

ANNUAL REPORT

FOR 2014



Mittarfeqarfiit
Grønlands Lufthavne | Greenland Airports



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» COMPANY INFORMATION

COMPANY

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MANAGEMENT

Managing Director
Jens Rechnagel Lauridsen

DEPARTMENT

Ministry of Housing, Building
and Infrastructure

AUDITING

Deloitte Statsautoriseret
Revisionspartnerselskab

» FINANCIAL HIGHLIGHTS

Main figures (T, DKK)	2010	2011	2012	2013	2014
Net turnover	345.5	371.4	351.8	357.9	354.5
Contribution margin	275.8	292.2	278.2	280.5	281.8
Staff expenses	142.9	149.6	152.0	151.9	149.7
Result before depreciation	19.4	15.5	5.4	12.1	15.5
Depreciation	65.5	64.7	65.5	62.6	59.4
Net financial items	(3.5)	(3.1)	(3.7)	(3.3)	(3.7)
Profits	(49.6)	(52.4)	(63.8)	(53.7)	(47.6)
Fixed assets	1,666.6	1,616.7	1,557.9	1,505.2	1,468.3
Current assets	97.2	107.9	120.7	117.1	116.4
Available funds	3.7	3.8	6.8	6.7	7.7
Equity capital	1,691.6	1,641.6	1,572.8	1,516.7	1,479.8
Short-term debt	76.0	86.9	105.8	105.6	104.8
Year's fixed assets acquisition	14.8	14.9	6.5	9.7	22.6
No. of employees	403	412	420	414	398
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)
GG fixed assets subsidy	16.9	7.8	0.8	3.5	15.8
Key figures					
Operating subsidy per man-year	-	(29.1)	(29.2)	(30.3)	(28.9)
Year's purchases in percentage of fixed assets	89	92	42	65	65
No. of passengers	423,059	429,161	414,446	397,856	396,420
Total no. of take-offs	32,348	33,984	32,493	33,703	34,135
No. of passengers per take-off	13.1	12.6	12.8	11.8	11.6

2014

– IN BRIEF



MAJOR EVENTS

An active focus on charging for ETOPS openings as well as operational adjustments and optimisations have led to a satisfying result for the financial year – in spite of a minor downturn on the market for our core business, airport operation (ex ETOPS openings) and a significant downturn in the market for the two hotels.

- › The number of registered and charged ETOPS openings has more than doubled, thanks to a significant and increased focus on this business area through new tools for collecting flight data.
- › Minor decline in passenger numbers derived from a general recession in the flight traffic market (primarily domestic traffic).
- › A strained economy for the hotels, as standard and location yield a low demand. Consequently, the hotels have very low occupancy rates and large challenges in adjusting operations to a decreasing market. Optimisation and growth strategies have been launched in order to prepare both hotels for a sale.
- › Focussing greatly on cutting expenses and on efficient airport and hotel operation has led to several cost savings in both operational and staff-related costs.

FINANCIAL PEAKS

According to the new accounting principles, the year's result has improved by 11 % compared to 2013. According to previous accounting principles, the result has improved from a deficit of DKK 3.4m in 2013 to a break-even profit for 2014.

- › The result after depreciation shows a deficit of DKK 47.6m compared to last year's deficit of DKK 53.7m.
- › According to previous accounting principles, this year's result comes to a break-even profit compared to a deficit of DKK -3.4m in 2013.
- › Net turnover declined from DKK 357.9m in 2013 to DKK 354.5m in 2014, a 1 % drop. The decline is primarily due to a drop in the hotel turnover of 14 % and a minor reduction in turnover from passenger fees of 2 %. However, this is counterbalanced by an increase in opening fees of 17 % (ETOPS openings).
- › Operational costs have decreased from DKK 345.8m in 2013 to DKK 339.0m in 2014, equalling a drop of 2 %. This development is primarily due to a number of optimisations and cost adjustments especially in airport operation and at the hotels.
- › 2014 saw investments of DKK 22.6m in fixed assets, compared to DKK 9.7m in 2013.
- › A negative operational subsidy of DKK 11.5m was paid to the Government of Greenland.
- › The calculated maintenance backlog was DKK 935.6m.

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

² For further clarification on the calculated maintenance backlog, see page 16.

Auditor's Report

MANAGEMENT'S STATEMENT

The management hereby report the annual accounts of Mittarfeqarfiit for 2014.

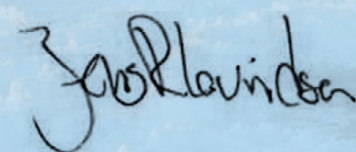
The annual accounts are reported in accordance with the Greenland Home Rule Executive Order no. 25 of 26 November 1998 concerning accountancy, etc. for Greenland Home Rule net funded companies.

