

ANNUAL REPORT

20 15



Mittarfeqarfiit
Grønlands Lufthavne | Greenland Airports



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04 COMPANY INFORMATION

COMPANY

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MANAGEMENT

Managing Director
 Jens Rechnagel Lauridsen

MINISTRY

Ministry of Housing,
 Building and Infrastructure

AUDITOR

Deloitte Statsautoriseret
 Revisionspartnerselskab

05 FINANCIAL HIGHLIGHTS

Main figures (T, DKK)	2011	2012	2013	2014	2015
Net turnover	371.4	351.8	357.9	354.5	367.9
Contribution margin	292.2	278.2	280.5	281.8	295.1
Staff expenses	149.6	152.0	151.9	149.7	153.6
Result before depreciation	15.5	5.4	12.1	15.5	17.7
Depreciation	64.7	65.5	62.6	59.4	58.0
Net financial items	(3.1)	(3.7)	(3.3)	(3.7)	(3.8)
Profits	(52.4)	(63.8)	(53.7)	(47.6)	(44.1)
Fixed assets	1,616.7	1,557.9	1,505.2	1,468.3	1,432.4
Current assets	107.9	120.7	117.1	116.4	112.2
Available funds	3.8	6.8	6.7	7.7	11.1
Equity capital	1,641.6	1,572.8	1,516.7	1,479.8	1,445.8
Short-term debt	86.9	105.8	105.6	104.8	98.7
Year's fixed assets acquisition	14.9	6.5	9.7	22.6	22.9
No. of employees	412	420	414	398	388
No. of airports	13	13	13	13	13
No. of helicopter airports	46	46	46	46	46
GG operating subsidy	(12.0)	(12.2)	(12.5)	(11.5)	(12.8)
GG fixed assets subsidy	7.8	0.8	3.5	15.8	15.6
Key figures					
Operating subsidy per man-year	(29.1)	(29.2)	(30.3)	(28.9)	(33.0)
Year's purchases in percentage of fixed assets	92	42	65	65	63
No. of passengers	429,161	414,446	397,856	396,420	407,284
Total no. of take-offs	33,984	32,493	33,703	34,135	35,582
No. of passengers per take-off	12.6	12.8	11.8	11.6	11.4

2015

IN BRIEF



MAJOR EVENTS

In 2015, Mittarfeqarfiit posted much higher revenues than budgeted, which is primarily attributed to a general increase in traffic and thereby to an increased basis for charges.

- › The turnover for 2015 exceeds budget by DKK 13.0m, which means that the company has managed to reverse the decline of recent years. Part of the increase in turnover is ascribed to improvements in the control over and collection of ETOPS fees, which has been systematised in recent years.
- › The positive effect of passenger fees on turnover is owing primarily to the increase in activities at the airports of Kangerlussuaq, Ilulissat, Kulusuk, Upernavik and Nuuk. 2015 was also characterised by the fact that individual airports were generally able to generate savings and comply budget.
- › The increased airport activity has led to higher labor costs, primarily overtime payment. Trusting introduction of our new timesheet system, currently being implemented, will reduce overtime costs in future.
- › Hotel turnover has also seen an improvement, in particular, at Hotel Kangerlussuaq, where there have been more overnights. There has been a major focus on the optimisation of the operations of both hotels.

FINANCIAL PEAKS

Profit according to the cost-based accounting principles has increased by 8 % compared to last year. Profit according to the expenditure based accounting principles has improved from a break-even result for 2014 to a profit of DKK 1.9m for 2015.

- › The result for the year shows a loss of DKK 44.1m compared to a loss of 47.6m for 2014.
- › Net turnover increased from DKK 354.5m in 2014 to DKK 367.9m in 2015, which corresponds to an increase of 4 %. The increase is ascribed primarily to an increase in hotel turnover by 23 %¹ and to a minor fall in the turnover from rental revenue by 8 %, which is counterbalanced by a total increase in airport fees of 6 %.
- › Operational costs rose from DKK 339.0m in 2014 to DKK 350.2m in 2015, which corresponds to an increase of 3 %. The primary reasons for this include an increase in staff-related expenses and an increased costs for diesel oil heating caused by the extreme cold winter of 2015.
- › A total of DKK 22.9m were invested in fixed assets in 2015 as against DKK 22.6m for 2014.
- › A negative operational subsidy of DKK 12.8m was paid to the Government of Greenland.
- › The estimated maintenance backlog stood at DKK 968.7m².

¹ Incl. turnover from shops, i.e. total turnover from hotels and shops.

