Jet Time A/S

Annual Report 2015/16

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

12 December 2016

PETER SCHÄFER

Chairman

CVR No 29 42 42 25
Annual Report 2015-16

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Statement by the Board of Directors and the Executive Board and Independent Auditor's Report

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Jet Time A/S for the financial year 1 September 2015 to 31 August 2016.

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

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 August 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 September 2015 - 31 August 2016.

Further, in our opinion, Management's Review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Kastrup, 12 December 2016

Executive Board:

Jørgen Holme-Pedersen
CEO

Niels J. Kindberg
CFO

Board of Directors:

Peter Schäfer Chairman	Lars Thuesen	Tage Reinert

Statement by the Board of Directors and the Executive Board and Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Jet Time A/S

Report on the Consolidated Financial Statements and the Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Jet Time A/S for the financial year 1 September 2015 - 31 August 2016, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group and the Parent Company, as well as consolidated cash flow statement. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Company at 31 August 2016 and of the results of the Group and Company operations as well as the consolidated cash flows for the financial year 1 September 2015 - 31 August 2016 in accordance with the Danish Financial Statements Act.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 0 "Capital resources and liquidity" to the Financial Statements in which Management describes the uncertainty relating to the future financing of the Company and the Group. As described, Management has initiated a number of measures to improve liquidity. This, together with the other matters mentioned in note 0, indicates that material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going-concern.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Hellerup, 12 December 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen	Thomas Wraae Holm
State Authorised Public Accountant	State Authorised Public Accountant

Management's Review

Company Details

Jet Time A/S
Amager Strandvej 390-392
DK-2770 Kastrup

Telephone:	+45 32 46 73 00
Fax:	+45 32 46 73 01
Website:	www.jet-time.dk

CVR no.:	29 42 42 25
Incorporated:	23 March 2006
Registered office:	Tårnby
Financial year:	1 September – 31 August

Board of Directors

Peter Schäfer (Chairman)
Lars Thuesen
Tage Reinert

Executive Board

Jørgen Holme-Pedersen
Niels J. Kindberg

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Annual General Meeting

The Annual General Meeting will be held at the Company's address on 12 December 2016.

Management's Review

Financial Highlights

DKKm	2015/16	2014/15	2013/14	2012/13	2011/12
Key figures					
Revenue	1,751.7	1,727.8	1,430.5	1,378.0	1,155.4
Gross profit	184.2	262.3	189.3	252.7	200.3
Profit/loss on ordinary operating activities	-285.2	-139.1	-77.5	41.8	31.2
Profit/loss from financial income and expenses	-12.8	5.4	-0.9	-3.0	1.2
Profit/loss before tax	**-298.0**	**-133.8**	**-78.4**	**38.8**	**32.4**
Profit/loss for the year	**-298.7**	**-142.0**	**-62.6**	**29.0**	**23.2**
Balance sheet total	402.8	400.6	338.4	339.4	328.6
Equity	**-467.7**	**-165.2**	**-16.7**	**53.8**	**56.3**
Cash flows from operating activities	-165.3	10.3	-10.2	52.3	104.2
Cash flows from investing activities	-11.9	-30.5	-41.1	-53.9	-47.8
- Portion relating to investment in intangible assets and property, plant and equipment	-15.1	-27.8	-22.4	-37.7	-42.4
Cash flows from financing activities	178.4	-0.2	-21.0	-10.7	18.5
Total cash flows	**1.2**	**-20.4**	**-72.3**	**-12.3**	**75.0**
Financial ratios					
Operating margin	-16%	-8%	-5%	3%	3%
Gross margin	11%	15%	13%	18%	17%
Current ratio	31%	35%	61%	99%	118%
Solvency ratio / equity ratio	Neg.	Neg.	Neg.	16%	17%
Return on equity	Neg.	Neg.	Neg.	53%	64%
Average number of full-time employees	**711**	**645**	**474**	**411**	**328**
Average number of Boeing 737 aircraft	**16.4**	**16.8**	**15.8**	**13.1**	**10.5**
Average number of ATR aircraft	**12.3**	**10.9**	**3.7**	**-**	**-**
Number of Boeing 737 aircraft, year end	**16**	**18**	**16**	**14**	**14**
Number of ATR aircraft, year end	**10**	**13**	**8**	**-**	**-**

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". For terms and definitions, please see the accounting policies.

In 2014/15 the Company corrected the accounting policy for recognition of provision for future maintenance and receivable future maintenance on aircrafts on operational leases. In that connection, comparative figures for 2013/14, 2012/13 & 2011/12 have been restated.

Management's Review

Principal activities

The Group is solely engaged in Business to Business offering air transport solutions primarily for:

- Scandinavian tour operators who are offered full charter aircraft.
- Other European airlines who are offered long-term capacity solutions as well as ad-hoc flights.
- Other medium-term and short-term air transport solutions.

Development in activities and financial matters

The financial year 2015/16 - the Company's tenth operating year – has posed significant challenges to the Company as did 2013/14 & 2014/15.

Consolidated revenue in 2015/16 was DKK 1,752 million compared to DKK 1,728 million in 2014/15, and total flight hours produced amounted to 67,666 hours compared to 62,480 hours in 2014/15. The average number of employees went up from 645 employees in 2014/15 to 711 in 2015/16. At the end of 2015/16, the Company had 740 employees compared to 706 at the end of 2014/15.

The Company showed a loss before tax of DKK 298 million, which was impacted by provisions for onerous contracts of negative 105 million. This compares to a loss of DKK 134 million last year. At year end, the Company showed negative equity of DKK 468 million compared to negative equity of DKK 165 million last year.

The year was yet again impacted by higher production costs, staff costs and costs of maintenance than anticipated; moreover, the Company suffered staff shortage also in 2015/16 resulting in extra costs, as well as a number of costs relating to aircraft damage, engine failure and passenger compensation (in connection with long delays).

In consequence of the above, Management considers the results for the year unsatisfactory.

Capital resources and liquidity

Because of the realized loss, equity at 31 August 2016 was negative with DKK 468 million.

The Company has obtained extension of payments from one of the Company's suppliers during the financial year in order to finance the continued operations. Simultaneously, Management has negotiated contribution of liquidity to ensure the Company the liquidity resources required to restore a sound business and positive earnings and equity with shareholders, lenders and suppliers.

