Nordic Air Ambulance A/S

c/o PricewaterhouseCoopers, Strandvejen 44, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2016

CVR No 33 64 31 79

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23/5 2017

Syver Leivestad
Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nordic Air Ambulance A/S for the financial year 1 January - 31 December 2016.

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 2016 of the Company and of the results of the Company operations for 2016.

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

Hellerup, 23 May 2017

Executive Board

Lasse Dahl CEO	Arne Wolff CFO

Board of Directors

Syver Leivestad	Erik Normann	Anne Mari Jakobsen

Independent Auditor’s Report

To the Shareholder of Nordic Air Ambulance A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company’s operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nordic Air Ambulance A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies (”the Financial Statements”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the ”Auditor’s responsibilities for the audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management’s responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Hellerup, 23 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Lunden statsautoriseret revisor	Thomas Lauritsen statsautoriseret revisor

Company Information

The Company	Nordic Air Ambulance A/S c/o PricewaterhouseCoopers Strandvejen 44 DK-2900 Hellerup CVR No: 33 64 31 79 Financial period: 1 January - 31 December Municipality of reg. office: Hellerup
Main activity	The main activity of the Company is to operate leasing of helicopters and any other thus naturally related services.
Board of Directors	Syver Leivestad Erik Normann Anne Mari Jakobsen
Executive Board	Lasse Dahl Arne Wolff
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2016	2015
		DKK	DKK
Revenue		**10.897.430**	**10.901.468**
Other operating income		12.916	107.361
Other external expenses		-75.565	-132.454
Gross profit/loss		**10.834.781**	**10.876.375**
Staff expenses	1	0	-3.115
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5.585.520	-5.604.256
Other operating expenses		0	-6.591
Profit/loss before financial income and expenses		**5.249.261**	**5.262.413**
Financial income		417.144	77.145
Financial expenses	2	-3.370.486	-3.907.497
Profit/loss before tax		**2.295.919**	**1.432.061**
Tax on profit/loss for the year	3	-501.639	-174.646
Net profit/loss for the year		**1.794.280**	**1.257.415**

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	12.400.000	0
Retained earnings	-10.605.720	1.257.415
	1.794.280	**1.257.415**

Balance Sheet 31 December

Assets

	Note	2016	2015
		DKK	DKK
Helicopters		116.417.931	122.003.452
Property, plant and equipment	4	**116.417.931**	**122.003.452**
Fixed assets		**116.417.931**	**122.003.452**
Receivables from group enterprises		1.502.322	965.814
Other receivables		0	6.623
Corporation tax receivable from group enterprises		709.066	1.709.732
Prepayments		338.621	428.920
Receivables		**2.550.009**	**3.111.089**
Cash at bank and in hand		**4.503.383**	**1.837.398**
Currents assets		**7.053.392**	**4.948.487**
Assets		**123.471.323**	**126.951.939**

Balance Sheet 31 December

Liabilities and equity

	Note	2016	2015
		DKK	DKK
Share capital		800.000	800.000
Retained earnings		40.140	11.096.523
Proposed dividend for the year		12.400.000	0
Equity	5	**13.240.140**	**11.896.523**
Provision for deferred tax	6	3.255.772	2.147.587
Provisions		**3.255.772**	**2.147.587**
Credit institutions		96.355.646	101.883.043
Long-term debt	7	**96.355.646**	**101.883.043**
Credit institutions	7	6.543.419	7.548.279
Trade payables		408.645	427.015
Payables to group enterprises		1.978.735	1.817.396
Other payables		1.688.966	1.232.096
Short-term debt		**10.619.765**	**11.024.786**
Debt		**106.975.411**	**112.907.829**
Liabilities and equity		**123.471.323**	**126.951.939**
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Notes to the Financial Statements

1 Staff expenses

Other social security expenses	0	3.115
	0	**3.115**
Average number of employees	**0**	**0**

2 Financial expenses

Other financial expenses paid to group enterprises	257.535	273.114
Other financial expenses	3.090.527	3.208.448
Exchange loss	22.424	425.935
	3.370.486	**3.907.497**

3 Tax on profit/loss for the year

Current tax for the year	-709.066	-1.477.732
Deferred tax for the year	1.235.295	1.652.378
Adjustment of tax concerning previous years	-24.590	0
	501.639	**174.646**

4 Property, plant and equipment

	Helicopters DKK
Cost at 1 January	128.882.107
Cost at 31 December	128.882.107
Revaluations at 1 January	0
Revaluations at 31 December	0
Depreciations at 1 January	6.884.649
Depreciation for the year	5.579.527
Depreciations at 31 December	12.464.176
Carrying amount at 31 December	**116.417.931**
Depreciated over	24 years

Notes to the Financial Statements

5 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	800.000	11.096.523	0	11.896.523
Fair value adjustment of hedging instruments, end of year	0	-577.773	0	-577.773
Tax on adjustment of hedging instruments for the year	0	127.110	0	127.110
Net profit/loss for the year	0	-10.605.720	12.400.000	1.794.280
Equity at 31 December	**800.000**	**40.140**	**12.400.000**	**13.240.140**

6 Provision for deferred tax

	2016	2015
	DKK	DKK
Property, plant and equipment	9.015.829	7.244.466
Hedging instruments	-371.588	-244.478
Tax loss carry-forward	-5.388.469	-4.852.401
	3.255.772	**2.147.587**

7 Long-term debt

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

The debt falls due for payment as specified below:

Credit institutions

After 5 years	70.734.408	76.124.215
Between 1 and 5 years	25.621.238	25.758.828
Long-term part	96.355.646	101.883.043
Within 1 year	6.543.419	7.548.279
	102.899.065	**109.431.322**

Notes to the Financial Statements

	2016	2015
	DKK	DKK

8 Contingent assets, liabilities and other financial obligations

Charges and security

	2016 DKK	2015 DKK
The following assets have been placed as security with credit institues: The Company's helicopters has been pledged as security for debts to credit institutions of DKK 102,899,065. The carrying amount of the helicopters are DKK:	116.417.931	122.003.452

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed income of the Group etc. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation and withholding taxes may increase the Company's liabilities.

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Nordic Air Ambulance A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2016 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

Translation policies

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

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

Notes to the Financial Statements

9 Accounting Policies (continued)

the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

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.

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

Revenue

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

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Other external expenses

Other external expenses comprise rent of helicopters, fuel, repair, administration, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Financial income and expenses

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

Tax on profit/loss for the year

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

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

9 Accounting Policies (continued)

when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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:

Helicopters	24	years
Other fixtures and fittings, tools and equipment	3-5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Impairment of fixed assets

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

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

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

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

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

Notes to the Financial Statements

9 Accounting Policies (continued)

entity.

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

Current tax receivables and liabilities

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

Financial debts

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