JT3H ApS

Annual Report 2015/16

(For the period 15 December 2015 – 31 August 2016)

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

15 January 2017

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Lars Thuesen

Contents

Statement by the Board of Directors and the Executive Board and Independent Auditor’s Report

Statement by the Executive Board

The Executive Board have today considered and approved the Annual Report of JT3H ApS for the financial year 15 December 2015 to 31 August 2016.

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

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 August 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 15 December 2015 – 31 August 2016.

Further, in our opinion, Management's Review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Copenhagen, 15 January 2017

Executive Board

Lars Thuesen
CEO

Statement by the Board of Directors and the Executive Board and Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of JT3H ApS

Report on the Consolidated Financial Statements and the Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of JT3H ApS for the financial year 15 December 2015 – 31 August 2016, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group and the Parent Company, as well as consolidated cash flow statement. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

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

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

Basis for Qualified Opinion

JT3H ApS's investment in Jet Time A/S, a subsidiary acquired at 15 December 2015, is recognized in the Consolidated Financial Statements based on an estimated acquisition balance for Jet Time A/S as described in note 9. As described, certain balance sheet items are estimated, which could give rise to classification errors in the Consolidated Income Statement and the Consolidated Cash Flow Statement for the group. Consequently, we were unable to obtain sufficient appropriate audit evidence about the classification in the Consolidated Income Statement and the Consolidated Cash Flow Statement.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Company at 31 August 2016 and of the results of the Group and Company operations as well as the consolidated cash flows for the financial year 15 December 2015 - 31 August 2016 in accordance with the Danish Financial Statements Act.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 0 ”Capital resources and liquidity” to the Financial Statements in which Management describes the uncertainty relating to the future financing of the Company and the Group. As described, Management has initiated a number of measures to improve liquidity in the group. This, together with the other matters mentioned in note 0, indicates that material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going-concern.

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 Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Hellerup, 15 January 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen	Thomas Wraae Holm
State Authorized Public Accountant	State Authorized Public Accountant

Management's Review

Company Details

JT3H ApS
Toldbodgade 87
DK-1253 København K

CVR no.:	37 30 42 39
Incorporated:	15 December 2015
Registered office:	Copenhagen
Established	15 December 2016
Financial year:	1 September – 31 August

Board of Directors

Lars Thuesen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Annual General Meeting

The Annual General Meeting will be held at the Company's address on 15 January 2017

Management's Review

Financial Highlights for the Group

DKKm	2015/16
Key figures	
Revenue	1,221.4
Gross profit	89.5
Profit/loss on ordinary operating activities	-400.0
Profit/loss from financial income and expenses	-12.8
Profit/loss before tax	-412.8
Tax on profit/loss for the year	-0.6
Minority Interest	70.4
Profit/loss for the year	-343.0
Balance sheet total	402.9
Equity	-345.8
Cash flows from operating activities	-157.2
Cash flows from investing activities	17.9
- Portion relating to investment in intangible assets and property, plant and equipment	-10.4
Cash flows from financing activities	195.5
Total cash flows	56.3
Financial ratios	
Operating margin	-37%
Gross margin	7%
Current ratio	53%
Solvency ratio / equity ratio	Neg.
Return on equity	Neg.
Average number of full-time employees	690
Average number of Boeing 737 aircraft	16.4
Average number of ATR aircraft	12.3
Number of Boeing 737 aircraft, year end	16
Number of ATR aircraft, year end	10

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". For terms and definitions, please see the accounting policies.

Management's Review

Principal activities

The Group is solely engaged in Business to Business offering air transport solutions primarily for:

- Scandinavian tour operators who are offered full charter aircraft.
- Other European airlines who are offered long-term capacity solutions as well as ad-hoc flights.
- Other medium-term and short-term air transport solutions.

Development in activities and financial matters

The company was established 15 December 2015. At 15 December 2015 the company acquired 73,94% of the share capital in Jet Time A/S.

The financial year 2015/16 - the Group's first operating year – has posed significant challenges.

Consolidated revenue in 2015/16 was DKK 1,221 million. The average number of employees was 690 in 2015/16. At the end of 2015/16, the Group had 740 employees.

The Group showed a loss before tax of DKK 413 million, which was impacted by provisions for onerous contracts of negative 105 million, and a write down of goodwill of DKK 143 million. At year-end, the Company showed negative equity of DKK 346 million, before minority interests.

The year was impacted by higher production costs, staff costs and costs of maintenance than anticipated; moreover, the Group suffered staff shortage also in 2015/16 resulting in extra costs, as well as a number of costs relating to aircraft damage, engine failure and passenger compensation (in connection with long delays).

In consequence of the above, Management considers the results for the year unsatisfactory.

Capital resources and liquidity

Because of the realized loss, equity (before minority interests) at 31 August 2016 was negative with DKK 346 million.

The Group has obtained extension of payments from one of the Group's suppliers during the financial year in order to finance the continued operations. Simultaneously, Management has negotiated contribution of liquidity to ensure the Group the liquidity resources required to restore a sound business and positive earnings and equity with shareholders, lenders and suppliers.

These negotiations have resulted in the Group having concluded a framework agreement on financing after year-end.

JT3H ApS

JT3H ApS' has participated in the refinancing of Jet Time A/S, by the contribution of loans and credit facilities mentioned below:

- Provided Jet Time A/S with overdraft facility of DKK 55 million secured by the Jet Time A/S hangar;
- Provided Jet Time A/S with a loan of DKK 25 million secured on Jet Time A/S' hangar, inventory and one of Jet Time A/S aircrafts

Management's Review

Capital resources and liquidity (continued)

- The loan and credit facilities are backed by an external loan in JT3H ApS of the same amounts.

The Group

The Group has received the following finances after year-end:

- Continued extension of payments to trade creditors regarding aircrafts totaling DKK 118 million, which rank subordinate to other creditors;
- Freezing of previously established seasonal overdraft facility into a loan of DKK 90 million, of which DKK 50 million ranks subordinate to other creditors;
- Establishment of a new overdraft facility of DKK 55 million secured by the Group's hangar;
- Raising of a loan of DKK 28 million relating to overdue but unpaid lease payments;
- Agreements on reduced lease payments and payments to lessor reserves, including loan financing of certain lease payments, of which DKK 31 million ranks subordinate to other creditors;
- Raising of a new loan of DKK 25 million secured on Group's hangar, inventory and one of the Group's aircrafts.

