AEA SGLT Holding II LP

(Formation date 2 August 2016)

Interim Financial Report

Third quarter 2018

Contents

Financial highlights for the Group	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Key figures (in USD thousands):				
Income statement				
Revenue	246.132	202.773	696.714	593.753
Gross profit	**37.941**	**29.971**	**106.933**	**88.521**
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**9.476**	**5.318**	**21.881**	**14.642**
Earnings before Interest, Tax, Amortisation (EBITA) and special items	**8.965**	**4.978**	**20.485**	**13.637**
Operating profit (EBIT) before special items	**6.465**	**3.313**	**13.716**	**6.843**
Special items	-1.592	-185	-2.143	-549
Operating profit (EBIT)	**4.873**	**3.128**	**11.573**	**6.294**
Net financial expenses	-4.994	-3.827	-13.294	-11.817
Profit/loss before tax	**-121**	**-699**	**-1.721**	**-5.523**
Profit/loss for the period	**-590**	**-1.540**	**-2.628**	**-5.665**
Cash flow				
Cash flows from operating activities before special items, interest and tax			**18.900**	**947**
Cash flows from operating activities			**3.532**	**-12.935**
Investments in software			-645	-867
Investments in property, plant and equipment			-1.750	-909
Investments in Group entities			-2.291	-25.186
Cash flows from investing activities			**-5.919**	**-26.963**
Free Cash flow			**-2.387**	**-39.897**
Cash flows from financing activities			**-2.360**	**9.536**
Cash flow for the period			**-4.747**	**-30.361**
Financial position				
Total equity			148.333	158.480
Equity attributable to parent company			146.762	157.707
Net interest bearing debt (NIBD)			198.876	203.063
Total assets			492.280	501.977
Financial ratios in %				
Gross margin*	15,4	14,8	15,3	14,9
EBITDA margin*	3,9	2,6	3,1	2,5
EBIT margin*	2,6	1,6	2,0	1,2
Equity ratio			30,1	31,6

*before special items

Company details

Name	:	**AEA SGLT Holding II LP**
Place of business and 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 person	:	Claes Brønsgaard Pedersen, Group CFO
Telephone		(+45) 32 48 00 00
Directors of AEA SGLT GP II ltd., its general partner	:	John Cozzi Alan Wilkinson Rachel Kumar Claes Brønsgaard Pedersen
Parent company of AEA SGLT Holding II LP	:	AEA SGLT Holding I LP, Cayman Islands
Ultimate owner	:	AEA SGLT Holding I LP, Cayman Islands
Bankers	:	Jyske Bank A/S JP Morgan Chase & Co.
Group 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%
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	100%
Scan Global Logistics GmbH		Germany	EUR	25.000	100%
ScanAm Global Logistics AB		Sweden	SEK	100.000	100%
Crosseurope AB		Sweden	SEK	100.000	100%
Crosseurope GmbH		Germany	EUR	25.000	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%
AirLog Air Logistics AB		Sweden	SEK	100.000	100%
SGL Express AB		Sweden	SEK	1.000.000	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 Logstics (Wuxi) Ltd.		China	CNY	3.000.000	100%
Scan Global Logistics Ltd.		Hong Kong	HKD	500.000	100%
Scan Global Logistics (Shanghai) Limited		Hong Kong	HKD	5.000.000	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%
Scan Global Logisticts Sarl		Mali	XOF	1.000.000	55%
Macca Logistics Sarl		Senegal	XOF	1.000.000	100%
Macca Logistics Sarl		Cote d'Ivoire	XOF	1.000.000	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, US	USD	1	100%
TransGroup Global Inc.	Delaware, US	USD	1	100%
TransLAX, LLC	California, US	USD		50%
ICO SFO, LLC	California, US	USD		50%
Transfair North America International Freight Services, LLC	Washington, US	USD		100%
ORD ICO, LLC	Illinois, US	USD		100%
TRANS BOS	Massachusetts, US	USD		100%
TRANS ICO, LLC	Washington, US	USD		50%
Trans MCO	Florida, US	USD		51%
Transgroup DFW	Texas, US	USD		100%
Transgroup Express, LLC	Washington, US	USD		100%
Transdomestic LAX, LLC	California, US	USD		100%
TRANS CLT, LLC	North Carolina, US	USD		100%
TRANS IAH, LLC	Texas, US	USD		100%
Translogic Technologies, LLC	Washington, US	USD		100%
TRANS-MIA, LLC	Florida, US	USD		61%
TRANS ATL, LLC	Georgia, US	USD		51%
Cargo Connections NC, LLC	North Carolina, US	USD		51%
CNA TRANS, LLC	Utah, US	USD		50%
Utah Specialized Transportation, LLC	Utah, US	USD		51%
Transgroup DFW	Texas, US	USD		100%
TGLNCL, LLC	Florida, US	USD		51%
TransGroup Canada Logistics, Inc.	Canada	CAD		100%

