
Melgaard Invest ApS

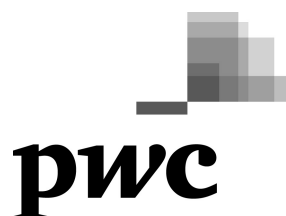
Nygade 2, DK-5500 Middelfart

Annual Report for 1 July 2018 - 30 June 2019

CVR No 28 51 10 00

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/8 2019

Jan Melgaard
Chairman of the General
Meeting



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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 2018 - 30 June 2019.

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 2019 of the Company and of the results of the Company operations for 2018/19.

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, 30 August 2019

Executive Board

Jan Melgaard
CEO

The Independent Practitioner's Report

To the Shareholders of Melgaard Invest ApS

Conclusion

We have performed an extended review of the Financial Statements of Melgaard Invest ApS for the financial year 1 July 2018 - 30 June 2019, 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.

Based on the work performed, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2019 and of the results of the Company operations for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

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.

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires 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.

The Independent Practitioner's Report

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

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 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, 30 August 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Lasse Berg
statsautoriseret revisor
mne35811

Company Information

The Company

Melgaard Invest ApS

Nygade 2

DK-5500 Middelfart

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 2018/19 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 Annual Report has been prepared under the same accounting policies as last year.

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 2018/19 shows a profit of DKK 353,818, and at 30 June 2019 the balance sheet of the Company shows equity of DKK 53,929,450.

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, 2019.

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	2018/19 DKK	2017/18 DKK
Gross profit/loss		623,854	-401,646
Depreciation, amortisation and impairment of property, plant and equipment		-233,865	-255,125
Profit/loss before financial income and expenses		389,989	-656,771
Income from investments in subsidiaries		3,000	28,667,066
Financial income	1	1,371,512	4,830,927
Financial expenses	2	-1,230,910	-340,104
Profit/loss before tax		533,591	32,501,118
Tax on profit/loss for the year	3	-179,773	-800,796
Net profit/loss for the year		353,818	31,700,322

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	750,000	6,105,799
Proposed dividend for the year	5,000,000	105,000
Retained earnings	-5,396,182	25,489,523
	353,818	31,700,322

Balance Sheet 30 June

Assets

	Note	2018/19 DKK	2017/18 DKK
Land and buildings		0	12,373,562
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	4	0	12,373,562
Investments in subsidiaries	5	15,000	15,000
Receivables from group subsidiaries		21,608,773	19,727,042
Fixed asset investments		21,623,773	19,742,042
Fixed assets		21,623,773	32,115,604
Receivables from group subsidiaries		2,812,405	398,725
Deferred tax asset		0	100,721
Corporation tax		0	1,777,606
Receivables		2,812,405	2,277,052
Other investments		22,600,864	24,955,619
Cash at bank and in hand		7,307,480	4,449,085
Currents assets		32,720,749	31,681,756
Assets		54,344,522	63,797,360

Balance Sheet 30 June

Liabilities and equity

	Note	2018/19 DKK	2017/18 DKK
Share capital		185,000	185,000
Retained earnings		48,744,450	54,140,632
Proposed dividend for the year		5,000,000	105,000
Equity	6	53,929,450	54,430,632
Mortgage loans		0	8,374,485
Deposits		0	20,000
Long-term debt	7	0	8,394,485
Mortgage loans	7	0	459,743
Payables to owners and Management		0	500,000
Corporation tax		402,572	0
Other payables		12,500	12,500
Short-term debt		415,072	972,243
Debt		415,072	9,366,728
Liabilities and equity		54,344,522	63,797,360
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Notes to the Financial Statements

	2018/19 DKK	2017/18 DKK
1 Financial income		
Interest received from subsidiaries	653,981	572,018
Other financial income	717,531	4,258,909
	1,371,512	4,830,927
2 Financial expenses		
Other financial expenses	1,148,967	306,527
Exchange adjustments, expenses	81,943	33,577
	1,230,910	340,104
3 Tax on profit/loss for the year		
Current tax for the year	18,546	899,162
Deferred tax for the year	100,721	-14,301
Adjustment of tax concerning previous years	60,506	-84,065
	179,773	800,796

Notes to the Financial Statements

4 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost at 1 July	12,780,750	581,900
Disposals for the year	-12,780,750	0
Cost at 30 June	0	581,900
Impairment losses and depreciation at 1 July	407,188	581,900
Depreciation for the year	233,865	0
Reversal of impairment and depreciation of sold assets	-641,053	0
Impairment losses and depreciation at 30 June	0	581,900
Carrying amount at 30 June	0	0

Notes to the Financial Statements

	2018/19 DKK	2017/18 DKK
5 Investments in subsidiaries		
Cost at 1 July	15,000	1,014,704
Additions for the year	0	15,000
Disposals for the year	0	-1,014,704
Cost at 30 June	15,000	15,000
Value adjustments at 1 July	0	0
Value adjustments at 30 June	0	0
Carrying amount at 30 June	15,000	15,000

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes
Melgaard Family ApS	Middelfart	100%

6 Equity

	Share capital DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity at 1 July	185,000	54,140,632	105,000	54,430,632
Ordinary dividend paid	0	0	-105,000	-105,000
Extraordinary dividend paid	0	-750,000	0	-750,000
Net profit/loss for the year	0	-4,646,182	5,000,000	353,818
Equity at 30 June	185,000	48,744,450	5,000,000	53,929,450

Notes to the Financial Statements

7 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:

	2018/19 DKK	2017/18 DKK
Mortgage loans		
After 5 years	0	1,853,670
Between 1 and 5 years	0	6,520,815
Long-term part	0	8,374,485
Within 1 year	0	459,743
	0	8,834,228
Deposits		
Between 1 and 5 years	0	20,000
Long-term part	0	20,000
Within 1 year	0	0
	0	20,000

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. 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

9 Accounting Policies

The Annual Report of Melgaard Invest ApS for 2018/19 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 applied remain unchanged from last year.

The Financial Statements for 2018/19 are presented in DKK.

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.

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.

Notes to the Financial Statements

9 Accounting Policies (continued)

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

Income Statement

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.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Amortisation, depreciation and impairment losses

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

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 property, plant and equipment.

Income from investments in subsidiaries

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

Notes to the Financial Statements

9 Accounting Policies (continued)

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 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.

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

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

Notes to the Financial Statements

9 Accounting Policies (continued)

Other fixed asset investments

Other fixed asset investments consist of receivables and are recognised in the balance sheet at amortised cost.

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.

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.

Notes to the Financial Statements

9 Accounting Policies (continued)

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.