

# Danish Air Transport A/S

Koldingegnens Lufthavn, Lufthavnsvej 4, 6580 Vamdrup

CVR no. 12 65 46 93



## Annual report 2016

Approved at the annual general meeting of shareholders on 18 April 2017

Chairman:

Lars Dahl Hansen



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## Contents

<b>Statement by the Board of Directors and the Executive Board</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>3</b>
<b>Management's review</b>	<b>5</b>
Company details	5
Financial highlights	6
Management commentary	7
<b>Financial statements for the period 1 January - 31 December</b>	<b>8</b>
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12

**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 Danish Air Transport A/S for the financial year 1 January - 31 December 2016.

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 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

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

Vamdrup, 18 April 2017  
Executive Board:



Jesper Rungholm

Board of Directors:



Finn Boel Pedersen  
Chairman



Kirsten Rungholm



Cornelis Anthonie Kuypers



Jørgen Flodgaard Olesen



## Independent auditor's report

To the shareholders of Danish Air Transport A/S

### Opinion

We have audited the financial statements of Danish Air Transport A/S for the financial year 1 January - 31 December 2016, 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 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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 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.

Kolding, 18 April 2017  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Lars Tylvad Andersen  
State Authorized Public Accountant



Michael Vakker Maass  
State Authorized Public Accountant



## Management's review

### Company details

Name	Danish Air Transport A/S
Address, Postal code, City	Koldingegnens Lufthavn, Lufthavnsvej 4, 6580 Vamdrup
CVR no.	12 65 46 93
Registered office	Kolding
Financial year	1 January - 31 December
Telephone	+45 75 58 37 77
Telefax	+45 75 58 37 22
Board of Directors	Finn Boel Pedersen, Chairman Kirsten Rungholm Cornelis Anthonie Kuypers Jørgen Flodgaard Olesen
Executive Board	Jesper Rungholm
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Kolding Åpark 1, 3. sal, 6000 Kolding, Denmark



## Management's review

### Financial highlights

DKK'000	2016	2015	2014	2013	2012
<b>Key figures</b>					
Revenue	779,288	638,767	500,963	496,241	489,522
Gross margin	143,747	111,270	120,474	118,913	114,564
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	-8,875	-23,045	-4,467	-704	537
Operating profit/loss	-10,151	-24,275	-5,928	-2,067	-1,588
Net financials	-190	9,057	8,469	2,698	2,423
<b>Profit/loss for the year</b>	<b>-8,068</b>	<b>-11,872</b>	<b>1,911</b>	<b>368</b>	<b>620</b>
<b>Total assets</b>					
Investment in property, plant and equipment	2,370	2,547	1,534	664	1,435
<b>Equity</b>	<b>21,991</b>	<b>24,595</b>	<b>41,931</b>	<b>40,020</b>	<b>41,652</b>
<b>Financial ratios</b>					
Return on equity	-34.6%	-35.7%	4.7%	0.9%	1.5%
<b>Average number of employees</b>	<b>267</b>	<b>250</b>	<b>211</b>	<b>218</b>	<b>213</b>



## Management's review

### Management commentary

#### Business review

The Company's activities consist in fixed wing flights and related activities using own as well as leased aircraft and trade in aircraft. In this connection the Company has signed agreements for leasing of aircraft on long-term contracts, cf. note 11.

#### Financial review

The Company reported a deficit of DKK 8,068 thousand against a deficit of DKK 11,872 thousand in 2015. The result is not satisfactory and does not meet our expectations. The negative impact relates primarily to the steep increase in cost of operations at the main hub in CPH which has grown with more than 20M DKK per year. The activity on the A320 fleet has seen a negative trend with specific slowdown of operations into charter destinations in Turkey and Egypt.

Equity and subordinate loan capital totaled DKK 67,991 thousand at 31 December 2016 and the solvency ratio represented 34.4% as against equity and subordinate loan capital of DKK 70,595 thousand and a solvency ratio of 36.4% in 2015.

