
WORLDWIDE FLIGHT SERVICES DENMARK A/S

Kystvejen 32, DK-2770 Kastrup

Annual Report for
1 January 2023 - 31 March 2024

CVR No. 28 48 82 62

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 4/10 2024

Marc Jean Claesen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of WORLDWIDE FLIGHT SERVICES DENMARK A/S for the financial year 1 January 2023 - 31 March 2024.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2024 of the Company and of the results of the Company operations and cash flows for 2023/24.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 4 October 2024

Executive Board

Marc Jean Claesen
CEO

Board of Directors

John Andrew Batten
Chairman

Marc Jean Claesen

Kerry Mok Tee Heong

Independent Auditor's report

To the shareholder of WORLDWIDE FLIGHT SERVICES DENMARK A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company's operations and cash flows for the financial year 1 January 2023 - 31 March 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of WORLDWIDE FLIGHT SERVICES DENMARK A/S for the financial year 1 January 2023 - 31 March 2024, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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.

Independent Auditor's report

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 these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 4 October 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Sune Christensen Bjerre
State Authorised Public Accountant
mne47832

Company information

The Company	WORLDWIDE FLIGHT SERVICES DENMARK A/S Kystvejen 32 DK-2770 Kastrup Telephone: + 45 32465000 Email: cph-cargo@wfs.aero CVR No: 28 48 82 62 Financial period: 1 January 2023 - 31 March 2024 Financial year: 19th financial year Municipality of reg. office: Tårnby
Board of Directors	John Andrew Batten, chairman Marc Jean Claesen Kerry Mok Tee Heong
Executive Board	Marc Jean Claesen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022	2021	2020	2019
	TDKK 15 months	TDKK 12 months	TDKK 12 months	TDKK 12 months	TDKK 12 months
Key figures					
Profit/loss					
Gross profit	171,419	127,514	109,409	101,712	105,593
Profit/loss of primary operations	21,492	17,527	18,361	11,382	4,461
Profit/loss of financial income and expenses	-1,285	-5,292	-4,359	-3,903	-1,737
Net profit/loss for the year	15,752	9,542	11,230	3,745	13,121
Balance sheet					
Balance sheet total	469,923	466,502	372,698	321,472	133,428
Investment in property, plant and equipment	17,609	840	21,744	12,966	0
Equity	98,260	82,508	72,966	61,735	57,990
Cash flows					
Cash flows from:					
- operating activities	-13,294	20,804	21,233	2,582	9,597
- investing activities	-22,134	-112,088	-22,059	-17,174	-13,910
- financing activities	13,437	78,748	40,525	20,224	3,038
Change in cash and cash equivalents for the year	-21,991	-12,536	39,699	5,632	-1,275
Number of employees	169	150	136	148	155
Ratios					
Return on assets	4.6%	3.8%	4.9%	3.5%	3.3%
Solvency ratio	20.9%	17.7%	19.6%	19.2%	43.5%
Return on equity	17.4%	12.3%	16.7%	6.3%	41.1%

Management's review

Key activities

The Company's primary activities are handling and transportation of cargo for airlines and freight forwarders.

Development in the year

The income statement of the Company for 2023/24 shows a profit of DKK 15,752,081, and at 31 March 2024 the balance sheet of the Company shows a positive equity of DKK 98,259,998.

Due to changes in the ownership of the Company, the financial period has been changed so that it going forward covers the financial year 1 April - 31 March. Therefore, the present financial statements cover a prolonged period of 15 months. Thus, comparative figures are not fully comparable.

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

2023/24 started up with lower tons per month compared to the previous year 2022. After the summer the tons increased again to normal level, ending with and year on year comparison by -5% to 101,317 tons.

Profit before financial income and expenses at DKK 21.5 million (15 months) is in line with budget and previous year on year comparison DKK 17.5 million (12 months)

The Company expected an EBITDA to be in the range of DKK 17-23 million (12 months), compared to actual result of DKK 30.9 million (15 months) we have overperformed slightly, where main driver is higher revenue than expected.

The profit before tax ended at DKK 20.2 million, which is higher than the previous year and budget due to an increase in financial income, because of higher interest level.

