



**Strait Air Transport A/S**  
Snorresgade 18-20  
2300 Copenhagen S  
Central Business Registration No.  
32444202

**Annual report 2016**

The Annual General Meeting adopted the annual report on 03.07.2017

**Chairman of the General Meeting**

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Name: Morten Jæpelt

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## **Entity details**

### **Entity**

Strait Air Transport A/S  
Snorresgade 18-20  
2300 Copenhagen S

Central Business Registration No: 32444202  
Registered in: Copenhagen  
Financial year: 01.01.2016 - 31.12.2016

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Website: [www.straitair.com](http://www.straitair.com)  
E-mail: [exportcph@straitair.com](mailto:exportcph@straitair.com)

### **Board of Directors**

Sune Simonsen, Chairman  
Morten Jæpelt  
Ulrik Kamstrup Jespersen

### **Executive Board**

Morten Jæpelt, Chief Executive Officer

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P.O. Box 1600  
0900 Copenhagen C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Strait Air Transport A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016 and of the results of their operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 03.07.2017

### Executive Board

Morten Jæpelt  
Chief Executive Officer

### Board of Directors

Sune Simonsen  
Chairman

Morten Jæpelt

Ulrik Kamstrup Jespersen

## Independent auditor's report

### To the owner of Strait Air Transport A/S

#### Opinion

We have audited the consolidated financial statements and the parent financial statements of Strait Air Transport A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations for the financial year 01.01.2016 - 31.12.2016 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

#### Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

#### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

## Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 03.07.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Anders Kreiner  
State-Authorised Public Accountant

## Management commentary

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>	<b>2012</b> <b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	96.228	130.710	134.824	124.307	171.934
Gross profit/loss	9.730	11.386	10.832	9.766	13.833
Operating profit/loss	(2.496)	(455)	(2.836)	(2.559)	2.155
Net financials	(285)	(413)	(105)	(55)	(83)
Profit/loss for the year	(2.457)	(858)	(2.907)	(2.542)	1.566
Total assets	24.894	26.398	33.788	31.049	48.597
Investments in property, plant and equipment	0	278	234	380	409
Equity	3.211	5.507	6.535	9.521	12.434
Employees in average	29	26	31	30	30
<b>Ratios</b>					
Gross margin (%)	10,1	8,7	8,0	7,9	8,0
Net margin (%)	(2,6)	(0,7)	(2,2)	(2,0)	0,9
Return on equity (%)	(56,4)	(14,3)	(36,2)	(23,2)	13,5
Equity ratio (%)	12,0	20,9	19,3	30,7	25,6

*Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.*

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios</b>
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The Company's primary activities are to provide logistics services, global transport and other related services.

### Development in activities and finances

Loss for the year amounts to DKK 2,457 thousand after tax.

Equity totals DKK 3,211 thousand at 31.12.2016.

The Board of Directors considers the performance for the year unacceptable.

### Consolidation

	<b>Share- holding %</b>
Strait Air Transport AB, Sweden	100
Strait Air Transport Eesti A/S, Estonia	100
OY Strait Air Transport AB, Finland	100
Strait Air Transport AS, Norway	100

### Outlook

The Company expects a smaller loss for 2017.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Consolidated income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue		96.228	130.710
Cost of sales		(79.397)	(112.281)
Other external expenses		(7.101)	(7.043)
<b>Gross profit/loss</b>		<b>9.730</b>	<b>11.386</b>
Staff costs	1	(12.013)	(11.570)
Depreciation, amortisation and impairment losses	2	(213)	(271)
<b>Operating profit/loss</b>		<b>(2.496)</b>	<b>(455)</b>
Other financial income		126	176
Other financial expenses	3	(411)	(589)
<b>Profit/loss before tax</b>		<b>(2.781)</b>	<b>(868)</b>
Tax on profit/loss for the year	4	324	10
<b>Profit/loss for the year</b>	5	<b>(2.457)</b>	<b>(858)</b>

## Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Other fixtures and fittings, tools and equipment		389	751
<b>Property, plant and equipment</b>	6	<u>389</u>	<u>751</u>
Other receivables		0	240
<b>Fixed asset investments</b>	7	<u>0</u>	<u>240</u>
<b>Fixed assets</b>		<u>389</u>	<u>991</u>
Trade receivables		16.864	17.131
Receivables from group enterprises		1.429	607
Deferred tax	8	461	137
Other receivables		1.217	47
Prepayments		267	0
<b>Receivables</b>		<u>20.238</u>	<u>17.922</u>
<b>Cash</b>		<u>4.267</u>	<u>7.485</u>
<b>Current assets</b>		<u>24.505</u>	<u>25.407</u>
<b>Assets</b>		<u>24.894</u>	<u>26.398</u>

## Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital		1.000	1.000
Retained earnings		2.211	4.507
<b>Equity</b>		<b>3.211</b>	<b>5.507</b>
Trade payables		15.964	9.488
Payables to group enterprises		3.687	7.846
Other payables		2.032	3.557
<b>Current liabilities other than provisions</b>		<b>21.683</b>	<b>20.891</b>
<b>Liabilities other than provisions</b>		<b>21.683</b>	<b>20.891</b>
<b>Equity and liabilities</b>		<b>24.894</b>	<b>26.398</b>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Group relations	11		

## Consolidated statement of changes in equity for 2016

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	1.000	4.507	5.507
Exchange rate adjustments	0	161	161
Profit/loss for the year	0	(2.457)	(2.457)
<b>Equity end of year</b>	<b>1.000</b>	<b>2.211</b>	<b>3.211</b>

## Notes to consolidated financial statements

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	10.597	9.866
Pension costs	785	842
Other social security costs	631	862
	<b>12.013</b>	<b>11.570</b>
Average number of employees	<b>29</b>	<b>26</b>
The Board of Directors and the Executive Board are not remunerated by the Group.		
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	213	271
	<b>213</b>	<b>271</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>3. Other financial expenses</b>		
Financial expenses from group enterprises	0	13
Other financial expenses	411	576
	<b>411</b>	<b>589</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>4. Tax on profit/loss for the year</b>		
Tax on current year taxable income	0	79
Change in deferred tax for the year	(324)	(66)
Adjustment concerning previous years	0	(23)
	<b>(324)</b>	<b>(10)</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>5. Proposed distribution of profit/loss</b>		
Retained earnings	(2.457)	(858)
	<b>(2.457)</b>	<b>(858)</b>

## Notes to consolidated financial statements

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>
<b>6. Property, plant and equipment</b>	
Cost beginning of year	3.315
Exchange rate adjustments	(29)
Disposals	(223)
<b>Cost end of year</b>	<b>3.063</b>
Depreciation and impairment losses beginning of the year	(2.564)
Exchange rate adjustments	24
Depreciation for the year	(213)
Reversal regarding disposals	79
<b>Depreciation and impairment losses end of the year</b>	<b>(2.674)</b>
<b>Carrying amount end of year</b>	<b>389</b>
	<b>Other receivables DKK'000</b>
<b>7. Fixed asset investments</b>	
Cost beginning of year	240
Disposals	(240)
<b>Cost end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>
	<b>2016 DKK'000</b>
<b>8. Deferred tax</b>	
<b>Changes during the year</b>	
Beginning of year	137
Recognised in the income statement	324
<b>End of year</b>	<b>461</b>

## Notes to consolidated financial statements

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>9. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<u>557</u>	<u>595</u>
Herof liabilities under rental agreements or leases with group enterprises until expiry	<u>307</u>	<u>578</u>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>10. Contingent liabilities</b>		
Recourse and non-recourse guarantee commitments	<u>1.303</u>	<u>930</u>
<b>Contingent liabilities in total</b>	<u><b>1.303</b></u>	<u><b>930</b></u>

The Company participates in a Danish joint taxation arrangement in which A.S. Scan Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore jointly and severally liable as of the financial year 2013 with the other jointly taxed companies for income taxes etc for the jointly taxed companies, and as of 01.07.2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

### 11. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

A.S. Scan Holding A/S, Snorresgade 18-20, 2300 Copenhagen S

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Scan Group A/S, Snorresgade 18-20, 2300 Copenhagen S



