

# Menzies Aviation (Denmark) A/S

C/O Terminal 2, Copenhagen Airport, 2770 Kastrup

CVR no. 36 48 46 16

## Annual report 2015

For the period 12 January - 31 December 2015

Approved at the Company's annual general meeting on 31 May 2016

Chairman:

.....  
David Thomas Lackenby

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Menzies Aviation (Denmark) A/S for the financial year 12 January - 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 12 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Kastrup, 31 May 2016  
Executive Board:

.....  
Miguel-Einar Gomez Sjunnesson  
CEO

Board of Directors:

.....  
Randeep Singh Sagoo  
Chairman

.....  
Miguel-Einar Gomez Sjunnesson

.....  
David Thomas Lackenby

## **Independent auditors' report**

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

### **Independent auditors' report on the financial statements**

We have audited the financial statements of Menzies Aviation (Denmark) A/S for the financial year 12 January - 31 December 2015, which comprise income statement, balance sheet and notes, including 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 auditors consider internal control relevant to the 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 opinion.

Our audit has not resulted in any qualification.

#### ***Opinion***

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 12 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

## Independent auditors' report

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Ole Hedemann  
State Authorised  
Public Accountant

Anders Flymer-Dindler  
State Authorised  
Public Accountant

## Management's review

### Company details

Name	Menzies Aviation (Denmark) A/S
Address, zip code, city	C/O Terminal 2, Copenhagen Airport, 2700 Kastrup
CVR no.	36 48 46 16
Established	12 January 2015
Registered office	Kastrup
Financial year	1 January - 31 December
Board of Directors	Randeep Singh Sagoo, Chairman Miguel-Einar Gomez Sjunnesson David Thomas Lackenby
Executive Board	Miguel-Einar Gomez Sjunnesson, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, 2000 Frederiksberg

## Management's review

### Financial highlights

DKK'000	2015
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#### Key figures

Gross profit	79,855
Ordinary operating profit	66
Loss from financial income and expenses	-783
<b>Loss for the year</b>	<b>-717</b>

Non-current assets	12,360
Current assets	28,717
<b>Total assets</b>	<b>41,077</b>
Share capital	500
<b>Equity</b>	<b>-217</b>
Current liabilities other than provisions	41,294

#### Financial ratios

Operating margin	75.7%
Solvency ratio	Negative
Return on equity	Negative

<b>Average number of full-time employees</b>	<b>234</b>
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Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

## **Management's review**

### **Operating review**

#### **Principal activities of the Company**

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

#### **Development in activities and financial matters**

The Company was established on 12 January 2015 and generated negative results of DKK 717 thousand, and the Company had a negative equity of DKK 217 thousand at 31 December 2015. Management finds the results unsatisfactory, but expects to generate a positive result for 2016.

Management expects to re-establish the equity through future earnings.

The Company has received a letter of support from its parent company which confirms that the parent company will provide all the support that may be needed, including financial support, until 31 December 2016. Based on this, it is Management's opinion that the financial statements can be prepared on a going concern assumption.

#### **Events after the balance sheet date**

No events have occurred after the balance sheet date significantly affecting the financial position at 31 December 2015.



## Financial statements for the period 12 January - 31 December

### Income statement

Note	DKK'000	2015
	<b>Gross profit</b>	79,855
3	Staff costs	-79,263
	Depreciation, amortisation and impairment losses	-526
	<b>Operating profit</b>	66
4	Financial expenses	-783
	<b>Loss before tax</b>	-717
5	Tax on loss for the year	0
	<b>Loss for the year</b>	-717
	<b>Proposed distribution of loss</b>	
	Dividends for the financial year	0
	Retained earnings	-717
		-717

## Financial statements for the period 12 January - 31 December

### Balance sheet

Note	DKK'000	<u>2015</u>
	<b>ASSETS</b>	
	<b>Non-current assets</b>	
6	<b>Property, plant and equipment</b>	
	Plant and machinery	11,633
	Fixtures and fittings, tools and equipment	727
		<u>12,360</u>
	<b>Total non-current assets</b>	<u>12,360</u>
	<b>Current assets</b>	
	<b>Receivables</b>	
	Trade receivables	10,170
	Other receivables	1,527
7	<b>Prepayments</b>	8,367
		<u>20,064</u>
	<b>Cash at bank and in hand</b>	<u>8,653</u>
	<b>Total current assets</b>	<u>28,717</u>
	<b>TOTAL ASSETS</b>	<u><u>41,077</u></u>