2023/24 has been a good and more stable year for WFS Denmark compared to previous years, where the air cargo supply chain diverted from standard air traffic schedules to ad hoc flights in combination with scheduled flight cancellations. 2023/24 has indeed been more predictable, as air traffic is back to normal conditions after years of disturbances from Covid-19 especially.

We are pleased to present yet another strong result for the year 2023/24.

Operating risks

Air cargo is dependent on frequency of aircraft schedules, and 2023/24 has given us more stability compared to previous years. Finding the right qualified staff has been a challenge though, first due to the very low unemployment percent in Denmark, and secondly due to more strict and longer security clearance from the authorities.

Market risks

The world economy is determining the level of purchasing power. Purchasing power controls the need for air cargo. Between 60-70% of our costs are staff related. This gives the Company the possibility to adjust the main part of the costs according to the market needs and trends. This all according to the national union agreements and terms.

Foreign exchange risks

The Company's trading and financing is in EUR or DKK so the Company is not exposed to currency risk.

Management's review

Targets and expectations for the year ahead

2024/25 has started good with higher volume compared to 2023/24, but with labor shortages and long approval processes by the authorities we are challenged in fulfilling our high level of service towards our customers, and we appreciate the extra effort our staff is delivering.

Shipping of cargo has changed from 2023/24 to this year, as the situation in the Red Sea has given air cargo extra volume. We are therefore expecting higher volume compared to previous years, although expectations for financial results are lower due to more overtime payment and retrospective non-recurring personnel cost.

The Company expects a result in profit before financial income and expenses in the range of DKK 10-14 million, which is lower than previous years due to higher staff costs.

Knowledge resources

The Company handles Cargo on behalf of its airlines and is responsible for handling this according to the contractual agreements. This requires specially trained staff. The Company ensures constantly updating existing staff on the latest rules by attending courses internally and externally.

External environment

The activities of the Company do not have a material impact on the external environment. The Company makes continuous efforts to use scanning instead of printing to avoid unnecessary waste of paper resources. Also, the Company has installed solar panels, which generate 100 % of its electricity consumption.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Financial Statements have not been subject to any uncertainty.

Unusual events

The financial position at 31 March 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023/24 have not been affected by any unusual events.

Subsequent events

Reference is made to note 17 in the Financial Statements.

Income statement 1 January 2023 - 31 March 2024

	Note	2023/24	2022
		DKK 15 months	DKK 12 months
Gross profit		171,419,283	127,514,403
Staff expenses	1	-140,526,775	-105,686,266
Depreciation and impairment losses of property, plant and equipment	2	-9,400,117	-4,301,052
Profit/loss before financial income and expenses		21,492,391	17,527,085
Financial income	3	17,371,789	5,582,784
Financial expenses	4	-18,656,550	-10,875,178
Profit/loss before tax		20,207,630	12,234,691
Tax on profit/loss for the year	5	-4,455,549	-2,692,440
Net profit/loss for the year	6	15,752,081	9,542,251

Balance sheet 31 March 2024

Assets

	Note	2023/24	2022
		DKK	DKK
Land and buildings		142,786,774	149,651,523
Other fixtures and fittings, tools and equipment		15,993,191	919,443
Property, plant and equipment	7	158,779,965	150,570,966
Deposits		57,026	42,768
Fixed asset investments		57,026	42,768
Fixed assets		158,836,991	150,613,734
Raw materials and consumables		561,685	723,300
Inventories		561,685	723,300
Trade receivables		33,098,407	24,857,458
Receivables from group enterprises		214,398,157	209,873,333
Other receivables		3,332,438	1,110,507
Deferred tax asset	8	38,863,882	39,574,569
Corporation tax		2,402,918	0
Prepayments	9	1,297,060	627,749
Receivables		293,392,862	276,043,616
Cash at bank and in hand		17,131,476	39,121,783
Current assets		311,086,023	315,888,699
Assets		469,923,014	466,502,433