We consider the accounting practice chosen to be expedient for the annual accounts to give a true and fair view of the company's assets and liabilities, its financial position, result and cash flow.

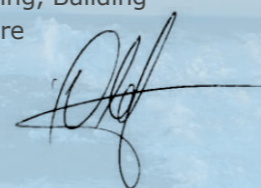
The annual accounts are recommended for Inatsisartut approval.

Nuuk, 9 March 2015

Jens Rechnagel Lauridsen
Managing Director
Mittarfeqarfiit



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



To Inatsisartut

We have audited Mittarfeqarfiit's annual accounts for the accounting year 1 January-31 December 2014, including the management's statement, management's report, the applied accounting practice, the profit and loss account, balance, equity statement, cash flow statement and notes. The annual accounts are presented according to the Greenland Home Rule Executive Order on accountancy for net funded companies.

Management's Responsibility for the Annual Accounts

The management is responsible for preparing annual accounts that present a true and fair view in accordance with the executive order on accountancy. The management is furthermore responsible for the execution of any internal control that it considers necessary to secure the preparation of the annual accounts without material misstatement, whether caused by fraud or error.

Auditor's Responsibility

It is our responsibility to express a conclusion concerning the annual accounts on the basis of our audit. We have conducted the audit in accordance with international standards for auditing and further requirements in accordance with Greenland's audit statutes. This requires us to observe ethical standards and to plan and conduct the audit with a view to attaining a high degree of certainty that the annual accounts are without material misstatement.

An audit includes the execution of auditing procedures to achieve audit evidence for amounts and information in the annual accounts. The audit procedures selected depend on the auditors' judgment, including the assessment of risk of material misstatement in the annual accounts, whether caused by fraud or error. In the risk assessment, auditor will consider any internal control of relevance for the company's preparation of annual accounts that give a true and fair view. This is done in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting assessments made by the management, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our audit opinion. The audit gave no cause for reservation.

Conclusion

We believe that the annual accounts give a correct view of the company's assets, liabilities and financial position as of 31 December 2014 and of the result of the company's activities and cash flow for the accounting year 1 January-31 December 2014 in accordance with the Greenland Home Rule Executive Order on accountancy for net funded companies.



SUPPLEMENTARY INFORMATION

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

Nuuk, 9 March 2015

Deloitte
Statsautoriseret Revisionspartnerselskab

Bo Colbe
State Authorised Public Accountant

» MANAGEMENT'S REPORT

The Nalinga Strategy

In 2014, Mittarfeqarfiit prepared for the Nalinga Strategy. A comprehensive analysis of the company's activities, competitive position, possibilities and limitations has led to a number of specific projects, drafted by the end of 2014.

With Nalinga, Mittarfeqarfiit has outlined a path which may entail a number of changes for the organisation. Among others, the strategy describes how Mittarfeqarfiit is to concentrate its activities on the operation of Greenland's airports. This is Mittarfeqarfiit's livelihood and the core business of the organisation. Consequently, all other areas currently operated by Mittarfeqarfiit today may be handed over to other operators.

The strategy work has proven that Mittarfeqarfiit runs an efficient and profitable business in our core area, airport operation, while secondary areas such as supply services, hotels, accommodation etc. do not contribute to our business to the same extent.

Six Focus Areas

As a result, four out of six projects in the Nalinga Strategy are evaluations of the areas that are not part of our core business. Two projects focus on internal areas: Competency development and transparent finances.

Competency development is crucial to the future Mittarfeqarfiit. Through the past years, Mittarfeqarfiit has gradually handed over more and more responsibility to the individual airport, both management and financial responsibilities. At the same time, staff functions at the headquarters in Nuuk have transformed into support functions that primarily support airport processes. In order to fully benefit from this changeover, enhanced management and cooperative competencies are necessary. In 2014, Mittarfeqarfiit launched an ambitious management training programme which will be completed by the end of 2015.

Financial transparency is a prerequisite for Mittarfeqarfiit to navigate and make informed decisions based on solid data.

In 2014, Mittarfeqarfiit streamlined a number of processes, resulting in a better overview of the financial situations of the airports. For example, consistent monthly reporting in cooperation with all departments has now been implemented. In 2015, the various initiatives will lead to new tools for further optimised registration and complete distribution of revenue and expenses, resulting in improved financial management.

In 2014, the Greenland Government decided to implement their strategic goal of supporting Greenlandic air traffic by freezing airport fees. These fees have a direct impact on ticket prices, and freezing the fees will stimulate a long-term, positive growth in Greenlandic air traffic. This policy is a break with many years of price increases – one of the few options for Mittarfeqarfiit to increase revenue.