² For further clarification of the estimated maintenance backlog, see the Financial Review on page 19.

MANAGEMENT'S STATEMENT

The Management hereby presents the Annual Financial Statements of Mittarfeqarfiiit for 2015.

The Annual Financial Statements are presented in accordance with the Greenland Home Rule Executive Order no. 25 of 26 November 1998 concerning accounting, etc. for Greenland Home Rule Net Funded Companies.

In our opinion, the accounting policies applied are appropriate and the Annual Financial Statements give a true and fair view of the company's assets and liabilities, its financial position, results and cash flow.

The Annual Financial Statements are recommended for Inatsisartut's approval.

Nuuk, 15 March 2016.



Jens Rehnagel Lauridsen
Managing Director
Mittarfeqarfiiit



Olafur P. Nielsen
Head of Department
Ministry of Housing, Building
and Infrastructure

AUDITOR'S REPORT



To Inatsisartut

We have audited Mittarfeqarfiiit's Annual Financial Statements for the financial year ended 31 December 2015, which comprise Management's Statement, Management's Report, applied accounting practice, Income Statement, Balance Sheet, Equity Statement, Cash Flow Statement and Notes. The Annual Financial Statements are presented in accordance with the Greenland Home Rule Executive Order on Accounting for Net Funded Companies.

Management's Responsibility for the Annual Financial Statements

The Management is responsible for preparing Annual Financial Statements that give a true and fair view in accordance with the Executive Order on Accounting and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Annual Financial Statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing and additional requirements in accordance with Greenland's audit legislation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual 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 selected audit procedures depend on the auditor's judgement, including on the assessment of the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of Annual Financial Statements in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies applied and the reasonableness of accounting estimates made by the Management as

well as evaluating the overall presentation of the Annual Financial Statements.

Basis for Qualified Opinion

The value of fixed assets is assessed and the necessary depreciation is applied in order to reflect the company's resource use, without consideration for the company's ability to pay interest on and write off its fixed assets as these are funded through Finance Act subsidies.

The Greenland Home Rule Executive Order on Accounting for Net Funded Companies stipulates that the value of a fixed asset should be written down if the fixed asset depreciates in value and such impairment in value is not temporary. The management has not performed an impairment test of the fixed assets based on a business assessment or an assessment of the need for depreciation of book values as a result of damage to runways resulting from the changed conditions in the subsoil – or as a consequence of the current considerations to implement changes to the airport structure in Greenland.

This is why our opinion of the assessment of the value of the fixed assets is qualified.

Opinion

In our opinion, apart from the effects of the conditions described in the basis for qualified opinion above, the Annual Financial Statements provide a true and fair view of the assets, liabilities and financial position of the company at 31 December 2015 and of the results of the activities of the company for the financial year ended 31 December 2015 in accordance with the Greenland Home Rule Executive Order on Accounting for Net Funded Companies.

Nuuk, 11 April 2016.

Deloitte

Statsautoriseret Revisionspartnerselskab



Bo Colbe

Chartered Accountant



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MANAGEMENT'S REPORT

The Nalinga Strategy

In 2015, Mittarfeqarfiit started and implemented a number of major projects, some of them directly grounded in the Nalinga Strategy. In the spring of 2015, the Nalinga Strategy was approved by the Government of Greenland, giving a green light for the final implementation of Mittarfeqarfiit's six-point plan. The projects have encompassed all parts of the organisation and have already produced results.

Nalinga is the strategy for Mittarfeqarfiit enable the demand of the Government of Greenland for more efficient and adaptive airport operations in Greenland supporting the future infrastructure of Greenland. The initial Nalinga project aimed largely at enhancing the Management's competencies. First the management group and the 13 airport managers were trained in order to achieving greater quality and uniformity across the entire Management. They were followed by mid-level managers who had a corresponding training course consisting of three modules, adapted to their specific needs for management and cooperation competencies. This was completed in January 2016. As follow-up, a similar line of courses are to be conducted with the attendance of the works managers from all the airports.

Improved Administration

The competence development has provided skills necessary for the implementation of new processes and procedures bringing efficiency, improvements and greater transparency in the organization. A result of this development has been implementation of the new time sheet system Lessor Workforce in autumn 2015 as well as introduction of a new financial system based on Axapta. The system will bring efficiency improvements to the payroll and roster planning and ensure improved financial management with greater transparency that makes it possible, to a higher extent, to take proactive actions to the current reporting. Other parts of the strategy concern the transfer

of power stations and housing. These projects are well under way, with additional clarification being expected in the course of 2016.

