
Copenhagen Flight Services ApS

Vestvej 4, DK-2770 Kastrup

Annual Report for 1 January - 31 December 2020

CVR No 30 90 27 26

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
12/7 2021

Jo Alex Tanem
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 Copenhagen Flight Services ApS for the financial year 1 January - 31 December 2020.

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 December 2020 of the Company and of the results of the Company operations for 2020.

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.

Kastrup, 12 July 2021

Executive Board

Jens Bo Hansen

Board of Directors

Jo Alex Tanem
Chairman

Per Göran Wassberg

Jens Bo Hansen

Mortan Andreas Michelsen
Staff Representative

Hatice Ceyhun Kilicasan
Staff Representative

Independent Auditor's Report

To the of Copenhagen Flight Services ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Copenhagen Flight Services ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity 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' 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

It should be noted that material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. We refer to note 1 to the Financial Statements, which shows that the Company's parent company has obtained new financing to cover the Group's total cash needs for at least the year ahead. However, no formal agreement has been entered to ensure that Copenhagen Flight Services ApS receives the required cash resources, and moreover, the cash needs of Copenhagen Flight Services ApS and the rest of the Group are materially affected by the development in COVID-19. It is Management's expectation and assessment that the parent company will provide the required cash resources as the need arises; therefore, the Financial Statements have been prepared on the assumption of going concern. Our opinion has not been modified in respect of this matter.

Uncertainty Relating to Measurement of Receivable from Group Enterprises

We refer to note 2 to the Financial Statements, where Management states that uncertainty relates to valuation of receivable of DKK 74,350k from the Group Company Aviator Airport Alliance AB in Sweden. The uncertainty relates to the impact of COVID-19 as described in note 1 to the Financial Statements.

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

Independent Auditor's Report

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 Financials 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.

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 ef-

Independent Auditor's Report

fectiveness 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, 12 July 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen

State Authorised Public Accountant

mne26718

Anders Røjleskov

State Authorised Public Accountant

mne28699

Company Information

The Company

Copenhagen Flight Services ApS
Vestvej 4
DK-2770 Kastrup

CVR No: 30 90 27 26
Financial period: 1 January - 31 December
Municipality of reg. office: Tårnby

Board of Directors

Jo Alex Tanem , Chairman
Per Göran Wassberg
Jens Bo Hansen
Mortan Andreas Michelsen
Hatice Ceyhun Kilicasan

Executive Board

Jens Bo Hansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

Copenhagen Flight Services ApS (CFS) provides airport-related services for airlines and other actors at Copenhagen Airport. CFS' overall aim is to provide customers with high, stable quality of delivery, with the help of knowledgeable and motivated employees, thereby creating the preconditions for good profitability and added value for its owners.

Development in the year

The income statement of the Company for 2020 shows a loss of DKK 14,592,947, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 57,784,724.

The activities in 2020 was heavily negatively impacted by the effects of COVID-19. During March most of the flights that CFS handles were cancelled by CFS' customers. In April and May there were almost no flights and CFS utilized several of the government support schemes, including salary compensation and fixed cost compensation. The lack of traffic continued into the summer – and therefore CFS laid off 33 staff in June in order to prepare for continued lower traffic volumes. During July and August traffic began to rise reaching 35-40% of pre-COVID-19 volumes in September. During September the second COVID-19 wave hit Europe leading to massive cancellations by CFS' customers. CFS had to make yet another reduction in staff and laid off 37 staff in October. In November and December traffic was around 10% compared to pre-COVID-19 volumes.

The result for 2020 has been impacted by income from government aid packages of DKK 11.6 million and gain from sale and lease back transaction of DKK 2,360k

This loss of traffic lead to significant loss of DKK 14,592,947, which is unacceptable.

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

The pandemic continued longer and with more strength than expected a year ago. The second COVID-19 wave was not foreseen and had severe negative impact on the financial result compared to the expectations a year ago.

Management's Review

Capital resources

CFS is a part of the cashpool in the Aviator Group.

CFS has most of the funds placed in the cashpool. Therefore, CFS is highly dependent on the capabilities to get funds from the cashpool. Company management estimates that cash from cashpool is needed in order to continue operations for the coming year. Aviator Group is aware of the cash needed for continued operation and the parent company obtained internal group financing at USD 6.1 million, which is sufficient to cover the total cash needs of the Group, and is anticipated to provide the subsidiaries with the cash needed. Management in CFS expects that cash will be supplied if no major setbacks related to the Pandemic or alike are seen during next year. No formal binding agreement regarding cash contribution from the parent company has been issued and therefore funding for operating during next year cannot be guaranteed.

Strategy and objectives

CFS aims to regain the position as a strong player in the ground handling market in Copenhagen again – delivering quality ground handling services that exceeds customer expectations.

Targets and expectations for the year ahead

The pandemic is expected to continue into 2021 and expected to have significant negative impact on the financial result for 2021. If restrictions are lifted throughout Europe during the second part of 2021 the expectations for the year is a lower loss compared to the loss in 2020.

