

air greenland 



ANNUAL
REPORT 2009

FINANCIAL HIGHLIGHTS (million DKK)

	2005	2006	2007	2008	2009
Operating revenue	869.7	1,011.7	1,074.7	1,152.1	1,112.9
Primary operating income	71.9	94.8	70.7	74.6	50.0
Income before taxes	67.8	90.8	73.2	83.1	52.8
Profit/loss for the year	40.8	75.0	49.3	56.7	36.8
Assets	503.2	566.8	554.8	568.2	611.7
Equity	334.7	408.9	458.2	514.9	551.7
Equity and reserves	809.4	865.0	972.9	1,011.3	1,043.7
Investments in fixed assets	72.5	108.8	83.4	115.6	147.9
Number of employees (December 31st)	569	613	620	669	668
Net profit ratio	8.3%	9.4%	6.6%	6.5%	4.4%
Rate of return	8.9%	11.0%	7.3%	7.4%	4.8%
Return of invested	13.1%	20.2%	11.4%	11.6%	6.9%
Solvency ratio	41.4%	47.3%	47.1%	50.9%	52.9%

STATISTICS

	Unit	2005	2006	2007	2008	2009
Length of scheduled service network	Km	13,578	13,527	17,922	14,235	14,235
Number of towns served	Towns	21	22	22	21	21
Kilometres flown, scheduled	1000	4,578	4,806	5,247	5,195	4,972
Airborne hours, total	Hours	17,994	21,084	23,136	24,056	22,583
Airborne hours, scheduled	Hours	10,430	10,877	11,738	11,696	11,076
Available tonne-kilometre, scheduled	1000	75,881	77,993	86,322	82,185	74,539
Revenue tonne-kilometre, scheduled	1000	48,554	49,485	51,301	53,542	49,934
Total load factor, scheduled	Percent	64.0%	63.4%	59.4%	65.1%	67.0%
Number of passengers carried	1000	343	372	403	421	399
Available seat-kilometre, scheduled	1000	554,939	573,325	641,339	604,333	578,207
Revenue seat-kilometre, scheduled	1000	427,174	441,422	468,752	485,351	458,534
Cabin factor, scheduled	Percent	77.0%	77.0%	73.1%	80.3%	79.3%
Average length of passenger flight	Km	1,244	1,188	1,162	1,154	1,149

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The board of directors

BOARD OF DIRECTORS



Julia Pars
Chairman of the board, director
Katuaq Cultural Centre
(Government of Greenland)



Lars Tybjerg
Former director
Ministry of Economic &
Business Affairs
(Danish State)



Mads Kofod
Director
Bornholmstrafikken
(Danish State)



Lars Lindgren
Director
SAS
(SAS)



Bjarne Eklund
Director
Eklund Consult
(Government of Greenland)



Claus Motzfeldt
Flight Technician
Air Greenland Inc.
(Employee Representative)



Elisabeth Fisker
Station Manager
Air Greenland Inc.
(Employee Representative)



Niels C. Frederiksen
Dep. Manager, Charter
Air Greenland Inc.
(Employee Representative)



MANAGEMENT

Michael Binzer
Michael Binzer
Chief Executive Officer



Endorsement

We have this day presented the annual report and statement of accounts for January 1st – December 31st 2009 for Air Greenland Inc.

The annual report and statement of accounts have been prepared in accordance with The Danish Company Accounts Act. We deem the accounting principles employed to be appropriate, accurately reflecting the concern and the parent company's assets and liabilities, financial situation, result and cash flow.

The annual report and accounts are recommended for adoption by the general meeting.

Nuuk, March 15th 2010

MANAGEMENT

Michael Binzer
Chief Executive Officer

BOARD OF DIRECTORS

Julia Pars
Chairman of the board

Lars Lindgren

Niels C. Frederiksen

Lars Tybjerg

Bjarne Eklund

Elisabeth Fisker

Mads Kofod

Claus Motzfeldt



The independent auditor's endorsement

To the shareholders of Air Greenland Inc.

We have audited the annual report of Air Greenland Inc. for the financial year January 1st – December 31st 2009 consisting of management review, management report, profit and loss statement, balance sheet, statement of changes in equity, cash flow analysis and notes for both the group and the parent company.

The annual report and statement of accounts have been prepared in accordance with The Danish Company Accounts Act.

Management's responsibility for the annual report

It is the responsibility of the management to prepare and present an annual report that provides a fair representation that is consistent with legal requirements. This responsibility includes the design, implementation and maintenance of internal controls that are relevant for preparing and presenting an annual report that provides a fair representation without significant incorrect information, regardless of whether the incorrect information derives from fraud or error, and selection and utilization of proper accounting practices and execution of accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and the audit

It is our responsibility to express an opinion on the annual report based on our audit. We have conducted our audit in accordance with Danish audit standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement.

An audit includes examinations to acquire evidence to support the amounts and disclosures in the annual report. The examinations chosen are dependent on the auditor's evaluation, including evaluation of the risk of misstatement, regardless of whether the misstatement is the result of fraudulent intention or not. An audit also includes risk assessment, where the auditor considers the internal controls relevant for the company's preparation and presentation of a financial report that provides a fair presentation with an end to developing auditing procedures that are suitable in the circumstances, but not with the purpose of expressing an opinion about the efficiency of the company's internal controls. An audit includes in addition an evaluation of the suitability of the accounting policies used by the management and the significant estimates made by the management as well as an evaluation of the overall presentation of the annual report.

We believe we have acquired suitable and sufficient evidence on which to base our opinion.

Our audit has not resulted in any qualification.

Conclusion

We deem the accounting principles employed to be appropriate, accurately reflecting the concern and the assets and liabilities, financial situation and result at December 31st 2009. In our opinion, the financial statement gives at true and fair view of the company's activities and cash flow for the year 2009 in accordance with the accounting provisions laid out in the legislation.

Nuuk, March 15th 2010

Deloitte

State Authorized Public Accountants

Per Jansen

State Authorized Public Accountant

Ole Sonntag

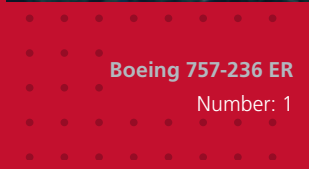
State Authorized Public Accountant



The Fleet



Airbus 330-200
Number: 1



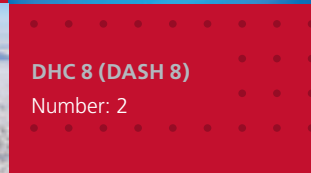
Boeing 757-236 ER
Number: 1



DHC 8 (DASH 8)
Number: 2



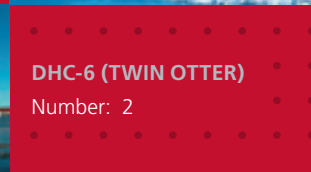
DHC-7 (DASH 7)
Number: 6



DHC-6 (TWIN OTTER)
Number: 2



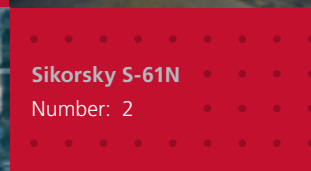
Beech Super King Air B200
Number: 1



Sikorsky S-61N
Number: 2



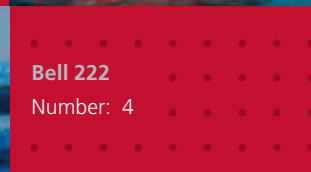
Bell 212
Number: 7



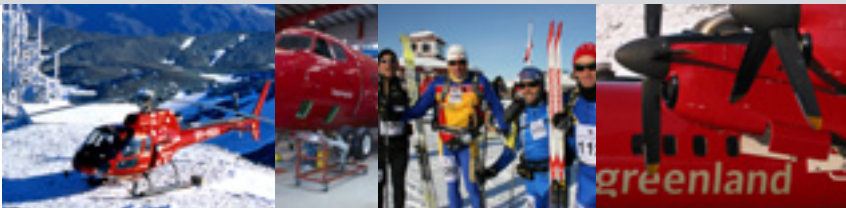
Bell 222
Number: 4



AS 350 B2/B3 Ecureuil
Number: 11



**Management
Report**



Air Greenland and the community

2009 was an unusually challenging year, both for Air Greenland and for the entire airline business. The company experienced falling numbers of passengers, declining amounts of mail and cargo, and the professional charter business also experienced a small fall in demand compared to 2008, which was a record year.

Concurrently with this fall in income, Air Greenland experienced a rise in total costs in a series of areas, including insurances, taxes and dues, and expenditure on spare parts for the aging fleet.

Air Greenland has counteracted these trends through, among other things, a comprehensive savings and development plan that is based on a catalogue of ideas which the unions and every employee was able to provide input for in 2008.

The savings plan can be divided into two main areas:

Initiatives that can be carried out in the short term with immediate, economic benefits, i.e.:

- renegotiating contracts with suppliers
- flying economically
- tanking fuel economically
- making workforce reductions, especially amongst management

More long term changes that affect the company's competitiveness, i.e.

- selling the Boeing 757
- changing the timetable
- changing the service concept on board
- phasing in the DHC 8-200, which requires less maintenance and has better fuel economy than the DHC 7
- changing the IT systems
- making continuous assessments of work processes in production

Together, the abovementioned initiatives would give annual savings of double-digit millions.

Improved dialogue and cooperation

It is gratifying that Air Greenland has achieved closer and better cooperation with several of the stakeholders in Greenland. This includes improved dialogue with Greenland's government and the Ministry for Housing, Infrastructure and Traffic. At Air Greenland we consider it to be our aim to develop this positive cooperation with the stakeholders in Greenland's society in order to increase the understanding for the – often external – circumstances on which the company bases its decisions.

Transport commission – long-term planning of the infrastructure

It is with great interest that Air Greenland follows the work in the recently-formed transport commission which has been given a very short deadline in which to present long-term recommendations to Naalakkersuisut (Greenland's government) regarding development of the infrastructure. We believe that long-term planning for the infrastructure is crucial for the healthy development of commerce in Greenland. We ask that the recommendations of the transport commission be based on a 10–20 year horizon with no appreciable effects for the first five years, because Air Greenland's investments are based on the existing infrastructure. We will make our contribution to the transport commission through one of the reference groups and these central themes will be included in our contribution:

Air Greenland believes that the community would be best served economically by extending the runways in Nuuk, Sisimiut and Ilulissat to 1199 metres and by building a 1199 metre runway in Qaqortoq. These four towns are already designated growth towns, where the passenger base is large enough to justify further investment in the infrastructure. This would open up for the use of different types of aircraft on routes to, from and within Greenland, which in the long-term would result in more cost-effective operations, thus lowering expenditure per seat per kilometre. We recommend that flights to the other fixed-wing destinations in Greenland continue to be operated by the DHC 7, which would last another 10-15 years when the growth towns are serviced by newer aircraft such as the DHC 8.

Like most companies in the transport business, Air Greenland is very capital-intensive with regard to investments, so long-term plans for extension of runways and changes in the present infrastructure have great influence on the company's ability to adapt.

Service contracts

The need for long-term service contracts, preferably spanning at least 10 years, is one of the key areas that Air Greenland believes should be given high priority in future discussions concerning the infrastructure. The company is facing huge investments in new helicopters, where the replacement of the 40 year old S-61s is particularly necessary. However, this requires clarification of the long-term plans for the infrastructure. Otherwise, we will be obliged to lease aircraft on short contracts at a much higher price. The total economic burden on society for maintaining traffic to the settlements and outlying districts is expected to

increase in coming years, if the existing level of service is to be maintained.