There has been a management change at Hotel Kangerlussuaq in 2015. The plan for the hotel is to streamline its operations, with an eye to divestment. Insofar as the turnover has been raised and a number of new cost-saving initiatives have been set in motion, the plan can be considered a success.

Investments in Regularity and Future

During the year, we have made extraordinary investments in new equipment at a number of airports. This happened thanks to a specific appropriation of DKK 12.9 million from the Government of Greenland. The new investments were concentrated on mechanical equipment for airports that have been particularly sensitive to large amounts of snow and other weather phenomena that could disturb their operations. The new equipment, which included an extra sweeper for Nuuk, will enable Mittarfeqarfiit to maintain, to an even higher extent, the regularity of its operations. The greater efficiency of the machinery will also result in greater flexibility with regard to roster planning.

What all the projects Mittarfeqarfiit has launched or implemented in 2015 have in common is that they are all supposed to make it possible for the organisation to handle the future structure of Greenland's airports. There are several important changes under way, and when it is a matter of realising political objectives, it is Mittarfeqarfiit's task to be able to act resolutely. This requires a solid and transparent organisational foundation which Mittarfeqarfiit is about to have in place soon.

In 2015, we started the work on clarifying the future lane structure in Kangerlussuaq. This work may have an effect on the valuation of fixed assets.

2015 KEY PROCUREMENT FIGURE

The purchasing department was in 2015 extended with more employees. Especially the employment of a new purchaser, has raised the effectiveness in this department. Purchasing has a continued focus on strategy and transparency of financing, optimization of the purchasing process as well as value creation for Mittarfeqarfiit's departments and airports. Purchasing therefore works, to a higher extent, with individual departments and airports.

Focus has been on new equipment investments and on optimization in the purchasing process. Furthermore there has been a high focus on procurement regarding Hotel Kangerlussuaq. Substantial savings in connection with the revision and optimization of business agreements were again generated in 2015.

Sales and Development

Turnover 2015 has been better than expected. It seems like the ending of the global economic crisis, has finally reached Greenland, giving Mittarfeqarfiit's Sales department greater optimism regarding 2016. A new route to Denmark has been under preparation in 2015, however not yet established. Nevertheless, there are still interested players on the market, who work to establish new international scheduled flights to and from Greenland. We keep up with and support these endeavours to the best of our ability.

In 2015, Air Iceland increased the number of tourists flown to Ilulissat, which has been a great success. A summer-only service between Kangerlussuaq and Iceland will be added in 2016. The sales department has indications that the positive development will continue. In the summer of 2015, Air Greenland also expanded its summer-only services by introducing several daily round trips. The development is very positive. We have also worked with a number of commercial projects on the mainland, particular to be mentioned:

- › The car test track in Kangerlussuaq is still an option. There was a presentation to a couple of automotive plants in November, and a positive outcome is still expected.

- › The screen advertisement project at the Nuuk, Kangerlussuaq and Ilulissat airports has been launched positively in cooperation with our media agency, Conexia. The budget regarding 2015 has been reached and expectations regarding 2016 are very positive.

The Sales and Development Department was restructured at the end of 2015. The department has changed its name to the Commercial Department, Staffing has been raised by 100 per cent, now including two employees, with former Q-Manager Troels Arnkjær as head of the department.

There have been many changes in connection with the Nalinga process, and the Commercial Department has had a major focus in developing the Standard Ground Handling Agreement, which when improved should give our customers a higher rate of different services using our airports. We still have the vision of developing a dedicated nationwide handling company where all resources are used to the optimum.

In 2015, the Commercial Department was represented in Toronto at the PDAC Convent where we met existing customers and potential new customers. In the course of 2015, we were contacted by several airlines operators, as a result of our sales effort at PDAC in 2014. They needed support for making bids for survey work in Greenland, which reflects the value of sales-oriented trade fair activities.

Education and Training

In 2015, Mittarfeqarfiit provided support for the training of AFIS employees in Greenland. A stable, locally-rooted staff of AFIS employees with a high level of professionalism is fundamental for the regularity of the daily aircraft operations all over the country. To ensure the quality of the training, and making Mittarfeqarfiit attractive towards qualified candidates in future, the AFIS school was moved from Narsarsuaq to Kangerlussuaq in 2015 and is now runned in cooperation with the private company Integra as Integra Aviation Academy Greenland, offering among other services, modern training equipment in the form of an advanced simulator. The AFIS Training Centre Greenland is also to be responsible for in-service training and various safety courses.

