Aviator Airport Services Denmark A/S

Vestvej 4, DK-2770 Kastrup

Annual Report for 1 January - 31 December 2018

CVR No 62 71 40 18

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 10/4 2019

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 Aviator Airport Services Denmark A/S for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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, 10 April 2019

Executive Board

Lars Ove Wrist-Elkjær
Managing Director

Board of Directors

Jo Alex Tanem Chairman	Andreas Vassilaros	Tomas Hedström
Sanne Christensen Staff Representative	Claus Thomsen Staff Representative	

Independent Auditor's Report

To the Shareholder of Aviator Airport Services Denmark A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Aviator Airport Services Denmark A/S for the financial year 1 January - 31 December 2018, 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.

Statement on Management's Review
Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish 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 misstate-

ment, 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 effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 10 April 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

René Otto Poulsen	Anders Røjleskov
State Authorised Public Accountant	State Authorised Public Accountant
mne26718	mne28699

Company Information

The Company	Aviator Airport Services Denmark A/S Vestvej 4 DK-2770 Kastrup Telephone: + 45 32 47 47 00 Facsimile: + 45 32 51 10 18 CVR No: 62 71 40 18 Financial period: 1 January - 31 December Municipality of reg. office: Tårnby
Board of Directors	Jo Alex Tanem, Chairman Andreas Vassilaros Tomas Hedström Sanne Christensen Claus Thomsen
Executive Board	Lars Ove Wrist-Elkjær
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	249,878	189,207	183,491	207,990	313,645
Profit/loss before financial income and expenses	27,821	-15,138	-30,561	-38,746	-11,938
Net financials	-764	-4,624	-1,785	-1,108	-301
Net profit/loss for the year	25,222	-18,458	-28,184	-39,854	-18,174
Balance sheet					
Balance sheet total	120,509	93,667	65,112	56,859	78,666
Equity	43,330	18,108	-113,434	-85,250	-45,396
Investment in property, plant and equipment	-1,379	3,468	-536	1,177	10,770
Number of employees	419	413	391	463	637
Ratios					
Return on assets	23.1%	-16.2%	-46.9%	-68.1%	-15.2%
Solvency ratio	36.0%	19.3%	-174.2%	-149.9%	-57.7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

Aviator Airport Services Denmark A/S provides airport-related services for airlines and other actors at Copenhagen Airport. Aviator's 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 2018 shows a profit of TDKK 25,222, and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 43,330.

The airline industry has continued focus on cost-reducing initiatives, which has influenced their suppliers, eg. the handling industry. Furthermore Airlines have increased their focus on quality, where ground handlers are important partners. This means that Aviators in 2018 has focused on reducing cost and improving quality at the same time to be able to meet Airline demands.

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

The income statement of Aviator for 2018 shows a profit for the year of DKK thousand 24,568, which is an improvement of DKK thousand 43,026 compared to the loss of thousand DKK 18,458 in 2017. The result is positively affected by the sale of the Lounge-activities to Aviator Relaxium ApS.

The result is improved compared to the expectations in the turn around plan, that was launched in 2015.

Capital resources

At 31 December 2018 the balance sheet of Aviator shows an equity of DKK thousand 42,676 (2017: DKK thousand 18,104). Total assets amount to thousand DKK 120,509 (2017: 93,667).

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

Company management estimates that based on the group cashpool and expectations to 2019, the Company has sufficient cash resources available to continue its operation in 2019 and theirby being going concern.

Special risks

Aviator is exposed to a number of risk factors that are fully or partially beyond the company's control but that may impact earnings.

General economic situation

Demand for Aviators services is not significantly affected by the general economic situation.

Management's Review

Political risks

The aviation industry may be severely affected by external events such as terrorist threats or political instability.

Strikes can affect Aviators capability to deliver negatively over shorter periods of time.

Credit risks

Credit risk is limited to accounts receivable. Today's increasing competition in the airline industry could result in airlines collapsing, which may affect Aviator in the form of losses.

Special items

As mentioned above Aviator Airport Services Denmark A/S has sold the Lounges-activities to Aviator Relaxium ApS during 2018 in order to focus even more on the ground handling activities.

Targets and expectations for the year ahead

The expectations for 2019 are that the increasing focus on efficiency will continue and that this will lead to improved financial results compared to 2018.

External environment

Aviator works systematically to reduce negative effects on both environment and working environment under the conditions that Aviator operate.

Copenhagen Airport has set out a strategy to reduce negative environmental impact. Aviator goes along that strategy and will during 2019 replace a part of our diesel-tractors with electrical-tractors.