#### Special risks

##### Currency risk

A large portion of the Company's income and expenses as well as external financing is settled in foreign currencies meaning that the profit may be affected by currency fluctuations.

#### Impact on the external environment

DAT Group's primary environmental influence is through CO<sub>2</sub>-emissions from the Group's aircraft. DAT Group seeks to reduce fuel consumption and CO<sub>2</sub>-emission as much as possible. Among other things this is done by continuously training pilots, adjusting aircraft sizes to the number of passengers, optimizing flight height and investing in more fuel efficient aircraft which have lower CO<sub>2</sub>-emissions.

#### Statutory CSR report

We refer to the description about the social responsibility in the consolidated financial statements for Danish Air Transport Holding A/S.

#### Account of the gender composition of Management

We refer to the description about the gender composition of management in the consolidated financial statements for Danish Air Transport Holding A/S.

#### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

#### Outlook

In overall terms we expect a positive result in 2017.





## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK'000	2016	2015
	<b>Revenue</b>	779,288	638,767
	Production costs	-585,580	-477,691
2	Other operating income	1,207	39
	Other external expenses	-51,168	-49,845
	<b>Gross margin</b>	143,747	111,270
3	Staff costs	-152,622	-134,315
	Depreciation and impairment of property, plant and equipment	-1,276	-1,230
	<b>Profit/loss before net financials</b>	-10,151	-24,275
4	Financial income	2,345	9,285
5	Financial expenses	-2,535	-228
	<b>Profit/loss before tax</b>	-10,341	-15,218
6	Tax for the year	2,273	3,346
	<b>Profit/loss for the year</b>	-8,068	-11,872



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK'000	2016	2015
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Property, plant and equipment</b>		
	Land and buildings	3,307	2,476
	Other fixtures and fittings, tools and equipment	3,430	3,441
		<u>6,737</u>	<u>5,917</u>
	<b>Investments</b>		
	Other receivables	3,414	3,113
		<u>3,414</u>	<u>3,113</u>
	<b>Total fixed assets</b>	<u>10,151</u>	<u>9,030</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Spareparts	33,894	29,535
		<u>33,894</u>	<u>29,535</u>
	<b>Receivables</b>		
	Trade receivables	18,568	27,192
	Receivables from group entities	92,851	93,982
9	Deferred tax assets	6,354	5,645
	Other receivables	7,867	12,253
	Prepayments	900	949
		<u>126,540</u>	<u>140,021</u>
	<b>Cash</b>	<u>26,991</u>	<u>15,341</u>
	<b>Total non-fixed assets</b>	<u>187,425</u>	<u>184,897</u>
	<b>TOTAL ASSETS</b>	<u>197,576</u>	<u>193,927</u>



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK'000	2016	2015
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	10,000	10,000
	Retained earnings	11,991	14,595
	<b>Total equity</b>	<b>21,991</b>	<b>24,595</b>
	<b>Liabilities</b>		
8	<b>Non-current liabilities other than provisions</b>		
	Mortgage debt	852	890
10	Subordinate loan capital	46,000	46,000
		<b>46,852</b>	<b>46,890</b>
	<b>Current liabilities</b>		
8	Current portion of long-term liabilities	37	36
	Bank debt	10,384	12,887
	Prepayments received from customers	43,563	33,982
	Trade payables	40,413	40,947
	Payables to group entities	5,000	5,000
	Other payables	29,336	29,590
		<b>128,733</b>	<b>122,442</b>
	<b>Total liabilities other than provisions</b>	<b>175,585</b>	<b>169,332</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>197,576</b>	<b>193,927</b>

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties



## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	10,000	14,595	24,595
14 Loss for the year	0	-8,068	-8,068
Adjustment of hedging instruments at fair value	0	5,464	5,464
<b>Equity at 31 December 2016</b>	<b>10,000</b>	<b>11,991</b>	<b>21,991</b>

The share capital comprises shares of DKK 1 thousand or multiples thereof.