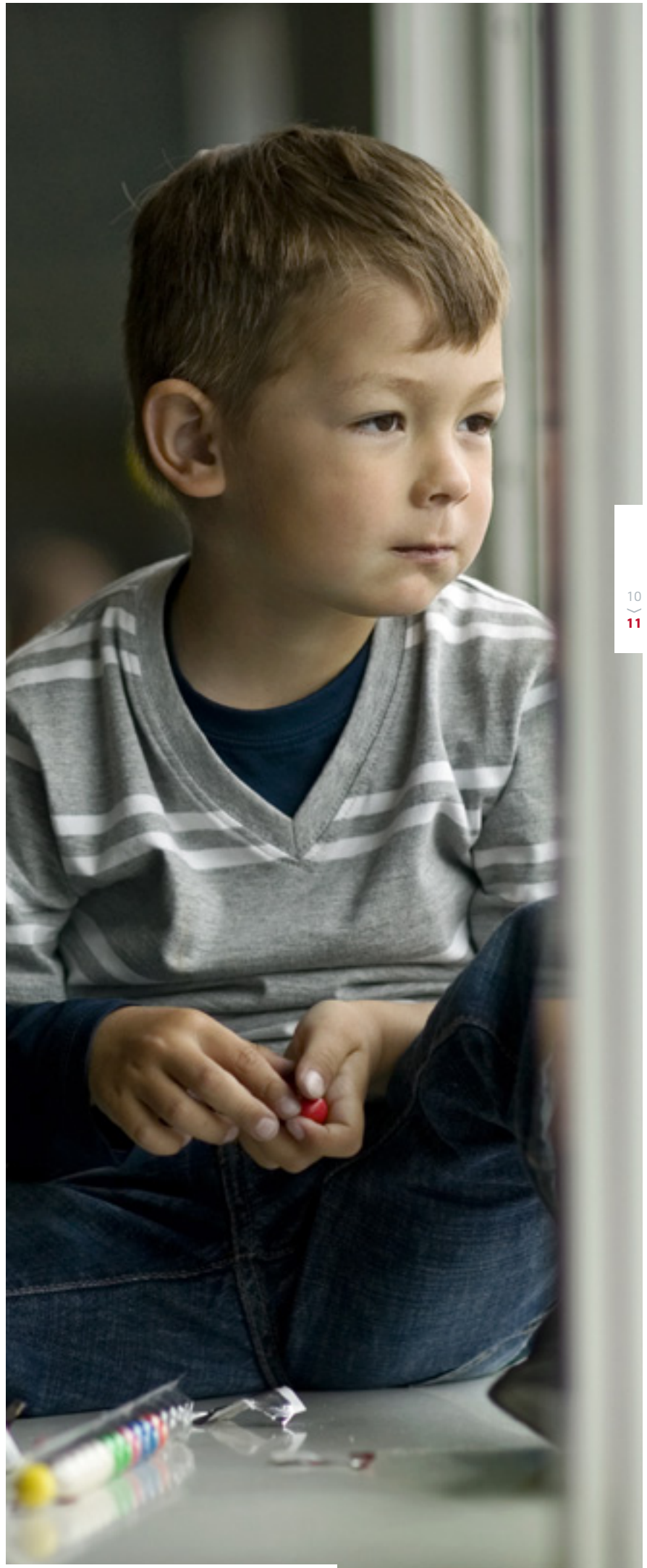
Membership of Greenland's Employer Association

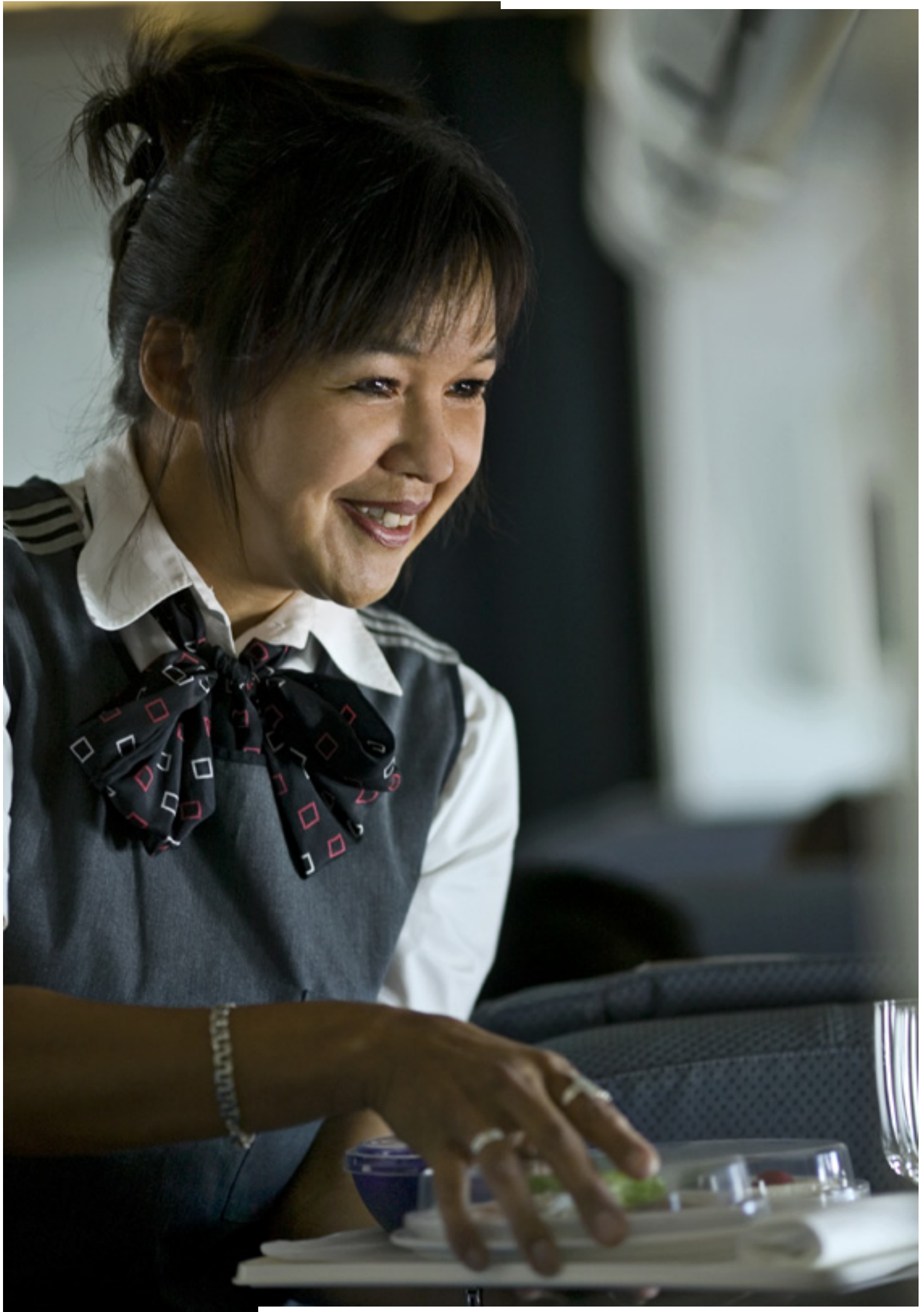
After careful consideration, Air Greenland decided to join Greenland's Employer Association on January 1st, 2010. This was mainly due to a desire to influence general conditions for Greenland's commerce under the structural changes that are affecting a wide range of businesses in Greenland right now. It is Air Greenland's opinion that in future, when Greenland experiences growth within major construction work, increased activity in the mineral and oil industries and conditions for fishing, companies and business in Greenland will need to work together so they can join in bidding for larger contracts, taking up the sharp competition against big, foreign companies. We believe that a strong employer association can help to put focus on training and utilisation of local competences, thus ensuring local tax revenue.

Mittarfeqarfiit

Air Greenland is greatly concerned about the increase in total tax costs related to air transport to, from and in Greenland. The level of taxes in Greenland, including start and landing taxes, overflight taxes, security charges and not least passenger taxes have reached a level where they have a significant effect on demand. This concern applies particularly to the tourist sector, which will be hit hardest by recently announced rates for 2010. These rates entail an annual increase of about DKK 26 million. Mittarfeqarfiit has a huge investment backlog, so Air Greenland is calling for the political will to reduce Mittarfeqarfiit's payment to the government of Greenland. In 2009 this amounted to DKK 11.1 million.

We would like to see Mittarfeqarfiit exempt to a greater degree from this fixed annual expense so that the total price paid by the passenger for a flight could be reduced accordingly, or that Mittarfeqarfiit could use these funds to accommodate the enormous investment backlog with regard to equipment and facilities at terminals. Mittarfeqarfiit's investment backlog affects regularity of flight operations, airport opening hours and finally, the service experienced by passengers at the terminals.





Rescue preparedness – still a hot issue

There is still no clarification regarding emergency preparedness in connection with SAR (Search And Rescue) in Greenland. It is disturbing to see an increase in cruise tourism to Greenland, without a corresponding increase in resources to establish a broader rescue preparedness with higher capacity than at present. Air Greenland would like to take part in a close dialogue with the authorities in order to achieve a better rescue preparedness for the benefit of the population and the cruise guests that visit Greenland's coast.

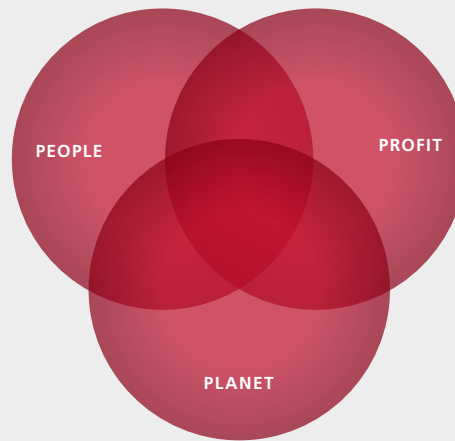
Offshore starts up in Greenland

One of the interesting areas of business followed closely by Air Greenland is offshore oil exploration and here the Scottish company, Cairn Energy, will already start drilling for oil off Disko Island in the summer of 2010. At present, Air Greenland does not possess the necessary expertise or the necessary equipment to satisfy the demands of the oil companies for offshore operations. We will spend the coming two years preparing the company so it can live up to the very extensive qualification requirements which the oil companies make to both crew, equipment and operating procedures so that we can be an attractive partner with local roots, when the next offshore contracts are negotiated. Air Greenland regularly evaluates this area of business and in 2010 it is to start working together with a Canadian operator flying with S-92 and S-61 to acquire know-how and experience in this area. This involves, in part, some of Air Greenland's pilots and technicians who will be rented out to the Canadian partner and, in this connection, trained in the necessary skills. Servicing offshore companies involves the provision of a wide range of services such as charter flights with fixed-wing aircraft, handling, scheduled flights and medical evacuations etc.

Strategic focus on CSR

As an important part of Air Greenland's five year strategic plan, Qarsoq 2012, the company is working strategically with focus on its corporate social responsibility. For many years, Air Greenland has been conscious of the responsibility it has as Greenland's biggest workplace, but through Qarsoq 2012 we have chosen to make it a strategic focus area. With its policy of Corporate Social

Responsibility - CSR - Air Greenland wants to put words and actions to the responsibility that comes with being part of the community and being a place of work and training, while also being a business that provides a product that is beneficial for its customers. This responsibility encompasses the company's efforts within the following main areas:



The planet should be understood as being responsible for the environment and the climate, which includes reducing CO₂ emissions for all parts of the group's operations and strategic efforts to reduce the company's impact on the environment, etc.

- The company is included in EU's Emission Trading Scheme, so from 2012 we will have to make use of CO₂ quotas for emissions from the company's jet aircraft on the routes between Greenland and Denmark/EU. This requirement leads to a natural focus on reduction, e.g. through flight routes, landing and take-off procedures and fuel types etc.
- The early preparations for a climate strategy were initiated in 2009 and the company has an established environmental catalogue for reducing impact on the environment.
- With the purchase of the more fuel-economic DHC 8-200 Air Greenland will be able to begin phasing the aging DHC 7 aircraft out by May 2010. The company also has a longer-term strategy that takes into account replacing aircraft and helicopters with more environmentally friendly types, provided there is the

necessary expansion of the infrastructure as mentioned in the section regarding the transport commission.

- Air Greenland has a so-called CO₂ neutral home page where the CO₂ emission that is related to use of the homepage is neutralized through the purchase of credits.
- The company has entered into a strategic co-operation agreement with the American organisation, CREST (Centre for Responsible Travel), which requires that the company's business conduct is based on sustainable tourism.

People means responsibility for people, the local community and work with development of skills and competences and this is an area of priority with Air Greenland.

Internal:

- Air Greenland's HR strategy focuses heavily on locally-based training for positions such as terminal workers, office assistants, traffic assistants, cabin crew and mechanics. In 2009, co-operation with Greenland's government concerning pilot training was expanded from fixed wing aircraft only to include training for helicopter pilots.
- The company aims to hire local labour to the extent that the competence is available in Greenland.

External:

- The company is involved in work with social issues which are primarily related to vulnerable children in Greenland, for example through alliances with voluntary Greenlandic organizations for children and the Child-to-Child campaign in the summer of 2009. Here, the sale of child's tickets on Air Greenland's transatlantic routes activated donations to children's organizations in Greenland.
- Joint-originator behind bringing the 2nd part of the HD (Diploma in Business Administration) course to Greenland.

Profit is the focus on the company's economy and business, for example compliance with the corporate governance regulations set down on the Greenlandic version of the Nørby Report.

- The company and its employees paid a total of DKK 141 million in taxes in Greenland in 2009.
- Air Greenland's annual turnover is about 10% of Greenland's gross domestic product (GDP).
- Through a focused sponsor strategy money is channelled back to society to support tourism, humanitarian purposes, sports and culture.
- Purchases are made locally where it is possible and prudent to do so. This also includes aiming at undertaking major maintenance of the airline's fleet in Greenland rather than sending aircraft abroad.

