
KA1 P/S

Damhaven 5D, DK-7100 Vejle

**Annual Report for 1 January - 31
December 2015**

CVR No 33 07 63 39

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
21/4 2016

Søren Lindgaard
Chairman

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of KA1 P/S for the financial year 1 January - 31 December 2015.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

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

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

Vejle, 11 March 2016

Executive Board

Søren Vad Sørensen

Board of Directors

Bjarne Ammitzbøll
Chairman

Signe Krog Jensen

Søren Vad Sørensen

Michael Walsh

Independent Auditor's Report on the Financial Statements

To the Shareholder of KA1 P/S

Report on the Financial Statements

We have audited the Financial Statements of KA1 P/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 Financial Statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

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 Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Aarhus, 11 March 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh

State Authorised Public Accountant

Company Information

The Company

KA1 P/S
Damhaven 5D
DK-7100 Vejle

CVR No: 33 07 63 39
Financial period: 1 January - 31 December
Municipality of reg. office: Vejle

Board of Directors

Bjarne Ammitzbøll, Chairman
Signe Krog Jensen
Søren Vad Sørensen
Michael Walsh

Executive Board

Søren Vad Sørensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Management's Review

Main activity

The objective of the Company is to operate business within trade and industry, including aircraft leasing, and other related activities.

Development in the year

The income statement of the Company for 2015 shows a profit of USD 3,159,399, and at 31 December 2015 the balance sheet of the Company shows equity of USD 42,193,448.

Subsequent events

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

Income Statement 1 January - 31 December 2015

	Note	2015 USD	2014 USDk
Gross profit/loss		6.285.082	7.267
Depreciation and impairment of property, plant and equipment		-3.596.458	-4.167
Profit/loss before financial income and expenses		2.688.624	3.100
Income from investments in associates		-441.598	3.519
Financial income		5.608.471	5.773
Financial expenses		-4.696.098	-5.340
Net profit/loss for the year		3.159.399	7.052

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year		0	6.150
Reserve for net revaluation under the equity method		-441.599	-2.981
Retained earnings		3.600.998	3.883
		3.159.399	7.052

Balance Sheet 31 December 2015

Assets

	Note	2015 USD	2014 USDk
Airplanes		43.258.428	46.855
Property, plant and equipment	1	43.258.428	46.855
Investments in associates	2	7.607.038	8.049
Receivables regarding finance leases		64.670.036	76.515
Fixed asset investments		72.277.074	84.564
Fixed assets		115.535.502	131.419
Trade receivables		1.073	0
Receivables from group enterprises		26.794	25
Other receivables		0	7
Receivables		27.867	32
Cash at bank and in hand		6.142.709	11.035
Current assets		6.170.576	11.067
Assets		121.706.078	142.486

Balance Sheet 31 December 2015

Liabilities and equity

	Note	2015 USD	2014 USDk
Share capital		574.914	575
Reserve for net revaluation under the equity method		5.284.038	5.726
Retained earnings		36.334.496	32.733
Proposed dividend for the year		0	6.150
Equity	3	42.193.448	45.184
Credit institutions		58.333.332	75.000
Long-term debt	4	58.333.332	75.000
Credit institutions	4	16.666.668	16.667
Other payables		4.512.630	5.635
Short-term debt		21.179.298	22.302
Debt		79.512.630	97.302
Liabilities and equity		121.706.078	142.486
Related parties and ownership	5		

Notes to the Financial Statements

1 Property, plant and equipment

	Airplanes USD
Cost at 1 January 2015	62.000.000
Cost at 31 December 2015	62.000.000
Impairment losses and depreciation at 1 January 2015	15.145.114
Depreciation for the year	3.596.458
Impairment losses and depreciation at 31 December 2015	18.741.572
Carrying amount at 31 December 2015	43.258.428

2 Investments in associates

Cost at 1 January 2015	2.323.000	2.323
Cost at 31 December 2015	2.323.000	2.323
Value adjustments at 1 January 2015	5.725.636	8.707
Net profit/loss for the year	-441.598	3.519
Dividends received	0	-6.500
Value adjustments at 31 December 2015	5.284.038	5.726
Carrying amount at 31 December 2015	7.607.038	8.049

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
KN Operating Ltd.	Ireland	50%

Notes to the Financial Statements

3 Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	USD	USD	USD	USD	USD
Equity at 1 January 2015	574.914	5.725.637	32.733.498	6.150.000	45.184.049
Ordinary dividend paid	0	0	0	-6.150.000	-6.150.000
Net profit/loss for the year	0	-441.599	3.600.998	0	3.159.399
Equity at 31 December 2015	574.914	5.284.038	36.334.496	0	42.193.448

The limited partner's share capital consists of 32,220 shares of a nominal value of DKK 100 (USD 17.84). No shares carry any special rights.

The share capital has developed as follows:

	2015	2014	2013	2012	2011
	USD	USD	USD	USD	USD
Share capital at 1 January					
2015	574.914	574.914	574.914	574.914	174.914
Capital increase	0	0	0	0	400.000
Capital decrease	0	0	0	0	0
Share capital at 31 December 2015	574.914	574.914	574.914	574.914	574.914

4 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:

	2015	2014
	USD	USDk
Credit institutions		
After 5 years	0	0
Between 1 and 5 years	58.333.332	75.000
Long-term part	58.333.332	75.000
Within 1 year	16.666.668	16.667
	75.000.000	91.667

Notes to the Financial Statements

5 Related parties and ownership

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

KKAG Aviation A/S, DK-7100 Vejle

Consolidated Financial Statements

The Company is included in the Group Annual Report of KIRK KAPITAL A/S, CVR No: 31 15 98 57, and municipality of reg. office: Vejle.

Accounting Policies

Basis of Preparation

Financial Statements of KA1 P/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in USD, which is the functional currency of the Company. At 31 December 2015 the USD/DKK exchange rate is 683.00. The corresponding exchange rate at 31 December 2014 was 612.14.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Accounting Policies

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Gross profit/loss

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

Revenue

Revenue from the lease of airplanes is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses related to administration.

Depreciation and impairment losses

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 core activities of the enterprise, including gains and losses on the sale of property, plant and equipment.

Income from investments in associates

The item "Income from investments in associates" in the income statement include the proportionate share of the profit for the year less goodwill amortisation.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions as well as surcharges and allowances under the on-account taxation scheme, etc.

Tax on profit/loss for the year

The Company is not an independent tax subject, and therefore income tax is not recognised in the Annual Report. The shareholders are subject to taxation of their share of the taxable income of the Company.

Accounting Policies

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:

Airplanes	8-12 years
Residual value	20,850,000 USD

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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in associates

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

The items "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in associates.

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

Accounting Policies

Other fixed asset investments

Other fixed asset investments consist of leases regarding rental of airplanes, where the other party takes on all risks and benefits attached to the ownership, are treated as finance leases. Outstanding lease receivables are recognised in the balance sheet as receivables under fixed asset investments, and the interest share of the lease payments received is recognised in the income statement proportional with the period of the lease contract.

Receivables

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

Equity

Dividend

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

Financial debts

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.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.