## Parent income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue		31.168	33.719
Cost of sales		(23.847)	(27.125)
Other external expenses		(2.280)	(1.674)
<b>Gross profit/loss</b>		<b>5.041</b>	<b>4.920</b>
Staff costs	1	(6.241)	(4.573)
Depreciation, amortisation and impairment losses	2	(75)	(89)
<b>Operating profit/loss</b>		<b>(1.275)</b>	<b>258</b>
Income from investments in group enterprises		(1.409)	(978)
Other financial income	3	14	11
Other financial expenses	4	(44)	(55)
<b>Profit/loss before tax</b>		<b>(2.714)</b>	<b>(764)</b>
Tax on profit/loss for the year	5	257	(94)
<b>Profit/loss for the year</b>	6	<b>(2.457)</b>	<b>(858)</b>

## Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Other fixtures and fittings, tools and equipment		125	200
<b>Property, plant and equipment</b>	7	<u>125</u>	<u>200</u>
Investments in group enterprises		2.761	2.974
<b>Fixed asset investments</b>	8	<u>2.761</u>	<u>2.974</u>
<b>Fixed assets</b>		<u>2.886</u>	<u>3.174</u>
Trade receivables		10.569	10.002
Receivables from group enterprises		3.402	1.062
Deferred tax	9	261	0
Other receivables		406	1
<b>Receivables</b>		<u>14.638</u>	<u>11.065</u>
<b>Cash</b>		<u>670</u>	<u>2.919</u>
<b>Current assets</b>		<u>15.308</u>	<u>13.984</u>
<b>Assets</b>		<u>18.194</u>	<u>17.158</u>

## Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Contributed capital	10	1.000	1.000
Reserve for net revaluation according to the equity method		0	291
Retained earnings		2.211	4.216
<b>Equity</b>		<b>3.211</b>	<b>5.507</b>
Provisions for investments in group enterprises	11	0	648
<b>Provisions</b>		<b>0</b>	<b>648</b>
Trade payables		7.345	6.740
Payables to group enterprises		6.826	3.325
Other payables		812	938
<b>Current liabilities other than provisions</b>		<b>14.983</b>	<b>11.003</b>
<b>Liabilities other than provisions</b>		<b>14.983</b>	<b>11.003</b>
<b>Equity and liabilities</b>		<b>18.194</b>	<b>17.158</b>
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Related parties with controlling interest	14		

## Parent statement of changes in equity for 2016

	<b>Contributed capital DKK'000</b>	<b>Reserve for net revaluation according to the equity method DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	1.000	291	4.216	5.507
Exchange rate adjustments	0	161	0	161
Other equity postings	0	957	(957)	0
Profit/loss for the year	0	(1.409)	(1.048)	(2.457)
<b>Equity end of year</b>	<b>1.000</b>	<b>0</b>	<b>2.211</b>	<b>3.211</b>

## Notes to parent financial statements

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	5.921	4.242
Pension costs	337	259
Other social security costs	(17)	72
	<b>6.241</b>	<b>4.573</b>
Average number of employees	<b>13</b>	<b>12</b>
The Board of Directors and the Executive Board are not remunerated by the Company.		
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	75	89
	<b>75</b>	<b>89</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	13	11
Other financial income	1	0
	<b>14</b>	<b>11</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	1	13
Other financial expenses	43	42
	<b>44</b>	<b>55</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>5. Tax on profit/loss for the year</b>		
Tax on current year taxable income	0	79
Change in deferred tax for the year	(261)	12
Adjustment concerning previous years	4	3
	<b>(257)</b>	<b>94</b>

## Notes to parent financial statements

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>6. Proposed distribution of profit/loss</b>		
Transferred to reserve for net revaluation according to the equity method	(1.409)	291
Retained earnings	(1.048)	(1.149)
	<b>(2.457)</b>	<b>(858)</b>
		<b>Other fixtures and fittings, tools and equipment DKK'000</b>
<b>7. Property, plant and equipment</b>		
Cost beginning of year		737
<b>Cost end of year</b>		<b>737</b>
Depreciation and impairment losses beginning of the year		(537)
Depreciation for the year		(75)
<b>Depreciation and impairment losses end of the year</b>		<b>(612)</b>
<b>Carrying amount end of year</b>		<b>125</b>
		<b>Investment s in group enterprises DKK'000</b>
<b>8. Fixed asset investments</b>		
Cost beginning of year		2.683
Additions		2.416
<b>Cost end of year</b>		<b>5.099</b>
Revaluations beginning of year		291
Exchange rate adjustments		161
Share of profit/loss for the year		(1.409)
Investments with negative equity depreciated over receivables		(1.299)
Other adjustments		(82)
<b>Revaluations end of year</b>		<b>(2.338)</b>
<b>Carrying amount end of year</b>		<b>2.761</b>

Accumulated investments with negative equity depreciated over receivables at year-end amount to DKK 1,299 thousand.