Intellectual capital resources

Aviators services are subject to significant quality and security demands. Training of staff in these areas is therefore a significant cost.

Management's Review

Uncertainty relating to recognition and measurement

Impairment tests of fixed assets have been made – and no need for write-downs are identified by management. Furthermore management has assessed that future cash flow is sufficent to avoid future write-downs.

Aviator has included a deferred tax asset of DKK thousand 4,000 due to expectations of positive taxable income over the coming 4 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.

Unusual events

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	2018	2017
		TDKK	TDKK
Gross profit/loss	2	**249,878**	**189,207**
Staff expenses	3	-218,889	-201,082
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-3,168	-3,263
Profit/loss before financial income and expenses		**27,821**	**-15,138**
Financial income	4	441	564
Financial expenses	5	-1,205	-5,188
Profit/loss before tax		**27,057**	**-19,762**
Tax on profit/loss for the year	6	-1,835	1,304
Net profit/loss for the year		**25,222**	**-18,458**

Balance Sheet 31 December

Assets

	Note	2018	2017
		TDKK	TDKK
Plant and machinery		7,410	9,461
Other fixtures and fittings, tools and equipment		218	7
Leasehold improvements		60	2,770
Property, plant and equipment	7	**7,688**	**12,238**
Receivables from group enterprises		34,497	0
Deposits		2,406	2,469
Fixed asset investments	8	**36,903**	**2,469**
Fixed assets		**44,591**	**14,707**
Trade receivables	15	27,069	27,904
Receivables from group enterprises		40,679	40,894
Other receivables		982	632
Deferred tax asset	9	4,000	5,000
Prepayments	10	2,778	2,446
Receivables		**75,508**	**76,876**
Cash at bank and in hand		**410**	**2,084**
Currents assets		**75,918**	**78,960**
Assets		**120,509**	**93,667**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		TDKK	TDKK
Share capital		700	700
Retained earnings		42,630	17,408
Equity	11	**43,330**	**18,108**
Lease obligations		0	594
Payables to group enterprises		1,336	1,333
Long-term debt	13	**1,336**	**1,927**
Credit institutions		7,533	5,736
Lease obligations	13	626	890
Trade payables		12,684	13,830
Payables to group enterprises	13	1,472	2,833
Corporation tax		658	0
Other payables		51,728	48,732
Deferred income	14	1,142	1,611
Short-term debt		**75,843**	**73,632**
Debt		**77,179**	**75,559**
Liabilities and equity		**120,509**	**93,667**
Uncertainty relating to recognition and measurement	1		
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Subsequent events	17		
Accounting Policies	18		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	700	17,408	18,108
Net profit/loss for the year	0	25,222	25,222
Equity at 31 December	**700**	**42,630**	**43,330**

Notes to the Financial Statements

1 Uncertainty relating to recognition and measurement

Management has recognised a deferred tax asset of DKK 4,000k 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 years 2019-2022.

The recognition of the deferred tax asset of DKK 4,000k 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.

	2018	2017
	TDKK	TDKK

2 Special items

	2018	2017
Profit on sale of lounge activities	32,273	0
	32,273	**0**

Profit on sale of lounge activities is included in Gross Profit.

3 Staff expenses

	2018	2017
Wages and salaries	192,684	178,076
Pensions	17,366	14,972
Other social security expenses	5,069	4,556
Other staff expenses	3,770	3,478
	218,889	**201,082**
Including remuneration to the Executive Board of:		
Executive Board		1,470
		1,470
Average number of employees	**419**	**413**

In accordance with section 98(b)(3) of the Danish Financial Statements Act, remuneration of the Executive Board for 2018 is not separately shown.

Notes to the Financial Statements

		2018	2017
		TDKK	TDKK
4	**Financial income**		
	Interest received from group enterprises	259	0
	Other financial income	80	218
	Exchange gains	102	346
		441	**564**
5	**Financial expenses**		
	Interest paid to group enterprises	0	3,897
	Other financial expenses	1,032	897
	Exchange loss	173	394
		1,205	**5,188**
6	**Tax on profit/loss for the year**		
	Current tax for the year	657	-916
	Deferred tax for the year	1,000	0
	Adjustment of tax concerning previous years	178	-388
		1,835	**-1,304**

Current tax for the year has been reduced by utilizing of not recognised tax losses carried-forward from previous years.