The decision not to raise airport fees was made in a situation where passenger numbers have been gradually declining through several years. This development also set its mark on 2014 and is expected to continue into 2015 with a corresponding decreased turnover.

Procurement

In 2014, Mittarfeqarfiit's central purchasing operation continued to work on establishing business agreements with preferred suppliers offering the best terms. As an example, several agreements have been made with local Greenlandic suppliers. This work has resulted in even further significant cost savings on purchases and reduced expenses for Mittarfeqarfiit.

Procurement has focused greatly on adjusting business agreements and contracts to current requirements. This process has led to a considerable cost savings for both hotels and airports.

In 2014, mandatory use of our procurement system was implemented, contributing to improved financial management and the overall strategy on financial transparency.

KEY PROCUREMENT FIGURES 2014

- > Cost savings on purchases (bargained discounts on single purchases and business agreements compared to equal volume in 2013): **DKK 2,300,000**
- > No. of business agreements (top 125 largest suppliers): **45**
- > No. of agreements in percent (top 125 largest suppliers): **36 %**

Sales

The global financial crisis, which began in 2008, still has its hold in Greenland. Consequently, Mittarfeqarfiit, as well as the Greenlandic society on the whole, lack new investments. However, there are also positive developments taking place:

- > We have seen a successful start-up of a car test track in Kangerlussuaq which may end up having a positive impact on Kangerlussuaq Airport as well.
- > A new Denmark route had started up but unfortunately, the company behind had to cancel their plans in order to reorganise their organisation.
- > Mittarfeqarfiit has made an agreement with a company about increased control of ETOPS flights, meaning all air craft operators using MIT airports as alternative airports on their flights between Europe and North America outside regular business hours will have to pay for this service. The preliminary result looks very promising and Mittarfeqarfiit is quite optimistic about this new cooperation.

In general, Mittarfeqarfiit made several promising cooperative agreements in 2014 and is currently working on even bigger, new agreements.

Development Department

In relation to the big changes currently taking place in Mittarfeqarfiit due to the Nalinga process, our Development Department has focused especially on renewing airport services, particularly within handling. Mittarfeqarfiit wants to establish a distinct, national handling department ensuring optimal resource allocation together with the airports.

A pilot project regarding advertisements on digital displays has been launched together with the airport in Nuuk. We expect this to be a significant supplement to the advertising boards sold by Mittarfeqarfiit so far. The plan is to gradually spread the project to the other airports as well.

Together with the Employers' Association of Greenland (GA), of which Mittarfeqarfiit are associated members, Mittarfeqarfiit had in 2014 participated in a rewarding trip to the PDAC Convention in Toronto which is one of the world's largest conventions within mining. In Toronto, Mittarfeqarfiit both extended

and strengthened our network with existing and potential new customers.

Competency Development

As part of the Nalinga Strategy, Mittarfeqarfiit has launched competency development as an area of special focus. We have chosen this focus based on our wish to concentrate on our core business area, airport operation, and this poses increasing demands on our employees within core tasks.

For several years, we have focussed on vocational programmes and education. However, with this new strategy, other competencies will be in focus. The overall skills in demand now are business know-how, customer comprehension and service, leadership (e.g. autonomy in local leadership), management disciplines such as financial management and a high level of skills in core tasks.

In 2014, Mittarfeqarfiit launched a management development programme of three modules in which the management group, the hotel manager and airport managers take part. This management development programme is developed especially in regard to how Mittarfeqarfiit want our leaders to act in the company. The programme is completed in 2015. By focussing on the managers' development as the first step, we hope they become more aware of their own role both in regard to staff development and to the general development of the company, all of which are crucial to the training taking place at the workplace. Competency development will ensure our employees long-term necessary skills. Furthermore, the goal is to:

- > Ensure goals and development effort of each department and that individual employees are linked to Mittarfeqarfiit's mission and strategy.
- > Create the framework and foundation for competency development of both employees and managers, systematised and structured in such a way that it creates overview, transparency and a clear distribution of roles, responsibilities and tasks between the involved parties.
- > Optimise time and costs management of the competency development initiatives.





» ACCOUNTING REPORT

Air Traffic Trends

2014 saw a slight drop in passenger numbers, resulting in a minor decline of 2 % in turnover from passenger fees compared to last year.

The number of take-offs remains at the same level as in 2013, while the corresponding turnover has decreased by 1 %.

Openings have increased by 9 % from 2013 to 2014 due to a growing focus on charging for ETOPS openings in 2014. This initiative has been successful thanks to a cooperative agreement with a supplier charging aircraft operators who state either Kangerlussuaq or Narsarsuaq as alternative airport on their AIT. This agreement has resulted in excess profits of net DKK 4.5m for the financial year.