Sponsorships

Air Greenland is main sponsor for Greenland's Athletic Association, Team Greenland and Arctic Circle Race and also sponsors Make May Healthy. In the cultural sphere, the company is main sponsor for Katuaq – Greenland's Culture Centre, which includes NAPA, and the culture centres of Sermermiut (Ilulissat) and Taseralik (Sisimiut). Air Greenland has also supported a series of humanitarian initiatives through organisations for children and adolescents and through the Cancer Foundation in Greenland.

Sponsorships should be long-term agreements which are mutually beneficial for all parties: customers, sponsor partners and the company. This was why the company adjusted its guidelines for sponsorships at the end of 2009. In future, the focus will be 100 per cent on long term agreements with organizations and institutions that reflect the company's values.

In 2009, sponsorships have been given to Lions Club's Christmas lotteries, Greenland in Tivoli, TV2's project "Handicapped in Greenland", the health authorities, transport of Christmas hampers in the Tasiilaq district, the student union Avalak, the film project "A Taste of Greenland", Climate Greenland, Greenland's National Day June 21st 2009 and Red Cross, to name a few.

International standards and principles

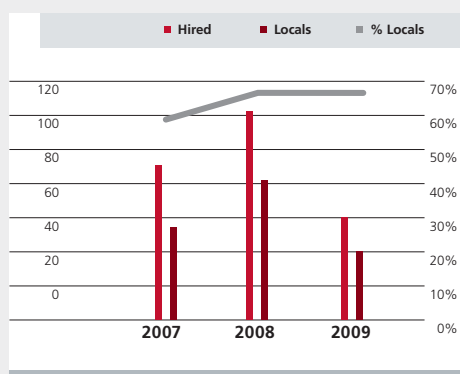
Air Greenland has not yet made a final decision regarding adoption of the UN Global Compact programme which sets out 10 principles which a socially responsible business should follow. In 2010 we will carry out a so-called gap analysis in order to identify focus areas in relation to this UN programme.

Together with a series of other Greenlandic companies Air Greenland took the initiative in 2009 to start a network called CSR-Greenland, which will help to put CSR on the agenda in a Greenlandic context.

The benefit of corporate social responsibility/CSR Working with CSR is both short term and long term, because the company is driven by a desire to ensure employment and work for the local population, whether it is as an employee with this company or as a supplier to the international companies that are expected to settle in Greenland in coming years in connection with, for example, exploration and the oil industry. In the short term this work should preferably support our image as a socially responsible and committed company, which is an important parameter for the company with regard to attracting job seekers. Many foreign business partners and customers are making increasing demands for an active strategy and initiatives within the field of CSR. As part of its CSR strategy, Air Greenland has selected a series of relevant targets to attain within people, planet and profit.

In addition to this, there are students and natives who are employed abroad and return to Greenland. The definition of local is a person who has resided in Greenland for three years at the time of his/her appointment.

PERCENTAGE OF LOCALS AMONGST NEW EMPLOYEES



Qarsoq 2012 Status

At the end of 2009 we started a comprehensive evaluation of the progress of the Qarsoq 2012 strategic plan. The plan has focused in general on customer-related initiatives based on responses to both qualitative and quantitative customer surveys carried out in cooperation with the Loyalty Group.

The targets for the coming three years for Qarsoq 2012 are: visible customer improvements as well as better information about irregularities through text messages, the opportunity to check baggage through to the next destination, e-ticket availability through cooperation with other airlines, adjustment of the price and service concept, simplification of on-line booking, and improved availability of check-in using check-in machines and the internet.



Nuliama isumannaatsuunissaq sullissinerlu ullut tamaasa ataqatigiissartarpai

Miap tamaasa sapingilai. Isumannaassuseq, ilorrisimaarneeq sullissinerlu. Qungujulaarlunitu sulliassani timmisartornertu nuannersuunissaa isumagiarlugit.

Pitsaanerpaamik apuussiarpuqut

Min kone sørger hver dag for, at sikkerhed og service går op i en højere enhed

Mia har altid styr på det hele. Sikkerhed, komfort og service. Som stewardesse gør hun flyveturen til en god oplevelse. Hun har enden til at klare det hele med et smil.

Vi bringer det bedste frem

air greenland

Mia aamima Knud Pilemand, Ilulissat

Example of image advertisement. The idea is to show that almost everyone has a relationship to Air Greenland – and that they are proud of the fact.

RESULTS ACHIEVED IN 2009

- Decision to sell the Boeing 757 as part of the savings plan
- Comprehensive savings plan carried out
- Purchase of two DHC 8-200
- Purchase of one AS350
- Partial strategies for IT and HR passed by the board
- Decision to build a new hangar for the AS350 fleet
- Upgrading of the integrated booking system New Skies 3.1
- New conference wing at Hotel Arctic
- Air Greenland Travel is taken over by Greenland Travel
- New home page with increase of e-trade share to 39% of ticket sales
- Establishment of a call centre for ticket sales/support
- Initiation of frontline service courses for more than 300 employees
- Introduction of total on-line based system, Q-pulse, for safety follow up and reporting, auditing and registration of contracts
- Low price calendar on-line at www.airgreenland.gl/dk/com
- Check through of luggage to Aalborg and Århus
- Leader development programme completed



Financial development

The group made a profit of DKK 52.8 million before tax and DKK 36.8 million after tax. Compared to 2008, profits were down DKK 30.3 million and DKK 19.9 million respectively.

Profits for 2009 lived up to the overall expectations, despite it being a difficult year with a fall in turnover of DKK 39.1 million. This fall was partially compensated for, by lower fuel costs.

The parent company

Compared to 2008, profits for 2009 before income from capital investments in subsidiary and associated companies and tax were DKK 24.3 million lower.

The fall of DKK 39.3 million in the parent company's turnover is due to a reduction of DKK 16.7 million in charter revenue in Greenland following a general drop in demand after the record year of 2008, and a fall of DKK 25.7 million regarding the transatlantic aircraft, primarily due to 5% fewer passengers and 2% lower yield.

Fuel costs fell a total of DKK 31.4 million due to lower prices. As a result of this, the fuel surcharge on transatlantic flights was dropped from October 1st, 2009. Fuel surcharges in 2009 were related to the portion of extra fuel costs from earlier years that were not charged in 2008 and this has had a positive effect of DKK 21.2 million in 2009.

Despite a total of 5% fewer passengers, the cabin factor compared to 2008 only fell by 1 percentage point to 79.3%, due to precise, prompt optimisation of capacity and this was satisfactory. The total reduction in numbers of passengers is partly a result of lower activity and partly due to increased competition from Air Iceland.

Subsidiaries

The number of tourists who chose to travel to Greenland in 2009 was considerably lower than in both 2008 and 2007. This has been clearly felt by both Hotel Arctic and Greenland Travel.

Both Air Greenland's wholly owned subsidiaries are very dependent upon the tourist sector which in some places has experienced reductions of up to 30% in 2009. For obvious reasons, this has had a negative effect on the earnings of both companies in 2009. Greenland Travel had a loss of DKK 1.3 million and Hotel Arctic had a loss of DKK 2.0 million. Both results must be regarded as being unsatisfactory.

At Hotel Arctic, expansion work over the past three years was brought to a close with the completion of a 5-star conference centre. During these three years the rooms in the original wing have undergone renovation. The hotel has expanded with 33 rooms and is now ready to receive the expected growth in both the tourist sector and the conference sector.

In 2009, increased depreciation and fewer guests, especially transit and tourist guests, had a negative effect on earnings. The conference wing has, however, had a positive effect and this sector continues to expand.

In Greenland Travel it is particularly the direct fall in sales of tourist travel as well as the fact that the average tourist bought cheaper holidays that had a negative effect on earnings.

Concrete initiatives have been taken in both companies to ensure that 2010 is spent on adjusting operations to the new, lower level and ensuring a higher degree of marketing of Greenland, especially through on-line sales. Former CFO in Air Greenland, Ove Nielsen, has been appointed chairman of the board for both companies to ensure good integration into Air Greenland's strategy plan, Qarsoq 2012.

Associated companies

Ownership of Arctic Umiaq Line A/S is shared equally with Royal Arctic Line A/S and the company had a loss in 2009 of DKK 7.2 million before tax and deficit guarantee. The deficit guarantee which is provided by Rederiefviklingsselskabet af 1. april 2006 A/S (the liquidation company for the shipping company) was released with DKK 5.0 million, so the loss for the year was DKK 2.2 million, which is not satisfactory.

Rederiefviklingsselskabet af 1. april 2006 A/S has provided a deficit guarantee for the years 2007, 2008 and 2009 covering a total of DKK 15.0 million, with a maximum of DKK 5.0 million annually, against Arctic Umiaq Line A/S' guarantee to operate commercial passenger shipping on the coast during these years. Royal Arctic Line A/S and Air Greenland estimate that it is not possible to operate coastal passenger shipping on a commercial basis without subsidies. Divestment of Arctic Umiaq Line A/S has therefore been initiated and the ship is expected to be sold in the summer of 2010.

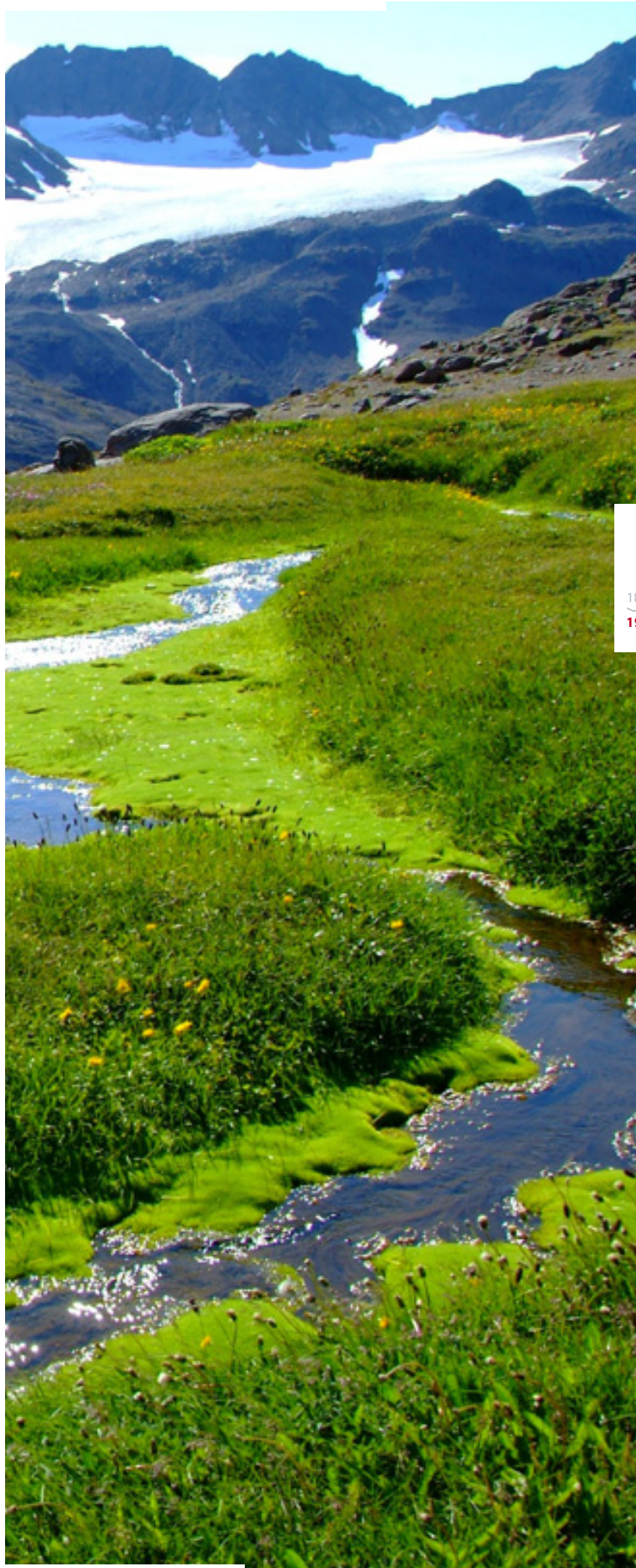
Greenland Travel A/S owns 50% of World of Greenland A/S (WOG) and 40% of World of Greenland – Arctic Circle A/S (WOGAC). Both incoming companies are to help to develop tourism in their own regions and to provide quality products.

WOG made a profit before tax of DKK 0.5 million, which is satisfactory seen in the light of the fall in turnover that has hit the branch.

WOGAC made a loss before tax of DKK 1.0 million, which is not satisfactory. Several initiatives have been taken to improve performance and in February 2010 the company bought a significant share of the assets from competitor Kangerlussuaq Tourism, which has gone bankrupt. In addition to expectations of significantly increased activity as a result of being the biggest incoming company in Kangerlussuaq, this consolidation of the market also has the potential for economic benefits resulting from large scale operations.

