AEA SGLT Holding II LP

(Formation date 2 August 2016)

Interim Financial Report

Third quarter 2017

Contents

Financial highlights for the Group

Key figures (in USD thousands):	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Income statement				
Revenue	202,773	72,168	593,753	72,168
Gross profit	**29,971**	**12,636**	**88,521**	**12,636**
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**5,318**	**2,889**	**14,642**	**2,889**
Earnings before Interest, Tax, Amortisation (EBITA) and special items	**4,978**	**2,650**	**13,637**	**2,650**
Operating profit (EBIT) before special items	**3,313**	**2,650**	**6,843**	**2,650**
Special items	-185	-1,084	-549	-1,084
Net financial expenses	-3,827	-2,699	-11,817	-2,699
Profit/loss before tax	**-699**	**-1,133**	**-5,523**	**-1,133**
Profit/loss for the period	**-1,540**	**-1,416**	**-5,665**	**-1,416**
Cash flow				
Cash flows from operating activities before interest and tax			**398**	**1,908**
Cash flows from operating activities			**-12,935**	**-942**
Investments in software			-867	0
Investments in property, plant and equipment			-909	-92
Investments in Group entities			-25,186	-77,503
Cash flows from investing activities			**-26,963**	**-77,595**
Free Cash flow			**-39,897**	**-78,536**
Cash flows from financing activities			**9,536**	**183,662**
Cash flow for the period			**-30,361**	**105,126**
Financial position				
Total equity			158,480	95,740
Equity attributable to parent company			157,707	95,649
Net interest bearing debt (NIBD)			203,063	69,267
Total assets			501,977	325,695
Financial ratios in %				
Gross margin*	14.8	17.5	14.9	17.5
EBITDA margin*	2.6	4.0	2.5	4.0
EBIT margin*	1.6	3.7	1.2	3.7
Equity ratio	0.0	0.0	31.6	29.4

*before special items

For definition of financial ratios please see note 4 Accounting policies.

Company details

Name	:	**AEA SGLT Holding II LP**
Place of business	:	c/o AEA Investors LP, 666 Fifth Avenue, New York 10103.
Registered office	:	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, South Church Street, George Tower, KY 1-1104, Cayman Islands.
Financial year	:	1 January - 31 December
Website	:	www.scangl.com
E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Contact details	:	Todd Welsch
Telephone		Office: (+1) 212-702-1369
Directors	:	John Cozzi Alan Wilkinson Todd Welsch
Parent company of AEA SGLT Holding II LP	:	AEA SGLT Holding I LP
Ultimate owner	:	AEA SGLT Holding I LP
Bankers	:	Jyske Bank A/S JP Morgan Chase & Co.
Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
CVR/VAT no.	:	30 70 02 28

