Scan Global Logistics A/S

Kirstinehøj 7, 2770 Kastrup
CVR no. 14 04 96 73

Annual Report 2016

Approved at the annual general meeting of shareholders on 31 May 2017.

Chairman of the annual general meeting:

Jesper Nielsen

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Company details

Name	:	**Scan Global Logistics A/S**
Address, Postal code, Town	:	Kirstinehøj 7, 2770 Kastrup, Denmark
CVR no.	:	14 04 96 73
Registered office	:	Tårnby (Copenhagen)
Financial year	:	1 January - 31 December
Website	:	www.scangl.com
E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Board of Directors	:	Claes Brønsgaard Pedersen, Chairman Allan Dyrgaard Melgaard, Deputy chairman Jørgen Agerbro Jessen Jesper Nielsen
Executive Board	:	Jesper Nielsen
Bankers	:	Jyske Bank A/S
Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, City	:	Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
CVR no.	:	30 70 02 28

Legal entities in the SGL Group

31 Dec 2016

Scan Global Logistics A/S
Domicile: Tårnby (Copenhagen), Denmark
Capital: DKK 1,901,645

- 100% — **SGL Road ApS** (former Mahé Euro ApS)
  Domicile: Tårnby (Copenhagen), Denmark
  Capital: DKK 500,000
  - 80% — **SGL Road AB** (former Interexpress AB)
    Domicile: Västervig, Sweden
    Capital: SEK 100,000
- 100% — **ScanAm Global Logistics AB**
  Domicile: Gothenburg, Sweden
  Capital: SEK 100,000
- 100% — **Scan Global Logistics AS**
  Domicile: Oslo, Norway
  Capital: NOK 150,000
- 100% — **Scan Global Logistics (Finland) Oy**
  Domicile: Helsinki, Finland
  Capital: EUR 2,523
- 100% — **Scan Global Logistics K.K.**
  Domicile: Tokyo, Japan
  Capital: JPY 15,000,000
- 100% — **Scan Global Logistics Ltd.**
  Domicile: Shanghai, China
  Capital: USD 1,650,000
- 100% — **Scan Global Logistics Ltd.**
  Domicile: Hong Kong
  Capital: HKD 500,000
  - 100% — **Connect Air (HK) Ltd.**
    Domicile: Hong Kong
    Capital: HKD 300,000
  - 100% — **Scan Global Logistics Ltd.**
    Domicile: Taipei, Taiwan
    Branch
- 52% — **Scan Global Logistics Ltd.**
  Domicile: Bangkok, Thailand
  Capital: THB 5,000,000
- 100% — **Scan Global Logistics Ltd.**
  Domicile: Kuala Lumpur, Malaysia
  Capital: MYR 2
  - 100% — **Connect Air (Malaysia) Ltd.**
    Domicile: Kuala Lumpur, Malaysia
    Capital: MYR 2
- 100% — **Scan Global Logistics Pty. Ltd.**
  Domicile: Melbourne, Australia
  Capital: AUD 13
- 40% — **Scan Global Logistics (Phil) Inc.**
  Domicile: Manila, Philippines
  Capital: PHP 4,000,000
- 100% — **Scan Global Logistics Chile S.A.**
  Domicile: Santiago, Chile
  Capital: CLP 179,872,000
- 100% — **Scan Global Logistics (Vietnam) Ltd.**
  Domicile: Ho Chi Min City, Vietnam
  Capital: USD 100,000
- 100% — **Scan Global Logistics Ltd.**
  Domicile: Jakarta, Indonesia
  Capital: IDR 252,015,000
- 100% — **Scan Global Logistics Pte Ltd. (Singapore)**
  Domicile: Singapore
  Capital: SGD 100,000, Dormant

Financial highlights

SGL Group	2016	2015	2014	2013	2012
Key figures (in DKK thousands):					
Income statement					
Revenue	2,741,354	3,188,373	2,873,265	2,440,155	2,184,273
Gross profit	**473,131**	**481,261**	**365,257**	**325,657**	**303,025**
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**90,401**	**110,493**	**55,898**	**44,256**	**29,100**
Earnings Before Interest, Tax, Amortisation (EBITA) and special items	**78,530**	**99,863**	**45,345**	**36,592**	**21,739**
Operating profit (EBIT) before special items	**78,177**	**96,500**	**44,745**	**36,446**	**21,715**
Special items	-9,599	-9,318			
Operating profit (EBIT)	**68,578**	**87,182**	**44,745**	**36,446**	**21,715**
Net financial income/expenses	-7,696	1,596	-2,191	-12,641	-11,284
Profit/loss before tax	**60,882**	**88,778**	**42,554**	**23,805**	**10,431**
Profit/loss for the year	**35,616**	**67,559**	**19,222**	**18,292**	**474**
Cash flow					
Cash flow from investing activities	-11,657	-13,529	-5,847	-19,667	-10,084
Free Cash flow	75,554	101,932	97,923	-38,885	N/A
Financial position					
Total equity	55,700	143,726	106,592	129,258	109,268
Equity attributable to parent company	54,704	140,472	105,696	128,418	108,797
Total assets	562,710	644,548	584,610	565,901	492,165
Financial ratios in %					
Gross margin*	17.3	15.1	12.7	13.3	13.9
EBITDA margin*	3.3	3.5	1.9	1.8	1.3
EBIT margin*	2.9	3.0	1.6	1.5	1.0
Return on assets*	13.0	15.7	7.8	6.9	4.4
Equity ratio	9.9	22.3	18.2	22.8	22.2
Return on equity (ROE)	35.9	53.6	17.6	14.9	1.7
Average number of employees	731	713	811	774	713

*before special items

Comparison figures for the year 2015 are presented according to IFRS.
Comparison figures for the years 2012, 2013 and 2014 are presented according to Danish Financial Statements Act.

For definition of financial ratios please see note 1 Accounting policies.

Operating review

Change of ownership

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 SGL Group's business review

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

Conversion from Danish Financial Statements Act to IFRS

The SGL Group and the parent company is a first time adopter of IFRS. Note 2 "Change of accounting policies - transition to IFRS", is used by the SGL Group and the parent company for preparing this first complete set of consolidated financial statements and financial statements in accordance with IFRS as adopted by the EU for the year ended 31 December 2016.
For periods up to and including the year ended 31 December 2015, the SGL Group and the parent company prepared its official consolidated financial statements and financial statements in accordance with the Danish Financial Statements Act.

In preparing these IFRS consolidated financial statements and financial statements, the SGL Group's and parent company's opening balance sheet was prepared as at 1 January 2015, the date of transition to IFRS. Note 2 explains the principal adjustments made by the SGL Group and parent company in restating its consolidated financial statements and financial statements prepared in accordance with the Danish Financial Statements Act, including the balance sheet as at 1 January 2015 and the consolidated financial statements and financial statements as at and for the year ended 31 December 2015.

Financial review

In 2016, the SGL Group generated revenues of DKK 2.7 billion, against DKK 3.2 billion the year before, and a profit before tax of DKK 60.9 million against DKK 88.8 million the year before.
The SGL Group delivered a very strong performance during first half of 2016 well above same period last year. During seond half the SGL Group experienced a decline in earnings, mainly as a result of less activities within the ADP division and ceased co-loading activities in the Far East.
With an operating profit before special items for the year of DKK 78.2 million (2015: DKK 96.5 million), the year came in below outlook for 2016.

Overall the gross revenue decreased by 14% year-on-year for the SGL Group, mainly as result of the general decrease in freight rates, the lower activitiy in the ADP division and the ceased co-loading activities. Whereas last year was heavily impacted by the strengten USD, the impact this year was insignificant due to the relative stable year-on-year USD/DKK exchange rate.

The decreased revenue of DKK 0.4 billion had a small negative impact on the Gross Profit of 2% (DKK 8 million). The Air and Sea division in Denmark and Greater China continued to improve GP earnings, whereas ADP and South East Asia experienced a dip in performance. Overall the rest of the Group companies delivered a GP result on par with the year before.

Operating review (continued)

Gross profit margin before special items was 17.3 % compared to 15.1% in 2015.

EBITDA before special items of DKK 90.4 million (2015: DKK 110.5 million) decreased by 18%.
The EBITDA margin before special items of 3.3% is 0.2% points below 2015.

The total salary costs increased by 2.9% in 2016 mainly due to a re-organisation in Norway as well as increasing activities in the Road and Solution sectors. During 2016 the SGL Group had an increase of total 11 employees compared to 2015.

The cash flow generation of the SGL Group was strong. The SGL Group generated a cash flow of DKK 87 million from operating activities in 2016 versus DKK 115 million in 2015. The lower level in 2016 was partly due to the lower EBITDA and higher tax paid.
The SGL Group continues to drive several initiatives supporting long-term stability in structures and processes as well as financial control procedures through uniform operational practices, a joint operational system and uniform models for financial controlling while also maintaining strong central control of key financial matters.

Incentive schemes

In 2016, all schemes related to the warrant programme for key employees was exercised at company exit 1 August 2016. Please see the note on staff costs for further information.

Capital structure

On a regularly basis, the Excecutive Board assesses whether the SGL Group has an adequate capital structure, just as the Board of Directors regularly evaluates whether the SGL Group's capital structure is in line with the best interests of the SGL Group and its stakeholders.
It is the Management's assessment that the current capital structure is sufficient to support the SGL Group's strategy plans.

During second half of 2016, the ultimate Danish parent company Scan Bidco A/S of Scan Global Logistics A/S has made the following changes in the capital structure:
Scan Bidco A/S issued senior secured callable bonds of DKK 625 million and USD 100 million. With a fixed interest rate of 6.8% and 7.7% respectively.
The company Bond is expected to be listed on the Nasdaq Stock Exchange in Stockholm during the second quarter of 2017.
At the same time the previous company bond (issued by Scan Global Logistics Holding ApS) of DKK 350 million (DKK 375 million less of own bonds DKK 25 million) with an interest rate of positive CIBOR + 7% were fully redeemed.

Please see "Post balance sheet events" regarding capital increase in March 2017 relating to the acquisition of the Airlog 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.

Operating review (continued)

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 127 million was made in March 2017 and DKK 71 million in intercompany loan from Scan Bidco A/S was received.

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.

The estimated EBITDA level is expected to be above the level of 2016.

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 SGL 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 SGL Group's services.

Risks related to IT infrastructure

The SGL Group depends on information technology to manage critical business processes, including administrative and financial functions. The SGL 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 SGL Group’s operations.

