
Intercompany loan to Transgroup Global Inc.	691,307
The following shares:	907,690
Shares in Scan Global Logistics Holding ApS	
Shares in Anpartsselskabet af 1. november 2006	
Shares in Nidovni HH A/S	
Shares in TTGR Holding ApS	
Total carrying amount	**2,018,175**

Please se note 18 for the Group for a description of securities in the Group.

15 Contingent liabilities and other financial obligations — 31 Dec 2016

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed Danish group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

16 Financial instruments by category — 31 Dec 2016

The carrying amount of financial assets and payables is assessed to correspond to the estimated fair value.
The issued bonds are not yet listed at any regulated market for which reason it is 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 705 million for the USD tranche, totalling DKK 1,330 million.

Financial instruments by category, carrying amount	
Financial assets (measured at amortised cost)**:**	
Other receivables	447
Receivables from group entities	992,735
Cash	121,675
Financial assets measured at amortised cost	1,114,857
Financial liabilities (measured at fair value at IFRS level 2)**:**	
Currency derivatives	0
Financial liabilities (measured at amortised cost)**:**	
Payables to group entities	77,671
Issued bonds measured at amortised cost	1,310,317
Financial liabilities measured at amortised cost	1,387,988

Supplementary notes

Note	(DKKt)	Parent
17	**Related parties**	**31 Dec 2016**

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	
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 7	297,931
Loan to Transgroup Global Inc., described in note 8	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 21 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 3 regarding intercompany interest income.

Note

18 **Accounting policies**

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		Parent
19	**Recognition and measurement uncertainties**	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 23 for the Group for further information.

20 New accounting regulation not yet adopted

Please see note 24 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 4 March - 31 December 2016.

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 2016 and of the results and cash flows of the Group's and the Company's operations for the financial year 4 March - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Kastrup, 30 April 2017

Executive Board:

Todd Welsch

Board of Directors:

John Cozzi
Chairman

Alan Wilkinson

Todd Welsch

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 4 March - 31 December 2016, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. 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 2016 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 4 March - 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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 financial statements" section of our report. We are independent of the Group and the Parent Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.
Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and the 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 disclosure requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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.

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Independent auditor's report (continued)

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 30 April 2017

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Eskild N. Jakobsen
State Authorised Public Accountant

Allan Nørgaard
State Authorised Public Accountant