



Cimber Sterling Group A/S

Annual report 2008/09

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Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of Cimber Sterling Group A/S for the financial year 2008/09.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the Danish statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act.

The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the annual report gives a true and fair view of the Group's and the parent company's financial position at 30 April 2009 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 May 2008 – 30 April 2009.

We recommend that the annual report be approved at the annual general meeting.

Sønderborg, 30 September 2009

Executive Board:

Jørgen Nielsen

Jacob Saaby Krogsgaard

Supervisory Board:

N. E. Nielsen
Chairman

Lone Koch

Vilhelm Hahn-Petersen

Hans Ingolf Nielsen

Jørgen Nielsen

Vagn Ove Sørensen

Independent auditors' report

To the shareholders of Cimber Sterling Group A/S

We have audited the annual report of Cimber Sterling Group A/S for the financial year 1 May 2008 – 30 April 2009, which comprises the statement by the Executive and Supervisory Boards, Management's review, income statement, balance sheet and notes for the Group as well as for the parent company and the statement of comprehensive income, statement of changes in equity and cash flow statement for the Group. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the Danish statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act. The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the Danish statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act (consolidated financial statements) and the Danish Financial Statements Act (parent company financial statements). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 30 April 2009 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 May 2008 – 30 April 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the Danish statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act in respect of the consolidated financial statements and the Danish Financial Statements Act in respect of the parent company financial statements.

Sønderborg, 30 September 2009

KPMG

Statsautoriseret Revisionspartnerselskab

Thorbjørn Bruhn
State Authorised
Public Accountant

Niels O. Nielsen
State Authorised
Public Accountant

Management's review

Company details

Cimber Sterling Group A/S
Lufthavnsvej 2
6400 Sønderborg
Denmark

Telephone: +45 74 42 22 77
Fax: +45 74 42 65 11

Registration No.: 56 36 97 16
Established: 1 May 1976
Registered office: Sønderborg
Financial year: 1 May – 30 April