Cost savings on purchases

negotiated on single purchases and business agreements compared to equal volume in 2014

DKK **1.4** million

Number of business agreements

top 125 largest suppliers

49 agreements

Number of agreements in per cent

top 125 largest suppliers

39 per cent



FINANCIAL REVIEW



AIR TRAFFIC TRENDS

2015 saw an increase in the number of passengers, resulting in an increase in turnover from passenger fees of 6 % compared to last year.

The number of take-offs rose by 4 % compared to last year and led to an accompanying increase in turnover of 5 %.

Openings increased by 6 % from 2014 to 2015. However, the overall turnover fell by 6 %. The fall in the overall turnover is owing to a fall in the turnover for opening fees from scheduled flights by 13 %, where the turnover from ETOPS openings rose by 16 % and the turnover from other openings was up by 73 %.

TRAFFIC TRENDS

Below you will find the development in the number of take-offs, passengers and openings for the past five financial years.

> No. of take-offs for the past five years:

	2011	2012	2013	2014	2015
Atlantic airports	7,696	7,537	7,988	7,967	8,286
Town airports	16,484	15,249	15,069	15,187	16,007
Heliports	3,854	3,706	4,748	4,984	4,763
Helistops m/e. facil.	5,950	6,001	5,898	5,997	6,526
Total	33,984	32,493	33,703	34,135	35,582

› No. of passengers for the past five years:

	2011	2012	2013	2014	2015
Atlantic airports	161,946	159,665	159,432	158,191	166,688
Town airports	214,902	200,634	194,350	193,618	198,921
Heliports	30,875	31,043	22,482	23,395	21,894
Helistops m/e. facil.	21,438	23,104	21,592	21,216	19,781
Total	429,161	414,446	397,856	396,420	407,284

› No. of openings for the past five years:

	2011	2012	2013	2014	2015
Atlantic airports	2,225	1,804	1,910	2,233	2,571
Town airports	4,114	3,975	3,868	4,108	4,173
Heliports	110	239	283	281	249
Helistops m/e. facil.	695	601	591	607	676
Total	7,144	6,619	6,652	7,229	7,669

Development in Results

2015 showed a net loss for the year of DKK 44.1m compared to DKK 47.6m for 2014. Equity capital stood at DKK 1,445.8m DKK compared to DKK 1,479.8m for 2014.

Net turnover rose by 4 % compared to 2014, now at DKK 367.9m. Traffic-related revenue rose by 2 %, primarily due to an increase in passenger fees by 6 % and an increase in handling fees by 23 %, while turnover from openings fell by 6 % (based on the opening fees for scheduled flights). Overall sales increased by 8 %, which is primarily owing to the hotels, which rose by a total of 23 %.

The commercial business areas within airport operation have seen a slight increase during this financial year.

The market for the two hotels experienced an improvement, and turnover from hotels and shops therefore increased by a total of 23 % compared to last year. This development is

satisfactory, which is why there continues to be a focus on the optimization and growth strategies for both hotels during the year.

A challenge in 2015 has been the need to adjust our capacity to the rising activity level. As expected, this task has been very challenging and has caused the expenses for overtime to rise more than expected.

In many areas, Mittarfeqarfiit is regulated by the legislation, which dictates matters such as minimum staff, intervals of equipment servicing, etc. These expenses are fixed regardless of the current level of activities. There has been an additional challenge in adapting commercial activities on account of the high fluctuations in activity levels. We work purposefully to have commercial areas such as ground handling, fuel sales and tourist shops contribute positively to the operation of the licensed area.

› The operating result with the regard to the total operating grant for 2015 can be illustrated, as follows, compared to previous years:

T, DKK	2011	2012	2013	2014	2015
Year's result	-52,361	-63,795	-53,704	-47,606	-44,090
Year's depreciation	64,719	65,501	62,555	59,443	57,971
Operating funding needs	12,358	1,706	8,851	11,837	13,881
Direct maintenance work grant allocated to the operating result	6,526	612	3,113	4,003	1,949
Service agreement with the Danish state	6,400	6,400	6,400	6,400	6,400
Year's operating subsidy	0	0	0	0	1,000
Year's payment to GG	-12,007	-12,271	-12,526	-11,481	-12,845
Operating results in relation to grants received	13,277	-3,553	5,838	10,759	10,385



› The most important reasons for the improvement of DKK 3.5m in the result for the year are displayed in the following table:

Cause	m DKK
Increased traffic revenues	4,6
Increased additional sales	8,8
Decreased operating procurement and maintenance expenses	3,3
Increased material consumption	-0,2
Increased personnel expenses	-4,4
Increased fuel expenses (electricity, heating and vehicles)	-3,5
Increased external services	-2,3
Increased education expenses	-1,2
Increased additional office expenses	-2,1
Increased additional operating expenses	-0,2
Increased autonomy payments	-1,4
Depreciations	1,5
Other changes, net	0,6
Total	3,5

Expenses for goods sold have been at the same level as the previous year, primarily owing to the focus on savings in the cost of other goods sold at the hotels.