## Financial statements for the period 12 January - 31 December

### Balance sheet

Note	DKK'000	2015
	<b>EQUITY AND LIABILITIES</b>	
8	<b>Equity</b>	
	Share capital	500
	Retained earnings	-717
	<b>Total equity</b>	<u>-217</u>
	<b>Liabilities</b>	
	<b>Current liabilities</b>	
	Trade payables	2,402
	Payables to group enterprises	29,245
	Other payables	9,647
		<u>41,294</u>
	<b>Total liabilities</b>	<u>41,294</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>41,077</u></u>

- 1 Accounting policies
- 2 Material uncertainties regarding going concern
- 9 Contractual obligations and contingencies, etc.
- 10 Related party disclosures

## Financial statements for the period 12 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Menzies Aviation (Denmark) A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

In accordance with Section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement of the Company is included in the consolidated cash flow statement of John Menzies Plc.

#### 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 recognised 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 recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

#### Income statement

Revenue and other external costs are aggregated in "Gross profit".

#### 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 fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### Other external costs

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

#### Staff costs

Staff costs comprise wages and salaries, 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.

## Financial statements for the period 12 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

Dividend from investments in subsidiaries is recognised in the income statement in the financial year when the dividend is declared.

##### Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

##### Balance sheet

##### Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost.

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are subsequently measured at cost less accumulated depreciation. Land is not depreciated.

The basis of depreciation is cost less expected residual value at the end of the useful life.

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

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 is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Plant and machinery	3-20 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. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

## Financial statements for the period 12 January - 31 December

### Notes to the financial statements

#### 1 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. Prepayments also include significant start-up costs related to customer contracts.

##### Equity - dividends

Proposed dividends are recognised 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 recognised 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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured 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. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### 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 ratios

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

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

Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year after tax} \times 100}{\text{Average equity}}$

## Financial statements for the period 12 January - 31 December

### Notes to the financial statements

#### 2 Material uncertainties regarding going concern

The going concern of the Company is conditional upon the contribution of cash, either by way of a share increase or through an extension of the existing credit facilities, or through new lenders. The Company has received a letter of support from its parent company which confirms that the parent company will provide all the support that may be needed, including financial support, until 31 December 2016. Based on this, it is Management's opinion that the financial statements can be prepared on a going concern assumption.

DKK'000	2015
<b>3 Staff costs</b>	
Wages and salaries	73,353
Pensions	5,574
Other social security costs	336
	<u>79,263</u>
Average number of full-time employees	<u>234</u>

In accordance with section 98 (3 no.2) of the Danish Financial Statements Act, no information is given on wages and salaries to the Executive Board and Board of Directors.

#### 4 Financial expenses

Interest expense to group companies	685
Other financial expenses	98
	<u>783</u>

#### 5 Tax on loss for the year

Computed tax on the taxable income for the year	0
	<u>0</u>

#### 6 Property, plant and equipment

DKK	Plant and machinery	Fixtures and fittings, tools and equipment
Cost at 12 January 2015	0	0
Additions	11,999	887
Disposals	0	0
Cost at 31 December 2015	<u>11,999</u>	<u>887</u>
Impairment and depreciation at 12 January 2015	0	0
Depreciation	366	160
Depreciation, assets disposed of	0	0
Impairment and depreciation at 31 December 2015	<u>355</u>	<u>160</u>
<b>Carrying amount at 31 December 2015</b>	<u>11,633</u>	<u>727</u>



## Financial statements for the period 12 January - 31 December

### Notes to the financial statements

#### 7 Equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Balance at 12 January 2015	500	0	0	500
Dividends paid	0	0	0	0
Transferred; see distribution of loss	0	-717	0	-717
<b>Balance at 31 December 2015</b>	<b>500</b>	<b>-717</b>	<b>0</b>	<b>-217</b>

There have been no changes to the share capital since the 12 January 2015. The share capital consists of 500,000 shares of nominal DKK 1. No shares have privileged rights.

#### 8 Contractual obligations and contingencies, etc.

##### Contingent liabilities

The Company has entered into operating leases with a total lease obligation at 31 December 2015 of DKK 68,951 thousand.

#### 9 Related party disclosures

Menzies Aviation (Denmark) A/S' related parties comprise the following:

##### Parties exercising control

Menzies Aviation Plc, 4 New Square, Bedfont Lakes, Middlessex TW14 8HA, United Kingdom, which controls the Company and owns 100% of the share capital.

The Company is included in the consolidated financial statements of Menzies Aviation Plc (smallest group) and John Menzies Plc (largest group).