*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.

AEA SGLT Holding I LP is owned by AEA Investors Small Business Fund III LP, 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 (Jersey) Topco Limited (Scan Global Logistics Group) and TGI US Topco Corp. (Transgroup). It is controlled by AEA SGLT GP II Ltd., its general partner.

Scan Global Logistics (SGL) Group's and Transgroup's business model

The combined Groups' activities focus on international freight-forwarding services and US domestic services primarily by road, air and ocean, with supporting IT, logistics and road freight services. Most of the revenue base originates from large customers contracted via corporate initiatives. Each Group primarily provides services to its customers via their own network of offices supported by a close partnership with each other and with other key agents worldwide.

AEA SGLT Holding II LP's financial review

The figures containted in this report are comprised of the financial performance of Scan Bidco Group and Transgroup.

The combined group provides worldwide services within the freight forwarding and logistic sector. The home market of Transgroup is the USA, whereas Scan Global Group has its origin in the Nordics and its own network in the Asia Pacific region.

On 11 June 2018, Transgroup Global Logistics Inc. acquired specific assets and liabilities of CommFirst (and their related entities), a Canadian based freight forwarding and logistics organization with three Canadian offices in Toronto, Montreal and Vancouver. The acquired assets and liabilities were transferred into Transgroup Canada Logistics, Inc. a new and fully owned subsidiary of Transgroup Global Logistics, Inc. Effective July 2nd 2018, Scan Global Logistics Pty. Ltd. (Australia) acquired activities from Australian based freight forwarder Kestrel Freight & Customs Pty Ltd. Effective July 2nd, Scan Global Logistics A/S has acquired 55% of Macca Logistics Sarl, Bamako, Mali – including operational offices in the ports of Dakar, Senegal and Abidjan, Cote d'Ivoire. The acquisitions had a minor impact on Q3 results.

The total revenue in Q3 2018 was USD 246.1 million, which is equal to an increase of 21% compared to Q3 2017.

Overall, Transgroup experienced 42% growth in revenues in Q3 2018 versus Q3 2017, driven by increased sales in domestic traffic while international traffic has been stable.

Transgroup realised improved margins for Q3 2018 compared to Q3 2017. Especially margins on domestic market segment increased, averaging 1.3% points on the total gross margin compared to Q3 2017. Furthermore, several growth initiatives including new stations and business development impacted SG&A overhead costs, which increased 49% (USD 3 million) compared to Q3 2017. Hereof the Canada acquisition did have an impact of approx. USD 1.2 million.

The Q3 2018 revenue in SGL was USD 134 million generating EBITDA of USD 3.6 million before special items, showing an improvement on a YoY basis compared to Q3 2017. Consolidated Q3 2018 revenue was on par with Q3 2017 results. Improved performance was primarily driven by an increase in activities in Air and Sea transports in China, Sweden, and Norway, as well as the Road activities in Sweden. Kestrel and Macca Logistics contributed USD 0.5 million to revenue in Q3. Scan Global Logistics restructured its Solution activities in Denmark, and ceased low margin co-loading activities in Malaysia, all of which had a negative impact on the overall revenue level, but not directly on gross profits.

