
Melgaard Invest ApS

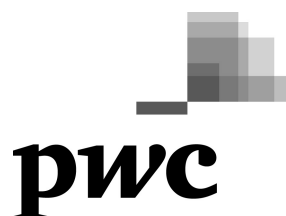
Nørre Allé 21, DK-5500 Middelfart

Annual Report for 1 July 2016 - 30 June 2017

CVR No 28 51 10 00

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/9 2017

Jan Melgaard
Chairman



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Melgaard Invest ApS for the financial year 1 July 2016 - 30 June 2017.

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

In my opinion the Financial Statements give a true and fair view of the financial position at 30 June 2017 of the Company and of the results of the Company operations for 2016/17.

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

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

Middelfart, 28 September 2017

Executive Board

Jan Melgaard
CEO

Independent Auditor's Report on the Financial Statements

To the Shareholders of Melgaard Invest ApS

We have performed an extended review of the Financial Statements of Melgaard Invest ApS for the financial year 1 July 2016 - 30 June 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the Financial Statements. We conducted our extended review in accordance with the Danish Business Authority's assurance standard for small enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared under the Danish Financial Statements Act.

This requires that we comply with the Danish Act on Approved Auditors and Audit Firms and FSR – Danish Auditors' Code of Ethics and that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

Conclusion

Based on the extended review, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company operations for the financial year 1 July 2016 - 30 June 2017 in accordance with the Danish Financial Statements Act.

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 extended review 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

Independent Auditor's Report on the Financial Statements

the Financial Statements or our knowledge obtained during the extended review, 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 Financials 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.

Trekantområdet, 28 September 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant

Lasse Berg
State Authorised Public Accountant

Company Information

The Company

Melgaard Invest ApS
Nørre Allé 21
DK-5500 Middelfart
Facsimile: + 45 Telefax

CVR No: 28 51 10 00
Financial period: 1 July - 30 June
Municipality of reg. office: Middelfart

Executive Board

Jan Melgaard

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Management's Review

Financial Statements of Melgaard Invest ApS for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Company has changed accounting policy for recognition and measurement of investments in subsidiaries. Please refer to the description made under Accounting Policies.

Key activities

The primary activity of the Company is shareholding in companies with investment and consultancy activities related to leasing of aircraft.

Development in the year

The income statement of the Company for 2016/17 shows a loss of DKK 3,232,480, and at 30 June 2017 the balance sheet of the Company shows equity of DKK 28,939,509.

Capital resources

Aircraft investments are made from subsidiaries and associated companies. Such investments are partially financed with 3rd party financing and such financing has been granted with a contingent deferred fee, which is dependent on future events. The liability associated with such deferred fees has not been recognized, but is considered a contingent liability. Management expects the Company's future cashflow from the investments will exceed the book value as per June 30, 2017.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 July - 30 June

	Note	2016/17 DKK	2015/16 DKK
Gross profit/loss		-439,843	-393,815
Depreciation, amortisation and impairment of property, plant and equipment		-127,563	0
Profit/loss before financial income and expenses		-567,406	-393,815
Income from investments in subsidiaries	1	416,190	-1,836,789
Income from investments in associates	2	-3,760,421	-1,995,473
Financial income	3	1,245,654	823,730
Financial expenses	4	-534,977	-140,946
Profit/loss before tax		-3,200,960	-3,543,293
Tax on profit/loss for the year	5	-31,520	-63,573
Net profit/loss for the year		-3,232,480	-3,606,866

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	103,400	101,200
Retained earnings	-3,335,880	-3,708,066
	-3,232,480	-3,606,866

Balance Sheet 30 June

Assets

	Note	2016/17 DKK	2015/16 DKK
Land and buildings		12,628,687	0
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	6	12,628,687	0
Investments in subsidiaries	7	1,014,704	996,101
Investments in associates	8	0	8,835,599
Receivables from group enterprises	9	3,238,685	3,725,769
Receivables from associates	9	16,665	16,665
Fixed asset investments		4,270,054	13,574,134
Fixed assets		16,898,741	13,574,134
Receivables from group enterprises		289,110	610,579
Deferred tax asset		86,420	117,940
Corporation tax		562,437	0
Receivables		937,967	728,519
Other investments		14,101,257	8,080,211
Cash at bank and in hand		9,652,919	14,679,398
Currents assets		24,692,143	23,488,128
Assets		41,590,884	37,062,262

Balance Sheet 30 June

Liabilities and equity

	Note	2016/17 DKK	2015/16 DKK
Share capital		185,000	185,000
Retained earnings		28,651,109	31,986,991
Proposed dividend for the year		103,400	101,200
Equity	10	28,939,509	32,273,191
Mortgage loans		8,834,228	0
Credit institutions		0	813,580
Deposits		20,000	0
Long-term debt	11	8,854,228	813,580
Mortgage loans	11	237,375	0
Credit institutions	11	0	96,000
Payables to group enterprises		2,819,271	2,763,991
Payables to owners and Management		728,000	728,000
Other payables		12,501	387,500
Short-term debt		3,797,147	3,975,491
Debt		12,651,375	4,789,071
Liabilities and equity		41,590,884	37,062,262
Contingent assets, liabilities and other financial obligations	12		
Accounting Policies	13		

