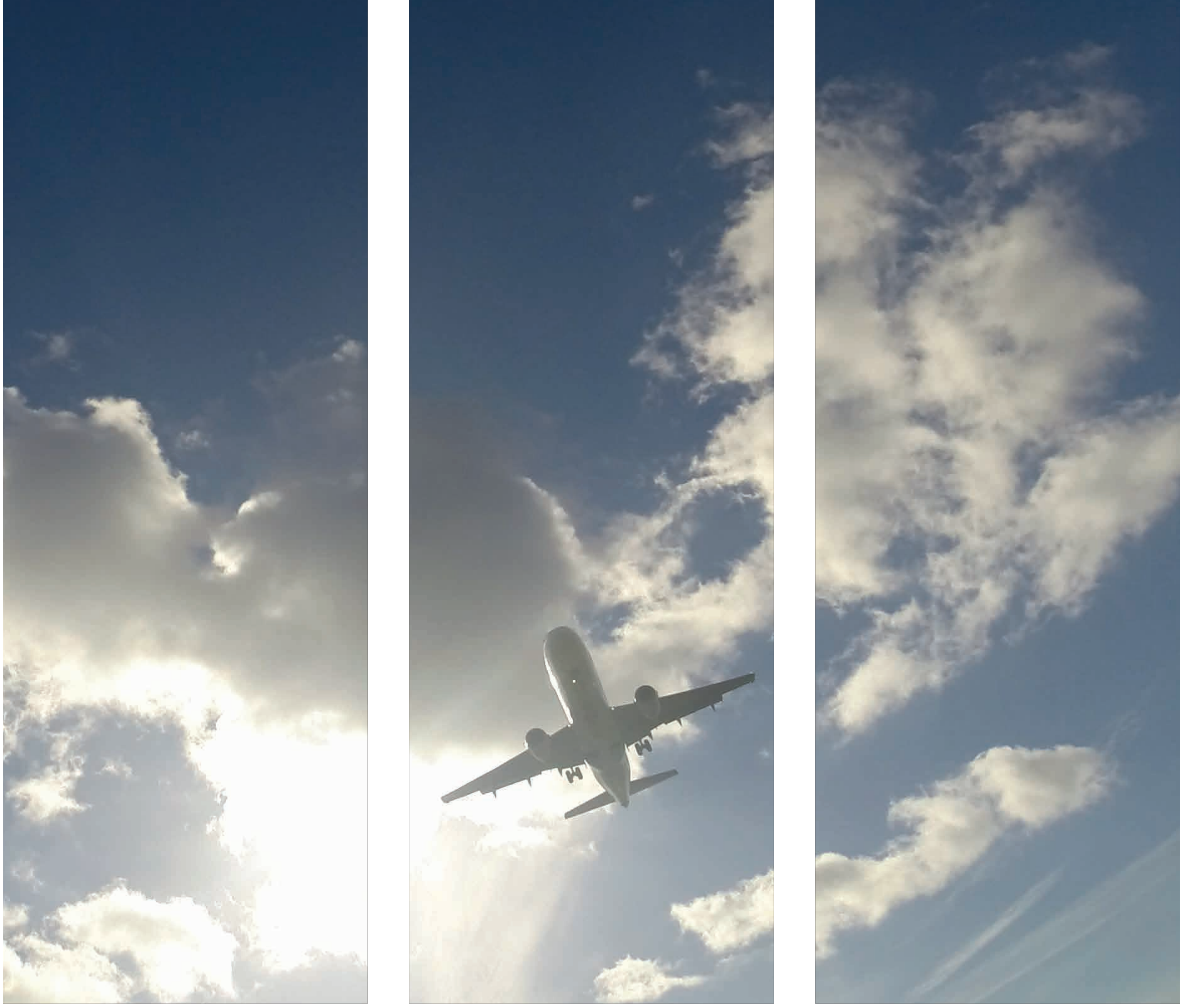


Annual Report 2014

NAVIAIR

Contents

About Naviair

Naviair is a company owned by the Danish state represented by the Ministry of Transport.

MISSION

Naviair contributes to the creation of value and welfare for society 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 customers and partners by participating in international alliances.

We will achieve our ambitions through talented, 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.

AREAS OF ACTIVITY

We provide aviation infrastructure.

We have activities in the following areas:

- En route – Denmark, comprising area control services in Danish airspace and ATM over Danish airports, including approach control service to Copenhagen Airport. Our activities in this area also include briefing service, Flight Information Services (FIS) and AIS service from the Air Traffic Control Centre (ATCC) in Copenhagen. This area of activity also comprises technical support and maintenance of ATM/CNS equipment in Denmark.

  In 2014, this area accounted for 68 per cent of our revenue.

- En route – Greenland, comprising briefing and flight information in Søndrestrøm FIR from the Flight Information Centre in Nuuk. These activities also comprise AIS service and technical support and maintenance of CNS equipment in Greenland and the Faroe Islands.

  In 2014, this area accounted for 6 per cent of our revenue.

- Local Air Traffic Services (ATS), comprising aerodrome control service and approach control service at a number of airports and Aerodrome Flight Information Service (AFIS) in the Faroe Islands.

  In 2014, this area accounted for 24 per cent of our revenue.

- Other areas of activity, comprising technical support and maintenance of ATM and CNS equipment in Denmark and sale of technical-operational knowhow.

  In 2014, this area accounted for 2 per cent of our revenue.

Key figures and key performance indicators

Naviair's financial performance since 1 January 2010 can be described using the key figures and key performance indicators below:

	Group				
KEY FIGURES *(DKK million)*	2014	2013	2012	2011	2010
Income statement					
Revenue	1,016.8	1,036.3	958.7	937.6	917.2
Profit before net financials	133.1	102.0	101.5	88.7	70.9
Net financials	-43.2	-46.6	-44.5	-34.5	-43.3
Profit for the year	70.7	47.4	42.7	38.2	23.0
Balance sheet					
Fixed assets	1,264.5	1,183.4	1,192.3	1,193.9	1,178.0
Current assets	522.0	485.4	531.7	490.6	547.9
Balance sheet total	1,786.5	1,668.8	1,724.0	1,684.5	1,726.0
Interest-bearing debt	536.6	536.6	636.6	686.6	795.3
- of which subordinated loan capital	536.6	536.6	536.6	536.6	545.3
Equity	919.1	848.8	792.2	749.5	711.3
Cash flow statement					
Cash flows from:					
- operating activities	276.8	291.0	215.7	131.5	746.5
- investing activities	-179.7	-92.0	-95.1	-93.5	-119.3
- financing activities	-	-100.0	-50.0	-50.0	-589.0
The year's investments in property. plant and equipment	-93.9	-91.4	100.9	112.5	114.3
Net increase (decrease) in cash and cash equivalents	97.1	99.0	70.6	-12.0	38.3
Cash and cash equivalents at 31 December	293.4	196.4	97.3	26.7	38.8
Average number of employees	641	667	688	706	710
Financial ratios (%)					
Operating margin	13.1	9.8	10.6	9.5	7.7
Return on capital employed	7.4	6.1	5.9	5.3	4.1
Solvency ratio excl. subordinated loan capital	51.4	50.9	46.0	44.5	41.2
Solvency ratio incl. subordinated loan capital	81.5	83.0	77.1	76.4	72.8
Return on equity	8.0	5.8	5.5	5.2	3.3

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

Parent company

2014	2013	2012	2011	2010
1,016.8	1,036.3	958.7	937.6	917.2
133.1	102.0	101.5	88.7	70.9
-46.6	-42.6	-44.5	-34.5	-43.3
67.2	51.4	42.7	38.2	23.0
1,247.5	1,178.1	1,192.3	1,193.9	1,178.0
530.8	485.4	531.7	490.6	547.9
1,778.3	1,663.5	1,724.0	1,684.5	1,726.0
536.6	536.6	636.6	686.6	795.3
536.6	536.6	536.6	536.6	545.3
910.8	843.6	792.2	749.5	711.3
266.8	291.0	215.7	131.5	746.5
-171.1	-92.0	-95.1	-93.5	-119.3
-	-100.0	-50.0	-50.0	-589.0
-93.9	-91.4	100.9	112.5	114.3
95.7	99.0	70.6	-12.0	38.3
292.1	196.4	97.3	26.7	38.8
641	667	688	706	710
13,1	9,8	10,6	9,5	7,7
7,5	6,1	5,9	5,3	4,1
51,2	50,7	46,0	44,5	41,2
81,4	83,0	77,1	76,4	72,8
7,7	6,3	5,5	5,2	3,3

KEY PERFORMANCE INDICATORS FOR FIRST REFERENCE PERIOD	2014	2013	2012
Danish-Swedish FAB			
Safety			
Separation minima infringements per 100,000 flight hours with severity A and B with direct ATM involvement (LFV/Naviair/NUAC).	0.18	0.18	0.36
Capacity			
Average minutes of delay – En route	0.02	0.02	0.03