As part of the above financing agreements, a new subordinated loan has been contributed to the Group totaling DKK 31 million. Following this, total subordinated loans amount to DKK 199 million.

The terms of interest relating to the above loans have been changed from 1 December 2016 so that no interest is payable on these loans.

Evaluation of sufficiency

In Management's assessment, the liquidity contributed by the above loans is sufficient to finance the Group's operation and it is Management's expectation that all loan terms will be complied with in the financial year 2016/17.

As part of the Group's recovery plan and due to the financial development of the Group, Management has after the balance sheet date, decided to close down the ATR ACMI segment. Final agreements have been concluded with the customer and important suppliers in this respect. Moreover, the Boeing Cargo segment is expected to be closed down, a letter of intent has been signed, and the related negotiations are ongoing. This will reduce complexity and contribute to improved earnings. The exit from ATR ACMI & Boeing Cargo segments are further described in the section "Turnaround – focus on core business and exit from ATR ACMI & Boeing Cargo operation" below.

The close-down of the ATR ACMI and Boeing Cargo segments is expected to result in an operating loss until the final discontinuation of the agreements. This loss has been recognized at a total of DKK 105 million in the Annual Report for 2015/16 and will be offset in 2016/17 with a positive impact.

In Management's assessment, the above will provide the basis required to render operations more efficient and restore positive earnings in the Group in the long term, and the financing agreements concluded will provide the Group with the liquidity required to implement the winding-up of the above-mentioned activities and ensure the Group's continued operations throughout the financial year 2016/17.

Management's Review

Risks

In its nature, the budgets prepared are subject to uncertainty, and variations in operations etc. may result in additional liquidity being required. In Management's assessment, such additional financing may be obtained if the plans, including the winding-up of ATR ACMI and Boing Cargo, are otherwise followed.

On this basis, we believe that the budget for 2016/17 and the business plan for 2016/17 and onwards provide a realistic transfer of Jet Time into a profitable business.

The Group's capital resources and liquidity is further described in note 0.

Investments

JT3H ApS has as of 15 December 2015 acquired 73.94% of the share capital in Jet Time A/S. As a result of the negative equity in Jet Time A/S at the acquisition date, JT3H APS has paid an additional value of DKK 143 million.

Management has performed a review of the assets and liabilities in Jet Time A/S. The reassessment of assets and liabilities at the time of acquisition did not give rise to recognition of other assets and liabilities or changes in fair values, why the excess paid compared to equity was recognized as goodwill. Due to the financial situation of Jet Time A/S, this goodwill was written of in the group at 31 August 2016.

In November 2016 JT3H ApS has acquired the last 26.51% of the share capital in Jet Time A/S.

The Group's investments for the year in intangible assets and property, plant and equipment totaled DKK 10 million, including maintenance of own aircraft and investments in property, plant and equipment.

Price risks

The Group's use of jet fuel implies a particular risk due to the significant fluctuations to which the market for jet fuel is subject. The Group aims at hedging the fuel prices by entering into hedging contracts corresponding to more than 90% of its consumption.

As a main rule, the Group enters into long-term flight agreements with charter companies. Hedging of fuel prices is made either by the Group at the time of contracting with the charter companies or by the charter companies as a few customers carry the full price risk on fuel.

Foreign currency risks

Purchase of jet fuel as well as lease- and aircraft-related expenses are mainly settled in USD. This means that profit/loss for the year, cash flows and equity are influenced by the USD exchange rate development.

It is Group policy to hedge commercial currency risks. Hedging is primarily performed by natural hedge (balancing the Group's USD costs with USD income and/or assets), and by means of forward exchange contracts and options to hedge expected costs in USD within the coming 12 months. Speculative forward exchange contracts are not made.

After the balance sheet date and in connection with change of banks, all foreign exchange forward contracts have been terminated. The Group will seek to offset the associated currency risks through contracts in DKK.

Management's Review

Credit risks

The Group's credit risks relate primarily to financial assets recognized in the balance sheet.

The Group does not have significant credit risks relating to one single customer or liaison as trading conditions request prepayment from the customer before operating flights.

Uncertainty regarding measurement

As described under "Subsequent events" and "Tournaround - focus on core business and exit from ATR ACMI & Boeing Cargo operation", Management has decided to close down two of the Group's four areas of operations. As a consequence, a provision for onerous contracts of DKK 105 million has been recognized at 31 August 2016 in accordance with the Group's accounting principles. The recognition of the onerous contracts is based on Management's assessment of unavoidable costs as at the balance sheet date. The amount is therefore encumbered with uncertainty as regards to the estimated future operations of these business areas.

Subsequent events

After the balance sheet date, agreements have been entered into on extension of payment of trade payables as well as agreements on new credit facilities as described in the above section ”Capital resources and liquidity”. Further, agreements have been made for exit of the Cargo operation and the ATR/ACMI operation respectively, as described in the below section “Turnaround - focus on core business and exit from ATR ACMI & Boeing Cargo operation”.

In November 2016 JT3H ApS has acquired the last 26.51% of Jet Time A/S and in November 2016 provided loans to Jet Time A/S as described under capital resources and liquidity. The acquisition of shares is expected to result in a write-down of goodwill og DKK 130-140 million in 2016/17.

On 20 November 2016 Jet Time A/S announced the turnaround as described below that also included reduction in employees over 2017 with 278 positions.

Other than that, no events have occurred after the balance sheet date which affect the Annual Report or the Group’s financial position.

Turnaround - focus on core business and exit from ATR ACMI & Boeing Cargo operation

The recovery plan established beginning 2016 aimed at simplifying the Group and restoring profitability. The plan included e.g. a smaller and much more unified fleet, closure of the Group’s AOC in Finland and an evaluation of profitability of the Group’s four areas of operation. By November 2016 the Finish AOC was closed and Jet Time OY is now only a Crew Management Group.