Risks relating to the SGL Group's operations in emerging markets

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

Operating review (continued)

Internal control and risk management systems in relation to financial reporting

The Board of Directors and the Executive Board have the overall responsibility for risk management and internal controls in relation to financial reporting.

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

The Management regularly assesses the SGL 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 SGL 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 SGL Group.

The SGL 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 SGL 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 SGL 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.

Operating review (continued)

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 SGL 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 SGL Group's management system, and the SGL 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 Global Logistics A/S is owned directly by Scan Global Logistics Holding ApS, and the ultimate owner is AEA SGLT Holding I LP.

The Board of Directors consists of the following members:

- Chairman Claes Brønsgaard Pedersen
- Deputy chairman Allan Dyrgaard Melgaard
- Jørgen Agerbro Jessen
- Jesper Nielsen

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 2 board meetings.

Account of the gender composition of management

As freight forwarding and logistics has traditionally been a male-dominated trade, the Board of Directors in the 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.

scan GLOBAL LOGISTICS

1 January - 31 December

Consolidated income statement

(DKKt) Notes		Group 2016	Group 2015
5	Revenue	2,741,354	3,188,373
5	Cost of operation	-2,268,223	-2,707,112
	Gross profit	**473,131**	**481,261**
6	Other external expenses	-85,827	-82,341
7	Staff costs	-296,903	-288,427
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**90,401**	**110,493**
12 + 13	Depreciation of software and tangible assets	-11,871	-10,630
	Earnings before Interest, Tax, Amortisation and special items	**78,530**	**99,863**
12	Impairment of goodwill	-353	-3,363
	Operating profit before special items	**78,177**	**96,500**
8	Special items	-9,599	-9,318
	Operating profit (EBIT)	**68,578**	**87,182**
9	Financial income	1,597	19,282
10	Financial expenses	-9,293	-17,686
	Profit before tax	**60,882**	**88,778**
11	Tax on profit for the year	-25,266	-21,219
	Profit for the year	**35,616**	**67,559**
	Profit for the year attributable to		
	Owners of the parent	35,043	65,951
	Non-controlling interests	573	1,608
	Total	**35,616**	**67,559**

Consolidated statement of comprehensive income

	Group 2016	Group 2015
Profit for the year	35,616	67,559
Items that will be reclassified to income statement when certain conditions are met:		
Exchange rate adjustment	-615	-343
Other comprehensive income, net of tax	-615	-343
Total comprehensive income for the year	35,001	67,216
Total comprehensive income for the year attributable to		
Owners of the parent	34,232	65,763
Non-controlling interests	769	1,453
Total	**35,001**	**67,216**

(DKKt) Notes	Consolidated balance sheet	31 Dec Group 2016	31 Dec Group 2015	1 Jan Group 2015
	ASSETS			
	Software	9,746	12,524	12,693
	Goodwill	0	356	1,841
12	**Intangible assets**	**9,746**	**12,880**	**14,534**
	Land and buildings	2,188	1,530	2,163
	Plant and machinery	2,650	2,169	3,708
	Fixtures and fittings, tools and equipment	7,179	9,982	6,414
13	**Property, plant and equipment**	**12,017**	**13,681**	**12,285**
14	Deferred tax asset	7,568	10,581	12,320
	Other receivables	7,751	7,807	6,885
	Financial assets	**15,319**	**18,388**	**19,205**
	Total non-current assets	**37,082**	**44,949**	**46,024**
15	Trade receivables	397,932	443,851	454,754
	Receivables from Group entities	43,707	58,204	37,495
	Income taxes receivable	2,127	2,114	5,526
	Other receivables	19,953	9,042	8,457
	Prepayments	7,250	9,560	5,403
22	Cash and cash equivalents	54,659	76,828	24,376
	Total current assets	**525,628**	**599,599**	**536,011**
	Total assets	**562,710**	**644,548**	**582,035**

(DKKt) Notes	Consolidated balance sheet	31 Dec Group 2016	31 Dec Group 2015	1 Jan Group 2015
	EQUITY AND LIABILITIES			
16	Share capital	1,902	1,902	1,902
	Currency translation reserve	-999	-188	0
	Retained earnings	18,801	88,758	77,924
	Dividend proposed for the year	35,000	50,000	35,000
	Equity attributable to parent company	**54,704**	**140,472**	**114,826**
	Non-controlling interests	996	3,254	896
	Total Equity	**55,700**	**143,726**	**115,722**
	Credit institutions	0	0	130
17	**Total non-current liabilities**	**0**	**0**	**130**
22	Credit institutions	10,807	0	72,010
	Trade payables	322,112	305,216	276,305
	Deferred income	21,980	41,009	58,875
	Payables to group entities	80,000	80,000	0
	Corporation tax	6,384	5,301	3,606
	Other payables	65,727	69,296	55,387
	Total current liabilities	**507,010**	**500,822**	**466,183**
	Total liabilities	**507,010**	**500,822**	**466,313**
	Total equity and liabilities	**562,710**	**644,548**	**582,035**

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(DKKt)	Consolidated statement of changes in equity	Share capital	Currency translation reserve	Dividend proposed for the year	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
2016	**Equity at 1 January 2016**	**1,902**	**-188**	**50,000**	**88,758**	**140,472**	**3,254**	**143,726**
	Profit for the year	**0**	**0**	**105,000**	**-69,957**	**35,043**	**573**	**35,616**
	Currency exchange adjustment	0	-811	0	0	**-811**	196	**-615**
	Other comprehensive income, net of tax	**0**	**-811**	**0**	**0**	**-811**	**196**	**-615**
	Total comprehensive income for the year	**0**	**-811**	**105,000**	**-69,957**	**34,232**	**769**	**35,001**
	Dividend	0	0	-120,000	0	**-120,000**	-3,027	**-123,027**
	Total transactions with owners	**0**	**0**	**-120,000**	**0**	**-120,000**	**-3,027**	**-123,027**
	Equity at 31 December 2016	**1,902**	**-999**	**35,000**	**18,801**	**54,704**	**996**	**55,700**
2015	**Equity at 1 January 2015**	**1,902**	**0**	**35,000**	**77,924**	**114,826**	**896**	**115,722**
	Profit for the year	**0**	**0**	**50,000**	**15,951**	**65,951**	**1,608**	**67,559**
	Currency exchange adjustment	0	-188	0	0	**-188**	-155	**-343**
	Other comprehensive income, net of tax	**0**	**-188**	**0**	**0**	**-188**	**-155**	**-343**
	Total comprehensive income for the year	**0**	**-188**	**50,000**	**15,951**	**65,763**	**1,453**	**67,216**
	Purchase of non-controlling interests	0	0	0	-5,251	**-5,251**	2,671	**-2,580**
	Sale of non-controlling interests	0	0	0	135	**135**	1,473	**1,608**
	Dividend	0	0	-35,000	0	**-35,000**	-3,239	**-38,239**
	Total transactions with owners	**0**	**0**	**-35,000**	**-5,116**	**-40,116**	**905**	**-39,211**
	Equity at 31 December 2015	**1,902**	**-188**	**50,000**	**88,758**	**140,472**	**3,254**	**143,726**

1 January - 31 December

(DKKt) Notes	Consolidated cash flow statement	Group 2016	Group 2015
	Operating profit (EBIT) before special items	78,177	96,500
	Depreciation, amortisation and impairment	12,224	13,993
	Exchange rate adjustments	-5,478	3,197
18	Change in working capital	31,672	27,613
	Cash flows from operating activities before special items and interest	**116,595**	**141,303**
8	Special items paid	-5,371	-9,318
	Interest received, etc.	1,597	2,355
	Interest paid, etc.	-4,427	-4,505
	Tax paid	-21,183	-14,374
	Cash flows from operating activities	**87,211**	**115,461**
12	Purchase of software	-3,631	-4,789
13	Purchase of property, plant and equipment	-3,798	-6,934
8 + 19	Special items paid, transaction costs acquisition of Airlog Group	-4,228	0
12	Addition of goodwill	0	-1,806
	Cash flows from investing activities	**-11,657**	**-13,529**
	Free cash flow	**75,554**	**101,932**
20	Investments in non-controlling interests	0	0
21	Divestments of non-controlling interests	0	1,608
	Dividends to non-controlling interests	-3,027	-3,239
	Dividends distributed	-120,000	-35,000
	Payments to/from Group entities	14,497	-20,709
	Raising of debt from Group entities	0	80,000
	Repayments, debt to credit institutions	0	-72,140
	Cash flows from financing activities	**-108,530**	**-49,480**
	Change in cash and cash equivalents	**-32,976**	**52,452**
	Cash and cash equivalents		
	Cash and cash equivalents at 1 January	76,828	24,376
	Change in cash and cash equivalents	-32,976	52,452
22	**Cash and cash equivalents at 31 December**	**43,852**	**76,828**

Note
1 **Accounting policies**

Basis of preparation

The 2016 Annual Report of Scan Global Logistics 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 Global Logistics A/S comprises the consolidated financial statements of Scan Global Logistics A/S and its subsidiaries.

Scan Global Logistics A/S is a first time adopter of IFRS. Please refer to Note 2 "Change of accounting policies - transition to IFRS", which is used by the SGL Group for preparing this first complete set of financial statements in accordance with IFRS as adopted by the EU for the year ended 31 December 2016.

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.

Note
1 **Accounting policies (Continued)**

Consolidation

The consolidated financial statements comprise the parent, Scan Global Logistics 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

1 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
1 **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.

Note
1 **Accounting policies (Continued)**

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.
Costs related to share-based payments are recognised in the period it relates to.

Warrants
The value of the employee services received in exchange for the grant of warrants corresponds to the fair value of the warrants at the date of grant.
The fair value of equity-settled warrant schemes is measured at the grant date and recognised in the income statement as staff costs over the period until the warrants are vested.
The cumulative expense recognised under the warrant programs reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.
The offsetting item is recognised directly in equity.
On initial recognition of such warrant schemes an estimate is made of the number of warrants that the employees are expected to earn.

The estimated number of warrants is adjusted subsequently to reflect the actual number of warrants earned.

The fair value of the warrants granted is estimated on the basis of the Black & Scholes valuation model. The estimate takes into account the terms and conditions applicable to the grant of warrants and Management's expectations of the development in the elements on which the valuation model is based.

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.

Note 1 **Accounting policies (Continued)**

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.

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 3 to 10 years
- 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 1

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 5.
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
1 **Accounting policies** (Continued)

Cash
Cash comprises cash balances and bank balances.

