Annual Report 2015

NAVIAIR

Contents

Company information

Naviair
Naviair Allé 1
DK 2770 Kastrup

CVR: 26059763
Registered office: Kastrup
Financial year: 01.01.2015-31.12.2015

Naviair is a state-owned infrastructure company with status as a company owned by the Danish state represented by the Ministry of Transport and Building.

Naviair has been designated by the Danish Transport and Construction Agency to provide aviation infrastructure.

Board of Directors
Anne Birgitte Lundholt, Chairman
Michael Fleischer, Deputy Chairman
Henrik Christoffersen, elected by the employees
Flemming Kim Hansen, elected by the employees
Erik Jacobsen
Helge Mortensen
Helle Munksø, elected by the employees
Birthe Høegh Rask
Kurt Thyregod

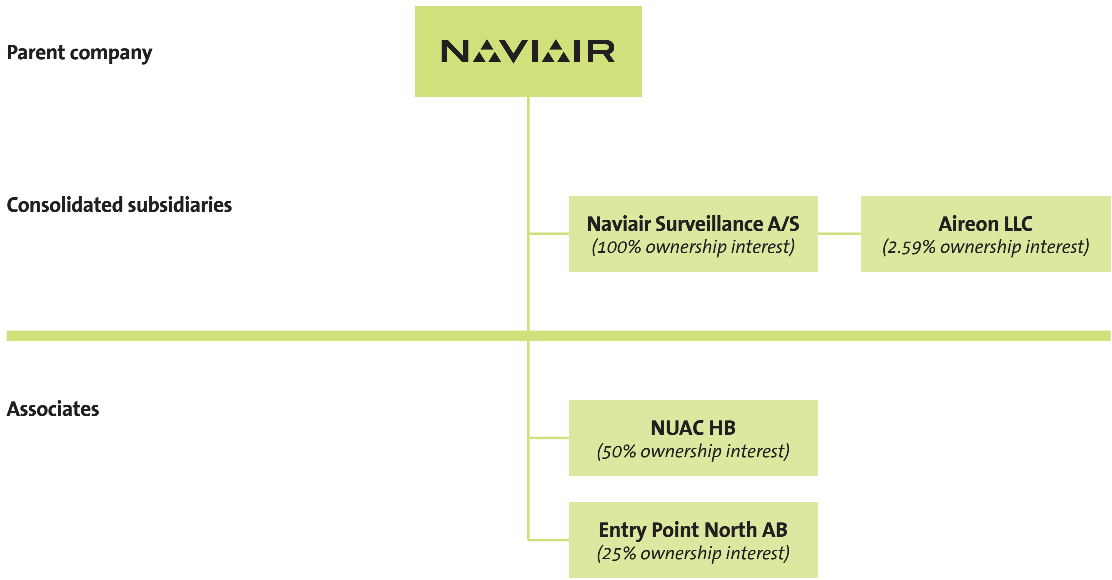
Executive Board
Morten Dambæk, CEO
Søren Stahlfest Møller, CFO

Auditor
Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK 0900 Copenhagen C

Rigsrevisionen (National Audit Office of Denmark)
Borgergade 16
DK 1300 Copenhagen K

Group structure

At 31 December 2015



Mission

Naviair contributes to the creation of value and welfare for society and our customers by developing and providing safe and efficient Air Traffic Management (ATM), fulfilling our role as a vital part of the aviation value chain.

Vision

We will always be among the best Air Navigation Service Providers (ANSPs).

We will continually develop our company and secure a strong position with our customers and partners, partly by participating in international alliances. At the same time, we will consistently deliver the best products in the industry at competitive prices without compromising on the priority we give to high levels of safety, quality and service.

We will achieve our ambitions through competent, committed and motivated employees, who thrive on working in a demanding environment in which targeted employee development and involvement form the basis for maintaining an attractive workplace.

Management's review

Key figures and key performance indicators

Naviair's financial performance since 1 January 2011 can be described using the key figures and key performance indicators below:

KEY FIGURES *(Mio. DKK)*	*Group* 2015	2014	2013	2012	2011
Income statement					
Revenue	920.2	941.6	904.0	916.6	899.9
Operating profit	77.6	133.1	102.0	101.5	88.7
Net financials	-40.6	-43.2	-42.6	-44.5	-34.5
Profit for the year	29.7	70.7	51.4	42.7	38.2
Balance sheet					
Fixed assets	1,249.3	1,264.5	1,183.4	1,192.3	1,193.9
Current assets	354.3	522.0	485.4	531.7	490.6
Balance sheet total	1,603.6	1,786.5	1,668.8	1,724.0	1,684.5
Interest-bearing debt	336.6	536.6	536.6	636.6	686.6
- of which subordinated loan capital	336.6	536.6	536.6	536.6	536.6
Equity	949.1	919.1	848.8	792.2	749.5
Cash flow statement					
Cash flows from,					
- operating activities	120.1	276.8	291.0	215.7	131.5
- investing activities	-89.7	-179.7	-92.0	-95.1	-93.5
- financing activities	-200.0	-	-100.0	-50.0	-50.0
The year's investments in property, plant and equipment	-67.1	-93.9	-91.4	100.9	112.5
Net increase (decrease) in cash and cash equivalents	-169.6	97.1	99.0	70.6	-12.0
Cash and cash equivalents at 31 December	123.8	293.4	196.4	97.3	26.7
Average number of employees	637	641	667	688	706
Financial ratios (%)					
Operating margin	8.4	14.1	11.3	11.1	9.9
Return on capital employed	4.8	7.4	6.1	5.9	5.3
Solvency ratio excl. subordinated loan capital	59.2	51.4	50.7	46.0	44.5
Solvency ratio incl. subordinated loan capital	80.2	81.5	83.0	77.1	76.4
Return on equity	3.2	8.0	6.3	5.5	5.2

The financial ratios have been prepared in accordance with the Danish Finance Society's recommendations and guidelines. Reference is made to definitions in the section on accounting policies.

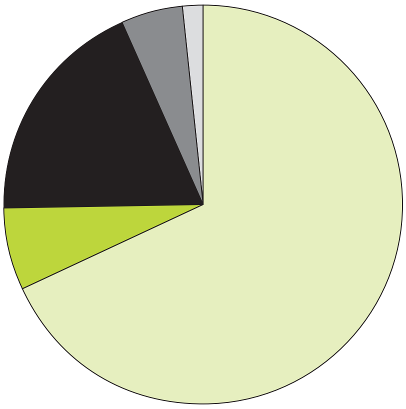
Parent company				
2015	**2014**	**2013**	**2012**	**2011**
920.2	941.6	904.0	916.6	899.9
77.7	133.1	102.0	101.5	88.7
-41.4	-46.6	-42.6	-44.5	-34.5
28.7	67.2	51.4	42.7	38.2
1,210.6	1,247.5	1,178.1	1,192.3	1,193.9
383.7	530.8	485.4	531.7	490.6
1,594.3	1,778.3	1,663.5	1,724.0	1,684.5
336.6	536.6	536.6	636.6	686.6
336.6	536.6	536.6	536.6	536.6
939.5	910.8	843.6	792.2	749.5
102.0	266.8	291.0	215.7	131.5
-70.4	-171.1	-92.0	-95.1	-93.5
-200.0	-	-100.0	-50.0	-50.0
-67.1	-93.9	-91.4	100.9	112.5
-168.4	95.7	99.0	70.6	-12.0
123.6	292.1	196.4	97.3	26.7
637	641	667	688	706
8.4	14.1	11.3	11.1	9.9
4.9	7.5	6.1	5.9	5.3
58.9	51.2	50.7	46.0	44.5
80.0	81.4	83.0	77.1	76.4
3.1	7.7	6.3	5.5	5.2

Core activity

Naviair's core activity is air navigation services. Naviair has activities both in Danish airspace and North Atlantic airspace. The activities cover four areas: En route – Denmark, En route – Greenland, Local Air Traffic Services and Other areas of activity.

Naviair's revenue by area of activity

- En route – Denmark (68%)
- En route – Greenland (7%)
- Local Air Traffic Services, Copenhagen (18%)
- Local Air Traffic Services, Other (6%)
- Other areas of activity (1%)



En route – Denmark

Area control services in Danish airspace from:
> ATCC in Copenhagen *

Approach control service to Copenhagen Airport from:
> ATCC in Copenhagen *

Briefing service from:
> ATCC in Copenhagen *

Flight Information Services from:
> ATCC in Copenhagen *

AIS service:
> Aeronautical publications, AIP in Denmark

Technical support and maintenance of ATM/CNS equipment in Denmark:
> ATM equipment
> Navigation and communications systems
> ATS surveillance systems

**) The ATCC in Copenhagen is operated by NUAC on behalf of Naviair.*

En route – Greenland

Flight Information Services from:
> Flight Information Centre in Nuuk

Technical support and maintenance of CNS equipment in Greenland and the Faroe Islands:
> Navigation and communications systems in Greenland and the Faroe Islands
> Surveillance systems in Greenland and the Faroe Islands
> Radar installations in the Faroe Islands

Briefing service from:
> Flight Information Centre in Nuuk

AIS service:
> Aeronautical publications, AIP, in Greenland and the Faroe Islands

Local Air Traffic Services

Aerodrome control service from:
> Tower in Copenhagen
> Tower in Roskilde
> Tower in Billund
> Tower in Aarhus
> Tower in Aalborg
> Tower on Bornholm

Approach control service from:
> Tower in Roskilde
> Tower in Billund
> Tower in Aarhus
> Tower in Aalborg
> Tower on Bornholm

Aerodrome Flight Information Service from:
> Tower on Vágar

Other areas of activity

Sale of technical support and maintenance of ATM and airport CNS equipment from:
> Technical station in Copenhagen
> Technical station in Billund
> Technical station in Aalborg

Sale of technical-operational knowhow

Highlights in 2015

January: The unit rates in Danish airspace are reduced significantly. The en route unit rate is lowered by 11.3 per cent. Naviair thus accounts for the biggest percentage price reduction in Europe in 2015. At the same time, the unit rate for aerodrome control service at Copenhagen Airport (TNC Copenhagen) is reduced by 17.5 per cent.

March: COOPANS Alliance and the French air navigation service provider, DSNA, launch the so-called CODACAS programme, a cooperation aimed at converging the ATM systems in the six participating ANSPs.

June: The COOPANS system is successfully upgraded in less than two weeks in all seven ATCCs in five countries in which COOPANS partners are responsible for ATM. The system is upgraded with no disruption to air traffic.

August: Runway renovation at Copenhagen Airport in Kastrup is completed and a closed runway reopened. Naviair ensures that renovation is carried out with no serious disruption to airport traffic and consequently no serious delays.

October: COOPANS Alliance signs a membership agreement with A6 Alliance, in which the leading European ANSPs will cooperate on the modernisation of European ATM systems and support for the Single European Sky ATM Research programme (SESAR).

November: ITU (International Telecommunication Union) decides to extend protection of the frequency band used for ADS-B between aircraft and terrestrial equipment to include the frequency band between aircraft and satellite-based equipment. This is a breakthrough for Aireon, which can now use satellite-based ADS-B for global surveillance – both for ATM and to improve the chances of tracing missing aircraft in emergency situations.

November: Naviair extraordinarily pays off DKK 200 million of the subordinated loan capital on the basis of the company's financial robustness. The extraordinary repayment means that in future Naviair will save DKK 18 million a year in interest payments.

December: A successful synchronised COOPANS upgrade is once again carried out with no disruption to air traffic. The upgrade in the partners' seven ATCCs is completed in just two weeks.

Operating and financial review

With the establishment of the subsidiary Naviair Surveillance A/S, Naviair has been presenting an annual report for both the group and the parent company since the 2014 financial year.

As a general rule, only the group's accounting figures are commented on. The main difference between the group and the parent company is that investments in associates are recognised at cost in the parent company and using the equity method in the group.

Profit for the year

Profit after tax for the year was DKK 29.7 million compared with DKK 70.7 million in 2014. The reason for the lower profit was the significant reduction in both the en route unit rate and the unit rate for TNC Copenhagen, which Naviair implemented on 1 January 2015. The price reductions, which were put in place to accommodate our customers' wishes for ATS at a lower cost, led to a total reduction in Naviair's income of DKK 129 million compared with 2014. However, the reduction was partly offset by a DKK 25 million increase in traffic revenue.

Profit before adjustment for over-/under-recovery of charges and taxes was DKK 44.4 million compared with DKK 169.7 million in 2014, in line with our latest expectations as set out in Naviair's report for the half year. The profit is satisfactory considering the rate reductions.

In view of Naviair's financial robustness, the Board of Directors decided at the end of 2015 to make an extraordinary DKK 200 million repayment on Naviair's subordinated loan capital. All things being equal, the extraordinary repayment will contribute to Naviair's finances with a DKK 18 million reduction of our annual interest payment. Following the repayment, Naviair's subordinated loan capital stands at DKK 336.6 million.

Unit rates

In 2015, the EU's Single European Sky (SES) programme entered its second reference period, RP2, which will run up to and including 2019. Naviair began RP2 by reducing its en route unit rate by 11.3 per cent. The reduction was so significant that Naviair accounted for the biggest percentage reduction of the en route unit rate in Europe. The price reduction was made possible by our ongoing efforts to implement savings and efficiency improvements.

The requirements concerning cost efficiency from the first reference period, RP1, will also apply to the new reference period, and at the same time the requirements that Naviair will have to meet have been tightened. For RP2, the en route unit rate has been set on the basis of both the air traffic outlook in 2014 and a binding cap on Naviair's annual expenditure.

