
Menzies Aviation (Denmark) A/S

c/o Terminalgade 1, Copenhagen Airport, DK-2770
Kastrup

Annual Report for 1 January - 31 December 2018

CVR No 36 48 46 16

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

03 / 6 2019

Chairman



Miguel-Enar Gomez Gunnarsson

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Menzies Aviation (Denmark) A/S for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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.

Kastrup,

Executive Board

Kristian Sean Muntaner Mills

Board of Directors

Miguel-Einar Gomez Sjunnesson
Chairman

Kristian Sean Muntaner Mills

Niels Rasmussen

Independent Auditor's Report

To the Shareholder of Menzies Aviation (Denmark) A/S

Report on the Financial Statements

Opinion

We have audited the Financial Statements of Menzies Aviation (Denmark) A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are 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 of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 consi-

Independent Auditor's Report

dered 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.

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 audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Fi-

Independent Auditor's Report

financial Statements or our knowledge obtained during the audit, 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.

Copenhagen, 3 June 2019

Ernst & Young

Godkendt Revisionspartnerselskab

CVR No 30 70 02 28



Ole Hedemann

statsautoriseret revisor

mne14949



Anders Flymer-Dindler

statsautoriseret revisor

mne35423

Company Information

The Company

Menzies Aviation (Denmark) A/S
c/o Terminalgade 1
Copenhagen Airport
DK-2770 Kastrup

CVR No: 36 48 46 16

Financial period: 1 January - 31 December

Incorporated: 12 January 2015

Municipality of reg. office: Tårnby

Board of Directors

Miguel-Einar Gomez Sjunnesson, Chairman
Kristian Sean Muntaner Mills
Niels Rasmussen

Executive Board

Kristian Sean Muntaner Mills

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4
DK-2000 Frederiksberg

Financial Highlights

Seen over a three-year period, the development of the Company is described by the following financial highlights:

	2018	2017	2016
	TDKK	TDKK	TDKK
Key figures			
Profit/loss			
Gross profit/loss	187.062	156.512	128.658
Operating profit/loss	-884	1.286	3.038
Net financials	-1.051	-923	-745
Net profit/loss for the year	-1.439	371	1.789
Balance sheet			
Balance sheet total	87.292	68.525	56.627
Equity	504	1.943	1.572
Investment in property, plant and equipment	5.835	38	-13.794
Number of employees	392	253	261
Ratios			
Return on assets	-1,0%	1,9%	5,4%
Solvency ratio	0,6%	2,8%	2,8%
Return on equity	-117,6%	21,1%	- %

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The Company provides passenger, ramp and cargo handling services in Copenhagen Airport.

Development in the year

The income statement of the Company for 2018 shows a loss of TDKK 1,439, and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 504.

The past year and follow-up on development expectations from last year

The Company did not perform as well as has had been initially planned during the year. However the overall result was acceptable considering operations only commencing in 2015.

Targets and expectations for the year ahead

A budget has been prepared for the Company for the year 2019 which has been supplemented by an updated forecast. Both show continued progress being made by the Company in its core activities of passenger, ramp and cargo handling.

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

	Note	2018 TDKK	2017 TDKK
Gross profit/loss		187.062	156.512
Staff expenses	1	-186.852	-154.116
Depreciation and impairment of property, plant and equipment	2	-1.094	-1.110
Profit/loss before financial income and expenses		-884	1.286
Financial expenses	3	-1.051	-923
Profit/loss before tax		-1.935	363
Tax on profit/loss for the year	4	496	8
Net profit/loss for the year		-1.439	371

Distribution of profit

Proposed distribution of profit

Retained earnings		-1.439	371
		-1.439	371

Balance Sheet 31 December

Assets

	Note	2018 TDKK	2017 TDKK
Plant and machinery		14.882	10.179
Other fixtures and fittings, tools and equipment		285	249
Property, plant and equipment	5	15.167	10.428
Deposits		923	0
Fixed asset investments	6	923	0
Fixed assets		16.090	10.428
Trade receivables		37.964	18.544
Receivables from group enterprises		12.959	21.065
Other receivables		4.567	565
Corporation tax receivable from group enterprises		0	215
Prepayments	8	3.196	7.899
Receivables		58.686	48.288
Cash at bank and in hand		12.516	9.809
Currents assets		71.202	58.097
Assets		87.292	68.525