Financing and liquidity

Liquidity in the parent company has improved by DKK 11.6 million and the operating income in 2009 contributed with DKK 176.0 million. The liquidity has been used to invest in fixed assets for the net sum of DKK 138.9 million and repayments on loans of DKK 25.5 million.



Human Resources

After a long and thorough process, Air Greenland's HR strategy was ready in 2009. See the figure at the bottom of this page.

The HR house, as we call the model, consists of a foundation that reflects the employees in the HR department, their professional and people skills and organisation. The walls illustrate the administrative processes, HR as part of managerial responsibility, the ongoing development of all employees, the well-being of the employees and finally, particular attention is given to Air Greenland's social responsibility. The roof is the HR mission, HR strategy and Air Greenland's fundamental values.

2009 was also the year when the entire group's management development programme was formally completed, after a total of 72 managers and key personnel completed the three modules with intervening personal development projects. The management development programme was tailor-made for Qarsoq 2012 in collaboration with the Centre for Management. We are continuing development of the group's managers in accordance with strategic requirements. Focus in 2010 will be on, for example, line management communication.

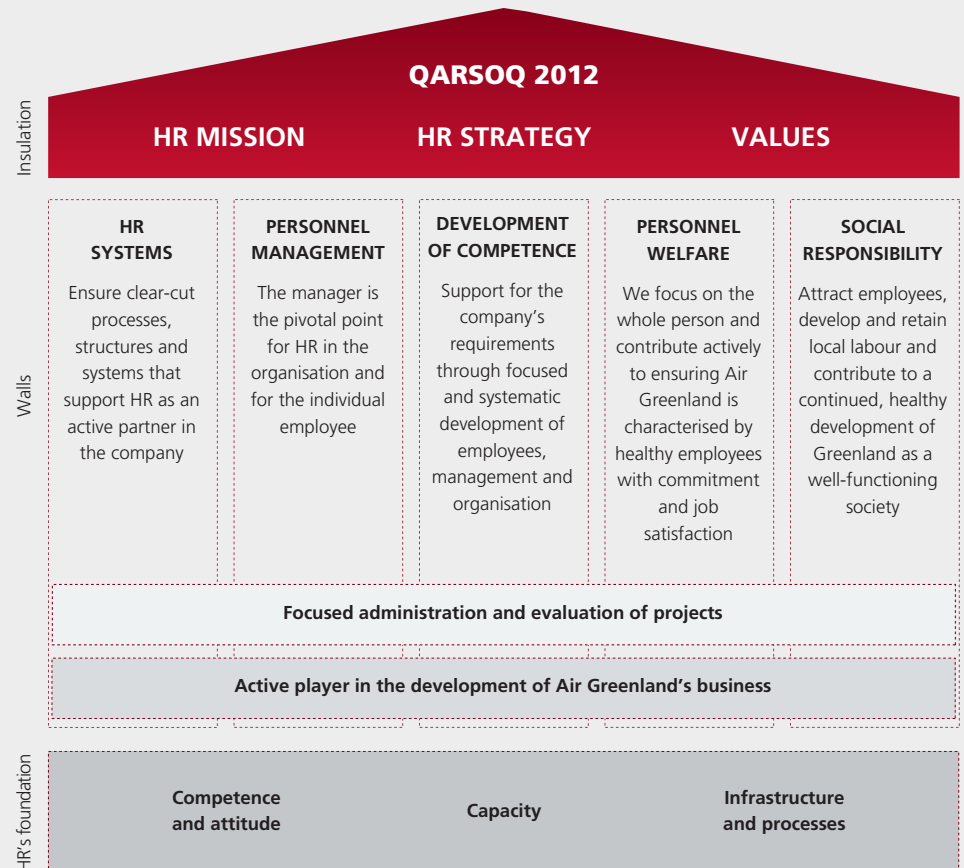
Another competence-developing project based on values began at the end of 2009. All front line personnel from Hotel Arctic, Greenland Travel and

Air Greenland take part in a two-day service course which, based on our values, puts the responsibility for providing service onto the front line personnel. Nine selected ambassadors, all employed within the group, have completed a train-the-trainer course and they will undertake the teaching of about 300 of their colleagues.

Air Greenland wants healthy employees and backs this up with action. We have therefore entered into agreements with fitness centres, ski-lifts, public swimming pools and other recreational sports schemes both in Nuuk, on the coast and in Denmark. In several places there are company fruit arrangements and the canteen at head office in Nuuk is constantly working towards a healthier, greener profile.

As a socially responsible company, Air Greenland has worked together with Greenlandic university students concerning their thesis on communication. Furthermore, Air Greenland is involved as a case in part of the TNI Study at Niuernermik Ilinnik. The company has three graduates working on the newly-established HD course in Greenland as part of the strategy to retain and develop the locally-based workforce on all levels.

In addition to helping with selection for, and the regular follow-up of pilot training, Air Greenland has young people in training as aircraft mechanics, traffic assistants, terminal workers and cargo



assistants. We also have interns from Jern- og Metalskolen (Construction School) and Niuernermik Ilinniarfik (Business School).

Two of the company's aircraft mechanic trainees who completed training in 2009 scored the highest possible marks at their exam and were nominated for an award by the Metal Industry's Training Committee. Training to be an aircraft mechanic takes about five years and afterwards it is necessary to acquire one or more type certificates. It takes about 7 years for a person to become a type-certified aircraft mechanic able to undertake un-assisted jobs such as being station mechanic for the Bell 212.

HR facts

Employee turnover in 2009 was 13.7%. This average covers high numbers in July, when many trainees completed their education and December, where several employees transferred to Greenland Travel.

On December 31st 2009 there were 594 employees, including 32 trainees

In 2009 the following completed their training:

- 2 aircraft mechanics
- 5 traffic assistants
- 1 terminal worker
- 18 cabin attendants

There were the following trainees at the end of December 2009

- 2 canteen and cafeteria trainees
- 3 terminal workers
- 10 traffic trainees
- 1 cargo probationer
- 13 aircraft mechanic trainees
- 2 TNI trainees
- 1 NI 2 trainee
- 3 HD part 2 trainees



Operations

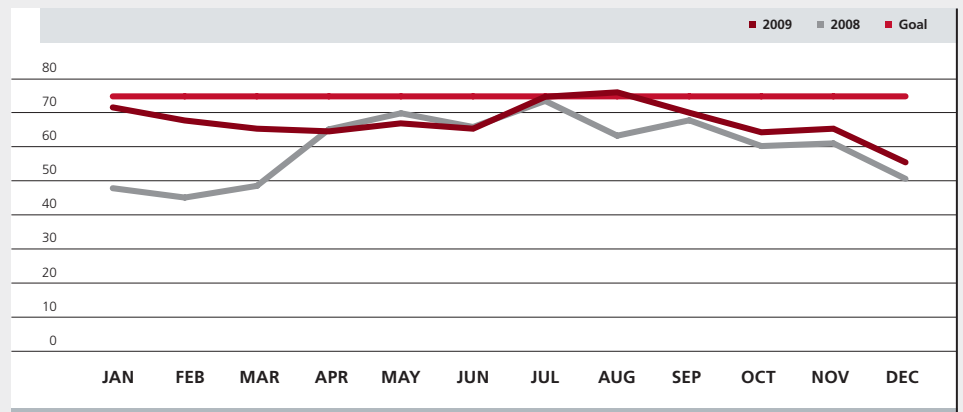
There were again enormous challenges with regard to regularity in 2009. Although there is still some way up to the company's internal target of an average regularity of 75%, the 67.5% is a significant improvement compared to 2008, where the average regularity was 61%. Regularity is defined as the number of flights that depart on time plus up to 15 minutes.

The three factors that have the greatest influence on regularity are still the weather, the landing facilities/de-icing equipment at airports and technical situations. Problems with the latter occur not least on the aging DHC 7 fleet which operates the major part of Air Greenland's route net.

Work is constantly taking place to improve regularity and this is reflected in the almost seven percentage point increase compared to 2008. In 2008 a work group was set up with the task of finding out how we could be better at ensuring flights left on time. Part of the improvement in 2009 can be attributed to this work.

On flights out of Copenhagen with the Airbus 330, the extra focus has resulted in a series of concrete initiatives such as having the aircraft ready at the gate in good time, delivering catering on time and in appropriate quantities, correct baggage sorting in containers for departure out of Kangerlussuaq etc. These processes have a huge impact on punctual departure from Copenhagen and the more departures that leave punctually from Copenhagen, the fewer consequential delays there will be on the domestic route net.

PUNCTUALITY. % OF DEPARTURES WITHIN 15 MINUTES





Technically speaking

It is becoming increasingly difficult to obtain spare parts and components for the DHC 7 fleet. As with other items that are rare, the prices of the parts we buy reflect this. Not least for this reason, it is gratifying that the company will be introducing the DHC 8 into the fleet in 2010.

The two DHC 8-200s were bought from Horizon Air in Portland, Oregon, in the autumn of 2009. Both aircraft were manufactured in 1997 and have to undergo major inspection, as well as modification and transition inspection, to enable them to obtain OY (Danish/Greenlandic) registration. The aircraft are expected to arrive in Nuuk by May 1st 2010 at the latest.

In February 2009 Air Greenland took delivery of a brand new AS350 helicopter, thus bringing the AS350 fleet up to 11 for the 2009 season. Later in the year it was decided to purchase another one and this helicopter will be delivered in the first week of May 2010, although delivery time is usually 36 months for this type of helicopter.

It was necessary to send a Bell 212 to Patria in Stockholm for its Major Inspection - MI - in 2009 due to shortage of labour and space. It is very costly and time-consuming to ferry a helicopter to and from Europe for maintenance and it is difficult to have 100% control of the entire process, so this solution is not desirable. With the experience we have gained from this MI, it has been decided that all future MIs will take place in Greenland. This will help to retain work places in Greenland and with the expansion of hangar 2 in 2011 we will have a dedicated area in which to carry out maintenance.

It was unfortunately not possible to phase the Bell 222 helicopter out of the fleet in 2009, but there is only one active Bell 222 in the fleet and therefore two of the company's other Bell 222s have been put up for sale. The market for Bell 222s is very slow and the deals that have been made show that the market price for this type is extremely low. The two machines that are ready for sale will be located in Kangerlussuaq until they are sold. If the helicopters are not sold within the next 12 months we will consider stripping them down and selling the components, as there is a shortage of spare parts for the Bell 222.

Cimber Data, the company that owns our digital management tool for planning and documenting maintenance, AMICOS, informed us at the beginning of the year that it would phase out or update AMICOS. The situation has not yet been clarified, but at the moment it looks as though Cimber Data is going to provide the necessary resources. However, the annual fee for AMICOS has risen by 100% and Air Greenland is therefore looking for alternative solutions.

As in previous years, there has been a shortage of type-certified aircraft mechanics, but with our new, improved long-term planning for major maintenance, we have succeeded in significantly limiting the amount of work that is carried out on overtime. This has reduced problems with staff shortages and also resulted in savings. The mentioned shortage of type-certified mechanics looks as if it will continue to some degree, even though we take on four trainee mechanics each year, and this is in part because the average age of aircraft mechanics in the IFAG arrangement (the so-called 30/30 arrangement) is 53 years. We expect there will be a significant need to take on new mechanics over coming years as this group gradually takes retirement.



Market development

One of the requests our customers have made in the customer surveys was for a greater differentiation of Air Greenland's prices. Results of extensive work which started at the beginning of 2009 mean that, from the beginning of 2010, Air Greenland will offer a wider range of prices to and from Greenland. It will be possible to purchase a flight at a low price, provided it is booked well in advance. Two low-price calendars have been established at www.airgreenland.gl/dk/com where the customer can easily find information about the timetable and availability. The time of booking will therefore to a high degree determine which product prices are available to the customer and this in turn has the effect that Air Greenland can utilize the total seating capacity in a better manner and compete on an equal footing with other airlines.

The advent of the financial crisis was already obvious by the end of 2008 and it continued far into 2009. Sales from the travel agents were considerably lower than both the budget and sales for 2008. In general the travel agents sold the same number of tours as the year before, but they were primarily cheaper holidays which replaced tours in the luxury sector and the higher price ranges. This was particularly noticeable on sales of tours to Greenland which are traditionally more expensive.

Towards autumn there were again positive tendencies in the agent segment and it was again possible to sell products in the higher price ranges. At the same time, the tours were sold much earlier than was the case a year ago.

In order to bring in new customers, there is more international focus in the sales department and we expect that even more international guests will fly with Air Greenland in 2010.

Distribution

Our on-line booking system has made great progress in 2009. In addition to travel agents and private individuals booking on-line we have also promoted sales to other companies through the business portal.