The en route unit rate for Danish airspace for 2015 was DKK 471 per service unit. It is our aim to always ensure customers competitive prices by focusing on reducing our costs, and in 2016 we will be able to reduce the Danish en route unit rate still further, to DKK 460. Naviair's share represents 83 per cent of this figure, while the rest goes to the Danish Transport and Construction Agency (TBST) and DMI.

The unit rate for aerodrome control service at Copenhagen Airport (TNC Copenhagen) has been set at DKK 1,049 for 2016 compared with DKK 1,075 in 2015.

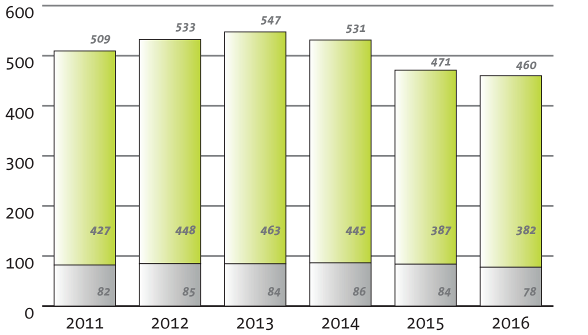
Traffic

For the RP1 period as a whole (2012-2014), air traffic in Danish airspace was 5.2 per cent less than assumed for the RP1 performance plan. As a consequence of the lower volume of traffic, our income in RP1 was approximately DKK 100 million less, overall, than expected at the beginning of the period. Of this amount, Naviair is entitled to recover DKK 43.6 million in future by recognising the charges as part of the traffic risk-sharing under the performance scheme, while the balance must be covered through cost reductions in the company.

During the first year of RP2, air traffic in Danish airspace developed more positively than forecast at the beginning of the period. Instead of decreasing, as expected, traffic showed a small 1.2 per cent increase in 2015, which meant that we handled 632,834 en route operations compared with 625,492 in 2014. Expressed as service units, the number of service units in the en route area was consequently 3.4 per cent ahead of 2014.

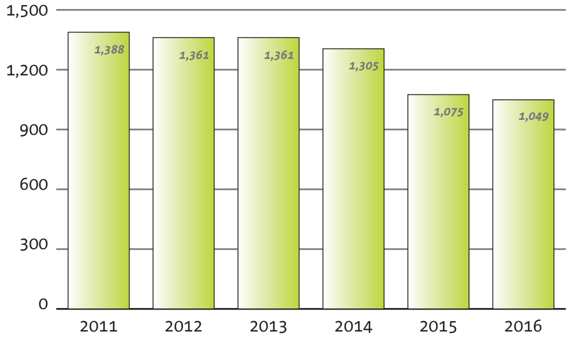
Growth at Copenhagen Airport continued, with the number of departures and arrivals in 2015 increasing by 1.2 per cent to 254,787 operations, up from 251,734 operations in 2014. For TNC Copenhagen, the number of service units was up 2.6 per cent on 2014.

Unit rate, En route (DKK)



Naviair's share of en route unit rate (DKK)
TBST's and DMI's share of en route unit rate (DKK)

Unit rate, TNC Copenhagen (DKK)



DMI's share is approximately DKK 8

The number of departures and arrivals at Billund Airport in 2015 increased by 5.5 per cent to 43,030 operations compared with 40,779 in 2014.

Domestic flights expressed as the number of operations were down by 1.6 per cent in 2015 compared with 2014, which meant that the falling trend for domestic flights continued in 2015.

The trend of airlines using larger, heavier aircraft than previously also continued in 2015. The weight per operation rose by 1.5 tonnes on average in 2015 compared with 2014, equivalent to a 1.7 per cent increase. At the same time, total passenger numbers rose by 3.5 per cent in 2015 compared with 2014.

We maintained our efficient ATM in 2015. In the Danish-Swedish FAB (Functional Airspace Block), the delay per operation in 2015 averaged 0.01 minutes, i.e. below the maximum average delay of 0.10 minutes per operation set in the performance plan for the Danish-Swedish FAB.

We handled en route traffic in Denmark without any delays for which Naviair was jointly responsible.

We also handled traffic at Copenhagen Airport without any forms of delays for which Naviair was jointly responsible. Due to weather conditions, the level of delay was 0.03 minutes in total per arrival compared with a maximum accepted average delay of 0.11 minutes per arrival.
In view of our ATM with almost no delays, our operation can be characterised as extremely efficient again this year.

At Copenhagen Airport in particular, it is noteworthy that traffic was handled without delays during the summer, because major runway renovation was being carried out at the same time. The runway renovation opened up the opportunity for Copenhagen Airport to be served by larger aircraft.

To this should be added the fact that our capacity utilisation continues to be satisfactory. Even though we are providing a service largely without any delays, we always focus sharply on maintaining our average delays at the lowest possible level.

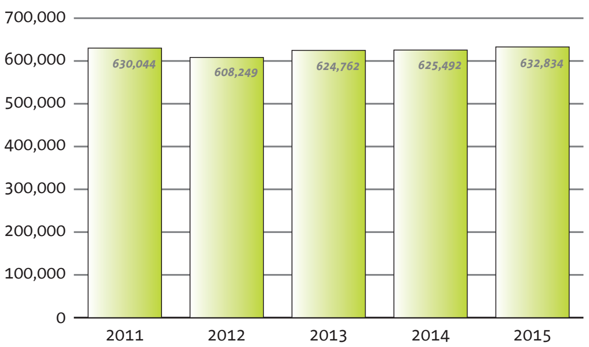
Operating income from ordinary activities

Revenue was DKK 920.2 million compared with DKK 941.6 million in 2014. Revenue constitutes the income generated by Naviair's four areas of activity.

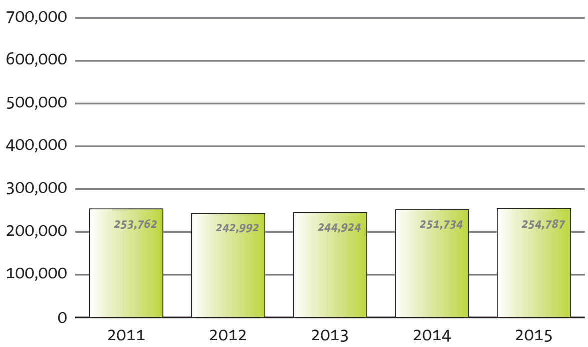
Revenue was down DKK 21.4 million on 2014, predominantly due to En route – Denmark and TNC Copenhagen, which were DKK 69.2 million and DKK 31.9 million, respectively, lower than in 2014. Income for En route – Denmark and TNC Copenhagen in 2015 was affected by reductions of charges, which, however, were offset by a small increase in traffic.

Furthermore, an overall "Adjustment of over-/under-recoveries charges" depressed revenue for 2015 by DKK 7.4 million compared with DKK 79.8 million in 2014.

Operations, En route
Number of en route operations in Danish airspace



Operations, TNC Copenhagen
Number of departures and arrivals at Copenhagen Airport



Other operating income amounted to DKK 294.5 million compared with DKK 302.7 million in 2014 and consisted of services supplied to NUAC under a supply contract. The DKK 8.2 million decrease reflected the fact that NUAC expended fewer costs and resources to meet its obligations to Naviair than in 2014. This income should be viewed in the context of services provided by NUAC under the supply contract under Naviair's other operating expenses. Other operating income and expenses did not have any effect on Naviair's profit in 2015.

Other external expenses

Other external expenses amounted to DKK 187.8 million compared with DKK 167.8 million in 2014. The higher level in 2015 primarily reflected training of new employees in ATM as well as Naviair's acquisition of the AIM service. 2015 also saw increased activity on the harmonisation efforts under the auspices of COOPANS. Lastly, costs were incurred in connection with changes to our simulator training courses.

Staff costs

Staff costs were DKK 563.1 million compared with DKK 552.5 million in 2014. Total staff costs rose by DKK 10.6 million, primarily reflecting pay increases in accordance with current agreements and non-recurring costs in connection with the alignment of resources. Costs were also affected by provisions for so-called care days.

Naviair had 646.9 FTEs at the end of the year compared with 633.8 FTEs at the beginning of the year.

The increase in the number of employees mainly reflected the admission of new ATCO trainees.

Income tax expense

Income tax expense was DKK 7.3 million, which has been transferred to deferred tax.

Balance sheet

Naviair's balance sheet total stood at DKK 1,603.6 million at 31 December 2015 compared with DKK 1,786.5 million at 31 December 2014. The DKK 182.9 million decrease mainly reflected a DKK 169.6 million decrease in cash and a decrease in property, plant and equipment as a result of depreciation for the year exceeding investments for the year. Liabilities in the balance sheet were down following the repayment on the subordinated loan.

The amount due to Naviair from the airlines – under-recovery of charges – was DKK 18.4 million, a reduction of DKK 16.8 million after the adjustment for the year. The amount payable by Naviair to the airlines – over-recovery of charges – was DKK 73.4 million, a reduction of DKK 9.4 million after the adjustment for the year. The changes in under-/over-recoveries were mainly attributable to En route – Denmark and TNC Copenhagen.

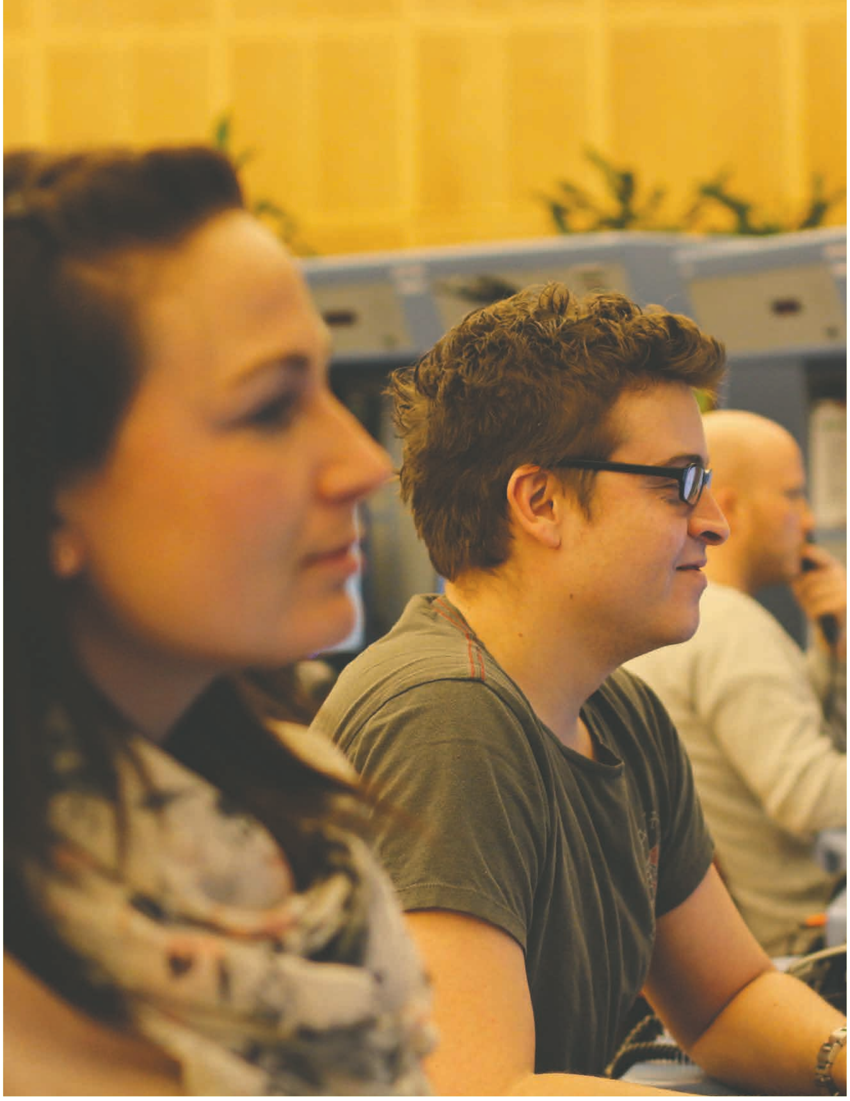
Naviair's equity at 31 December 2015 was DKK 949.1 million and was made up of contributed capital of DKK 600 million, retained earnings of DKK 338.3 million and reserve for net revaluation according to the equity method of DKK 10.8 million.

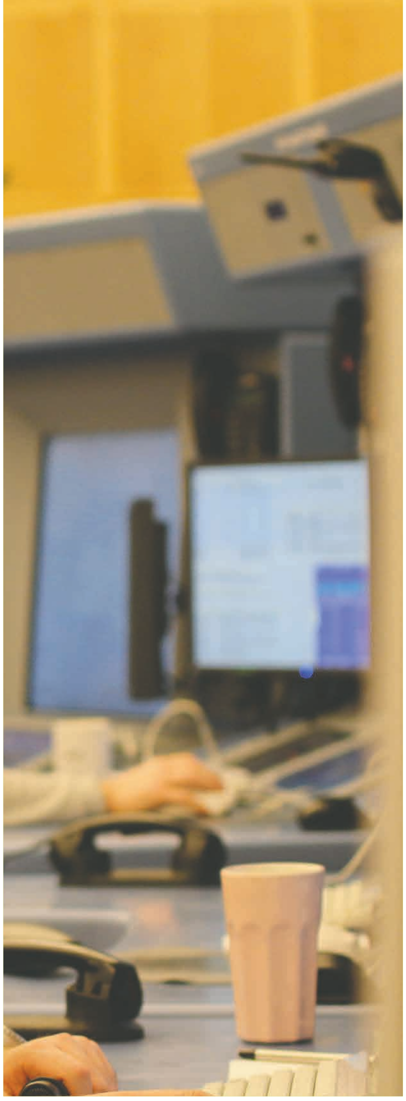
Besides contributed capital, the Danish state has provided Naviair with subordinated loan capital, which stood at DKK 336.6 million at 31 December 2015. The subordinated loan was provided on terms that mean that the loan can be accounted for as equity or capital ranking as equity at all times.