These negotiations have resulted in the Company having concluded a framework agreement on financing after year-end, which comprises the following:

- Continued extension of payments to trade creditors regarding aircrafts totaling DKK 118 million, which rank subordinate to other creditors;
- Freezing of previously established seasonal overdraft facility into a loan of DKK 90 million, of which DKK 50 million ranks subordinate to other creditors;
- Establishment of a new overdraft facility of DKK 55 million secured by the Company's hangar;

Management's Review

Capital resources and liquidity (continued)

- Raising of a loan of DKK 28 million relating to overdue but unpaid lease payments;
- Agreements on reduced lease payments and payments to lessor reserves, including loan financing of certain lease payments, of which DKK 31 million ranks subordinate to other creditors;
- Raising of a new loan of DKK 25 million secured on Company's hangar, inventory and one of the company's aircrafts.

As part of the above financing agreements, a new subordinated loan has been contributed to the Company totaling DKK 31 million. Following this, total subordinated loans amount to DKK 199 million.

The terms of interest relating to the above loans have been changed from 1 December 2016 so that no interest is payable on these loans.

In Management's assessment, the liquidity contributed by the above loans is sufficient to finance the Company's operation and it is Management's expectation that all loan terms will be complied with in the financial year 2016/17.

As part of the Company's recovery plan and due to the financial development of the Company, Management has after the balance sheet date, decided to close down the ATR ACMI segment. Final agreements have been concluded with the customer and important suppliers in this respect. Moreover, the Boeing Cargo segment is expected to be closed down, a letter of intent has been signed, and the related negotiations are ongoing. This will reduce complexity and contribute to improved earnings. The exit from ATR ACMI & Boeing Cargo segments are further described in the section "Turnaround – focus on core business and exit from ATR ACMI & Boeing Cargo operation" below.

The close-down of the ATR ACMI and Boeing Cargo segments is expected to result in an operating loss until the final discontinuation of the agreements. This loss has been recognized at a total of DKK 105 million in the Annual Report for 2015/16 and will be offset in 2016/17 with a positive impact.

In Management's assessment, the above will provide the basis required to render operations more efficient and restore positive earnings in the Company in the long term, and the financing agreements concluded will provide the Company with the liquidity required to implement the winding-up of the above-mentioned activities and ensure the Company's continued operations throughout the financial year 2016/17.

In its nature, the budgets prepared are subject to uncertainty, and variations in operations etc. may result in additional liquidity being required. In Management's assessment, such additional financing may be obtained if the plans, including the winding-up of ATR ACMI and Boing Cargo, are otherwise followed.

On this basis, we believe that the budget for 2016/17 and the business plan for 2016/17 and onwards provide a realistic transfer of Jet Time into a profitable business.

The Company's capital resources and liquidity is further described in note 0.

Investments

The Group's investments for the year totalled some 15 DKK million, including investments in systems of DKK 7 million as well as maintenance of own aircraft and investments in property, plant and equipment of some DKK 5 million.

Management's Review

Risks

Price risks

The Company's use of jet fuel implies a particular risk due to the significant fluctuations to which the market for jet fuel is subject. The Company aims at hedging the fuel prices by entering into hedging contracts corresponding to more than 90% of its consumption.

As a main rule, the Company enters into long-term flight agreements with charter companies. Hedging of fuel prices is made either by Jet Time at the time of contracting with the charter companies or by the charter companies as a few customers carry the full price risk on fuel.

Foreign currency risks

Purchase of jet fuel as well as lease- and aircraft-related expenses are mainly settled in USD. This means that profit/loss for the year, cash flows and equity are influenced by the USD exchange rate development.

It is company policy to hedge commercial currency risks. Hedging is primarily performed by natural hedge (balancing the Group's USD costs with USD income and/or assets), and by means of forward exchange contracts and options to hedge expected costs in USD within the coming 12 months. Speculative forward exchange contracts are not made. After the balance sheet date and in connection with change of banks, all foreign exchange forward contracts have been terminated. Jet Time will seek to offset the associated currency risks through contracts in DKK.

Credit risks

The Company's credit risks relate primarily to financial assets recognized in the balance sheet.

The Company does not have significant credit risks relating to one single customer or liaison as trading conditions request prepayment from the customer before operating flights.

Uncertainty regarding measurement

As described under "Subsequent events" and "Tournaround - focus on core business and exit from ATR ACMI & Boeing Cargo operation", Management has decided to close down two of the Company's four areas of operations. As a consequence, a provision for onerous contracts of DKK 105 million has been recognized at 31 August 2016 in accordance with the company's accounting principles. The recognition of the onerous contracts is based on Management's assessment of unavoidable costs as at the balance sheet date. The amount is therefore encumbered with uncertainty as regards to the estimated future operations of these business areas.

Subsequent events

After the balance sheet date, agreements have been entered into on extension of payment of trade payables as well as agreements on new credit facilities as described in the above section "Capital resources and liquidity". Further, agreements have been made for exit of the Cargo operation and the ATR/ACMI operation respectively, as described in the below section "Turnaround - focus on core business and exit from ATR ACMI & Boeing Cargo operation". Other than that, no events have occurred after the balance sheet date which affect the Annual Report or the Company's financial position.

Management's Review

Turnaround - focus on core business and exit from ATR ACMI & Boeing Cargo operation

The recovery plan established beginning 2016 aimed at simplifying the Company and restoring profitability. The plan included e.g. a smaller and much more unified fleet, closure of the Company's AOC in Finland and an evaluation of profitability of the Company's four areas of operation. By November 2016 the Finish AOC was closed and Jet Time OY is now only a Crew Management Company.

The result of the evaluation of the four areas of operation, Boeing Cargo, Boeing Charter, Boeing ACMI and ATR ACMI showed that the Boeing passenger segments were profitable. However; the Boeing Cargo and ATR ACMI were loss making and had to be strongly improved alternatively abolished. Despite considerable efforts in close dialogue with partners and the owners of the Company it has not been possible to establish long term sustainable profitability for the Boeing Cargo and ATR ACMI operation.

The Company has therefore, after the balance sheet date, decided to discontinue two of the present four areas of operation, and plans to focus on its core business - Boeing Charter and Boeing ACMI. The operation will by end 2017 be based on a unified fleet consisting of six Boeing 737-700 and two 737-800 aircraft.

The two discontinued areas of operation are the Boeing Cargo and the ATR ACMI operation. The phase out of the two areas of operation happens in a controlled process during 2017.

The ATR ACMI operation will be fully phased out by September 2017. The plan for the Boeing Cargo operation is a gradual down-scale of cargo flights. A Letter of Intent has been signed but the phase out schedule is not yet clarified.

The changes are necessary steps to complete the extensive recovery plan that the Company has been working on for the past year. The focus has been on improving the financial situation by a reduction of complexity in the operation. Therefore, the business model will become simplified and focus on Jet Time traditional core business and competences.

As a direct consequence of the discontinuation of the two areas of operation, over the next nine months the employees in Jet Time will be reduced by more than 250 full time positions, corresponding to approximately 35 %. Concurrent with the gradual and controlled phase out the affected employees will leave the Company no later than autumn 2017.

