
A/S Maersk Aviation Holding

Kompasrosevej 6, DK-2791 Dragør

Annual Report 2019

CVR No. 22 76 53 10

The Annual Report was presented and adopted at the
Annual General Meeting of the Company on
18 May 2020

DocuSigned by:

Finn Mesgaard

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Finn Mesgaard

Chairman of the General Meeting

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Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of A/S Maersk Aviation Holding for the financial year 1 January – 31 December 2019.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

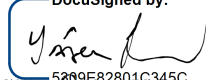
In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Dragør, 17 April 2020

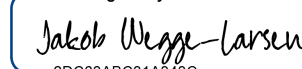
Executive Board:

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Søren Graversen
CEO

Board of Directors:

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Casper Munch
Chairman

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Sean Stanley Fitzgerald

Independent Auditor's Report

To the Shareholder of A/S Maersk Aviation Holding

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of A/S Maersk Aviation Holding for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ('Financial Statements').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements, unless Management either intends to liquidate the 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 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 the 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 these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

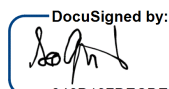
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 17 April 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

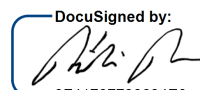
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Søren Ørjan Jensen

State Authorised Public Accountant

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Kristian Pedersen

State Authorised Public Accountant

mne35412

Company Information

The Company	A/S Maersk Aviation Holding Kompasrosevej 6 DK-2791 Dragør CVR No.: 22 76 53 10 Financial period: 1 January - 31 December Municipality of reg. office: Dragør
Board of Directors	Casper Munch, Chairman Jakob Wegge-Larsen Sean Stanley Fitzgerald
Executive Board	Søren Graversen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Principal Activity

A/S Maersk Aviation Holding is the Parent Company of the Maersk Aviation Group.

The main activity for the year was ownership and lease of the corporate jet to the A.P. Moller-Maersk Group and 100% ownership of Star Air A/S.

Development in the Year

Maersk Aviation Group showed a profit for the year of USD 26.5 million, compared to a profit in 2018 of USD 6.2 million.

Star Air A/S continued the operation of cargo aircraft on behalf of United Parcel Services (UPS) in Europe with satisfactory results.

Subsequent Events

The outbreak of the Corona virus during the beginning of 2020 is going to affect the world economy, and the related implications are going to create instability and uncertainty on the global markets throughout 2020. At the time of completing this annual report, the impact and complete extent of the corona virus on the global healthcare and world's economy is undetermined, as the outbreak is still evolving and has yet not been contained or controlled in any country. Consequently, the Corona virus is also affecting the countries and markets in which the Company operates.

Management has evaluated the potential impact of the Corona virus on the Company's operations and expected financial performance for 2020. Management believes that the outbreak is going to have an adverse effect on the Company's revenue and results for 2020 to some extent. Though, it is Management's expectations that the industry in which the Company operates is not going to be significantly affected by the Corona virus outbreak, thus the Company's financial position is not expected to be significantly distorted.

Except for the above, no events have occurred subsequently to the balance sheet date, which would have a material impact on the financial position of the company.

Income Statement 1 January - 31 December

<i>(USD '000)</i>	Note	2019	2018
Gross profit		2,473	2,671
Depreciation and impairment losses		-1,854	-1,632
Operating profit		619	1,039
Income from investments in subsidiaries	3	26,067	5,379
Financial income		17	0
Financial expenses	4	-20	-18
Profit before tax		26,683	6,400
Tax on profit/loss for the year	5	-193	-225
Profit for the year		26,490	6,175
Distribution of profit			
Proposed dividend for the year		26,000	6,335
Reserve for net revaluation under the equity method		-810	-956
Retained earnings		1,300	796
		26,490	6,175

Balance Sheet at 31 December

Assets

<i>(USD '000)</i>	Note	2019	2018
Buildings on leasehold land		0	0
Aircraft and components		24,906	26,760
Property, plant and equipment	6	24,906	26,760
Investments in subsidiaries	3	161,634	141,579
Financial assets		161,634	141,579
Fixed assets		186,540	168,339
Receivables from group entities		14	13
Receivables		14	13
Current assets		14	13
Assets		186,554	168,352

Balance Sheet at 31 December

Liabilities and Equity

(USD '000)	Note	2019	2018
Share capital		7,490	7,667
Reserve for net revaluation under the equity method		134,101	134,911
Proposed dividend for the year		26,000	6,335
Retained earnings		15,188	13,388
Equity	7	182,779	162,301
Deferred tax	8	941	189
Provisions		941	189
Trade payables		5	5
Payables to Group entities		2,562	5,291
Payable company tax, group entities		267	566
Debt		2,834	5,862
Liabilities and equity		186,554	168,352
Accounting policies	1		
Subsequent events	2		
Contingent liabilities	9		
Related party disclosures	10		

Statement of Changes in Equity

<i>(USD '000)</i>	Share capital	Reserve for net revalua- tion under the equity method	Retained earnings	Proposed dividends for the year	Total
Equity at 1 January 2019	7,667	134,911	13,388	6,335	162,301
Dividend paid	0	0	0	-6,134	-6,134
Exchange rate adjustment	-177	0	500	-201	122
Transferred over the profit appropriation	0	-810	1,300	26,000	26,490
Equity at 31 December 2019	7,490	134,101	15,188	26,000	182,779

Notes to the Financial Statements

1. Accounting Policies

The Annual Report of A/S Maersk Aviation Holding for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies used in the preparation of the Financial Statements are consistent with those of last year, except for functional currency has been changed to USD. Non-monetary items such as property, plant and equipment and inventories has been revalued to reflect the historical purchase price in USD, whereas monetary items have been translated by use of the official exchange rates at the point of conversion. The net effect of the translation is recognised in Equity with an impact of USD 1,200k.