Cash flows from operations (ordinary activities) for the year were an inflow of DKK 169.3 million, and cash flows from operating activities were an inflow of DKK 120.1 million. Cash flows from financing activities were an outflow of DKK 200 million due to the repayment on the subordinated loan.

The solvency ratio including subordinated loan capital was maintained at over 80 per cent despite the repayment on the subordinated loan.

Investments in intangible assets and property, plant and equipment were DKK 70.4 million in 2015, DKK 25.2 million less than in 2014, mainly reflecting activity changes related to investments in ATM equipment and fewer investments related to En route – Greenland.





Profit by area of activity

The two largest areas of activity, En route – Denmark and Local Air Traffic Services in Copenhagen, are regulated by European Commission Regulation No 391/2013 of 3 May 2013 laying down a common charging scheme for air navigation services.

Under this regulation, Naviair is under obligation to break down its income and costs by area of activity. Costs are broken down by direct allocation to the areas of activity, partly through time recording on tasks or using sharing keys.

Profit by area of activity

Cost base statement 2015 *(DKK '000)*	En route Denmark	En route Greenland	En route North Atlantic	TNC Copenhagen	TNC Billund	Other	Total
Income [1)]	631,484	23,472	39,980	171,310	19,827	41,494	927,567
NUAC HB income	283,601	110	110	9,864	280	543	294,508
NUAC HB costs	-288,624	-127	-127	-11,191	-336	-637	-301,042
NUAC HB net profit (loss)	-5,023	-17	-17	-1,327	-56	-94	-6,534
Other operating expenses	-105,728	-13,972	-25,961	-30,150	-2,942	-8,918	-187,671
Staff costs [2)]	-370,284	-7,253	-7,352	-114,433	-15,541	-30,007	-544,870
EBITDA	150,449	2,230	6,650	25,400	1,288	2,475	188,492
Depreciation, amortisation and impairment losses	-82,856	-1,571	-3,605	-14,344	-356	-632	-103,364
EBIT	67,593	659	3,045	11,056	932	1,843	85,128
Net financials	-57,101	-659	-1,472	-22,027	-106	39,923	-41,442
Profit (loss) [3)]	**10,492**	**0**	**1,573**	**-10,971**	**826**	**41,766**	**43,686**

1) Revenue excl. adjustment of over-/under-recoveries.
2) Staff costs less work performed for own account and capitalised as well as capitalised NUAC HB wages and salaries and IPO.
3) Profit (loss) for the year before adjustment of over-/under-recovery of charges amounting to a loss of DKK 7.4 million and tax amounting to an expense of DKK 7.6 million.

Performance requirements

Naviair has been complying with the European performance scheme since 2012. The performance scheme is the result of the Single European Sky legislation through which the EU aims to ensure both more efficient utilisation of European airspace and sufficient airspace capacity to accommodate the growing level of air traffic. Another objective is to cut CO_2 emissions and the costs of air navigation services.

The performance scheme is legally binding on EU Member States. Denmark – and thus Naviair – is measured on its performance. ANSPs that do not satisfy the performance requirements may be subject to corrective action in the form of the imposition of future rate reductions.

In 2015, the European performance scheme entered its second reference period, RP2, which will run until 2019. Naviair is subject to the performance plan for the Danish-Swedish FAB, which sets out performance targets in four areas: Safety, Capacity, Environment and Cost Efficiency. Once the results are calculated on expiry of RP2 in 2019, it is expected that Naviair will be found to have met the performance targets, just as we did at the end of RP1.

Customers

In 2015, Naviair's five largest en route customers were SAS (17.0 per cent), Norwegian Air Shuttle (10.5 per cent), KLM (8.5 per cent), Ryanair (6.4 per cent) and British Airways (5.5 per cent). En route activities accounted for 68 per cent of our revenue in 2015.

Naviair's five largest customers in the Local Air Traffic Services area at Copenhagen Airport in 2015 were SAS (40.0 per cent), Norwegian Air Shuttle (13.6 per cent), Easyjet Airline (3.9 per cent), EAT Leipzig GmbH (2.4 per cent) and Emirates (2.3 per cent). Local Air Traffic Services at Copenhagen Airport accounted for 18 per cent of our revenue in 2015.

We provide AIS service (Aeronautical Information Services) from Copenhagen, comprising aeronautical publications for Denmark, Greenland and the Faroe Islands. We publish AIPs (Aeronautical Information Publications) for all three areas as well as a VFG (Visual Flight Guide) for Denmark.
We also publish AICs (Aeronautical Information Circulars), Supplements and Notam. A total of approximately 1,500 customers subscribed to these publications in 2015.
We monitor customer expectations through close, ongoing contact to ensure that we are able to offer the best possible service at all times. At annual customer meetings, we record customer satisfaction with our service and products. At these meetings, we also keep our customers informed about what is going on at Naviair.

We held our latest customer meetings at the end of 2015. From October to December, we met with eight airlines and airports. Our customers generally express satisfaction both with the cooperation with Naviair and the service we provide.

International partnerships and alliances

International cooperation is an important tool to ensure that we can generate strong results and develop Naviair optimally and is instrumental in improving the efficiency of, harmonising and developing all aspects of ATM. We and our partners consequently lead the way to ensure international progress in the operational, technical and training areas. These efforts underpin our goal of always being among the best ANSPs and meeting the requirements of the Single European Sky programme.

NUAC

NUAC was established in 2009 as the first – and is still the only – integrated operating company in Europe that is responsible for en route ATM in a joint FAB. NUAC operates the three ATCCs in Copenhagen, Malmö and Stockholm as a subcontractor on behalf of Naviair and LFV.

NUAC only has approximately ten direct employees, while the remaining just over 650 employees are on secondment to NUAC from Naviair and LFV. The three ATCCs and other equipment used by NUAC are owned by Naviair and LFV, but made available to NUAC.

Through our co-ownership of NUAC, we implement a part of our ambition to contribute to the harmonisation of ATM in Europe, and at the same time ensure continued improvement in the efficiency of ATM.

COOPANS

COOPANS is an international partnership consisting of Naviair, Austro Control, Croatia Control, Irish Aviation Authority and LFV.

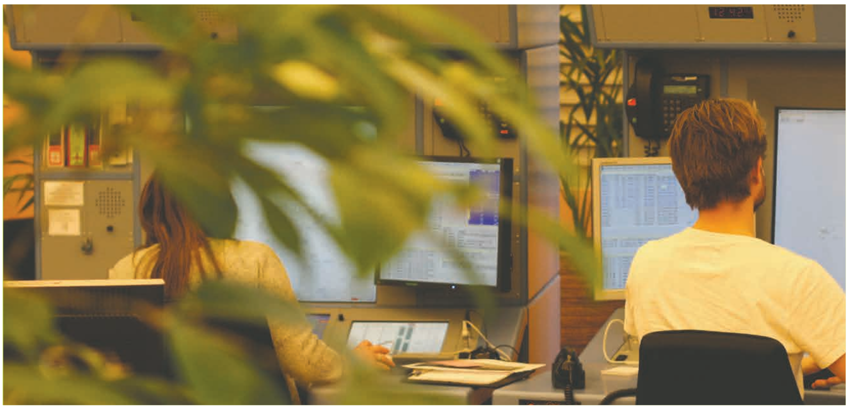
Since COOPANS was set up in 2006, the partners have been cooperating on the joint development, upgrading and harmonisation of their ATM systems. The systems now use common software and the maintenance processes have been harmonised. As a result, seven control centres in Denmark, Sweden, Ireland, Austria and Croatia have now been harmonised. The seven control centres undergo synchronised upgrading twice a year. In 2015, these upgrades took place over a two-week period per upgrade without any delays or other inconvenience to air traffic. We also expect periodical future system upgrades to be implemented without any negative impact on air traffic. This is a unique development in European ATM, where the ANSPs in the other countries are still running their control centres with individual, technically very diverse systems.

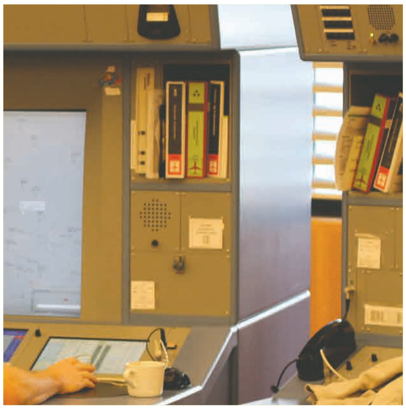
In addition, in COOPANS we are harmonising operational and technical procedures in order to limit specific and individual functionalities at the various ANSPs.

We estimate that we cut our system development costs by at least 30 per cent compared with the costs each partner would incur if we had to develop the technology independently. To this should be added our considerable savings in operating expenses as a result of joint work concepts and exchange of experience.

In 2015, the COOPANS cooperation was extended, becoming the COOPANS Alliance, which, besides technical-operational cooperation, now also includes a common approach to and participation in SESAR 2020, SESAR Deployment Manager, EU funding projects, and the A6 Alliance in which COOPANS Alliance participates on an equal footing with the five largest ANSPs in Europe. Through these alliances, we are making our mark on the development in Europe.

Together with the other partners in the COOPANS Alliance, we have taken the lead in the matter of implementing EU requirements for the harmonisation of ATM.





Entry Point North

The ATS (Air Traffic Services) training academy Entry Point North is situated at Malmö Airport and is jointly owned by Naviair, Avinor, the Irish Aviation Authority and LFV. The academy was established in 2006 as the first trans-nationally owned academy offering ATM training, and the Irish Aviation Authority became co-owner of the academy in 2013.

In line with the ambition in SES, the primary aim of Entry Point North is to provide standardised and harmonised training for ATCO trainees and ATCOs.

Besides providing ATS training to its four owners, Entry Point North services ANSPs worldwide by selling training courses tailored to customer requirements that are held either at Entry Point North at Malmö Airport or on-site at the customer. Entry Point North has more than 40 customers in more than 20 countries.

Aireon

Aireon is a joint venture formed by a number of companies that will set up the world's first satellite-based global aviation surveillance system in the coming years. Once the new system is operational as expected in 2018, it will be possible to collect data all over the world on all aircraft fitted with ADS-B equipment. The great majority of commercial aircraft already have this equipment, but at present less than 30 per cent of the area of the globe is covered by the existing surveillance equipment. There is currently no surveillance in the remaining – often remote – areas, so at present ATM is based on the pilots' own radio reports on their position, altitude, course and speed. Factors such as long reporting intervals create such a level of uncertainty that controllers set very large separation distances between aircraft.

Aireon LLC is headquartered in Virginia, USA. Besides Naviair (with an expected 6% ownership interest in 2018), the other joint venture partners are the US telecommunications company Iridium Communications Inc. (24.5%) and the ANSPs Nav Canada (51%), ENAV (12.5%) and the Irish Aviation Authority (6%).

The new system comprises 66 satellites and a further number of back-up satellites, which Iridium will be putting into orbit around the earth during the period 2016-2017. The system also includes a number of receiving stations positioned in various locations on earth and a new satellite control centre, which is being set up in Virginia.

Aireon's business strategy is based on the sale of traffic surveillance data, mainly to the ANSPs but also to others, including airlines and flight handling companies. Aireon has already concluded provisional agreements on data sales to the US, Curaçao, the UK, South Africa, Singapore, New Zealand and other countries. Naviair is contributing actively to Aireon's sale of services and the development of operational concepts that underpin Aireon's business strategy.

Through its special service, Aireon ALERT, Aireon plans to supply the first global emergency surveillance service, whereby data on lost and missing aircraft will be made available free of charge to rescue services and other relevant services. This free service will considerably strengthen global preparedness for aircraft emergencies.

This improved surveillance will constitute a major advance for ATM. In addition to the safety benefits, the system will also provide an opportunity for the ANSPs to use airspace much more efficiently than today. This in turn will enable the airlines to save fuel and flying time and save the environment from considerable quantities of greenhouse gases.

In 2015, ITU (International Telecommunication Union) decided to extend protection of the frequency band used for ADS-B between aircraft and terrestrial equipment to include the frequency band between aircraft and satellite-based equipment. This means that Aireon can use satellite-based ADS-B for global surveillance – both for ATM and to improve the chances of tracing missing aircraft in emergency situations.

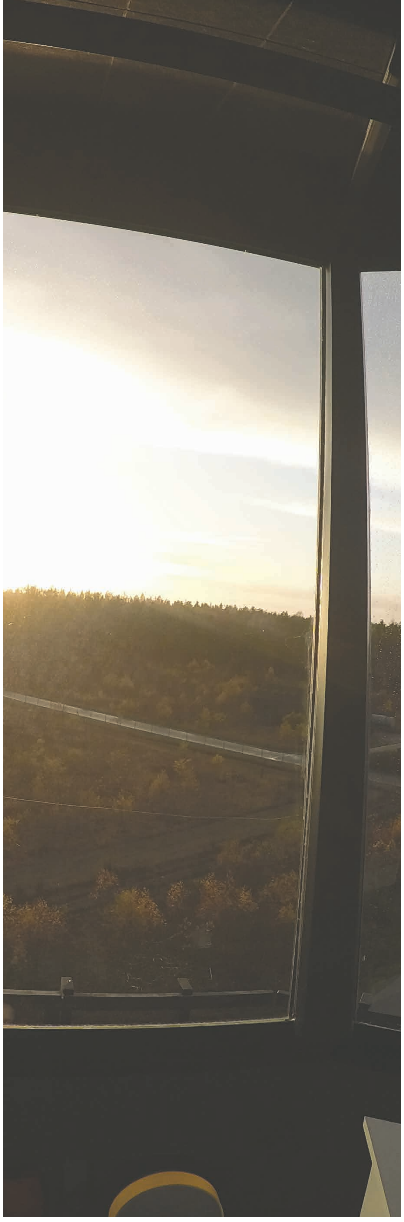
Corporate social responsibility

A well-informed and positive approach to corporate responsibility is a fully integral part of the Naviair culture. It is underpinned by, among other things, our safety and quality policy, which ensures that flight safety is our number one priority.