With these structural changes, Jet Time safeguards more than 300 positions in Denmark and Finland, and the remaining employees will then only be occupied with Boeing Charter passenger flights in northern Europe and Boeing ACMI assignments for larger national airlines.

Outlook

As a result of the new focused strategy following the exit of Boeing Cargo operation and the ATR ACMI operation and due to provisions of DKK 105 million taken in 2015/16 for onerous contracts, the Company expects the results for 2016/17 to show a significant improvement compared to the loss of DKK 299 million realized for 2015/16. Therefore, a reasonable profit is expected for 2016/17 and 2017/18.

Management's review

Corporate social responsibility

For Jet Time, corporate social responsibility (CSR) is overall an obvious necessity for running a healthy business, and the Company strives in all respects to operate under social responsibility - not only in relation to flight activities, but also in relation to administration and day-to-day operations.

Jet Time has implemented a number of policies and guidelines relating to its corporate social responsibility, e.g. in relation to the environment and safety.

As from 2014, Jet Time has committed to the ten principles for responsible business under the UN's Global Compact, and submits in this context a progress report. The principles involving labor rights, human rights, climate, environment and anti-corruption form the basis of the Company's position on corporate social responsibility from a business perspective.

Jet Time's reporting on the Company's policies, actions and results in relation to its social responsibility is made on the basis of the ten principles of the Global Compact as well as applicable statutory requirements for corporate social responsibility reporting in connection with annual financial reporting.

Human rights

Jet Time has no specific policies on human rights, but is committed to the guidelines for respecting human rights as formulated in the UN's Global Compact.

Jet Time's Employee Handbook sets out the values and guidelines guiding the Company's employees in performing their work with respect for their surroundings and for each other.

Moreover, Jet Time has implemented policies on e.g. pregnancy, illness, working hours and health that ensure a flexible and accommodating working environment with respect and consideration for the individual employee. These policies are currently being reassessed and updated.

Actions:

At Jet Time, all employees are treated equally, and Jet Time does not discriminate on the basis of gender, age, physical or mental disability, sexual orientation, religious belief, race or political views.

Results:

In financial year 2015/16, Jet Time did not receive any complaints from employees, business partners or customers regarding (potential) violation of human rights.

Working environment

Jet Time aims at creating the best possible working environment for the Company's employees within their respective areas of employment.

Jet Time has various policies relating to working environment and working conditions. The Company's Employee Handbook contains a general corporate policy applying to all employees. Moreover, four different groups of employees are in Jet Time covered by collective agreements, and employees engaged in the same activities are generally guaranteed the same working conditions.

Management's review

Corporate social responsibility (continued)

Working environment (continued)

Being an airline, the safety of the Company's employees and customers is a top priority for Jet Time. Jet Time is certified to fly under the international safety standard IOSA, whose auditors regularly inspect safety in the various functions of the Company.

Moreover, Jet Time has adopted a 'Just Culture' policy that applies to the entire Company. This implies that all employees have access to a reporting tool by means of which all potential safety issues may be reported anonymously and without consequence, which promotes openness about errors and incidents. In that way, a safer working environment with focus on communication and openness is ensured.

Jet Time has a 'Health and Safety and Environment Policy' as well as a 'Health and Safety and Environment Committee'. The Committee ensures compliance with policies on health, safety and environmental aspects.

Actions:
In Jet Time we also believe in dialogue when it comes to terms and conditions of employment. Consequently, we have in the financial year 2015/16 been in dialogue with union representatives from JCU (Jet Time Cabin Crew Union) and PAJ (Pilot Association Jet Time) to settle on a plan for a new type of scheduling with a system that favors more predictable work patterns for our crew. This new scheduling system has a number of advantages that not only give Jet Time's crew more stable work patterns – it also increases their annual number of days off. Moreover, the new system is intended to give better predictability of days off during the year, which will make it easier for our crew to plan their lives outside work and thus create a better work/life balance.

Results:
In the financial year 2015/16, Jet Time did not receive any complaints from employees or others in relation to working environment.

The Environment

Jet Time has an Environmental Policy, which is communicated to all employees, contractors and suppliers. Moreover, Jet Time has an Environmental Management System (EMS) developed to manage significant environmental aspects to limit the impact on the environment. Since 2014, Jet Time has worked with environmental management under the ISO 14001 certification, and the EMS is established in accordance with ISO 14001:2004.

Together with the environmental policy, Jet Time's environmental objectives and targets are established by the Environmental Management Committee on an annual basis. The planning process commences with the identification and update of environmental aspects by the Committee who follow a "plan-do-check-act" cycle to facilitate continual environmental performance improvement.

Actions:
Reducing carbon dioxide is a pivotal aspect of Jet Times environmental focus, as this by far is the single most relevant environmental denominator for Jet Time and the airline industry in general. In relation to our C02 emission, Jet Time is registered and reported by the regulations in EU Decree 2003/87EC where airlines can choose to register and report their C02 emission. In this connection, Jet Time has a goal of reducing the annual carbon dioxide emission from our fleet by 0.25 % annually.

Management's Review

Corporate social responsibility (continued)

The Environment (continued)

Jet Time's EMS Committee evaluates the environmental targets, performance and activities on a semi-annual basis.

In financial year 2015/16, an internal audit was performed to ensure that we live up to our ISO 14001 certification.

In the spring of 2016, Jet Time relocated its Head Quarter to new facilities. In this connection, we have optimized our energy consumption in our administrative facilities by investing in energy efficient LED lighting in all lamps and light outlets. Moreover Jet Time has invested in light and heating control in all offices that lowers our environmental impact by switching off when not in use.

Results:
The energy initiatives at Jet Time's Head Quarter have had a positive effect on the energy consumption in our Head Quarter with a calculated energy reduction of 50 %.

In 2015/16, Jet Time has kept on target with a 0.25 % reduction in greenhouse gas emissions compared to 2009/10.

The annual CO2 emission per block hour in 2015/2016 has, however, increased, compared to the CO2 emission in 2014/2015. The reasons for this is due to the higher ratio of -300 aircraft versus -700 in 2015/2016 than in 2014/2015. Since the -300s have a higher fuel usage per block hour than the -700s, this has had a negative effect on the CO2 emission per block hour.