Legal entities in the AEA SGLT Holding II LP Group Company name		Country/state	Currency	Nominal capital	Economic ownership interest
AEA SGLT Holding II LP*		Cayman Islands	USD	0	100%
TGI US Topco Corp.*	Please see page 4 for details	Delaware	USD	1	100%
Scan (Jersey) Topco Limited*		Jersey	GBP	1	100%
Scan (UK) Midco Limited*		United Kingdom	GBP	1	100%
Scan Bidco A/S		Denmark	DKK	500,500	100%
Anpartsselskabet af 1. november 2006*		Denmark	DKK	6,355,600	100%
Nidovni HH ApS*		Denmark	DKK	18,598,000	100%
TTGR Holding ApS*		Denmark	DKK	500,000	100%
Scan Global Logistics Holding ApS*		Denmark	DKK	3,530,837	100%
Scan Global Logistics A/S		Denmark	DKK	1,902,647	100%
SGL Road ApS		Denmark	DKK	500,000	100%
SGL Road AB		Sweden	SEK	100,000	80%
ScanAm Global Logistics AB		Sweden	SEK	100,000	100%
Crosseurope AB		Sweden	SEK	100,000	100%
Airlog Group Denmark A/S		Denmark	DKK	500,000	100%
Airlog Group Holding AB*		Sweden	SEK	2,000,000	100%
Airlog Group Sweden AB		Sweden	SEK	2,000,000	100%
Pro Logistics i Helsingborg AB		Sweden	SEK	100,000	100%
AirLog Air Logistics AB		Sweden	SEK	100,000	100%
Airlog Group Express AB		Sweden	SEK	1,000,000	100%
Connect Logistics ApS		Denmark	DKK	50,000	100%
Airlog Group Fur OY		Finland	EUR	2,500	100%
Airlog Group AS		Norway	NOK	30,000	100%
Scan Global Logistics AS		Norway	NOK	150,000	100%
Scan Global Logistics (Finland) Oy		Finland	EUR	2,523	100%
Scan Global Logistics K.K.		Japan	JPY	15,000,000	100%
Scan Global Logistics Ltd.		China	USD	1,650,000	100%
Scan Global Logistics Ltd.		Hong Kong	HKD	500,000	100%
Connect Air (HK) Ltd.		Hong Kong	HKD	300,000	100%
Scan Global Logistics Ltd. (Branch)		Taiwan			100%
Scan Global Logistics Ltd.		Thailand	THB	5,000,000	100%
Scan Global Logistics Ltd.		Malaysia	MYR	2	100%
Connect Air (Malaysia) Ltd.		Malaysia	MYR	2	100%
Scan Global Logistics Pty. Ltd.		Australia	AUD	13	100%
Scan Global Logistics (Phil) Inc.		Philippines	PHP	4,000,000	40%
Scan Global Logistics Chile S.A.		Chile	CLP	179,872,000	100%
Scan Global Logistics (Vietnam) Ltd.		Vietnam	USD	100,000	100%
Scan Global Logistics Ltd.		Indonesia	IDR	252,015,000	100%
Scan Global Logistics Pte Ltd. (Singapore)		Singapore	SGD	100,000	100%

Legal entities in the AEA SGLT Holding II LP Group

Company name	Country/state	Currency	Nominal capital	Economic ownership interest
TGI US Topco Corp.*	Delaware	USD	1	100%
Transgroup Global Inc.	Delaware	USD	1	100%
TransLAX, LLC	USA	USD		50%
ICO SFO, LLC	USA	USD		50%
Transfair North America International Freight Services, LLC	Washington	USD		100%
ORD ICO, LLC	Illinois	USD		100%
TRANS BGS, LLC	Washington	USD		100%
TRANS ICO, LLC	Washington	USD		50%
Trans MCO	Florida	USD		51%
Transgroup DFW	Texas	USD		100%
Transgroup Express, LLC	Washington	USD		100%
Transdomestic LAX, LLC	California	USD		100%
TRANS CLT, LLC	Norht Carolina	USD		100%
TRANS IAH, LLC	Texas	USD		100%
Translogic Technologies, LLC	Washington	USD		100%
TRANS-MIA, LLC	Florida	USD		51%
TRANS ATL, LLC	Georgia	USD		51%
Cargo Connections NC, LLC	Norht Carolina	USD		51%
CNA TRANS, LLC	Nevada	USD		50%
Utah Specialized Transportation, LLC	Utah	USD		51%

*Holding companies.

Management's commentary

AEA SGLT Holding I LP

AEA SGLT Holding I LP was founded on 2 August 2016 in connection with the joint acquisition of the SGL Holding Group and TransGroup.

The change of ownership of Scan Global Logistics was as of 2 August 2016 and consequently the Q3 2016 comparison figures only include the results of 2 months, August and September 2016. Transgroup was acquired in Q4 2016.

AEA SGLT Holding I LP is owned by AEA, co-investors and the management of TransGroup and SGL Group.

AEA SGLT Holding II LP is a holding company with no assets except the shares in Scan Bidco and Transgroup Global Inc. (TransGroup). A description of the 2 Groups is made in note 3 Investments in Group entities.