Although we have not developed an actual set of ethical rules, we also adhere to a number of internal guidelines that ensure job satisfaction and employee development and that we take no part in any breaches of human rights, corruption or violation of any type of legislation relevant to our activities.

When entering into contracts with external suppliers, if applicable we insist on the inclusion of social clauses obliging our suppliers to create an inclusive labour market in terms of diversity, observance of current working environment regulations, agreements and legislation. In 2015, we signed seven contracts containing work clauses against social dumping.

We do not accept any breaches of the legislation in the air traffic area or any other legislation relevant to our core



business. Consequently, we have a set of internal guidelines that ensure that we comply with relevant legislation. We have appointed an internal Compliance Officer to ensure that we do so. The Compliance Officer carries out regular audits to ensure that the legislation is observed in accordance with our concepts.

Climate strategy

Through our climate strategy, we are constantly working to minimise Naviair's impact on the climate and the environment. At the same time, we are constantly working towards taking every opportunity to contribute to a positive effect on the climate. This work is being carried out in continuous consultation and cooperation with our customers, and we participate in environmental and climate work in a number of initiatives, including SES, SESAR, NUAC and COOPANS.

Based on Eurocontrol's and IATA's joint Flight Efficiency Plan, we continue to develop and ensure flexible utilisation of airspace by means of:

- Short routes, direct routes to destinations and fuel-efficient altitudes.
- The option of fuel-efficient approaches to airports where Naviair is providing aerodrome control service.
- Minimal ground delays with engines idling through efficient ATM at airports.
- Continuous Climb Operations wherever possible – with direct routes and climbs to cruising level.
- Participation in the cooperation on the development of satellite-based global surveillance of air traffic, with the opportunities this kind of system will offer for optimising the use of airspace and reducing fuel burn.

Environment – Air Traffic Control

In all the focus areas involving the highest fuel consumption, we have made good headway on the development of climate-friendly traffic concepts. This applies to Free Route Airspace, Continuous Climb Operations, Continuous Descent Operations and Required Navigation Performance. Among many other options, we are also exploring the possibility of Extended Arrival Management.

Eurocontrol has calculated that Free Route Airspace reduces CO_2 emissions in Danish-Swedish airspace by altogether 40,000 tonnes per year. Free Route Airspace was introduced in the

Danish-Swedish FAB in 2011. Since then we have been playing an active part in the efforts to expand the Free Route Airspace area, and in November 2015 Free Route Airspace was extended to cover the entire Nordic area. Through Borealis – an alliance between the ANSPs in Denmark, Sweden, Norway, Finland, Estonia, Latvia, the UK, Ireland and Iceland – we are cooperating on a further expansion so, according to the plan, the whole of Northern Europe will be included within the next few years.

At Copenhagen Airport, we are co-operating closely with the airport, the airlines and other relevant players to reduce particle emissions through efficient management of aircraft while they are taxiing at the airport.

At the global level, Naviair is helping to create the basis for very significant future reductions in greenhouse gas emissions through our partnership with Aireon. Aireon's satellite-based surveillance gives the ANSPs access to full surveillance of air traffic throughout the world, so that safety distances can be reduced and air traffic can proceed much more efficiently than previously, partly because aircraft can carry out a number of altitude and course corrections en route and thus exploit optimum wind conditions during flights. In addition, full aircraft surveillance will make it possible to establish a route structure that is much more flexible than before.

A calculation carried out by NAV Canada shows that there are considerable financial and environmental gains to be made from this. Globally speaking, more than 900,000 intercontinental flights per year will benefit from better surveillance. This will result in an annual reduction of greenhouse gases equivalent to more than 10 million tonnes of CO_2 and fuel savings worth more than DKK 1 billion.

Environment – Energy

We constantly strive to minimise our energy consumption.

Naviair has many large, energy-consuming installations. With activities 24/7, 365 days/year, our energy needs are considerable. For example, we use energy for our technical installations, which need a great deal of energy for both operation and cooling.

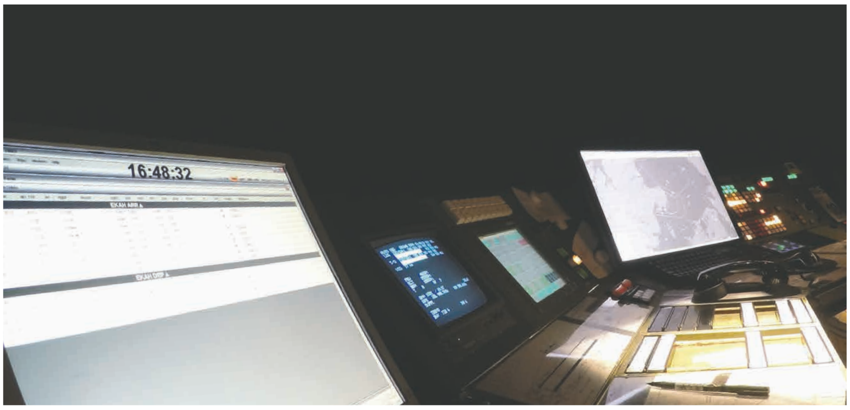
In 2015, our electricity consumption in Copenhagen was 5,475 MWh compared with 5,811 MWh in 2014. This reduced consumption is mainly due to our cooling strategy and the resulting conversions. In 2015, we shut down a cooling machine in block 3 in Kastrup. The closure of a radar unit also helped to reduce energy consumption.

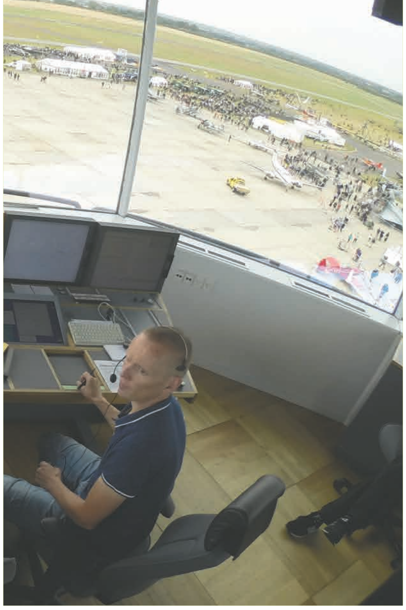
Our heat consumption in Copenhagen in 2015 was 3,276 MWh compared with 3,099 MWh in 2014. The reason for the slightly higher consumption was more degree days in 2015 than in 2014.

Our largest planned initiative to reduce our energy consumption is the establishment of groundwater cooling to replace our current cooling plant, which is due for replacement. On completion of this plant in 2017 as scheduled, we expect to be able to cut our annual energy consumption by approximately 0.55 MWh and reduce our CO_2 footprint by approximately 275 tonnes per year.

Employees

It is important that our employees' skills are always at a level that meets any requirements arising both during the exercise and development of air navigation services and supporting activities. We therefore ensure that





all employees' levels of training and education and skills satisfy the highest standards. This applies to both air navigation services, technology and administration. We have consequently structured our supplementary training and skills development into our Skills Plan for organisation and employees. We use the plan as our guiding document in this area. Together with our Technical-Operational Development Plan, the plan underpins our overall Business Plan as a management tool for the company's continued development.

Through Entry Point North and in-house training, we ensure that new ATCOs start out at the highest level. Through regular supplementary training, the skills of our ATCO group are continuously updated, so that everyone is conversant with the latest procedures at all times.

We also maintain a high level of knowledge and skills in the technical and administrative areas through continuous supplementary training and skills development.

In our job advertisements, we encourage anyone with the right qualifications to apply for jobs at Naviair, regardless of age, gender, ethnic background etc. We do that because we think that diversity strengthens our company.

We also help to share society's responsibility for providing training and jobs for young people. In 2015, we had 18 students, apprentices and trainees in training at Naviair and at Entry Point North.

We make determined efforts to maintain our position as an attractive company and a good workplace. This is essential in order to ensure that our employees are able to meet the high demands we make on their day-to-day efforts and results.

One of our priority targets is a high level of employee satisfaction. We therefore regularly conduct surveys of employees' satisfaction with their workplace and managers. The response rate in the latest survey was 79 per cent. This survey, like previous surveys, once again confirmed a high level of satisfaction among Naviair's employees, and that Naviair has both competent and confidence-inspiring managers.

Of course, we also work on maintaining a good, safe working environment. The Working Environment Committee continuously monitors health in the company by measuring the psychological working environment and assessing the physical working environment. In recent years, we have consistently been awarded green smileys in connection with the inspections by the Danish Working Environment Authority.

In recent years, we have been focusing particularly on reducing sickness absence in the company. Our efforts were successful in 2015, when sickness absence was significantly lower than in 2014.

We are affiliated to the Falck Healthcare scheme, which employees can approach anonymously for support, and we have trained a team of stress counsellors, who help employees with private and work-related problems.

At the end of 2015, the number of employees at Naviair was 646.9 FTEs. This included 270.4 FTEs on secondment to NUAC.

Employee turnover was 2.5 per cent in 2015.

Corporate governance

The framework for Naviair's activities is set out in the Danish Act on Naviair. With our status as a company owned by the state, Naviair is ultimately subject to the authority of the Danish state represented by the Danish Ministry of Transport and Building within the framework established by law.

We plan our corporate governance so that it is adapted both to legislation and the nature of our company. Naviair is also subject to the Danish Companies Act, the Financial Statements Act and other relevant

legislation with the required adjustments applicable to Naviair. Naviair is also governed by the Danish Access to Public Administrative Documents Act and the Public Administration Act.

We comply with the Danish state's recommendations on corporate governance, where relevant. The recommendations comprise guidelines on the management of state-owned enterprises, including requirements, expectations and recommendations on corporate governance. A compilation of the recommendations can be found on the website of the Danish Ministry of Finance, www.fm.dk.

In addition, of the recommendations of the Committee on Corporate Governance described at www.corporategovernance.dk, we comply with those that are relevant to Naviair given Naviair's special corporate form.

The Board of Directors takes care of Naviair's overall and strategic management, and supervises the Executive Board. The general duties and responsibilities of the Board of Directors are set out in rules of procedure for the Board of Directors. The Executive Board is responsible for the day-to-day management of Naviair and must therefore comply with the guidelines and instructions provided by the Board of Directors.

The members of the Board of Directors that have been appointed by the Danish Minister for Transport and Building include two women and four men. The members of the Board of Directors collectively possess general business and leadership skills as well as insight into the aviation sector and society in general. An annual self-assessment procedure has been established for the Board of Directors. The Board's latest self-evaluation was in December 2015.

The Board of Directors meets at least once a quarter, in accordance with Naviair's Articles of Association. The Board held six meetings in the past year.

The chairmanship of the Board of Directors meets with the Danish Minister for Transport and Building every quarter and at these meetings submits an extensive, detailed report on the company's strategic situation, follow-up on the company's operating results, etc.

Accounting and control systems are designed to ensure that internal and external financial reporting give a true and fair view without material misstatement and that appropriate accounting policies are defined and applied.

The Board of Directors and the Executive Board regularly review material risks and internal controls related to Naviair's activities and their potential impact on the financial reporting process.

The responsibility for maintaining adequate and effective internal controls and risk management in connection with the financial reporting lies with the Executive Board. The Executive Board monitors the financial position on a continuous basis, partly via monthly reporting. Furthermore, the Executive Board reports on the company's financial position to the Board of Directors ahead of each meeting of the Board of Directors. Procedures, accounting instructions etc. are described in the Naviair Management System.

The Board of Directors continuously monitors the financial reporting process, including that applicable legislation is being complied with and that the accounting policies are relevant. The Board appointed an Internal Audit Committee with two members in December 2015.

At the end of 2015, Naviair's management team consisted of 13 women and 43 men. Women consequently accounted for 23 per cent of the management team.

The long-term aim of Naviair's "Policy for increasing the numbers of the underrepresented gender in Naviair's management teams" is to ensure that gender distribution on the management teams reflects the general gender distribution in the company of 30 per cent women and 70 per cent men.

Due to the special nature of our work, many of our managers need professional insight into ATM in order to be able to do their jobs. Many managers consequently need to be recruited internally. It has generally proven difficult to motivate Naviair employees to apply for management positions.

Special risks

Naviair's principal income is directly dependent on the volume of en route traffic in Danish airspace and traffic to and from the airports that we serve. Our largest commercial risk is consequently an unexpected drop in the volume of traffic. Our finances are seriously affected when air traffic is adversely impacted by, for instance, market trends, changes in traffic patterns, unusual situations, new/increased air travel taxes or airline bankruptcies.

Because we need to be able to meet our customers' capacity requirements at all times, we cannot implement cost reductions overnight in response to situations in which we experience a sharp decline in income. This is partly because we rely on specialised employees on our staff. Training ATCOs so that they can be issued with the certificate required to work in accordance with Danish rules and procedures is costly and takes up to three years on average.
The risk of negative consequences resulting from a temporary decline in income is mitigated partly by a high degree of cost consciousness and partly by maintaining sound financial resources.

Naviair provides ATM using technical systems. We have protected ourselves against the risk of technical failures by establishing sound back-up systems in all areas and we therefore do not consider lengthy technical failures to be a serious risk.