Financial year	Total CO2 emission [Tons]	Total Airborne (Ab) Hours	CO2 per Ab Hour [tons / Hour]	Annual reduction Target	Annual target CO2 per Ab Hour	Actual Development CO2 per Ab Hour	Year on year target
2009/10	97.208.324	12.217	7.957			100,00%	100,00%
2010/11	119.354.413	15.238	7.833	0,25%	7.937	98,44%	99,75%
2011/12	181.017.792	23.500	7.703	0,25%	7.813	96,81%	99,50%
2012/13	200.983.922	26.578	7.562	0,25%	7.684	95,04%	99,25%
2013/14	172.725.418	23.063	7.489	0,25%	7.543	94,13%	99,00%
2014/15	188.391.332	25.392	7.419	0,25%	7.471	93,24%	98,75%
2015/16	179.606.439	23.619	7.604	0,25%	7.401	95,57%	98,50%

Anti-Corruption

Jet Time has no specific policies on anti-corruption, but is committed to the guidelines for anti-corruption in the UN's Global Compact.

Actions:
Jet Time refrains from any type of corruption and does not take the initiative to any type of financial or material bribery. This applies to our relations with authorities, business partners as well as stakeholders.

Management's Review

Corporate social responsibility (continued)

Anti-Corruption (continued)

Results:
There were no corruption incidents in Jet Time in financial year 2015/16.

Target Ratios for Management

Board of Directors

At the end of financial year 2015/16, the Company's Board of Directors comprised of two male non-owner members as well as one male owner. The target is that at least one person of each gender must be on the Board of Directors at the end of 2020.

Jet Time's Senior Management

When the Company recruits for management positions, there should be at least one person of each gender among the three last candidates. The target is that female representation in senior management should be at least 25%.

The female representation in Jet Time's management positions has increased in recent years. Due to the changed definition of the management hierarchy of Jet Time, the share of women in Jet Time's senior management decreased in 2014/15 as only the Vice President (VP) group was included in the senior management group, unlike in previous years when both the VP group and the management group were included in this group.

In the financial year 2015/16, the female representation in Jet Time's senior management is unchanged.

Financial year	Number (Men)	% (Men)	Number (Women)	% (Women)	Total
2006/07	5	83	1	17	6
2007/08	6	86	1	14	7
2008/09	6	86	1	14	7
2009/10	6	86	1	14	7
2010/11	6	86	1	14	7
2011/12	7	78	2	22	9
2012/13	9	75	3	25	12
2013/14	9	75	3	25	12
2014/15	5 - VPs	83	1 - VPs	17	6
2015/16	5 - VPs	83	1 - VPs	17	6

The current ratio in the Vice President group is 83%/17%.

Management's Review

Corporate social responsibility (continued)

Target Ratios for Management (continued)

The Group of Senior Staff and Mid-Level Managers

As regards to the group of senior staff and mid-level managers, Jet Time will aim at ensuring that the gender ratio in the group is representative of the ratio among all Jet Time employees. The target is that female representation in Jet Time's group of senior staff and mid-level managers should be at least 25%.

Table 2: Gender ratio in the group of senior staff and mid-level managers

Financial year	Number (Men)	% (Men)	Number (Women)	% (Women)	Total
2008/09	18	86	3	14	21
2009/10	19	83	4	17	23
2010/11	19	73	7	27	26
2011/12	21	72	8	28	29
2012/13	25	64	14	36	39
2013/14	25	62	15	38	40
2014/15	26	74	9	26	35
2015/16	27	75	9	25	36

The current ratio in the group of senior staff and mid-level managers of 75%/25% is satisfactory for the time being.

Financial Statements 1 September – 31 August

Accounting Policies

The Annual Report of Jet Time A/S for the period 1 September 2015 – 31 August 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company, Jet Time A/S, and enterprises in which Jet Time A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in group entities are set off against the proportionate share of the group entity' fair value of net assets and liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognized in the Consolidated Financial Statements from the date of acquisition or formation. Enterprises disposed of are recognized in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Recognition and measurement

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

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognizing and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the Financial Statements that evidence conditions existing at the balance sheet date are taken into account.

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortized cost. Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognized in the income statement.

Financial Statements 1 September – 31 August

Accounting Policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest Financial Statements is recognized in the income statement as financial income or financial expenses.

Foreign group entities are considered separate entities. The income statements are translated at the average exchange rates for the year, and the balance sheet items are translated at the exchange rates at the balance sheet date. Currency translation differences arisen when translating foreign group entities' equity at the beginning of the year using the closing rate and when translating income statements from average exchange rates using the closing rate, are recognized directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability, are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities, are recognized in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognized in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognized in equity are recognized in the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the income statement on a regular basis.

Financial Statements 1 September – 31 August

Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases), are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease, or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalized and recognized in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

Income statement

Revenue

Revenue is recognized based on completed flights, including income related to the flights.

Production costs

Production costs comprise e.g. costs of fuel, charges in connection with air transport and other costs of maintenance and operation of the aircraft fleet.

Leases

The Company has entered into agreements on operating leases of aircraft. Payments relating to operating leases are recognized in the income statement over the term of the lease.

Other external costs

Other external costs comprise rent and related costs, IT costs, travelling expenses, training and education costs, administrative expenses and marketing, etc.

Income from investments in group entities

The proportionate share of the results after tax of the individual group entities is recognized in the income statement of the Parent Company after full elimination of intra-group profits/losses.

Financial Statements 1 September – 31 August

Accounting Policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as well as extra payments and repayment under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity.

Balance sheet

Intangible assets

Software is measured at cost less accumulated amortisation and impairment losses.

Cost comprises the acquisition price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Amortisation is provided on a straight-line basis over the assets' expected useful lives. The expected useful lives are 3-8 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as amortisation.

Property, plant and equipment

Aircraft, modifications of aircraft as well as major maintenance work on aircraft on finance leases and own aircraft, buildings, leasehold improvements, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the purchase price and any costs directly attributable to the acquisition until such time as the asset is available for use. Borrowing costs are recognized in the income statement.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives. The expected useful lives are as follows:

Financial Statements 1 September – 31 August

Accounting Policies (Continued)

Property, plant and equipment (continued)

Aircraft	According to production intensity over a period of up to 8 years with an expected residual value
Modifications, leased aircraft	Remaining term of the lease, however not exceeding 5 years
Maintenance, aircraft on finance leases and own aircraft	According to production intensity
Buildings	15 years
Installations in buildings	10 years
Leasehold improvements	3-5 years
Fixtures and fittings, tools and equipment	3-5 years

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as depreciation.

Investments

Investments in group entities

Investments in group entities are measured according to the equity method.

Investments in group entities are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in group entities with negative net asset values are measured at DKK 0 (nil), and any amounts owed are written down if the amount owed is irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognized under provisions.

Net revaluation of investments in group entities is recognized in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from group entities which are expected to be adopted before the approval of the Annual Report of Jet Time A/S are not recognized in the reserve for net revaluation.