Notes to the Financial Statements

7 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	13,749	231	7,617	21,597
Net effect from correction prior year	58,022	28,308	15,197	101,527
Additions for the year	580	227	68	875
Disposals for the year	-21,253	-27,385	-21,747	-70,385
Cost at 31 December	51,098	1,381	1,135	53,614
Impairment losses and depreciation at 1 January	4,288	224	4,847	9,359
Net effect from correction prior year	58,022	28,308	15,197	101,527
Depreciation for the year	2,598	16	554	3,168
Reversal of impairment and depreciation of sold assets	-21,220	-27,385	-19,523	-68,128
Impairment losses and depreciation at 31 December	43,688	1,163	1,075	45,926
Carrying amount at 31 December	**7,410**	**218**	**60**	**7,688**
Including assets under finance leases amounting to	4,534	0	0	4,534

8 Fixed asset investments

	Receivables from group enterprises	Deposits
	TDKK	TDKK
Cost at 1 January	0	2,469
Additions for the year	34,497	0
Disposals for the year	0	-63
Cost at 31 December	34,497	2,406
Carrying amount at 31 December	**34,497**	**2,406**

Receivables from group enterprises is due at the earliest 1 January 2020.

Notes to the Financial Statements

		2018	2017
		TDKK	TDKK
9	**Deferred tax asset**		
	Deferred tax asset at 1 January	5,000	5,000
	Amounts recognised in the income statement for the year	-1,000	0
	Deferred tax asset at 31 December	**4,000**	**5,000**

The total deferred tax asset amounts to DKK 33,752k of which DKK 31,381 relates to tax losses carried forward. Management estimate that the recognised tax asset of DKK 4,000k will be utilised within the coming 4 years against future taxable income in the group taxation. The deferred tax asset is based on Management's expectations according to budgets and forecasts for the years 2019-2022 and is subject to uncertainty, referring to comments in note 1.

10 Prepayments

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

11 Equity

The share capital has developed as follows:

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	700	600	600	600	600
Capital increase	0	100	0	0	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	**700**	**700**	**600**	**600**	**600**

		2018	2017
		TDKK	TDKK
12	**Distribution of profit**		
	Retained earnings	25,222	-18,458
		25,222	**-18,458**

Notes to the Financial Statements

13 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:

	2018	2017
	TDKK	TDKK
Lease obligations		
Between 1 and 5 years	0	594
Long-term part	0	594
Within 1 year	626	890
	626	**1,484**
Payables to group enterprises		
Between 1 and 5 years	1,336	1,333
Long-term part	1,336	1,333
Other short-term debt to group enterprises	1,472	2,833
	2,808	**4,166**

14 Deferred income

Deferred income comprises payments received in respect of income relating to financial lease to be recognised in subsequent years.

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2018	2017
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2,045	4,583
Between 1 and 5 years	7,960	1,539
After 5 years	1,109	0
	11,114	**6,122**
Rental premisis lease obligations, period of non-terminability 3-18 months.	8,214	3,828

Notes to the Financial Statements

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

Other contingent liabilities

Trade receivables recognised with DKK 27,069k (2017: DKK 27.904k) are part of a group factoring agreement and is pledged for debt according to the group agreement to credit institutions. According to the factoring agreement the Company has issued a guarantee to jointly and severally to indemnify credit institusions any loss suffered.

The Company is jointly taxed with other Danish Companies of the Aviator group. The Company and the other Companies subject to joint taxation have unlimited joint and several liability for Danish corporation taxes.

16 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 including transfer of the lounge activities 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
Aviator Airport Alliance Europe AB, ultimate parent	Stockholm-Arlanda, Sweden
Aviator Airport Alliance AB, direct parent	Stockholm-Arlanda, Sweden

The Company's direct parent does not prepare consolidated financial statements. The Company's ultimateparent, which prepares consolidated financial statements into which the Company is incorporated as asubsidary, is Aviator Airport Alliance Europe AB.

The Group Annual Report of Aviator Airport Alliance Europe AB, ultimate parent may be obtained at the following address:

Tornvägen 17A, Box 118, 190 46 Stockholm-Arlanda, Sweden, plats: Arlanda

Notes to the Financial Statements

17 Subsequent events

Events after 31 December 2018 have not occurred, which, in the opinion of the management, have a significant impact on the assessment of the 2018 Annual Report.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Aviator Airport Services Denmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Aviator Airport Alliance AB, direct parent, the Company has not prepared a cash flow statement.

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

18 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

18 Accounting Policies (continued)

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.

Amortisation, 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.

18 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:

Production buildings	5-10	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-10	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

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 amortisation and depreciation.

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

Fixed asset investments

Fixed asset investments consist of deposits and long term receivables from group enterprises.

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

18 Accounting Policies (continued)

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 relating to financial lease to be recognised in subsequent years.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$