External environment

CFS works systematically to reduce negative effects on both environment and working environment under the conditions that CFS operate. Copenhagen Airport has set out a strategy to reduce negative environmental impact. CFS goes along that strategy and will during the coming years seek to replace diesel-GSE with electrical-GSE.

Uncertainty relating to recognition and measurement

Impairment tests of fixed assets have been made – and no need for write-downs are identified by management.

CFS has included a deferred tax asset of thousand DKK 3,195 due to expectations of positive taxable income over the coming years. In this is included the use of tax loss carried forward and positive taxable income in Danish sister companies that are part of the joint taxation.

The deferred tax asset is subject to significant uncertainties, but as valuation is based on Management's best evaluation of future taxable income in Aviator and their Danish sister companies.

Management's Review

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have been heavily effected by COVID-19.

Subsequent events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events. Other than the implications by COVID-19 previously described.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss	4	36,028,615	83,384,003
Staff expenses	3	-51,779,893	-73,595,970
Depreciation and impairment of property, plant and equipment		-605,442	-463,626
Profit/loss before financial income and expenses		-16,356,720	9,324,407
Financial income	5	65,509	4,274
Financial expenses	6	-1,073,868	-348,951
Profit/loss before tax		-17,365,079	8,979,730
Tax on profit/loss for the year	7	2,772,132	-2,076,547
Net profit/loss for the year		-14,592,947	6,903,183

Distribution of profit

Proposed distribution of profit

Retained earnings	-14,592,947	6,903,183
	-14,592,947	6,903,183

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		2,796,787	2,500,180
Property, plant and equipment	8	2,796,787	2,500,180
Receivables from group enterprises		74,350,000	0
Deposits		426,758	426,758
Fixed asset investments		74,776,758	426,758
Fixed assets		77,573,545	2,926,938
Trade receivables		572,879	10,621,385
Receivables from group enterprises		1,154,655	84,316,247
Other receivables		2,009,817	656,304
Deferred tax asset		3,195,456	382,844
Corporation tax		54,000	0
Prepayments		411,606	625,657
Receivables		7,398,413	96,602,437
Cash at bank and in hand		42,655	26,413
Currents assets		7,441,068	96,628,850
Assets		85,014,613	99,555,788

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		125,000	125,000
Retained earnings		57,659,724	72,252,671
Equity		57,784,724	72,377,671
Other provisions		350,000	350,000
Provisions		350,000	350,000
Lease obligations		2,555,756	1,917,731
Other payables		3,707,718	1,889,692
Deferred income		1,966,311	0
Long-term debt	9	8,229,785	3,807,423
Credit institutions		0	4,998,527
Lease obligations	9	282,936	274,125
Prepayments received from customers		771,928	0
Trade payables		1,069,572	1,150,137
Payables to group enterprises		1,931,957	1,427,909
Corporation tax		0	2,022,372
Other payables	9	14,256,629	13,147,624
Deferred income	9	337,082	0
Short-term debt		18,650,104	23,020,694
Debt		26,879,889	26,828,117
Liabilities and equity		85,014,613	99,555,788
Capital resources and going concern	1		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	125,000	72,252,671	72,377,671
Net profit/loss for the year	0	-14,592,947	-14,592,947
Equity at 31 December	125,000	57,659,724	57,784,724

Notes to the Financial Statements

1 Capital resources and going concern

The Company is significantly affected by COVID-19 and the resulting decline in air traffic. Management expects increased activity during the summer of 2021 and beyond. Thus, an activity level of about 58% of the level prior to COVID-19 is expected by the end of 2021 and 100% in the summer of 2022.

Based on the above, the Company needs continuous injections of capital for at least half a year, but expects to generate sufficient liquidity to cover the cash needs in Q1 2022. In 2021, the Company's Swedish parent company obtained group internal financing totaling USD 6.1 million, which – based on the expected consolidated cash needs of the entire Aviator Group – is sufficient to cover the Group's total cash needs. The new loan have been obtained to cover the Group's total cash needs, and the parent company is anticipated to provide the subsidiaries with the cash needed. However, no formal agreement has been entered which guarantees Copenhagen Flight Services ApS the cash it needs, but Management expects the required cash resources to be made available as the need arises.

If the activity level does not develop as expected, it could significantly affect the overall cash needs of the Group and, thus, the adequacy of the loan finance raised.

As the outlook for the coming year is still significantly impacted by the development in COVID-19, the activity level of the airlines as well as the absence of a formal binding agreement regarding cash contribution from the parent company, it is management's assessment that the Company's ability to continue as a going concern is subject to material uncertainty. Management assesses the expected development to be realistic and realizable if COVID-19 does not develop negatively. On this basis, Management expects the parent company to provide the cash resources needed and therefore, the Financial Statements are prepared on the assumption of going concern.

2 Uncertainty relating to recognition and measurement

The Company has a receivables of DKK 74,350k by the Group company Aviator Airport Alliance AB in Sweden. The Group company is - as the Aviator Group in general - negatively impacted by Covid-19. The equity of Aviator Airport Alliance AB is positive and management expect that the receivable will be paid in full and thus no provision for loss has been recognized. As a consequence of the uncertainties related to COVID-19 there is some uncertainty related to the valuation of the receivable.