NAVIAIR AND DENMARK	2015	2014	2013	2012	2011	2010
Cost efficiency – En route						
Naviair – Unit rate (DKK)	387.46	445.00	463.06	447.71	427.47	426.44
Denmark – Unit rate (DKK)	471.12	531.33	547.51	532.36	509.47	521.44
User unit rate (EUR)	63.13	71.41	73.62	71.66	67.94	64.38

Highlights in 2014

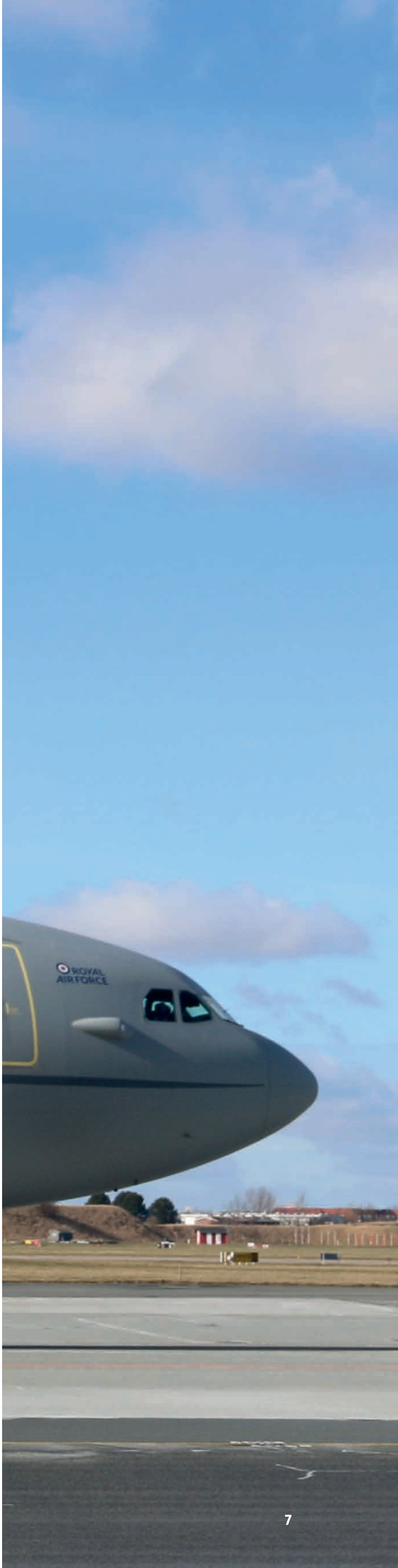
January: Naviair establishes the subsidiary Naviair Surveillance A/S, which acquires equity investments in Aireon LLC. Aireon LLC will set up the world's first global aviation surveillance system over the coming years.

February: Payment of first contribution, DKK 67 million, to Aireon LLC.

June: The Danish Transport Authority submits Denmark's contribution to the Danish part of the performance plan for the Danish-Swedish FAB for the EU Single European Sky programme's second reference period (2015-2019). According to the contribution, Naviair will continue contributing to efficiency improvement and harmonisation of European ATM entirely in keeping with the requirements made at EU level.

September: Naviair's Flight Information Centre in Greenland becomes operational in Nuuk. The relocation from Kangerlussuaq was a success, with no inconvenience or delays to aviation.

November: Naviair announces a reduction of the unit rates in Danish airspace from 1 January 2015. The en route rate is lowered by 11.3 per cent. Naviair thus accounts for the percentagewise highest price reduction in Europe in 2015. The TNC CPH unit rate will be lowered by 17.5 per cent in 2015.



Management's review

Financial performance

In January 2014, Naviair formed the subsidiary Naviair Surveillance A/S. We have acquired equity investments in Aireon LLC through this new company. The establishment of this new company means that, as a group, Naviair must now submit an annual report for both the group and the parent company. Accordingly, the comparative figures for 2013 have been restated to reflect the new situation. The comments in the annual report relate, as a general rule, to the group's accounting figures.

In 2014, Naviair's profit before tax was DKK 89.9 million compared with DKK 55.4 million in 2013. Profit after tax was DKK 70.7 million compared with DKK 47.4 million in 2013.

Because of our ongoing savings and efficiency improvements we have been able to set our en route unit rate for 2014 at a considerably lower level than the level originally assumed in the performance plan for the first reference period for Single European Sky (SES), 2012-2014. The unit rate in the performance plan was set in 2011 on the basis of the air traffic outlook in 2011 and binding expectations concerning Naviair's annual costs. The en route unit rate for Danish airspace for 2014 was DKK 531 rather than the originally assumed DKK 564, saving airspace users 6 per cent compared with the originally assumed rate.

At the end of 2014, in addition to reducing our unit rate, we had recovered/written off the amount due to Naviair from customers – under-recovery of charges – an amount of DKK 224 million that had accumulated before the performance plan's first reference period. We did this by realising substantial savings and efficiency improvements compared with the cost base forming the basis for the performance plan and despite lower traffic levels than assumed. We have decided not to recover DKK 60 million of the amount due to Naviair so that this amount will instead benefit customers through lower charges. The amount has been charged against operating income in 2012 and 2013.

It applies to the whole period from 2012-2014 that air traffic in Danish airspace was 5.2 per cent less than assumed for the first reference period of the performance plan. As a consequence of the lower volume of traffic, our income was approximately DKK 100 million less, overall, than expected at the beginning of the period. Of this amount, Naviair is entitled to recover DKK 34.1 million in future through higher charges, while the balance must be covered through cost reductions in the company.

Profit of DKK 169.7 million before adjustment for over-/under-recovery of charges and taxes matches the expectations as most recently set out in Naviair's report for the half year. The profit is highly satisfactory in view of rate reductions, lower traffic levels than originally assumed and writing off of receivables.

Naviair delivered revenue of DKK 1,016.8 million in 2014 compared with DKK 1,036.3 million in 2013. The DKK 19.5 million decline in revenue compared with 2013 was due solely to lower income in the en route area in 2014 compared with the previous year due to our reduction of the unit rate.

From 2015, the SES programme entered its second reference period, which will run until 2019. For this period, the en route unit rate has been set on the basis both of the 2014 expectations concerning air traffic and a binding expectation concerning Naviair's annual costs.

We are constantly working to reduce our costs to ensure our customers the lowest possible prices.
In accordance with this policy, we have been able to reduce our en route unit rate for 2015 by 11.3 per cent compared with 2014 so that in 2015 it is DKK 471, of which Naviair's share is 82 per cent, while the remaining 18 per cent is the Danish Transport Authority's and DMI's share.

At the same time, we have reduced the unit rate for aerodrome control service at Copenhagen Airport (TNC Copenhagen) by 17.5 per cent so that the Danish unit rate for 2015 is DKK 1,076 compared with DKK 1,305 in 2014.

Traffic 2014

In 2014, en route air traffic in Danish airspace was almost stagnating and did not meet the expectations at the beginning of the year, even though only moderate growth had been anticipated. Air traffic increased by 0.1 per cent compared with 2013, which meant that we handled 625,492 en route operations in 2014 compared with 624,762 in 2013.

As a positive feature, traffic at Copenhagen Airport increased, with the number of departures and arrivals in 2014 increasing by 2.8 per cent to 251,734 operations, up from 244,924 operations in 2013.

The number of departures and arrivals at Billund Airport in 2014 fell by 6.1 per cent to 40,779 operations compared with 43,451 in 2013.

Domestic flights calculated as the number of operations were down slightly – by 0.7 per cent – in 2014 compared with 2013. However, the use of larger aircraft on some domestic routes meant that passenger numbers nevertheless increased by 2.8 per cent, reflecting growing interest in domestic flights in Denmark.

The trend of airlines using larger, heavier aircraft than previously continued in 2014.
The weight per operation increased by 1.9 tonnes on average in 2014 compared with 2013, equivalent to a 2.2 per cent increase.

Safety

Flight safety in the Danish-Swedish FAB is calculated as the number of separation minima infringements compared with the total number of hours flown.

A distinction is made between the severity of separation minima infringements and whether there has been direct or indirect ATM involvement. The severity of accidents or incidents is classified using the EU Risk Analysis Tool (RAT).

In 2014, the flight safety target set for the Danish-Swedish FAB was 1.42 separation minima infringements of severity A or B per 100,000 flight hours, with direct ATM involvement. The actual figure was 0.18.

Efficiency

We maintained our efficient ATM in 2014. In the Danish-Swedish FAB, the average delay per operation in 2014 was 0.02 minutes (1.2 seconds), i.e. far below the maximum average delay of 0.08 minutes per operation (4.8 seconds) 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. The level of delay was 0.0 minutes compared with a maximum accepted average delay of 0.2 minutes. In view of our ATM without any delays, our operation can thus be characterised as efficient again this year.

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.