The share capital has remained unchanged for the past five years.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Danish Air Transport A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

According to section 96 of the Danish Financial Statement Act, no note for revenue allocated on activities and geographical areas has been prepared.

According to section 96(3) of the Danish Financial Statement Act, audit fees are only specified in the consolidated financial statement for the parent company Danish Air Transport Holding A/S.

#### Changes in accounting policies

Previously gains and losses on disposal of property, plant and equipment has been recognized in the income statement in depreciation on property, plant and equipment. From 2016 gains and losses on disposal of property, plant and equipment is recognized as other operating income and other operating expenses. Comparative figures have been adjusted.

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act, including yearly reassessment of residual values on property, plant and equipment. The implementation of the amendment act has not had any impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Danish Air Transport Holding A/S.

#### Basis of recognition and measurement

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

Liabilities are recognised 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.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the accumulative amortisation of any difference between cost and nominal amount.

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

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

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Derivative financial instruments

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

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised 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 or liabilities are recognised as other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised directly 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 included in equity are included in the income statement in the period in which the hedged item is recognised in the income statement.

##### Income statement

###### Revenue

Revenue from the rendering of services is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

###### Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains and losses on sales of property, plant and equipment.

###### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities.

###### Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other staff costs.

###### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

###### Tax

The Company is covered by the Danish rules on compulsory joint taxation of the Runway Holding ApS Group's Danish subsidiaries.

Runway Holding ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The current Danish corporation tax is allocated by 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.

Tax for the year comprises joint taxation contributions for the year 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 recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

#### Balance sheet

##### Property, plant and equipment

Equipment and buildings are measured at cost less accumulated depreciation and impairment.

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

The depreciation basis is cost less anticipated residual value after the expiry of the useful life. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

Buildings on owned land	30 years
Buildings on leased land	10 years
Fixtures and fittings, tools and equipment	5 years

Property, plant and equipment are written down to their recoverable amount if this is lower than their carrying amount.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income and other operating expenses.

##### Lease contracts:

Leases for fixed assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the present value, the discount factor is the interest rate implicit in the lease or an approximation of this. Finance leases are subsequently treated as the Company's other fixed assets.

The capitalised residual obligation on the lease is recognised in the balance sheet as a liability and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other lease agreements are recognised in the income statement over the term of the lease. The Company's total liability relating to operating leases and other lease agreements is disclosed as contingent liabilities etc.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Write-down is made for bad debt losses based on an individual assessment of receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses 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 recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Securities and investments

Securities recognised under current assets are measured at the market price at the balance sheet date.

##### 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.

##### Income taxes

Joint taxation contributions payable and receivable are recognised in the balance sheet as amounts owed by/to group enterprises.

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 base of assets and liabilities. However, deferred tax is not recognised on other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised 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 and jurisdiction.

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. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities 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 over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

##### Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

##### 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 under "Financial highlights" have been calculated as follows:

$$\text{Return on equity} = \frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$$

#### 2 Other operating income

Other operating income includes gains on the sale of property, plant and equipment.

DKK'000	2016	2015
<b>3 Staff costs</b>		
Wages/salaries	141,402	124,231
Pensions	9,319	8,321
Other social security costs	1,901	1,763
	152,622	134,315
Average number of full-time employees	267	250

Remuneration to members of management:

DKK'000	2016	2015
Executive board	965	964
Board of Directors	256	198
	1,221	1,162



