
Lighthouse Aviation Capital ApS

Nygade 2, DK-5500 Middelfart

Annual Report for 1 July 2016 - 30 June 2017

CVR No 34 70 02 81

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

Jan Melgaard
Chairman



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Management's Statement

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

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

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

In 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.

Middelfart, 28 September 2017

Executive Board

Jan Melgaard

Max Daniel Robert Bachrach

Independent Auditor's Report on the Financial Statements

To the Shareholders of Lighthouse Aviation Capital ApS

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

Management's responsibility for the Financial Statements

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

Auditor's responsibility

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

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

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

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

Conclusion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with

Independent Auditor's Report on the Financial Statements

the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Trekantområdet, 28 September 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant

Lasse Berg
State Authorised Public Accountant

Company Information

The Company

Lighthouse Aviation Capital ApS
Nygade 2
DK-5500 Middelfart

CVR No: 34 70 02 81
Financial period: 1 July - 30 June
Municipality of reg. office: Middelfart

Executive Board

Jan Melgaard
Max Daniel Robert Bachrach

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Management's Review

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

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

Key activities

The principal activity of the Company is that of a holding company. The Company's subsidiaries activities are those of leasing aircraft and related activities to the leasing of aircraft.

Development in the year

The income statement of the Company for 2016/17 shows a loss of USD 1,140,761, and at 30 June 2017 the balance sheet of the Company shows negative equity of USD 3,623.

Capital resources

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

Subsequent events

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

Income Statement 1 July - 30 June

	Note	2016/17 USD	2015/16 USD
Other external expenses		-5,072	-5,169
Gross profit/loss		-5,072	-5,169
Income from investments in subsidiaries	1	-1,135,750	-1,264,250
Financial income		70	5
Financial expenses		-9	-15
Profit/loss before tax		-1,140,761	-1,269,429
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-1,140,761	-1,269,429

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	1,500,000	0
Retained earnings	-2,640,761	-1,269,429
	-1,140,761	-1,269,429

Balance Sheet 30 June

Assets

	<u>Note</u>	<u>2016/17</u> USD	<u>2015/16</u> USD
Investments in subsidiaries	2	0	2,645,750
Fixed asset investments		0	2,645,750
Fixed assets		0	2,645,750
Cash at bank and in hand		6,369	1,380
Currents assets		6,369	1,380
Assets		6,369	2,647,130

Balance Sheet 30 June

Liabilities and equity

	<u>Note</u>	<u>2016/17</u> USD	<u>2015/16</u> USD
Share capital		18,965	18,965
Retained earnings		<u>-22,588</u>	<u>2,618,173</u>
Equity	3	<u>-3,623</u>	<u>2,637,138</u>
Other payables		<u>9,992</u>	<u>9,992</u>
Short-term debt		<u>9,992</u>	<u>9,992</u>
Debt		<u>9,992</u>	<u>9,992</u>
Liabilities and equity		<u>6,369</u>	<u>2,647,130</u>
Contingent assets, liabilities and other financial obligations	4		
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Notes to the Financial Statements

	2016/17 USD	2015/16 USD
1 Income from investments in subsidiaries		
Impairment	-2,645,750	-1,264,250
Dividend	1,510,000	0
	-1,135,750	-1,264,250
2 Investments in subsidiaries		
Cost at 1 July	3,910,000	3,910,000
Cost at 30 June	3,910,000	3,910,000
Value adjustments at 1 July	-1,264,250	0
Revaluations for the year, net	-2,645,750	-1,264,250
Value adjustments at 30 June	-3,910,000	-1,264,250
Carrying amount at 30 June	0	2,645,750

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Lighthouse Aviation Holdings Limited	Dublin, Ireland	100%
Lighthouse Alpha Limited	Dublin, Ireland	100%
Lighthouse Gamma Limited	Dublin, Ireland	100%
Lighthouse Epsilon Limited	Dublin, Ireland	100%

Notes to the Financial Statements

3 Equity

	Share capital	Retained earnings	Total
	USD	USD	USD
Equity at 1 July	18,965	3,818,187	3,837,152
Net effect from change of accounting policy	0	-1,200,014	-1,200,014
Adjusted equity at 1 July	18,965	2,618,173	2,637,138
Extraordinary dividend paid	0	-1,500,000	-1,500,000
Net profit/loss for the year	0	-1,140,761	-1,140,761
Equity at 30 June	18,965	-22,588	-3,623

4 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Shares in daughter-daughter Companies Lighthouse Alpha Limited have been pledged as security for the subsidiary's bank debt. As per the balance sheet day value amounts to

2016/17	2015/16
USD	USD
0	198,932

Notes to the Financial Statements

5 Accounting Policies

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

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

Changes in accounting policies

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

The change has affected the Company's result with a decrease in the result last year of USD 468.107 and a decrease in equity of USD 1.200.014.

Cash flows are not affected by the change.

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

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

Notes to the Financial Statements

5 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the date of transaction. Exchange differences arising due to differences between the transaction date rate and the rate at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Income Statement

Other external expenses

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

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Notes to the Financial Statements

5 Accounting Policies (continued)

Investments in subsidiaries

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

Equity

Dividend

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

Financial debts

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