



Strait Air Transport A/S

Snorresgade 18-20
2300 Copenhagen S
CVR No. 32444202

Annual report 2023

The Annual General Meeting adopted the annual report on 17.05.2024

John Hemming

Chairman of the General Meeting

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Entity details

Entity

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

Business Registration No.: 32444202
Registered office: Copenhagen
Financial year: 01.01.2023 - 31.12.2023
Phone number: +45 32460800
URL: www.straitair.com
E-mail: cph@straitair.com

Board of Directors

Sune Simonsen, Chairman
Ulrik Kamstrup Jespersen
Morten Jæpelt

Executive Board

Morten Jæpelt, Chief Executive Officer

Bank

A/S Arbejdernes Landsbank
Vesterbrogade 5
1502 Copenhagen V

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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, 17.05.2024

Executive Board

Morten Jæpelt
Chief Executive Officer

Board of Directors

Sune Simonsen
Chairman

Ulrik Kamstrup Jespersen

Morten Jæpelt

Independent auditor's report

To the shareholders 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 01.01.2023 - 31.12.2023, 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, and the consolidated cash flow statement. 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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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.

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 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 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.

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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 17.05.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Anders Kreiner

State-Authorised Public Accountant
Identification No (MNE) mne26765

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	141,231	205,697	208,500	178,376	167,579
Gross profit/loss	21,452	21,842	21,255	14,431	14,609
EBITDA	5,241	6,239	7,178	1,435	638
Operating profit/loss	5,205	6,158	7,054	1,309	507
Net financials	(1)	1,023	(532)	(1,174)	108
Profit/loss before tax	5,204	7,181	6,522	135	615
Profit/loss for the year	3,905	5,780	6,247	19	195
Balance sheet total	59,541	68,542	74,494	40,794	49,706
Investments in property, plant and equipment	42	64	19	8	43
Equity	25,764	21,451	16,427	10,139	10,233
Average number of employees	34	36	33	33	32
Ratios					
Gross margin (%)	15.19	10.62	10.19	8.09	8.72
Net margin (%)	2.76	2.81	3.00	0.01	0.12
Return on equity (%)	16.54	30.52	47.03	0.19	1.95
Equity ratio (%)	43.27	31.30	22.05	24.85	20.59

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Primary activities

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

Development in activities and finances

Profit for the year amounts to DKK 5,204 thousand before tax.

Equity totals DKK 25,764 thousand at 31.12.2023.

The Board of Directors considers this year's performance acceptable.

Profit/loss for the year in relation to expected developments

The financial results meet the expectations expressed in the annual report for 2022, as results after tax are positive but not at the same level as in 2022.

Outlook

The Board of Directors expects the results for 2024 to be positive but not at the same level as in 2023 due to general freight rates, global trade, and, thereby, cargo volume being drastically lower than in previous years. Revenue for 2024 is estimated to be between DKK 140,000 thousand and DKK 170,000 thousand and pre-tax profit for the year is estimated to be between DKK 0 thousand and DKK 3,000 thousand.

Use of financial instruments

Price risks

The Group is to a wide extent dependent on the development in global shipping prices and in the USD exchange rate.

Currency exposure

Due to foreign activities, results, cash flows and equity are affected by the exchange rate movements in a number of foreign currencies. Exchange rate adjustments of investments in subsidiaries are recognised directly in equity. It is not company policy to hedge the above risks by means of financial instruments as purchase and sale of shipping services to a wide extent take place in the same foreign currency.

Interest rate exposure

Reasonable changes in the interest rate level will have no material impact on the Group. Consequently, no agreements are made on hedging of interest rate exposure.

Group relations

Please refer to notes 15 and 16 in the consolidated financial statements for a specification of the group relations.

Events after the balance sheet date

No events have occurred or been recorded between the balance sheet date and the date of presentation of these financial statements, which would influence the evaluation of this annual report.

Consolidated income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	1	141,231	205,697
Other operating income		1,126	60
Cost of sales		(109,398)	(169,217)
Other external expenses		(11,507)	(14,698)
Gross profit/loss		21,452	21,842
Staff costs	2	(16,211)	(15,603)
Depreciation, amortisation and impairment losses	3	(36)	(81)
Operating profit/loss		5,205	6,158
Other financial income	4	852	1,521
Other financial expenses	5	(853)	(498)
Profit/loss before tax		5,204	7,181
Tax on profit/loss for the year	6	(1,299)	(1,401)
Profit/loss for the year	7	3,905	5,780

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Other fixtures and fittings, tools and equipment		83	79
Property, plant and equipment	8	83	79
Receivables from group enterprises		1,667	787
Financial assets	9	1,667	787
Fixed assets		1,750	866
Trade receivables		17,517	21,562
Receivables from group enterprises		3,752	2,008
Deferred tax	10	165	137
Other receivables		2,108	2,352
Receivables		23,542	26,059
Cash		34,249	41,617
Current assets		57,791	67,676
Assets		59,541	68,542