The total Q3 2018 gross profit was USD 38 million, which was a 26% increase over Q3 2017. EBITDA before special items was USD 9.5 million, which was an increase of 78% over Q3 2017.

Management's commentary

Total SG&A costs were USD 28.5 million in Q3 2018 and mainly were comprised of salary related costs, travel, and rent. SG&A increased by USD 3.8 million versus Q3 2017 primarily due to the growth initiatives. The SG&A costs in Q3 are in line with Q2 2018 levels.

Amortisation of intangibles identified at acquisition was USD 2.5 million in Q3.

Net financial expenses amounted to USD 5 million in Q3 and were mainly comprised of interest on the bond debt.

The Group expects positive development in revenue and results in Q4 2018.

Cash Flows

The operating cash flow in the first 9 months was USD 3.5 million.

Working capital increased by USD 1.9 million since December 2017, primarily due to an increase in the accounts receivable at Transgroup as a consequence of increased sales activities.

The total investments accumulated September 2018 were USD 5.9 million. This included PP&E investments of USD 1.8 million as well as investments in Group entities, the Commfirst acquisition of USD 1.5 million and the Macca Logisitics Sarl of USD 0.8 million.

The total cash flow from financing activities comprised a dividend paid to non controlling interests in Transgroup at a value of USD 1.3 million as well as acquiring a non-controlling interest part in subsidiaries at a value of USD 0.9 million in TransGroup and 0.3 million in SGL Group. This was financed through the existing credit facilities.

Capital structure

The equity attributable to the Parent company was USD 147 million with an equity ratio of 30.1% as per 30 September 2018.

By the end of September 2018 the total liquidity reserve was equal to USD 35.2 million.

Net interest bearing debt (NIBD)

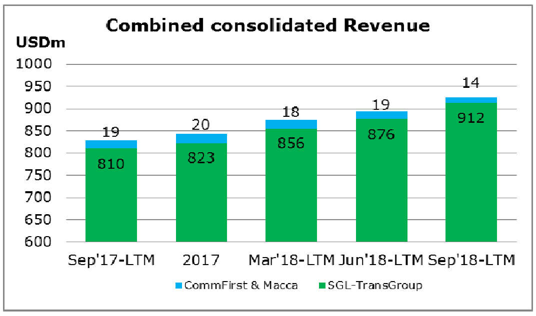
Consolidated net interest bearing debt amounted to USD 199 million. The debt mainly relates to the acquisition of Transgroup, SGL Holding Group, the Airlog Group and Crosseurope in 2016 and 2017.

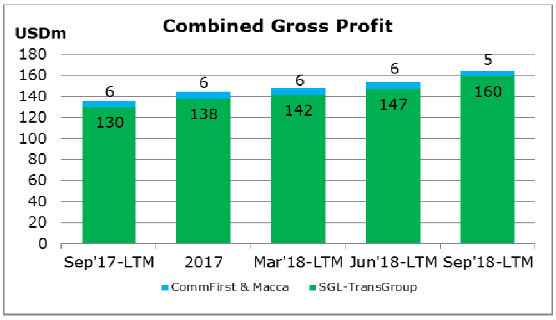
Business development

Pro forma figures

On a pro forma basis, if the acquisitions had been effective as of 1 July 2016, we would have seen the following development in the total operating group (excl. the holding companies). Pro forma adjustments include the acquisition of the Airlog Group and Crosseurope in 2017 as well as CommFirst, Canada in Q2 2018 and Macca Logistics Sarl in Q3.

The LTM financials reported since June 2017 include contributions from Airlog and Crosseurope as the two businesses were fully integrated with the other activities within the SGL Group.





Note: The combined revenue is adjusted to show the net consolidated revenue.