The result of the evaluation of the four areas of operation, Boeing Cargo, Boeing Charter, Boeing ACMI and ATR ACMI showed that the Boeing passenger segments were profitable. However; the Boeing Cargo and ATR ACMI were loss making and had to be strongly improved alternatively abolished. Despite considerable efforts in close dialogue with partners and the owners of the Group it has not been possible to establish long term sustainable profitability for the Boeing Cargo and ATR ACMI operation.

Management's review

The Group has therefore, after the balance sheet date, decided to discontinue two of the present four areas of operation, and plans to focus on its core business - Boeing Charter and Boeing ACMI. The operation will by end 2017 be based on a unified fleet consisting of six Boeing 737-700 and two 737-800 aircraft.

The two discontinued areas of operation are the Boeing Cargo and the ATR ACMI operation. The phase out of the two areas of operation happens in a controlled process during 2017.

The ATR ACMI operation will be fully phased out by September 2017. The plan for the Boeing Cargo operation is a gradual down-scale of cargo flights. A Letter of Intent has been signed but the phase out schedule is not yet clarified.

The changes are necessary steps to complete the extensive recovery plan that the Group has been working on for the past year. The focus has been on improving the financial situation by a reduction of complexity in the operation. Therefore, the business model will become simplified and focus on Jet Time A/S traditional core business and competences.

As a direct consequence of the discontinuation of the two areas of operation, over the next nine months the employees in Jet Time A/S will be reduced by more than 250 full time positions, corresponding to approximately 35 %. Concurrent with the gradual and controlled phase out the affected employees will leave the Group no later than autumn 2017.

With these structural changes, Jet Time A/S safeguards more than 300 positions in Denmark and Finland, and the remaining employees will then only be occupied with Boeing Charter passenger flights in northern Europe and Boeing ACMI assignments for larger national airlines.

Outlook

As a result of the new focused strategy following the exit of Boeing Cargo operation and the ATR ACMI operation and due to provisions of DKK 105 million taken in 2015/16 for onerous contracts, the Group expects the results for 2016/17 to show a significant improvement compared to the loss of DKK 343 million realized for 2015/16. Therefore, a reasonable profit is expected for the group for 2016/17 and 2017/18, before any impairment write downs.

For 2016/17 a write down of DKK 130-140 million is expected as described above.

Corporate social responsibility

For the Group, corporate social responsibility (CSR) is overall an obvious necessity for running a healthy business, and the Group strives in all respects to operate under social responsibility - not only in relation to flight activities, but also in relation to administration and day-to-day operations.

The Group has implemented a number of policies and guidelines relating to its corporate social responsibility, e.g. in relation to the environment and safety.

As from 2014, Jet Time has committed to the ten principles for responsible business under the UN's Global Compact, and submits in this context a progress report.

Management's review

Corporate social responsibility (continued)

The principles involving labor rights, human rights, climate, environment and anti-corruption form the basis of the Group's position on corporate social responsibility from a business perspective.

The Group's policies, actions and results in relation to its social responsibility is made on the basis of the ten principles of the Global Compact as well as applicable statutory requirements for corporate social responsibility reporting in connection with annual financial reporting.

Human rights

The Group has no specific policies on human rights, but is committed to the guidelines for respecting human rights as formulated in the UN's Global Compact.

Jet Time's Employee Handbook sets out the values and guidelines guiding the Group's employees in performing their work with respect for their surroundings and for each other.

Moreover, Jet Time has implemented policies on e.g. pregnancy, illness, working hours and health that ensure a flexible and accommodating working environment with respect and consideration for the individual employee. These policies are currently being reassessed and updated.

Actions:

At Jet Time, all employees are treated equally, and Jet Time does not discriminate on the basis of gender, age, physical or mental disability, sexual orientation, religious belief, race or political views.

Results:

In financial year 2015/16, Jet Time did not receive any complaints from employees, business partners or customers regarding (potential) violation of human rights.

Working environment

The Group aims at creating the best possible working environment for the Group's employees within their respective areas of employment.

Jet Time has various policies relating to working environment and working conditions. Jet Time's Employee Handbook contains a general corporate policy applying to all employees. Moreover, four different groups of employees are in Jet Time covered by collective agreements, and employees engaged in the same activities are generally guaranteed the same working conditions.

Being an airline, the safety of the Group's employees and customers is a top priority for Jet Time. Jet Time is certified to fly under the international safety standard IOSA, whose auditors regularly inspect safety in the various functions of the Group.

Moreover, Jet Time has adopted a 'Just Culture' policy that applies to the entire Group. This implies that all employees have access to a reporting tool by means of which all potential safety issues may be reported anonymously and without consequence, which promotes openness about errors and incidents. In that way, a safer working environment with focus on communication and openness is ensured.

Jet Time has a 'Health and Safety and Environment Policy' as well as a 'Health and Safety and Environment Committee'. The Committee ensures compliance with policies on health, safety and environmental aspects.

Management's Review

Corporate social responsibility (continued)

Actions:
In Jet Time we also believe in dialogue when it comes to terms and conditions of employment. Consequently, we have in the financial year 2015/16 been in dialogue with union representatives from JCU (Jet Time Cabin Crew Union) and PAJ (Pilot Association Jet Time) to settle on a plan for a new type of scheduling with a system that favors more predictable work patterns for our crew. This new scheduling system has a number of advantages that not only give Jet Time's crew more stable work patterns – it also increases their annual number of days off. Moreover, the new system is intended to give better predictability of days off during the year, which will make it easier for our crew to plan their lives outside work and thus create a better work/life balance.

Results:
In the financial year 2015/16, Jet Time did not receive any complaints from employees or others in relation to working environment.

The Environment

Jet Time has an Environmental Policy, which is communicated to all employees, contractors and suppliers. Moreover, Jet Time has an Environmental Management System (EMS) developed to manage significant environmental aspects to limit the impact on the environment. Since 2014, Jet Time has worked with environmental management under the ISO 14001 certification, and the EMS is established in accordance with ISO 14001:2004.

Together with the environmental policy, Jet Time's environmental objectives and targets are established by the Environmental Management Committee on an annual basis. The planning process commences with the identification and update of environmental aspects by the Committee who follow a "plan-do-check-act" cycle to facilitate continual environmental performance improvement.