A part of the recognised compensation for fixed costs in connection with COVID-19, have not yet been accessed by Erhvervsstyrelsen which is why there is some unncertainty relation to recognition and measurement of compensation in relation to COVID-19.

Management has recognised a deferred tax asset of DKK 3,195k based on Management's expectations for future positive taxable incomes and the jointly taxed companies' expected utilisation of joint taxation losses. Management's expectations for future positive taxable incomes are based on budgets and forecasts for the comming years.

Notes to the Financial Statements

2 Uncertainty relating to recognition and measurement (continued)

The recognition of the deferred tax asset of DKK 3,195k is subject to uncertainty as the recognition is based on Management's best estimate of budgeted taxable incomes and the jointly taxed companies' expected utilisation of joint taxation losses.

	2020 DKK	2019 DKK
3 Staff expenses		
Wages and salaries	45,885,564	66,160,328
Pensions	3,952,270	5,775,055
Other social security expenses	1,691,541	1,440,535
Other staff expenses	250,518	220,052
	51,779,893	73,595,970
Average number of employees	113	141
4 Gross profit/loss		
In the Gross profit/loss the following is included:		
COVID-19 compensation fixed cost	4,323,903	0
COVID-19 wage compensation	10,986,884	0
	15,310,787	0
5 Financial income		
Interest received from group enterprises	65,509	0
Other financial income	0	4,274
	65,509	4,274
6 Financial expenses		
Interest paid to group enterprises	8,148	0
Other financial expenses	988,423	315,942
Exchange loss	77,297	33,009
	1,073,868	348,951

Notes to the Financial Statements

	2020 DKK	2019 DKK
7 Tax on profit/loss for the year		
Current tax for the year	0	2,022,372
Deferred tax for the year	-2,812,612	-45,803
Adjustment of tax concerning previous years	40,480	99,978
	-2,772,132	2,076,547

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	23,162,435
Additions for the year	1,995,000
Disposals for the year	-17,468,339
Cost at 31 December	7,689,096
Impairment losses and depreciation at 1 January	20,662,255
Depreciation for the year	605,442
Reversal of impairment and depreciation of sold assets	-16,375,388
Impairment losses and depreciation at 31 December	4,892,309
Carrying amount at 31 December	2,796,787
Including assets under finance leases amounting to	2,761,833

Notes to the Financial Statements

9 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:

	2020 DKK	2019 DKK
Lease obligations		
After 5 years	933,434	304,801
Between 1 and 5 years	1,622,322	1,612,930
Long-term part	2,555,756	1,917,731
Within 1 year	282,936	274,125
	2,838,692	2,191,856
Other payables		
Between 1 and 5 years	3,707,718	1,889,692
Long-term part	3,707,718	1,889,692
Other short-term payables	14,256,629	13,147,624
	17,964,347	15,037,316
Deferred income		
After 5 years	617,983	0
Between 1 and 5 years	1,348,328	0
Long-term part	1,966,311	0
Within 1 year	337,082	0
Short-term part	337,082	0
	2,303,393	0
10 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,802,413	946,508
Between 1 and 5 years	5,704,570	2,536,058
After 5 years	1,318,493	507,434
	8,825,476	3,990,000
Rental premissis lease obligations, period of non-terminability 6 months.	412,000	412,000

Notes to the Financial Statements

10 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The Company is jointly taxed with other Danish Companies of the Aviator Group. The group Companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group.

11 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

The Company's intercompany transactions and normal management remunerations has during the year been entered into at arm's length.

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

Name	Place of registered office
Avia Solutions Group PLC, ultimate parent	28 Oktovriou, ENGOMI BUSINESS CENTER BLC E, Flat/Office 111, Egkomi, 2414, Nicosia, Cyprus
Nordic Aero Holding AB, direct parent	Stockholm-Arlanda, Sweden

The Company's direct parent does not prepare consolidated financial statements. The Company's ultimate parent, which prepares consolidated financial statements into which the Company is incorporated as a subsidiary, is Avia Solutions Group PLC.

The Group Annual Report of Avia Solutions Group PLC, ultimate parent may be obtained at the following address:

28 Oktovriou, ENGOMI BUSINESS CENTER BLC E, Flat/Office 111, Egkomi, 2414, Nicosia, Cyprus

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of Copenhagen Flight Services ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

12 Accounting Policies (continued)

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.

Income Statement

Revenue

Revenue from rendering of services is recognised when the risks and rewards relating to the services have been transferred to the purchaser, 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.

Notes to the Financial Statements

12 Accounting Policies (continued)

Expenses for consumables

Expenses for consumables comprise consumables consumed to achieve revenue for the year.

Other external expenses

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

Gross profit/loss

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

Staff expenses

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

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of 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.

The Company is jointly taxed with wholly owned Danish Aviator Group entities. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

12 Accounting Policies (continued)

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.

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:

Other fixtures and fittings, tools and equipment	3-10	years
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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 property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

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

Fixed asset investments

Fixed asset investments consist of deposits.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

Notes to the Financial Statements

12 Accounting Policies (continued)

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.

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, including the tax base of tax loss carry-forwards, 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 debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.