Traffic Trends

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

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

	2010	2011	2012	2013	2014
Atlantic airports	7,217	7,696	7,537	7,988	7,967
Town airports	14,824	16,484	15,249	15,069	15,187
Heliports	4,036	3,854	3,706	4,748	4,984
Helistops m/e. facil.	6,271	5,950	6,001	5,898	5,997
Total	32,348	33,984	32,493	33,703	34,135

› No. of passengers for the past five years:

	2010	2011	2012	2013	2014
Atlantic airports	154,918	161,946	159,665	159,432	158,191
Town airports	216,367	214,902	200,634	194,350	193,618
Heliports	29,386	30,875	31,043	22,482	23,395
Helistops m/e. facil.	22,388	21,438	23,104	21,592	21,216
Total	423,059	429,161	414,446	397,856	396,420

› No. of openings for the past five years:

	2010	2011	2012	2013	2014
Atlantic airports	1,933	2,225	1,804	1,910	2,233
Town airports	3,685	4,114	3,975	3,868	4,108
Heliports	85	110	239	283	281
Helistops m/e. facil.	862	695	601	591	607
Total	6,565	7,144	6,619	6,652	7,229

Development in Results

2014 showed a deficit of DKK 47.6m DKK after depreciation, compared to DKK 53.7m DKK in 2013. Equity capital was DKK 1,479.8m DKK, compared to DKK 1,516.7m in 2013.

Net turnover decreased by 1 % compared to 2013, now at DKK 354.5m.

Traffic-related revenue rose by 3 % primarily due to an increase in turnover from openings with 17 % (owing to ETOPS openings) while the number of passengers dropped by 2 %.

The commercial business areas within airport operation have seen a slight decrease in this financial year. Turnover is influenced by a credit note from previous years of approx. DKK 2m for settlement fire service.

The market for the two hotels saw a significant drop and the turnover from hotels and shops has consequently decreased

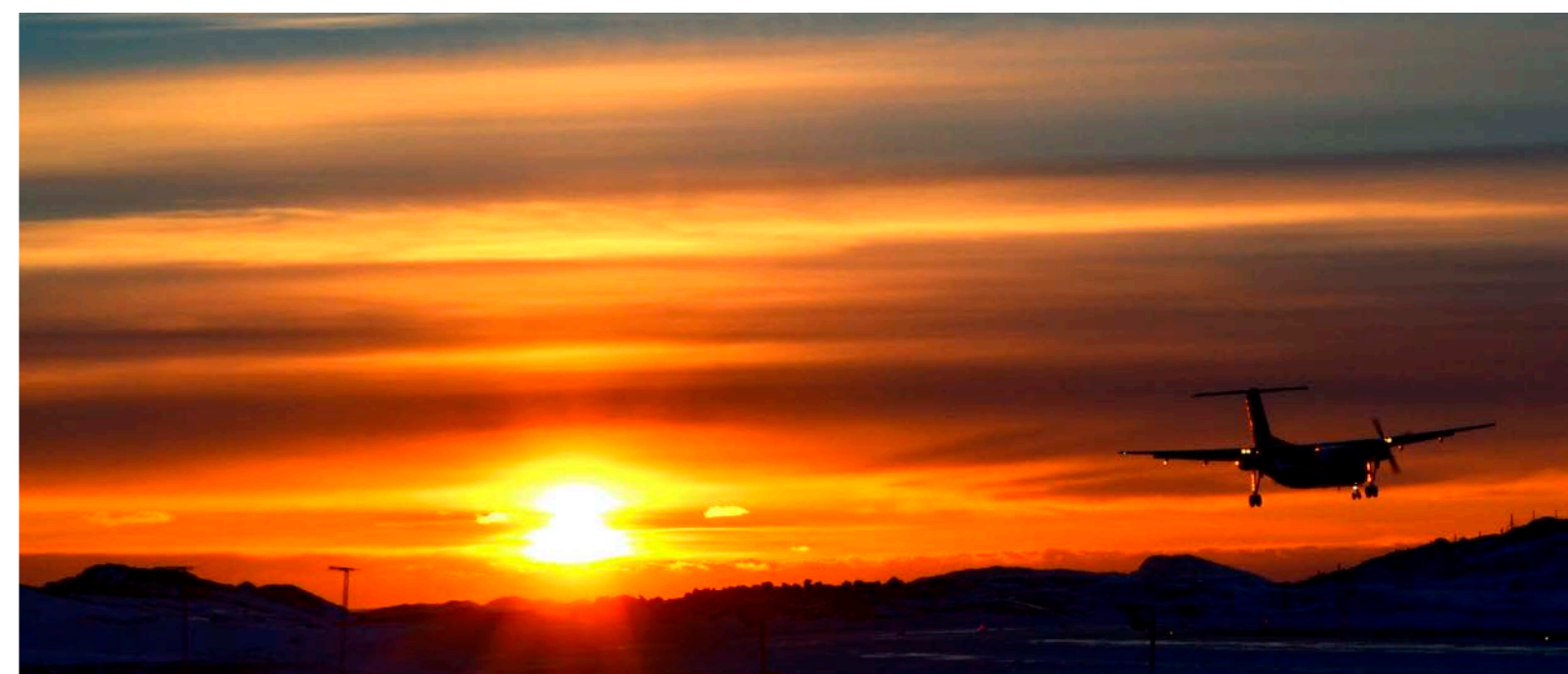
with 14 % compared to 2013. This development is unsatisfactory and has led to new optimisation and growth strategies for both hotels in 2014.