Actions:
Reducing carbon dioxide is a pivotal aspect of Jet Times environmental focus, as this by far is the single most relevant environmental denominator for Jet Time and the airline industry in general. In relation to our C02 emission, Jet Time is registered and reported by the regulations in EU Decree 2003/87EC where airlines can choose to register and report their C02 emission. In this connection, Jet Time has a goal of reducing the annual carbon dioxide emission from our fleet by 0.25 % annually.

Jet Time's EMS Committee evaluates the environmental targets, performance and activities on a semi-annual basis.

In financial year 2015/16, an internal audit was performed to ensure that we live up to our ISO 14001 certification.

In the spring of 2016, Jet Time relocated its Head Quarter to new facilities. In this connection, we have optimized our energy consumption in our administrative facilities by investing in energy efficient LED lighting in all lamps and light outlets. Moreover Jet Time has invested in light and heating control in all offices that lowers our environmental impact by switching off when not in use.

Results:
The energy initiatives at Jet Time's Head Quarter have had a positive effect on the energy consumption in our Head Quarter with a calculated energy reduction of 50 %.

Management's Review

Corporate social responsibility (continued)

In 2015/16, Jet Time has kept on target with a 0.25 % reduction in greenhouse gas emissions compared to 2009/10.

The annual CO2 emission per block hour in 2015/2016 has, however, increased, compared to the CO2 emission in 2014/2015. The reasons for this is due to the higher ratio of -300 aircraft versus -700 in 2015/2016 than in 2014/2015. Since the -300s have a higher fuel usage per block hour than the -700s, this has had a negative effect on the CO2 emission per block hour.

Financial year	Total CO2 emission [Tons]	Total Airborne (Ab) Hours	CO2 per Ab Hour [tons / Hour]	Annual reduction Target	Annual target CO2 per Ab Hour	Actual Development CO2 per Ab Hour	Year on year target
2009/10	97.208.324	12.217	7.957			100,00%	100,00%
2010/11	119.354.413	15.238	7.833	0,25%	7.937	98,44%	99,75%
2011/12	181.017.792	23.500	7.703	0,25%	7.813	96,81%	99,50%
2012/13	200.983.922	26.578	7.562	0,25%	7.684	95,04%	99,25%
2013/14	172.725.418	23.063	7.489	0,25%	7.543	94,13%	99,00%
2014/15	188.391.332	25.392	7.419	0,25%	7.471	93,24%	98,75%
2015/16	179.606.439	23.619	7.604	0,25%	7.401	95,57%	98,50%

Anti-Corruption

Jet Time has no specific policies on anti-corruption, but is committed to the guidelines for anti-corruption in the UN's Global Compact.

Actions:
Jet Time refrains from any type of corruption and does not take the initiative to any type of financial or material bribery. This applies to our relations with authorities, business partners as well as stakeholders.

Results:
There were no corruption incidents in Jet Time in financial year 2015/16.

Target Ratios for Management

Board of Directors

At the end of financial year 2015/16, the Group's Board of Directors comprised of two male non-owner members as well as one male owner. The target is that at least one person of each gender must be on the Board of Directors at the end of 2020.

Jet Time's Senior Management

When the Group recruits for management positions, there should be at least one person of each gender among the three last candidates. The target is that female representation in senior management should be at least 25%.

Management's Review

Corporate social responsibility (continued)

The female representation in Jet Time's management positions has increased in recent years.

Due to the changed definition of the management hierarchy of Jet Time, the share of women in Jet Time's senior management decreased in 2014/15 as only the Vice President (VP) group was included in the senior management group, unlike in previous years when both the VP group and the management group were included in this group.

In the financial year 2015/16, the female representation in Jet Time's senior management is unchanged.

Financial year	Number (Men)	% (Men)	Number (Women)	% (Women)	Total
2006/07	5	83	1	17	6
2007/08	6	86	1	14	7
2008/09	6	86	1	14	7
2009/10	6	86	1	14	7
2010/11	6	86	1	14	7
2011/12	7	78	2	22	9
2012/13	9	75	3	25	12
2013/14	9	75	3	25	12
2014/15	5 - VPs	83	1 - VPs	17	6
2015/16	5 - VPs	83	1 - VPs	17	6

The current ratio in the Vice President group is 83%/17%.

The Group of Senior Staff and Mid-Level Managers
As regards to the group of senior staff and mid-level managers, Jet Time will aim at ensuring that the gender ratio in the group is representative of the ratio among all Jet Time employees.

The target is that female representation in Jet Time's group of senior staff and mid-level managers should be at least 25%.

Table 2: Gender ratio in the group of senior staff and mid-level managers

Financial year	Number (Men)	% (Men)	Number (Women)	% (Women)	Total
2008/09	18	86	3	14	21
2009/10	19	83	4	17	23
2010/11	19	73	7	27	26
2011/12	21	72	8	28	29
2012/13	25	64	14	36	39
2013/14	25	62	15	38	40
2014/15	26	74	9	26	35
2015/16	27	75	9	25	36

The current ratio in the group of senior staff and mid-level managers of 75%/25% is satisfactory for the time being.

Financial Statements 15 December – 31 August

Accounting Policies

The Annual Report of JT3H ApS for the period 15 December 2015 – 31 August 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company, JT3H ApS, and enterprises in which JT3H ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains and losses on intra-group transactions are eliminated.

Investments in group entities are set off against the proportionate share of the group entity' fair value of net assets and liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognized in the Consolidated Financial Statements from the date of acquisition or formation. Enterprises disposed of are recognized in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Recognition and measurement

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

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognizing and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the Financial Statements that evidence conditions existing at the balance sheet date are taken into account.

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortized cost. Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognized in the income statement.

Financial Statements 15 December – 31 August

Accounting Policies (continued)

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 recognized 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 recognized in the latest Financial Statements is recognized in the income statement as financial income or financial expenses.

Foreign group entities are considered separate entities. The income statements are translated at the average exchange rates for the year, and the balance sheet items are translated at the exchange rates at the balance sheet date. Currency translation differences arisen when translating foreign group entities' equity at the beginning of the year using the closing rate and when translating income statements from average exchange rates using the closing rate, are recognized directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability, are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities, are recognized in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognized in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognized in equity are recognized in the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the income statement on a regular basis.