Investments in Group entities

Total investments in Group entities at the fair value of total consideraton amounted to USD 30 million in H1 of which USD 11 million was financed through a capital increase.
Total cash investments in Group entities in H1 2017 was USD 25 million.

The cash payment was financed through a capital increase of USD 11 million in March 2017 and the issue of bonds USD 17 millions in December 2016 in Scan Bidco A/S, the parent company of the SGL Holding Group.

Profit for the period

The figures comprise the performance from Scan Bidco Group and from TransGroup.

The combined group provides world wide services within freight forwarding and logistics services. The home market of TransGroup is the USA, whereas the Scan Bidco Group has its origins in the Nordics and its own network in the Asia Pacific region.

TransGroup experienced strong growth in revenues in the first 9 months of 2017. The increase reflects a general strong macro economic trend in the US as well as organic growth resulting in international business growth, particularly within the corporate stations. However the Q3 2017 revenues were in line with Q3 2016 at a lower grossmargin partly off-set by lower SG&A costs.

The Scan Global Logistics A/S Group had positive revenue growth throughout Q3 2017 driven by an increase in volumes within all main products (Air,Ocean and Road). The general margin pressure in the market combined with a change in the sea carriers behaviour continued to have a significant impact on the Q3 2017 earnings, especially due to the increased sea freight rates on the core trade lanes since 2016. The Aid, Development and Projects (ADP) division has experienced increased revenues compared to Q2 as well as a strengthened pipeline and no customer attrition, however at a lower Gross magin and EBITDA contribution

The subsidiary company Scan Global Logistics A/S acquired the Swedish based company Crosseurope in June 2017 in order to strengthen the position in the Swedish road market.

The third quarter result of AEA SGLT Holding II LP was USD 202.8 million in revenue. The EBITDA before special items was USD 5.3 million.

The total Q3 Gross profit was USD 30 million and the gross margin equaled 14.8%.

Management's commentary

The total SG&A costs of USD 24.7 million was mainly comprised of salary related costs, travel and rent, which is equal to a decrease of USD 2.4 million versus Q2 2017. The Group experienced a decrease due to lower employee expenses and other administration costs.

Amortisation of intangibles identified at acquistion was USD 1,7 million in Q3.

Net financial expenses amounted to USD 3.8 million in Q3, which was mainly comprised of interest on the bond debt.

Cash Flows
The acquisitions in H1 of the Airlog Group and Crosseurope generated a cash out flow from investing activities of USD 25 million.

This was financed through a capital increase of USD 11 million and cash proceeds from issuing of bonds in Q4 2016.

2017.

Furthermore Scan Global Logistics A/S acquired a non-controlling interest part in a subsidiary company in H1 value USD 1.7 million.
The working capital increased by USD 14 million since December 2016, primarily due to the accounts receivable in Denmark and in the ADP Division.

Capital structure
The equity attributable to the Parent company was USD 157.7 million with an equity ratio of 31.6% as per 30 September 2017.

The equity was mainly affected by a capital increase of USD 11 million all made by a cash contribution.

Net interest bearing debt (NIBD)
Consolidated net interest bearing debt amounted to USD 203 million. The debt is mainly due to the acquisition of TransGroup, SGL Holding Group, the Airlog Group and Crosseurope.