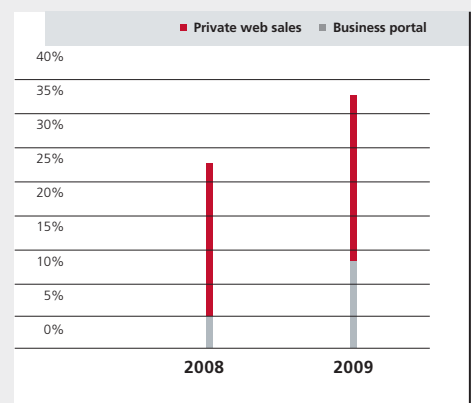
Activities in connection with the business portal have born fruit, without stealing business from private web sales. The target is that 50% of all reservations in 2012 should be made through these channels. In December 2009 we reached over 50% for the first time for a single month.

The E-sales department, which is responsible for on-line sales was expanded in 2009 from one to two employees. At the same time, collaboration was started with a bureau of consultants which will help to get more traffic and therefore more sales to the company's home pages. Where there used to be one home page with three languages, there are now three different home pages, each with its own language, directed at the Greenlandic, Danish and international markets. Visitors can now be tracked, which means that Air Greenland can measure with great accuracy whether newsletters, banners, Google optimizing and advertisements etc. have the desired effect. As a result of improvements on our three home pages the number of visitors in December 2009 was more than twice as many as in the previous year.

In 2009, Air Greenland decided that Air Greenland Travel should return to Greenland Travel from January 1st, 2010. This means that 14 members of staff who worked at Air Greenland Travel in Nuuk, Ilulissat and Sisimiut respectively, now work for Greenland Travel, under the leadership of Greenland Travel in Copenhagen. As the same time, Air Greenland has established a call centre to provide support for the home page, the customers at the business portal and for direct sales over the phone. These tasks used to be handled by Air Greenland Travel. Furthermore, in 2009 Air Greenland also set up a Key Account Management function for companies in order to have closer contact with major customers and to maintain a dialogue about new initiatives and so on.

In December the Navitaire reservation system was upgraded to a new version. This, together with a series of other on-going initiatives means that in 2010 Air Greenland will be part of the global distribution systems, which will increase international distribution considerably. It will also open the

WEB SALES-SHARE OF TOTAL SALES



door for collaboration agreements with other airlines, which is a significant improvement for the customers.

Domestic traffic in Greenland

Domestic traffic on the competitive routes fell in 2009 by a noticeable 6%. The cabin factor was 72%. Growth was hampered by reduced demand, first and foremost within the tourist sector, and increased competition on international flights from Iceland direct to Nuuk, Ilulissat and Narsarsuaq.

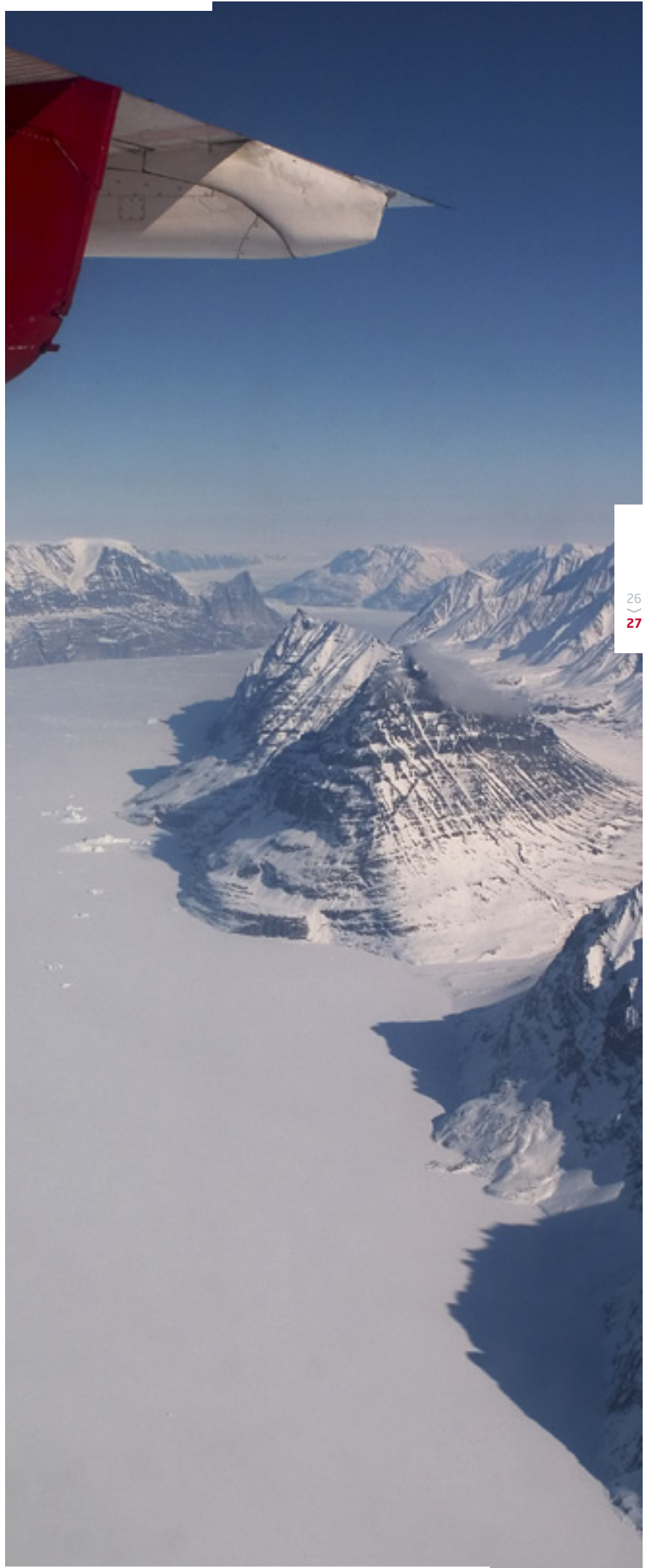
Overseas traffic

In the past year, Air Greenland has flown four times weekly between Copenhagen and Kangerlussuaq and once weekly between Narsarsuaq and Copenhagen. These flights have taken place throughout the entire year. In the summer period we have flown up to 12 times weekly between Denmark and Greenland. Despite hard competition from Air Iceland, occupancy has been good, with a sound cabin factor. The challenge for Air Greenland is that our competitor only flies in the attractive, peak season, while Air Greenland flies all year round. In order to achieve year-round cost-effectiveness, it is necessary to make a good profit during the summer so we can keep the same price level during the less attractive, off-peak season. The Copenhagen-Narsarsuaq route has operated with considerable losses for many years. In order to maintain year-round flights to South Greenland prices were increased by 34% in 2008, which resulted in a fall in numbers of passengers on the route by one third in 2009. With this development, Air Greenland can see no other option than to close the route in the winter period. This will take effect for the first time from September 2010. The plan is to re-open the summer route from June 2011 as a seasonal route.

At the end of March, SAS chose to abandon the planned 2009 summer route between Copenhagen and Kangerlussuaq. Air Greenland gave all SAS passengers the offer of flying with Air Greenland for the same price and the majority accepted this offer.

Group packages

The "group packages" which were sold by Greenland Travel have been quite successful. These packages include flights with Air Greenland, overnight stay at Hotel Arctic, transport with Arctic Umiaq Line and accommodation and excursions with World of Greenland. These packages are mainly sold in the off-peak season where all parties have unsold capacity. Air Greenland also offers attractive package prices to other tour operators who make up and sell package tours to Greenland.



Service contracts

The agreements concerning service contracts that Air Greenland has had for the past four years with Greenland's Home Rule government continued unchanged in 2009. One year remains of the contract period and at the end of 2009 the company offered the government a two-year extension and this offer is expected to be accepted in the middle of 2010.

Charter

Charter sales of the two large aircraft were considered to be at a satisfactory level in 2009, although not as high as in 2008. This was because the company's Boeing underwent major maintenance during a six week period at the end of 2009. Conditions for 2010 are completely different because of the expected sale of the Boeing in September and also because the number of flights in connection with changeover of cruise passengers will fall significantly.

On the domestic front, turnover fell by a total of 11% compared to 2008. The greatest percentage fall was found in the tourist sector with about 30% despite the fact that this segment had at its disposition a greater peak-season capacity than in the same period in 2008. The financial crisis had an influence on exploration activity and it was also clearly felt that funding in connection with the International Polar Year had been used up. Finally, there was a significant decline in business from both Tele Greenland and the Health Authority. The Health Authority is a large and important

customer, but especially with this type of flying it is obviously difficult to predict when and where the need for transport will arise. However, predictions for 2010 are optimistic because of expected high activity in connection with exploration again. It appears that demand is determined more by high metal prices than by the financial crisis. Scientific exploration is also picking-up because large sums have been granted to fund climate studies. On the tourist side, it looks as if heliskiing is slowly on the way up again, but we do not believe there will be an increase in tourist flights to Disko Bay, because there has been a notable fall in the number of cruise passengers.

Mail and cargo

Cargo turnover fell in 2009 by 9%, and mail turnover fell by 8%. Air Greenland expects that mail quantities will continue to decline, but is more optimistic with regard to cargo turnover, due in part to the restored high level of exploration business.



Expectations for 2010

Air Greenland has cautious expectations for development regarding numbers of passengers to, from and in Greenland in 2010, because there is still a degree of reticence among the largest business customers and public authorities. Subsequently, the timetable for 2010 is very production-oriented with fewer "blind flights" where the aircraft fly empty on one stretch to pick up passengers in another town. The businesses in the tourist sector expect a slight improvement for tourism and this will have a positive effect on wholly and partially owned subsidiary companies that are very vulnerable to the state of the market in Denmark, which continues to be the absolute biggest market for tourist products.

Competition from Air Iceland is still considered to be a challenge to Air Greenland's earnings in the crucial peak-season. It is expected that this competition will mean falling, average ticket prices for some holiday and tourist travellers. This in turn will have a negative influence on the total economic expectations for the year and the company's ability to offer reasonably-priced flights on a year-round basis. We will seek to offset this through a strong focus on expenditures on one hand and increased focus on new initiatives for routes and pricing on the other hand. For example, on May 5th 2010 Air Greenland will open two new routes to Keflavik, from Nuuk and Narsarsuaq respectively. This initiative will escalate during 2010 and is expected in time to make Air Greenland more competitive in the form of lower unit prices.

Within the professional charter field, 2010 is expected to bring increased demand for helicopter hours for the AS350 fleet in particular. It appears generally that the mineral and exploration companies which survived the financial crisis came through the crisis strengthened. They have apparently achieved better and earlier financing for their projects in Greenland than was the case in previous years. In this connection, Air Greenland is following with interest foreign helicopter companies that are establishing activities in Greenland. This does not always take place on the basis of the same requirements and regulations under which Air Greenland operates and this is cause for concern. In this connection, Air Greenland would like to see the authorities keep a closer eye on the ability of external companies to comply with current regulations, both with regard to use of local labour (Social Impact Assessments) and the condition of the equipment and maintenance

programmes. The goal to use local labour and local suppliers should also be reflected in the relevant legislation.

Air Greenland expects Cairn Energy's offshore exploratory drilling off Disko Island to help to increase activity levels in several links of Air Greenland's food chain with subsequent positive effects on earnings. This area of business is predicted to have great commercial potential and in 2010 Air Greenland will consider the company's role and strategy with relation to this future area of business.

