
ST Engineering Aerospace Solutions A/S

Amager Strandvej 392, DK-2770 Kastrup

Annual Report for 2024

CVR No. 28 50 10 48

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 23/6 2025

Henrik Eilif Schlotfeldt
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ST Engineering Aerospace Solutions A/S for the financial year 1 January - 31 December 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kastrup, 23 June 2025

Executive Board

Henrik Eilif Schlotfeldt

Board of Directors

Lam Wai Meng Jeffrey
Chairman

Lit Yoke Suan

Yip Hin Meng

Independent Auditor's report

To the shareholder of ST Engineering Aerospace Solutions A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of ST Engineering Aerospace Solutions A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 23 June 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Rasmus Søgaard Nielsen
State Authorised Public Accountant
mne50610

Company information

The Company	ST Engineering Aerospace Solutions A/S Amager Strandvej 392 DK-2770 Kastrup CVR No: 28 50 10 48 Financial period: 1 January - 31 December Municipality of reg. office: Tårnby
Board of Directors	Lam Wai Meng Jeffrey, chairman Lit Yoke Suan Yip Hin Meng
Executive Board	Henrik Eilif Schlotfeldt
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2024	2023	2022	2021	2020
	TEUR	TEUR	TEUR	TEUR	TEUR
Key figures					
Profit/loss					
Profit/loss of primary operations	3,701	3,275	-370	-567	-8,501
Profit/loss of financial income and expenses	-6,055	-2,613	-225	839	-8,693
Net profit/loss for the year	-2,354	662	-595	272	-18,145
Balance sheet					
Balance sheet total	53,804	50,618	47,089	46,677	44,130
Investment in property, plant and equipment	2,695	4,259	9,989	3,203	5,874
Equity	-90,735	-88,356	-89,033	-88,479	-88,634
Number of employees	73	71	74	72	79
Ratios					
Return on assets	6.9%	6.5%	-0.8%	-1.2%	-19.3%
Solvency ratio	-168.6%	-174.6%	-189.1%	-189.6%	-200.8%
Return on equity	2.6%	-0.7%	0.7%	-0.3%	22.8%

The ratios have been prepared in accordance with the definitions described under accounting policies.

Management's review

Key activities

The Company's purpose is, directly or indirectly through shareholdings in other companies, to perform repair and overhaul of aircraft components and sale of assets and expendables for commercial aircrafts.

Profit/loss for the year (including comparison with forecasts previously announced)

The income statement of the Company for 2024 shows a loss of TEUR 2,354, and at 31 December 2024 the balance sheet of the Company shows negative equity of TEUR 90,735. The Company expected an EBIT result of MEUR 3 for the year 2024. The Company has thus met expectations for EBIT with a satisfactory result.

Development in activities and financial position

The company baseload of business come from long term contracts valid for next 3-5 years. The contracts is expected to contribute considerably to the overall revenue. In 2025, the company has consolidated its position as a strategic and important service-provider in its segment.

The strategy focusing on MRO activities has proved successful and management finds the result satisfactory. The company expects the development from MRO activities to be increasing in the coming years, where the company's other activities will be kept at the same level.

Investments

Apart from investments in ordinary operations and capabilities, no significant investments were made in 2024.

Capital resources

The Company is financed by intra-group credit facilities and the shareholder has confirmed, through a letter of support, that they will provide funds if necessary for a period of at least until the approval of the 2025 financial statements.

In the opinion of the Board of Directors and the Managing Director, the Company's capital resources are adequate.

Uncertainty regarding recognition and measurement

In the financial statements, no deferred tax asset was recognised at 31 December 2024 (unchanged from previous year). Up to this year, the Company has realized operating losses for several years but is expected to be profitable going forward

Unusual events

The financial position at 31 December 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2024 have not been affected by any unusual events.

Branches

Headquarter and administration is in Copenhagen, Denmark.

Our main branch for STEA Solutions Aerostructures MRO capabilities is centralised in our Stockholm based facility. Our team of aerostructures specialists have through dedication, innovation, and experience provided quality MRO services to the aviation community across the globe.

External environment

The world of today is recovering post pandemic and so is ST Engineering Aerospace Solutions. Our focus is on digital transformation, which we believe is crucial in today's world where technological progress drives innovation and sustainability. The skills of the workforce play a key role in preparing us for future challenges.

Management's review

Financial risks

The Company's activities are exposed to currency risk, interest rate risk and credit risk. Interest rate risk has been reduced as a consequence of the reduced external financing.

The Managing Director is responsible for outlining the objectives and underlying principles of financial risk management for the Company. On this basis, policies have been implemented with regard to risk identification and measurement, exposure of limits and hedging strategies, handling of financial risks and exposure measurement against limits set.

Currency risks

Currency risk is primarily related to exposures to DKK, SEK and USD in connection with the Company's operations. The Company manages this risk by entering into forward exchange contracts.

Outlook

The company is a significant player in the MRO market, the company has proven its strategy focus on the MRO market. It is our belief that our business platform is strong, but we have no intention of stopping here.