Traffic development outlook

We expect an extremely limited increase in air traffic in Danish airspace in 2015. In its latest low forecast, Eurocontrol expects extremely moderate growth in air traffic in the period until 2019.

For Copenhagen Airport, we expect moderate growth in air traffic in 2015 compared with 2014.

Performance requirements

Naviair has been complying with the requirements in the European performance scheme since 2012. The performance scheme sets individual targets for each of the European ANSPs, embodied in a performance plan. In the period 2012-2014, Naviair was subject both to targets set for Danish airspace and targets set for the Danish-Swedish FAB.

Performance plan targets are set by local authorities based on overall performance targets adopted by the European Commission. For the first reference period, there were targets for safety, capacity and cost efficiency. The targets applied to the en route area only.

Naviair has met the targets set in the performance plan for Naviair in the first reference period 2012-2014, despite the traffic volume during this period being 5.2 per cent below the level expected when the targets were set in 2011. The changed traffic volume led to a reduction in income for the period of the order of DKK 100 million. Of this amount, DKK 34 million can be recovered through higher charges in future, while Naviair must cover the balance itself due to the requirement concerning traffic risk-sharing. Through our efficiency improvements and cost reductions we have maintained a cost level in a number of areas that was lower than that permitted in the performance plan.

In 2015, we will be entering the performance scheme's second reference period, which will run until 2019. The TNC area will also be included during this period, for airports with more than 70,000 annual IFR flight movements. For Naviair, this means that TNC Copenhagen will be included.

During the second reference period, Naviair will also be subject to the performance plan for the Danish-Swedish FAB. As in the first reference period, there will be targets for Safety, Capacity and Cost Efficiency, and, as something new, the second reference period will also feature targets for Environment.

Customers

In 2014, Naviair's five largest en route customers were SAS (17.2 per cent), Norwegian Airshuttle (12.1 per cent), KLM (8.7 per cent), Ryanair (6.5 per cent) and British Airways (5.5 per cent). En route activities accounted for 68 per cent of our revenue in 2014.

The five largest customers in the Local Air Traffic Services area at Copenhagen Airport in 2014 were SAS (42.1 per cent), Norwegian Airshuttle (14.1 per cent), Easyjet Airline (3.9 per cent), EAT Leipzig GmbH (2.4 per cent) and Lufthansa (2.3 per cent). Local Air Traffic Services at Copenhagen Airport accounted for 20 per cent of our revenue in 2014.

Local Air Traffic Services at Billund Airport accounted for 2 per cent of our revenue in 2014.

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 in November and December 2014. During this period, we met with five airlines and airports. As in previous years, our customers generally expressed high levels of satisfaction both 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 so far 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.

There are approximately 655 FTEs in NUAC. The vast majority are on secondment to NUAC from Naviair and LFV, and NUAC only has 13 direct employees. 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. Through NUAC, we also ensure both continued improvement in the efficiency of ATM and continuous development and optimisation of the utilisation of airspace in the Danish-Swedish FAB.

For example, together with LFV, we introduced Free Route Airspace in the Danish-Swedish FAB back in 2011. Free Route Airspace allows the airlines free planning of their flights through the FAB, providing both shorter routes and reduced flight times and thus benefits such as substantial fuel savings for aviation. The initiative has also benefited the environment because it reduces emissions of greenhouse gases.

We are now using our experience from the Danish-Swedish FAB in our cooperation with a number of other ANSPs on extending Free Route Airspace – initially to the entire Nordic area from November 2015.

COOPANS

In the technical area, we participate in an international partnership concerning development and harmonisation of the ATM systems in the COOPANS Alliance.
The partners in this alliance are Naviair, Austro Control, Croatia Control, Irish Aviation Authority and LFV.

The alliance was set up in 2006, and since then the partners have been cooperating on the joint development and upgrading of the five ANSPs' 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. This is a unique development in European ATM, while the ANSPs in the other countries are still running their control centres with individual, technically very diverse systems. This opens up major common future development and cooperation prospects for the five partners – both when it comes to savings and efficiency improvements following from harmonisation. One of the advantages of

the cooperation is that the partners are saving an estimated at least 30 per cent compared with the technical development costs they would incur if they had to develop the systems individually.

Based on the positive experience gained, the partners are now working on extending the framework for the cooperation. COOPANS consequently now also comprises cooperation on SESAR 2020, and Naviair has applied for membership of SESAR Joint Undertaking from 2015 together with its partners in COOPANS. SESAR Joint Undertaking is a public-private partnership under SESAR, which is the EU's research programme for the development of the new generation of an integrated European ATM system.

Entry Point North

The ATS academy, Entry Point North, is our initiative to ensure development, efficiency improvement and harmonisation in the training area. The academy was established in 2006 and is jointly owned by Naviair, Avinor, Irish Aviation Authority and LFV.

In line with the ambition in the Single European Sky programme, the primary aim of Entry Point North is to provide standardised and harmonised training for ATCO trainees and ATCOs. The services provided by Entry Point North include Recruitment services, Initial training, Conversion training, Refresher training and Development training.

Besides providing ATS training to its four owners, Entry Point North services ANSPs worldwide by selling training courses tailored to customer requirements that are primarily based on existing concepts and are held either at Entry Point North at Malmö Airport or on-site at the customer. All activities are undertaken on fully commercial terms. The academy has more than 40 customers in more than 20 countries.

Aireon

Through the cooperation in Aireon LLC, Naviair is participating in the establishment of the world's first satellite-based global aviation surveillance system.
When the setting-up of the new system is completed as expected in 2018, it will be possible to collect data all over the world on position, course, altitude and speed for all aircraft fitted with ADS-B equipment. The great majority of aircraft already have this equipment, but at present only approximately 10 per cent of the area of the globe is covered by the existing surveillance systems. There is currently no surveillance in the remaining – often remote – areas, so ATM is based on the aircrafts' own radio reports on their position, altitude, course and speed.

Aireon LLC is headquartered in Virginia, USA. Besides Naviair (6 per cent), the other joint venture partners are the US telecommunications company Iridium Communications Inc. (24.5 per cent) and the ANSPs Nav Canada (51 per cent), ENAV (12.5 per cent) and Irish Aviation Authority (6 per cent). The stated ownership interests are the expected interests in 2017.

Corporate social responsibility

A well-informed and positive approach to corporate social 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 are constantly working to minimise

Naviair's impact on the climate and the environment. 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 2014, we signed one contract with a training clause and three contracts with work clauses against social dumping.

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.

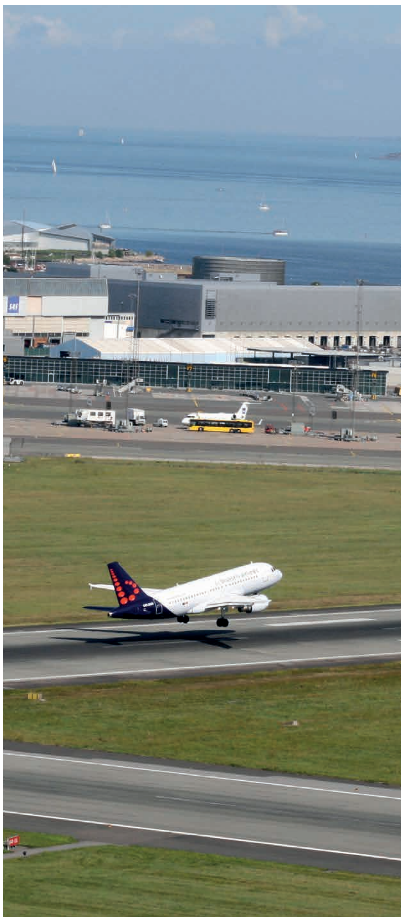
We dissociate ourselves from corruption and take a zero-tolerance approach to it. We observe the Danish corruption regulations as expressed in the Danish Criminal Code applicable at any time.

We do not accept any breaches of the legislation in the 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.

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 2014, our electricity consumption in Copenhagen was 5,811 MWh compared with 5,986 MWh in 2013. Following extensive conversion and replacement of equipment in recent years – and consequent significant reductions in energy consumption – our current energy consumption in 2014 stabilised at the 2013 level. In 2013, benefits from conversions included an 86 per cent reduction in energy consumption for IT.



Our heat consumption in Copenhagen in 2014 was 3,099 MWh compared with 3,194 MWh in 2013. The number of degree days was at a low level in 2014, as in 2013, and the mild autumn, coupled with a mild winter, was the main reason for the relatively low heat consumption.

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 cut our energy costs by DKK 1-1.5 million annually. At the same time, we expect to be able to reduce our CO_2 footprint by approximately 275 tonnes per year. The investment in the system amounts to approximately DKK 32 million.

We act in an energy-conscious manner in all our areas of activity – this also applies to places where we work but do not own the equipment or buildings ourselves.

Environment – Air Traffic Control

Our air traffic control activities provide us with another opportunity to act in an environmentally responsible manner, and we consequently strive to reduce both air pollution and noise inconvenience from air traffic in the areas where we are responsible for ATM.