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	11	1,000	1,000
Translation reserve		(420)	(828)
Retained earnings		25,184	21,279
Equity		25,764	21,451
Trade payables		16,093	19,527
Payables to group enterprises		12,427	23,276
Tax payable		339	1,144
Other payables		4,918	3,144
Current liabilities other than provisions		33,777	47,091
Liabilities other than provisions		33,777	47,091
Equity and liabilities		59,541	68,542
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Group relations	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	(828)	21,279	21,451
Exchange rate adjustments	0	408	0	408
Profit/loss for the year	0	0	3,905	3,905
Equity end of year	1,000	(420)	25,184	25,764

Consolidated cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		5,205	6,158
Amortisation, depreciation and impairment losses		36	81
Working capital changes	12	(10,435)	16,323
Cash flow from ordinary operating activities		(5,194)	22,562
Financial income received		852	1,521
Financial expenses paid		(853)	(498)
Taxes refunded/(paid)		(2,131)	31
Cash flows from operating activities		(7,326)	23,616
Acquisition etc. of property, plant and equipment		(42)	(64)
Cash flows from investing activities		(42)	(64)
Free cash flows generated from operations and investments before financing		(7,368)	23,552
Increase/decrease in cash and cash equivalents		(7,368)	23,552
Cash and cash equivalents beginning of year		41,617	18,065
Cash and cash equivalents end of year		34,249	41,617
Cash and cash equivalents at year-end are composed of:			
Cash		34,249	41,617
Cash and cash equivalents end of year		34,249	41,617

Notes to consolidated financial statements

1 Revenue

	2023	2022
	DKK'000	DKK'000
Freight forwarding services related to air freight	141,231	205,697
Total revenue by activity	141,231	205,697

The Group's activities comprise freight forwarding services related to air freight on the world market. Consequently, it is not relevant to provide further disclosures on business segments by activity, just as it is not relevant to provide disclosures on geographical markets.

2 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	13,845	13,918
Pension costs	2,366	1,685
	16,211	15,603
Average number of full-time employees	34	36

According to section 98b(3) of the Danish Financial Statements Act, information on Management's remuneration is not disclosed.

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Depreciation on property, plant and equipment	36	81
	36	81

4 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	14	12
Other financial income	838	1,509
	852	1,521

5 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	42	135
Other financial expenses	811	363
	853	498

6 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	1,358	1,368
Change in deferred tax	(67)	33
Adjustment concerning previous years	8	0
	1,299	1,401

7 Proposed distribution of profit/loss

	2023	2022
	DKK'000	DKK'000
Retained earnings	3,905	5,780
	3,905	5,780

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	1,149
Exchange rate adjustments	15
Additions	42
Disposals	(35)
Cost end of year	1,171
Depreciation and impairment losses beginning of year	(1,070)
Exchange rate adjustments	(17)
Depreciation for the year	(36)
Reversal regarding disposals	35
Depreciation and impairment losses end of year	(1,088)
Carrying amount end of year	83

9 Financial assets

	Receivables from group enterprises DKK'000
Cost beginning of year	787
Additions	880
Cost end of year	1,667
Carrying amount end of year	1,667

10 Deferred tax

	2023 DKK'000	2022 DKK'000
Changes during the year		
Beginning of year	137	395
Recognised in the income statement	67	(33)
Reclassification	(39)	(224)
Other changes	0	(1)
End of year	165	137

Deferred tax assets

The tax asset has been recognised because expectations are that it will be possible to deduct it from the Group's future taxable income.

11 Contributed capital

The share capital consists of 1,000,000 shares, each with a par value of DKK 1.

12 Changes in working capital

	2023 DKK'000	2022 DKK'000
Increase/decrease in receivables	1,665	29,191
Increase/decrease in trade payables etc.	(12,100)	(12,868)
	(10,435)	16,323

13 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Total liabilities under rental or lease agreements until maturity	1,640	1,648
Of this, liabilities under rental or lease agreements with group enterprises	478	662

14 Contingent liabilities

	2023	2022
	DKK'000	DKK'000
Recourse and non-recourse guarantee commitments	559	558
Contingent liabilities	559	558
Recourse and non-recourse guarantee commitments	423	421
Contingent liabilities to group enterprises	423	421

The Group is currently involved in a few lawsuits as part of its general operations. However, these lawsuits are not considered to have any material impact on the annual report.

The Company participates in a Danish joint taxation arrangement in which A. Simonsen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
A. Simonsen Holding ApS, 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

16 Subsidiaries

	Ownership
	%
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

Parent income statement for 2023

		2023	2022
	Notes	DKK'000	DKK'000
Revenue	1	66,632	77,292
Cost of sales		(48,978)	(58,997)
Other external expenses		(4,967)	(6,493)
Gross profit/loss		12,687	11,802
Staff costs	2	(9,147)	(8,438)
Depreciation, amortisation and impairment losses	3	(14)	(58)
Operating profit/loss		3,526	3,306
Income from investments in group enterprises		1,295	3,432
Other financial income	4	200	81
Other financial expenses	5	(260)	(343)
Profit/loss before tax		4,761	6,476
Tax on profit/loss for the year	6	(856)	(696)
Profit/loss for the year	7	3,905	5,780