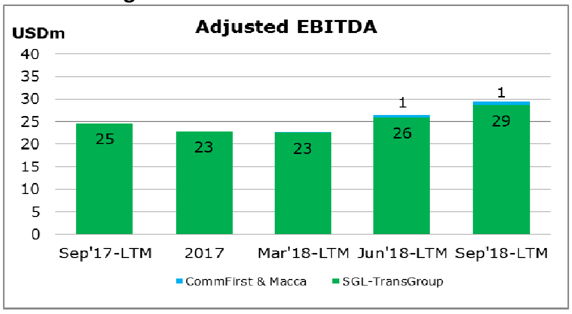
Management's commentary

On a pro forma basis, the combined group has had positive development in revenue and gross profit over the last several quarters. Transgroup has experienced some pressure on gross margin in H1, but we have seen improvement in gross margins on the SGL side and in Q3 2018 also in TransGroup.

Please see page 5 for further comments to Q3 2018 specifically.

Business development (Cont'd)

Pro forma figures



CommFirst and Macca LTM 2017 EBITDA results (Sep, Dec 2017) are in the range of break-even to USD 0.5 million.

2017 EBITDA trends were negatively impacted by the decreases in gross margin as well as negative leverage from SG&A. Furthermore, the growth initiatives in Transgroup in Q1 2018, including new stations and business development had a +10% impact on the SG&A overhead costs compared to Q1 2017.

On a pro forma basis incl. CommFirst and Macca the NIBD/EBITDA as per LTM Sep'18 was 6.7x.

Integration

As part of our strategy, we have started several work streams for global integration. These workstreams are focused on a combination of various back-office functions.

The integration processes are all tracking according to the expectations.

Events after the balance sheet date

Effective of 1 January 2019 Scan Global Logistics A/S has acquired 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group).

(USDt) Notes	Consolidated income statement for the period 1 January to 30 September	Group Q3 2018	Group Q3 2017	Group YTD 2018	Group YTD 2017
	Revenue	246.132	202.773	696.714	593.753
	Cost of operation	-208.191	-172.802	-589.781	-505.232
	Gross profit	**37.941**	**29.971**	**106.933**	**88.521**
	Other external expenses	-6.741	-3.895	-21.012	-17.452
	Staff costs	-21.724	-20.758	-64.040	-56.427
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**9.476**	**5.318**	**21.881**	**14.642**
	Depreciation of tangible assets	-511	-340	-1.396	-1.005
	Earnings before Interest, Tax, Amortisation and special items	**8.965**	**4.978**	**20.485**	**13.637**
	Amortisation of intangibles	-2.500	-1.665	-6.769	-6.794
	Operating profit before special items	**6.465**	**3.313**	**13.716**	**6.843**
	Special items	-1.592	-185	-2.143	-549
	Operating profit (EBIT)	**4.873**	**3.128**	**11.573**	**6.294**
	Financial income	0	33	26	85
	Financial expenses	-4.994	-3.860	-13.320	-11.902
	Loss before tax	**-121**	**-699**	**-1.721**	**-5.523**
	Tax on profit for the period	-469	-841	-907	-142
	Profit for the period	**-590**	**-1.540**	**-2.628**	**-5.665**
	Total income for the year attributable to				
	Owners of the parent	-1.064	-1.800	-4.093	-7.091
	Non-controlling interests	474	260	1.465	1.426
	Total	**-590**	**-1.540**	**-2.628**	**-5.665**

(USDt)	Consolidated statement of comprehensive income	Group Q3 2018	Group Q3 2017	Group YTD 2018	Group YTD 2017
	Profit for the period	-590	-1.540	-2.628	-5.665
	Items that will be reclassified to income statement when certain conditions are met:				
	Exchange rate adjustment	1.762	6.161	-4.460	10.787
	Other comprehensive income, net of tax	1.762	6.161	-4.460	10.787
	Total comprehensive income for the period	1.172	4.621	-7.088	5.122
	Total comprehensive income for the year attributable to				
	Owners of the parent	698	4.361	-8.553	3.688
	Non-controlling interests	474	260	1.465	1.434
	Total	**1.172**	**4.621**	**-7.088**	**5.122**