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 1 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
1 **Accounting policies** (Continued)

Segment information

The segment information is based on the internal applicable management reporting to the Management of the SGL 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

Return on assets:
Operating profit / Average assets * 100

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

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

Note 2

Change of accounting policies - transition to IFRS

The SGL Group is a first time adopter of IFRS. This note, is used by the SGL Group for preparing this first complete set of financial statements in accordance with IFRS as adopted by the EU for the year ended 31 December 2016.

For periods up to and including the year ended 31 December 2015, the SGL Group prepared its official financial statements in accordance with the Danish Financial Statements Act.

In preparing these IFRS consolidated financial statements, the SGL Group's opening balance sheet was prepared as at 1 January 2015, the date of transition to IFRS. This note explains the principal adjustments made by the SGL Group in restating its financial statements prepared in accordance with the Danish Financial Statements Act, including the balance sheet as at 1 January 2015 and the financial statements as at and for the year ended 31 December 2015.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.
For the purpose of preparing these IFRS consolidated financial statements the SGL Group has applied the following exemptions:

IFRS 3 *Business combinations* has not been applied to acquisition of subsidiaries, which are considered businesses for IFRS that occurred before the 1 January 2015. Use of this exemption means that the carrying amounts of assets and liabilities under the Danish Financial Statements Act, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS.

In accordance with IFRS 1, the transition date carrying amount of goodwill is used in the opening IFRS balance sheet. The SGL Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2015.

Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2015.

Income statement, balance sheet and cash flow effects from the IFRS transition

On the following pages the transition effect is shown in the opening balance, income statement, balance sheet and cash flow statement.

Note 2

Change of accounting policies - transition to IFRS (Continued)

Transition effects are:

a) Under IFRS, goodwill is not amortised but tested at least annually for impairment. Previously, goodwill was amortised and thus the amortisation costs recognised in 2015 should be reversed. However this is not reversed, because it is considered to be an impairment.

b) Under IFRS, 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.

Previously, income from sales were recognised at the time when the delivery had been completed, provided that the income could be made up reliably and was expected to be received.

c) The changes in accounting policies regarding revenue recognition affects deferred tax. The tax rate used is 22%.

d) Under the Danish Financial Statements Act, equity-settled share-based payment programs (the warrant program) with employees have not been recognised. IFRS requires the fair value of the warrants granted less payments made by the employee to be recognised as a costs over the vesting period. The profit and loss effect for 2015 is zero.

Reclassifications

Apart from changes in accounting policies, the following reclassifications and changes in format have been made:

Balance sheet

e) Assets are presented as either non-current or current assets compared to fixed assets and current assets previously.

f) Deferred tax is classified as non-current assets or non-current liabilities. Previously, deferred tax was classified as current assets.

g) Retained earnings are split in to 2 lines - retained earnings and currency translation reserve.

Income statement

h) Other external expenses was prior included in gross profit, but under IFRS the line other external expenses are between gross profit and EBITDA.

i) One-off items are considered special items, which are reclassified to a separate line between Operating profit before special items and EBIT.

j) Wages and salaries relating to own staff used to fulfil the contracts with customers (blue collar employees) are reclassified from Staff costs to Costs of operations.

k) Fixed operation costs are reclassified from Other external expenses to Cost of operation.

Transition to IFRS

Note 2	GROUP Opening balance (DKKt)	Danish GAAP 01.01.2015	Effect of transition to IFRS	IFRS 01.01.2015
	ASSETS			
	Software	12,693		12,693
	Goodwill	1,841		1,841
	Property, plant and equipment	12,285		12,285
c), f)	Deferred tax asset	14,895	-2,575	12,320
	Other receivables	6,885		6,885
	Total non-current assets	**48,599**	**-2,575**	**46,024**
	Trade receivables	454,754		454,754
	Receivables from Group entities	37,495		37,495
	Income taxes receivable	5,526		5,526
	Other receivables	8,457		8,457
	Prepayments	5,403		5,403
	Cash and cash equivalents	24,376		24,376
	Total current assets	**536,011**	**0**	**536,011**
	Total assets	**584,610**	**-2,575**	**582,035**
	EQUITY AND LIABILITIES			
	Share capital	1,902		1,902
	Retained earnings	68,794	9,130	77,924
	Dividend proposed for the year	35,000		35,000
	Equity attributable to parent company	**105,696**	**9,130**	**114,826**
	Non-controlling interests	896		896
	Total Equity	**106,592**	**9,130**	**115,722**
	Credit institutions	130		130
	Total non-current liabilities	**130**	**0**	**130**
	Credit institutions	72,010		72,010
	Trade payables	276,305		276,305
b)	Deferred income	70,580	-11,705	58,875
	Corporation tax	3,606		3,606
	Other payables	55,387		55,387
	Total current liabilities	**477,888**	**-11,705**	**466,183**
	Total liabilities	**478,018**	**-11,705**	**466,313**
	Total equity and liabilities	**584,610**	**-2,575**	**582,035**

Transition to IFRS

1 January - 31 December

Note 2	GROUP Income statement (DKKt)	Danish GAAP 2015	Effect of transition to IFRS	IFRS 2015
b)	Revenue	3,195,709	-7,336	3,188,373
b), j), k)	Cost of operation	-2,644,592	-62,520	-2,707,112
h)	Other external expenses	-121,501	121,501	0
	Gross profit	**429,616**	**51,645**	**481,261**
h),i), k)	Other external expenses	0	-82,341	-82,341
i), j)	Staff costs	-330,625	42,198	-288,427
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**98,991**	**11,502**	**110,493**
	Amortisation and depreciation of intangibles, property, plant and equipment	-10,630		-10,630
	Earnings before Interest, Tax, Amortisation of goodwill and special items	**88,361**	**11,502**	**99,863**
a)	Amortisation and impairment of goodwill	-3,363		-3,363
	Operating profit before special items	**84,998**	**11,502**	**96,500**
i)	Special items, net	0	-9,318	-9,318
	Operating profit (EBIT)	**84,998**	**2,184**	**87,182**
	Financial income	6,101	13,181	19,282
	Financial expenses	-4,505	-13,181	-17,686
	Profit before tax	**86,594**	**2,184**	**88,778**
c)	Tax on profit for the year	-20,739	-480	-21,219
	Profit for the year	**65,855**	**1,704**	**67,559**
	Profit for the year attributable to			
	Owners of the parent	64,247	1,704	65,951
	Non-controlling interests	1,608	0	1,608
	Total	**65,855**	**1,704**	**67,559**

Transition to IFRS

Note 2	GROUP Balance sheet (DKKt)	Danish GAAP 31.12.2015	Effect of transition to IFRS	IFRS 31.12.2015
	ASSETS			
	Software	12,524		12,524
a)	Goodwill	356		356
	Intangible assets	**12,880**	**0**	**12,880**
	Land and buildings	1,530		1,530
	Plant and machinery	2,169		2,169
	Fixtures and fittings, tools and equipment	9,982		9,982
	Property, plant and equipment	**13,681**	**0**	**13,681**
c), f)	Deferred tax asset	13,637	-3,056	10,581
	Other receivables	7,807		7,807
	Financial assets	**21,444**	**-3,056**	**18,388**
	Total non-current assets	**48,005**	**-3,056**	**44,949**
	Trade receivables	443,851		443,851
	Receivables from Group entities	58,204		58,204
	Income taxes receivable	2,114		2,114
	Other receivables	9,042		9,042
	Prepayments	9,560		9,560
	Cash and cash equivalents	76,828		76,828
	Total current assets	**599,599**	**0**	**599,599**
	Total assets	**647,604**	**-3,056**	**644,548**
	EQUITY AND LIABILITIES			
	Share capital	1,902		1,902
g)	Currency translation reserve	0	-188	-188
	Retained earnings	77,737	11,021	88,758
	Dividend proposed for the year	50,000		50,000
	Equity attributable to parent company	**129,639**	**10,833**	**140,472**
	Non-controlling interests	3,254		3,254
	Total Equity	**132,893**	**10,833**	**143,726**
	Trade payables	305,216		305,216
b)	Deferred income	54,898	-13,889	41,009
	Payables to group entities	80,000		80,000
	Corporation tax	5,301		5,301
	Other payables	69,296		69,296
	Total current liabilities	**514,711**	**-13,889**	**500,822**
	Total equity and liabilities	**647,604**	**-3,056**	**644,548**

Transition to IFRS

1 January - 31 December

Note	GROUP Cash flow statement (DKKt)	Danish GAAP 2015	Effect of transition to IFRS	IFRS 2015
2				
a), b)	Operating profit (EBIT) before special items	84,998	11,502	96,500
a)	Depreciation, amortisation and impairment	13,993		13,993
	Adjustments, including corporation tax paid	-14,923	18,120	3,197
b)	Change in working capital	11,668	15,945	27,613
	Cash flows from operating activities before net financials	**95,736**	**45,567**	**141,303**
	Special items paid	0	-9,318	-9,318
	Interest received, etc.	6,101	-3,746	2,355
	Interest paid, etc.	-4,505		-4,505
	Tax paid	0	-14,374	-14,374
	Cash flows from operating activities	**97,332**	**18,129**	**115,461**
	Purchase of software	-4,789		-4,789
	Purchase of property, plant and equipment	-6,934		-6,934
	Addition of goodwill	-1,806		-1,806
	Investments in non-controlling interests	0		0
	Divestments of non-controlling interests	1,608	-1,608	0
	Cash flows from investing activities	**-11,921**	**-1,608**	**-13,529**
	Free cash flow	**85,411**	**16,521**	**101,932**
	Investments in non-controlling interests	0		0
	Divestments of non-controlling interests	0	1,608	1,608
	Dividends to non-controlling interests	-3,239		-3,239
	Other movements relating to non-controlling interests	-2,580	2,580	0
	Dividends distributed	-35,000		-35,000
	Payments to/from Group entities	0	-20,709	-20,709
	Raising of debt from Group entities	80,000		80,000
	Repayments, debt to credit institutions	-72,140		-72,140
	Cash flows from financing activities	**-32,959**	**-16,521**	**-49,480**
	Change in cash and cash equivalents	**52,452**	**0**	**52,452**
	Cash and cash equivalents			
	Cash and cash equivalents at 1 January	24,376		24,376
	Change in cash and cash equivalents	52,452		52,452
	Cash and cash equivalents at 31 December	**76,828**	**0**	**76,828**

Basis for preparation

Note		Group	Group
3	**Recognition and measurement uncertainties (DKKt)**	2016	2015

Significant accounting estimates

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

Revenue, significant accounting estimates

Revenue from service is recognised with reference to the stage of completion determined as the time elapsed at the reporting date and the total expected time to render the service contract. Consequently recognition of revenue contains judgments, estimates and assumptions made by management based on information available at the reporting date. Although 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	**7,568**	**10,581**

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

A deferred tax asset from 31 December 2015 of DKK 5,887 thousand regarding Australia which primarily relates to tax losses carried forward from prior years has been expensed in the income statement for 2016.