Naviair has established an insurance programme under which we insure significant risks by taking out relevant insurance. We have insured insurable risks so that any claims and actions giving rise to liability will not constitute a financial risk to our company. Besides statutory insurance, we have taken out insurance against consequential loss, product liability and special aviation liability.

Outlook for 2016

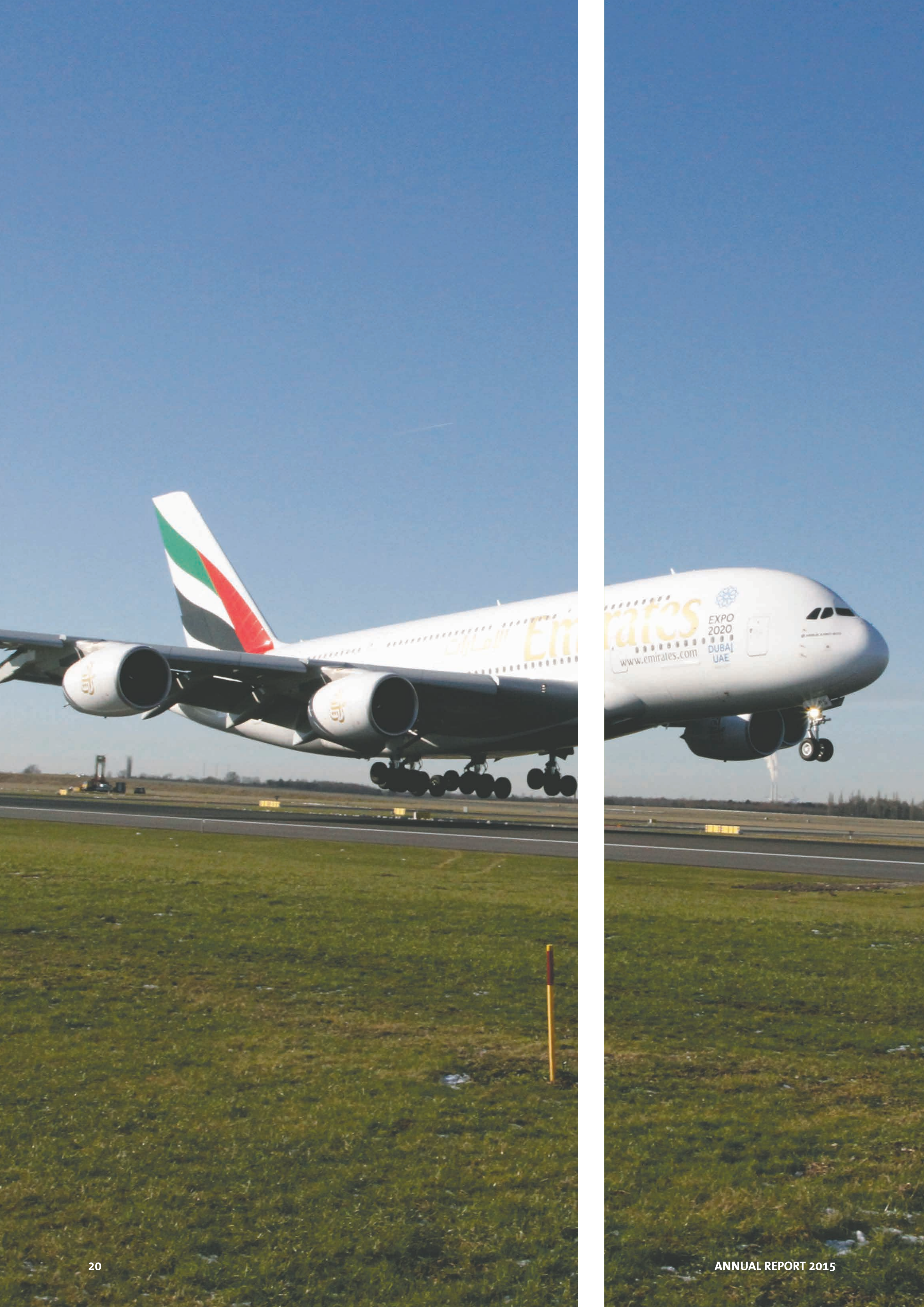
Overall, a small increase in traffic is expected for 2016 compared with 2015. Very limited growth is expected for En route – Denmark and moderate growth for TNC Copenhagen. The anticipated development in air traffic is based on Eurocontrol's latest low forecast from September 2015.

The price reductions of the last few years have a negative effect on Naviair's income. Revenue in 2016 will be lower than in 2015 due to price reductions of 1.3 per cent for En route – Denmark and 2.4 per cent for TNC Copenhagen. This, of course, is still making great demands on our continuing focus on cost consciousness and efficiency.

We expect that Naviair will report a profit for 2016 in line with 2015.

Events after the reporting period

There have been no events after the reporting period that affect the fair presentation of profit for the year and the balance sheet at 31 December 2015.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Naviair's management

Board of Directors

Anne Birgitte Lundholt (Chairman)
Chairman of the Boards of Directors of Bornholms Erhvervsfond and FOF Danmark. Member of the Board of Directors of Svaneke Bryghus A/S. CEO, ABL ApS

Helge Mortensen
Former government minister

Michael Fleischer
(Deputy Chairman)
Former colonel and pilot at the Danish Air Force. Chairman of Bevtoft Købmand ApS

Helle Munksø
Senior ATCO
Elected by the employees

Henrik Christoffersen
Senior ATCO
Elected by the employees

Birthe Høegh Rask
Senior Vice President, Finance, Terma A/S. Member of the Board of Directors of Terma Aerostructures A/S

Flemming Kim Hansen
Senior Engineer, ATM Systems
Elected by the employees

Kurt Thyregod
Managing Director, Pingvino ApS. Member of the Boards of Directors of Nosca A/S, Aivon Partners A/S and Aivon Invest A/S
MBA

Erik Jacobsen
Chairman of the Boards of Directors of Roskilde University and Copenhagen Contemporary-Fonden. Member of the Board of Directors of Musikkens Hus, Aalborg

Executive Board

Morten Dambæk
CEO
Member of the Boards of Directors of NUAC HB and Entry Point North AB.

Søren Stahlfest Møller
CFO
Member of the Boards of Directors of NUAC HB, Entry Point North AB and SL-Fonden.

Other senior executives

Claus Skjærbæk
COO

Bent Fog
Director, Technical Maintenance

Susanne Isaksen
Director, International Affairs

Mikael Ericsson
Director, ATM Projects & Engineering

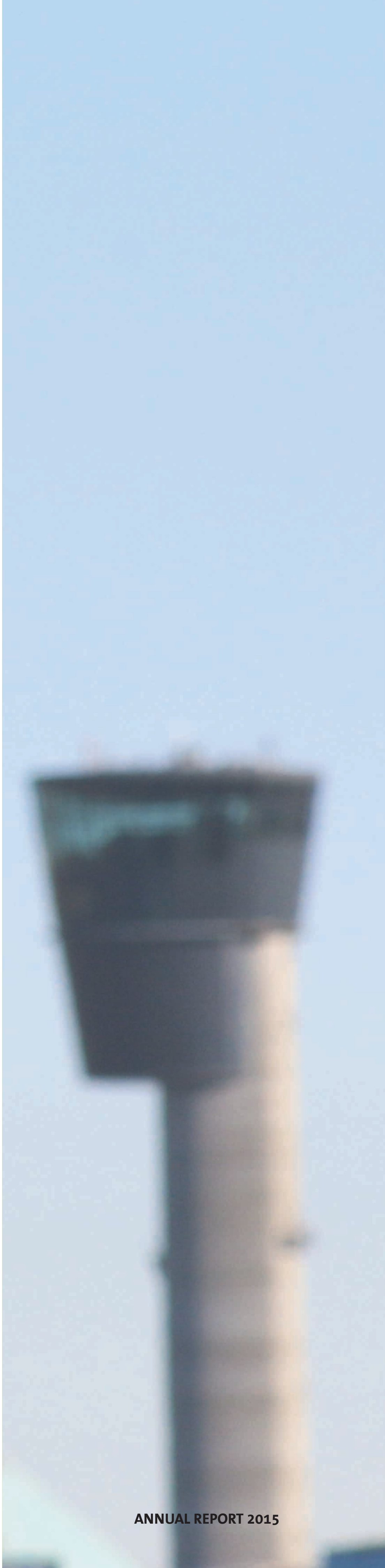
Bo Pedersen
Director, Communications & Public Affairs

Michael Thomsen
Director, Legal Affairs

Thorsten Elkjær
Director, Tower & Approach Services

Anna Eva Villefrance
Director, Flight Information Services & Aeronautical Information Services

Merete Lorents Sørensen
Director, Human Resources



Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of Naviair for the financial year 1 January – 31 December 2015.

The annual report is presented in accordance with the Danish Financial Statements Act (reporting class D) and Danish accounting standards.

We consider the accounting policies applied to be appropriate and, in our opinion, the financial statements give a true and fair view of the company's financial position and of the results of the company's operations and cash flows. Furthermore, in our opinion, Management's review gives a fair review of the development described in it.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 17 March 2016

On the Executive Board

Morten Dambæk CEO	Søren Stahlfest Møller CFO

On the Board of Directors

Anne Birgitte Lundholt Chairman	Michael Fleischer Deputy Chairman	Henrik Christoffersen *
Flemming Kim Hansen *	Erik Jacobsen	Helge Mortensen
Helle Munksø *	Birthe Høegh Rask	Kurt Thyregod

**) Elected by the employees*

Independent auditors' report

To the Danish Ministry of Transport and Building and the Board of Directors of Naviair

Report on the financial statements

We have audited the financial statements of Naviair for the period 1 January – 31 December 2015 comprising accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are presented in accordance with the Danish Act on Naviair, the Danish Financial Statements Act and Danish accounting standards.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the Danish Act on Naviair, the Danish Financial Statements Act and Danish accounting standards. Management is also responsible for the internal control that management deems necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Furthermore, management is responsible for ensuring that the transactions comprised by the financial statements are in accordance with appropriations made, legislation and other regulations as well as agreements concluded and normal practice.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with international auditing standards and additional requirements under Danish auditing legislation, generally accepted government auditing standards; see the Danish Audit of State Accounts etc. Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to Naviair's preparation and fair presentation of financial statements. The purpose of this is to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Naviair's internal control. An audit also includes evaluating the appropriateness of the accounting policies selected by management and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Furthermore, an audit comprises an assessment of whether procedures and internal controls have been established that help to ensure that the transactions comprised by the financial statements comply with legislation and other regulations as well as agreements concluded and normal practice.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of Naviair's financial position at 31 December 2015 and of the results of Naviair's operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Act on Naviair, the Danish Financial Statements Act and Danish accounting standards. Furthermore, in our opinion, procedures and internal controls have been established that help to ensure that the transactions comprised by the financial statements comply with legislation and other regulations as well as agreements concluded and normal practice.

Statement on Management's review

Pursuant to the Danish Financial Statements Act, we have read Management's review. We have not performed any procedures additional to the audit performed of the financial statements.

On this basis, in our opinion, the information provided in Management's review is in accordance with the financial statements.

Copenhagen, 17 March 2016

Rigsrevisionen
(National Audit Office of Denmark)
CVR: 77 80 61 13

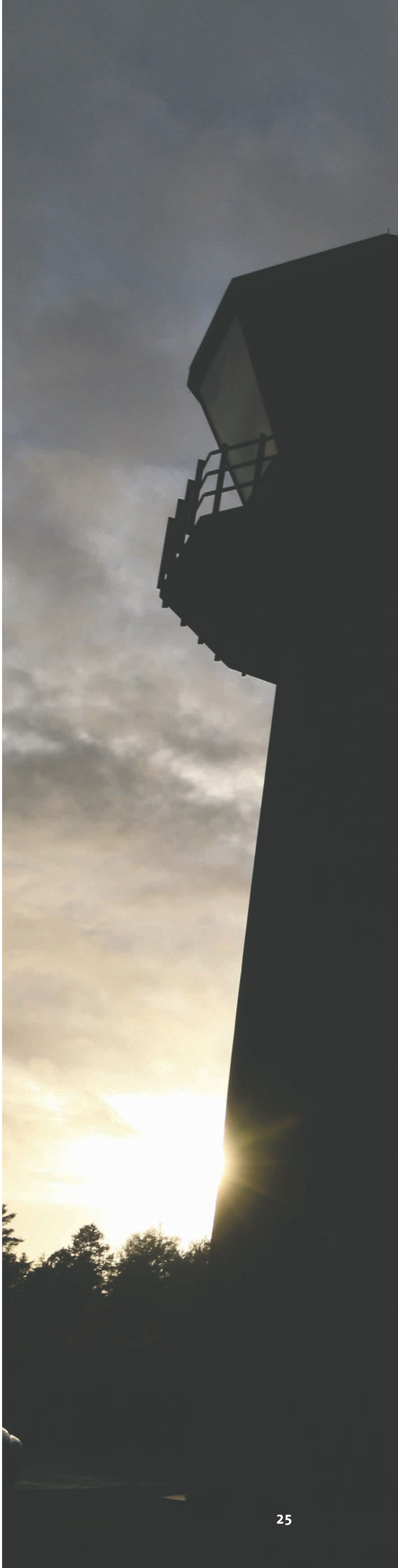
Lone Strøm
Auditor General

Morten Brædstrup-Holm
Director

Deloitte
CVR: 33 96 35 56

Lynge Skovgaard
State Authorised Public Accountant

Ulrik Vassing
State Authorised Public Accountant



Accounting policies

The annual report for 2015 of Naviair, a company owned by the Danish state, is presented in accordance with the provisions of the Danish Financial Statements Act for reporting class D.

