

NAC Aviation 4 A/S

Stratusvej 12, 7190 Billund

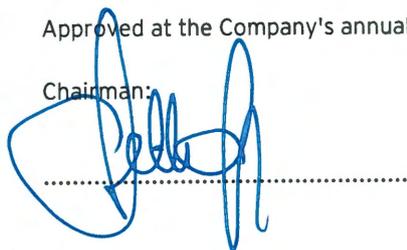
CVR no. 38 02 14 35

Annual report 2016/17

(As of the establishment of the Company 19 September 2016 - 30 June 2017)

Approved at the Company's annual general meeting on

Chairman:





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of NAC Aviation 4 A/S for the financial year as of the establishment of the Company 19 September 2016 - 30 June 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year as of the establishment of the Company 19 September 2016 - 30 June 2017.

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.

Billund, 30 November 2017

Executive Board:

Søren M. Overgaard
Managing Director

Board of Directors:

Jette Højgaard
Chairman

Frank Pedersen

Søren M. Overgaard

Independent auditor's report

To the shareholders of NAC Aviation 4 A/S

Opinion

We have audited the financial statements of NAC Aviation 4 A/S for the financial year as of the establishment of the Company 19 September 2016 - 30 June 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year as of the establishment of the company 19 September 2016 - 30 June 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 30 November 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Jes Lauritzen
State Authorised Public Accountant



Claus Dalager
State Authorised Public Accountant



Management's review

Company details

Name	NAC Aviation 4 A/S
Address, Postal code, City	Stratusvej 12, 7190 Billund
CVR no.	38 02 14 35
Established	19 September 2016
Registered office	Billund
Financial year	19 September 2016 - 30 June 2017
Board of Directors	Jette Hulgaard, Chairman Frank Pedersen Søren M. Overgaard
Executive Board	Søren M. Overgaard, Managing Director
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark



Management's review

Management commentary

Business review

The Company's activities consist of hiring out aircraft on operational leasing contracts. The activities have ceased during the year.

Events after the balance sheet date

After the end of the financial year, no important matters have occurred, which could be expected to influence or alter the circumstances of the Company in a material way.

Financial statements for the period 19 September 2016 - 30 June 2017

Income statement

Note	USD	2016/17 10 months
	Revenue	767,533
	Production costs	-759,176
	Gross margin	8,357
	Administrative expenses	-5,444
	Operating profit	2,913
2	Financial income	12,048
3	Financial expenses	-26,422
	Profit/loss before tax	-11,461
4	Tax for the year	2,521
	Profit/loss for the year	-8,940
	 Recommended appropriation of profit/loss	
	Retained earnings/accumulated loss	-8,940
		-8,940



Financial statements for the period 19 September 2016 - 30 June 2017

Balance sheet

Note	USD	<u>2016/17</u>
	ASSETS	
	Non-fixed assets	
	Receivables	
	Trade receivables	798,176
	Joint taxation contribution receivable	2,521
		<u>800,697</u>
	Cash	<u>76,729</u>
	Total non-fixed assets	<u>877,426</u>
	TOTAL ASSETS	<u><u>877,426</u></u>

Financial statements for the period 19 September 2016 - 30 June 2017

Balance sheet

Note	USD	<u>2016/17</u>
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	74,930
	Retained earnings	<u>-8,940</u>
	Total equity	<u>65,990</u>
	Liabilities other than provisions	
	Current liabilities other than provisions	
	Trade payables	5,000
	Payables to group entities	<u>806,436</u>
		<u>811,436</u>
	Total liabilities other than provisions	<u>811,436</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>877,426</u></u>

- 1 Accounting policies
- 5 Contractual obligations and contingencies, etc.
- 6 Related parties

Financial statements for the period 19 September 2016 - 30 June 2017**Statement of changes in equity**

USD	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Cash payments concerning formation of enterprise	74,930	0	74,930
Transfer through appropriation of loss	0	-8,940	-8,940
Equity at 30 June 2017	<u>74,930</u>	<u>-8,940</u>	<u>65,990</u>

The Company's share capital has remained unchanged since the establishment of the Company.

Financial statements for the period 19 September 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies

The annual report of NAC Aviation 4 A/S for 2016/17 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

Reporting currency

The financial statements are presented in USD as the Company's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6.70. For the year 2015/16, the DKK/USD exchange rate at the balance sheet date was 6.52.

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.

Income statement

Revenue

Revenue comprises payments made under operating leases and income from sale of aircraft, and is recognised in the income statement when the transfer of risk to the buyer has taken place and the income can be reliably measured, and it is probable that future economic benefits will flow to the entity.

The operational lessee's payments to maintenance reserves are part of the rent and are recognised as part of the revenue, while disbursements for maintenance are recognised continuously as operating costs.

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.

Production costs

Production costs include costs incurred in generating the revenue of the year. Such costs include direct and indirect costs for the purchase and maintenance of aircraft.

Administrative expenses

Administrative expenses include costs incurred for management and administration of the Company.

Financial income and expenses

Financial income and expenses comprise interest income and expense, 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.

Financial statements for the period 19 September 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

Tax

NAC Aviation 4 A/S is taxed jointly with the parent company, Nordic Aviation Capital A/S. The current Danish corporation tax is allocated by the settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the on-account tax scheme.

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.

Balance sheet

Receivables

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

Equity

Proposed 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.

Liabilities

Loans from banks and loan from group enterprises are recognised at the date of borrowing at the net proceeds received less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other financial obligations are measured at net realisable value.

	2016/17 10 months
USD	
2 Financial income	
Other interest income	10,256
Exchange adjustments	1,792
	<u>12,048</u>
3 Financial expenses	
Interest expenses, group entities	26,422
	<u>26,422</u>

Financial statements for the period 19 September 2016 - 30 June 2017

Notes to the financial statements

USD	2016/17 10 months
4 Tax for the year	
Estimated tax charge for the	-2,521
	<u>-2,521</u>

5 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Nordic Aviation Capital A/S, which acts as management company, and together with other jointly taxed group entities, the Company has joint and several liability for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

6 Related parties

NAC Aviation 4 A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Nordic Aviation Capital A/S	Stratusvej 12, DK-7190 Billund	Holds the entire share capital

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Nordic Aviation Capital Designated Activity Company	Bedford Place, Henry Street, Limerick City, Ireland	Available at the Company's address

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Nordic Aviation Capital A/S	Stratusvej 12, DK-7190 Billund