Profit and risk assessment

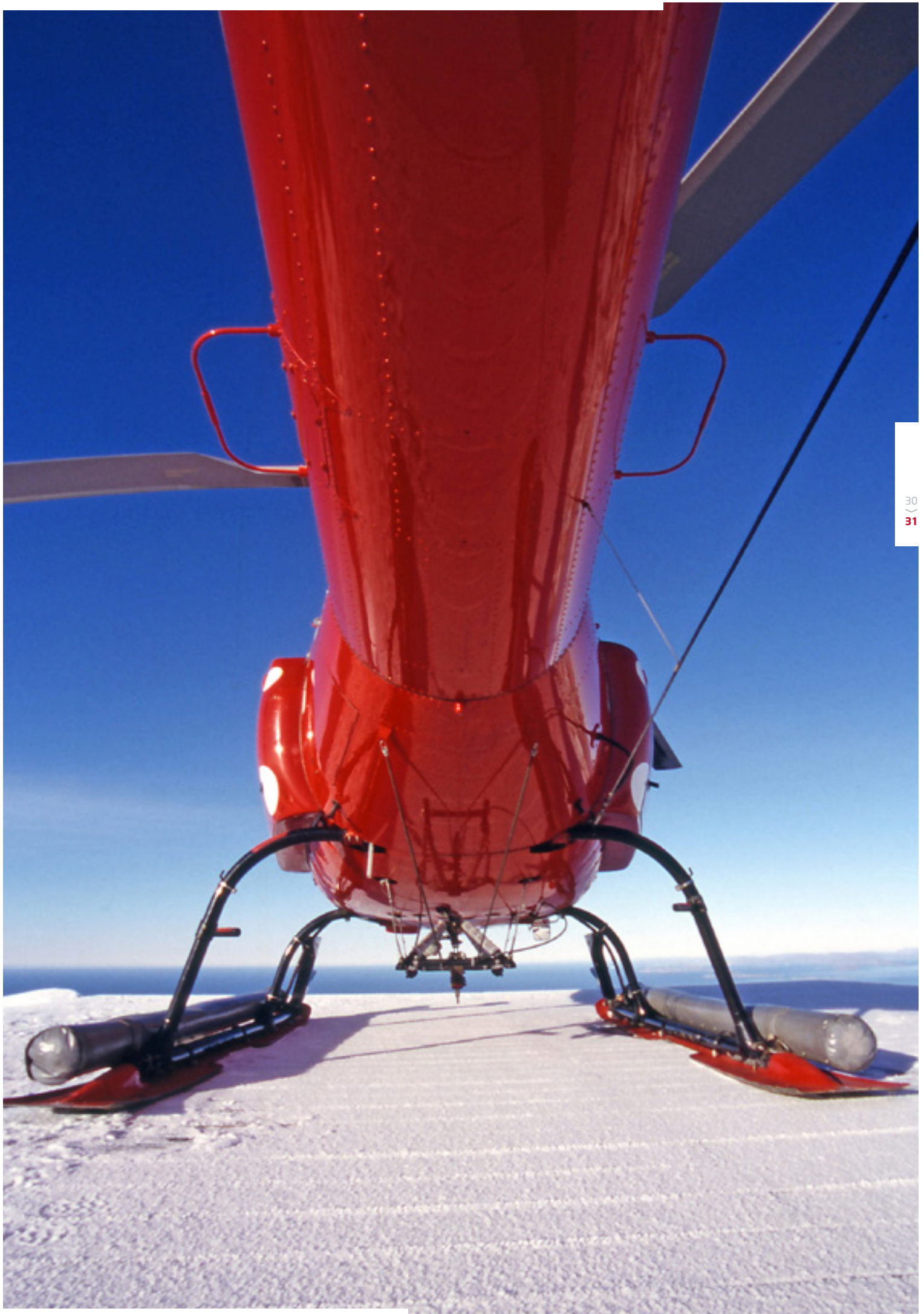
The company's profits for 2010 are expected to be around DKK 25 million, which is lower than profits for 2009.

Management has responded actively to the present global financial crisis and to the home market in Greenland and has carried out an extended risk assessment. The most significant risk is considered to be the declining number of passengers, partly caused by the tax increase of DKK 26 million from Mittarfeqarfiit, partly due to increased competition from other airlines and not least because of planned cut-backs in public institutions in Greenland which form an important customer segment.

Furthermore, there is great concern that EU from November 2008 has interpreted rules for compensation in connection with delays much more restrictively than previously. For Air Greenland these rules will apply for passengers travelling from Denmark to Greenland. Costs in this connection will undoubtedly give rise to an increase in prices because the compensation claims cannot be covered by any other means and we find the amount for compensation for a delay of more than three hours to be far higher than could be considered reasonable.

The planned sale of the Boeing 757 and phasing in of the two DHC 8-200s will have an effect on future profits.

Management will follow developments with regard to earnings closely and take action with regard to the scenarios presented in the risk assessment so that speedy and effective action can be taken to adjust both capacity and costs to the prevailing situation.



Accounting principles

The annual report and statement of accounts have been prepared in accordance with The Danish Company Accounts Act, Class C (large).

The statement of accounts has been prepared in accordance with the same accounting principles as last year.

In general

Assets are carried on the balance sheet when it is probable that some future economic advantage will accrue to the concern and the value of the asset can be ascertained with assurance.

Liabilities are carried on the balance sheet when the concern, as a result of previous events, has a legal or actual liability and it is probable that future economic advantages will be removed from the concern and the value of the liability can be ascertained with assurance.

Assets and liabilities are first entered at cost price. Evaluation after the first entry is carried out as described for each item below.

Risks and losses that can be predicted before the annual accounts are presented and which confirm or invalidate conditions as at balance sheet date have been taken into account.

Revenue is carried in the statement of income at the rate in which it is earned whilst expenditure is carried with the amount that is relevant to the accounting year. Value adjustments of financial assets and liabilities are carried in the statement of income as financial revenue or financial expenditure.

Consolidated accounts

The consolidated accounts include Air Greenland Inc. (parent company) and those companies (associated companies) that are controlled by the parent company. Control is achieved when the parent company, either directly or indirectly, owns more than 50% of the voting rights or can otherwise exercise or actually exercises controlling influence. Companies, where the concern directly or indirectly owns between 20% and 50% of the voting rights and exercises considerable, but not controlling influence, are considered associated companies.

Consolidation principles

The consolidated accounts have been prepared based on the accounts for Air Greenland Inc. and its subsidiaries. The consolidated accounts have been prepared by aggregating uniform items. Inter-company receipts and expenditure, shareholdings, debit and credit accounts and non-netted profits and losses have been eliminated under consolidation. The accounts used for consolidation have been prepared in accordance with the concern's accounting principles.

The concern accounts include 100% of the items included in the subsidiaries' accounts.

Capital participation in subsidiaries is offset with a proportionate share of the current value of the subsidiaries' net activities at time of acquisition.

Conversion of foreign currency

Transactions in foreign currency are first entered at the current exchange rates on the day of the transaction. Receivables, debts and other monetary items in foreign currency, which are outstanding at the balance sheet date, are converted to the rate of exchange at balance sheet date. Differences pertaining to adjustments between currency rates at transaction date and currency rates at balance sheet date are carried in the statement of income under financial items. Assets bought in foreign currency are converted to historic rates of exchange.

Derivative financial instruments

Derivative financial instruments are first entered in the balance at cost price and thereafter at current value. Derivative financial instruments are carried under other accounts receivable and other current liabilities respectively.

Changes in the current value of derivative financial instruments, which are classified as and fulfil the conditions for securing the current value of a carried asset or a carried liability, are carried in the statement of income together with changes in the value of the secured asset or the secured liability.

Changes in the current value of derivative financial instruments, which are classified as and fulfil the conditions for securing the current value of

future transactions, are carried directly with the equity. When a secured transaction is realized, the changes are carried together with the items in question.

Changes in current value of derivative financial instruments that do not fulfil the conditions required for securing instruments are recorded regularly in the statement of income as financial items. Derivative financial instruments used are foreign-exchange forward contracts, interest rate swaps and fuel price hedging.



Statement of income

Traffic revenue

Net turnover from sale of tickets, cargo and mail and charter traffic has been carried in the statement of income when the transport has taken place.

Passenger taxes on domestic flights in Greenland collected from passengers on behalf of third parties are not included in turnover.

Tickets sold, but not used before expiry, are included as income.

Other operating revenue

Other operating revenue includes income of a secondary nature compared to the concern's main activities, including public payment for domestic air traffic, hotel-keeping, fees for ticket sale, rental of business premises, airport revenue etc.

Operating expenditure

Operating expenditure includes aircraft maintenance, fuel, purchase of capacity, provision to agents, taxes and costs in connection with passenger accommodation, premises, administration, sales and marketing.

Personnel/payroll costs

Payroll expenditure includes all the costs for salaries and wages, including pensions and other social costs.

Financial items

Financial items include interest income and interest expenditure, the interest portion of payments on financial leases, realized and unrealized exchange gains and losses relating to securities, commitments and transactions in foreign currency, redemption fees for mortgages and cash rebates etc.

Extraordinary items

Extraordinary items include income and expenditure deriving from occurrences, which are not a part of the group's normal operations and therefore cannot be expected to recur.

Tax

Tax for the year consists of tax payable and changes in deferred tax and is included in the statement of income with the part that pertains to the taxable earnings for the year and directly with equity with that part that pertains to items recorded with equity. That part of the tax that is recorded in operating costs and pertains to the extraordinary result of the year is carried here, whilst the remaining part is carried with the ordinary result for the year.

In Greenland, dividend paid during the year is tax deductible. The tax value of allocated dividend in the annual accounts is therefore recorded directly in the equity, in accordance with the above.

Tax payable and tax receivable respectively is recorded in the balance as estimated tax on the taxable income of the year.

Deferred tax is recorded and calculated according to the balance-orientated debt method on all provisional differences between the accounting and the fiscal values of assets and liabilities. The fiscal value of assets is calculated based on the expected use of the asset in question. Changes in deferred tax pertaining to changes in tax rates are carried in the statement of income.

Deferred tax assets, including the fiscal value of conveyable fiscal losses, are carried in the balance with the probable realizable value of the asset, either by being offset against deferred tax or as net tax assets.



Balance

Goodwill and concern goodwill

Goodwill and concern goodwill is written-off according to the straight-line method over its estimated life span, which is determined based on the management's experience in each field of business. Goodwill is usually written-off over 5 years, but can be written-off over up to 20 years.

The book value of goodwill is regularly evaluated and is written down to recoverable value, when the book value exceeds expected future net earnings from the business or activity, which is pertaining to the goodwill.

Fixed assets

Buildings, aircraft including components, other aircraft components as well as other equipment, vehicles and inventory are measured at cost price after deduction of accumulated depreciation.

The cost price includes purchase price, costs directly attributable to the acquisition and costs for preparing the asset until that point, when the asset is ready to be taken into use. The cost price of assets produced by the company itself includes direct and indirect costs for materials, components, sub-suppliers and wages. For financial leased assets, the cost price is the lower of the current value of the asset and the current value of future leasing instalments. The cost price of buildings built by the company includes interest on building loans.

Depreciation is based on cost price after deduction of expected residual value at the end of the period of use. The straight-line method of depreciation is used, however, cf. the following regarding essential aircraft components, based on the following evaluation of the asset's expected life span and scrap value:

	Period of depreciation	Scrap value
Buildings	20-35 Year	0-25 %
Aircraft and essential components	6-12 Year	0-25 %
Other components	6-12 Year	20 %
Other equipment, vehicles and inventory	3-5 Year	0 %

The value of Air Greenland's aircraft can be separated into partly the aircraft itself and partly the most essential components. The aircraft are depreciated on a straight-line basis according the above-mentioned principles.

The most essential components are written off at the rate in which they are used, up to the next maintenance check. When a component is sent for a maintenance check, it will be written off and costs of the maintenance check will be activated and written off up to the next maintenance check. This method ensures that maintenance costs are accrued at the same rate as the components are used.

Assets with a unit cost price of less than DKK 50,000 are recorded as expenditures at the time of purchase. EDP purchases are, regardless of cost price, written off over 3 years.

Fixed assets are written down to their recoverable value, when this is lower than the book value.

Profit or loss on disposal of fixed assets is calculated as the difference between the sales price after deduction of sales costs and the book value at the transaction date. Profit or loss is entered in the statement of income together with depreciation.

OY-GRL, Boeing 757-236ER, has been leased on a 12-year contract with an option to purchase the aircraft by redeeming the debt remaining on the leasing contract at the expiration of the leasing period equal to DKK 28 million (10%). According to IAS No. 17, this is a financial lease and the acquisition of the aircraft in 1998 has therefore been carried as an asset under tangible fixed assets at DKK 279,664 thousand and the leasing obligation has been carried as a long-term bank debt of an equivalent amount.

As of December 31st, 2009, the value of the aircraft after depreciation amounted to DKK 67.209 thousand and the debt amounted to DKK 41.091 thousand.

Capital investment in subsidiaries and associated companies

Capital investment in subsidiaries and associated companies is recorded and measured according to the equity method. This means that the capital share in the balance is measured as the relative share of the company's intrinsic value with addition or deduction of non-depreciated positive or negative concern goodwill respectively and with addition or deduction of unrealized inter-company profit and loss.

The parent company's share of the concern's result after elimination of unrealized inter-company profit and loss and with addition or deduction of inter-company depreciation on concern goodwill and negative concern goodwill respectively is carried in the statement of income.

Subsidiaries and associated companies with a negative intrinsic book value are measured at zero and any receivables from these companies are written off with the parent company's share of the negative intrinsic book value insofar as they are estimated to be unrecoverable. When the booked negative intrinsic value is higher than the receivables, the remaining amount is carried under provision for commitments insofar as the parent company has a legal or actual obligation to cover the obligations of the company in question.

Net write up of capital shares in subsidiaries and associated companies is transferred to reserve for net write up of capital shares insofar as the book value is higher than the cost price.

Inventories and stock

Aircraft components are measured at cost price, calculated as the average purchase prices or net realization value, whichever is lower. The components are booked as expenditures in the rate at which they are used.