Unless otherwise stated, the accounting policies for the parent company and the group are identical.

Changes to the accounting policies

The accounting policies have been changed in the following two areas compared with last year:
The first change relates to the presentation of the adjustment for the year of regulatory over-/under-recoveries. This adjustment was previously presented as a separate item, but is now presented as part of revenue, which is itemised in the notes.

The reason for the change is to align this item more closely with the Danish Business Authority's template for electronic filing of digital annual reports.

The second change relates to the presentation of purchases of services from Naviair's business partner NUAC HB, which were previously presented under the item Other external expenses. In future, such purchases of services will be presented under the item Other operating expenses.

The reason for the change is to make it clearer that such purchases are a secondary activity and not part of the company's core activity. The change will also make the accounting policies more consistent, as income from NUAC HB is already presented under the item Other operating income.

Effect of policy changes

The overall financial effect of the policy changes described above is shown in the table at the bottom of the page.

In addition, the item Adjustment of over-/under-recoveries charges is now included in the note under Revenue.

Apart from the above changes, the annual report has been presented using the same accounting policies as last year.

Recognition and measurement in general

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

Financial effect of policy changes

	Group		*Parent company*	
(DKK '000)	**2015**	**2014**	**2015**	**2014**
Revenue (lower)	-790	-75,186	-790	-75,186
Adjustment of over-/under-recoveries charges (*)	7,403	79,758	7,403	79,758
Other operating income (lower)	-6,613	-4,572	-6,613	-4,572
Other external expenses (lower)	294,281	303,710	294,281	303,710
Other operating expenses (higher)	-294,281	-303,710	-294,281	-303,710
Profit for the year after tax	0	0	0	0
Balance sheet total	0	0	0	0
Equity	0	0	0	0

** now included in the note under Revenue*


Liabilities are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits and the liability has a value that can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequent to initial measurement, assets and liabilities are recognised as described for each item below.

On recognition and measurement, account is taken of foreseeable risks and losses arising before the time at which the annual report is presented that confirm or disprove circumstances existing at the balance sheet date.

Income is recognised in the income statement as earned, and expenses are recognised at the amounts that relate to the financial year.

Foreign currency translation

The measurement currency used is Danish kroner (DKK). All other currencies are accounted for as foreign currencies.

On initial recognition, transactions in foreign currencies are translated at the exchange rate at the transaction date. Receivables, liabilities other than provisions and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Any differences arising between the exchange rate at the transaction date and the exchange rates at the payment and balance sheet dates respectively are recognised in the income statement as net financials. Items of property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currencies are translated using historical rates.

Consolidated financial statements

The consolidated financial statements comprise the parent company and the subsidiary (Naviair Surveillance A/S) controlled by the parent company. The parent company is considered to control an enterprise when it holds, directly or indirectly, more than 50 per cent of the voting rights or is able to control or actually controls the enterprise in some other way. Enterprises in which the group holds, directly or indirectly, between 20 per cent and 50 per cent of the voting rights and over which it has significant influence, but not control, are accounted for as associates. These include NUAC HB and Entry Point North AB.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and its subsidiaries. On preparation of the consolidated financial statements, identical items are aggregated, and intragroup income and expenses, balances and dividends are eliminated. Gains and losses arising from transactions between the consolidated enterprises are also eliminated. The financial statements used in the preparation of the consolidated financial statements are prepared in accordance with the group's accounting policies.

Subsidiaries' items are fully consolidated in the consolidated financial statements.

Income statement

Revenue
Revenue related to air traffic control is recognised in the income statement in the period in which the flights have taken place. Other income is recognised when delivery to the buyer has been made.

The adjustment for the year of over-/under-recoveries from en route and terminal activities is recognised as revenue. Regulatory over-/under-recoveries are recognised in the balance sheet as provisions or receivables, respectively.

Revenue is recognised net of VAT, duties and trade discounts and is measured at the fair value of the agreed consideration.

Work performed for own account and capitalised
Work performed for own account and capitalised comprises staff costs and other internal expenses incurred during the financial year and recognised in the cost of self-constructed intangible assets and property, plant and equipment.

Other operating income
Other operating income comprises income of a secondary nature in relation to Naviair's core activity.

Other external expenses
Other external expenses comprise expenses related to the company's core activities, including expenses for operation of operational systems and equipment, training and education, administration, premises, bad debts etc.

Expenses related to projects that do not meet the criteria for recognition in the balance sheet are also recognised as other external expenses.

Staff costs
Staff costs comprise wages and salaries, pensions and other social security costs etc. for the company's employees.

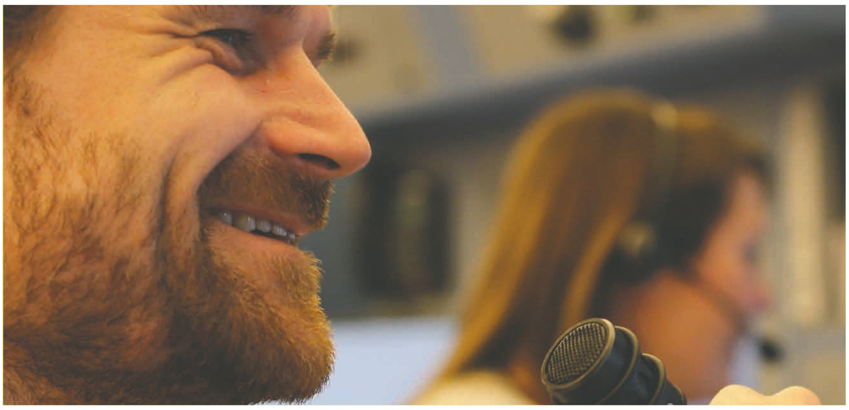
Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets consist of depreciation, amortisation and impairment losses for the year determined on the basis of the set residual values and useful lives of the individual assets and impairment tests carried out, respectively. Government grants for depreciable capital expenditure projects are recognised as the relevant assets are depreciated.

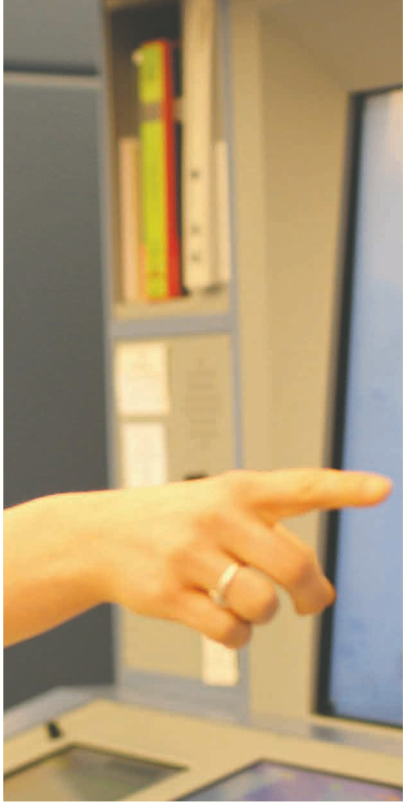
Other operating expenses
Other operating expenses comprise expenses of a secondary nature in relation to Naviair's core activity.

Income from investments in associates
Parent company
Income from investments in associates comprises dividends and similar received from the individual associates during the financial year.

Group
Income from investments in associates comprises the proportionate share of the individual associates' profits/losses after elimination of intragroup profits and losses.

Other financial income
Financial income comprises interest income; realised and unrealised foreign exchange gains on securities, liabilities other than provisions and





transactions denominated in foreign currencies etc. as well as surcharges and repayments under the Danish on-account tax scheme.

Other financial expenses

Financial expenses comprise interest expense; realised and unrealised foreign exchange losses on securities, liabilities other than provisions and transactions denominated in foreign currencies; amortisation premiums and allowances relating to mortgage loans etc. as well as surcharges and repayments under the on-account tax scheme.

Income tax

Income tax expense, consisting of current tax for the year and changes in deferred tax, is recognised in the income statement with the portion attributable to profit for the year, and directly in equity with the portion attributable to entries directly to equity.

The company is taxed jointly with its Danish subsidiary. Current Danish income tax is allocated among the jointly taxed enterprises in proportion to their taxable income (full allocation with reimbursement in respect of tax losses).

Balance sheet

Intangible assets

Intangible assets comprise IT projects in progress and completed IT projects as well as other intellectual property rights acquired.

The cost of intangible assets comprises expenses, including salaries and amortisation, that are directly or indirectly attributable to those assets.

Indirect production costs in the form of indirectly attributable staff costs and amortisation and depreciation on intangible assets and property, plant and equipment used in the process, are recognised in cost on the basis of manhour consumption on each project.

Interest expense on loans to finance the construction of intangible assets is recognised in cost if it relates to the construction period.

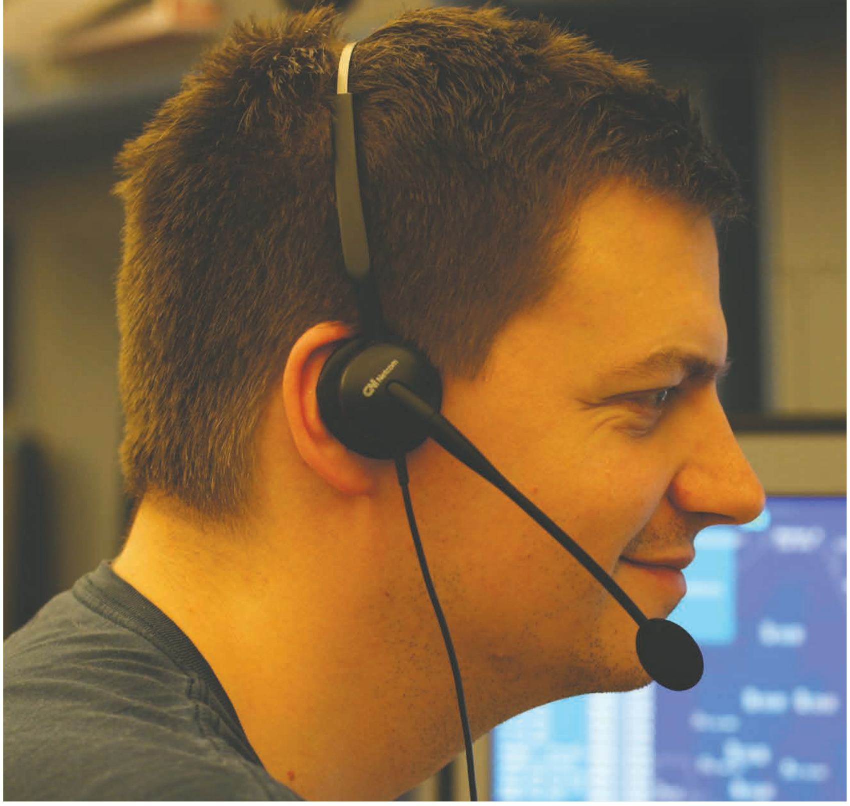
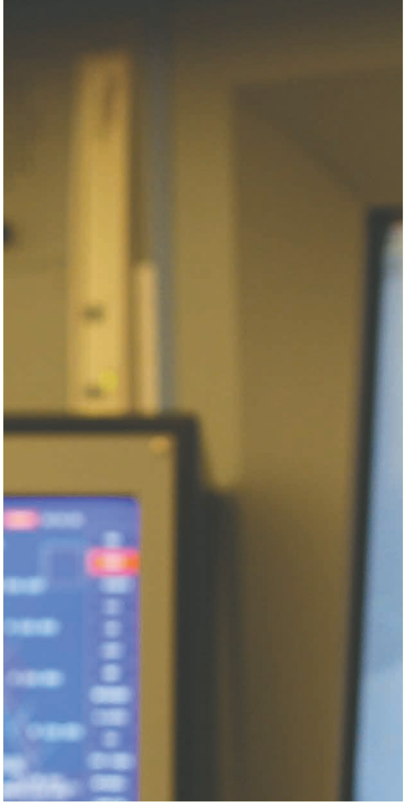
Intangible assets are measured at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the estimated useful lives of the assets, which are 3-8 years. Intangible assets are written down to the recoverable amount if this is lower than the carrying amount.

Property, plant and equipment

Land and buildings, plant and equipment, transport equipment, fixtures and fittings and IT equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost includes purchase price, expenses directly attributable to the acquisition and expenses attributable to bringing the asset to a working condition until the date on which the asset is ready for use. The cost of self-constructed assets includes the direct and indirect cost of materials, components, subcontractors and wages and salaries.

Indirect costs in the form of indirectly attributable staff costs and amortisation and depreciation on intangible assets and property, plant and equipment used in the construction process, are recognised in cost on the basis of manhour consumption on each asset. Interest expense on loans

to finance the construction of items of property, plant and equipment is recognised in cost if it relates to the construction period.

The basis of depreciation is the cost less the estimated residual value at the end of the asset's useful life. The residual value of fixed these assets has been estimated at nil, as they are user-specific to such an extent that it is expected that they will not have any saleable value at the end of their useful lives.

Depreciation is charged on a straight-line basis over the estimated useful lives as follows:
Buildings and installations: 10-50 years
Plant and equipment: 6-20 years
Fixtures and fittings, tools and equipment: 3-8 years

The estimated useful lives of items of property, plant and equipment are broken down into significant components.

Items of property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Investments in group enterprises
Parent company
Investments in group enterprises are measured at cost. Such investments are written down to the recoverable amount if this is lower than the carrying amount.

Investments in associates
Parent company
Investments in associates are measured at cost. Such investments are written down to the recoverable amount if this is lower than the carrying amount.

Group
Investments in associates are recognised and measured using the equity method. Accordingly, the investments are measured at the proportionate share of the companies' net asset values after addition or deduction of unamortised positive or negative goodwill and after deduction or addition of unrealised, proportionate intragroup gains and losses.