Financial Statements 15 December – 31 August

Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases), are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease, or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalized and recognized in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

Income statement

Revenue

Revenue is recognized based on completed flights, including income related to the flights.

Production costs

Production costs comprise e.g. costs of fuel, charges in connection with air transport and other costs of maintenance and operation of the aircraft fleet.

Leases

The Group has entered into agreements on operating leases of aircraft. Payments relating to operating leases are recognized in the income statement over the term of the lease.

Other external costs

Other external costs comprise rent and related costs, IT costs, travelling expenses, training and education costs, administrative expenses and marketing, etc.

Income from investments in group entities

The proportionate share of the results after tax of the individual group entities is recognized in the income statement of the Parent Company after full elimination of intra-group profits/losses.

Financial Statements 15 December – 31 August

Accounting Policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as well as extra payments and repayment under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity.

Balance sheet

Intangible assets

Software is measured at cost less accumulated amortization and impairment losses.

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

Amortization is provided on a straight-line basis over the assets' expected useful lives. The expected useful lives are 3-8 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as amortization.

Property, plant and equipment

Aircraft, modifications of aircraft as well as major maintenance work on aircraft on finance leases and own aircraft, buildings, leasehold improvements, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the purchase price and any costs directly attributable to the acquisition until such time as the asset is available for use. Borrowing costs are recognized in the income statement.

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 based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives. The expected useful lives are as follows:

Financial Statements 15 December – 31 August

Accounting Policies (Continued)

Property, plant and equipment (continued)

Aircraft	According to production intensity over a period of up to 8 years with an expected residual value
Modifications, leased aircraft	Remaining term of the lease, however not exceeding 5 years
Maintenance, aircraft on finance leases and own aircraft	According to production intensity
Buildings	15 years
Installations in buildings	10 years
Leasehold improvements	3-5 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. Gains or losses are recognized in the income statement as depreciation.

Investments

Investments in group entities

Investments in group entities are measured according to the equity method.

Investments in group entities are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealized intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in group entities with negative net asset values are measured at DKK 0 (nil), and any amounts owed are written down if the amount owed is irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognized under provisions.

Net revaluation of investments in group entities is recognized in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from group entities which are expected to be adopted before the approval of the Annual Report of JT3H ApS are not recognized in the reserve for net revaluation.

On acquisition of enterprises, the purchase method is applied, see Consolidated Financial Statements above.

Financial Statements 15 December – 31 August

Accounting Policies (continued)

Deposits

Deposits are initially recognized at cost. Subsequently, deposits denominated in foreign currencies are measured at the exchange rate at the balance sheet date.

Impairment losses

The carrying amount of intangible assets and property, plant and equipment as well as investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortization.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. If the recoverable amount is lower than the carrying amount, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than the cost, inventories are written down to this lower value.

The cost of goods for resale and raw materials and consumables comprises the purchase price plus delivery costs.

The net realizable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortized cost. Write-down is made for bad debt losses after an individual assessment of receivables.

Receivable future maintenance comprises the contribution made to lessors for future maintenance work which is recognized to the extent that the payments are expected to be reimbursed at the time of incurrence of future maintenance costs.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognized at cost in the reserve for net revaluation according to the equity method.

The reserve is eliminated in case of losses, realization of investments or a change in accounting estimates.

Financial Statements 15 December – 31 August

Accounting Policies (continued)

Dividends

Proposed dividends for the year are recognized 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 recognized 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. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized under other non-current assets at the expected value of their utilization; 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Provisions

Provision for aircraft maintenance comprises a provision for future maintenance work on aircraft on operating leases as well as provision for the costs of returning aircraft on operating leases.

Other provisions primarily comprise the costs of a few pending lawsuits, and onerous contracts.

Provisions are initially recognized at cost and are subsequently measured at net realizable value or value in use.

Financial Statements 15 December – 31 August

Accounting Policies (continued)

Liabilities other than provisions

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realizable value.

Deferred income

Deferred income comprises negative goodwill, see the description of consolidation practice, as well as consideration for warrants.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of the establishment and of additions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from the establishment and acquisitions of enterprises are recognized in the cash flow statement from the date of acquisition/date of establishment. Cash flows from disposals of enterprises are recognized up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with establishment, acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Financial Statements 15 December – 31 August

Accounting Policies (continued)

Segmentation

The Group is engaged in charter flights for package tour operators, ACMI flights on short- or long-term agreements with other airlines as well as cargo flights.

Segment information is disclosed in note 1.

Financial ratios

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

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

Operating margin $$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$$

Gross margin $$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$$

Current ratio $$\frac{\text{Current assets, year end x 100}}{\text{Total current liabilities, year end}}$$

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Return on equity $$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$$

In accordance with section 101(4) of the Danish Financial Statements Act, financial highlights are presented solely for the Group.

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Income Statement

DKK '000	Note	Consolidated 2015/16	Parent Company 2015/16
Revenue	1	1.221.400	0
Production costs		-719.617	0
Lease costs		-192.203	0
Other external costs	2	-220.110	-30
Gross profit		89.470	-30
Staff costs	3	-309.973	0
Amortisation, depreciation and impairment losses	7,8	-179.539	0
Profit/loss on ordinary operating activities		-400.042	-30
Income from investments in group entities	9	0	0
Other financial income	4	47	0
Other financial expenses	5	-12.792	0
Profit/loss on ordinary activities before tax		-412.787	-30
Tax on profit/loss for the year	6	-646	0
Profit/loss for the year before minority interest		-413.433	-30
Minority interest		70.432	0
Profit/loss for the year		-343.001	-30

Proposed profit appropriation/distribution of loss

Reserve for net revaluation under the equity method	0	0
Retained earnings	-343.001	-30
	-343.001	-30