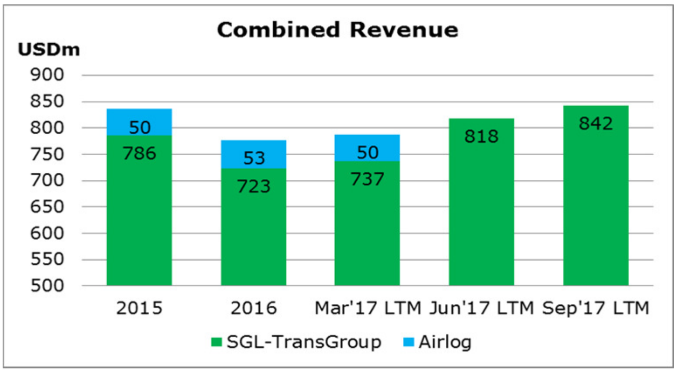
Management's commentary

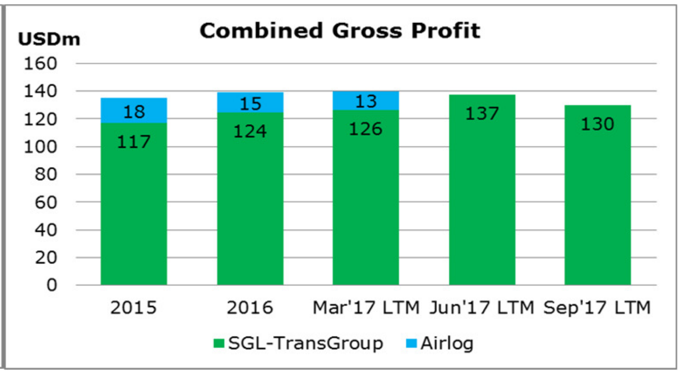
Business development

Proforma figures

On a pro forma basis, if the acquisitions had been effective as from 1 January 2015, we would have seen the following development in the total operating group (excl. the holding companies). That includes the recent acquisition of the Airlog Group and Crosseurope.

The LTM for June and September 2017 are only shown as Airlog and Crosseurope are within the SGL Group.





For calendar year 2016, TransGroup performed well on a year over year basis. The effect has been an increase in air and ocean imports, while domestic shipments remained constant.

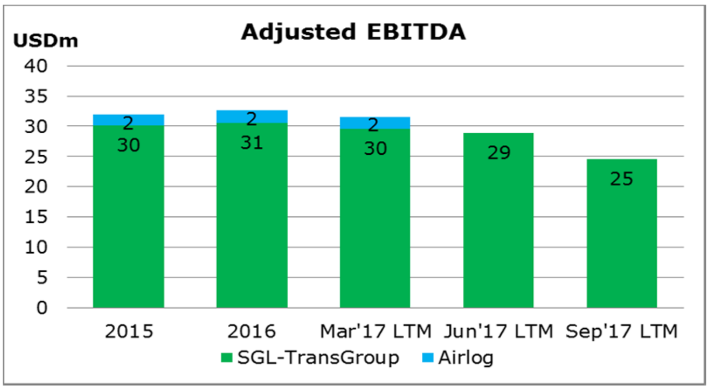
The Scan Bidco Group had a positive earnings trend throughout the the first 9 months of 2016, specifically driven by a strong performance from key entities. During the latter part of H2 2016 the Scan Bidco Group experienced significant margin pressure due to the increased sea freight rates. Furthermore there was a decline in the ADP division mainly due to less volume from UNPD.

Please see page 5 for comments to the Q3 2017.

Management's commentary

Business development (Cont')

Proforma figures



EBITDA has been adjusted for non-recurring items in connection with the acquisitions.
The development in the EBITDA shows the impact of the positive earnings trend in H1 2016 followed by a decline in the projects sales and increasing margin pressure due to the increased sea freight rates.

On a proforma basis incl. Airlog and Crosseurope the NIBD/EBITDA as per LTM Sep'17 was 8.2.

Integration

As part of our strategy, we have started several workstreams in a global integration. These workstreams are focused on Finance, IT and Marketing.

Targets short term are to create one global finance organization to secure finance and business partnering for the business. Long term systems, toolboxes and process optimizations are priorities.

The IT roadmap is defined and agreed. System and tools will be amended to meet customers needs and integrated in the organization successively.

Global Marketing will start merging brands, ie. logos, websites and external material during 2017. The exercise will be founded in insights from customers, market and employees.