On acquisition of enterprises, the purchase method is applied, see Consolidated Financial Statements above.

Financial Statements 1 September – 31 August

Accounting Policies (continued)

Deposits

Deposits are initially recognized at cost. Subsequently, deposits denominated in foreign currencies are measured at the exchange rate at the balance sheet date.

Impairment losses

The carrying amount of intangible assets and property, plant and equipment as well as investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. If the recoverable amount is lower than the carrying amount, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than the cost, inventories are written down to this lower value.

The cost of goods for resale and raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses after an individual assessment of receivables.

Receivable future maintenance comprises the contribution made to lessors for future maintenance work which is recognized to the extent that the payments are expected to be reimbursed at the time of incurrence of future maintenance costs.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognized at cost in the reserve for net revaluation according to the equity method.

The reserve is eliminated in case of losses, realisation of investments or a change in accounting estimates.

Financial Statements 1 September – 31 August

Accounting Policies (continued)

Dividends

Proposed dividends for the year are recognized as a liability at the date when they are adopted at the Annual General Meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provision for aircraft maintenance comprises a provision for future maintenance work on aircraft on operating leases as well as provision for the costs of returning aircraft on operating leases.

Other provisions primarily comprise the costs of a few pending lawsuits, and onerous contracts.

Provisions are initially recognized at cost and are subsequently measured at net realisable value or value in use.

Financial Statements 1 September – 31 August

Accounting Policies (continued)

Liabilities other than provisions

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises negative goodwill, see the description of consolidation practice, as well as consideration for warrants.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of the establishment and of additions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from the establishment and acquisitions of enterprises are recognized in the cash flow statement from the date of acquisition/date of establishment. Cash flows from disposals of enterprises are recognized up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with establishment, acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Financial Statements 1 September – 31 August

Accounting Policies (continued)

Segmentation

The Group is engaged in charter flights for package tour operators, ACMI flights on short- or long-term agreements with other airlines as well as cargo flights.

Segment information is disclosed in note 1.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the statement of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets, year end x 100}}{\text{Total current liabilities, year end}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

In accordance with section 101(4) of the Danish Financial Statements Act, financial highlights are presented solely for the Group.

Financial Statements 1 September - 31 August

Income Statement

		Consolidated		Parent Company	
DKK '000	Note	2015/16	2014/15	2015/16	2014/15
Revenue	1	1.751.734	1.727.790	1.690.410	1.629.337
Production costs		-1.029.962	-1.073.464	-1.000.686	-1.018.272
Lease costs		-278.339	-267.335	-278.339	-267.335
Other external costs	2	-259.204	-124.656	-264.698	-109.883
Gross profit		184.229	262.335	146.687	233.847
Staff costs	3	-419.107	-347.545	-384.803	-321.994
Amortisation, depreciation and impairment losses	7,8	-50.316	-53.928	-50.316	-53.928
Profit/loss on ordinary operating activities		-285.194	-139.138	-288.432	-142.075
Income from investments in group entities		0	0	2.572	2.325
Other financial income	4	272	10.781	272	10.827
Other financial expenses	5	-13.084	-5.393	-13.064	-5.428
Profit/loss on ordinary activities before tax		-298.006	-133.750	-298.652	-134.351
Tax on profit/loss for the year	6	-646	-8.249	0	-7.648
Profit/loss for the year		-298.652	-141.999	-298.652	-141.999

Proposed profit appropriation/distribution of loss

Reserve for net revaluation under the equity method	0	0	2.572	2.325
Retained earnings	-298.652	-141.999	-301.224	-144.324
	-298.652	-141.999	-298.652	-141.999

Financial Statements 1 September - 31 August

Balance Sheet

DKK '000	Note	Consolidated 31AUG16	Consolidated 31AUG15	Parent Company 31AUG16	Parent Company 31AUG15
ASSETS					
Non-current assets					
Intangible assets	7				
Software		6.788	7.650	6.788	7.650
		6.788	7.650	6.788	7.650
Property, plant and equipment	8				
Aircraft		33.334	63.585	33.334	63.585
Modifications of leased aircraft		11.731	16.049	11.731	16.049
Buildings		8.923	9.890	8.923	9.890
Leasehold improvements		1.123	48	1.123	48
Fixtures and fittings, tools and equipment		4.139	3.997	4.139	3.997
Property, plant and equipment under construction		700	782	700	782
		59.950	94.351	59.950	94.351
Investments					
Investments in group entities	9	0	0	6.740	4.179
Receivable future maintenance	10	101.311	88.895	101.311	88.895
Deposits	11	75.844	78.646	75.718	78.531
		177.155	167.541	183.769	171.605
Total non-current assets		243.893	269.542	250.507	273.606
Current assets					
Inventories					
Inventories		14.856	18.242	14.856	18.242
		14.856	18.242	14.856	18.242
Receivables					
Trade receivables		7.398	7.688	6.094	7.688
Deferred tax asset	12	0	0	0	0
Receivable future maintenance	10	38.475	8.659	38.475	8.659
Other receivables	13	16.700	19.618	16.669	19.469
Prepayments	14	25.275	21.747	24.978	21.123
		87.848	57.712	86.216	56.939
Cash at bank and in hand	15	56.221	55.071	51.898	50.116
Total current assets		158.925	131.025	152.970	125.297
Total assets		402.818	400.567	403.477	398.903

Financial Statements 1 September - 31 August

Balance Sheet

DKK '000	Note	Consolidated 31AUG16	Consolidated 31AUG15	Parent Company 31AUG16	Parent Company 31AUG15
EQUITY AND LIABILITIES					
Equity	16				
Share capital		17.085	17.085	17.085	17.085
Reserve for net revaluation under the equity method		0	0	5.995	3.434
Retained earnings		-484.808	-182.281	-490.803	-185.715
Total equity		-467.723	-165.196	-467.723	-165.196
Provisions					
Onerous contracts	2	105.000	0	105.000	0
Provision, aircraft maintenance	17	227.591	154.553	227.591	154.553
Other provisions	18	12.154	6.165	12.154	6.165
Total provisions		344.745	160.718	344.745	160.718
Non-current liabilities other than provisions					
Credit institutions		4.655	15.556	4.655	15.556
Lease obligations		1.111	15.385	1.111	15.385
	19	5.766	30.941	5.766	30.941
Current liabilities other than provisions					
Credit institutions	19	10.961	5.665	10.961	5.665
Lease obligations	19	14.348	18.887	14.348	18.887
Loan from shareholders	20	217.394	13.650	217.394	13.650
Trade payables		97.787	162.831	95.660	157.531
Prepayments received from customers		73.422	71.716	71.861	67.419
Payables to group entities		0	0	11.713	12.864
Corporate tax	21	259	207	0	0
Other payables	22	105.859	101.148	98.752	96.424
		520.030	374.104	520.689	372.440
Total liabilities other than provisions		525.796	405.045	526.455	403.381
Total equity and liabilities		402.818	400.567	403.477	398.903