In our day-to-day activities, we prioritise – insofar as air traffic safety allows – a service-oriented culture in which we endeavour to meet airlines' and pilots' requests for routes, speeds and altitudes, even where they do not take up our offer of Free Route Airspace in the Danish-Swedish FAB. This way we help optimise individual flights and reduce fuel consumption and environmental impact.

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 Danish airports.
- Minimal ground delays with engines idling through efficient ATM at airports.
- Continuous Climb Operations wherever possible – with direct routes and climbs to cruising level.

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. Our work is of course also guided by the recommendations of the European aviation organisations.

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 and is expected to be extended to include the entire Nordic area from November 2015.

At Copenhagen Airport, we are cooperating 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.

Lastly, we are working together with the Danish and Swedish authorities to establish a more efficient, more expedient airspace structure in the Øresund region around the airports in Copenhagen and Malmö and the other small airports in the region. Our ambition is to establish one integrated terminal area across the areas that have hitherto been nationally delimited. One benefit of a new Øresund terminal area is that arrivals and departures at Copenhagen Airport can be handled even more efficiently.

This, in turn, will have benefits such as saving aircraft fuel, reducing the impact on the environment and the climate.

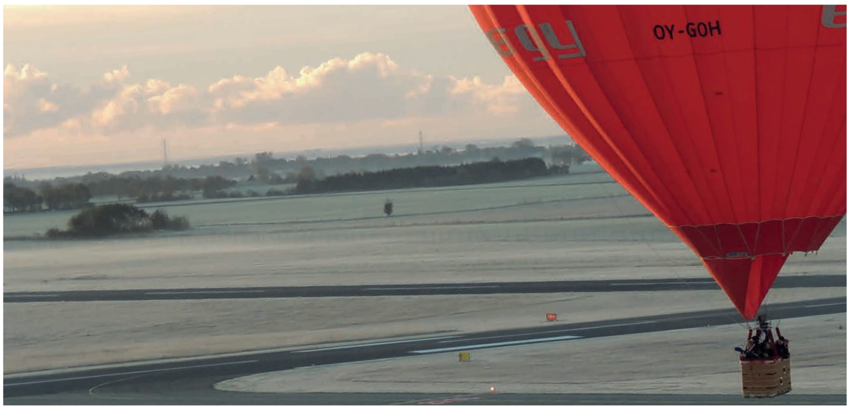
Employees

At the end of 2014, the number of employees at Naviair was 633.8 FTEs. This included 274.8 FTEs on secondment to NUAC.

Employee turnover was 5.7 per cent in 2014.

It is important that our employees' skills are always at a level that meets any requirements arising both during the exercise and development of ATM and its supporting activities. We therefore ensure that all employees' levels of training and education and skills satisfy the highest standards. This applies to ATM, technology and administration.
We have consequently structured our supplementary training and skills development into a Plan for Supplementary and Further Training that is the company's governing 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.

We also help to share society's responsibility for providing training and jobs for young people. In 2014, we had 7 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. 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.
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.

One of our priority targets is a high level of employee satisfaction. We therefore regularly conduct employee satisfaction surveys.
The latest survey was conducted at the end of 2014, with a response rate of 79 per cent. In this survey, 90 per cent of respondents expressed satisfaction with their workplace.
This survey, like previous surveys, once again confirmed a high level of satisfaction among Naviair's employees.

We also conduct leadership surveys. Most recently in 2013, when the survey showed that Naviair has both competent and confidence-inspiring managers.

We have decided to combine our satisfaction and leadership surveys in future. We will conduct the first such survey in 2017.

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 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 legislation with the relevant 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 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 of Directors' latest self-evaluation was in December 2014.

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 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 full Board acts as Audit Committee.

Women and men are evenly represented on Naviair's Executive Board.

At the end of 2014, the combined management team consisted of 12 women and 41 men. Women consequently accounted for 23 per cent compared with 20 per cent in 2013.

The aim of Naviair's 'Policy for increasing the numbers of the under-represented 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.

However, in order to ensure that Naviair can deliver the highest standards of safety, punctuality, efficiency, capacity and service for our customers, we will always recruit managers on the basis of an assessment of the best combination of the most important leadership and professional qualifications for the job, without regard to factors such as gender.

With this in mind, we make every effort to motivate, recruit and train more women for management posts. Our aim is consequently that 40 per cent of employees accepted on management training courses in the period from 2014 to 2017 should be women. The purpose of this minimum percentage is to ensure that more women will gain the skills and qualifications required to apply for management posts at Naviair.

We have set a specific target that the proportion of women managers at Naviair should rise to at least 25 per cent by the end of 2017 and at least 30 per cent by the end of 2020.

In 2014, 5 women attended management courses. Overall, 31 per cent of participants were women. Due to the special nature of our work, many of our managers need specialist insight into air traffic management in order to be able to do their jobs. Many managers consequently need to be recruited internally. In general, it has proven difficult to motivate Naviair employees to apply for management positions. We therefore regularly carry out internal studies to clarify the reasons for this. These studies form the basis for action plans that are designed to ensure that we achieve our targets. Our policy and targets are reported in accordance with the rules.

Risks

As 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 an unexpected drop in the volume of traffic. This means that airline bankruptcies or route closures have a serious impact on our financial situation, because, in a number of cases, the routes are not re-established by other airlines.
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.

We also make major, long-term investments in ATM systems. Developing and introducing technical systems is time-consuming and normally takes many years. If we make hasty cuts to staff or investments, we therefore run the risk of subsequently not being able to meet capacity requirements in the event of a sharp decline in the volume of traffic being followed by a speedy recovery.

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 technical failure to be a serious risk.

Losing aerodrome control service activities to competitors could also significantly erode our income.
The possibility of airlines opting to switch air traffic – especially international routes – to airports further south in Europe in future also constitutes a commercial risk for Naviair. If part of the air traffic bypasses Danish airspace and Danish airports, this will lead to loss of income for Naviair.

If a decision is made, locally or internationally, to replace air traffic with other modes of transport – or if aviation is constrained through the introduction of new local or international direct and indirect taxes – this will result in a risk of a reduction in air traffic, with consequent loss of income for Naviair.

If the quality of ATM in Danish airspace deteriorates – or the unit rate for En route reaches a high level compared with the neighbouring airspaces – there is also a risk that airlines will bypass Danish airspace, which would lead to a loss of income for Naviair.

Lastly, unforeseen situations and events with an adverse impact on air traffic may cause Naviair inconvenience. The latest serious example is the Icelandic ash cloud that closed the whole of European airspace for several days in spring 2010.

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.

Financial review

Naviair's financial statements have been presented in accordance with the provisions of the Danish Financial Statements Act with adjustments as described under accounting policies.

On 17 January 2014, Naviair formed a subsidiary, Naviair Surveillance A/S. Naviair has acquired equity investments in Aireon LLC through this new company. The formation of this new company means that, as a group, Naviair must now submit an annual report for both the group and the parent company.
The comparative figures for 2013 have been restated accordingly.

The comments in the following relate, as a general rule, to the group's accounting figures. 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 before tax for the year was DKK 89.9 million net of a DKK 79.8 million adjustment in respect of over-/under-recovery of charges compared with profit of DKK 55.4 million in 2013. Profit after tax for the year was DKK 70.7 million compared with DKK 47.4 million in 2013.

A small increase in air traffic had been anticipated at the beginning of the year. Following a fair increase in en route traffic at the beginning of the year, we saw traffic on a par with or lower than the same period in 2013 from the second quarter onwards. Consequently, full-year growth in service units in the en route area was only 0.5 per cent compared with 2013. For TNC Copenhagen, the number of service units grew by 4.4 per cent compared with 2013.

When we set our en route unit rate for 2014, we decided not to recover an amount of the order of DKK 60 million out of the total amount of DKK 224 million to cover the amount due to Naviair – under-recovery of charges – from customers from before the performance scheme's first reference period. Despite the lower level of traffic than anticipated in the first reference period, our decision has not had an adverse effect on profit for the year as we have made up for the decline in revenue by continuing to deliver savings and efficiencies.

Traffic has been lower than the assumptions forming the basis for the first reference period of the performance scheme, 2012-2014. For the entire period, the traffic volume was 5.2 per cent below expectations to the effect that revenue for the period was just over DKK 100 million below the level assumed in the performance plan. Of this amount, Naviair will be entitled to recover DKK 34.1 million through higher charges in future.

Profit of DKK 169.7 million before adjustments for over-/under-recovery and tax is highly satisfactory.

Operating income from ordinary activities

Naviair's operating income from ordinary activities was DKK 1,258.8 million compared with DKK 1,244.9 million in 2013.

Revenue was DKK 1,016.8 million compared with DKK 1,036.3 million in 2013. Together with other operating income of DKK 4.6 million (see note 3), revenue constitutes the income generated by Naviair's four areas of activity.