The Financial Statements for 2019 are presented in USD.

Consolidated Financial Statements

Pursuant to Section 112(1) of the Danish Financial Statements Act, the Company has not prepared Consolidated Financial Statements, as the Company's Financial Statements are included in the Consolidated Financial Statements of A.P. Moller-Maersk A/S.

Recognition and measurement

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the assets will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate at the dates of transaction. Exchange rate differences arising due to differences between the transaction dates rates and the rates at the dates of payment are recognised in the financial income and expenses in the income

Notes to the Financial Statements

1. **Accounting Policies** (cont'd)

statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivables or the debt arose are recognised in the financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Gross profit

With reference to Section 32 of the Danish Financial Statements Act, gross profit is calculated as a summary of revenue deducted for other external costs.

Revenue

Revenue from leasing of aircraft is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits related to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised excluding VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses related to administration, premises, bad debt losses, etc.

Depreciation and impairment losses

Depreciation and impairment losses comprise the year's depreciation and impairment of property, plant and equipment.

Income from investments in subsidiaries

The item 'Income from investments in subsidiaries' in the income statement includes the proportional share of the profit for the year.

Financial income and expenses

Financial items and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

1. Accounting Policies (cont'd)

Tax on profit/loss for the year

Tax on profit for the year comprises the amount that is expected to be paid for the year together with deferred tax.

The Company is jointly taxed with other Danish companies in the A.P. Møller Holding A/S. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income (full absorption with refunds).

Balance Sheet

Property, plant and equipment

Buildings on leasehold land as well as aircraft and components are measured at cost, less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

The cost of components is divided into separate parts, which are depreciated separately if the useful life of the individual parts varies.

Depreciation is provided on a straight-line basis over the following expected useful lives of the assets:

Buildings on leasehold land	10 years
Aircraft and components	18 years

Write-downs apart from the above are made when considered necessary.

The useful lives and residual values are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item 'Investments in subsidiaries' in the balance sheet include the proportionate ownership share of the net asset value of the enterprise calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses.

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. The reserve is reduced by dividends distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Notes to the Financial Statements

1. **Accounting Policies** (cont'd)

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligations of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividends

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Financial liabilities

Financial liabilities are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

2. Subsequent events

The outbreak of the Corona virus during the beginning of 2020 is going to affect the world economy, and the related implications are going to create instability and uncertainty on the global markets throughout 2020. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company. At the time of completing this annual report the impact and complete extent of the corona virus on the global healthcare and world's economy is undetermined, as the outbreak is still evolving and has yet not been contained or controlled in any country. Consequently, the Corona virus is also affecting the countries and markets in which the Company operates.

Management has evaluated the potential impact of the Corona virus on the Company's operations and expected financial performance for 2020. Management believes that the outbreak is going to have an adverse effect on the Company's revenue and results for 2020 to some extent. Though, it is Management's expectations that the industry in which the Company operates is not going to be significantly affected by the Corona virus outbreak, thus the Company's financial position is not expected to be significantly distorted.

Except for the above, no events have occurred subsequently to the balance sheet date, which would have a material impact on the financial position of the company.

3. Investments in subsidiaries

(USD '000)

	2019	2018
Costs at 1 January	1,533	1,533
Costs at 31 December	1,533	1,533
Value adjustment 1 January	140,046	134,911
Dividend paid	-6,012	0
Profit for the year	26,067	5,135
Value adjustment 31 December	160,101	140,046
Carrying amount at 31 December	161,634	141,579

Name / legal form	Registered office	Voting rights and ownership interest
Star Air A/S	Dragør	100%

4. Financial expenses

Interest expenses to group entities	20	18
	20	18

5. Tax on profit/loss for the year

Current tax for the year	267	571
Deferred tax for the year	-74	-347
	193	225

Notes to the Financial Statements

6. Property, plant and equipment

<i>(USD'000)</i>	Buildings on leasehold land	Aircraft and components	Total
Cost at 1 January	1,874	35,234	37,108
Cost at 31 December	1,874	35,234	37,108
Depreciation and impairment losses at 1 January	-1,874	-8,474	-10,348
Depreciation for the year	0	-1,854	-1,854
Depreciation and impairment losses at 31 December 2019	-1,874	-10,328	-12,202
Carrying amount at 31 December 2019	0	24,906	24,906

7. Equity

The share capital consists of shares with a nominal value of DKK 10,000 each or multiples thereof. There have been no changes in the share capital during the last five years.

8. Deferred tax

<i>(DKK '000)</i>	2019	2018
Deferred tax 1 January	189	537
Adjustment to deferred tax for previous years	826	0
Change in deferred tax for the year	-74	-347
	941	189

9. Contingent liabilities

The Company is jointly taxed with all other Danish companies in the A.P. Møller – Holding Group. As a consolidated entity, the Company has unlimited and joint liability together with the other companies under joint taxation for Danish corporation tax and withholding tax on dividends, interest and royalties within the jointly taxed companies.

9. Related party disclosures

Consolidated financial statements

The Company is included in the Consolidated Financial Statements of A.P. Møller – Mærsk A/S (parent company).

The Company is included in the Consolidated Financial Statements of A.P. Møller Holding A/S (ultimate parent).