Balance sheet 31 March 2024

Liabilities and equity

	Note	2023/24	2022
		DKK	DKK
Share capital	10	502,000	502,000
Retained earnings		97,757,998	82,005,917
Equity		98,259,998	82,507,917
Other provisions	11	5,654,950	5,557,423
Provisions		5,654,950	5,557,423
Lease obligations		315,863,494	311,162,357
Other payables		7,102,611	7,154,471
Long-term debt	12	322,966,105	318,316,828
Lease obligations	12	7,689,846	6,685,567
Trade payables		6,616,298	8,705,441
Payables to group enterprises		0	9,630,553
Corporation tax		0	518,256
Other payables	12	28,735,817	34,580,448
Short-term debt		43,041,961	60,120,265
Debt		366,008,066	378,437,093
Liabilities and equity		469,923,014	466,502,433
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
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Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	502,000	82,005,917	82,507,917
Net profit/loss for the year	0	15,752,081	15,752,081
Equity at 31 March	<u>502,000</u>	<u>97,757,998</u>	<u>98,259,998</u>

Cash flow statement 1 January 2023 - 31 March 2024

	Note	2023/24	2022
		DKK 15 months	DKK 12 months
Result of the year		15,752,081	9,542,251
Adjustments	13	15,140,427	12,285,888
Change in working capital	14	-18,858,683	20,153,792
Cash flow from operations before financial items		12,033,825	41,981,931
Financial expenses		-18,656,550	-10,875,181
Cash flows from ordinary activities		-6,622,725	31,106,750
Corporation tax paid		-6,670,963	-10,303,000
Cash flows from operating activities		-13,293,688	20,803,750
Purchase of property, plant and equipment		-17,609,117	-38,179,160
Change in receivables from group enterprises		-4,524,824	-73,908,493
Cash flows from investing activities		-22,133,941	-112,087,653
Repayment of payables to group enterprises		7,741,236	15,213,339
Proceeds from obtainment of lease debt		5,696,086	63,534,262
Cash flows from financing activities		13,437,322	78,747,601
Change in cash and cash equivalents		-21,990,307	-12,536,302
Cash and cash equivalents at 1 January		39,121,783	51,658,085
Cash and cash equivalents at 31 March		17,131,476	39,121,783
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		17,131,476	39,121,783
Cash and cash equivalents at 31 March		17,131,476	39,121,783

Notes to the Financial Statements

	2023/24	2022
	DKK 15 months	DKK 12 months
1. Staff Expenses		
Wages and salaries	120,065,267	90,606,011
Pensions	15,069,493	10,712,370
Other social security expenses	2,274,598	1,758,582
Other staff expenses	3,117,417	2,609,303
	<u>140,526,775</u>	<u>105,686,266</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>169</u>	<u>150</u>
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	2023/24	2022
	DKK 15 months	DKK 12 months
2. Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	9,400,117	4,301,052
	<u>9,400,117</u>	<u>4,301,052</u>

	2023/24	2022
	DKK 15 months	DKK 12 months
3. Financial income		
Interest received from group enterprises	17,015,138	5,519,802
Other financial income	356,651	62,982
	<u>17,371,789</u>	<u>5,582,784</u>

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022</u>
	DKK 15 months	DKK 12 months
4. Financial expenses		
Interest paid to group enterprises	289,104	112,860
Other financial expenses	18,367,446	10,762,318
	<u>18,656,550</u>	<u>10,875,178</u>
	<u>2023/24</u>	<u>2022</u>
	DKK 15 months	DKK 12 months
5. Income tax expense		
Current tax for the year	3,744,862	4,470,461
Deferred tax for the year	710,687	-1,778,021
	<u>4,455,549</u>	<u>2,692,440</u>
	<u>2023/24</u>	<u>2022</u>
	DKK	DKK
6. Profit allocation		
Retained earnings	15,752,081	9,542,251
	<u>15,752,081</u>	<u>9,542,251</u>

Notes to the Financial Statements

7. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	207,239,522	21,272,837
Additions for the year	0	17,609,117
Disposals for the year	0	-1,850,831
Cost at 31 March	<u>207,239,522</u>	<u>37,031,123</u>
Impairment losses and depreciation at 1 January	57,587,999	20,353,394
Depreciation for the year	6,864,749	2,535,369
Impairment and depreciation of sold assets for the year	0	-1,850,831
Impairment losses and depreciation at 31 March	<u>64,452,748</u>	<u>21,037,932</u>
Carrying amount at 31 March	<u>142,786,774</u>	<u>15,993,191</u>
Including assets under finance leases amounting to	<u>140,110,145</u>	<u>13,308,409</u>
	<u>2023/24</u>	<u>2022</u>
	DKK	DKK
Deferred tax asset at 1 January	39,574,569	37,796,548
Amounts recognised in the income statement for the year	-710,687	1,778,021
Deferred tax asset at 31 March	<u>38,863,882</u>	<u>39,574,569</u>

8. Deferred tax asset

Deferred tax asset at 1 January	39,574,569	37,796,548
Amounts recognised in the income statement for the year	-710,687	1,778,021
Deferred tax asset at 31 March	<u>38,863,882</u>	<u>39,574,569</u>

9. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

10. Share capital

The share capital consists of 5,002 shares of a nominal value of DKK 100. No shares carry any special rights.