Note 4

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 SGL 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 SGL 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 SGL 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 SGL 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 SGL 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 24), which potentially should be recognised in the balance sheet.

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Notes to the income statement

Note 5 Segment information Condensed gross profit

		Air	Sea	Road	Solution	Total
2016	Revenue (services)	1,218,555	1,312,841	393,653	121,349	**3,046,398**
	Intercompany revenue	-180,640	-78,738	-43,338	-2,328	**-305,044**
	Net revenue (services)	1,037,915	1,234,103	350,315	119,021	**2,741,354**
	Cost of operation	-851,662	-1,011,615	-295,243	-109,703	**-2,268,223**
	Gross profit	186,253	222,488	55,072	9,318	**473,131**
	Revenue (services)	1,331,095	1,740,411	380,975	99,488	**3,551,969**
	Intercompany revenue	-168,695	-157,421	-37,480	0	**-363,596**
2015	Net revenue (services)	1,162,400	1,582,990	343,495	99,488	**3,188,373**
	Cost of operation	-973,989	-1,347,663	-298,799	-86,661	**-2,707,112**
	Gross profit	188,411	235,327	44,696	12,827	**481,261**

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

		Air	Sea	Road	Solution	Total
2016	Goodwill, balance as at 1 January	0	226	130	0	356
	Exchange rate adjustments	0	1	-4	0	-3
	Additions 2016	0	0	0	0	0
	Impairment 2016	0	-227	-126	0	-353
	Goodwill, balance as at 31 December	0	0	0	0	**0**
2015	Goodwill, balance as at 1 January	0	252	1,589	0	1,841
	Exchange rate adjustments	0	-26	100	0	74
	Additions 2015	0	0	1,806	0	1,806
	Impairment 2015	0	0	-3,365	0	-3,365
	Goodwill, balance as at 31 December	0	226	130	0	**356**

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

Notes to the income statement

Note	Segment information (continued)					
5	**Geographical information**	**Denmark**	**Other Nordics**	**Greater China**	**Other countries**	**Total**
2016	Net revenue (services)	1,731,090	509,800	227,780	272,684	**2,741,354**
	Non-current assets less tax assets	19,530	2,772	3,541	3,671	**29,514**
2015	Net revenue (services)	2,011,591	597,788	292,824	286,170	**3,188,373**
	Non-current assets less tax assets	23,068	4,047	3,485	3,768	**34,368**

Other Nordics comprise: Sweden, Norway and Finland.

Greater China comprise: China, Hong Kong and Taiwan.

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

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

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Notes to the income statement

Note	(DKKt)	Group 2016	Group 2015
6	**Fee to the auditors**		
	Fee to the auditors appointed at the annual general meeting:		
	Fee for the statutory audit	2,674	1,973
	Fee for tax and VAT services	96	0
	Fee for other services	407	1,139
	Total fees to auditors appointed at the general meeting	**3,177**	**3,112**
	Other auditors, tax and other services	1,086	310
	Total fee to the auditors	**4,263**	**3,422**

Note		2016	2015
7	**Staff costs**		
	Wages and salaries	311,844	285,170
	Pensions	21,253	19,474
	Other social security costs	16,398	25,981
	Total gross staff costs	**349,495**	**330,625**
	Transferred to cost of operation	-47,471	-35,926
	Transferred to special items	-5,121	-6,272
	Total staff costs	**296,903**	**288,427**
	Remuneration to members of management:		
	Executive Board (Key management personnel), short term employee benefits	16,460	18,064
	Board of Directors	330	1,125
	Total	**16,790**	**19,189**
	Management fee to AEA Investors LP, New York	**2,297**	**0**
		Number	**Number**
	Average number of full time employees	731	713

Share-based payments, issued in the Parent company of Scan Global Logistics A/S:
The purpose of the SGL Holding Group's share-based payment schemes is to motivate and retain employees and management and to encourage common goals for employees, mangement and shareholders.
All schemes issued are exercisable through share settlement only (equity-settled schemes) and is exercised at company exit on 1 August 2016.

Warrant programme established in 2015:
The programme was offered to the Board of Directors, Executive Board and senior management.
The warrants provided the warrant holders with the right to subscribe for a total of up to DKK 179,271 B-shares, each with a nominal value of DKK 1.
The warrant holders could subscribe for warrants until 1 October 2015. Payment for the warrants is recognised under equity.
The exercise period is July 2018 or at company exit. The right to subscribe for shares is generally conditional of employment at the exercise period.
At 1 January 2016, the programme comprised 179,271 warrants. In 2016 the programme was expanded with 45,000 warrants to the Executive Board.
The market value of the programme at grant date was DKK 0.

Notes to the income statement

Note	(DKKt)	Group
7	**Staff costs** (Continued)	

Warrants scheme and warrants held by management

Accounting estimates

The market value is calculated using the Black & Scholes valuation model. The assumption used is based on Management estimates.

The valuation of the warrants granted in 2016 and 2015 is based on the following assumptions:

Assumptions	
Share price	84 DKK
Volatility	20.0%
Risk-free interest rate	0.4%
Expected dividends	0.0%

Development in outstanding warrants	Board of Directors	Executive Board	Senior staff	Other*	Total	Average Exercise price (DKK)
Outstanding at 1 January 2016	97,256	93,503	52,245	209,498	452,502	166
Granted in 2016	0	45,000	0	0	45,000	171
Exercised in 2016	-97,256	-108,503	-52,245	-209,498	-467,502	-139
Warrants waived/expired	0	-30,000	0	0	-30,000	-250
Outstanding at 31 December 2016	**0**	**0**	**0**	**0**	**0**	**0**

Outstanding warrant schemes at 31 December 2015	Board of Directors	Executive Board	Senior staff	Other*	Total	Average Exercise price (DKK)
Number of employees	**1**	**4**	**16**	**2**	**23**	
Outstanding warrants of 2011, Mar	10,000				10,000	200
Outstanding warrants of 2011, Jun		30,000			30,000	250
Outstanding warrants of 2011, Jul				99,166	99,166	200
Outstanding warrants of 2011, Aug		3,333		3,333	6,666	180
Outstanding warrants of 2011, nov	10,400				10,400	360
Outstanding warrants of 2013				106,999	106,999	69
Outstanding warrants of 2014	10,000				10,000	360
Outstanding warrants of 2015	66,856	60,170	52,245		179,271	109
Outstanding at 31 December 2015	**97,256**	**93,503**	**52,245**	**209,498**	**452,502**	**143**
Exercise period open at 31 Dec 2015	30,400	33,333	0	209,498	**273,231**	**166**

* Other comprise non-employees.

Development in outstanding warrants	Board of Directors	Executive Board	Senior staff	Other*	Total	Average Exercise price (DKK)
Outstanding at 1 January 2015	30,400	33,333	0	209,498	273,231	166
Granted in 2015	66,856	60,170	52,245	0	179,271	109
Outstanding at 31 December 2015	**97,256**	**93,503**	**52,245**	**209,498**	**452,502**	**143**

Notes to the income statement

Note (DKKt) 8 Special items	Group 2016	Group 2015
Primarily restructuring costs (redundancies and legal fees) in Indonesia, costs related to an IFRS conversion and an extraordinary incentive program for key employees.	0	9,318
Primarily costs related to the change of ownership up to 2 August 2016 incl. change of senior management as well as transaction costs related to the acquisition of the Airlog Group	9,599	0
Total special items	**9,599**	**9,318**

9 Financial income	2016	2015
Interest income from group entities	1,141	1,576
Other interest income	456	779
Exchange gain	0	16,927
Total financial income (amortised cost)	**1,597**	**19,282**

10 Financial expenses	2016	2015
Interest expenses to group entities	2,405	1,244
Other interest expenses	2,022	3,261
Exchange loss from FX contracts	2,124	13,181
Exchange loss	2,742	0
Total financial expenses (amortised cost)	**9,293**	**17,686**

Notes to the income statement

Note	(DKKt)	Group 2016	Group 2015
11	**Tax for the year**		
	The tax for the year is disaggregated as follows:		
	Tax on profit for the year	25,266	21,219
	Tax on other changes in equity	0	0
	Tax on other comprehensive income	0	0
	Total tax for the year	**25,266**	**21,219**
	Tax on profit for the year is calculated as follows:		
	Current tax on profit for the year	19,248	13,594
	Change in deferred tax for the year	3,013	7,625
	Tax adjustment relating to previous years	3,005	0
	Total tax on profit for the year	**25,266**	**21,219**
	Reconciliation of tax rate:		
	Tax on profit for the year	25,266	21,219
	Profit before tax	60,882	88,778
	Effective tax rate	41.50%	23.90%
	Danish corporation tax rate	22.00%	23.50%
	Difference in tax rate	19.50%	0.40%

Reconcilliation of tax rate (%)	2016 Percentage	2016 DKK t
Danish corporation tax rate	22.00%	13,394
Difference between tax rate for subsidiaries outside Denmark and Danish tax rate	-0.18%	-111
Unrecognised tax assets	3.00%	1,827
Write down of tax assets	10.97%	6,679
Non-taxable income and non-deductible expenses	0.55%	338
Tax relating to previous years	4.94%	3,005
Tax on dividend from subsidiaries	0.53%	320
Other	-0.31%	-186
Effective tax rate	**41.50%**	**25,266**

For 2015 the difference in tax rate is mainly due to a difference between the tax rates for subsidiaries outside Denmark and Danish tax rate.

Notes to the balance sheet

Note 12	Intangible assets Group (DKKt)	Software	Goodwill	Total
2016	Cost at 1 January 2016	31,528	4,684	36,212
	Currency exchange adjustment	0	-3	-3
	Additions	3,631	0	3,631
	Cost at 31 December 2016	**35,159**	**4,681**	**39,840**
	Amortisation and impairment at 1 January 2016	19,004	4,328	23,332
	Currency exchange adjustment	0	0	0
	Amortisation	6,409	0	6,409
	Impairment	0	353	353
	Amortisation and impairment at 31 December 2016	**25,413**	**4,681**	**30,094**
	Carrying amount at 31 December 2016	**9,746**	**0**	**9,746**
2015	Cost at 1 January 2015	26,739	2,804	29,543
	Currency exchange adjustment	0	74	74
	Additions	4,789	1,806	6,595
	Cost at 31 December 2015	**31,528**	**4,684**	**36,212**
	Amortisation and impairment at 1 January 2015	14,046	963	15,009
	Currency exchange adjustment	0	2	2
	Amortisation	4,958	0	4,958
	Impairment	0	3,363	3,363
	Amortisation and impairment at 31 December 2015	**19,004**	**4,328**	**23,332**
	Carrying amount at 31 December 2015	**12,524**	**356**	**12,880**

Goodwill was tested for impairment at 31 December 2015. The test resulted in an impairment of the Road segment in Sweden of DKK 3,363 thousand.