Notes to the Financial Statements

	2016/17 DKK	2015/16 DKK
1 Income from investments in subsidiaries		
Impairment	-316,255	-1,836,789
Dividend	732,445	0
	416,190	-1,836,789
2 Income from investments in associates		
Impairment	-8,835,599	-1,995,473
Dividend	5,075,178	0
	-3,760,421	-1,995,473
3 Financial income		
Interest received from group enterprises	11,053	627,771
Other financial income	1,234,601	51,349
Exchange adjustments	0	144,610
	1,245,654	823,730
4 Financial expenses		
Interest paid to group enterprises	55,280	0
Other financial expenses	281,232	55,214
Exchange adjustments, expenses	198,465	85,732
	534,977	140,946
5 Tax on profit/loss for the year		
Current tax for the year	0	0
Deferred tax for the year	31,520	63,573
	31,520	63,573

Notes to the Financial Statements

6 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost at 1 July	24,500	581,900
Additions for the year	12,756,250	0
Cost at 30 June	12,780,750	581,900
Impairment losses and depreciation at 1 July	24,500	581,900
Depreciation for the year	127,563	0
Impairment losses and depreciation at 30 June	152,063	581,900
Carrying amount at 30 June	12,628,687	0

Notes to the Financial Statements

	2016/17 DKK	2015/16 DKK
7 Investments in subsidiaries		
Cost at 1 July	996,101	996,101
Additions for the year	18,603	0
Cost at 30 June	1,014,704	996,101
Value adjustments at 1 July	0	0
Value adjustments at 30 June	0	0
Carrying amount at 30 June	1,014,704	996,101

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Lighthouse Aviation A/S	Middelfart	100%
Lighthouse 700 ApS	Middelfart	100%
Lighthouse Aviation Partners Limited	Dublin	90%
Lighthouse Delta Limited	Dublin	90%
Lighthouse Aviation Services Limited	Dublin	60%
UAB Melgarda	Lithuania	100%

Notes to the Financial Statements

	2016/17 DKK	2015/16 DKK
8 Investments in associates		
Cost at 1 July	10,831,072	10,831,072
Cost at 30 June	10,831,072	10,831,072
Value adjustments at 1 July	-1,995,473	0
Revaluations for the year, net	-8,835,599	-1,995,473
Value adjustments at 30 June	-10,831,072	-1,995,473
Carrying amount at 30 June	0	8,835,599

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Lighthouse Aviation Capital ApS	Middelfart	50%
Aircraft Platform Holding Ltd.	Limassol	25%

9 Other fixed asset investments

	Receivables from group enterprises DKK	Receivables from associates DKK
Cost at 1 July	5,562,558	0
Additions for the year	3,042,955	16,665
Disposals for the year	-3,886,675	0
Cost at 30 June	4,718,838	16,665
Impairment losses at 1 July	1,836,789	0
Impairment losses for the year	316,255	0
Reversal of impairment losses on sold assets	-672,891	0
Impairment losses at 30 June	1,480,153	0
Carrying amount at 30 June	3,238,685	16,665

Notes to the Financial Statements

10 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	185,000	49,527,075	101,200	49,813,275
Net effect from change of accounting policy	0	-17,540,086	0	-17,540,086
Adjusted equity at 1 July	185,000	31,986,989	101,200	32,273,189
Ordinary dividend paid	0	0	-101,200	-101,200
Net profit/loss for the year	0	-3,335,880	103,400	-3,232,480
Equity at 30 June	185,000	28,651,109	103,400	28,939,509

Notes to the Financial Statements

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2016/17 DKK	2015/16 DKK
Mortgage loans		
After 5 years	6,984,508	0
Between 1 and 5 years	1,849,720	0
Long-term part	8,834,228	0
Within 1 year	237,375	0
	9,071,603	0
Credit institutions		
After 5 years	0	333,580
Between 1 and 5 years	0	480,000
Long-term part	0	813,580
Within 1 year	0	96,000
	0	909,580
Deposits		
Between 1 and 5 years	20,000	0
Long-term part	20,000	0
Within 1 year	0	0
	20,000	0

Notes to the Financial Statements

	2016/17 DKK	2015/16 DKK
12 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Land and buildings with a carrying amount of	12,628,687	0
The following assets have been placed as security with bankers:		
Shares in Lighthouse 700 ApS with a carrying amount of	80,000	80,000

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Melgaard Invest ApS for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Financial Statements for 2016/17 are presented in DKK.

Changes in accounting policies

The Company has changed accounting policy for recognition and measurement of investments in subsidiaries, as Management believes this gives a more fair picture of the Company's results and financial position, from previously under the equity method to now recognising and measuring investments in subsidiaries to the lower of historical cost and net realisable value.

The change has affected the Company's result with a decrease in the result last year of DKK 4.321.004 and a decrease in equity of DKK 17.540.084.

Cash flows are not affected by the change.

Besides the change of accounting policy for the Company's recognition and measurement of investments in subsidiaries, the accounting policy are similar to last year.

Recognition and measurement

Revenues are 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 asset 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

13 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income 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 receivable or the debt arose are recognised in 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/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

13 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

Dividends from subsidiaries and associates are recognised as income in the income statement when adopted at the General Meeting of the companies. However, dividends relating to earnings in the companies before they were acquired by the Parent Company are set off against the cost of the companies.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated 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.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	50 years
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Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

13 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

13 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.