Fees paid to auditors	23
Contingencies etc	24
Mortgages and collateral	25
Hedging transactions	26
Related party disclosures	27

Financial Statements 1 September - 31 August

Statement of Changes in Equity

DKK '000	Consolidated Share capital	Retained earnings	Total
Equity at 1 September 2014	17.085	-33.738	-16.653
Value adjustment, hedging of future purchase and sale of fuel and foreign currency	0	-7.144	-7.144
Currency adjustment Jet Time OY	0	3	3
Warrant premium	0	597	597
Transferred, see profit appropriation/distribution of loss	0	-141.999	-141.999
Equity at 1 September 2015	17.085	-182.281	-165.196
Value adjustment, hedging of future purchase and sale of fuel and foreign currency	0	-3.864	-3.864
Currency adjustment Jet Time OY	0	-11	-11
Transferred, see profit appropriation/distribution of loss	0	-298.652	-298.652
Equity at 31. august 2016	17.085	-484.808	-467.723

tkr.	Parent Company Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 September 2014	17.085	1.106	-34.844	-16.653
Value adjustment, hedging of future purchase and sale of fuel and foreign currency	0	0	-7.144	-7.144
Currency adjustment Jet Time OY	0	3	0	3
Warrant premium	0	0	597	597
Transferred, see profit appropriation/distribution of loss	0	2.325	-144.324	-141.999
Equity at 1 September 2015	17.085	3.434	-185.715	-165.196
Value adjustment, hedging of future purchase and sale of fuel and foreign currency	0	0	-3.864	-3.864
Currency adjustment Jet Time OY	0	-11	0	-11
Transferred, see profit appropriation/distribution of loss	0	2.572	-301.224	-298.652
Equity at 31. august 2016	17.085	5.995	-490.803	-467.723

The share capital has remained unchanged for the last five years.

Financial Statements 1 September - 31 August

Cash Flow Statement

DKK '000	Note	Consolidated 31AUG16	Consolidated 31AUG15
Profit/loss for the year		-298.652	-141.999
Adjustments	28	231.139	124.457
Changes in working capital	29	-97.793	27.860
Cash generated from operations (operating activities) before net financials		-165.306	10.318
Cash flows from operating activities		-165.306	10.318
Investments in intangible assets and property, plant and equipment		-15.135	-31.056
Changes in property, plant and equipment under construction		82	3.291
Fixed asset investments		-6.877	-8.455
Disposal of fixed asset investments		10.015	5.683
Cash flows from investing activities		-11.915	-30.537
Credit institutions		-5.605	4.331
Lease obligation		-19.768	-18.162
Loan from shareholders		203.744	13.650
Cash flows from financing activities		178.371	-181
Cash flows for the year		1.150	-20.400
Cash and cash equivalents at 1 September		55.071	75.471
Cash and cash equivalents at 31 August		56.221	55.071

The cash flow statement cannot be directly derived from the other components of the Annual Report.

Financial statements 1. september - 31. august

Notes

0 Capital resources and liquidity

The realized loss after tax in 2015/16 amounts to DKK -299 million and equity 31 August 2016 was negative with DKK 468 million. This is after provision for onerous contracts of DKK 105 million. Furthermore, the company has an unrecognized tax asset off DKK 111 million at 31 August 2016, which has also reduced the equity.

Due to the financial development of the Company, Management has, as described in Management's review, decided to close down the ATR ACMI segment. Final agreements have been concluded with the customer and important suppliers in this respect. Moreover, the Boeing Cargo segment is expected to be closed down, and the related negotiations are ongoing based on a signed letter of intent. This is to contribute to improving earnings and rendering the Company's operations more efficient.

The closedown of the ATR ACMI and Boeing Cargo segments is expected to result in an operating loss until the final discontinuation of the agreements. This loss has been recognized at a total of DKK 105 million in the Annual Report for 2015/16. A part of this provision is expected to be released as profit in 2016/17, due to new terms negotiated in the ATR ACMI segment after the year-end.

In addition to the close down of the above mentioned segments, Management has during the financial year 2015/16 negotiated further financing agreements as well as contribution of liquidity to ensure the Company the liquidity resources required to restore a sound business and positive earnings and equity with shareholders, lenders and suppliers.

These negotiations have been concluded after year-end and have successfully resulted a framework agreement on continued financing, which comprises the following:

- Continued extension of payments to trade creditors regarding aircrafts totaling DKK 118 million, which rank subordinate to other creditors;
- Freezing of previously established seasonal overdraft facility into a loan of DKK 90 million; of which 50 million ranks subordinate to other creditors
- Establishment of a new overdraft facility of DKK 55 million; secured on the Company's hangar
- Raising of a loan of DKK 28 million relating to overdue but unpaid lease payments;
- Agreements on reduced lease payments and payments to lessor reserves, including loan financing of certain lease payments; of which DKK 31 million ranks subordinate to other creditors
- Raising of a loan of DKK 25 million secured on the Company's hangar, inventory and one of the Company's aircrafts.

Moreover, the terms of interest relating to the established loans will be changed so that from 1 December 2016 no interest is payable on these.

The established loan agreements and overdraft facilities contain loan terms, which are all expected to be complied with during the financial year 2016/17. The new overdraft facility is expected partially repaid over the summer 2017 and loan terms in this agreement regarding compliance with budgets etc. will become effective before the overdraft facility can be drawn again on 1 November 2017.

The Company's airplanes, hangar and inventories have been provided as security in connection with the conclusion of the new loan agreements and overdraft facilities.

Under the above agreements, a new subordinated loan has been contributed to the Company totaling DKK 31 million. Following this, total subordinated loans amount to DKK 199 million.

In Management's assessment, the above will provide the basis required to render operations more efficient and restore positive earnings in the Company in the long term, and the financing agreements concluded will provide the Company with the liquidity required to implement the winding-up of the above-mentioned activities and ensure the Company's continued operations throughout the financial year 2016/17. Therefore, the financial statements are prepared under the assumption of going concern.

Financial statements 1. september - 31. august

Notes

Capital resources and liquidity (continued)

In its nature, the budgets prepared are subject to uncertainty, and variations in operations positive or negative may result in additional liquidity being required. In Management's assessment, such additional financing may be obtained if the plans, including the winding-up of ATR ACMI and Boing Cargo, are otherwise followed.