Other inventories and stocks are measured at cost price, calculated according to the FIFO method, or net realization value, whichever is lower.

Net realization value for inventories and stocks is calculated as expected sales price with deduction of finishing costs and sales costs.

Receivables

Receivables are measured at redemption cost price, which is normally the same as nominal value, with deduction of depreciation to meet an expected loss.

Accruals

Accruals carried under assets consist of paid expenditure pertaining to the following accounting year. Provisions are measured at redemption cost price, which is usually the nominal value.

Other securities and shares

Securities carried under financial assets consist of listed shares and are measured at current price (stock exchange listing) at the balance sheet date. Other financial assets are measured at cost price.

Equity

Dividend is carried as a debt at the date of adoption at the annual general meeting. The proposed dividend is shown as a separate item under equity.

Mortgages

A mortgage is measured at the time the loan is raised at cost price, equal to the amount received after deduction of transaction costs. Subsequently, the mortgage debt is measured at amortized cost price, equal to the capital value using the effective interest method.

Leasing obligations

Leasing obligations pertaining to financial leased assets are carried in the balance as debts and are measured after the first entry at amortized cost price. The interest portion of the leasing payments is carried over the period of the contract in the statement of income as a financial expenditure.

Other financial obligations

Other financial obligations are carried at amortized cost price, which is usually the same as nominal value.

Provisions

Provisions carried under accounts payable consist of receivables pertaining to the following accounting year. Provisions are measured at amortized cost price, which is usually the same as nominal value.

Cash flow statement

The cash flow statement for the parent company and the concern is presented according to the indirect method and shows cash flow from operating activities, investments and financing as well as the parent company and the subsidiaries' liquid asset at the beginning and end of the year.

Cash flow from acquisition and disposal of companies is shown separately in the cash flow statement for investment activities. The cash flow statement includes cash flow from acquisition of companies from the date of the transaction and cash flow from disposal of companies is included up the date of the transaction.

Cash flow derived from operating activities is calculated as the result of the year, adjusted for non-cash operating items, changes in operating capital and tax payments.

Cash flow from investment activities consists of payments in connection with acquisition and disposal of companies and activities, and acquisition and disposal of intangible, tangible and financial fixed assets.

Cash flow from financial activities consists of changes in size or composition of the concern's equity capital and costs connected herewith, and raising of loans, instalments paid on interest-bearing debts and payment of dividend.

Liquid assets consist of cash and bank balances and short-term securities with minimum exchange risk, after deduction of short-term bank debts.

Financial highlights

Financial highlights have been prepared in accordance with The Association of Danish Finance Analyst's "Recommendations & Key Figures 2005".

Profit ratio

$(\text{Result before financial items} \times 100) /$
Net turnover

Rate of return

$(\text{Result before financial items} \times 100) /$
Balance sheet total

Equity share

$(\text{Result for the year} \times 100) /$
Average equity

Solvency ratio

$(\text{Equity} \times 100) / \text{Balance sheet total}$



Statement of income January 1st to December 31st

(1,000 DKK)

	Parent Company			Group	
	2009	2008	Note	2009	2008
Traffic revenue	913,610	956,075		913,610	956,075
Other operating revenue	150,114	146,971		199,303	195,984
Operating revenue	1,063,724	1,103,046	1	1,112,913	1,152,059
Operating expenses	(494,835)	(552,154)	2	(515,331)	(573,393)
Personnel/payroll costs	(370,612)	(336,356)	3	(394,281)	(357,552)
Depreciation	(147,845)	(143,077)	4	(153,285)	(146,496)
Income before financial items	50,432	71,459		50,016	74,618
Income in subsidiaries	(1,768)	2,432	12	-	-
Income from capital investments in associated companies	(745)	(65)	12,13	(384)	194
Return on other capital holdings	(15)	-		(8)	(37)
Other financial income	9,307	13,674	5	9,894	15,156
Other financial expenses	(3,308)	(4,386)	6	(6,679)	(6,797)
Income before tax	53,903	83,114		52,839	83,134
Taxes	(17,141)	(26,431)	7	(16,077)	(26,451)
Profit/loss for the year	36,762	56,683		36,762	56,683
Proposal for distribution of the year's profit::					
Dividend for the year	0				
Reserve for net write up of capital holdings	(2,513)				
Brought forward	39,275				
Total	36,762				

Balance sheet, as at December 31st

(1,000 DKK)

Assets	Parent Company			Group	
	2009	2008	Note	2009	2008
Goodwill	-	158	8,9	1,021	1,306
Intangible fixed assets	-	158		1,021	1,306
Buildings	141,404	136,149	10,11	237,620	218,557
Aircraft incl, aircraft components	319,408	281,833	10,11	319,408	281,833
Other components	13,435	16,612	10,11	13,435	16,612
Other equipment, vehicle and inventory	24,470	23,155	10,11	39,347	35,034
Tangible fixed assets under construction	-	-	11	1,897	16,138
Tangible fixed assets	498,717	457,749		611,707	568,174
Capital holdings in subsidiaries	57,787	59,555	12	-	-
Capital investments in associated companies	188	933	12,13	2,321	2,351
Accounts receivable, associated companies	8,000	8,000	12,13	11,857	12,467
Other securities and capital holdings	-	16	12,13	36	45
Other long-term accounts receivable	11,564	11,527	12,13	11,788	11,746
Deferred tax asset	-	-	16	863	434
Financial fixed assets	77,539	80,031		26,865	27,043
Total fixed assets	576,256	537,938		639,593	596,523
Stocks and inventories	37,481	36,549	14	40,186	38,690
Accounts receivable	76,645	79,204		80,941	84,159
Accounts receivable, subsidiaries	5,459	8,865		-	-
Accounts receivable, associated companies	1,057	2,180		1,461	2,625
Other accounts receivable	14,057	36,353		14,551	37,053
Prepaid expenses and accrued income	7,199	6,904		7,613	7,366
Accounts receivable	104,417	133,506		104,566	131,203
Liquid assets	246,590	234,945		259,359	244,909
Total current assets	388,488	405,000		404,111	414,802
Total assets	964,744	942,938		1,043,704	1,011,325

Balance sheet, as at December 31st

<i>(1,000 DKK)</i>	Parent Company			Group	
Liabilities and equity	2009	2008	Note	2009	2008
Capital stock	24,000	24,000	15	24,000	24,000
Reserve for net write-up of capital holdings	18,072	20,585		-	-
Revaluation reserve	8,263	8,263		8,263	8,263
Retained earnings	501,321	462,046		519,393	482,631
Equity	551,656	514,894		551,656	514,894
Deferred tax	125,959	121,022	16	130,668	126,363
Provisions	125,959	121,022		130,668	126,363
Mortgage loans	-	-		18,236	19,921
Bank dept	567	567		39,614	37,375
Leasing commitments	-	41,091		-	41,091
Long-term dept	567	41,658	17,18	57,850	98,387
Current portion of long-term dept	41,091	25,513	17,18	44,332	27,937
Bank dept	-	-		3,009	2,095
Accounts payable, suppliers	62,804	54,904		67,273	57,891
Accounts payable, subsidiaries	912	524		-	-
Accounts payable, associated companies	708	7		773	136
Corporation tax	12,204	16,730		12,204	17,386
Other current liabilities	78,602	71,530	19	85,698	77,447
Provisions	90,241	96,156		90,241	88,789
Current liabilities	286,562	265,364		303,530	271,681
Total liabilities	287,129	307,022		361,380	370,068
Total liabilities and equity	964,744	942,938		1,043,704	1,011,325
Commitments, Contingencies and Forward contracts			20-22		
Other notes			23-26		

Statement of equity

(1,000 DKK)

Parent Company

	Share capital	Net write-up of capital investment	Revaluation reserve	Result brought forward	Total
Equity 01.01.2008	24,000	18,220	8,263	407,728	458,211
Distributed dividend	-	-	-	-	-
Profit/loss for the year	-	2,365	-	54,318	56,683
Equity 31.12.2008	24,000	20,585	8,263	462,046	514,894
Distributed dividend	-	-	-	-	-
Profit/loss for the year	-	(2,513)	-	39,275	36,762
Equity 31.12.2009	24,000	18,072	8,263	501,321	551,656

Group

	Share capital	Net write-up of capital investment	Revaluation reserve	Result brought forward	Total
Equity 01.01.2008	24,000	-	8,263	425,948	458,211
Distributed dividend	-	-	-	-	-
Profit/loss for the year	-	-	-	56,683	56,683
Equity 31.12.2008	24,000	-	8,263	482,631	514,894
Distributed dividend	-	-	-	-	-
Profit/loss for the year	-	-	-	36,762	36,762
Equity 31.12.2009	24,000	-	8,263	519,393	551,656

Cash flow statement

(1,000 DKK)

	Parent company			Group	
	2009	2008	Note	2009	2008
Income before financial items	50,432	71,459		50,016	74,618
Depreciation tangible assets	98,032	96,293		103,472	99,711
Change in working capital	38,302	(32,497)	23	44,864	(25,520)
	186,766	135,255		198,352	148,809
Net interest and dividend gains	9,307	13,674		9,894	15,160
Net interest etc, loss	(3,295)	(4,386)		(6,679)	(6,797)
Paid taxes	(16,730)	(15,073)		(17,386)	(22,768)
Net financing from the year's operations	176,048	129,470		184,181	134,404
Net investments intangible assets	-	-		-	(1,425)
Net investments tangible assets	(140,035)	(86,977)		(147,922)	(115,617)
Net sales tangible assets	1,194	1,018		1,203	2,638
Net investments in financial assets	(50)	(20,000)		(655)	(1,398)
Net sales financial assets	1	1,236		871	1,236
Liquidity effect of investments	(138,890)	(104,723)		(146,503)	(114,566)
Loans and amortization of long-term debt, net	(25,513)	(24,486)		(24,142)	(22,046)
Dividend	-	-		-	-
Liquidity effect of financing	(25,513)	(24,486)		(24,142)	(22,046)
Changes in cash and cash equivalents	11,645	261		13,536	(2,208)
Liquid funds at January 1st	234,945	234,684		242,814	245,022
Liquid funds at December 31st	246,590	234,945		256,350	242,814
Liquid funds include					
Liquid assets	246,590	234,945		259,359	244,909
Bank dept	-	-		(3,009)	(2,095)
Total liquid funds	246,590	234,945		256,350	242,814

Notes to annual report

(1,000 DKK)

	Parent company		Group	
	2009	2008	2009	2008
1. Operating revenue				
Passenger (excl, passenger taxes) domestic flights	290,519	299,626	290,519	299,626
Charter, domestic	141,459	158,205	141,459	158,205
Cargo, domestic	34,873	37,475	34,873	37,475
Carriage of mail, domestic	18,869	20,155	18,869	20,155
Passenger, charter and mail outside Greenland	329,730	351,504	329,730	351,504
Charter outside Greenland	38,023	41,925	38,023	41,925
Other traffic revenue	60,137	47,185	60,137	47,185
	913,610	956,075	913,610	956,075
Public payment for service contracts	115,076	115,116	115,076	115,116
Other revenue	12,046	10,663	12,466	11,083
Revenue from hotels	-	-	34,898	34,231
Revenue from ticket sales	22,992	21,192	36,863	35,554
	150,114	146,971	199,303	195,984
Total revenue	1,063,724	1,103,046	1,112,913	1,152,059
2. Operating expenses				
Flights in Greenland:				
- Air traffic taxes to third parties	102,681	108,576	102,681	108,576
- Distribution costs	6,908	7,990	6,908	7,990
- Passenger taxes collected	(60,274)	(61,667)	(60,274)	(61,667)
	49,315	54,899	49,315	54,899

Notes to annual report

(1,000 DKK)

	Parent company		Group	
	2009	2008	2009	2008
3. Salaries and related costs				
Wages and salaries	325,760	296,185	348,614	316,504
Pension contributions	9,266	7,852	9,390	8,014
Other expenses for social security	35,586	32,319	36,277	33,034
Total salaries and related costs	370,612	336,356	394,281	357,552
Hereof salary and value of benefits paid to:				
- Management	6,947	5,984	6,947	5,984
- Board of directors	644	662	644	662
	7,591	6,646	7,591	6,646
Average number of employees	624	606	694	695
4. Depreciation				
Intangible assets	100	100	285	119
Real estate	7,829	7,818	10,375	10,271
Aircraft and aircraft components	77,698	74,245	77,698	74,245
Other components	3,166	3,147	3,166	3,147
Other equipment, vehicles and inventory	9,765	9,475	12,531	11,335
Leasing costs aircraft	49,802	46,750	49,802	46,750
Leasing other vehicles	11	34	11	35
Loss (profit) on sale of fixed assets	(526)	1,508	(583)	594
Total depreciation	147,845	143,077	153,285	146,496
5. Financial income				
Interest, cash in banks	7,772	12,567	8,148	13,508
Interest, associated companies	450	500	550	636
Gain on currency exchange	878	-	984	-
Other interest	207	607	212	1,012
	9,307	13,674	9,894	15,156