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022</u>
	DKK	DKK
11. Other provisions		
Other provisions comprise of demolition provision related to building on leased land. The provision expires after 28 years.		
Other provisions	5,654,950	5,557,423
	<u>5,654,950</u>	<u>5,557,423</u>

	<u>2023/24</u>	<u>2022</u>
	DKK	DKK

12. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

After 5 years	281,859,716	281,662,413
Between 1 and 5 years	34,003,778	29,499,944
Long-term part	315,863,494	311,162,357
Within 1 year	7,689,846	6,685,567
	<u>323,553,340</u>	<u>317,847,924</u>

Other payables

After 5 years	7,102,611	7,154,471
Long-term part	7,102,611	7,154,471
Other short-term payables	28,735,817	34,580,448
	<u>35,838,428</u>	<u>41,734,919</u>

Notes to the Financial Statements

	2023/24	2022
	DKK 15 months	DKK 12 months
13. Cash flow statement - Adjustments		
Financial income	-17,371,789	-5,582,784
Financial expenses	18,656,550	10,875,178
Depreciation, amortisation and impairment losses, including losses and gains on sales	9,400,117	4,301,054
Tax on profit/loss for the year	4,455,549	2,692,440
	<u>15,140,427</u>	<u>12,285,888</u>

	2023/24	2022
	DKK 15 months	DKK 12 months
14. Cash flow statement - Change in working capital		
Change in inventories	161,615	384,670
Change in receivables	-11,132,191	2,839,356
Change in other provisions	97,527	1,358,885
Change in trade payables, etc	-7,985,634	15,570,881
	<u>-18,858,683</u>	<u>20,153,792</u>

	2023/24	2022
	DKK	DKK
15. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with mortgage lease obligations:		
Land and buildings with carrying amount of	142,786,774	149,651,523

Notes to the Financial Statements

	2023/24	2022
	DKK	DKK
15. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	4,219,819	3,860,745
Between 1 and 5 years	2,885,496	3,633,438
	<u>7,105,315</u>	<u>7,494,183</u>

16. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
France Handling SAS	Controlling shareholder
WFS Global SAS	Controlling shareholder
WFS Global Holding SAS	Controlling shareholder
WFS Acquisition SAS	Controlling shareholder
SATS Ltd.	Controlling shareholder
Worldwide Flight Services Holding SA	Controlling shareholder

Transactions

Transactions with related parties has been carried out at arm's length terms.

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
SATS Ltd.	20 Airport Boulevard SATS Inflight Catering Centre 1 Singapore 819659

The Group Annual Report of SATS Ltd. may be obtained at the following address:

<https://www.sats.com.sg/docs/default-source/annual-general-meeting/2023-2024/sats-ltd-annual-report.pdf>

Notes to the Financial Statements

17. Subsequent events

The Company has after the balance sheet date settled an agreement with trade unions in relation to the Company's employees pension in previous years.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

18. Accounting policies

The Annual Report of WORLDWIDE FLIGHT SERVICES DENMARK A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised 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 alternative borrowing rate 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 Company.

The remaining lease obligation is capitalised and recognised 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 recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Revenue

The company provides handling and transportation related services to customers for inbound and outbound cargo. Income from the rendering of services is recognised as revenue as the transport services are rendered to the customers. The revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Property, plant and equipment

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

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

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Notes to the Financial Statements

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

Buildings	20-40 years
Plant and machinery	5-7 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Other fixed asset investments

Fixed asset investments consist of receivables from group enterprises.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Notes to the Financial Statements

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

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

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise .

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Return on assets

Profit/loss of ordinary primary operations x 100 / Total assets at year end

Solvency ratio

Equity at year end x 100 / Total assets at year end

Return on equity

Net profit for the year x 100 / Average equity