The most significant operational challenge in 2014 has been the constant pressure to adjust our capacity to the current activity level. As expected, this task has been very challenging and has resulted in the fact that not all expenses were able to be adjusted to the declining activity level.

On many areas, Mittarfeqarfiit is regulated by legislature which dictates matters such as minimum staff, intervals of equipment servicing etc. These expenses are fixed, no matter the current level of activities. Furthermore, it has been a difficult task to adjust commercial activities, as the fluctuation in activity levels has been very high. We work determinedly to have commercial areas such as ground handling, fuel sales and tourist shops contribute positively to the operation of the licensed area.

› Operating result 2014 under total operating grant compared to previous years:

T, DKK	2010	2011	2012	2013	2014
Year's result	-49,619	-52,361	-63,795	-53,704	-47,606
Year's depreciation	65,485	64,719	65,501	62,555	59,443
Operating funding needs	15,866	12,358	1,706	8,851	11,837
Direct maintenance work grant allocated to the operating result	8,736	6,526	612	3,113	4,003
Service agreement with the Danish state	6,440	6,400	6,400	6,400	6,400
Year's operating subsidy	0	0	0	0	0
Year's payment to GG	0	-12,007	-12,271	-12,526	-11,481
Operating results in relation to grants received	31,042	13,277	-3,553	5,838	10,759



› Major contributions to the improved year's result compared to last year of 6.1m DKK are:

Cause	m DKK
Increase in traffic revenue	5.9
Decline in other sales	-9.4
Decline in cost of goods sold	4.7
Decline in staff expenditures	2.4
Decline in in-sourced services	1.2
Decline in insurance costs	0.8
Increase in other office expenses	-2.1
Decline in business trips and education	1.1
Decline in GG payments	1.0
Depreciation	3.1
Other changes, net	-2.6
Change in year's result	6.1

Expenses in relation to cost of goods sold dropped by 6 %, primarily due to the removal of the meal plan in Kangerlussuaq and Narsarsuaq as well as cost savings on other cost of goods sold at the hotels.

Other external expenses are unchanged compared to 2013. A number of initiatives and optimisations in airport operations have been made. A continued focus on cost-effective purchases has resulted in an unchanged level of expenditures in spite of inflation.

Staff-related expenses have declined by 1 %, especially due to an active and determined focus on minimising overtime

› This year's Investments

T, DKK	2010	2011	2012	2013	2014
Various running investments	14,812	14,941	6,548	9,738	22,571
Construction of new airports	-2,579	74	118	275	-7
Total capital investments	12,233	15,015	6,666	10,013	22,564

payment and optimising staff on several areas. Initiatives such as differentiated and divided preparedness have proven to be cost-optimal and still well-functioning for the staff.

Capital Investments

The Finance Act authorises Mittarfeqarfiit to charge up to DKK 15.0m in fees and charges to be invested in large stock and equipment. As a consequence, purchases for DKK 9.2m were effected in 2013. DKK 10.8m were realised and treated as an asset in 2014. A total of DKK 15.8m were spent in 2014 on investments in large stock and equipment of which other investments worth DKK 4.0m were recognised in the income statement.

Estimated Maintenance Backlog

The estimated maintenance backlog accounted for DKK 935.6m as of 31 December 2014. A theoretical calculation of the maintenance backlog was made by comparing the difference between depreciation and reinvestments in the individual year. This does not imply that any actual investment needs are due for payment at a given time, nor that security in airports is not properly maintained. Necessary investments are always prioritised and financed through the

fixed assets subsidy. The fixed assets subsidy 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 level, is substantially larger than the fixed assets grant, a real degradation of the airports' facilities and stock is taking place. This constitutes a major long-term challenge for Mittarfeqarfiit.

Expectations for 2015

We expect a 2015 result on par with 2014, meaning a deficit of approx. DKK 45m after depreciation. According to previous accounting practice, we expect a break-even result.