Notes to the balance sheet

Note 13	Property, plant and equipment Group (DKKt)	Land and buildings	Plant and machinery	Fixtures, tools, fittings and equipment	Total
2016	Cost at 1 January 2016	6,927	6,832	32,328	46,087
	Reclassification to opening value	-265	1,829	-1,564	0
	Currency exchange adjustment	36	-212	-56	-232
	Additions	1,393	420	1,985	3,798
	Disposals	-92	0	-18	-110
	Cost at 31 December 2016	**7,999**	**8,869**	**32,675**	**49,543**
	Depreciation and impairment at 1 January 2016	5,397	4,663	22,346	32,406
	Reclassification to opening value	-219	962	-743	0
	Currency exchange adjustment	24	-153	-111	-240
	Depreciation	701	747	4,014	5,462
	Depreciation and impairment of disposals	-92	0	-10	-102
	Depreciation and impairment at 31 December 2016	**5,811**	**6,219**	**25,496**	**37,526**
	Carrying amount at 31 December 2016	**2,188**	**2,650**	**7,179**	**12,017**
2015	Cost at 1 January 2015	6,791	6,894	26,875	40,560
	Reclassification to opening value	265	-265	-171	-171
	Currency exchange adjustment	78	210	244	532
	Additions	22	0	6,912	6,934
	Disposals	-229	-7	-1,532	-1,768
	Cost at 31 December 2015	**6,927**	**6,832**	**32,328**	**46,087**
	Depreciation and impairment at 1 January 2015	4,628	3,186	20,461	28,275
	Reclassification to opening value	226	-234	-93	-101
	Currency exchange adjustment	77	87	119	283
	Depreciation	672	1,624	3,376	5,672
	Depreciation and impairment of disposals	-206	0	-1,517	-1,723
	Depreciation and impairment at 31 December 2015	**5,397**	**4,663**	**22,346**	**32,406**
	Carrying amount at 31 December 2015	**1,530**	**2,169**	**9,982**	**13,681**

Notes to the balance sheet

Note	(DKKt)	Group 2016	Group 2015
14	**Deferred tax assets**		
	Deferred tax at 1 January	10,581	12,320
	Deferred tax for the year	-3,013	-7,625
	Tax adjustment relating to previous years	0	5,887
	Deferred tax asset at 31 December	**7,568**	**10,581**

2016	Deferred tax assets/liabilities arise from the following	Other**	Tax loss carry-forwards	Total
	Deferred tax at 1 January	3,701	6,880	10,581
	Tax adjustment relating to previous years in the income statement	0	0	0
	Recognised in the income statement	1,402	-4,415	-3,013
	Deferred tax at 31 December	**5,103**	**2,465**	**7,568**

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

2015	Deferred tax assets/liabilities arise from the following	Other**	Tax loss carry-forwards	Total
	Deferred tax at 1 January	6,696	5,624	12,320
	Tax adjustment relating to previous years on the balance sheet	0	5,887	5,887
	Recognised in the income statement	-2,995	-4,631	-7,626
	Deferred tax at 31 December	**3,701**	**6,880**	**10,581**

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

Deferred tax assets not recognised in the balance sheet (tax loss carry-forwards)	2016	2015
Unrecognised at 1 January	0	0
Additions	7,956	0
Unrecognised tax assets at 31 December 2016	**7,956**	**0**

Notes to the balance sheet

Note	(DKKt)	Group	Group
15	**Trade receivables**	31 Dec 2016	31 Dec 2015
	Trade receivables before impairment at 31 December	404,190	456,267
	Provision for bad debts	-6,258	-12,416
	Trade receivables at 31 December	397,932	443,851
	Trade receivables not due	340,901	360,811
	Overdue trade receivables not written down	**57,031**	**83,040**
	Overdue trade receivables not written down break down as follows:		
	Overdue 1-30 days	39,831	58,222
	Overdue 31-60 days	12,077	15,557
	Overdue 61-90 days	2,101	4,730
	Overdue for more than 90 days	3,022	4,531
	Overdue trade receivables not written down	**57,031**	**83,040**
	Realised losses during the year (Income in 2016)	**2,113**	**-579**

16	**Share capital**	31 Dec 2016	31 Dec 2015
	The Parent Company's share capital of DKK 1,902 thousand comprises:		
	1,901,645 shares of DKK 1 each	1,902	1,902
	Total share capital at 31 December	**1,902**	**1,902**

The share capital has not changed for the past 5 years.
Please see Management's review "Post balance sheet events" regarding capital increase in March 2017.

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

The SGL Group has no long-term financial liabilites.

Capital structure and liquidity risk

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

It is the Management's assessment that the current capital structure is sufficient to support the SGL Group's strategy plans.
Please see Management's review "Post balance sheet events" regarding capital increase in March 2017 relating to the acquisition of the Airlog Group.

Loan facilities

Besides net cash of DKK 44 million the SGL Group has undrawn bank credit facilities of DKK 90 million at 31 December 2016. Please se note 22 for further information.

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 SGL Group has no long-term financial liabilites.
Thereby the SGL Group's interest rate exposure is minimal.

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 15 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.

Note 17 **Financial liabilities and financial risks (Continued)** Group 31 Dec 2016

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 SGL Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the SGL Group’s operating activities (when revenue or expense is denominated in a foreign currency) and the SGL Group’s net investments in foreign subsidiaries. Primary currencies for invoicing and cost are USD, EUR, DKK and SEK.

The SGL Group manages its foreign currency risk for business purposes by hedging the net position of foreign operating and 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 SGL Group's foreign currency risk mainly relates to USD, EUR and SEK and the exposure towards these currencies is described below. At 31 December 2015 the currency risk is estimated to be on the same level.

	In DKK millions				
Main currency exposures	**DKK/DKK**	**USD/DKK**	**EUR/DKK**	**SEK/DKK**	**Total**
Trade receivables	179	112	77	30	398
Other receivables	8	6	4	2	20
Cash	26	11	8	10	55
Cash and receivables	**213**	**129**	**89**	**42**	**473**
Credit institutions	9	0	0	2	11
Trade payables	205	61	43	13	322
Other payables	41	13	9	3	66
Financial liabilities	**255**	**74**	**52**	**18**	**399**
Net position before Fx contracts		**55**	**37**	**24**	**116**
Fx contracts		-41	41	0	**0**
Net position		**14**	**78**	**24**	**116**
Exchange rate fluctuation		5%	2%	5%	
Impact on profit/loss		1	2	1	4
Impact on other comprehensive income		0	0	0	0

Notes to the cash flow statement

1 January - 31 December

Note	(DKKt)	Group 2016	Group 2015
18	**Change in working capital**		
	Changes in receivables	37,374	2,659
	Changes in trade payables, etc.	-5,702	24,954
	Total change in working capital	**31,672**	**27,613**

19 Investments in group entities

2016

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 Holding 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

1 January - 31 December

Note	(DKKt)	Group 2016	Group 2015
20	**Investments in non-controlling interests**		
	Non-controlling interests	0	-5,251
	Net assets taken over	**0**	**-5,251**
	Goodwill recognised under equity	0	5,251
	Purchase price (including costs)	**0**	**0**

As at 1 January 2015 the SGL Group owned 40% of Interexpress AB which was fully consolidated in the group accounts due to controlling influence.
In 2015 the remaining 60% was acquired and Interexpress AB has changed its name to SGL Road AB as at 31 December 2015.
The purchase is considered to be a transaction with non-controlling interests and according to the Group's accounting principles, the difference between the purchase price and the net assets taken over, is recognised under equity.
Subsequently, 20% of SGL Road AB has been sold to non-controlling interests - we refer to note below "Divestments on non-controlling interests".

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

21	**Divestments of non-controlling interests**	2016	2015
	Non-controlling interests	0	1,473
	Net assets divested	**0**	**1,473**
	Gain recognised under equity	0	135
	Sales price	**0**	**1,608**

In 2015 20% of SGL Road AB, Sweden has been sold to non-controlling interests.
In 2015 48% of Scan Global Logistics Ltd. , Thailand has been sold to non-controlling interests.

22	**Cash and liquidity**	31 Dec 2016	31 Dec 2015
	Cash	54,659	76,828
	Credit institutions	-10,807	0
	Net cash	**43,852**	**76,828**
	Credit facilities	89,911	84,600
	Liquidity reserve	**133,763**	**161,428**

As per 31 December 2016 the SGL Group holds net positive bank liquidity of DKK 43,852 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregate to DKK 133,763 thousand.

Supplementary notes

Note	(DKKt)	Group	Group
23	**Security for loans**	31 Dec 2016	31 Dec 2015

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

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

The above-mentioned securities relate to assets in the company Scan Global Logistics A/S. Carrying amount of total assets in Scan Global Logistics A/S is as of 31 December 2016 DKK 353 million of which DKK 3 million relates to fixed assets.
As at 31 December 2016 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 Scan Global Logistics Holding ApS (the Parent company of Scan Global Logistics A/S) has pledged assets as collateral

The following assets are pledged as collateral:		
Shares in Scan Global Logistics A/S, carrying amount in Scan Global Logistics Holding ApS	667,503	667,503

Note	(DKKt)	Group	Group
24	**Contingent liabilities and other financial obligations**	31 Dec 2016	31 Dec 2015
	Rent obligations for leased premises	62,099	70,014
	Operating leases for cars	28,602	25,631
	Total rent and lease obligations	**90,701**	**95,645**
	Maturity analysis:		
	Falling due before 1 year	44,671	41,639
	Falling due between 1 and 5 years	46,030	53,892
	Falling due after more than 5 years	0	114
	Total rent and lease obligations	**90,701**	**95,645**
	Total rent and lease expenses during the year	**56,387**	**51,651**
	Warranties for payments	**32,351**	**29,140**

Claims and legal disputes:

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

Note			
25	**Financial instruments by category**	31 Dec 2016	31 Dec 2015

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

	31 Dec 2016	31 Dec 2015
Financial instruments by category, carrying amount		
Financial assets (measured at amortised cost)**:**		
Trade receivables	397,932	443,851
Other receivables	27,704	16,849
Receivables from group entities	43,707	58,204
Cash	54,659	76,828
Financial assets measured at amortised cost	524,002	595,732
Financial liabilities (measured at fair value at IFRS level 2)**:**		
Currency derivatives	187	1,255
Financial liabilities (measured at amortised cost)**:**		
Payables to group entities	80,000	80,000
Credit institutions	10,807	0
Trade payables	322,112	305,216
Financial liabilities measured at amortised cost	412,919	385,216

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

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

Related Party	Domicile
Owners of Scan Global Logistics A/S:	
Scan Global Logistics Holding ApS (controlling interest of 100%)	Denmark
Ultimate owner with controlling interest:	Cayman
AEA SGLT Holding I LP (controlling interest of 100% of the financial rights)	Islands
Owners of AEA SGLT Holding I LP:	Cayman
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Islands

Consolidated financial statements are prepared by the parent company of Scan Global Logistics Holding ApS, which is Scan Bidco A/S.
No consolidated financial statements are prepared by the ultimate parent company.