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Balance Sheet

DKK '000	Note	Consolidated 31AUG16	Parent Company 31AUG16
ASSETS			
Non-current assets			
Intangible assets	7		
Software		6.788	0
Goodwill		0	0
		6.788	0
Property, plant and equipment	8		
Aircraft		33.334	0
Modifications of leased aircraft		11.731	0
Buildings		8.923	0
Leasehold improvements		1.123	0
Fixtures and fittings, tools and equipment		4.139	0
Property, plant and equipment under construction		700	0
		59.950	0
Investments			
Investments in group entities	9	0	0
Receivable future maintenance	10	101.311	0
Deposits	11	75.844	0
		177.155	0
Total non-current assets		243.893	0
Current assets			
Inventories			
Inventories		14.856	0
		14.856	0
Receivables			
Trade receivables		7.398	0
Deferred tax asset	12	0	0
Receivable future maintenance	10	38.475	0
Other receivables	13	16.700	0
Prepayments	14	25.275	0
		87.848	0
Cash at bank and in hand	15	56.321	100
Total current assets		159.025	100
Total assets		402.918	100

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Balance Sheet

DKK '000	Note	Consolidated 31AUG16	Parent Company 31AUG16
EQUITY AND LIABILITIES			
Equity	16		
Share capital		50	50
Reserve for net revaluation under the equity method		0	0
Retained earnings		-345.816	20
Total equity		-345.766	70
Minority interests		-121.887	0
Provisions			
Provision for investment in group entities	9	0	0
Onerous contracts	2	105.000	0
Provision, aircraft maintenance	17	227.591	0
Other provisions	18	12.154	0
Total provisions		344.745	0
Non-current liabilities other than provisions			
Credit institutions		4.655	0
Lease obligations		1.111	0
Other interest bearing debts		217.394	0
	19	223.160	0
Current liabilities other than provisions			
Credit institutions	19	10.961	0
Lease obligations	19	14.348	0
Trade payables		97.787	0
Prepayments received from customers		73.422	0
Payables to group entities		0	0
Corporate tax	20	259	0
Other payables	21	105.889	30
		302.666	30
Total liabilities other than provisions		525.826	30
Total equity and liabilities		402.918	100
Fees paid to auditors	22		
Contingencies etc.	23		
Mortgages and collateral	24		
Hedging transactions	25		

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Statement of Changes in Equity

	Consolidated		
DKK '000	Share capital	Retained earnings	Total
Equity at 15 December 2015	50	50	100
Value adjustment, hedging of future purchase and sale of fuel and foreign currency	0	-2.857	-2.857
Currency adjustment Jet Time OY	0	-8	-8
Transferred, see profit appropriation/distribution of loss	0	-343.001	-343.001
Equity at 31 august 2016	50	-345.816	-345.766

	Parent Company			
DKK '000	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 15 December 2015	50	0	50	100
Value adjustment, hedging of future purchase and sale of fuel and foreign currency	0	0	0	0
Currency adjustment Jet Time OY	0	0	0	0
Transferred, see profit appropriation/distribution of loss	0	0	-30	-30
Equity at 31 august 2016	50	0	20	70

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Cash Flow Statement

DKK '000	Note	Consolidated 31AUG16
Profit/loss for the year		-343.001
Adjustments	26	274.647
Changes in working capital	27	-88.829
Cash flows from operating activities		-157.183
Investments in intangible assets and property, plant and equipment		-10.474
Changes in property, plant and equipment under construction		82
Fixed asset investments		-4.606
Acquisitions of subsidiaries		24.848
Disposal of fixed asset investments		8.061
Cash flows from investing activities		17.911
Credit institutions		-3.654
Lease obligation		-18.247
Loan from shareholders		217.394
Cash flows from financing activities		195.493
Cash flows for the year		56.221
Cash and cash equivalents at 15 December		100
Cash and cash equivalents at 31 August		56.321

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Notes

0 Capital resources and liquidity

The subsidiary Jet Time A/S has had significant losses resulting in a negative equity before minority interests of DKK -345.776 at 31 August 2016 for the group and need for new liquidity and credit facilities to continue its operations. JT3H ApS' has participated in the refinancing of Jet Time A/S by contribution of a loan of DKK 25 million and a credit facility of DKK 55 million in December 2016. These loan and credit facilities were backed by an external loan in JT3H ApS of the same amounts. As JT3H ApS has no other credit facilities, its own ability to continue operations depends on the subsidiaries ability to continue its operations.

In Jet Time A/S Annual Report for 2015/16 the following was described regarding capital resources and liquidity:

"The realized loss after tax in 2015/16 amounts to DKK -343 million and equity 31 August 2016 was negative with DKK 346 million. This is after provision for onerous contracts of DKK 105 million. Furthermore, the group has an unrecognized tax asset off DKK 111 million at 31 August 2016, which has also reduced the equity.

Due to the financial development of the Group, Management has, as described in Management's review, decided to close down the ATR ACMI segment. Final agreements have been concluded with the customer and important suppliers in this respect. Moreover, the Boeing Cargo segment is expected to be closed down, and the related negotiations are ongoing based on a signed letter of intent. This is to contribute to improving earnings and rendering the Group's operations more efficient.

The closedown of the ATR ACMI and Boeing Cargo segments is expected to result in an operating loss until the final discontinuation of the agreements. This loss has been recognized at a total of DKK 105 million in the Annual Report for 2015/16. A part of this provision is expected to be released as profit in 2016/17, due to new terms negotiated in the ATR ACMI segment after the year-end.

In addition to the close down of the above mentioned segments, Management has during the financial year 2015/16 negotiated further financing agreements as well as contribution of liquidity to ensure the Group the liquidity resources required to restore a sound business and positive earnings and equity with shareholders, lenders and suppliers.

These negotiations have been concluded after year-end and have successfully resulted a framework agreement on continued financing, which comprises the following:

- *Continued extension of payments to trade creditors regarding aircrafts totalling DKK 118 million, which rank subordinate to other creditors;*
- *Freezing of previously established seasonal overdraft facility into a loan of DKK 90 million; of which 50 million ranks subordinate to other creditors*
- *Establishment of a new overdraft facility of DKK 55 million; secured on the Group's hangar*
- *Raising of a loan of DKK 28 million relating to overdue but unpaid lease payments;*
- *Agreements on reduced lease payments and payments to lessor reserves, including loan financing of certain lease payments; of which DKK 31 million ranks subordinate to other creditors*
- *Raising of a loan of DKK 25 million secured on the Group's hangar, inventory and one of the Group's aircrafts.*

Moreover, the terms of interest relating to the established loans will be changed so that from 1 December 2016 no interest is payable on these.