Balance Sheet 31 December

Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		500	500
Retained earnings		4	1.443
Equity	9	504	1.943
Provision for deferred tax	7	541	674
Provisions		541	674
Trade payables		5.822	2.396
Payables to group enterprises		53.599	42.533
Corporation tax		37	37
Other payables		26.789	20.942
Short-term debt		86.247	65.908
Debt		86.247	65.908
Liabilities and equity		87.292	68.525
Distribution of profit	10		
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Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	500	1.443	1.943
Net profit/loss for the year	0	-1.439	-1.439
Equity at 31 December	500	4	504

Notes to the Financial Statements

	<u>2018</u> TDKK	<u>2017</u> TDKK
1 Staff expenses		
Wages and salaries	170.168	141.570
Pensions	14.581	11.874
Other social security expenses	794	672
Other staff expenses	1.309	0
	<u>186.852</u>	<u>154.116</u>
Average number of employees	<u>392</u>	<u>253</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
2 Depreciation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	1.094	1.110
	<u>1.094</u>	<u>1.110</u>
3 Financial expenses		
Interest paid to group enterprises	835	761
Other financial expenses	216	162
	<u>1.051</u>	<u>923</u>
4 Tax on profit/loss for the year		
Current tax for the year	-364	-178
Deferred tax for the year	-29	296
Adjustment of deferred tax concerning previous years	-103	-126
	<u>-496</u>	<u>-8</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	12.185	888
Additions for the year	5.631	203
Cost at 31 December	<u>17.816</u>	<u>1.091</u>
Impairment losses and depreciation at 1 January	2.005	640
Depreciation for the year	929	166
Impairment losses and depreciation at 31 December	<u>2.934</u>	<u>806</u>
Carrying amount at 31 December	<u>14.882</u>	<u>285</u>

6 Fixed asset investments

	Deposits
	TDKK
Cost at 1 January	923
Cost at 31 December	<u>923</u>
Carrying amount at 31 December	<u>923</u>

7 Provision for deferred tax

	2018	2017
	TDKK	TDKK
Provision for deferred tax at 1 January	674	505
Amounts recognised in the income statement for the year	-29	296
Amounts recognised in the income statement for previous years and utilisation of losses in the joint taxation	-104	-127
Provision for deferred tax at 31 December	<u>541</u>	<u>674</u>

8 Prepayments

Prepayments consist of prepaid expenses incurred concerning subsequent financial years.

Notes to the Financial Statements

9 Equity

The share capital consists of 1 share of a nominal value of TDKK 500,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	2018 TDKK	2017 TDKK
10 Distribution of profit		
Retained earnings	-1.439	371
	-1.439	371

11 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Total lease obligation	795	67.896
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Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report as the Company is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax royalty and interest payments. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

12 Related parties

Basis

Controlling interest

Menzies Aviation Plc., United Kingdom
John Menzies Plc., United Kingdom

Parent Company
Ultimate Parent Company

Notes to the Financial Statements

12 Related parties (continued)

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Related party transactions consist of:

Financial expenses TDKK 835 (TDKK 761 in 2017)

Management fee TDKK 8,550 (TDKK 2,223 in 2017)

Receivable from group enterprises TDKK 12,959 (TDKK 18,696 in 2017)

Payables to group enterprises TDKK 53,599 (TDKK45,222 in 2017)

Consolidated Financial Statements

The company is included in the group annual report of:

<u>Name</u>	<u>Place of registered office</u>
John Menzies Plc. (largest group)	
Menzies Aviation Plc. (smallest group)	Hounslow, United Kingdom

The Group Annual Report of John Menzies Plc. (largest group) may be obtained at the following address:

www.johnmenziesplc.com

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Menzies Aviation (Denmark) A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of John Menzies Plc., the Company has not prepared a cash flow statement.

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.

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 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.

Notes to the Financial Statements

13 Accounting Policies (continued)

Income Statement

Revenue

Income from the sale of services is recognised in revenue when the service has been carried out and the revenue can be reliably measured. Revenue from fixed fee contracts is typically recognised over the term of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise cost for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Gross profit/loss

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	3-20	years
Other fixtures and fittings, tools and equipment	3-5	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation. Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Fixed asset investments

Fixed asset investments consist of Deposits. Deposits is measured at cost.

Notes to the Financial Statements

13 Accounting Policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

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, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value, which is typically nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$