(USDt) Notes	Consolidated income statement for the period 1 January to 30 September	Group Q3 2017	Group Q3 2016	Group YTD 2017	Group YTD 2016
	Revenue	202,773	72,168	593,753	72,168
	Cost of operation	-172,802	-59,532	-505,232	-59,532
	Gross profit	**29,971**	**12,636**	**88,521**	**12,636**
	Other external expenses	-3,895	-2,123	-17,452	-2,123
	Staff costs	-20,758	-7,625	-56,427	-7,625
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**5,318**	**2,889**	**14,642**	**2,889**
	Depreciation of tangible assets	-340	-239	-1,005	-239
	Earnings before Interest, Tax, Amortisation and special items	**4,978**	**2,650**	**13,637**	**2,650**
	Amortisation of intangibles	-1,665	0	-6,794	0
	Operating profit before special items	**3,313**	**2,650**	**6,843**	**2,650**
	Special items	-185	-1,084	-549	-1,084
	Operating profit (EBIT)	**3,128**	**1,566**	**6,294**	**1,566**
	Financial income	33	1,237	85	1,237
	Financial expenses	-3,860	-3,936	-11,902	-3,936
	Loss before tax	**-699**	**-1,133**	**-5,523**	**-1,133**
	Tax on profit for the period	-841	-283	-142	-283
	Loss for the period	**-1,540**	**-1,416**	**-5,665**	**-1,416**
	Total income for the year attributable to				
	Owners of the parent	-1,800	-1,395	-7,091	-1,395
	Non-controlling interests	260	-21	1,426	-21
	Total	**-1,540**	**-1,416**	**-5,665**	**-1,416**

(USDt)	Consolidated statement of comprehensive income	Group Q3 2017	Group Q3 2016	Group YTD 2017	Group YTD 2016
	Profit for the period	-1,540	-1,416	-5,665	-1,416
	Items that will be reclassified to income statement when certain conditions are met:				
	Exchange rate adjustment	6,161	27	10,779	27
	Other comprehensive income, net of tax	6,161	27	10,779	27
	Total comprehensive income for the period	4,621	-1,389	5,114	-1,389
	Total comprehensive income for the year attributable to				
	Owners of the parent	4,361	-1,368	3,688	-1,368
	Non-controlling interests	260	-21	1,426	-21
	Total	**4,621**	**-1,389**	**5,114**	**-1,389**

(USDt) Notes	Consolidated balance sheet	Group 30 Sep 2017	Group 30 Sep 2016	Group 31 Dec 2016
	ASSETS			
	Software	5,814	1,462	5,709
	Customer relations	69,853	37,229	70,785
	Trademarks	19,400	7,362	19,242
	Other acquired intangible assets	947	0	1,046
	Goodwill	235,491	111,438	191,737
	Intangible assets	**331,505**	**157,491**	**288,519**
	Property, plant and equipment	**2,253**	**1,975**	**1,798**
	Other receivables	1,750	1,171	1,298
	Deferred tax asset	506	1,276	452
	Financial assets	**2,256**	**2,447**	**1,750**
	Total non-current assets	**336,014**	**161,913**	**292,067**
	Trade receivables	146,383	53,010	106,540
	Income taxes receivable	286	186	302
	Receivables from Group entities	363	0	0
	Other receivables	9,083	3,067	3,105
	Prepayments	2,042	1,893	1,680
1	Cash and cash equivalents	7,806	105,626	28,259
	Total current assets	**165,963**	**163,782**	**139,886**
	Total assets	**501,977**	**325,695**	**431,953**

(USDt) Notes	Consolidated balance sheet	Group 30 Sep 2017	Group 30 Sep 2016	Group 31 Dec 2016
	EQUITY AND LIABILITIES			
	Partnership interest	169,804	75	158,491
	Share premium	0	96,944	0
	Currency translation reserve	6,110	28	-4,669
	Retained earnings	-18,207	-1,398	-9,598
	Equity attributable to parent company	**157,707**	**95,649**	**144,224**
	Non-controlling interests	773	91	366
	Total Equity	**158,480**	**95,740**	**144,590**
2	Bond debt	194,637	172,396	183,346
	Earn-out provision	1,856	0	0
	Deferred rent	431	0	478
	Deferred tax liability	11,450	0	11,125
	Total non-current liabilities	**208,374**	**172,396**	**194,949**
1	Bank debt	11,722	0	1,532
	Trade payables	93,081	42,226	66,564
	Deferred income	8,455	3,500	7,423
	Corporation tax	1,794	984	1,295
	Other payables	20,071	10,848	15,600
	Total current liabilities	**135,123**	**57,559**	**92,414**
	Total liabilities	**343,497**	**229,955**	**287,363**
	Total equity and liabilities	**501,977**	**325,695**	**431,953**