Income from Naviair's four areas of activity was down DKK 19.4 million on 2013. The decrease was solely due to En route – Denmark, which was DKK 25.6 million lower than in 2013. Income for En route – Denmark and TNC Copenhagen in 2014 was affected by reductions of charges.

Services provided to NUAC under the supply contract amounted to DKK 302.7 million compared with DKK 321.0 million in 2013. The DKK 18.3 million decrease reflected the fact that NUAC expended fewer costs and resources to meet its obligations to Naviair than in 2013. This income should be viewed in the context of services provided by NUAC under the supply contract under Naviair's other external expenses.

Other external expenses

Other external expenses amounted to DKK 471.5 million compared with DKK 471.4 million in 2013. Services provided by NUAC under the supply contract amounted to DKK 303.7 million compared with DKK 319.8 million in 2013.

The Danish Transport Authority's supervision fee was abolished with effect from 1 July 2013. The supervision fee was DKK 5.6 million in 2013.

Other expenses were DKK 167.8 million compared with DKK 146.1 million in 2013. Naviair maintains a constant tight focus on the cost trend, and the DKK 21.7 million increase primarily reflects a changed level of activity in various areas. The key areas are training of new employees in ATM in both Denmark and Greenland, Naviair's acquisition of the AIS service from the Danish Transport Authority, the relocation of the Flight Information Centre in Greenland from Kangerlussuaq to Nuuk and new requirements concerning maintenance of technical equipment. These are both non-recurring costs and permanent costs.

Staff costs
Staff costs were DKK 552.5 million compared with DKK 561.5 million in 2013. By managing our need for resources and our activities closely we have continued cutting staff numbers, and we have succeeded in cutting our overall staff costs despite pay increases in accordance with current agreements.

Naviair had 633.8 FTEs at the end of the year compared with 651.5 FTEs at the beginning of the year.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses for the year were DKK 101.7 million compared with DKK 110.0 million in 2013. Depreciation, amortisation and impairment losses for the year include DKK 1.0 million of scrapped assets.

Income tax expense
Income tax expense was DKK 19.2 million, of which DKK 6.6 million was tax payable and DKK 12.6 million has been transferred to deferred tax.

Balance sheet
Naviair's balance sheet total stood at DKK 1,786.5 million at 31 December 2014 compared with DKK 1,668.8 million at 31 December 2013.

Assets
Fixed assets represented DKK 1,264.5 million, or 70.8 per cent, of total assets. Fixed assets increased by DKK 81.2 million compared with the beginning of the year, primarily reflecting the DKK 84.1 million equity investment in Aireon LLC.

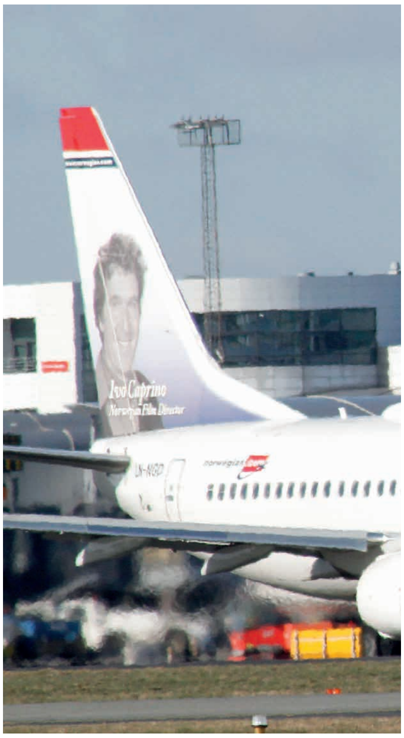
Current assets amounted to DKK 522.0 million. Under-recovery of charges amounted to DKK 35.2 million, of which DKK 34.1 million related to En route and the first reference period of the performance scheme, 2012-2014. The remaining DKK 1.1 million relates to aerodrome control service. The total adjustment for the year was DKK 46.3 million.

Equity and liabilities
Total liabilities represented DKK 867.4 million, or 48.6 per cent, of total equity and liabilities.

Over-recovery of charges amounted to DKK 82.8 million, most of which related to TNC Copenhagen. The total adjustment for the year was DKK 33.5 million.

Equity
Naviair's equity at 31 December 2014 was DKK 919.1 million and was made up of contributed capital of DKK 600.0 million and retained earnings of DKK 310.7 million.

Besides contributed capital, the Danish state has provided Naviair with



subordinated loan capital, which stood at DKK 536.6 million at 31 December 2014. 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.

Liabilities other than provisions
Of the total liabilities other than provisions, DKK 734.7 million, interest-bearing debt represented DKK 536.6 million.

Cash flow statement
Cash flows from operating activities before net financials were an inflow of DKK 335.4 million, which included an inflow of DKK 288.6 million relating to ordinary activities.

Outlook for 2015
Overall, a small increase in traffic is expected for 2015. Very limited growth is expected for En route – Denmark and moderate growth for TNC Copenhagen.

As a consequence of the set, significant reductions in charges for En route – Denmark and TNC Copenhagen, a reduction in revenue in excess of DKK 100 million is expected. Profit before adjustment of over-/under-recovery of charges and taxes is also expected to fall considerably as a consequence of the reductions in charges.

We expect that Naviair will deliver a satisfactory profit for 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 2014.

Profit by area of activity

The two largest areas of activity, En route – Denmark and Local Air Traffic Services, 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.

Cost base statement 2014 *(DKK. 1.000)*	**En route Denmark**	**En route Greenland**	**En route North Atlantic**	**TNC Copenhagen**	**TNC Billund**	**Other**	**Total**
Income [1)]	698,123	21,946	36,331	201,438	19,451	44,053	1,021,342
NUAC HB income	288,739	162	162	12,238	527	908	302,736
NUAC HB costs	-294,717	-188	-188	-14,206	-612	-1,054	-310,965
NUAC HB net profit (loss)	-5,978	-26	-26	-1,968	-85	-146	-8,229
Other operating expenses [2)]	-90,532	-17,205	-26,849	-22,866	-2,370	-7,959	-167,781
Staff costs [3)]	-356,542	-9,374	-9,619	-108,432	-15,636	-31,149	-530,752
EBITDA	245,071	-4,659	-163	68,172	1,360	4,799	314,580
Depreciation, amortisation and impairment losses	-81,975	-3,738	-2,652	-12,426	-341	-584	-101,716
EBIT	163,096	-8,397	-2,815	55,746	1,019	4,215	212,864
Net financials	-61,324	-407	-1,388	-23,171	-123	39,775	-46,638
Profit (loss) [4)]	**101,772**	**-8,804**	**-4,203**	**32,575**	**896**	**43,990**	**166,226**

1) Operating income from ordinary activities calculated exclusive of the following items: adjustment of over-/under-recovery, work carried out for own account and capitalised as well as income from NUAC HB
2) Other external expenses excluding NUAC HB costs
3) Staff costs less work performed for own account and capitalised
4) Profit for the year before adjustment of over-/under-recovery of charges amounting to a loss of DKK 79.8 million and tax amounting to an expense of DKK 19.2 million.

Group structure

At 31 December 2014

Parent company

NAVIAIR

Consolidated subsidiaries

Naviair Surveillance A/S
(100% ownership interest)

Aireon LLC
(2.2% ownership interest)

Associates

NUAC HB
(50% ownership interest)

Entry Point North AB
(25% ownership interest)


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

Johan Ohrt
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

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

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

Susanne P. Lorenzen
Head of Operations, Resource Management
Elected by the employees

Executive Board

Morten Dambæk
CEO

Hanne Lund
CFO

Other senior executives

Claus Skjærbæk
COO

Bent Fog
Director, Technical Maintenance

Mikael Ericsson
Director, ATM Projects & Engineering

Susanne Isaksen
Director, International Affairs

Birger Grevy
Director, Towers

Peter Majgård Nørbjerg
Director, North Atlantic

Bo Pedersen
Director, Communications & Public Affairs

Michael Thomsen
Legal Director


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 2014.

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, 19 March 2015

On the Executive Board

Morten Dambæk
CEO

Hanne Lund
CFO

On the Board of Directors

Anne Birgitte Lundholt
Chairman

Michael Fleischer
Deputy Chairmann

Henrik Christoffersen *

Erik Jacobsen

Susanne Plougheld Lorenzen *

Helge Mortensen

Johan Ohrt *

Birthe Høegh Rask

Kurt Thyregod

**) Elected by the employees*

Independent auditors’ report

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

Report on the financial statements

We have audited the financial statements of Naviair for the period 1 January – 31 December 2014 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 2014 and of the results of Naviair's operations and cash flows for the financial year 1 January – 31 December 2014 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, 19 March 2015

National Audit Office of Denmark
Lone Strøm
Auditor General

/ Morten Brædstrup-Holm
Director

Deloitte
Lynge Skovgaard
State Authorised Public Accountant

/Ulrik Vassing
State Authorised Public Accountant

Accounting policies

The annual report for 2014 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.