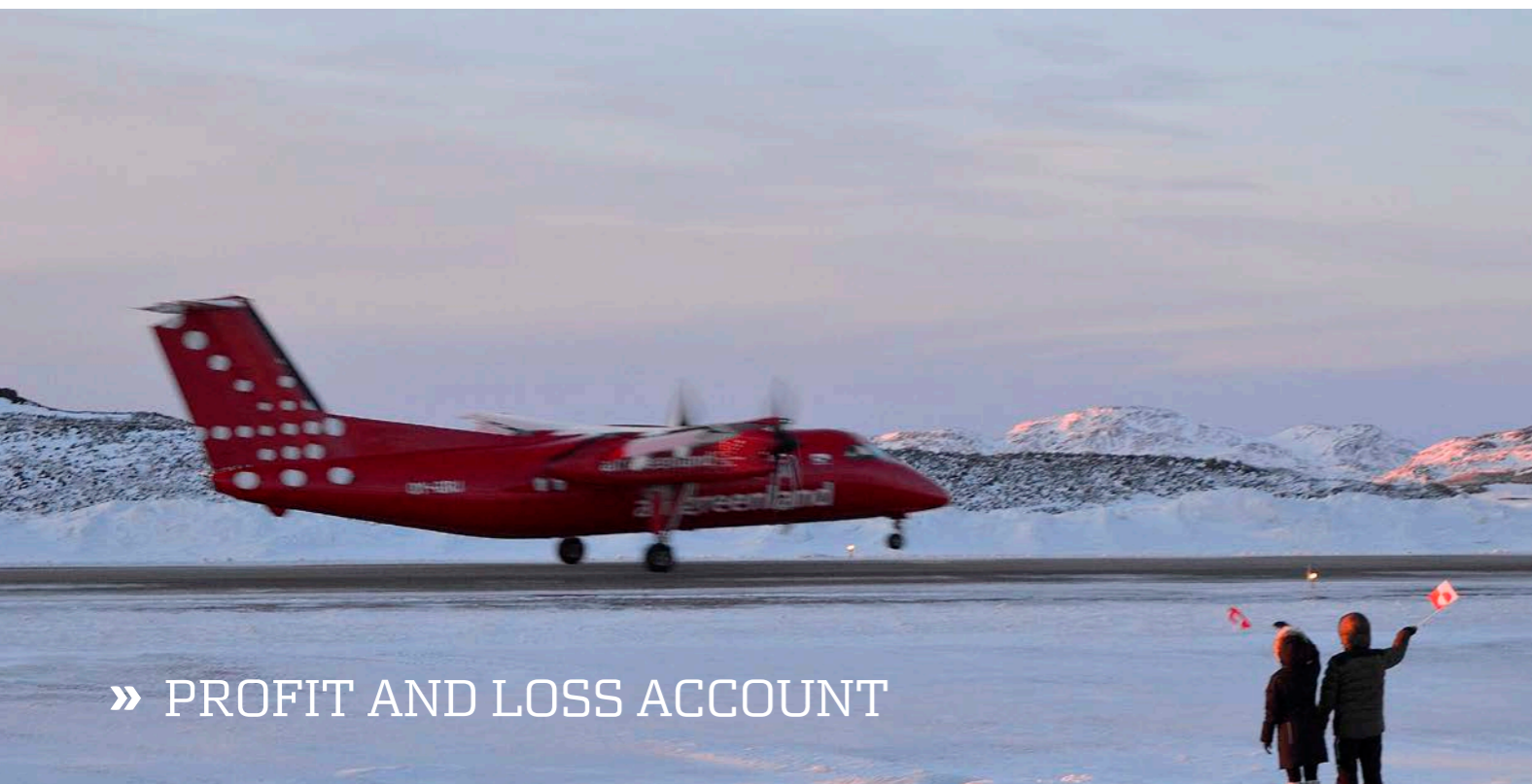
Events after the Accounting Year's Expiry

From the balance date to the presentation of the accounts, no events have occurred to alter the assessment of the annual accounts.

Acknowledgements

Mittarfeqarfiit wishes to express our gratitude to customers, the Danish Transport Authority, our partners and the Government of Greenland for fruitful cooperation in 2014. We look forward to continuing our partnership relations in 2015. Furthermore, the management of Mittarfeqarfiit also wishes to thank the staff for their great effort over the year. Their work, loyalty and creativity were instrumental to the safe and stable operation of Mittarfeqarfiit.