In connection with the distribution of profit for the year, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method within equity.

Other securities and equity investments
Other equity investments recognised in investments are, as a rule, measured at fair value. However, investments in unlisted companies are measured at cost, as their fair value cannot be determined reliably.

Regulatory over-/under-recoveries
Regulatory over-/under-recoveries are recognised as provisions or receivables, respectively, with set-off in the income statement under revenue. The balance is the amount which the company expects to reimburse or charge through the coming years' rates for business areas subject to regulatory price adjustments.

Over-/under-recoveries are measured at amortised cost, which normally corresponds to the nominal value. If management estimates that it is not probable that the full receivable will be recovered from users, the receivable is written down to the lower estimated value of the receivable (the recoverable amount).

Naviair has two business areas that are subject to such regulatory price adjustment.

Full cost recovery

The basis for the calculation is the difference between recoverable expenses and charges/income collected from users in accordance with agreements with the counterparties. The difference is recognised as an adjustment to previously collected charges/income in subsequent years. Excessive charges/income consequently equate to a debt to users (provisions), while charges/income that are too low result in an increase in the amount that may be recovered (receivable).

Services regulated under EU performance schemes

For en route activities in Denmark and TNC Copenhagen, Naviair has been entitled, since 1 January 2012, to carry forward over-/under-recoveries in respect of en route activities in accordance with the provisions under the EU regulation on performance schemes for ANSPs, including the provisions on risk-sharing relating to the development in traffic.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less provisions for bad and doubtful debts.

Prepayments

Prepayments comprise expenses incurred that are attributable to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash at bank and in hand.

Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts and the tax base of assets and liabilities. The tax base of the assets is determined on the basis of the intended use of the individual asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either by set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

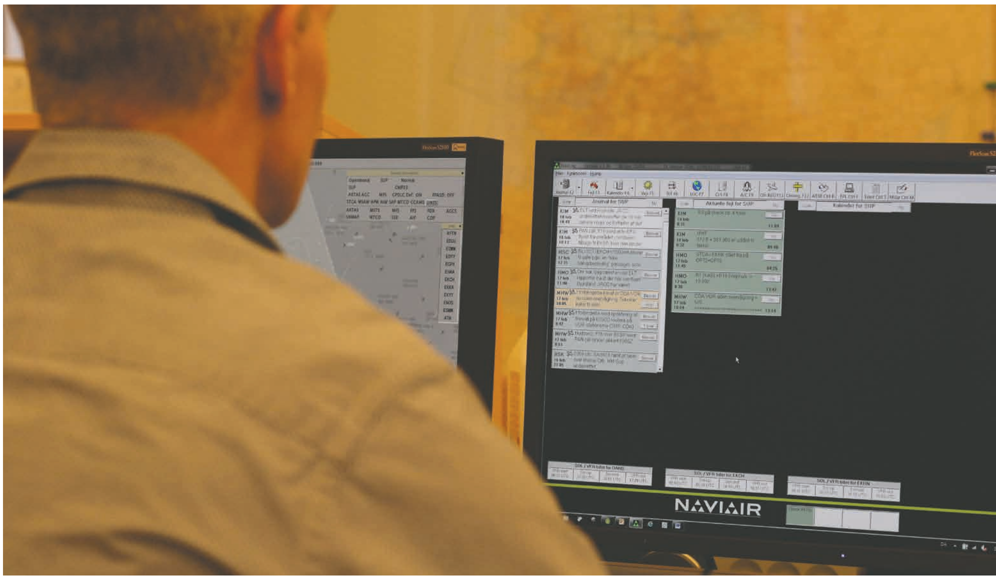
Other financial liabilities are measured at amortised cost, which normally corresponds to the nominal value. Long-term liabilities other than provisions are measured at cost on inception of the loan, equivalent to the proceeds received net of transaction costs. Mortgage loans are subsequently measured at amortised cost.

Pensions and availability pay

Naviair pays pension contributions to the Danish state in respect of civil servants and employees employed under collective agreement on special terms (former civil servants), and the Danish state has therefore taken over the pension obligations in respect of these employees. The pension obligation in respect of other employees is covered under defined contribution pension plans. Naviair is responsible for obligations pursuant to the Danish Civil Servants Act's Section 32 on availability pay. These obligations are disclosed as contingent liabilities.

Income tax receivable and payable

Current tax payable or receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for taxes paid on account.



Deferred income

Deferred income comprises invoiced income to be recognised in the income statement in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the company's cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are determined as operating profit adjusted for non-cash operating items, working capital movements and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and disposal of companies, activities and investments as well as 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 company's capital and associated costs as well as inception of loans, conclusion of finance leases, repayments on interest-bearing debt and payment of dividends.

Cash and cash equivalents comprise cash and short-term securities that are subject to an insignificant risk of changes in value and are readily convertible to cash.

The cash flow statement cannot be derived from the published accounting records alone.

Key figures and key performance indicators

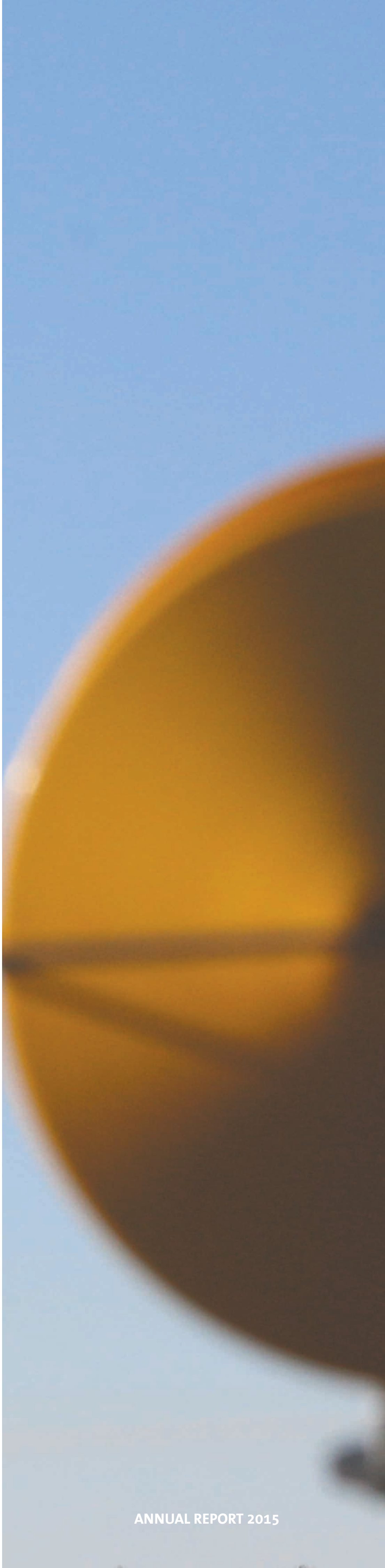
Key figures and key performance indicators are defined and calculated in accordance with the guidelines of the Danish Finance Society.

$$\text{Operating margin} = \frac{\text{Profit before net financials x 100}}{\text{Revenue}}$$

$$\text{Return on capital employed} = \frac{\text{Profit before net financials x 100}}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Profit for the year x 100}}{\text{Average equity}}$$



Income statement

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER *(DKK '000)*	Note	*Group* 2015	2014	*Parent company* 2015	2014
Revenue	1	920,151	941,574	920,164	941,574
Work performed for own account and capitalised	2	11,431	14,488	11,431	14,488
Other operating income	3	294,508	302,736	294,508	302,746
Other external expenses	4	-187,782	-167,784	-187,671	-167,781
Staff costs	5	-563,062	-552,495	-563,062	-552,495
Depreciation, amortisation and impairment losses	6	-103,364	-101,716	-103,364	-101,716
Other operating expenses	3	-294,281	-303,710	-294,281	-303,710
Operating profit		**77,601**	**133,093**	**77,725**	**133,106**
Income from investments in associates	12	2,055	3,650	0	0
Financial income	7	1,490	713	2,658	925
Financial expenses	8	-44,100	-47,563	-44,100	-47,563
Profit on ordinary activities before tax		**37,046**	**89,893**	**36,283**	**86,468**
Tax on profit on ordinary activities	9	-7,348	-19,185	-7,632	-19,240
Profit for the year		**29,698**	**70,708**	**28,651**	**67,228**

PROPOSED DISTRIBUTION OF PROFIT *(DKK '000)*	*Group* 2015	2014	*Parent company* 2015	2014
Reserve for net revaluation according to the equity method	2,055	3,650	0	0
Retained earnings	27,643	67,058	28,651	67,228
	29,698	**70,708**	**28,651**	**67,228**

Balance sheet

ASSETS *(DKK '000)*	Note	*Group* 31.12.2015	*Group* 31.12.2014	*Parent company* 31.12.2015	*Parent company* 31.12.2014
Intangible assets acquired		1,454	2,805	1,454	2,805
Development projects in progress		3,784	1,648	3,784	1,648
Intangible assets	10	**5,238**	**4,453**	**5,238**	**4,453**
Land and buildings		248,867	251,864	248,867	251,864
Plant and machinery		778,545	819,768	778,545	819,768
Fixtures and fittings, tools and equipment		4,881	6,722	4,881	6,722
Property, plant and equipment under construction		97,471	89,096	97,471	89,096
Property, plant and equipment	11	**1,129,764**	**1,167,450**	**1,129,764**	**1,167,450**
Investments in group enterprises		0	0	75,500	75,500
Investments in associates		10,889	8,508	79	79
Other securities and equity investments		103,457	84,120	0	0
Investments	12	**114,346**	**92,628**	**75,579**	**75,579**
Fixed assets		**1,249,348**	**1,264,531**	**1,210,581**	**1,247,482**
Trade receivables	13	159,143	141,810	159,143	141,810
Receivables from group enterprises		0	0	29,608	10,170
Receivables from associates		1,034	3,013	1,034	3,013
Other receivables	14	18,301	10,822	18,288	10,822
Regulatory under-recoveries	15	18,409	35,195	18,409	35,195
Prepayments	16	33,565	37,724	33,565	37,724
Receivables		**230,452**	**228,564**	**260,047**	**238,734**
Cash		**123,818**	**293,430**	**123,632**	**292,050**
Current assets		**354,270**	**521,994**	**383,679**	**530,784**
Assets		**1,603,618**	**1,786,525**	**1,594,260**	**1,778,266**

		Group		Parent company	
EQUITY AND LIABILITIES *(DKK '000)*	Note	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
Contributed capital		600,000	600,000	600,000	600,000
Reserve for net revaluation according to the equity method		10,809	8,429	0	0
Retained earnings		338,300	310,657	339,478	310,827
Equity		**949,109**	**919,086**	**939,478**	**910,827**
Deferred tax	17	57,335	49,985	57,619	49,985
Provisions for regulatory over-recoveries	15	73,380	82,763	73,380	82,763
Provisions		**130,715**	**132,748**	**130,999**	**132,748**
Subordinated loan capital	18	336,600	536,600	336,600	536,600
Long-term liabilities other than provisions		**336,600**	**536,600**	**336,600**	**536,600**
Trade payables		33,995	45,415	33,984	45,415
Payables to associates		766	0	766	0
Income tax payable		0	616	0	616
Other payables	19	121,535	130,867	121,535	130,867
Deferred income		30,898	21,193	30,898	21,193
Short-term liabilities other than provisions		**187,194**	**198,091**	**187,183**	**198,091**
Liabilities other than provisions		**523,794**	**734,691**	**523,783**	**734,691**
Equity and liabilities		**1,603,618**	**1,786,525**	**1,594,260**	**1,778,266**
Contingent liabilities	20				
Controlling related parties	21				

Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY *(DKK '000)*	Group				Parent company		
	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Total	Contributed capital	Retained earnings	Total
Equity at 1 January 2015	600,000	8,429	310,657	919,086	600,000	310,827	910,827
Foreign exchange adjustments	0	325	0	325	0	0	0
Profit for the year	0	2,055	27,643	29,698	0	28,651	28,651
Equity at 31 December 2015	**600,000**	**10,809**	**338,300**	**949,109**	**600,000**	**339,478**	**939,478**

There have been no changes to contributed capital since 1 January 2010.

Cash flow statement

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DEC. *(DKK '000)*	Note	*Group* 2015	*Group* 2014	*Parent company* 2015	*Parent company* 2014
Operating profit		77,601	133,093	77,725	133,106
Depreciation, amortisation and impairment losses		107,306	101,716	107,306	101,716
Other provisions		-9,383	33,471	-9,383	33,471
Working capital movements	22	-6,240	67,099	-25,675	56,874
Cash flows from operations		**169,284**	**335,379**	**149,973**	**325,167**
Financial income received		1,490	713	2,658	925
Financial expenses paid		-44,100	-47,515	-44,100	-47,515
Income tax paid		-6,544	-11,800	-6,544	-11,800
Cash flows from operating activities		**120,130**	**276,777**	**101,987**	**266,777**
Purchase of intangible assets		-3,349	-1,648	-3,349	-1,648
Purchase of property, plant and equipment		-67,056	-93,931	-67,056	-93,931
Purchase of investments		-19,337	-84,120	0	-75,500
Cash flows from investing activities		**-89,742**	**-179,699**	**-70,405**	**-171,079**
Repayments on loans etc.		-200,000	0	-200,000	0
Cash flows from financing activities		**-200,000**	**0**	**-200,000**	**0**
Net increase (decrease) in cash and cash equivalents		**-169,612**	**97,078**	**-168,418**	**95,698**
Cash and cash equivalents at 1 January		293,430	196,352	292,050	196,352
Cash and cash equivalents at 31 December		**123,818**	**293,430**	**123,632**	**292,050**

Notes

1	Revenue	Group		Parent company	
	(DKK '000)	2015	2014	2015	2014
	En route – Denmark, charges	607,619	676,824	607,619	676,824
	TNC Copenhagen, charges	168,865	200,754	168,865	200,754
	Local airports	47,238	46,694	47,238	46,694
	North Atlantic, charges	39,772	36,108	39,772	36,108
	Areas covered by the Danish Appropriations Act	34,714	33,365	34,714	33,365
	Other trade receivables	29,346	27,587	29,359	27,587
	Adjustment of over-/under-recoveries charges	-7,403	-79,758	-7,403	-79,758
		920,151	**941,574**	**920,164**	**941,574**

2	Work performed for own account and capitalised	Group		Parent company	
	(DKK '000)	2015	2014	2015	2014
	Capitalised direct payroll	10,511	13,298	10,511	13,298
	Capitalised indirect production costs	920	1,190	920	1,190
		11,431	**14,488**	**11,431**	**14,488**

3 Other operating income and other operating expenses

Other operating income comprises services provided to NUAC HB under supply contract, including primarily secondment of employees to NUAC HB. Other operating expenses comprise services provided by NUAC AB under supply contract, including primarily operation of the ATCC in Kastrup and related operational support.