Note	(USDt) Consolidated statement of changes in equity	Partnership interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
	Equity at 1 January 2017 - Published	**158,491**	**-4,669**	**-12,479**	**141,343**	**161**	**141,504**
4	Change to opening	**0**	**0**	**2,881**	**2,881**	**205**	**3,086**
	Equity at 1 January 2017 - Audited	**158,491**	**-4,669**	**-9,598**	**144,224**	**366**	**144,590**
	Profit for the period	**0**	**0**	**-7,091**	**-7,091**	**1,426**	**-5,665**
	Currency exchange adjustment	0	10,779	0	**10,779**	8	**10,787**
	Other comprehensive income, net of tax	**0**	**10,779**	**0**	**10,779**	**8**	**10,787**
	Total comprehensive income for the period	**0**	**10,779**	**-7,091**	**3,688**	**1,434**	**5,122**
	Purchase of non-controlling interests	0	0	-1,518	**-1,518**	-218	**-1,736**
	Dividend distributed	0	0	0	**0**	-809	**-809**
	Capital increase by cash payment	11,313	0	0	**11,313**	0	**11,313**
	Capital increase by contribution in kind	0	0	0	**0**	0	**0**
	Total transactions with owners	**11,313**	**0**	**-1,518**	**9,795**	**-1,027**	**8,768**

(USDt) Notes	Consolidated cash flow statement	Group YTD 2017	Group YTD 2016
	Operating profit (EBIT) before special items	6,843	2,650
	Depreciation, amortisation and impairment	7,799	239
	Special items	-549	-1,084
	Exchange rate adjustments	78	307
	Change in working capital	-13,773	-204
	Cash flows from operating activities before interest and tax	**398**	**1,908**
	Interest received	85	1,229
	Interest paid	-11,980	-3,696
	Tax paid	-1,437	-383
	Cash flows from operating activities	**-12,935**	**-942**
	Purchase of software	-867	0
	Purchase of property, plant and equipment	-909	-92
3	Investments in Group entities	-25,186	-77,503
	Cash flows from investing activities	**-26,963**	**-77,595**
	Free cash flow	**-39,897**	**-78,536**
	Capital increase	11,313	67,222
	Purchase of non-controlling interest	-1,706	0
	Repayment of loan from AEA	-71	0
	Proceeds from issuing of bonds	0	172,287
	Redemption of bond loan	0	-53,998
	Redemption of other acquisition debt	0	-1,850
	Cash flows from financing activities	**9,536**	**183,662**
	Change in cash and cash equivalents	**-30,361**	**105,126**
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	26,727	500
	Exchange rate adjustment of cash and cash equivalents	-281	0
	Change in cash and cash equivalents	-30,361	105,126
1	**Net Cash and cash equivalents at 30 September**	**-3,916**	**105,626**

Note	(USD thousand)	Group
1	**Cash and Liquidity**	30.09.2017
	Cash and cash equivalents	7,806
	Bank debt	-11,722
	Net cash	**-3,916**
	Credit facilities	18,144
	Liquidity reserve	**14,228**

The AEA SGLT Holding II LP Group holds net positive bank liquidity of (3.916) thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to USD 14.228 thousand.

Note		
2	**Bond debt**	30.09.2017
	Issued bonds, DKK tranche, interest rate 6.80%	99,147
	Issued bonds, USD trance USD 100 million, interest rate 7.70%	100,000
		199,147
	Capitalised loan costs	-4,510
	Total bond debt	**194,637**

	Cash flow*	Carrying amount
Bond debt falling due between 1 and 5 years (2021)	57,768	0
Bond debt falling due after more than 5 years	209,978	199,147
Total non-current financial liabilities	**267,746**	**199,147**
Total current financial liabilities	**14,442**	**0**

* Total cash flows including interest.