Loans from/to related parties	
Scan Global Logistics A/S, Liability to Scan Global Logistics Holding ApS	80,000
Scan Global Logistics A/S, receivable from Scan Global Logistics Holding ApS	43,707
Management fee to AEA Investors LP, New York (part of AEA Group)	2,297

The fee to AEA covers fee for 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 in addition to above mentioned and the benefits described in Note 7 Staff costs.

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

Please see note 9 and 10 regarding intercompany interest income and expense.

Supplementary notes

Note	(DKKt)	Group
26	**Related parties**	31 Dec 2015

	Information about related parties with a controlling interest and significant influence:	
	Related Party	Domicile
	Owners of Scan Global Logistics A/S:	
	Scan Global Logistics Holding ApS (controlling interest of 100%)	Denmark
	Owners of Scan Global Logistics Holding ApS:	
	MMG ApS (significant influence)	Denmark
	TTGR Holding ApS (significant influence)	Denmark
	Nidovni HH A/S (controlling interest)	Denmark
	Owners of Nidovni HH A/S:	
	Anpartsselskabet af 1. november 2006 (controlling interest)	Denmark
	Ultimate owner with controlling interest:	
	BWB Partners P/S	Denmark
	Loans from/to related parties	
	Scan Global Logistics A/S, Liability to Scan Global Logistics Holding ApS	80,000
	Scan Global Logistics A/S, receivable from Scan Global Logistics Holding ApS	58,204

No members of the Board of Directors or the Executive Board had in 2015 any direct or indirect transactions with the Group in addition to above mentioned and the benefits described in Note 7 Staff costs.

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

Please see note 9 and 10 regarding intercompany interest income and expense.

1 January - 31 December

Income statement

(DKKt) Notes	Income statement	Parent 2016	Parent 2015
	Revenue	1,442,518	1,770,057
	Cost of operation	-1,221,649	-1,540,389
	Gross profit	**220,869**	**229,668**
5	Other external expenses	-10,432	-12,491
6	Staff costs	-135,115	-134,356
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**75,322**	**82,821**
11 + 12	Depreciation of software and tangible assets	-7,499	-5,850
	Earnings before Interest, Tax, Amortisation and special items	**67,823**	**76,971**
	Impairment of goodwill	0	0
	Operating profit before special items	**67,823**	**76,971**
7	Special items	-5,121	-5,745
	Operating profit (EBIT)	**62,702**	**71,226**
15	Income from investments in group entities	-9,074	6,270
8	Financial income	11,686	26,783
9	Financial expenses	-13,285	-19,394
	Profit before tax	**52,029**	**84,885**
10	Tax on profit for the year	-13,286	-18,934
	Profit for the year	**38,743**	**65,951**
	Proposed distribution of profit:		
	Reserve for net revaluation under the equity method	0	0
	Retained earnings	-66,257	15,951
	Extraordinary dividend distributed on 8 September 2016	70,000	0
	Proposed dividends	35,000	50,000
	Total	**38,743**	**65,951**

(DKKt) Notes	Balance sheet	31 Dec Parent 2016	31 Dec Parent 2015	1 Jan Parent 2015
	ASSETS			
	Software	9,690	12,524	12,693
11	**Intangible assets**	**9,690**	**12,524**	**12,693**
	Land and buildings	1,261	478	670
	Fixtures and fittings, tools and equipment	1,255	1,523	1,113
12	**Property, plant and equipment**	**2,516**	**2,001**	**1,783**
15	Investments in group entities	82,865	76,711	44,638
13	Deferred tax asset	1,305	0	149
	Other receivables	463	407	370
	Financial assets	**84,633**	**77,118**	**45,157**
	Total non-current assets	**96,839**	**91,643**	**59,633**
14	Trade receivables	190,082	247,452	236,456
	Receivables from group entities	32,906	66,676	92,741
	Income taxes receivable	77	0	0
	Other receivables	2,177	1,158	1,890
	Prepayments	3,313	3,369	3,140
22	Cash and cash equivalents	27,149	37,518	1,992
	Total current assets	**255,704**	**356,173**	**336,219**
	Total assets	**352,543**	**447,816**	**395,852**

(DKKt) Notes	Balance sheet	31 Dec Parent 2016	31 Dec Parent 2015	1 Jan Parent 2015
	EQUITY AND LIABILITIES			
16	Share capital	1,902	1,902	1,902
	Currency translation reserve	-999	-188	0
	Retained earnings	22,501	88,758	77,924
	Dividend proposed for the year	35,000	50,000	35,000
	Total Equity	**58,404**	**140,472**	**114,826**
	Deferred tax	0	1,558	0
17	**Total non-current liabilities**	**0**	**1,558**	**0**
22	Credit institutions	10,807	0	69,198
	Trade payables	135,846	162,511	127,701
	Deferred income	30,479	27,436	47,087
	Payables to group entities	81,372	80,000	0
	Other payables	35,635	35,839	37,040
	Total current liabilities	**294,139**	**305,786**	**281,026**
	Total liabilities	**294,139**	**307,344**	**281,026**
	Total equity and liabilities	**352,543**	**447,816**	**395,852**

scan GLOBAL LOGISTICS

Statement of changes in equity

(DKKt)		Share capital	Currency translation reserve	Dividend proposed for the year	Retained earnings	Total equity
2016	**Equity at 1 January 2016**	**1,902**	**-188**	**50,000**	**88,758**	**140,472**
	Profit for the year	**0**	**0**	**105,000**	**-66,257**	**38,743**
	Currency exchange adjustment	0	-811	0	0	**-811**
	Other comprehensive income, net of tax	**0**	**-811**	**0**	**0**	**-811**
	Total comprehensive income for the year	**0**	**-811**	**105,000**	**-66,257**	**37,932**
	Dividend	0	0	-120,000	0	**-120,000**
	Total transactions with owners	**0**	**0**	**-120,000**	**0**	**-120,000**
	Equity at 31 December 2016	**1,902**	**-999**	**35,000**	**22,501**	**58,404**
2015	**Equity at 1 January 2015**	**1,902**	**0**	**35,000**	**77,924**	**114,826**
	Profit for the year	**0**	**0**	**50,000**	**15,951**	**65,951**
	Currency exchange adjustment	0	-188	0	0	**-188**
	Other comprehensive income, net of tax	**0**	**-188**	**0**	**0**	**-188**
	Total comprehensive income for the year	**0**	**-188**	**50,000**	**15,951**	**65,763**
	Purchase of non-controlling interests	0	0	0	-5,251	**-5,251**
	Sale of non-controlling interests	0	0	0	135	**135**
	Dividend	0	0	-35,000	0	**-35,000**
	Total transactions with owners	**0**	**0**	**-35,000**	**-5,116**	**-40,116**
	Equity at 31 December 2015	**1,902**	**-188**	**50,000**	**88,758**	**140,472**

1 January - 31 December

Cash flow statement

(DKKt) Notes	Cash flow statement	Parent 2016	Parent 2015
	Operating profit (EBIT) before special items	67,823	76,971
	Depreciation, amortisation and impairment	7,499	5,850
	Exchange rate adjustments	-2,698	5,574
18	Change in working capital	32,525	3,428
	Cash flows from operating activities before special items and interest	**105,149**	**91,823**
	Special items paid	-4,593	-5,745
	Interest received, etc.	11,686	8,031
	Interest paid, etc.	-10,587	-6,213
	Tax paid	-16,226	-17,228
	Cash flows from operating activities	**85,429**	**70,668**
11	Purchase of software	-3,565	-4,789
12	Purchase of property, plant and equipment	-1,615	-1,110
15 + 19	Capital increase in subsidiaries	-8,201	-40,910
	Payments to/from subsidiaries	13,306	56,574
15 + 19	Special items paid, transaction costs acquisition of Airlog Group	-4,228	0
	Cash flows from investing activities	**-4,303**	**9,765**
	Free cash flow	**81,126**	**80,433**
20	Investments in non-controlling interests	0	0
21	Divestments of non-controlling interests	0	0
	Dividends from subsidiaries	3,201	0
	Dividends distributed	-120,000	-35,000
	Payments to/from Group entities	14,497	-20,709
	Raising of debt from Group entities	0	80,000
	Repayments, debt to credit institutions	0	-69,198
	Cash flows from financing activities	**-102,302**	**-44,907**
	Change in cash and cash equivalents	**-21,176**	**35,526**
	Cash and cash equivalents		
	Cash and cash equivalents at 1 January	37,518	1,992
	Change in cash and cash equivalents	-21,176	35,526
22	**Cash and cash equivalents at 31 December**	**16,342**	**37,518**

Note

1 **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
2

Change of accounting policies - transition to IFRS

Scan Global Logistics A/S is a first time adopter of IFRS. This note, is used by Scan Global Logistics A/S for preparing this first complete set of financial statements in accordance with IFRS as adopted by the EU for the year ended 31 December 2016.

For periods up to and including the year ended 31 December 2015, the Scan Global Logistics A/S prepared its official financial statements in accordance with the Danish Financial Statements Act.

In preparing these IFRS consolidated financial statements, the Scan Global Logistics A/S' opening balance sheet was prepared as at 1 January 2015, the date of transition to IFRS. This note explains the principal adjustments made by Scan Global Logistics A/S in restating its financial statements prepared in accordance with the Danish Financial Statements Act, including the balance sheet as at 1 January 2015 and the financial statements as at and for the year ended 31 December 2015.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.
For the purpose of preparing these IFRS consolidated financial statements the Scan Global Logistics A/S has applied the following exemptions:

IFRS 3 *Business combinations* has not been applied to acquisition of subsidiaries, which are considered businesses for IFRS that occurred before the 1 January 2015. Use of this exemption means that the carrying amounts of assets and liabilities under the Danish Financial Statements Act, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS.

Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2015.

Income statement and balance sheet effects from the IFRS transition

On the following pages the transition effect is shown in the opening balance, income statement and balance sheet.

Note

2 **Change of accounting policies - transition to IFRS (Continued)**

Transition effects are:

a) Under the Danish Financial Statements Act, equity-settled share-based payment programs (the warrant program) with employees have not been recognised. IFRS requires the fair value of the warrants granted less payments made by the employee to be recognised as a costs over the vesting period. The profit and loss effect for 2015 is zero.

b) Under IFRS, 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.

Previously, income from sales were recognised at the time when the delivery had been completed, provided that the income could be made up reliably and was expected to be received.

c) The changes in accounting policies regarding revenue recognition affects deferred tax. The tax rate used is 22%.

Reclassifications

Apart from changes in accounting policies, the following reclassifications and changes in format have been made:

Balance sheet

e) Assets are presented as either non-current or current assets compared to fixed assets and current assets previously.

f) Deferred tax is classified as non-current assets or non-current liabilities. Previously, deferred tax was classified as current assets.

g) Retained earnings are split in to 2 lines - retained earnings and currency translation reserve.

Income statement

h) Other external expenses was prior included in gross profit, but under IFRS the line other external expenses are between gross profit and EBITDA.

i) One-off items are considered special items, which are reclassified to a separate line between Operating profit before special items and EBIT.

j) Wages and salaries relating to own staff used to fulfil the contracts with customers (blue collar employees) are reclassified from Staff costs to Costs of operations.

k) Fixed operation costs are reclassified from Other external expenses to Cost of operation.

Transition to IFRS

Note 2	PARENT Opening balance (DKKt)	Danish GAAP 01.01.2015	Effect of transition to IFRS	IFRS 01.01.2015
	ASSETS			
	Software	12,693		12,693
	Property, plant and equipment	1,783		1,783
	Investments in group entities	44,638		44,638
c), f)	Deferred tax asset	2,724	-2,575	149
	Other receivables	370		370
	Total non-current assets	**62,208**	**-2,575**	**59,633**
	Trade receivables	236,456		236,456
	Receivables from Group entities	92,741		92,741
	Other receivables	1,890		1,890
	Prepayments	3,140		3,140
	Cash and cash equivalents	1,992		1,992
	Total current assets	**336,219**	**0**	**336,219**
	Total assets	**398,427**	**-2,575**	**395,852**
	EQUITY AND LIABILITIES			
	Share capital	1,902		1,902
	Retained earnings	68,794	9,130	77,924
	Dividend proposed for the year	35,000		35,000
	Total Equity	**105,696**	**9,130**	**114,826**
	Credit institutions	69,198		69,198
	Trade payables	127,701		127,701
b)	Deferred income	58,792	-11,705	47,087
	Other payables	37,040		37,040
	Total current liabilities	**292,731**	**-11,705**	**281,026**
	Total liabilities	**292,731**	**-11,705**	**281,026**
	Total equity and liabilities	**398,427**	**-2,575**	**395,852**

Transition to IFRS

1 January - 31 December

Note 2	PARENT Income statement (DKKt)	Danish GAAP 2015	Effect of transition to IFRS	IFRS 2015
b)	Revenue	1,777,393	-7,336	1,770,057
b), j), k)	Cost of operation	-1,546,997	6,608	-1,540,389
h)	Other external expenses	-16,148	16,148	0
	Gross profit	**214,248**	**15,420**	**229,668**
h),i), k)	Other external expenses		-12,491	-12,491
i), j)	Staff costs	-139,356	5,000	-134,356
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**74,892**	**7,929**	**82,821**
	Amortisation and depreciation of intangibles, property, plant and equipment	-5,850		-5,850
	Earnings before Interest, Tax, Amortisation of goodwill and special items	**69,042**	**7,929**	**76,971**
	Amortisation and impairment of goodwill	0		0
	Operating profit before special items	**69,042**	**7,929**	**76,971**
i)	Special items, net	0	-5,745	-5,745
	Operating profit (EBIT)	**69,042**	**2,184**	**71,226**
	Income from investments in group entities	6,270		6,270
	Financial income	13,602	13,181	26,783
	Financial expenses	-6,213	-13,181	-19,394
	Profit before tax	**82,701**	**2,184**	**84,885**
c)	Tax on profit for the year	-18,454	-480	-18,934
	Profit for the year	**64,247**	**1,704**	**65,951**
	Proposed distribution of profit:			
	Reserve for net revaluation under the equity method	0	0	0
	Retained earnings	14,247	1,704	15,951
	Proposed dividends	50,000	0	50,000
	Total	**64,247**	**1,704**	**65,951**

Transition to IFRS

Note	PARENT Balance sheet (DKKt)	Danish GAAP 31.12.2015	Effect of transition to IFRS	IFRS 31.12.2015
2	**ASSETS**			
	Software	12,524		12,524
	Intangible assets	**12,524**	**0**	**12,524**
	Land and buildings	478		478
	Fixtures and fittings, tools and equipment	1,523		1,523
	Property, plant and equipment	**2,001**	**0**	**2,001**
	Investments in group entities	76,711		76,711
c), f)	Deferred tax asset	1,498	-3,056	-1,558
	Other receivables	407		407
	Financial assets	**78,616**	**-3,056**	**75,560**
	Total non-current assets	**93,141**	**-3,056**	**90,085**
	Trade receivables	247,452		247,452
	Receivables from Group entities	66,676		66,676
	Other receivables	1,158		1,158
	Prepayments	3,369		3,369
	Cash and cash equivalents	37,518		37,518
	Total current assets	**356,173**	**0**	**356,173**
	Total assets	**449,314**	**-3,056**	**446,258**
	EQUITY AND LIABILITIES			
	Share capital	1,902		1,902
g)	Currency translation reserve	0	-188	-188
	Retained earnings	77,737	11,021	88,758
	Dividend proposed for the year	50,000		50,000
	Total Equity	**129,639**	**10,833**	**140,472**
	Trade payables	162,511		162,511
b)	Deferred income	41,325	-13,889	27,436
	Payables to group entities	80,000		80,000
	Other payables	35,839		35,839
	Total current liabilities	**319,675**	**-13,889**	**305,786**
	Total equity and liabilities	**449,314**	**-3,056**	**446,258**

Note		Parent
3	**Recognition and measurement uncertainties**	2016

The Parent Company, Scan Global Logistics A/S, 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 3 for the Group for further information.

4 New accounting regulation not yet adopted

Please see note 4 for the Group where new accounting regulation not yet adopted is described.

Notes to the income statement

Note	(DKKt)	Parent 2016	Parent 2015
5	**Fee to the auditors**		
	Fee to the auditors appointed at the annual general meeting:		
	Fee for the statutory audit	900	618
	Fee for tax and VAT services	13	0
	Fee for other services	367	1,040
	Total fees to auditors appointed at the general meeting	**1,280**	**1,658**
	Other auditors, tax and other services	742	0
	Total fee to the auditors	**2,022**	**1,658**

Note	Staff costs	2016	2015
6	**Staff costs**		
	Wages and salaries	133,468	126,605
	Pensions	5,986	4,501
	Other social security costs	782	8,250
	Total gross staff costs	**140,236**	**139,356**
	Transferred to cost of operation	0	0
	Transferred to special items	-5,121	-5,000
	Total staff costs	**135,115**	**134,356**
	Remuneration to members of management:		
	Executive Board (Key management personnel)	16,460	18,064
	Board of Directors	330	1,125
	Total	**16,790**	**19,189**
	Management fee to AEA Investors LP, New York	**2,297**	**0**
		Number	**Number**
	Average number of full time employees	206	200

Share-based payments, issued in the Parent company of Scan Global Logistics A/S:
Please see Note 7 "Staff costs" for the Group for a description of the warrant programme.

Notes to the income statement

Note	(DKKt)	Parent 2016	Parent 2015
7	**Special items**		
	Primarily costs related to an IFRS conversion and an extraordinary incentive program for key employees.	0	-5,745
	Primarily costs related to the change of ownership up to 2 August 2016 incl. change of senior management.	-5,121	0
	Total special items	**-5,121**	**-5,745**

Note		2016	2015
8	**Financial income**		
	Interest income from group entities	11,291	7,834
	Other interest income	395	197
	Exchange gain	0	18,752
	Total financial income (amortised cost)	**11,686**	**26,783**

Note		2016	2015
9	**Financial expenses**		
	Interest expenses to group entities	9,438	2,747
	Other interest expenses	1,149	3,466
	Exchange loss from FX contracts	2,124	13,181
	Exchange loss	574	0
	Total financial expenses (amortised cost)	**13,285**	**19,394**

Notes to the income statement

Note	(DKKt)	Parent 2016	Parent 2015
10	**Tax for the year**		
	The tax for the year is disaggregated as follows:		
	Tax on profit for the year	13,286	18,934
	Total tax for the year	**13,286**	**18,934**
	Tax on profit for the year is calculated as follows:		
	Current tax on profit for the year	16,149	17,228
	Change in deferred tax for the year	-2,863	1,706
	Total tax on profit for the year	**13,286**	**18,934**
	Reconciliation of tax rate:		
	Tax on profit for the year	13,286	18,934
	Profit before tax	52,029	84,885
	Effective tax rate	25.54%	22.31%
	Danish corporation tax rate	22.00%	23.50%
	Difference in tax rate	3.54%	-1.19%

Reconcilliation of tax rate (%)	2016 Percentage	2016 DKK t
Danish corporation tax rate	22.00%	11,446
Non-taxable income and non-deductible expenses	2.92%	1,520
Tax on dividend from subsidiaries	0.62%	320
Effective tax rate	**25.54%**	**13,286**

For 2015 the difference in tax rate is mainly due to non-taxable income and non-deductible expenses.