Other external expenses rose by 6 % compared to last year. Expenses for diesel oil heating and various other heating expenses rose substantially because of the extreme cold in 2015 as against 2014. A continued focus on cost-effective purchases has resulted in an unchanged level of expenditures in spite of inflation.

There continues to be an active and targeted focus on the minimization of overtime payments as well as endeavours to optimize the staff in several areas. Nevertheless, staff-related

expenses rose by 3 %, which is primarily owing to overtime payments in connection with the increase in traffic activities. Initiatives such as differentiated and divided preparedness have proven to be cost-optimal and still well-functioning for the staff.

Investments

The Finance Act authorises Mittarfeqarfiit to charge up to DKK 15.0m in fees and charges, which are to be invested in large stock and equipment. As a result of this, purchases for DKK 9.3m were realised and capitalised in 2015. A total of DKK 22.9m were therefore spent in 2015 on investments in large stock and equipment, of which other investments worth DKK 2.0m were recognised in the Income Statement.

› This year's Investments

T, DKK	2011	2012	2013	2014	2015
Various running investments	14,941	6,548	9,738	22,571	22,864
Construction of new airports	74	118	275	-7	13
Total capital investments	15,015	6,666	10,013	22,564	22,877

Estimated Maintenance Backlog

The estimated maintenance backlog stood at DKK 968.7 million as at 31/12/2015. A theoretical calculation of the maintenance backlog was made by comparing the difference between depreciation and reinvestments for the individual year. This does not imply that any actual investment needs are due for payment at a given time, nor that airport safety is not properly maintained. Necessary investments are always prioritised and financed through the fixed assets grant. The fixed assets grant contributes to maintaining the necessary standard of airport facilities and stock. But as the annual depreciation, which reflects the reinvestment needs required to maintain airport facilities and stock at the same standard, is substantially larger than the fixed assets grant, there is actual degradation of airport facilities and stock under way. This poses a major long-term challenge to Mittarfeqarfiit.

Expectations for 2016

For 2016, we expect a result that is on a par with 2015, i.e. a

loss after depreciation of approx. DKK 44m. According to the expenditure-based accounting principles, we expect a small profit.

Events after the End of the Reporting Period

No circumstances that influence the assessment of the Annual Financial Statements have taken place from the balance sheet date until the date of submission of these Statements.

Acknowledgements

Mittarfeqarfiit wishes to express our gratitude to our customers, the Danish Transport and Construction Authority, our cooperation partners and the Government of Greenland for our fruitful cooperation in 2015, which we look forward to continuing in 2016. Furthermore, the management of Mittarfeqarfiit also wants to thank our staff for their great contribution during 2015. Their work, loyalty and creativity have been instrumental to the safe and stable operation of Mittarfeqarfiit.





20 INCOME STATEMENT

T, DKK	Note	2015	2014
Net turnover	1	367,867	354,462
Expenses for raw material and consumables		-72,792	-72,700
Other external expenses		-123,798	-116,621
Staff-related expenses	2	-153,609	-149,653
Result before depreciation		17,666	15,488
Depreciation	3	-57,971	-59,443
Result before financial items		-40,305	-43,955
Financial revenue	4	198	521
Financial costs	5	-3,983	-4,172
Annual net result		-44,090	-47,606
Recommendations for allocation of the result			
Revaluation reserves		-5,254	
Retained result		-38,836	
Total transactions		-44,090	