The accounting policies for the parent company remain unchanged compared with the previous financial year. However, the comparative figures have been restated in the form of a reclassification between receivables from associates and payables to associates. Both items have been reduced by DKK 53.4 million at 31 December 2013, reducing the balance sheet by the same amount.

The 2014 annual report has been presented in DKK 1,000.

Recognition and measurement in general

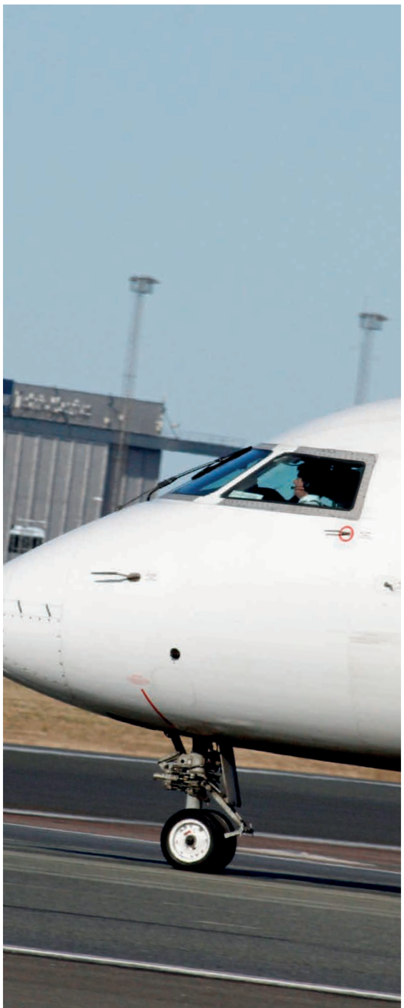
Income is recognised in the income statement as earned. Value adjustments of financial assets and liabilities measured at fair value or amortised cost are also recognised. All expenses incurred to generate the earnings for the year are also recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts previously recognised in the income statement.

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.

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.



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

Foreign currency translation

On initial recognition, transactions in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange gains and losses arising between the transaction and settlement dates are recognised in the income statement as net financials.

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. Items of property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of goods and services is recognised in the income statement when the risks and rewards of ownership have been transferred to the buyer.

Accumulated over-/under-recoveries for the year from en route and terminal activities are recognised as operating income from ordinary activities.

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

Other operating income and other operating expenses

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

Other external expenses

Other external expenses comprise expenses for administration, premises, operation of operational systems and equipment, fees to authorities and others, training and education, bad debts etc.

Expenses related to development 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.

Income from investments in associates

In the income statement in the consolidated financial statements, the group's share of the companies' profits (losses) is recognised after elimination of unrealised intragroup gains and losses and after deduction or addition of amortisation of goodwill and negative goodwill.

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

Distributions from associates are recognised in the parent company's income statement at the declaration date.

Net financials

Net financials comprise interest income and income expense; realised and unrealised foreign exchange gains and 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 Danish 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 portion of tax recognised in the income statement that relates to extraordinary profit for the year is taken to this item while the balance is taken to profit for the year from ordinary activities.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful lives of 3-8 years.

Intangible assets relate primarily to customisation of the company's ERP system, which is amortised over 5 years.

A small portion of intangible assets relates to other software, which is amortised over 8 years. This software is upgraded, and this is estimated to extend the life of the software.

The cost of intangible assets under construction comprises expenses, including salaries and amortisation, that are directly or indirectly attributable to the development projects.

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

No amortisation is charged on intangible assets under construction.

Intangible assets are written down to the recoverable amount if this is lower than the carrying amount.

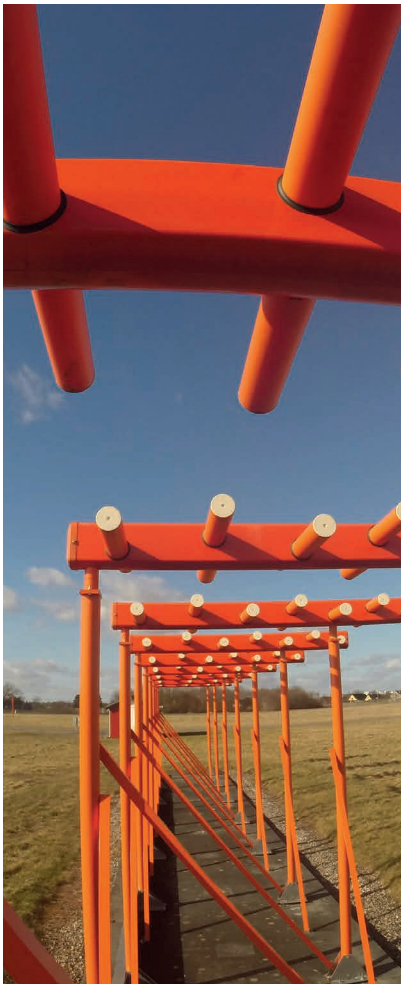
Property, plant and equipment

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.

Items of property, plant and equipment under construction are measured at cost. Value-adding modifications and improvements to items of property, plant and equipment are recognised as assets. No depreciation is charged on property, plant and equipment under construction.

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.

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 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 associates

In the consolidated financial statements, investments in associates are 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 intragroup gains and losses.

Investments in associates are recognised and measured in the parent company at cost. In order for investments in associates to be measured at cost in the parent company, the associate must be a supplier to Naviair's core activity. If that is the case, recognition of such investments at cost is deemed to give a fairer view than recognising them using the equity method.

No group connection had been established at 31 December 2013, but the parent company figures have been restated in the comparative figures for the group to reflect the group's policy. Accordingly, investments in associates have been recognised and measured in the consolidated financial statements using the equity method, see above, while in the parent company financial statements they are still recognised and measured at cost.

In the comparative figures for the group at 31 December 2013, the change has led to the recognition of income from investments in associates of DKK 925 thousand. The value of investments in associates in the balance sheet is DKK 5,329 thousand. Equity at 31 December 2013 has increased by DKK 5,250 thousand as a result of the change of policy.
Investments in associates are written down to the recoverable amount if this is lower than the carrying amount.

Other investments
Other investments recognised in investments are measured at fair value.

Other investments comprise investment in unlisted company. The fair value of this unlisted company cannot be determined reliably and has consequently been measured at cost.

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

Over-/under-recoveries charges
Naviair is entitled to recognise the difference between recoverable expenses for en route and terminal activities (three terminals are subject to fixed-price agreements) and charges collected from users. The difference between charges collected and recoverable expenses is recognised as an adjustment to previously collected charges in the following year N+(2-5). The consequence of this is that excessive charges equate to prepayments (provisions), while charges that are too low result in an increase in the amount that may be recovered (receivable).

Since 1 January 2012, Naviair has been entitled 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.

Over-/under-recoveries are measured at amortised cost, which usually 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.

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

Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the obligations at the balance sheet date. Provisions with an estimated term of more than one year from the balance sheet date are measured at the discounted value.

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.

Liabilities other than provisions

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.

Other financial liabilities

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

Deferred income

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

Income tax

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 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.

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 Society of Financial Analysts.

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

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

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

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

Income statement

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER		Group		Parent company	
(DKK 1,000)	Note	2014	2013	2014	2013
Revenue	1	1,016,760	1,036,260	1,016,760	1,036,260
Adjustment of over-/under-recoveries charges	14	-79,758	-132,337	-79,758	-132,337
Work performed for own account and capitalised	2	14,488	15,510	14,488	15,510
Other operating income	3	307,308	325,462	307,318	325,462
Total operating income from ordinary activities		**1,258,798**	**1,244,895**	**1,258,808**	**1,244,895**
Other external expenses	4	-471,494	-471,428	-471,491	-471,428
Staff costs	5	-552,495	-561,457	-552,495	-561,457
Depreciation, amortisation and impairment losses	6	-101,716	-109,972	-101,716	-109,972
Profit before net financials		**133,093**	**102,038**	**133,106**	**102,038**
Income from investments in associates	13	3,650	925	-	4,955
Financial income	7	713	1,062	925	1,062
Financial expenses	8	-47,563	-48,577	-47,563	-48,577
Profit before tax		**89,893**	**55,448**	**86,468**	**59,478**
Income tax expense	9	-19,185	-8,084	-19,240	-8,084
Profit for the year		**70,708**	**47,364**	**67,228**	**51,394**

PROPOSED DISTRIBUTION OF PROFIT	Group		Parent company	
(DKK 1,000)	2014	2013	2014	2013
Retained earnings	70,708	47,364	67,228	51,394
	70,708	**47,364**	**67,228**	**51,394**