The Company will continue to focus on developing new product lines and on consolidating existing product lines. In 2025, the Company will continue to invest in new repair capabilities that will become key products in the aviation industry for the years to come. On this basis, the Company plans to become a significant and competitive player in the industry going forward. Planned investments include the continuation of the capability development of new generation aircraft products.

Our overall expectations are a positive EBIT result of MEUR 5 for the year 2025.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2024	2023
		TEUR	TEUR
Gross profit		12,629	11,847
Staff expenses	2	-6,192	-6,099
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-2,736	-2,473
Profit/loss before financial income and expenses		3,701	3,275
Financial income		169	1,610
Financial expenses	4	-6,224	-4,223
Profit/loss before tax		-2,354	662
Tax on profit/loss for the year		0	0
Net profit/loss for the year	5	-2,354	662

Balance sheet 31 December

Assets

	Note	2024	2023
		TEUR	TEUR
Acquired licenses		511	555
Intangible assets	6	511	555
Lease assets		2,054	2,885
Other fixtures and fittings, tools and equipment		5,092	5,705
Rotables		12,439	10,433
Leasehold improvements		3,205	3,503
Property, plant and equipment in progress		1,511	1,772
Property, plant and equipment	7	24,301	24,298
Investments in subsidiaries	8	0	0
Fixed asset investments		0	0
Fixed assets		24,812	24,853
Raw materials and consumables		15,611	11,983
Inventories		15,611	11,983
Trade receivables		7,029	6,211
Contract work in progress	9	3,278	4,787
Other receivables	11	1,212	507
Receivables		11,519	11,505
Cash at bank and in hand		1,862	2,277
Current assets		28,992	25,765
Assets		53,804	50,618

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TEUR	TEUR
Share capital		60,912	60,912
Reserve for hedging transactions		-2	23
Retained earnings		-151,645	-149,291
Equity		-90,735	-88,356
Lease obligations		768	2,077
Payables to group enterprises		109,097	104,182
Other payables		148	151
Long-term debt	10	110,013	106,410
Lease obligations	10	978	895
Prepayments received from customers		131	2,909
Trade payables		3,076	872
Contract work in progress	9	2,087	601
Payables to group enterprises	10	25,995	25,668
Other payables	10,11	2,259	1,619
Short-term debt		34,526	32,564
Debt		144,539	138,974
Liabilities and equity		53,804	50,618
Going concern	1		
Contingent assets, liabilities and other financial obligations	12		
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Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TEUR	TEUR	TEUR	TEUR
Equity at 1 January	60,912	23	-149,291	-88,356
Fair value adjustment of hedging instruments, end of year	0	-25	0	-25
Net profit/loss for the year	0	0	-2,354	-2,354
Equity at 31 December	60,912	-2	-151,645	-90,735

Notes to the Financial Statements

1. Going concern

The Company's equity is negative with the amount of EUR 91 million as of 31st of December 2024. The Company's current assets amounts to EUR 29 million and the short term liabilities amounts to EUR 35 million. The shareholder has provided a letter of support in which further funding is confirmed if required to continue the Company's operations and meet its obligation for a period of at least until the approval of the 2025 financial statements.

Based on this, the annual report is presented on the assumption of going concern.

	2024	2023
	TEUR	TEUR
2. Staff expenses		
Wages and salaries	4,568	4,821
Pensions	459	385
Other social security expenses	1,076	822
Other staff expenses	89	71
	<u>6,192</u>	<u>6,099</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>73</u>	<u>71</u>
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	2024	2023
	TEUR	TEUR
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	44	43
Depreciation of property, plant and equipment	2,692	2,430
	<u>2,736</u>	<u>2,473</u>

Notes to the Financial Statements

	<u>2024</u>	<u>2023</u>
	TEUR	TEUR
4. Financial expenses		
Interest to group enterprises	5,009	3,355
Other financial expenses	59	83
Exchange adjustments, expenses	1,156	785
	<u>6,224</u>	<u>4,223</u>

	<u>2024</u>	<u>2023</u>
	TEUR	TEUR
5. Profit allocation		
Retained earnings	-2,354	662
	<u>-2,354</u>	<u>662</u>

6. Intangible fixed assets

	<u>Acquired licenses</u>
	TEUR
Cost at 1 January	613
Cost at 31 December	<u>613</u>
Impairment losses and amortisation at 1 January	58
Amortisation for the year	44
Impairment losses and amortisation at 31 December	<u>102</u>
Carrying amount at 31 December	<u>511</u>
Amortised over	<u>5 - 10 years</u>

Notes to the Financial Statements

7. Property, plant and equipment

	Lease assets	Other fixtures and fittings, tools and equipment	Rotables	Leasehold improvements	Property, plant and equipment in progress
	TEUR	TEUR	TEUR	TEUR	TEUR
Cost at 1 January	8,728	10,692	12,217	6,369	1,772
Additions for the year	0	94	1,041	49	1,511
Disposals for the year	-349	0	0	0	0
Transfers for the year	0	0	1,772	0	-1,772
Cost at 31 December	<u>8,379</u>	<u>10,786</u>	<u>15,030</u>	<u>6,418</u>	<u>1,511</u>
Impairment losses and depreciation at 1 January	5,843	4,987	1,784	2,866	0
Depreciation for the year	831	707	807	347	0
Reversal of impairment and depreciation of sold assets	-349	0	0	0	0
Impairment losses and depreciation at 31 December	<u>6,325</u>	<u>5,694</u>	<u>2,591</u>	<u>3,213</u>	<u>0</u>
Carrying amount at 31 December	<u>2,054</u>	<u>5,092</u>	<u>12,439</u>	<u>3,205</u>	<u>1,511</u>