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

DKK'000	2016	2015		
<b>4 Financial income</b>				
Interest receivable, group entities	2,340	3,152		
Other interest income	5	390		
Exchange gain	0	5,743		
	<u>2,345</u>	<u>9,285</u>		
<b>5 Financial expenses</b>				
Interest expenses, group entities	1,383	0		
Other interest expenses	273	228		
Exchange losses	879	0		
	<u>2,535</u>	<u>228</u>		
<b>6 Tax for the year</b>				
Deferred tax adjustments in the year	-2,273	-3,346		
	<u>-2,273</u>	<u>-3,346</u>		
<b>7 Property, plant and equipment</b>				
DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total	
Cost at 1 January 2016	9,206	13,217	22,423	
Additions in the year	1,158	1,212	2,370	
Disposals in the year	-309	-470	-779	
Cost at 31 December 2016	<u>10,055</u>	<u>13,959</u>	<u>24,014</u>	
Impairment losses and depreciation at 1 January 2016	6,730	9,776	16,506	
Depreciation in the year	327	948	1,275	
Depreciation and impairment of disposals in the year	-309	-195	-504	
Impairment losses and depreciation at 31 December 2016	<u>6,748</u>	<u>10,529</u>	<u>17,277</u>	
<b>Carrying amount at 31 December 2016</b>	<u>3,307</u>	<u>3,430</u>	<u>6,737</u>	
<b>8 Long-term liabilities</b>				
DKK'000	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	889	37	852	704
Subordinate loan capital	46,000	0	46,000	0
	<u>46,889</u>	<u>37</u>	<u>46,852</u>	<u>704</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

DKK'000	2016	2015
<b>9 Deferred tax</b>		
Deferred tax relates to:		
Property, plant and equipment	-631	-709
Liabilities	0	-1,541
Tax loss	-5,723	-3,395
	<u>-6,354</u>	<u>-5,645</u>
<b>10 Subordinate loan capital</b>		
DKK'000	<u>Maturity</u>	<u>Amount outstanding</u>
Danish Air Transport Holding A/S	30/6 2019	46,000
		<u>46,000</u>

It has been agreed that there are no regular instalments on the loans. The loans are irredeemable on the part of the creditor during the intervening period.

### 11 Contractual obligations and contingencies, etc.

#### Other financial obligations

The Company has entered into agreements regarding aircraft leases. The lease costs amount to DKK 49,511 thousand in 2016. The lease agreements run for the period up to 31 December 2018.

The Company has entered into agreement regarding operating equipment lease. The lease obligation amounts to 34 thousand at 31 December 2016.

As a guarantor, the Company is liable for foreign loans and bank loans of DKK 135,048 thousand in Danish Air Transport Leasing A/S and for all other outstanding amounts that Danish Air Transport Leasing A/S may have with Spar Nord.

As a guarantor, the Company is liable for foreign loans and bank loans of DKK 156,635 thousand in Danish Air Transport Leasing A/S and for all other outstanding amounts that Danish Air Transport Leasing A/S may have with Sydbank.

As a guarantor, the Company is liable for foreign loans and bank loans of DKK 3,793 thousand in DOT LT UAB and for all other outstanding amounts that DOT LT UAB may have with Sydbank.

The Company has submitted resignation statement across all accounts regarding any debt Danish Air Transport Leasing A/S may have with Spar Nord.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 12 Collateral

As security for mortgage debt to Nykredit of DKK 889 thousand, the Company has provided owner's mortgage amounting to DKK 1,100 thousand secured upon buildings at a carrying value of DKK 1,377 thousand.

#### 13 Related parties

Danish Air Transport A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Runway Holding ApS	Lufthavnsvej 7A, 6580 Vamdrup	Holds all shares and votes in Danish Air Transport Holding A/S
Danish Air Transport Holding A/S	Lufthavnsvej 7A, 6580 Vamdrup	Holds all shares and votes in Danish Air Transport A/S

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Runway Holding ApS	Lufthavnsvej 7A, 6580 Vamdrup	The consolidated financial statements of Runway Holding ApS can be requisitioned on <a href="http://www.cvr.dk">www.cvr.dk</a>
Danish Air Transport Holding A/S	Lufthavnsvej 7A, 6580 Vamdrup	The consolidated financial statements of Danish Air Transport Holding A/S can be requisitioned on <a href="http://www.cvr.dk">www.cvr.dk</a>

DKK'000	2016	2015
14 Appropriation of profit/loss		
Recommended appropriation of profit/loss	-8,068	-11,872
Retained earnings/accumulated loss	-8,068	-11,872