The established loan agreements and overdraft facilities contain loan terms, which are all expected to be complied with during the financial year 2016/17. The new overdraft facility is expected partially repaid over the summer 2017 and loan terms in this agreement regarding compliance with budgets etc. will become effective before the overdraft facility can be drawn again on 1 November 2017.

The Group's airplanes, hangar and inventories have been provided as security in connection with the conclusion of the new loan agreements and overdraft facilities.

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Notes

Capital resources and liquidity (continued)

Under the above agreements, a new subordinated loan has been contributed to the Group totalling DKK 31 million. Following this, total subordinated loans amount to DKK 199 million.

In Management's assessment, the above will provide the basis required to render operations more efficient and restore positive earnings in the Group in the long term, and the financing agreements concluded will provide the Group with the liquidity required to implement the winding-up of the above-mentioned activities and ensure the Group's continued operations throughout the financial year 2016/17. Therefore, the financial statements are prepared under the assumption of going concern

In its nature, the budgets prepared are subject to uncertainty, and variations in operations positive or negative may result in additional liquidity being required. In Management's assessment, such additional financing may be obtained if the plans, including the winding-up of ATR ACMI and Boing Cargo, are otherwise followed."

It is managements assessment that there has been no subsequent events affecting this since the approval of the financial statements for Jet Time A/S for 2015/16.

For the order of good sake, the above-mentioned matters including the groups capital position, indicates that material uncertainty exists that may cast significant doubt on the JT3H ApS' and the Group's ability to continue as a going concern.

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Notes

DKK '000	Consolidated	Parent Company
	2015/16	2015/16
1 Revenue		
Business areas:		
Charter and ad hoc	746.461	0
ACMI	367.454	0
Cargo	107.484	0
	1.221.400	0

2 Other external costs

Other external costs include provision for onerous contracts of DKK 105 million for the business areas ACMI and Cargo, which will be discontinued. The provision is recognized based on an estimate of the unavoidable costs as per 31 August 2016.

3 Staff Costs	Consolidated 2015/16	Parent Company 2015/16
Wages and salaries	285.652	0
Pension	25.189	0
Other social security costs	4.107	0
	314.948	0
Capitalised concerning major maintenance work performed in-house	-4.975	0
	309.973	0
Average number of full-time employees	690	0
Number of full-time employees at 31 August	740	0
Remuneration of the Executive Board	564	0
Remuneration of the Board of Directors	8.554	0
Remuneration of the Executive Board and Board of Directors	9.118	0

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Notes

DKK '000		Consolidated	Parent Company
		2015/16	2015/16
4	**Other financial income**		
	Interest income, credit institutions	9	0
	Foreign exchange adjustments	0	0
	Other interest income	38	0
		47	0
5	**Other financial expenses**		
	Interest expenses, credit institutions	1.331	0
	Foreign exchange adjustments	1.024	0
	Other interest expenses	10.437	0
		12.792	0
6	**Tax on profit/loss for the year**		
	Current tax	-646	0
	Adjustment of deferred tax	0	0
		-646	0

		Consolidated	
7	**Intangible assets**	Software	Goodwill
	Cost at 15. December 2015	0	0
	Additions from acquisitions of subsidiaries	7.848	0
	Additions	0	143.129
	Disposals	-543	0
	Cost at 31. August 2016	7.305	143.129
	Impairment losses and amortisation at 15. December 2015	0	0
	Impairment losses and amortisation	1.060	143.129
	Amortisation, disposed assets	-543	0
	Impairment losses and amortisation at 31. August 2016	517	143.129
	Carrying amount at 31. August 2016	6.788	0

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Notes

DKK '000

8 Property, plant and equipment

	Consolidated	
	Own aircraft	Modification of leased aircraft
Cost at 15. December 2015	0	0
Additions from aqusitions of subsidaries	57.013	13.639
Additions	4.801	2.933
Disposals	-3.791	-12.278
Cost at 31. August 2016	58.023	4.294
Impairment losses and amortisation at 15. December 2015	0	
Depreciation and impairment losses	28.480	4.841
Depreciation, disposed assets	-3.791	-12.278
Impairment losses and amortisation at 31. August 2016	24.689	-7.437
Carrying amount at 31. August 2016	33.334	11.731
Of which is financial leases	15.653	0

	Buildings	Leasehold improve-ments	Fixtures, fittings, tools and equipm.	Assets under construction
Cost at 15. December 2015	0	0	0	0
Additions from aqusitions of subsidaries	9.608	0	3.866	782
Additions	0	1.247	1.493	700
Disposals	0	0	-1.791	-782
Cost at 31. August 2016	9.608	1.247	3.568	700
Impairment losses and amortisation at 15. December 2015	0	0	0	0
Depreciation and impairment losses	685	124	1.220	0
Depreciation, disposed assets	0	0	-1.791	0
Impairment losses and amortisation at 31. August 2016	685	124	-571	0
Carrying amount at 31. August 2016	8.923	1.123	4.139	700

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Notes

DKK '000

		Parent Company
9	**Group entities**	2015/16
	Income from investments in group entities:	
	Profit/loss for the year	0
	Amortization of goodwill	0
		0
	Investments in group entities:	
	Cost at 15. December	0
	Additions	0
	Cost at 31. August	0
	Value adjustment at 15. December	0
	Profit for the year	0
	Foreign exchange adjustment	0
	Adjustment of hedging instruments at fair value	0
	Amortization of goodwill	0
	Value adjustment at 31. August	0
	Transfer to provision for investment in group entities	0
	Carrying amount at 31. August	0

Name and registered office	Voting rights and ownership
Jet Time A/S, Amager Strandvej 390-392, DK-2770 Kastrup, Denmark	73.9 %

All subsidiaries are independent entities.

The company acquired 73.94% of the shares in Jet Time A/S at 15 December 2015. As an interim balance sheet was not prepared at this date in Jet Time A/S, the acquisition balance has to a certain degree been prepared based on estimates, hereunder regarding Inventories, Receivable future maintenance, Provisions, and Trade payables.