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Other fixtures and fittings, tools and equipment		45	27
Property, plant and equipment	8	45	27
Investments in group enterprises		19,319	17,616
Receivables from group enterprises		1,331	3,111
Financial assets	9	20,650	20,727
Fixed assets		20,695	20,754
Trade receivables		11,151	8,652
Receivables from group enterprises		919	1,673
Deferred tax	10	36	122
Other receivables		1,342	1,475
Receivables		13,448	11,922
Cash		6,108	12,131
Current assets		19,556	24,053
Assets		40,251	44,807

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		1,000	1,000
Translation reserve		(222)	(222)
Reserve for net revaluation according to equity method		8,742	7,039
Retained earnings		16,244	13,634
Equity		25,764	21,451
Trade payables		10,579	8,041
Payables to group enterprises		1,622	12,968
Joint taxation contribution payable		778	694
Other payables		1,508	1,653
Current liabilities other than provisions		14,487	23,356
Liabilities other than provisions		14,487	23,356
Equity and liabilities		40,251	44,807
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Related parties with controlling interest	13		
Transactions with related parties	14		

Parent statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	(222)	7,039	13,634	21,451
Exchange rate adjustments	0	0	408	0	408
Profit/loss for the year	0	0	1,295	2,610	3,905
Equity end of year	1,000	(222)	8,742	16,244	25,764

Notes to parent financial statements

1 Revenue

	2023	2022
	DKK'000	DKK'000
Freight forwarding services related to air freight	66,632	77,292
Total revenue by activity	66,632	77,292

The Company's activities comprise freight forwarding services related to air freight on the world market. Consequently, it is not relevant to provide further disclosures on business segments by activity, just as it is not relevant to provide disclosures on geographical markets.

2 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	8,472	7,833
Pension costs	675	605
	9,147	8,438
Average number of full-time employees	17	16

According to section 98b(3) of the Danish Financial Statements Act, information on Management's remuneration is not disclosed.

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Depreciation on property, plant and equipment	14	58
	14	58

4 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	14	18
Other financial income	186	63
	200	81

5 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	42	135
Other financial expenses	218	208
	260	343

6 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	778	694
Change in deferred tax	12	2
Adjustment concerning previous years	66	0
	856	696

7 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Retained earnings	3,905	5,780
	3,905	5,780

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	338
Additions	32
Cost end of year	370
Depreciation and impairment losses beginning of year	(311)
Depreciation for the year	(14)
Depreciation and impairment losses end of year	(325)
Carrying amount end of year	45

9 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000
Cost beginning of year	10,577	3,111
Disposals	0	(1,780)
Cost end of year	10,577	1,331
Revaluations beginning of year	7,039	0
Exchange rate adjustments	408	0
Share of profit/loss for the year	1,295	0
Revaluations end of year	8,742	0
Carrying amount end of year	19,319	1,331

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10 Deferred tax

	2023 DKK'000	2022 DKK'000
Changes during the year		
Beginning of year	122	348
Recognised in the income statement	(12)	(2)
Reclassification	(74)	(224)
End of year	36	122

Deferred tax assets

The tax asset has been recognised because expectations are that it will be possible to deduct it from the Company's future taxable income.

11 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Total liabilities under rental or lease agreements until maturity	1,138	968
Of this, liabilities under rental or lease agreements with group enterprises	367	418

12 Contingent liabilities

The Company is currently involved in a few lawsuits as part of its general operations. However, these lawsuits are not considered to have any material impact on the annual report.

The Company participates in a Danish joint taxation arrangement in which A. Simonsen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Related parties with controlling interest

Related parties are the A. Simonsen Holding ApS Group as well as the Board of Directors and the Executive Board of the Company.

Related parties with control of Strait Air Transport A/S: Scan Group A/S, Snorresgade 18-20, 2300 Copenhagen S, the immediate parent company of Strait Air Transport A/S, A.S. Scan Holding A/S, Snorresgade 18-20, 2300 Copenhagen S, the higher-level parent company of Scan Group A/S, A. Simonsen Holding ApS, Snorresgade 18-20, 2300 Copenhagen S, the ultimate parent company of Strait Air Transport A/S, and the estate of Arne Simonsen, the beneficial owner of the Group.

14 Transactions with related parties

Transactions with related parties are made on an arm's length basis.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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 Management's proposal for the distribution of net profit/loss and equity, respectively.

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 financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the 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. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. 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 lives, 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.

Profit or loss from divestment of enterprises

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate 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 using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, 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.

Income statement

Revenue

Revenue is recognised in the income statement if delivery to the Group's customers or 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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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 write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and 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 intra-group 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 or exchange 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 or exchange 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.

The Company is jointly taxed with its Ultimate Parent, A. Simonsen Holding ApS, 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:

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually.

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

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.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the 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.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the

term of the lease.

Other financial liabilities

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

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

Segment information

The Group's activities comprise freight forwarding services related to air freight on the world market. Consequently, it is not relevant to provide further disclosures on business segments by activity, just as it is not relevant to provide disclosures on geographical markets.