For the order of good sake, the above-mentioned matters including the Company's capital position, indicates that material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as going concern. However, we believe that the budget for 2016/17 and the business plan for 2016/17 and onwards provide a realistic transfer of Jet Time into a profitable business, including the reestablishment of the equity within a number of years.

Capital loss

As stated above, the loss for the year has resulted in more than 50% of the share capital being lost. Thus, the Company is comprised by the rules on capital loss of the Danish Companies Act. In Management's assessment, the Company will be able to restore equity through own operations in the long term based on the above.

Financial statements 1. september - 31. august

Notes

DKK '000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
1 Revenue				
Business areas:				
Charter and ad hoc	1.091.309	1.238.661	1.032.610	1.140.207
ACMI	510.072	387.181	507.446	387.182
Cargo	150.354	101.948	150.354	101.948
	1.751.734	1.727.790	1.690.410	1.629.337

2 Other external costs

Other external costs include provision for onerous contracts of DKK 105 million for the business areas ACMI and Cargo, which will be discontinued. The provision is recognized based on an estimate of the unavoidable costs as per 31 August 2016.

	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
3 Staff Costs				
Wages and salaries	386.431	318.957	357.901	297.725
Pension	34.720	29.002	30.050	25.262
Other social security costs	5.515	4.740	4.412	4.161
	426.667	352.699	392.363	327.148
Capitalised concerning major maintenance work performed in-house	-7.560	-5.154	-7.560	-5.154
	419.107	347.545	384.803	321.994
Average number of full-time employees	711	645	643	590
Number of full-time employees at 31 August	740	706	665	646
Remuneration of the Board of Directors	625		625	
Remuneration of the Executive Board	8.906		8.906	
Remuneration of the Executive Board and Board of Directors	9.531	1.642	9.531	1.642

The Company was in 2014/15 subject to section 98(b) of the Danish Financial Statements Act.

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Notes

DKK '000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
4 Other financial income				
Interest income, credit institutions	15	54	15	53
Foreign exchange adjustments	0	10.701	0	10.748
Other interest income	257	26	257	26
	272	10.781	272	10.827

5 Other financial expenses				
Interest expenses, credit institutions	1.931	1.381	1.931	1.381
Foreign exchange adjustments	503	0	504	0
Other interest expenses	10.650	4.012	10.629	4.047
	13.084	5.393	13.064	5.428

6 Tax on profit/loss for the year				
Current tax	-646	-595	0	0
Adjustment re previous years	0	43	0	49
Adjustment of deferred tax	0	-7.697	0	-7.697
	-646	-8.249	0	-7.648

7 Intangible assets

DKK '000	Consolidated/Parent Company Software
Cost at 1. September 2015	8.995
Additions	606
Disposals	-543
Cost at 31. August 2016	9.058
Impairment losses and amortisation at 1. September 2015	1.345
Impairment losses and amortisation	1.468
Amortisation, disposed assets	-543
Impairment losses and amortisation at 31. August 2016	2.270
Carrying amount at 31. August 2016	6.788

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Notes

8 Property, plant and equipment

	Consolidated/Parent Company		
DKK '000	Own aircraft	Modification of leased aircraft	Total aircraft
Cost at 1. September 2015	110.234	41.669	151.903
Additions	8.529	2.934	11.463
Disposals	-3.791	-12.279	-16.070
Cost at 31. August 2016	114.972	32.324	147.296
Impairment losses and amortisation at 1. September 2015	46.649	25.620	72.269
Depreciation and impairment losses	38.780	7.252	46.032
Depreciation, disposed assets	-3.791	-12.279	-16.070
Impairment losses and amortisation at 31. August 2016	81.638	20.593	102.231
Carrying amount at 31. August 2016	33.334	11.731	45.065
Of which is financial leases	15.653	0	15.653

	Buildings	Leasehold improve-ments	Fixtures, fittings, tools and equipm.	Assets under construction
Cost at 1. September 2015	12.430	5.160	10.142	782
Additions	0	1.247	1.819	700
Disposals	0	-5.160	-1.791	-782
Cost at 31. August 2016	12.430	1.247	10.170	700
Impairment losses and amortisation at 1. September 2015	2.540	5.112	6.145	0
Depreciation and impairment losses	967	172	1.677	0
Depreciation, disposed assets	0	-5.160	-1.791	0
Impairment losses and amortisation at 31. August 2016	3.507	124	6.031	0
Carrying amount at 31. August 2016	8.923	1.123	4.139	700

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DKK '000

9 Investments in group entities

	Parent Company	
	2015/16	2014/15
Cost at 1. September	745	745
Additions	0	0
Cost at 31. August	745	745
Value adjustment at 1. September	3.434	1.106
Profit for the year	2.572	2.325
Foreign exchange adjustment	-11	3
Value adjustment at 31. August	5.995	3.434
Carrying amount at 31. August	6.740	4.179

Name and registered office	Voting rights and ownership
Jet Time Oy, Rahtitie 3, FI-01530 Vantaa, Finland	100%

All subsidiaries are independent entities.

	Consolidated		Parent Company	
DKK '000	2015/16	2014/15	2015/16	2014/15
10 Receivable future maintenance				
Between 1 and 5 years	96.437	82.048	96.437	82.048
After 5 years	4.874	6.846	4.874	6.846
Long-term part of receivable future maintenance	101.311	88.895	101.311	88.895
Within 1 year	38.475	8.659	38.475	8.659
	139.786	97.554	139.786	97.554
11 Deposits				
Cost at 1. September	78.646	65.476	78.531	65.361
Additions	6.877	8.455	6.866	8.455
Disposals	-10.014	-5.683	-10.014	-5.683
Value adjustment for the year	335	10.398	335	10.398
	75.844	78.646	75.718	78.531

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DKK '000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
12 Deferred tax				
Deferred tax at 1. September	0	6.602	0	6.602
Adjustment concerning taxable income for the ye	0	-7.697	0	-7.697
Adjustment concerning forward contracts	0	1.095	0	1.095
Deferred tax at 31 August	0	0	0	0

The Group has an unrecognised deferred tax asset of DKK 111 million in 2015/16.

13 Other receivables				
Positive value of hedging of future purchase and sale of fuel, CO2 quotas and foreign currency	460	1.176	460	1.176
Deposited as security for future fuel hedging	6.767	9.259	6.767	9.259
VAT	1.660	1.944	1.637	1.802
Other receivables	7.813	7.239	7.805	7.232
	16.700	19.618	16.669	19.469

14 Prepayments				
Prepaid leases	8.478	14.357	8.478	14.357
Prepaid fuel	1.832	434	1.690	434
Other production costs prepaid	9.733	4.046	9.612	3.423
Other prepayments	5.232	2.910	5.198	2.909
	25.275	21.747	24.978	21.123

15 Cash at bank and in hand				
Free cash	45.721	44.571	41.398	39.616
Deposited as security for forward exchange transactions etc	10.500	10.500	10.500	10.500
	56.221	55.071	51.898	50.116

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16 Equity

The share capital comprises 17,084,918 shares of nominally DKK 1 each comprising 5,886,303 A-shares and 11,198,615 B-shares. B-shares carry a preferential dividend right.