Balance sheet

ASSETS *(DKK 1,000)*	Note	Group 31.12.2014	Group 31.12.2013	Parent company 31.12.2014	Parent company 31.12.2013
Software		2,805	5,177	2,805	5,177
Intangible assets under construction		1,648	-	1,648	-
Intangible assets	**10**	**4,453**	**5,177**	**4,453**	**5,177**
Land and buildings		251,864	262,021	251,864	262,021
Plant and equipment		819,768	847,117	819,768	847,117
Fixtures and fittings, IT equipment and transport equipment		6,722	8,338	6,722	8,338
Property, plant and equipment under construction		89,096	55,387	89,096	55,387
Property, plant and equipment	**11**	**1,167,450**	**1,172,863**	**1,167,450**	**1,172,863**
Investments in group enterprises	12	-	-	75,500	-
Investments in associates	13	8,508	5,329	79	79
Other investments		84,120	-	-	-
Investments		**92,628**	**5,329**	**75,579**	**79**
Fixed assets		**1,264,531**	**1,183,369**	**1,247,482**	**1,178,119**
Under-recovery charges	14	35,195	81,482	35,195	81,482
Trade receivables	15	141,810	162,968	141,810	162,968
Receivables from group enterprises		-	-	10,170	-
Receivables from associates		3,013	2,038	3,013	2,038
Other receivables	16	10,822	9,547	10,822	9,547
Prepayments	17	37,724	33,006	37,724	33,006
Receivables		**228,564**	**289,041**	**238,734**	**289,041**
Cash		**293,430**	**196,352**	**292,050**	**196,352**
Current assets		**521,994**	**485,393**	**530,784**	**485,393**
Assets		**1,786,525**	**1,668,762**	**1,778,266**	**1,663,512**

EQUITY AND LIABILITIES *(DKK 1,000)*	Note	*Group* 31.12.2014	*Group* 31.12.2013	*Parent company* 31.12.2014	*Parent company* 31.12.2013
Contributed capital		600,000	600,000	600,000	600,000
Reserve for net revaluation according to the equity method		8,429	5,250	-	-
Retained earnings		310,657	243,599	310,827	243,599
Equity		**919,086**	**848,849**	**910,827**	**843,599**
Deferred tax	18	49,985	37,368	49,985	37,368
Over-recovery charges	14	82,763	49,292	82,763	49,292
Provisions		**132,748**	**86,660**	**132,748**	**86,660**
Subordinated loan capital	19	536,600	536,600	536,600	536,600
Long-term liabilities other than provisions		**536,600**	**536,600**	**536,600**	**536,600**
Trade payables		45,415	34,663	45,415	34,663
Income tax payable		616	5,799	616	5,799
Other payables	20	130,867	134,529	130,867	134,529
Deferred income		21,193	21,662	21,193	21,662
Short-term liabilities other than provisions		**198,091**	**196,653**	**198,091**	**196,653**
Liabilities other than provisions		**734,691**	**733,253**	**734,691**	**733,253**
Equity and liabilities		**1,786,525**	**1,668,762**	**1,778,266**	**1,663,512**

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Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY *(DKK 1,000)*	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 2013	**600,000**	**9,307**	**192,205**	**801,512**	**600,000**	**192,205**	**792,205**
Profit for the year	-	925	46,439	47,364	-	51,394	51,394
Dividend received from associates	-	-4,955	4,955	-	-	-	-
Exchange adjustment in respect of investments in associates	-	-27	-	-27	-	-	-
Equity at 31 December 2013	**600,000**	**5,250**	**243,599**	**848,849**	**600,000**	**243,599**	**843,599**
Profit for the year	-	3,650	67,058	70,708	-	67,228	67,228
Exchange adjustment in respect of investments in associates	-	-471	-	-471	-	-	-
Equity at 31 December 2014	**600,000**	**8,429**	**310,657**	**919,086**	**600,000**	**310,827**	**910,827**

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

Cash flow statement

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER *(DKK 1,000)*	Notes	*Group* 2014	*Group* 2013	*Parent company* 2014	*Parent company* 2013
Profit for the year		70,708	47,364	67,228	51,394
Adjustments	25	164,101	164,646	167,594	160,616
Working capital movements	26	100,570	125,144	90,345	125,144
Cash flows from operating activities before net financials		**335,379**	**337,154**	**325,167**	**337,154**
Interest income and similar items		713	6,017	925	6,017
Interest expense and similar items		-47,515	-52,168	-47,515	-52,168
Cash flows from operations (ordinary activities)		**288,577**	**291,003**	**278,577**	**291,003**
Income tax paid		-11,800	-	-11,800	-
Cash flows from operating activities		**276,777**	**291,003**	**266,777**	**291,003**
Purchase of intangible assets		-1,648	-602	-1,648	-602
Purchase of property, plant and equipment		-93,931	-91,362	-93,931	-91,362
Purchase of investments		-84,120	-	-75,500	-
Cash flows from investing activities		**-179,699**	**-91,964**	**-171,079**	**-91,964**
Repayment of bank loans		-	-100,000	-	-100,000
Cash flows from financing activities		**-**	**-100,000**	**-**	**-100,000**
Net increase (decrease) in cash and cash equivalents for the year		**97,078**	**99,039**	**95,698**	**99,039**
Cash and cash equivalents at 1 January		196,352	97,313	196,352	97,313
Cash and cash equivalents at 31 December		**293,430**	**196,352**	**292,050**	**196,352**

Notes

1	Revenue	Group		Parent company	
	(DKK 1,000)	2014	2013	2014	2013
	En route – Denmark, charges	676,824	702,380	676,824	702,380
	TNC Copenhagen, charges	200,754	200,519	200,754	200,519
	Local airports	46,694	46,384	46,694	46,384
	North Atlantic, charges	36,108	32,990	36,108	32,990
	Areas covered by the Danish Appropriations Act	33,365	33,470	33,365	33,470
	Other trade receivables	23,015	20,517	23,015	20,517
		1,016,760	**1,036,260**	**1,016,760**	**1,036,260**

2	Work performed for own account and capitalised	Group		Parent company	
	(DKK 1,000)	2014	2013	2014	2013
	Capitalised direct payroll	13,298	14,184	13,298	14,184
	Capitalised indirect production costs	1,190	1,326	1,190	1,326
		14,488	**15,510**	**14,488**	**15,510**

3	Other operating income	Group		Parent company	
	(DKK 1,000)	2014	2013	2014	2013
	Services provided to NUAC HB under supply contract	302,736	320,954	302,736	320,954
	Other operating income	4,572	4,508	4,582	4,508
		307,308	**325,462**	**307,318**	**325,462**

4	Other external expenses	Group		Parent company	
	(DKK 1,000)	2014	2013	2014	2013
	Services provided by NUAC HB under supply contract	303,710	319,760	303,710	319,760
	Danish Transport Authority supervision fee	-	5,612	-	5,612
	Other expenses	167,784	146,056	167,781	146,056
		471,494	**471,428**	**471,491**	**471,428**

5	Staff costs	Group		Parent company	
	(DKK 1,000)	2014	2013	2014	2013
	Wages and salaries	471,298	479,368	471,298	479,368
	Pensions	78,629	79,509	78,629	79,509
	Other social security costs	2,568	2,580	2,568	2,580
		552,495	**561,457**	**552,495**	**561,457**
	Of which remuneration to the Executive Board and the Board of Directors:				
	Salaries to the Executive Board *	2,412	2,387	2,412	2,387
	Pensions to the Executive Board *	412	411	412	411
	Remuneration to the Board of Directors **	1,150	1,133	1,150	1,133
		3,974	**3,931**	**3,974**	**3,931**

**) Combined pay and pension CEO DKK 1,590 thousand. Combined pay and pension CFO DKK 1,234 thousand.*

***) Chairman DKK 300 thousand, Deputy Chairman DKK 200 thousand and other members DKK 100 thousand.*

Average number of employees	**641**	**667**	**641**	**667**

6 Depreciation, amortisation and impairment losses

(DKK 1,000)	*Group* 2014	2013	*Parent company* 2014	2013
Software	2,372	2,369	2,372	2,369
Land and buildings	16,051	15,596	16,051	15,596
Plant and equipment	79,727	86,680	79,727	86,680
Fixtures and fittings, IT equipment and transport equipment	3,566	5,327	3,566	5,327
	101,716	**109,972**	**101,716**	**109,972**

7 Financial income

(DKK 1,000)	*Group* 2014	2013	*Parent company* 2014	2013
Foreign exchange gains	527	859	527	859
Interest income group enterprises	-	-	212	-
Interest income associates	1	-	1	-
Other interest income	185	203	185	203
	713	**1.062**	**925**	**1.062**

8 Financial expenses

(DKK 1,000)	*Group* 2014	2013	*Parent company* 2014	2013
Foreign exchange losses	1,676	1,074	1,676	1,074
Interest expense	50,732	51,094	50,732	51,094
Non-deductible interest and percentage supplement	48	218	48	218
Capitalisation of interim interest	-4,893	-3,809	-4,893	-3,809
	47,563	**48,577**	**47,563**	**48,577**