(USDt) Notes	Consolidated balance sheet	Group 30 Sep 2018	Group 30 Sep 2017	Group 31 Dec 2017
	ASSETS			
	Goodwill	220.386	5.814	223.903
	Customer relations	68.611	69.853	74.937
	Trademarks	18.030	19.400	19.403
	Other acquired intangible assets	815	947	914
	Software	5.118	235.491	5.580
	Intangible assets	**312.960**	**331.505**	**324.737**
	Property, plant and equipment	**4.673**	**2.253**	**2.654**
	Other receivables	1.534	1.750	1.573
	Deferred tax asset	7.355	506	7.787
	Financial assets	**8.889**	**2.256**	**9.360**
	Total non-current assets	**326.522**	**336.014**	**336.751**
	Trade receivables	144.250	146.383	149.268
	Income taxes receivable	425	286	293
	Receivables from Group entities	859	363	414
	Other receivables	5.901	9.083	3.789
	Prepayments	3.279	2.042	1.981
	Cash and cash equivalents	11.044	7.806	13.398
1	**Total current assets**	**165.758**	**165.963**	**169.143**
	Total assets	**492.280**	**501.977**	**505.894**

(USDt) Notes	Consolidated balance sheet	Group 30 Sep 2018	Group 30 Sep 2017	Group 31 Dec 2017
	EQUITY AND LIABILITIES			
	Partnership interest	169.804	169.804	169.804
	Currency translation reserve	860	6.110	5.316
	Retained earnings	-23.902	-18.207	-19.062
	Equity attributable to parent company	**146.762**	**157.707**	**156.058**
	Non-controlling interests	1.571	773	-61
	Total Equity	**148.333**	**158.480**	**155.997**
2	Bond debt	193.253	194.637	196.053
	Earn-out provision	0	1.856	456
	Deferred rent	484	431	406
	Deferred tax liability	9.488	11.450	10.515
	Total non-current liabilities	**203.225**	**208.374**	**207.430**
1	Bank debt	12.890	11.722	11.073
	Earn-out provision	799	0	948
	Trade payables	98.161	93.081	105.382
	Deferred income	2.712	8.455	5.819
	Corporation tax	1.754	1.794	2.333
	Other payables	24.406	20.071	16.912
	Total current liabilities	**140.722**	**135.123**	**142.467**
	Total liabilities	**343.947**	**343.497**	**349.897**
	Total equity and liabilities	**492.280**	**501.977**	**505.894**

Note	(USDt) Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
	Equity at 1 January 2018	**169.804**	**5.316**	**-19.062**	**156.058**	**-61**	**155.997**
	Profit for the period	**0**	**0**	**-4.093**	**-4.093**	**1.465**	**-2.628**
	Currency exchange adjustment	0	-4.456	0	**-4.456**	-4	**-4.460**
	Other comprehensive income, net of tax	**0**	**-4.456**	**0**	**-4.456**	**-4**	**-4.460**
	Total comprehensive income for the period	**0**	**-4.456**	**-4.093**	**-8.549**	**1.461**	**-7.088**
	Purchase of non-controlling interests	0	0	-747	**-747**	1.511	**764**
	Dividend distributed	0	0	0	**0**	-1.340	**-1.340**
	Total transactions with owners	**0**	**0**	**-747**	**-747**	**171**	**-576**
	Equity at 30 September 2018	**169.804**	**860**	**-23.902**	**146.762**	**1.571**	**148.333**

(USDt) Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
Equity at 1 January 2017	**158.491**	**-4.669**	**-12.479**	**141.343**	**161**	**141.504**
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**
Total transactions with owners	**11.313**	**0**	**-1.518**	**9.795**	**-1.027**	**8.768**
Equity at 30 September 2017	**169.804**	**6.110**	**-18.207**	**157.707**	**773**	**158.480**