Notes to annual report

(1,000 DKK)

	Parent company		Group	
	2009	2008	2009	2008
6. Other financial expenses				
Interest, bank debts	1	-	3	3
Interest, leases	2,850	4,286	2,850	4,286
Interest and amortization, mortgages	-	-	3,260	2,304
Loss on currency exchanges	62	-	62	-
Other interest	395	100	504	204
	3,308	4,386	6,679	6,797
7. Taxes				
Tax breakdown:				
Tax paid during the year	12,204	16,730	12,199	17,412
Contingent tax on the year's income	4,937	9,701	3,893	9,575
Adjustment of deferred tax from previous years, change of tax percentage	-	-	(15)	(536)
	17,141	26,431	16,077	26,451

Notes to annual report

(1,000 DKK)

Parent company

	Goodwill	Total
8. Intangible fixed assets		
Purchase price at 01.01.2009	500	500
Additions	-	-
Disposal	(500)	(500)
Purchase price at 31.12.2009	-	-
Depreciated 01.01.2009	(342)	(342)
Depreciation	(100)	(100)
Depreciation of assets disposed	442	442
Total depreciation 31.12.2009	-	-
Book value at 31.12.2009	-	-

(1,000 DKK)

Group

	Goodwill	Total
9. Intangible fixed assets		
Purchase price at 01.01.2009	1,425	1,425
Additions	-	-
Disposal	-	-
Purchase price at 31.12.2009	1,425	1,425
Depreciated 01.01.2009	(119)	(119)
Depreciation	(285)	(285)
Depreciation of assets disposed	-	-
Total depreciation 31.12.2009	(404)	(404)
Book value at 31.12.2009	1,021	1,021

Notes to annual report

(1,000 DKK)

Parent company

	Buildings	Aircraft & components	Other components	Other equip., vehicles & inventory	Total
10. Fixed assets					
Purchase price at 01.01.2009	271,194	829,931	67,186	116,334	1,284,645
Additions	13,308	115,648	-	11,079	140,035
Disposal	(559)	(16,267)	(11)	(15,025)	(31,862)
Purchase price at 31.12.2009	283,943	929,312	67,175	112,388	1,392,818
Revaluation 01.01.2009	-	8,263	-	-	8,263
Revaluation	-	-	-	-	-
Revaluation 31.12.2009	-	8,263	-	-	8,263
Depreciated 01.01.2009	135,045	556,361	50,574	93,178	835,158
Depreciation	7,829	77,698	3,166	9,765	98,458
Depreciation of assets disposed	(335)	(15,892)	-	(15,025)	(31,252)
Depreciation 31.12.2009	142,539	618,167	53,740	87,918	902,364
Book value 31.12.2009	141,404	319,408	13,435	24,470	498,717
Booked value 31.12.2009 includes: Leasing assets		67,209			67,209
See: note 21, Leasing commitments.					

Notes to annual report

(1,000 DKK)

Group

	Buildings	Aircraft & components	Other components	Other equip., vehicles & inventory	Tangible fixed assets under construction	Total
11. Tangible fixed assets						
Purchase price at 01.01.2009	373,921	829,931	67,186	147,418	16,138	1,434,594
Transferred	11,442	-	-	4,237	(15,679)	-
Additions	18,221	115,648	-	12,615	1,438	147,922
Disposals	(559)	(16,267)	(11)	(15,035)	-	(31,872)
Purchase price at 31.12.2009	403,025	929,312	67,175	149,235	1,897	1,550,644
Revaluation 01.01.2009	-	8,263	-	-	-	8,263
Revaluation	-	-	-	-	-	-
Revaluation 31.12.2009	-	8,263	-	-	-	8,263
Depreciated 01.01.2009	155,365	556,361	50,574	112,382	-	874,682
Depreciation	10,375	77,698	3,166	12,531	-	103,770
Depreciation of assets disposed	(335)	(15,892)	-	(15,025)	-	(31,252)
Total depreciation 31.12.2009	165,405	618,167	53,740	109,888	-	947,200
Book value 31.12.2009	237,620	319,408	13,435	39,347	1,897	611,707
Booked value 31.12.2009 includes: Leasing assets		67,209				67,209
See: note 21, Leasing commitments.						
Purchase price for buildings in Hotel Arctic Inc., Ilulissat, includes capitalized building interest.						

Notes to annual report

(1,000 DKK)

Parent company

	Capital holdings in subsidiaries	Capital holdings in associated companies	Accounts receivable in associated companies	Deposit	Other securities and capital holdings	Total
12. Financial fixed assets						
Purchase price at 01.01.2009	38,903	1,000	8,000	11,527	16	59,446
Additions				50		50
Disposals				(13)	(16)	(29)
Purchase price at 31.12.2009	38,903	1,000	8,000	11,564	-	59,467
Revaluation 01.01.2009	20,652	(67)	-	-	-	20,585
Revaluation	(1,768)	(745)				(2,513)
Write-back of revaluation						-
Revaluation 31.12.2009	18,884	(812)	-	-	-	18,072
Book value 31.12.2009	57,787	188	8,000	11,564	-	77,539
				Percent	Nominal value	Equity
Subsidiaries and associated companies						
Hotel Arctic Inc., Ilulissat				100%	30,000	44,671
Greenland Travel Inc.				100%	1,500	13,116
Arctic Umiq Line Inc.				50%	2,000	376
Income from subsidiaries consists of the following		2009	2008			
Income Hotel Arctic Inc., Ilulissat		(1,986)	20			
Income Greenland Travel Inc.		(1,304)	2,033			
Return internal profit		458	399			
Total result subsidiaries before tax		(2,832)	2,452			
Tax of subsidiaries		1,064	(20)			
Total profit/loss of subsidiaries		(1,768)	2,432			

Notes to annual report

(1,000 DKK)

Group

	Capital holdings in associated companies	Accounts receivable in associated companies	Deposit	Other securities and capital holdings	Total
13. Financial fixed assets					
Purchase price at 01.01.2009	2,500	12,467	11,746	41	26,754
Additions	50	550	55	-	655
Disposals	-	(857)	(13)	(16)	(886)
Purchase price at 31.12.2009	2,550	12,160	11,788	25	26,523
Revaluation 01.01.2009	(148)	-	-	4	(144)
Revaluation	(384)	-	-	7	(377)
Write-back of revaluation	-	-	-	-	-
Reclassification	303	(303)	-	-	-
Revaluation 31.12.2009	(229)	(303)	-	11	(521)
Book value 31.12.2009	2,321	11,857	11,788	36	26,002

Parent Company

Group

	2009	2008	2009	2008
14. Inventories				
Specification:				
Components	37,196	36,268	37,196	36,268
Sales stocks aircraft and components	12	11	12	11
Other inventories	273	270	2,978	2,411
Total inventories	37,481	36,549	40,186	38,690

Notes to annual report

(1,000 DKK)

	Parent Company		Group	
	2009	2008	2009	2008
15. Equity				
The capital stock of DKK 24 million consists of 40 shares of DKK 500,000, 384 shares of DKK 10,000 and 160 shares of DKK 1,000.				
The shares are not divided into classes with special rights. Each share of DKK 1,000 has one vote.				
The share capital has remained unchanged for the past 5 years.				
16. Contingent tax				
Breakdown of contingent tax:				
Tangible fixed assets	124,153	117,506	128,411	122,427
Financial fixed assets	4,302	5,101	4,237	5,037
Current assets and short-term debt	(2,496)	(1,585)	(2,843)	(1,535)
	125,959	121,022	129,805	125,929
Specification of movements:				
Contingent tax January 1st	121,022	111,321	125,929	116,890
Acquisition of company	4,937	9,701	4,289	9,575
Adjustment of previous years Allocation to reserves	-	-	(413)	(536)
Contingent tax December 31st	125,959	121,022	129,805	125,929
Specification of contingent tax:				
Deferred tax	125,959	121,022	130,668	126,363
Deferred tax asset	-	-	(863)	(434)
	125,959	121,022	129,805	125,929

Notes to annual report

(1,000 DKK)

Parent Company

	Due within 1 year	Due after 1 year	Amortized debt total	Nominal debt total
17. Long-term debt				
Mortgage debt	-	567	567	567
Leasing commitments	41,091	-	41,091	41,091
Long-term debt at 31.12.2009	41,091	567	41,658	41,658
The following are due after more than 5 years:				
Mortgage debt		567		
Leasing commitments		-		
		567		

(1,000 DKK)

Group

	Due within 1 year	Due after 1 year	Amortized debt total	Nominal debt total
18. Long-term debt				
Mortgage debt	1,685	18,236	19,921	19,943
Bank debt	1,556	39,614	41,170	41,247
Leasing commitments	41,091	-	41,091	41,091
Long-term debt at 31.12.2009	44,332	57,850	102,182	102,281
The following are due after more than 5 years:				
Mortgage debt		10,745		
Bank debt		33,126		
Leasing commitments		-		
		43,871		

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(1,000 DKK)

	Parent Company		Group	
	2009	2008	2009	2008
19. Other liabilities				
Wages, taxes, social security dues etc.	27,624	22,976	28,450	24,096
Holiday pay	33,415	29,184	35,491	30,511
Other liabilities	17,563	19,370	21,757	22,840
	78,602	71,530	85,698	77,447
20. Mortgage liabilities				
Debts in real estate are secured by mortgage.				
Mortgages deposited as security for bank debts and debts in real estate	86,817	86,817	148,787	148,787
Book value for mortgaged real estate	60,572	63,055	144,051	146,534
Mortgages on aircraft deposited as security for bank debt, nom	251,675	251,675	251,675	251,675
Book value of mortgaged aircraft	115,376	127,018	115,376	127,018
DKK 2,910,000 of the Groups available balance has been deposited in favour of Rejsegarantifonden and other supplier-credits	1,399	1,398	2,910	2,909

Notes to annual report

(1,000 DKK)

	Parent Company		Group	
	2009	2008	2009	2008
21. Leasing commitments				
Operational lease of aircraft from 2009-2014	149,063	198,917	149,063	198,917
Of which due within 1 year	48,856	49,672	48,856	49,672
Due after 5 years	-	1,463	-	1,463
<p>Furthermore, a contract has been entered into for the financial lease of aircraft OY-GRL, which has been dealt with in the annual report as a tangible asset and a leasing commitment respectively. As security for the DKK 41,091 thousand leasing obligation, a pledge of nom. DKK 236,675 thousand has been given in other aircraft with a book value of DKK 104,895 thousand at December 31st 2009, whereof the book value of OY-GRL at December 31st 2009 was DKK 67,209 thousand.</p> <p>The leasing contract expires on April 28th 2010, at which time the remaining debt in the lease will be DKK 27,940 thousand.</p>				
22. Contractual commitments				
There has been no contractual commitments for deliveries.	-	-	-	-
23. Change in working capital				
Change in inventories	(932)	(2,584)	(1,496)	(1,762)
Change in accounts receivable	29,089	(19,138)	26,637	(23,913)
Change in current liabilities	10,145	(10,775)	19,723	155
Change in working capital	38,302	(32,497)	44,864	(25,520)
24. Fees paid to public accountant				
Operating expenses include the following fees paid to the company's public accountant:				
Audit	884	800	1,146	1,078
Adjustment of previous years	5	58	4	38
Public accountant for other services	258	608	436	931
	1,147	1,466	1,586	2,047

Notes to annual report

(1,000 DKK)

25. Associated parties

Associated parties with controlling influence upon the Air Greenland group:

- None

Other associated parties, with which the Air Greenland group has had transactions in 2009:

- Government of Greenland
- SAS
- Board and management

Transactions between associated parties and the Air Greenland group in 2009:

- Government of Greenland: Service contracts (cf. annual report), transport of patients for the Health Authorities, sale of tickets, payment of taxes and operation of heliport/airports with Mittarfeqarfiit etc.
- SAS: Payment for tickets, handling and maintenance at Kastrup of the Airbus 330-200 etc.
- Inter-company transactions
- There is an incentive programme for management, which is result-orientated.

Air Greenland had the following transactions with associated parties in 2009:

	Buying value	Market value		Receivable	Payable
Government of Greenland	249,207	186,266		11,050	13,974
SAS	6,077	29,961		500	3,784
Katuaq where the Chairman of the Board of Directors is also the Managing Director	1,072	651		86	114

26. Shareholders

The following shareholders own more than 5% of the company's share capital:

- Government of Greenland, 3900 Nuuk (37,5%)
- Scandinavian Airlines System Inc., 2700 Kastrup (37,5%)
- The Danish State (25%)



Air Greenland Inc.

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