21 BALANCE SHEET

Assets (T,DKK)	Note	2015	2014
Buildings		174,759	196,898
Airports		1,103,897	1,112,147
Electricity, water and heating facilities etc.		78,719	92,435
Technical Equipment		5,765	7,456
Vehicles and vessels		65,692	55,192
Other installations and operating equipment inventory		3,524	4,132
Tangible assets	6	1,432,357	1,468,260
Total fixed assets		1,432,357	1,468,260
Commodities and consumer goods		11,469	11,331
Fuel stocks		56,653	66,697
Stocks		68,123	78,028
Amounts receivable from sale		30,567	25,049
Other amounts receivable		67	776
Accruals		4,035	4,872
Amounts receivable		34,669	30,697
Total current assets		11,591	7,666
Total assets		114,383	116,391
Total net assets		1,546,739	1,584,651
Liabilities			
Fixed capital 1 January 1991		23,532	23,532
Appreciation	7	1,696,393	1,701,647
Retained result	8	-274,117	-245,353
Total equity capital		1,445,808	1,479,826
Suppliers of goods and services		17,867	17,190
Debt owed to GG		58,257	61,229
Payable holiday allowance		11,228	11,546
Other debts		9,506	10,669
Accruals		3,564	4,191
Bank debts		510	0
Current liabilities		100,932	104,825
Total debt liabilities		100,932	104,825
Total liabilities		1,546,739	1,584,651

22 CASH FLOW STATEMENT

T, DKK	2015	2014
Result before depreciation	17,666	15,488
Net interest	-3,785	-3,651
Purchases of fixed assets	-22,864	-22,571
Sales of fixed assets	797	32
Result before financing	-8,186	-10,702
Changes in operating capital	4,504	11,888
Total effect on available funds	-3,683	1,186
Procured as follows:		
Net operating subsidy from Provincial Treasury	5,445	5,081
Net fixed assets subsidy	-15,516	-15,812
Net subsidy from Provincial Treasury	-10,071	-10,731
Changes in drawing rights	2,972	10,946
Change in available funds	3,415	972
Total capital procurement	-3,683	1,186

23 NOTES

1 Net turnover (T, DKK)	2015	2014
Sales	139,628	128,898
Traffic revenue	206,834	202,240
Rental revenue	21,405	23,324
	367,867	354,462
2 Staff-related expenses		
Wages and salaries	141,789	137,879
Pensions and other social expenses	7,983	7,282
Other staff-related expenses	3,838	4,492
	153,609	149,653
No. of employees	388	398
Consideration for managing director amounts to		
Fixed salary	994	897
Pension	94	94
In addition free telephone		
3 Depreciation		
Year's depreciation, cf. note 6	58,170	59,256
Profits/loss from sales/decommissioning of fixed assets	-199	187
	57,971	59,443
4 Financial revenue		
Interest	-2	1
Fees, and exchange rate and cash differences	200	520
	198	521
5 Financial costs		
Interest due to GG	3,346	3,556
Other interest expenses	18	21
Fees, and exchange rate and cash differences	619	595
	3,983	4,172

NOTES (CONTINUED)

6 Material fixed assets (T, DKK)	Buildings	Airports	Electricity, heating and water facilities, harbours etc,	Technical equipment	Vehicles and vessels	Other facilities, operating equipment and inventory	Fixed assets total
Cost price, beginning of year	674,516	1,320,633	418,697	121,546	199,289	46,273	2,780,954
Entries over year	1,343	0	549	550	19,489	933	22,864
Exits over year	0	0	-120	0	-10,486	0	-10,606
Cost price, end of year	675,859	1,320,633	419,127	122,096	208,293	47,206	2,793,213
Write-offs and depreciation, beginning of year	477,618	208,486	326,262	114,089	144,098	42,141	1,312,693
Year's write-offs and depreciation	23,482	8,250	14,266	2,240	8,392	1,541	58,170
Write-offs and depreciation on sold assets	0	0	-120	0	-9,888	0	-10,008
Write-offs and depreciation, end of year	501,100	216,736	340,408	116,330	142,601	43,682	1,360,855
Accounting value, end of year	174,759	1,103,897	78,719	5,765	65,692	3,524	1,432,357
Balance, end of year 2014	196,898	1,112,147	92,436	7,456	55,192	4,132	1,468,261

7 Appreciations (T, DKK)	2015	2014
Balance, beginning of year	1,701,647	1,702,932
Retained from year's result	-5,254	-1,285
	1,696,393	1,701,647
8 Retained result		
Balance, beginning of year	-245,353	-209,756
Retained from year's result	-38,836	-46,321
Year's net subsidy	-5,445	-5,081
Year's fixed assets subsidy	15,516	15,812
Non-cash contributions for new airports	13	-7
	-274,105	-245,353