	Consolidated		Parent Company	
DKK '000	2015/16	2014/15	2015/16	2014/15
17 Provision, aircraft maintenance				
Comprises:				
Provision for future aircraft maintenance	204.987	143.305	204.987	143.305
Provision for obligation to return	22.604	11.248	22.604	11.248
	227.591	154.553	227.591	154.553
Provision at 1 September	154.553	69.450	154.553	69.450
Utilised during the year/disposals	-31.876	-16.390	-31.876	-16.390
Provision for the year	104.914	101.494	104.914	101.494
	227.591	154.553	227.591	154.553
Within 1 year	63.722	34.401	63.722	34.401
Between 1 and 5 years	148.850	108.648	148.850	108.648
After 5 years	15.019	11.504	15.019	11.504
	227.591	154.553	227.591	154.553

18 Other provisions

Other provisions include provision for delay costs and for retention bonus to customers.

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DKK '000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
19 Long-term liabilities other than provisions				
Credit institutions:				
Between 1 and 5 years	3.154	13.467	3.154	13.467
After 5 years	1.501	2.089	1.501	2.089
Long-term part of credit institutions	4.655	15.556	4.655	15.556
Within 1 year	10.961	5.665	10.961	5.665
	15.616	21.221	15.616	21.221
Lease obligations:				
Between 1 and 5 years	1.111	15.385	1.111	15.385
Within 1 year	14.348	18.887	14.348	18.887
	15.459	34.272	15.459	34.272

Payments due within 1 year are recognised in current liabilities.

Other liabilities are recognised in non-current liabilities other than provisions.

20 Loan from shareholders	Interest rate p.a.	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Within 1 year	12%	0	13.650	0	13.650
Between 1 and 5 years	5%	100.000	0	100.000	0
Between 1 and 5 years	10%	117.394	0	117.394	0
		217.394	13.650	217.394	13.650

The terms of the loans have subsequently been changed as described in note 0.

21 Corporation tax				
Corporation tax payable at 1 September	207	10.039	0	9.764
Adjustment re previous years	0	-43	0	-49
Current tax for the year	646	595	0	0
Corporation tax paid during the year	-594	-10.384	0	-9.715
	259	207	0	0

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DKK '000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
22 Other payables				
Negative value of hedging of future purchase and sale of fuel and foreign currency	7.345	15.229	7.345	15.229
Holiday pay and other staff-related payables	66.974	54.426	59.878	49.702
CO2 quotas	825	2.200	825	2.200
Payable re. damage to leased aircraft	17.063	14.978	17.063	14.978
Other payables	13.652	14.315	13.641	14.315
	105.859	101.148	98.752	96.424

23 Fees paid to auditors

DKK '000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Fee regarding statutory audit	1.555	1.112	1.500	1.000
Tax assistance	100	414	100	132
Other services	12.094	585	12.094	585
	13.749	2.111	13.694	1.717

24 Contingencies etc

DKK '000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Rent and lease obligations (operating leases) falling due after the balance sheet date	1.511.153	1.596.422	1.511.153	1.596.422
Falling due within 5 years	764.278	716.204	764.278	716.204
Falling due within 1 year	246.139	261.407	246.139	261.407
Total obligations are grouped as follows:				
Aircraft leases	1.479.196	1.582.182	1.479.196	1.582.182
Rental of property, hangar, etc	23.768	1.695	23.768	1.695
Other leases	8.189	12.545	8.189	12.545
	1.511.153	1.596.422	1.511.153	1.596.422

Lease obligations concerning aircraft have been translated from USD at the exchange rate at the balance sheet date.

The Jet Time Group is party to a few pending lawsuits. In Management's opinion, apart from the receivables and payables recognised in the balance sheet at 31 August 2016, the outcome of these lawsuits will not affect the Group's financial position.

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25 Mortgages and collateral

The Company has issued a letter of indemnity as security for debt to a credit institution, corresponding to company charges in assets of up to DKK 30 million.
The Company has issued mortgage to a credit institution for a debt of DKK 10 million, secured in aircraft amounting to DKK 20 million of the total value of the aircraft of DKK 18 million.
The Company has issued mortgage to a credit institution for a debt of DKK 1 million, secured in a building with a carrying amount of DKK 9 million.
The Parent Company has provided an unlimited guarantee in favour of the Finnish subsidiary.
The mortgages and collaterals have subsequently been changed as described in note 0.

26 Hedging transactions

The Parent Company/Group have entered into contracts to hedge the Group's future transactions concerning purchase of currency and fuel. As compared to the forward price at the balance sheet date, the contracts have a negative value of DKK 7.5 million, net. The negative value has been recognised in equity.

Hedging transactions at 31 August 2016 break down as follows:

Transaction	Value DKKm	Payment/ maturity	Hedging transaction DKKm
Fuel hedges, DKK	-7,6	0 - 14 måneder	41,8
Foreign currency hedges	0,1	0 - 9 måneder	279,1
	-7,5		320,9

27 Related party disclosures

The following shareholders are registered in the Company's register of shareholders as holding at least 5% of the voting rights or at least 5% of the share capital:

JT3H ApS, Toldbodgade 87, 1253 København K
Nordic Aviation Capital A/S, Stratusvej 12, 7190 Billund

JT3H ApS was incorporated on 15 December 2015 with its first financial year ending at 31 August 2016 including consolidated financial statements.
As of 29. November 2016, JT3H ApS owns 100% of the shares in Jet Time A/S.

Reference is made to note 0 for transactions with related parties

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DKK '000	Consolidated 2015/16	Consolidated 2014/15
28 Cash flow statement - adjustments		
Amortisation of intangible assets and depreciation of property, plant and equipment	50.316	53.928
Currency adjustment of fixed asset investments	-336	-10.398
Interest on finance lease	955	959
Change in deferred tax	0	6.602
Change in provisions	184.027	89.741
Current tax for the year	52	-9.832
Currency adjustment of investments in group entities	-11	3
Other adjustments	-3.864	-6.545
	231.139	124.457

DKK '000	Consolidated 2015/16	Consolidated 2014/15
29 Cash flow statement - change in working capital		
Change in receivables	-42.552	-46.376
Change in inventories	3.386	-4.354
Change in other short-term payables	-58.627	78.590
	-97.793	27.860