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Notes to the balance sheet

Note 11 Intangible assets
Parent (DKKt)

		Software
2016	Cost at 1 January 2016	31,528
	Additions	3,565
	Cost at 31 December 2016	**35,093**
	Amortisation and impairment at 1 January 2016	19,004
	Amortisation	6,399
	Amortisation and impairment at 31 December 2016	**25,403**
	Carrying amount at 31 December 2016	**9,690**
2015	Cost at 1 January 2015	26,739
	Additions	4,789
	Cost at 31 December 2015	**31,528**
	Amortisation and impairment at 1 January 2015	14,046
	Amortisation	4,958
	Amortisation and impairment at 31 December 2015	**19,004**
	Carrying amount at 31 December 2015	**12,524**

Note 12 Property, plant and equipment
Parent (DKKt)

		Land and buildings	Fixtures, tools, fittings and equipment	Total
2016	Cost at 1 January 2016	2,214	9,544	11,758
	Additions	1,015	600	1,615
	Cost at 31 December 2016	**3,229**	**10,144**	**13,373**
	Depreciation and impairment at 1 January 2016	1,736	8,021	9,757
	Depreciation	232	868	1,100
	Depreciation and impairment at 31 December 2016	**1,968**	**8,889**	**10,857**
	Carrying amount at 31 December 2016	**1,261**	**1,255**	**2,516**
2015	Cost at 1 January 2015	2,214	8,434	**10,648**
	Additions	0	1,110	**1,110**
	Cost at 31 December 2015	**2,214**	**9,544**	**11,758**
	Depreciation and impairment at 1 January 2015	1,544	7,321	**8,865**
	Depreciation	192	700	**892**
	Depreciation and impairment at 31 December 2015	**1,736**	**8,021**	**9,757**
	Carrying amount at 31 December 2015	**478**	**1,523**	**2,001**

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Notes to the balance sheet

Note	(DKKt)	Parent 2016	Parent 2015
13	**Deferred tax assets**		
	Deferred tax at 1 January	-1,558	149
	Deferred tax for the year	2,863	-1,706
	Deferred tax at 31 December	**1,305**	**-1,558**

2016	Deferred tax assets/liabilities arise from the following	Other**	Tax loss carry-forwards	Total
	Deferred tax at 1 January	-1,558	0	-1,558
	Recognised in the income statement	2,863	0	2,863
	Deferred tax at 31 December	**1,305**	**0**	**1,305**

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

2015	Deferred tax assets/liabilities arise from the following	Other**	Tax loss carry-forwards	Total
	Deferred tax at 1 January	149	0	149
	Recognised in the income statement	-1,706	0	-1,706
	Deferred tax at 31 December	**-1,558**	**0**	**-1,558**

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

14	Trade receivables	31 Dec 2016	31 Dec 2015
	Trade receivables before impairment at 31 December	192,510	253,242
	Provision for bad debts	-2,428	-5,790
	Trade receivables at 31 December	190,082	247,452
	Trade receivables not due	177,180	213,791
	Overdue trade receivables not written down	**12,902**	**33,661**
	Overdue trade receivables not written down break down as follows:		
	Overdue 1-30 days	6,721	26,089
	Overdue 31-60 days	5,781	5,267
	Overdue 61-90 days	400	1,445
	Overdue for more than 90 days	0	860
	Overdue trade receivables not written down	**12,902**	**33,661**
	Realised losses during the year (Income in 2016)	**2,901**	**-510**

Notes to the balance sheet

Note 15	Investments in group entities Parent company (DKKt)	Parent 2016	Parent 2015
	Cost		
	Cost at 1 January	149,971	109,736
	Additions	12,429	40,910
	Transaction costs not part of cost of acquisition	-528	0
	Disposals	0	-675
	Cost at 31 December	**161,872**	**149,971**
	Revaluations		
	Revaluations at 1 January	54,774	52,945
	Share of profit/loss for the year	-9,074	6,270
	Equity movements, trade with non-controlling interests and dividend	-3,201	-4,441
	Revaluations at 31 December	**42,499**	**54,774**
	Impairment losses		
	Impairment losses at 1 January	128,034	118,043
	Exchange adjustment	811	191
	Investments with a negative net asset value written down over receivables	-7,339	9,800
	Impairment losses at 31 December	**121,506**	**128,034**
	Carrying amount at 31 December	**82,865**	**76,711**

16	Share capital	31 Dec 2016	31 Dec 2015
	The Parent Company's share capital of DKK 1,902 thousand comprises:		
	1,901,645 shares of DKK 1 each	1,902	1,902
	Total share capital at 31 December	**1,902**	**1,902**

The share capital has not changed for the past 5 years.

Please see Management's review "Post balance sheet events" regarding capital increase in March 2017.

17 Financial liabilities and financial risks — 31 Dec 2016

Please see note 17 for the Group for a description of the SGL's financial risks.

Note	(DKKt)	Parent 2016	Parent 2015
18	**Change in working capital**		
	Changes in receivables	56,351	-10,530
	Changes in trade payables, etc.	-23,826	13,958
	Total change in working capital	**32,525**	**3,428**

19 Investments in group entities 2016

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.

20 Investments in non-controlling interests

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

Supplementary notes

Note	(DKKt)	Parent 2016	Parent 2015
21	**Divestments of non-controlling interests**		
	Non-controlling interests	0	1,944
	Net assets divested	**0**	**1,944**
	Loss recognised under equity	0	-1,944
	Sales price	**0**	**0**

In 2015 48% of Scan Global Logistics Ltd. , Thailand has been sold to non-controlling interests.

22	Cash and liquidity	31 Dec 2016	31 Dec 2015
	Cash	27,149	37,518
	Credit institutions	-10,807	0
	Net cash	**16,342**	**37,518**
	Credit facilities	85,000	79,800
	Liquidity reserve	**101,342**	**117,318**

As per 31 December 2016 SGL holds net positive bank liquidity of DKK 16,342 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregate to DKK 101,342 thousand.

23	Security for loans	31 Dec 2016	31 Dec 2015
	As security for debt to credit institutions, for undrawn credit facilities and payment warranties, the Company has pledged assets as collateral		
	Chattel mortgages	11,500	11,500
	Company charge	213,300	213,300
	Total security	**224,800**	**224,800**

Carrying amount of total assets in Scan Global Logistics A/S is as of 31 December 2016 DKK 353 million of which DKK 3 million relates to fixed assets.
As at 31 December 2016 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 Scan Global Logistics Holding ApS (the Parent company of Scan Global Logistics A/S) has pledged assets as collateral		
	The following assets are pledged as collateral:		
	Shares in Scan Global Logistics A/S, carrying amount in Scan Global Logistics Holding ApS	667,503	667,503

Note	(DKKt)	Parent	Parent
24	**Contingent liabilities and other financial obligations**	31 Dec 2016	31 Dec 2015
	Rent obligations for leased premises	22,371	17,671
	Operating leases for cars and IT equipment	10,724	10,358
	Total rent and lease obligations	**33,095**	**28,029**
	Maturity analysis:		
	Falling due before 1 year	9,673	8,944
	Falling due between 1 and 5 years	23,422	19,085
	Falling due after more than 5 years	0	0
	Total rent and lease obligations	**33,095**	**28,029**
	Total rent and lease expenses during the year	**10,352**	**10,223**
	Warranties for payments	**28,612**	**22,215**

Claims and legal disputes:

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

The Company is jointly taxed with other Danish Group entities and is jointly and severally liable with other jointly taxed Group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

25 Financial instruments by category

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

	31 Dec 2016	31 Dec 2015
Financial instruments by category, carrying amount		
Financial assets (measured at amortised cost):		
Trade receivables	190,082	247,452
Other receivables	2,640	1,565
Receivables from group entities	32,906	66,676
Cash	27,149	37,518
Financial assets measured at amortised cost	252,777	353,211
Financial liabilities (measured at fair value at IFRS level 2):		
Currency derivatives	187	1,255
Financial liabilities (measured at amortised cost):		
Payables to group entities	81,372	80,000
Credit institutions	10,807	0
Trade payables	135,846	162,511
Financial liabilities measured at amortised cost	228,025	242,511

Note 26	(DKKt) **Related parties**	Parent 31 Dec 2016

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

Related Party	**Domicile**
Owners of Scan Global Logistics A/S:	
Scan Global Logistics Holding ApS (controlling interest of 100%)	Denmark
Ultimate owner with controlling interest:	Cayman
AEA SGLT Holding I LP (controlling interest of 100% of the financial rights)	Islands
Owners of AEA SGLT Holding I LP:	Cayman
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Islands

Consolidated financial statements are prepared by the parent company of Scan Global Logistics Holding ApS, which is Scan Bidco A/S.
No consolidated financial statements are prepared by the ultimate parent company.

Loans from/to related parties (not eliminated on Group level)	
Scan Global Logistics A/S, Liability to Scan Global Logistics Holding ApS	80,000
Scan Global Logistics A/S, receivable from Scan Global Logistics Holding ApS	43,707

Management fee to AEA Investors LP, New York (part of AEA Group)	2,297

The fee to AEA covers fee for 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 in addition to above mentioned and the benefits described in Note 6 Staff costs and Note 7 Staff costs for the Group.

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

Please see note 8 and 9 regarding intercompany interest income and expense.

Supplementary notes

Note	(DKKt)	Parent
26	**Related parties**	31 Dec 2015
	Information about related parties with a controlling interest and significant influence:	
	Related Party	Domicile
	Owners of Scan Global Logistics A/S:	
	Scan Global Logistics Holding ApS (controlling interest of 100%)	Denmark
	Owners of Scan Global Logistics Holding ApS:	
	MMG ApS (significant influence)	Denmark
	TTGR Holding ApS (significant influence)	Denmark
	Nidovni HH A/S (controlling interest)	Denmark
	Owners of Nidovni HH A/S:	
	Anpartsselskabet af 1. november 2006 (controlling interest)	Denmark
	Ultimate owner with controlling interest:	
	BWB Partners P/S	Denmark
	Loans from/to related parties (not eliminated on Group level)	
	Scan Global Logistics A/S, Liability to Scan Global Logistics Holding ApS	80,000
	Scan Global Logistics A/S, receivable from Scan Global Logistics Holding ApS	58,204

No members of the Board of Directors or the Executive Board had in 2016 any direct or indirect transactions with the Group in addition to above mentioned and the benefits described in Note 6 Staff costs and Note 7 Staff costs for the Group.

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

Please see note 8 and 9 regarding intercompany interest income and expense.

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 Global Logistics A/S for the financial year 1 January - 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 1 January - 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, 31 May 2017

Executive Board:

Jesper Nielsen

Board of Directors:

Claes Brøndsgaard Pedersen
Chairman

Allan Dyrgaard Melgaard
Deputy chairman

Jørgen Agerbro Jessen

Jesper Nielsen

Independent auditor's report

To the shareholders of Scan Global Logistics A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Scan Global Logistics A/S for the financial year 1 January - 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 1 January - 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.

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, 31 May 2017

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

Eskild N. Jakobsen
State Authorised Public Accountant

Allan Nørgaard
State Authorised Public Accountant