» PROFIT AND LOSS ACCOUNT

T, DKK	Note	2014	2013
Net turnover	1	354,462	357,938
Expenses for raw material and consumables		-72,700	-77,409
Other external expenses		-116,621	-116,558
Staff-related expenses	2	-149,653	-151,862
Result before depreciation		15,488	12,109
Depreciation	3	-59,443	-62,555
Result before financial items		-43,955	-50,446
Financial revenue	4	521	943
Financial costs	5	-4,172	-4,201
Annual net result		-47,606	-53,704
Recommendations for allocation of the result			
Revaluation reserves		-1,285	
Retained result		-46,321	
Total transactions		-47,606	

» BALANCE

T, DKK	Note	2014	2013
Buildings		196,898	219,634
Airports		1,112,147	1,120,403
Electricity, water and heating facilities etc.		92,435	96,369
Technical Equipment		7,456	7,989
Vehicles and vessels		55,192	57,448
Other installations and operating equipment inventory		4,132	3,328
Tangible assets	6	1,468,260	1,505,171
Total fixed assets		1,468,260	1,505,171
Commodities and consumer goods		11,331	12,468
Fuel stocks		66,697	65,747
Stocks		78,028	78,215
Amounts receivable from sale		25,049	25,510
Other amounts receivable		776	392
Accruals		4,872	6,320
Amounts receivable		30,697	32,222
Total current assets		7,666	6,695
Total assets		116,391	117,132
Total net assets		1,584,651	1,622,303
Liabilities			
Fixed capital 1 January 1991		23,532	23,532
Appreciation	7	1,701,647	1,702,932
Retained result	8	-245,353	-209,756
Total equity capital		1,479,826	1,516,708
Suppliers of goods and services		17,190	10,311
Debt owed to GG		61,229	72,175
Payable holiday allowance		11,546	11,816
Other debts		10,669	6,697
Accruals		4,191	4,595
Current liabilities		104,825	105,595
Total debt liabilities		104,825	105,595
Total liabilities		1,584,651	1,622,303
Charged assets and contingent liabilities etc.	9		

» CASH FLOW STATEMENT

T, DKK	2014	2013
Result before depreciation	15,488	12,109
Net interest	-3,651	-3,258
Purchases of fixed assets	-22,571	-9,738
Sales of fixed assets	32	166
Result before financing	-10,702	-721
Changes in operating capital	11,888	-1,544
Total effect on available funds	1,186	-2,265
Procured as follows:		
Net operating subsidy from Provincial Treasury	5,081	-6,126
Net fixed assets subsidy	-15,812	3,451
Net subsidy from Provincial Treasury	-10,731	2,675
Changes in drawing rights	10,946	-4,778
Change in available funds	972	-162
Total capital procurement	1,186	-2,265

» NOTES

1 Net turnover (T, DKK)	2014	2013
Sales	128,898	138,906
Traffic revenue	202,240	196,321
Rental revenue	23,324	22,711
	354,462	357,938
2 Staff-related expenses		
Wages and salaries	137,879	139,331
Pensions and other social expenses	7,282	8,339
Other staff-related expenses	4,492	4,192
	149,653	151,862
No. of employees	398	414
Consideration for managing director amounts to		
Fixed salary	897	904
Pension	94	93
In addition free telephone		
3 Depreciation		
Year's depreciation, cf. note 6	59,256	62,007
Profits/loss from sales/decommissioning of fixed assets	187	548
	59,443	62,555
4 Financial revenue		
Interest	1	395
Fees, and exchange rate and cash differences	520	548
	521	943
5 Financial costs		
Interest due to GG	3,556	3,657
Other interest expenses	21	24
Fees, and exchange rate and cash differences	595	520
	4,172	4,201

» 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	672,764	1,320,633	408,084	119,874	197,217	43,905	2,762,477
Entries over year	1,752	0	10,613	1,671	6,055	2,480	22,571
Exits over year	0	0	0	0	-3,982	-111	-4,093
Cost price, end of year	674,516	1,320,633	418,697	121,545	199,290	46,274	2,780,956
Write-offs and depreciation, beginning of year	453,130	200,231	311,715	111,884	139,769	40,577	1,257,306
Year's write-offs and depreciation	24,488	8,255	14,547	2,205	8,084	1,677	59,256
Write-offs and depreciation on sold assets	0	0	0	0	-3,755	-112	-3,867
Write-offs and depreciation, end of year	477,618	208,486	326,262	114,089	144,098	42,142	1,312,695
Accounting value, end of year	196,898	1,112,147	92,435	7,456	55,192	4,132	1,468,261
Balance, end of year 2013	219,634	1,120,403	96,369	7,989	57,448	3,328	1,505,171

7 Appreciations (T, DKK)	2014	2013
Balance, beginning of year	1,702,932	1,709,272
Retained from year's result	-1,285	-6,340
	1,701,647	1,702,932
8 Retained result		
Balance, beginning of year	-209,756	-159,992
Retained from year's result	-46,321	-47,364
Year's net subsidy	-5,081	-6,126
Year's fixed assets subsidy	15,812	3,451
Non-cash contributions for new airports	-7	275
	-245,353	-209,756