## Notes to parent financial statements

	<b>2016</b> <b>DKK'000</b>
<b>9. Deferred tax</b>	
<b>Changes during the year</b>	
Recognised in the income statement	261
<b>End of year</b>	<b>261</b>

	<b>Number</b>	<b>Par value</b> <b>DKK'000</b>	<b>Nominal</b> <b>value</b> <b>DKK'000</b>
<b>10. Contributed capital</b>			
Share capital	1.000	1	1.000
	<b>1.000</b>		<b>1.000</b>

### 11. Provisions for investments in group enterprises

Provisions for investments in group enterprises relate to group enterprises with negative equity.

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>12. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>231</b>	<b>503</b>
Hereof liabilities under rental agreements or leases with group enterprises until expiry	<b>231</b>	<b>503</b>

### 13. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which A.S. Scan Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore jointly and severally liable as of the financial year 2013 with the other jointly taxed companies for income taxes etc for the jointly taxed companies, and as of 01.07.2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The joint taxed companies' total known liability in the joint taxation arrangement is stated in the financial statements of the administration company.

### 14. Related parties with controlling interest

Related parties with controlling interest in Strait Air Transport A/S:

- Scan Group A/S, Snorresgade 18-20, 2300 Copenhagen S, shareholder
- A.S. Scan Holding A/S, Snorresgade 18-20, 2300 Copenhagen S, Ultimate Parent

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C enterprises.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Consolidated financial statements

The consolidated financial statements include Strait Air Transport A/S (Parent) and subsidiaries in which Strait Air Transport A/S either directly or indirectly holds more than 50% of the voting rights or in any other way have controlling influence. Jointly controlled entities are consolidated on a pro rata basis.

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.



## Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

### Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

### Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

### Foreign currency translation

Foreign currency transactions are translated applying the exchange rates at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date are recognised in the income statement as financial income or financial expenses.

Receivables, payables, and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated applying the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the balance sheet date and the one in effect at the time when the receivable or payable arose are recognised in the income statement as financial income or financial expenses.

If the foreign subsidiaries meet the criteria of independent entities, their income statements and balance sheets are translated applying the exchange rates at the balance sheet date. Exchange differences that arise from translation of foreign subsidiaries' equity at the beginning of the year, applying the exchange rates at the balance sheet date, are recognised directly in equity.

## Accounting policies

### Income statement

#### Revenue

Revenue is recognised in the income statement if delivery to the Group's cooperators has taken place before year-end and if the income can be computed reliably. Revenue is recognised net of VAT, duties and sales discounts.

#### Cost of sales

Costs relating to revenue are accrued according to the method of revenue recognition. Other costs relating to the financial year in terms of time are charged to the income statement.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

#### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

#### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

#### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

#### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

## Accounting policies

The Company is jointly taxed with its Ultimate Parent, A.S. Scan Holding A/S, and all of the Ultimate Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when it is ready to be put into operation.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
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On initial recognition, lease contracts regarding property, plant and equipment in which the Company holds all material risks and advantages related to the ownership (finance leasing) are measured in the balance sheet at fair value or present value, if lower, of future lease payments. At the computation of present value, the internal interest rate of the lease contract or an approximate value is used as discount factor. Assets held under finance leases are then treated as the Company's other property, plant and equipment.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Investments in group enterprises

#### Income statement

The Company's share of the subsidiaries' profits or losses after elimination of unrealised intra-group profits and losses and plus or minus amortisation of positive, or negative, goodwill is recognised in the income statement.

#### Balance sheet

Investments in subsidiaries are recognised in the balance sheet at the pro rata share of the enterprises' equity in accordance with the Parent's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus the residual value of positive, or negative, goodwill calculated according to the purchase method.

Subsidiaries with negative equity are measured at zero value, and any receivable from these enterprises is written down by the Parent's share of such negative equity. If the negative equity exceeds the amounts receivable, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost less amortisation of goodwill.

## Accounting policies

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value. Provisions for bad and doubtful debts are made at net realisable value.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Group has not prepared any cash flow statement as such statement is prepared by the higher-level group.