In 2016, Scan Bidco A/S issued senior secured callable bonds of DKK 625 million with an interest rate of 6.80% and USD 100 million with an interest rate of 7.70%. Borrowing costs of USD 5.7 million were paid in 2016 and amortised until 2022.
Interest is paid quarterly and the bond debt has to be repaid in June 2022.
The proceeds were used for the acquisition of the Airlog Group and TransGroup and repayment of SGL Holding ApS' bond debt.
For the issued bond certain terms and conditions apply regarding negative pledge, redemption, change of control and incurrance test.

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

Note	(USD thousand)	YTD 2017
3	**Investments in Group entities**	Total
	Provisional fair value at date of acquisition:	
	ASSETS	
	Property, plant and equipment	54
	Trade receivables	9,973
	Income taxes receivable	158
	Other receivables	545
	Prepayments	717
	Cash and cash equivalents	2,527
	Total assets	**13,973**
	LIABILITIES	
	Trade payables	5,550
	Corporation tax	1,146
	Other payables	5,763
	Total liabilities	**12,460**
	Non-controlling interests' share of acquired net assets	0
	Acquired net assets	**1,513**
	Goodwill, customer relations and trademarks less of deferred tax	28,158
	Fair value of total consideration	**29,671**
	Earn-out provision	1,957
	Cash consideration	**27,713**
	Adjustment for cash and cash equivalents taken over	-2,527
	Cash consideration for the acquisition of Airlog Group	**25,186**
	Transaction costs for acquisition of Airlog Group	0
	Investments in Group entities	**25,186**

Note (USD thousand)
3 **Investments in Group entities**

Acquisition of Crosseurope and Airlog Group

In June 2017 Scan Global Logistics A/S did enter into an agreement to acquire 100% of the Swedish based freight forwarder Crosseurope AB. The acquisition was effective as of 1 January 2017.

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

In 2016, Crosseurope AB generated sales of SEK 98 million.

Under the terms of the agreement, Scan Global Logistics acquired Crosseurope for a consideration of SEK 47.5 million. In addition, an earn-out agreement with a maximum of SEK 2.5 million has been concluded. Total consideration amounts equal to USD 5.8 million plus transaction costs.

This is in addition to Scan Global Logistics A/S' acquisition of the Airlog Group (please see the interim financial report Q1 2017) for a consideration of SEK 200 million an earn-out with a maximum of SEK 15 million. Total consideration amounts equals to USD 23.8 million plus transaction costs.

Fair value of acquired net assets and recognised goodwill

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

In connection with the acquisition of the Airlog Group, adjustments have been made to a number of the acquired net assets in compliance with the financial reporting requirements.
The carrying amount on the date of acquisition did not deviate materially from the fair value.
Recognised goodwill, trademarks and customer relations are non-deductible for tax purposes.
However there will be calculated deferred tax on trademarks and customer relations. There has not yet been made a calculation of the value of trademarks and customer relations.

As a consequense of this, there is also not recognised amortization of trademarks and customer relations for September 2017.
A preliminary calculation of trademarks and customer relations will be made during 2017 and hereby also a calculation af deferred tax.