8. Investments in subsidiaries

	2024	2023
	TEUR	TEUR
Cost at 1 January	<u>7,000</u>	<u>7,000</u>
Cost at 31 December	<u>7,000</u>	<u>7,000</u>
Value adjustments at 1 January	<u>-7,000</u>	<u>-7,000</u>
Value adjustments at 31 December	<u>-7,000</u>	<u>-7,000</u>
Carrying amount at 31 December	<u>0</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Airline Rotables (UK Holdings) Limited	Stansted, UK	3.079.680	100%	-2,145,000	0
Airline ST Engineering Rotables Limited	Stansted, UK	302.075	100%	-2,641,974	0
				<u>-4,786,974</u>	<u>0</u>

Notes to the Financial Statements

	2024	2023
	TEUR	TEUR
9. Contract work in progress		
Contract work in progress is recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	3,278	4,787
Prepayments received recognised in debt	-2,087	-601
	<u>1,191</u>	<u>4,186</u>

	2024	2023
	TEUR	TEUR
10. Long-term debt		

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

After 5 years	0	0
Between 1 and 5 years	768	2,077
Long-term part	768	2,077
Within 1 year	978	895
	<u>1,746</u>	<u>2,972</u>

Payables to group enterprises

After 5 years	0	0
Between 1 and 5 years	109,097	104,182
Long-term part	109,097	104,182
Other short-term debt to group enterprises	25,995	25,668
	<u>135,092</u>	<u>129,850</u>

Notes to the Financial Statements

	2024	2023
	TEUR	TEUR
10. Long-term debt		
Other payables		
After 5 years	0	0
Between 1 and 5 years	148	151
Long-term part	148	151
Other short-term payables	2,259	1,619
	<u>2,407</u>	<u>1,770</u>

	2024	2023
	TEUR	TEUR
11. Derivative financial instruments		

Forward exchange contracts have been concluded to hedge future sale of goods in USD and EUR. At the balance sheet date, the fair value of the forward exchange contracts amounts to SEK 7.000.000. Sale of goods in USD of USD 490.317 has been hedged. The forward exchange contracts have a term of the January and February 2025. Sale of goods in EUR has been hedged for January and February 2025 for an amount of EUR 175.974. Total reserve for hedging transactions EUR 37.305.

Assets	0	23
Liabilities	37	0

	Value adjustment, equity	Fair value at 31 December
	TEUR	TEUR
Forward exchange contracts	25	37

12. Contingent assets, liabilities and other financial obligations

The unrecognised deferred tax asset relating to the Danish activities amounted to approximately EUR 47 million at 31 December 2024 (31 December 2023: EUR 47 million). The deferred tax asset primarily relates to tax losses carried forward.

Notes to the Financial Statements

13. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
ST Engineering RHQ Ltd.	Immediate parent
ST Engineering Hub	Ultimate parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
ST Engineering Hub	Company Registration Number 199706274H 1 Ang Mo Kio Electronics Park Road Singapore 567710

The Group Annual Report of ST Engineering Hub may be obtained at the following address:

Company Registration Number 1981 05870H
540 Airport Road, Paya Lebar
Singapore 539938

Notes to the Financial Statements

14. Accounting policies

The Annual Report of ST Engineering Aerospace Solutions A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TEUR.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024 of ST Engineering HUB, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of ST Engineering HUB, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Notes to the Financial Statements

Leases

The Company is applying IFRS 16 as its base of interpretation for both recognition and classification of leases.

A lease asset and a corresponding lease liability are recognised in the balance sheet when a lease has been concluded and the lease asset has been made available.

The lease asset is initially measured at cost equivalent to the value of the lease liability added prepaid lease payments. The lease liability is initially measured at the net present value of future lease payments discounted at the interest rate implicit in the lease or the Company's incremental borrowing rate if the interest rate implicit in the lease is not available.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The lease asset is depreciated over the lease term. Depreciation is recognised on a straight-line basis in the income statement.

Leases with terms of less than 12 months are not recognised in the balance sheet. This also applies to leases of low-value assets. Lease payments are instead recognised in the income statement on a straightline basis over the lease term. No leases subject to variable payments have been concluded.

When assessing the expected lease term, the non-cancellable lease term is identified. If the lease includes an extension option which Management is reasonably certain to exercise, this is added to the noncancellable lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Notes to the Financial Statements

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service. Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Notes to the Financial Statements

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Aircraft components	8-25 years
Leasehold improvements	3-20 years
Other fixtures and fittings, tools and equipment	2-3 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Notes to the Financial Statements

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$