9 Contingent liabilities and charged assets etc.

None

» PROFIT AND LOSS ACCOUNT ACCORDING TO PREVIOUS ACCOUNTING PRINCIPLES

T, DKK	Note	2014	2013
Net turnover	1	354,462	357,938
Negative operating subsidy		-5,081	-6,126
Expenses for raw materials and consumables		-72,700	-77,409
Other external expenses		-123,387	-122,834
Staff-related expenses	2	-149,653	-151,862
Result before depreciation		3,641	-293
Depreciation		39	166
Result before financial items		3,680	-127
Financial revenue	4	521	943
Financial costs	5	-4,172	-4,201
Year's result		29	-3,385

» BALANCE ACCORDING TO PREVIOUS ACCOUNTING PRINCIPLES

Assets (T, DKK)	2014	2013
Total fixed assets	0	0
Commodities and consumer goods	11,331	12,468
Fuel stocks	66,697	65,747
Stocks	78,028	78,215
Amounts receivable from sales	25,049	25,510
Other amounts receivable	776	392
Accruals	4,872	6,320
Amounts receivable	30,697	32,222
Available funds	7,666	6,695
Total current assets	116,391	117,131
Total assets	116,391	117,131



Liabilities (T, DKK)	2014	2013
Fixed capital 1 January 1991	23,532	23,532
Retained result	-11,966	-11,995
Total equity capital	11,566	11,537
Suppliers of goods and services	17,190	10,311
Debts owed to GG	61,229	72,175
Payable holiday allowance	11,546	11,816
Other debts	10,669	6,697
Accruals	4,191	4,595
Current debts	104,825	105,594
Total debt liabilities	104,825	105,594
Total liabilities	116,391	117,131



APPLIED ACCOUNTING PRACTICES

General Information

The annual accounts are reported in accordance with Executive Order no. 25 of 26 November 1998 concerning accountancy etc. for Greenland Home Rule net funded companies. Auditing practices are unchanged since last year.

Pages 26-27 show the result for the year, equity capital and the main items of the balance according to the previous accounting practice.

Net Turnover

Net turnover includes the year's invoiced sales.

Development Costs

Development costs are charged as they are incurred.

Exceptional Items

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

Taxation

Mittarfeqarfiit is not liable to taxation.

Conversion of Foreign Currencies

All outstanding accounts in foreign currencies have been converted into Danish kroner according to the exchange rate of the balance day, or as determined by hedging. Realised as well as unrealised capital gains and capital losses are included in the profit and loss account.

Stocks

Stocks are assessed for value according to original or cost price, using the FIFO principle, or net realisation value, where this was lower. The cost price includes original price and shipping. Obsolete goods, including slowly selling goods, are depreciated.

Tangible Assets

The value of tangible assets is assessed at original value with the addition of any appreciation, after deduction of any write-offs, where applicable.

The annual depreciation is written off linearly over the service life of the assets based on the original value, after the addition of appreciation and subtraction of any scrap value of the asset. Landing and apron subsoil is not written off as its scrap value is estimated to be equal to the original price.

The individual groups of fixed assets are written off according to their expected service life:

- > Buildings **15 – 50 yrs**
- > Airports **15 – 30 yrs**
- > Electricity, heating & water facilities, harbours etc. **10 – 30 yrs**
- > Technical equipment **5 – 10 yrs**
- > Vehicles & vessels **5 – 20 yrs**
- > Other facilities, operating equipment & inventory **3 – 5 yrs**

Assets with original values below DKK 50,000 per unit are fully charged in the original year.

Amounts Receivable from Sales and Services

Amounts receivable from sales and services are value-assessed after deduction of funds towards provision for liabilities, calculated on the basis of individual assessments of the amounts receivable.

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 item retained result in the year in which the airport is handed over to Mittarfeqarfiit. The corresponding value of the airport is included in the relevant items under fixed assets.

At 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. In the accounting procedure, the distribution of the sales proceeds is considered a negative subsidy which is deducted directly from the equity capital.

Cash Flow Statement

The cash flow statement was prepared according to the indirect method as instructed in the Executive Order.

» TERMS AND DEFINITIONS

» **Occupancy rate**

A measure of the number of hotel overnight stays. 100 % 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 (see www.mit.gl).

» **ETOPS opening**

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

» **AIT**

Aeronautical Information Terminal which is a programme for specification of flight schedules.

» **Negative operating subsidy**

Mittarfeqarfiit's continuous contribution to the Greenland Government.

» **Service contract**

A service delivery agreement between a company and the Greenland Government.

» **Maintenance backlog**

The negative values of the investments that would have had to be made to maintain the original value of fixed assets (the price of neglecting the running maintenance of buildings and material). This is based on a theoretical calculation of the difference between depreciations and reinvestments in the individual year.





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for 2014