Note	(USD thousand)	Unaudited	Audited	
4	**Consolidated income statement - Changes to 2016 figures**	Dec 2016	Dec 2016	Change
	Revenue	261,968	257,608	-4,360
	Cost of operation	-222,682	-217,887	4,795
	Gross profit	**39,286**	**39,721**	**435**
	Other external expenses	-8,163	-8,042	121
	Staff costs	-22,849	-22,857	-8
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**8,274**	**8,822**	**548**
	Depreciation of tangible assets	-273	-730	-457
	Earnings before Interest, Tax, Amortisation and special items	**8,001**	**8,092**	**91**
	Amortisation of intangibles	-3,576	-2,637	939
	Operating profit before special items	**4,425**	**5,455**	**1,030**
	Special items	-12,233	-12,233	0
	Operating profit (EBIT)	**-7,808**	**-6,778**	**1,030**
	Financial income	119	66	-53
	Financial expenses	-6,458	-6,408	50
	Loss before tax	**-14,147**	**-13,120**	**1,027**
	Tax on profit for the period	2,124	3,804	1,680
	Loss for the period	**-12,023**	**-9,316**	**2,707**
	Total income for the year attributable to			
	Owners of the parent	-12,479	-9,598	2,881
	Non-controlling interests	456	282	-174
	Total	**-12,023**	**-9,316**	**2,707**

The above table illustrate the changes from the publised interim financial report Q4 2016 figures to audited 2016 figures.

Note

4 Accounting policies

Basis of preparation

The Interim Financial Report, which has not been audited or reviewed by the Company auditor, has been prepared in accordance with the relevant IFRS standards and interpretations for recognition and measurement and on the basis set out below and has been prepared according to requirements according to Bond Terms, which includes requirement of a management commentary.

Basis of measurement

The financial statements have been prepared on a historical cost basis unless otherwise specifically indicated, such as derivative financial instruments.

Reporting currency

The financial statements are presented in US dollar and all values are rounded to the nearest thousand, except when otherwise indicated.

Significant accounting estimates

The preparation of the Group's consolidated financial statements requires 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.

Note

4 Accounting policies (Continued)

Consolidation

The consolidated financial statements comprise the parent, AEA SGLT Holding II LP, and entities controlled by the parent and AEA SGLT Holding II GP. 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'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 purchase 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

4 **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 change 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 US dollars, 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

4 Accounting policies (Continued)

Materiality in financial reporting

When preparing the financial statements, Management consider 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 Groups result 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 the 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.

Costs of operations

Costs of operations comprise costs incurred to generate the net turnover for the year. The costs of operations include 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
4 **Accounting policies** (Continued)

Staff costs
Staff costs comprise costs such as salaries, wages, social, pensions and social security costs except staff costs recognised under costs of operation and special items. Staff costs are recognised in the year in which the Group's employees have performed the related work.
The item is net of refunds made by public authorities.

Special items
Net 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

5 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 indication of impairment or at least once a year.

Customer relations

Customer relations arising from business combinaitons is recognised at fair value at acquisition.
When an indication of impairment is identified customer relations is tested for impairment.
Customer relations arising from the acquisition of TransGroup is amortised over 13 years.
Customer relations arising from the acquisition of SGL Group is amortised over 12 years.

Trademarks

Trademarks arising from business combinations is recognised at fair value at acquisition.
Trademarks arising from acquisition is amortised over 10-21 years.

Software

Software includes acquired intangible rights.
Software acquired separately or developed for internal use is measured at the lower of cost less any accumulated amortisation and impairment losses and the recoverable amount.
Costs related to development of software is calculated as, external costs, staff costs, amortisation and depreciation directly or indirectly attributable to the development of the software. After commissioning, software is amortised on a straight-line basis over the expected useful life.
The amortisation period is 3-6.5 years.

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

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

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Depreciation

Depreciation is provided on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost.
The expected useful lives of the assets are as follows:

Leasehold improvements & Other tools and equipment 3 to 10 years
Plant and machinery 3 to 5 years

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

Accounting estimates

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

Impairment testing of non-current assets

Goodwill

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

The tests are conducted for each cash generating unit "CGU" to which the goodwill is allocated to. Goodwill is allocated to the Groups activity thus it follows the structure of the segment information.
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
5 Accounting policies (Continued)

Cash and cash equivalents
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 statement of profit or loss 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 as 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
5 **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
5 **Accounting policies** (Continued)

Financial ratios

Definition of financial ratios:

Gross margin:
Gross profit / Revenue * 100

EBITDA margin:
EBITDA / Revenue * 100

EBIT margin:
Operating profit / Revenue * 100

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

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