(USDt) Notes	Consolidated cash flow statement	Group YTD 2018	Group YTD 2017
	Operating profit (EBIT) before special items	13.716	6.843
	Depreciation, amortisation and impairment	8.165	7.799
	Exchange rate adjustments	-1.092	78
	Change in working capital	-1.890	-13.773
	Cash flows from operating activities before special items, interest & tax	**18.900**	**947**
	Special items	-1.463	-549
	Interest received	26	85
	Interest paid	-12.205	-11.980
	Tax paid	-1.725	-1.437
	Cash flows from operating activities	**3.532**	**-12.935**
	Purchase of software	-645	-867
	Purchase of property, plant and equipment	-1.750	-909
	Release of earn-out	-553	0
	Special items, transactions cost acquisitions	-680	0
	Investments in Group entities	-2.291	-25.186
	Cash flows from investing activities	**-5.919**	**-26.963**
	Free cash flow	**-2.387**	**-39.897**
	Dividend paid to non-controlling interests	-1.340	0
	Capital increase	0	11.313
	Purchase of non-controlling interest	-1.200	-1.706
	Long-term loan	180	0
	Repayment of loan from AEA	0	-71
	Cash flows from financing activities	**-2.360**	**9.536**
	Change in cash and cash equivalents	**-4.747**	**-30.361**
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	2.325	26.727
	Exchange rate adjustment of cash and cash equivalents	576	-281
	Change in cash and cash equivalents	-4.747	-30.361
1	**Net Cash and cash equivalents at 30 September**	**-1.846**	**-3.915**

Note	(USD thousand)	Group
1	**Cash and Liquidity**	30.09.2018
	Cash and cash equivalents	11.044
	Bank debt	-12.890
	Net cash	**-1.846**
	Credit facilities	37.056
	Liquidity reserve	**35.210**

The AEA SGLT Holding II LP Group holds net negative bank liquidity of USD 1,846 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to USD 35,210 thousand.

Note	(USD thousand)	Group
2	**Bond debt**	30.09.2018
	Issued bonds, DKK trance DKK 625 million, interest rate 6.80%	97.030
	Issued bonds, USD trance USD 100 million, interest rate 7.70%	100.000
		197.030
	Capitalised loan costs	-3.777
	Total bond debt	**193.253**

	Cash flow*	Carrying amount
Bond debt falling due between 1 and 5 years (2022)	250.648	197.030
Bond debt falling due after more than 5 years	0	0
Total non-current financial liabilities	**250.648**	**197.030**
Total current financial liabilities	**14.298**	**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, SGL 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 incurrence test.

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

Note
3 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 of the Bond Terms, which includes requirement of management commentary.

Except as stated below, accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the 2017 Q4 report. The 2017 Q4 Report provides a full description of Group accounting policies.

Changes in accounting policies

The Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2018 as adopted by the European Union.

Implementation of the standards and amendments have not had any material impact on the Group's Financial Statements and are likewise not expected to have any significant future impact.

Of the new standards and amendments implemented the most significant are as follows:

IFRS 9 Financial Instruments

IFRS 9 introduces several changes to IAS 39 - including a new impairment framework, new rules for hedge accounting and new requirements and guidance on classifications and measurement of financial assets and liabilities.

The standard has resulted in only minor changes to existing accounting practices, mainly affecting credit loss and impairment models applied. The most significant change has been applied to impairment assessments of trade receivables as these are now considered based on IFRS 9's expected credit-loss model where previously an incurred-loss model was applied. This revised approach has not resulted in any materially different impairment assessment of trade receivables compared to prior practices. Additionally, the new standard has not carried any significant changes to classifications of financial assets or financial liabilities.

IFRS 9 has been applied following the standard retrospective approach, with the practical expedients permitted under the standard and with no restatement of the comparison period.

IFRS 15 Revenue from contracts with customers

IFRS 15 introduces a new framework for revenue recognition and measurement.

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

Note

3 Accounting policies (Continued)

New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2018 interim financial statements.

The most significant of these is IFRS 16 Leases which would be implemented 1 January 2019.

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