9 Contingent liabilities and charged assets etc.

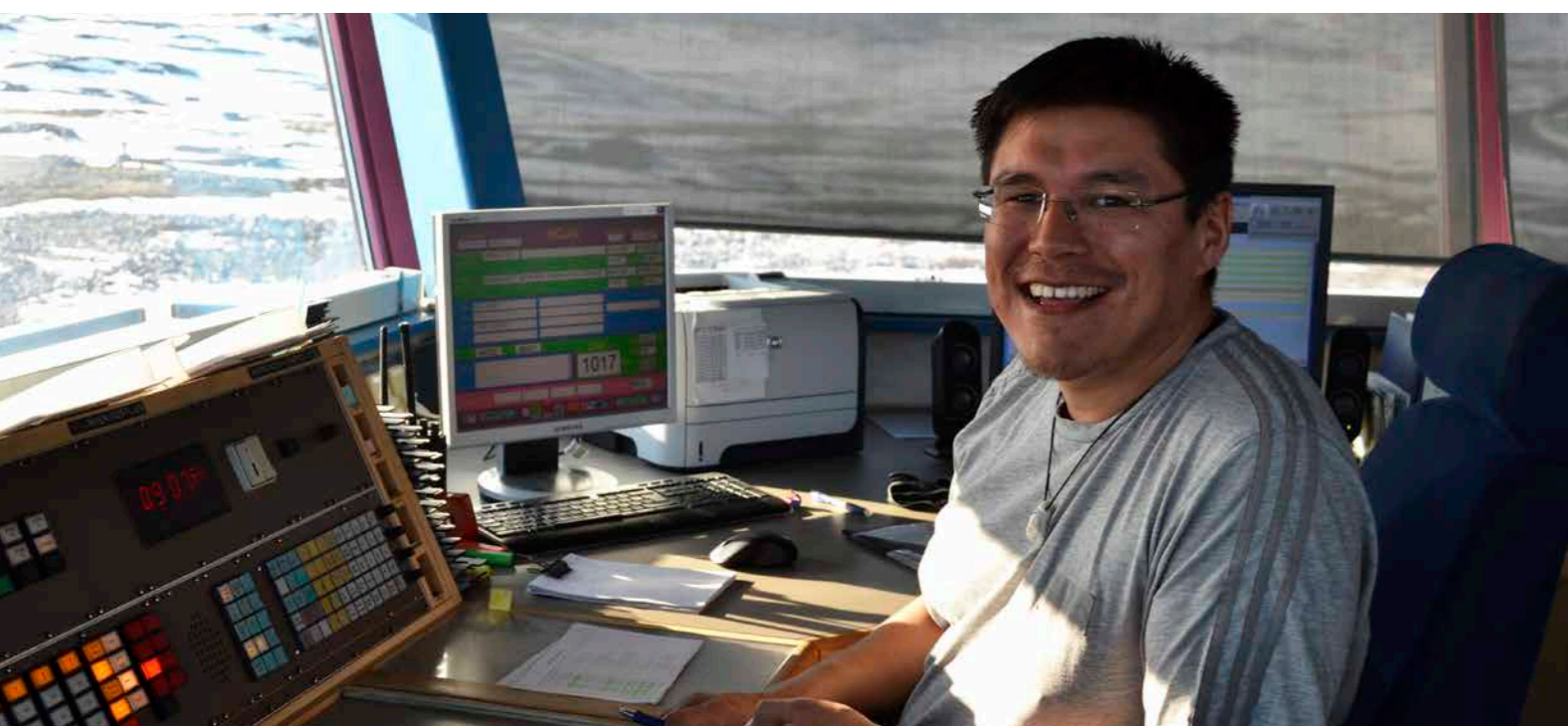
None

26 INCOME STATEMENT ACCORDING TO THE EXPENDITURE-BASED ACCOUNTING PRINCIPLES

T, DKK	Note	2015	2014
Net turnover	1	367,867	354,462
Negative operating subsidy		-5,445	-5,081
Expenses for raw materials and consumables		-72,792	-72,700
Other external expenses		-131,146	-123,387
Staff-related expenses	2	-153,609	-149,653
Result before depreciation		4,873	3,641
Depreciation		797	39
Result before financial items		5,670	3,680
Financial revenue	4	198	521
Financial costs	5	-3,983	-4,172
Year's result		1,885	29

27 BALANCE SHEET ACCORDING TO THE EXPENDITURE-BASED ACCOUNTING PRINCIPLES

Assets (T, DKK)	Note	2015	2014
Total fixed assets		0	0
Commodities and consumer goods		11,469	11,331
Fuel stocks		56,653	66,697
Stocks		68,123	78,028
Amounts receivable from sales		28,893	25,049
Other amounts receivable		67	776
Accruals		4,035	4,872
Amounts receivable		32,995	30,697
Available funds		11,081	7,666
Total current assets		112,199	116,391
Total assets		112,199	116,391