The reassessment of assets and liabilities at the time of acquisition did not give rise to recognition of other assets and liabilities or changes in fair values, why the excess value compared to equity was recognized as goodwill. Due to the financial situation of Jet Time A/S, this goodwill was written off in the group at 31 August 2016.

The estimates in the interim balance sheet at the time of acquisition could give rise to some classification errors in profit and loss and the cash flow statement for the group.

The result for the year and equity as at 31 August 2016 for the group and the parent company is not impacted by the estimates in the acquisition balance.

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Notes

DKK '000	Consolidated	Parent Company
	2015/16	2015/16
10 Receivable future maintenance		
Between 1 and 5 years	96.437	0
After 5 years	4.874	0
Long-term part of receivable future maintenance	101.311	0
Within 1 year	38.475	0
	139.786	0
11 Deposits		
Cost at 15. December	0	0
Additions from aqusitions of subsidaries	82.934	0
Additions	4.606	0
Disposals	-8.061	0
Value adjustment for the year	-3.635	0
	75.844	0

12 Deferred tax

The Group has an unrecognised deferred tax asset of DKK 111 million at 31 August 2016

	Consolidated	Parent Company
	2015/16	2015/16
13 Other receivables		
Positive value of hedging of future purchase and sale of fuel, CO2 quotas and foreign currency	460	0
Deposited as security for future fuel hedging	6.767	0
VAT	1.660	0
Other receivables	7.813	0
	16.700	0
14 Prepayments		
Prepaid leases	8.478	0
Prepaid fuel	1.832	0
Other production costs prepaid	9.733	0
Other prepayments	5.232	0
	25.275	0

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Notes
DKK '000

15 **Cash at bank and in hand**	Consolidated 2015/16	Parent Company 2015/16
Free cash	45.821	100
Deposited as security for forward exchange transactions etc.	10.500	0
	56.321	100

16 Equity

The share capital comprises 50,000 shares of nominally DKK 1 each comprising 50,000 A-shares.

	Consolidated 2015/16	Parent Company 2015/16
17 **Provision, aircraft maintenance**		
Comprises:		
Provision for future aircraft maintenance	204.987	0
Provision for obligation to return	22.604	0
	227.591	0
Provision at 15 December	0	0
Additions from aqusitions of subsidaries	176.151	0
Utilised during the year/disposals	-3.047	0
Provision for the year	54.487	0
	227.591	0
Within 1 year	63.722	0
Between 1 and 5 years	148.850	0
After 5 years	15.019	0
	227.591	-

18 Other provisions

Other provisions include provision for delay costs and for retention bonus to customers.

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DKK '000	Consolidated	Parent Company
19 Long-term liabilities other than provisions	2015/16	2015/16
Credit institutions:		
Between 1 and 5 years	3.154	0
After 5 years	1.501	0
Long-term part of credit institutions	4.655	0
Within 1 year	10.961	0
	15.616	0
Lease obligations:		
Between 1 and 5 years	1.111	0
Within 1 year	14.348	0
	15.459	0
Other interest bearing debts		
1-5 years	217.394	0

Payments due within 1 year are recognised in current liabilities.

Other liabilities are recognised in non-current liabilities other than provisions.

20 Corporation tax

Corporation tax payable at 15 December	78	0
Current tax for the year	646	0
Corporation tax paid during the year	-465	0
	259	0

21 Other payables

Negative value of hedging of future purchase and sale of fuel and foreign currency	7.345	0
Holiday pay and other staff-related payables	66.974	0
CO2 quotas	825	0
Payable re. damage to leased aircraft	17.063	0
Other payables	13.682	30
	105.889	30

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DKK '000

22 Fees paid to auditors

	Consolidated
	2015/16
Fee regarding statutory audit	1.585
Tax assistance	100
Other services	12.094
	13.779

23 Contingencies etc.

	Consolidated	Parent Company
	2015/16	2015/16
Rent and lease obligations (operating leases) falling due after the balance sheet date	1.511.153	0
Falling due within 5 years	764.278	0
Falling due within 1 year	246.139	0
Total obligations are grouped as follows:		
Aircraft leases	1.479.196	0
Rental of property, hangar, etc.	23.768	0
Other leases	8.189	0
	1.511.153	0

Lease obligations concerning aircraft have been translated from USD at the exchange rate at the balance sheet date.

The Jet Time Group is party to a few pending lawsuits. In Management's opinion, apart from the receivables and payables recognised in the balance sheet at 31 August 2016, the outcome of these lawsuits will not affect the Group's financial position.

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DKK '000

24 Mortgages and collateral

The Group has issued a letter of indemnity as security for debt to a credit institution, corresponding to Group charges in assets of up to DKK 30 million.

The Group has issued mortgage to a credit institution for a debt of DKK 10 million, secured in aircraft amounting to DKK 20 million of the total value of the aircraft of DKK 18 million.

The Group has issued mortgage to a credit institution for a debt of DKK 1 million, secured in a building with a carrying amount of DKK 9 million.

The Group has provided an unlimited guarantee in favour of the Finnish subsidiary.

The mortgages and collaterals have subsequently been changed as described in note 0.

25 Hedging transactions

The Group have entered into contracts to hedge the Group's future transactions concerning purchase of currency and fuel. As compared to the forward price at the balance sheet date, the contracts have a negative value of DKK 7.5 million, net. The negative value has been recognised in equity.

Hedging transactions at 31 August 2016 break down as follows:

Transaction	Value DKKm	Payment/ maturity	Hedging transaction DKKm
Fuel hedges, DKK	-7,6	0 - 14 months	41,8
Foreign currency hedges	0,1	0 - 9 months	279,1
	-7,5		320,9

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26 Cash flow statement - adjustments

DKK '000	Consolidated 2015/16
Amortisation of intangible assets and depreciation of property, plant and equipment	179.539
Minority interests	-70.432
Currency adjustment of fixed asset investments	3.635
Interest on finance lease	673
Change in provisions	164.926
Current tax for the year	181
Currency adjustment of investments in group entities	-8
Other adjustments	-3.868
	274.647

27 Cash flow statement - change in working capital

DKK '000	Consolidated 2015/16
Change in receivables	-21.415
Change in inventories	3.957
Change in other short-term payables	-71.371
	-88.829