4	Other external expenses	Group		Parent company	
	(DKK '000)	2015	2014	2015	2014
	Total other external expenses	187,782	167,784	187,671	167,781
		187,782	**167,784**	**187,671**	**167,781**
	Of which fees paid to statutory auditor:				
	Deloitte, audit fees	369	360	344	360
	Deloitte, consultancy fees	226	149	226	149
	Deloitte, other assurance engagements	30	30	30	30
	Rigsrevisionen (National Audit Office of Denmark), audit fees	377	378	377	378
		1,002	**917**	**977**	**917**

5 Staff costs

(DKK '000)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Wages and salaries	477,605	471,298	477,605	471,298
Pensions	83,365	78,629	83,365	78,629
Other social security costs	2,092	2,568	2,092	2,568
	563,062	**552,495**	**563,062**	**552,495**
Of which remuneration to the Executive Board and the Board of Directors:				
Salaries to the Executive Board	2,762	2,412	2,762	2,412
Pensions to the Executive Board	485	412	485	412
Remuneration to the Board of Directors	1,200	1,150	1,200	1,150
	4,447	**3,974**	**4,447**	**3,974**

Salary and pension totalled DKK 1,851 thousand for the CEO and DKK 1,396 thousand for the CFO. To this should be added a payment of DKK 467 thousand in respect of fixed-term contract in connection with the retirement of the CFO on 31 December 2015.
The remuneration of the Chairman of the Board of Directors was DKK 300 thousand, the remuneration of the Deputy Chairman DKK 200 thousand and the remuneration of other members DKK 100 thousand.

Average number of employees	**637**	**641**	**637**	**641**

6 Depreciation, amortisation and impairment losses

(DKK '000)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Intangible assets acquired	2,564	2,372	2,564	2,372
Land and buildings	19,126	16,051	19,126	16,051
Plant and machinery	82,407	79,727	82,407	79,727
Fixtures and fittings, tools and equipment	3,209	3,566	3,209	3,566
Government grants for capital expenditure projects	-3,942	0	-3,942	0
	103,364	**101,716**	**103,364**	**101,716**

7 Financial income

(DKK '000)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Foreign exchange gains	1,257	527	1,257	527
Interest income group enterprises	0	0	1,168	212
Interest income associates	2	1	2	1
Other interest income	157	185	157	185
Non-taxable interest and percentage supplement	74	0	74	0
	1,490	**713**	**2,658**	**925**

8 Financial expenses

(DKK '000)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Foreign exchange losses	1,833	1,676	1,833	1,676
Interest expense	47,690	50,732	47,690	50,732
Non-deductible interest and percentage supplement	0	48	0	48
Capitalisation of interim interest	-5,423	-4,893	-5,423	-4,893
	44,100	**47,563**	**44,100**	**47,563**

9 Income tax expense

(DKK '000)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Current tax for the year	0	6,568	0	6,623
Change in deferred tax	7,351	12,617	7,635	12,617
Adjustment of prior year taxes	-3	0	-3	0
	7,348	**19,185**	**7,632**	**19,240**

10 Intangible assets

(DKK '000)	Software	Intangible assets under construction	Total
Cost at 1 January 2015	14,988	1,648	16,636
Additions	41	3,308	3,349
Disposals	0	0	0
Transfers	1,172	-1,172	0
Cost at 31 December 2015	**16,201**	**3,784**	**19,985**
Amortisation and impairment losses at 1 January 2015	12,183	0	12,183
Amortisation charge	2,564	0	2,564
Write-downs on scrapped assets	0	0	0
Disposals	0	0	0
Amortisation and impairment losses at 31 December 2015	**14,747**	**0**	**14,747**
Carrying amount at 31 December 2015	**1,454**	**3,784**	**5,238**

11 Property, plant and equipment

(DKK '000)	Land and buildings	Plant and machinery	Fixtures and fittings, IT equipment & transport equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2015	558,500	1,493,124	28,534	89,096	2,169,254
Additions	2,703	8,905	466	54,982	67,056
Disposals	-8,659	-22,366	0	0	-31,025
Transfers	13,426	32,279	902	-46,607	0
Cost at 31 December 2015	**565,970**	**1,511,942**	**29,902**	**97,471**	**2,205,285**
Depreciation & impairment losses at 1.1.15	306,636	673,356	21,812	0	1,001,804
Depreciation charge	17,078	80,540	3,209	0	100,827
Write-downs on scrapped assets	2,048	1,867	0	0	3,915
Disposals	-8,659	-22,366	0	0	-31,025
Depreciation & impairment losses at 31.12.15	**317,103**	**733,397**	**25,021**	**0**	**1,075,521**
Carrying amount at 31 December 2015	**248,867**	**778,545**	**4,881**	**97,471**	**1,129,764**
Portion related to capitalised finance costs	48	36,229	0	8,352	44,629

Except for a few buildings with a total carrying amount of DKK 10.1 million at 31 December 2015, primarily constructed for navigation equipment at various locations across Denmark and in Greenland, Naviair's total building stock with a total carrying amount of DKK 155.5 million at 31 December 2015 consists of buildings on leased land. These include the entire Naviair headquarters with ATCC, simulator buildings and offices situated in Maglebylille, and the Tower at Copenhagen Airport, Kastrup. These buildings all sit on land owned by Copenhagen Airports A/S.

12 Investments

(DKK '000)	Group: Investments in associates	Group: Other securities and equity invest-ments	Group: Total	Parent company: Invest-ments in group enter-prises	Parent company: Invest-ments in associates	Parent company: Total
Cost at 1 January 2015	79	84,120	84,199	75,500	79	75,579
Additions	0	19,337	19,337	0	0	0
Cost at 31 December 2015	**79**	**103,457**	**103,536**	**75,500**	**79**	**75,579**
Revaluation at 1 January 2015	8,429	0	8,429	0	0	0
Foreign exchange adjustments	326	0	326	0	0	0
Share of profit for the year	2,055	0	2,055	0	0	0
Revaluation at 31 December 2015	**10,810**	**0**	**10,810**	**0**	**0**	**0**
Carrying amount at 31 December 2015	**10,889**	**103,457**	**114,346**	**75,500**	**79**	**75,579**

(DKK '000)	Registered office	Corporate form	Ownership interest	Equity at 31 December 2015	Profit/loss 2015
Investments in group enterprises comprise:					
Naviair Surveillance A/S	Copenhagen	A/S	100%	74,322	-1,008
Investments in associates comprise:					
Entry Point North AB	Malmö-Sturup	AB	25%	42,641	7,974
NUAC HB	Malmö	HB	50%	550	178

Other securities and equity investments comprise ownership interest in Aireon LLC, Virginia, USA. The ownership interest was 2.59% at the end of 2015.

13 Trade receivables

(DKK '000)	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Trade receivables, gross	170,841	154,523	170,841	154,523
Provision for bad and doubtful debts	-11,698	-12,713	-11,698	-12,713
	159,143	**141,810**	**159,143**	**141,810**

14 Other receivables

(DKK '000)	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
VAT and duties	3,857	2,904	3,844	2,904
Other receivables	14,444	7,918	14,444	7,918
	18,301	**10,822**	**18,288**	**10,822**

15 Regulatory under-recoveries and provisions for regulatory over-recoveries

(DKK '000)	En route – Denmark	Aerodrome control	Total
Regulatory under-recoveries at 1 January 2015	34,051	1,144	35,195
Adjustment for the year	-17,017	231	-16,786
Regulatory under-recoveries at 31 December 2015	**17,034**	**1,375**	**18,409**
Portion expected to be recovered within one year	3,215	469	3,684
Provisions for regulatory over-recoveries at 1 January 2015	0	82,763	82,763
Adjustment for the year	0	-9,383	-9,383
Provisions for regulatory over-recoveries at 31 December 2015	**0**	**73,380**	**73,380**
Portion expected to be reversed within one year	0	18,817	18,817
Total adjustment for the year	**-17,017**	**9,614**	**-7,403**

16 Deferred income

	Group		*Parent company*	
(DKK '000)	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
Prepaid payroll	27,882	28,344	27,882	28,344
Other deferred income	5,683	9,380	5,683	9,380
	33,565	**37,724**	**33,565**	**37,724**

17 Deferred tax

	Group		*Parent company*	
(DKK '000)	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
Deferred tax relates to the following items:				
Property, plant and equipment	73,332	61,854	73,332	61,854
Limitation of deductibility carried forward, interest etc.	-3,599	0	-3,599	0
Over-/under-recoveries charges	-12,094	-10,465	-12,094	-10,465
Tax loss carryforwards	-304	-1,404	-20	-1,404
	57,335	**49,985**	**57,619**	**49,985**

Provision for deferred tax at 31 December 2015 has been made at 22%, corresponding to the expected tax rate at the date of realisation of the deferred tax.

18 Subordinated loan capital

Subordinated loan capital covers a bullet loan with the Danish state. No instalments are expected to be payable for ten years. Interest is fixed at 9% p.a., and the loan ranks after Naviair's other interest-bearing debt. According to the loan agreement, the loan, with added and accrued interest, meets the criteria for recognition as equity or capital ranking as equity.

19 Other payables

	Group		*Parent company*	
(DKK '000)	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
Holiday pay liability	84,978	84,447	84,978	84,447
Payroll, A-tax, social security contributions etc. payable	33,439	36,761	33,439	36,761
Other payables	3,118	9,659	3,118	9,659
	121,535	**130,867**	**121,535**	**130,867**

20 Contingent liabilities

Naviair has a liability of up to DKK 1.1 billion under the Danish Act on Civil Servant Pension's Section 32 on availability pay for civil servants and employees employed under collective agreement on special terms. The obligation consists of three months' salary during the termination period plus three years' pay, including pension.

Together with its Swedish sister organisation, LFV, Naviair has set up a jointly owned general partnership, NUAC HB. The general partnership is owned on a 50-50 basis by Naviair and LFV. The partners are jointly, severally and directly liable for the partnership's obligations.

Contractual obligations

Naviair is a party to a number of contracts under which Naviair is under obligation to render a contractual performance.

Naviair is under obligation to provide ANS under the Danish Transport Authority's designation of Naviair dated 25 October 2010 and under agreements with Danish airports. Furthermore, Naviair has entered into contracts on support and maintenance of air navigation-related systems and equipment with Danish airports and other Danish ANSPs.

Within the area of property, plant and equipment under construction, Naviair has entered into contracts to a value of approximately DKK 50 million on upgrading of Naviair's ATM system and acquisition of air navigation-related equipment and systems. The remaining payment obligation under these contracts is approximately DKK 25 million.

In addition, Naviair has entered into long-term contracts on support and maintenance of Naviair's building installations, ATM systems and other systems (operations). The payment obligations after 31 December 2015 amount to approximately DKK 80 million.

Naviair has entered into an agreement with a supplier relating to delivery of a project. The supplier has run into financial difficulties before completing delivery of the project. The carrying amount of the plant at the balance sheet date of 31 December 2015 has been determined at DKK 32.2 million, which has been recognised as property, plant and equipment under construction under property, plant and equipment.

Naviair has become a co-owner of Aireon LLC, USA, and in the period to 2017 will gradually acquire a total equity interest of 6 per cent, equivalent to a total investment of approximately DKK 180 million. At the end of 2015, Naviair had settled DKK 103.5 million of its total equity contribution, equivalent to an equity interest of 2.59 per cent.

21 Related parties and ownership

Related parties and ownership	Basis
Control	
Danish Transport and Building Ministry DK-1220 Copenhagen K	Owner, 100%
Other related parties	
Danish Transport and Construction Agency	Supervisory authority
NUAC HB	Associate
Entry Point North AB	Associate
Naviair Surveillance A/S	Group enterprise
Danish Defence	Contract for aerodrome and approach control services at Aalborg Airport Cooperation agreement on joint ANS and ATM provision
Board of Directors and Executive Board	Managerial control

For information on Naviair's transactions with the Board of Directors and the Executive Board, reference is made to the note on staff costs.

22 Cash flow statement – working capital movements

	Group		*Parent company*	
(DKK '000)	**2015**	**2014**	**2015**	**2014**
Changes in receivables etc.	4,042	60,532	-15,383	50,307
Change in liabilities other than provisions etc.	-10,282	6,567	-10,292	6,567
	-6,240	**67,099**	**-25,675**	**56,874**

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Photo on front cover:
Naviair official car FK 503 photographed at Copenhagen Airport
Photo: Communications & Public Affairs

The annual report can be downloaded at www.naviair.dk

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