Liabilities (T, DKK)	2015	2014
Fixed capital 1 January 1991	23,532	23,532
Retained result	-10,081	-11,966
Total equity capital	13,451	11,566
Suppliers of goods and services	16,193	17,190
Debts owed to GG	58,257	61,229
Payable holiday allowance	11,228	11,546
Other debts	9,506	10,669
Accruals	3,564	4,191
Current debts	98,748	104,825
Total debt liabilities	98,748	104,825
Total liabilities	112,199	116,391
Charged assets and contingent liabilities etc.	9	

ACCOUNTING POLICIES

General Information

These Annual Financial Statements are presented in accordance with the Greenland Home Rule Executive Order no. 25 of 26 November 1998 concerning Accounting, etc. for Greenland Home Rule Net Funded Companies.

The accounting policies applied are unchanged since last year.

Mittarfeqarfiit has also chosen to disclose the result for the year, equity and main items on the balance sheet in accordance with the previous accounting principles on pages 24 and 25.

Net Turnover

Net turnover comprises the invoiced sales for the year.

Development Costs

Development costs are charged as they are incurred.

Extraordinary Items

Revenue or expenditure originating from operations that are not part of the company's ordinary activities are entered as extraordinary items.

Taxation

The company is not subject to taxation.

Foreign Currency Translation

All outstanding accounts in foreign currencies have been converted into Danish kroner (DKK) according to the exchange rate of the balance sheet day or as determined by hedging. Both realised and unrealised capital gains and capital losses are included in the Income Statement.

Inventories

Inventories are measured at the lower of the purchase or cost price measured according to the FIFO principle or net realisable value. The cost price includes purchase price and shipping. Obsolete goods, including slowly selling goods, are depreciated.

Property, Plant and Equipment

The value of property, plant and equipment is assessed at purchase price, plus any appreciation and less write-offs, where applicable.

Depreciation is charged using the straight-line method over the service life of the assets based on the purchase price, after adding appreciation and less the scrap value, if any, of the asset. Landing and apron subsoil is not written off as its scrap value is estimated to be equal to the purchase price.

Individual groups of fixed assets are depreciated in accordance with the following expected service lives:

> Buildings	15 - 50 years
> Airports	15 - 30 years
> Electricity, heating/ water facilities, harbours etc.	10 - 30 years
> Technical equipment	5 - 10 years
> Vehicles and vessels	5 - 20 years
> Other fixtures and fittings, tools and operating equipment	3 - 5 years

Assets with purchase price of less than DKK 50,000 per unit are fully charged during the year of purchase.

Trade Receivables

The value of receivable from sales and services is assessed after deducting funds for provision for liabilities stated based on individual assessments of the receivables.

Subsidies

As a net funded company under the Government of Greenland, Mittarfeqarfiit is operationally self-financing through user charges and contributes financially to the Government

of Greenland. The operating subsidy and payments to the Government of Greenland are entered separately under equity capital in the retained result item.

Capital investment grants for specific fixed assets and maintenance tasks are also entered separately in the retained result item.

Non-cash contributions concerning new airports transferred to Mittarfeqarfiit are entered under the retained result item in the year in which the airport is transferred to Mittarfeqarfiit.

In connection with the sale of fixed assets that are financed by subsidies from the Government of Greenland at the time of purchase, the proceeds of the sales accrue to the Government of Greenland. Insofar as accounting is concerned, the distribution of sales proceeds is considered to be a negative subsidy, which is deducted directly from the equity capital.

Cash Flow Statement

The Cash Flow Statement has been prepared according to the indirect method as instructed in the Executive Order.





CONCEPTS AND DEFINITIONS

Occupancy rate

A measure for the number of hotel overnight stays. 100 per cent indicates full booking.

Opening

An opening is defined as the opening of an airport outside normal business hours. The requesting aircraft operator is charged in accordance with Mittarfeqarfiit's Fees and Charges which are available on www.mit.gl.

ETOPS opening

An opening ordered by a two-engine aircraft according to ICAO standards for minimum distance to the nearest open airport in case of an emergency.

AIT

Aeronautical Information Terminal, a programme for specification of flight schedules.

Negative operating subsidy

Mittarfeqarfiit's continuous contribution to the Government of Greenland.

Service contract

An agreement on the provision of services signed between a company and the Government of Greenland.

Maintenance backlog

The negative value of the investments that would have had to be made to maintain the original value of fixed assets (the price of neglecting the current maintenance of buildings and equipment). Based on a theoretical calculation of the difference between depreciation and reinvestments for the individual year.

ANNUAL REPORT

for 2015