9 Income tax expense

(DKK 1,000)	*Group* 2014	2013	*Parent company* 2014	2013
Current tax for the year	6,568	5,581	6,623	5,581
Change in deferred tax	12,617	2,503	12,617	2,503
	19,185	**8,084**	**19,240**	**8,084**

10 Intangible assets

(DKK 1,000)	Software	Intangible assets under construction	Total
Cost at 1 January	14,988	-	14,988
Additions	-	1,648	1,648
Disposals	-	-	-
Transfers	-	-	-
Cost at 31 December	**14,988**	**1,648**	**16,636**
Amortisation and impairment losses at 1 January	9,811	-	9,811
Amortisation charge	2,372	-	2,372
Write-downs on scrapped assets	-	-	-
Disposals	-	-	-
Amortisation and impairment losses at 31 December	**12,183**	**-**	**12,183**
Carrying amount at 31 December	**2,805**	**1,648**	**4,453**

11 Property, plant and equipment

(DKK 1,000)	Land and buildings	Plant and equipment	Fixtures and fittings, IT and Transport equipment	Property, plant and equipment u/ construction	Total
Cost at 1 January	553,106	1,456,031	29,416	55,387	2,093,940
Additions	3,370	28,063	449	62,049	93,931
Disposals	-500	-15,285	-2,832	-	-18,617
Transfers	2,524	24,315	1,501	-28,340	0
Cost at 31 December	**558,500**	**1,493,124**	**28,534**	**89,096**	**2,169,254**
Depreciation & impairment losses at 1 January	291,085	608,914	21,078	-	921,077
Depreciation charge	16,015	78,786	3,566	-	98,367
Write-downs on scrapped assets	36	941	-	-	977
Disposals	-500	-15,285	-2,832	-	-18,617
Depreciation & impairment losses at 31 December	**306,636**	**673,356**	**21,812**	**-**	**1,001,804**
Carrying amount at 31 December	**251,864**	**819,768**	**6,722**	**89,096**	**1,167,450**
Portion related to capitalised finance costs	51	35,889	-	5,565	41,505

Except for a few buildings with a total carrying amount of DKK 6.2 million at 31 December 2014, 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 151.3 million at 31 December 2014 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 in group enterprises

(DKK 1,000)	Parent company 31.12.2014	Parent company 31.12.2013
Cost at 1 January	-	-
Additions	75,500	-
Cost at 31 December	**75,500**	**-**

At 31 December 2014, investments in group enterprises comprised:

(DKK 1,000)	Profit 2014	Equity 31.12.2014
Naviair Surveillance A/S, 100%	-170	75.330
	-170	**75.330**

13 Investments in associates

(DKK 1,000)	Group 31.12.2014	Group 31.12.2013	Parent company 31.12.2014	Parent company 31.12.2013
Cost at 1 January	79	79	79	79
Cost at 31 December	**79**	**79**	**79**	**79**
Value adjustments at 1 January	5,250	9,307	-	-
Exchange adjustments	-471	-27	-	-
Dividends paid	-	-4,955	-	-
Profit for the year	3,650	925	-	-
Value adjustments at 31 December	**8,429**	**5,250**	**-**	**-**
Carrying amount at 31 December	**8,508**	**5,329**	**79**	**79**

At 31 December 2014, investments in associates comprised:

(DKK 1,000)	Profit 2014	Equity 31.12.2014
Entry Point North AB, Malmö-Sturup, 25%	14,266	33,278
NUAC HB, Malmö, 50%	241	357
	14,507	**33,635**

14	Over-/under-recoveries charges parent company and group (DKK 1,000)	En route – Denmark before performance scheme	En route – Denmark after performance scheme	Aerodrome control	Total
	Under-recovery charges at 1 January	39,096	42,152	234	81,482
	Adjustment for the year	-39,096	-8,101	910	-46,287
	Under-recovery charges at 31 December	**0**	**34,051**	**1,144**	**35,195**
	Portion expected to be recovered within 1 year	-	561	234	795
	Over-recovery charges at 1 January	-	-	49,292	49,292
	Adjustment for the year	-	-	33,471	33,471
	Over-recovery charges at 31 December	**-**	**-**	**82,763**	**82,763**
	Total adjustment for the year	**-39,096**	**-8,101**	**-32,561**	**-79,758**

15	Trade receivables	Group		Parent company	
	(DKK 1,000)	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	Trade receivables, gross	154,523	177,148	154,523	177,148
	Provision for bad and doubtful debts	-12,713	-14,180	-12,713	-14,180
		141,810	**162,968**	**141,810**	**162,968**

16	Other receivables	Group		Parent company	
	(DKK 1,000)	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	VAT and duties	2,904	-	2,904	-
	Other receivables	7,918	9,547	7,918	9,547
		10,822	**9,547**	**10,822**	**9,547**

17	Prepayments	Group		Parent company	
	(DKK 1,000)	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	Prepaid payroll	28,344	29,170	28,344	29,170
	Other prepayments	9,380	3,836	9,380	3,836
		37,724	**33,006**	**37,724**	**33,006**

18	Deferred tax	Group		Parent company	
	(DKK 1,000)	2014	2013	2014	2013
	Deferred tax relates to the following items:				
	Property, plant and equipment	61,854	42,291	61,854	42,291
	Over-/under-recoveries charges	-10,465	7,082	-10,465	7,082
	Tax loss carryforwards	-1,404	-12,005	-1,404	-12,005
		49,985	**37,368**	**49,985**	**37,368**

Provision for deferred tax at 31 December 2014 has been made with 22%, corresponding to the expected tax rate at the date of realisation of the deferred tax

19 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.

20 Other payables

	Group		Parent company	
(DKK 1,000)	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
Holiday pay liability	84,447	84,650	84,447	84,650
Payroll, A-tax, social security contributions etc. payable	36,761	40,537	36,761	40,537
VAT and duties	-	1,100	-	1,100
Other payables	9,659	8,242	9,659	8,242
	130,867	**134,529**	**130,867**	**134,529**

21 Fees to auditors

	Group		Parent company	
(DKK 1,000)	**2014**	**2013**	**2014**	**2013**
Deloitte, audit fees	360	360	360	360
Deloitte, consultancy fees	149	102	149	102
Deloitte, other assurance engagements	30	45	30	45
National Audit Office of Denmark, audit fees	378	378	378	378
	917	**885**	**917**	**885**

22 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.

23 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 65 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 20 million.

In addition, Naviair has entered into long-term contracts to a value of approximately DKK 49 million on support and maintenance of Naviair's building installations, ATM systems and other systems (operations).

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 160 million. In February 2015, Naviair settled approximately DKK 103 million of its total equity contribution.

24	Related parties and ownership	Basis
	Control	
	Danish Ministry of Transport, DK-1220 Copenhagen K	Owner, 100%
	Other related parties	
	Danish Transport Authority, DK-1117 Copenhagen K	Supervisory authority
	Naviair Surveillance A/S	Group enterprise
	NUAC HB	Associate
	Entry Point North AB	Associate
	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 note 5.

25	Cash flow statement – adjustments	*Group*		*Parent company*	
	(DKK 1,000)	**2014**	**2013**	**2014**	**2013**
	Income from investments in associates	-3,650	-925	-	-4,955
	Financial income	-713	-1,062	-925	-1,062
	Financial expenses	47,563	48,577	47,563	48,577
	Depreciation, amortisation and impairment losses	101,716	109,972	101,716	109,972
	Income tax expense	19,185	8,084	19,240	8,084
		164,101	**164,646**	**167,594**	**160,616**

26	Cash flow statement – working capital movements	*Group*		*Parent company*	
	(DKK 1,000)	**2014**	**2013**	**2014**	**2013**
	Change in receivables	60,532	145,373	50,307	145,373
	Change in provisions	33,471	31,240	33,471	31,240
	Change in short-term liabilities other than provisions	6,567	-51,469	6,567	-51,469
		100,570	**125,144**	**90,345**	**125,144**

Abbreviations & designations

AIS: Aeronautical Information Services

ANSP: Air Navigation Service Provider

ATM: Air Traffic Management

Austro Control: ANSP Austria

Avinor: ANSP Norway

CNS: Communications, Navigation and Surveillance

COOPANS: CO-OPeration of Air Navigation Service providers

Croatia Control: ANSP Croatia

DMI: Danish Meteorological Institute

ENAV: ANSP Italy

Eurocontrol: European Organisation for the Safety of Air Navigation

FAB: Functional Airspace Block

HungaroControl: ANSP Hungary

LFV: ANSP Sweden

Nav Canada: ANSP Canada

NUAC: Nordic Unified Air traffic Control (NUAC is a jointly owned Swedish general partnership under Naviair and LFV that has been responsible for the operation of the three ATCCs in Copenhagen, Malmö and Stockholm since 2012)

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Photo on front cover:
Departure from Copenhagen Airport.
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