Supervisory Board

N. E. Nielsen (Chairman)
Lone Koch
Vilhelm Hahn Petersen
Hans Ingolf Nielsen
Jørgen Nielsen
Vagn Ove Sørensen

Executive Board

Jørgen Nielsen
Jacob Saaby Krogsgaard

Auditors

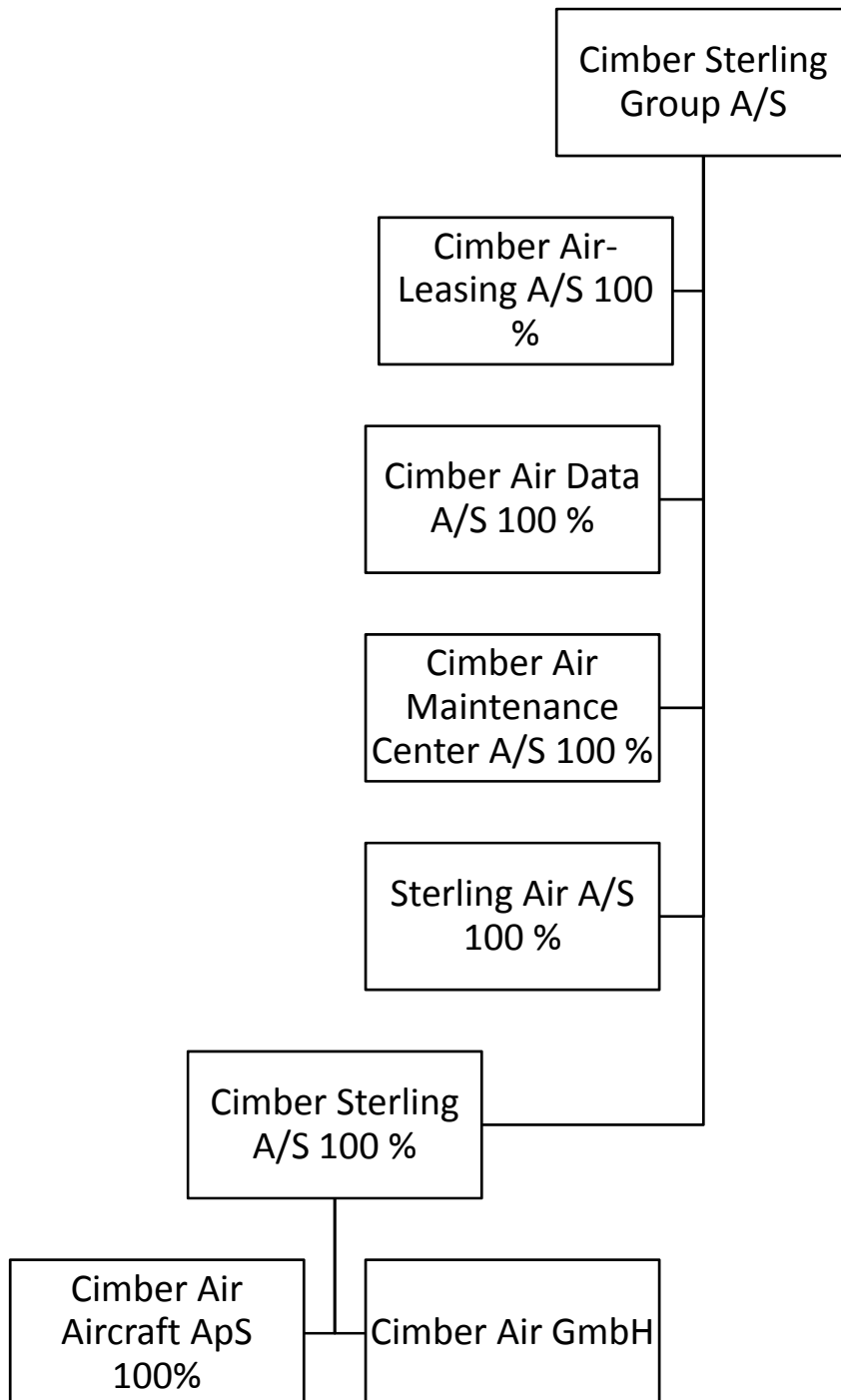
KPMG
Statsautoriseret Revisionspartnerselskab
Sundsmarkvej 12
6400 Sønderborg
Denmark

Annual general meeting

The annual general meeting is to be held on # 2009 at the Group's address.

Management's review

Group chart at 30 April 2009



Management's review

Financial highlights for the Group

DKKm	2008/09	2007/08	2006/07	2005/06	2004/05
Key figures	*) (IFRS)	(IFRS)	(IFRS)	(DFSA)	(DFSA)
Revenue	1,298	1,148	971	830	692
Other operating income		45			
EBITDAR	150	228	163	124	46
Rental and leasing expenses	58	70	64	64	51
Depreciation, amortisation and impairment	94	84	46	48	86
Operating profit/loss (EBIT)	-2	74	54	12	-91
Financial income and expense	-77	-4	-18	-12	-12
Profit/loss before tax (EBT)	-79	69	36	0	-103
Income tax	20	-13	-10	4	30
Profit/loss for the year	-59	56	26	4	-73
Non-current assets	807	806	615	546	578
Current assets	283	240	260	297	272
Total assets	1,090	1,046	875	843	850
Equity	162	200	203	162	157
Interest-bearing debt/finance leases	484	497	330	371	427
Other liabilities	446	354	349	218	220
Cash flows from operating activities	154	116	65	11	46
Cash flows from investing activities	-95	-250	-23	7	78
Cash flows from financing activities	-57	111	-42	-2	-132
Dividend	0	-44	0	0	-5
Cash and cash equivalents	4	2	26	26	22
Number of employees	762	633	541	514	457
Financial ratios					
Revenue growth	13.0%	18.3%	17.0%	19.9%	26.7%
EBITDAR margin	11.6%	19.8%	16.8%	14.4%	6.6%
EBIT margin	-0.1%	6.4%	5.5%	1.4%	-13.2%
Return on equity	-32.5%	27.8%	13.6%	2.5%	-37.2%
Financial gearing	33.6%	40.2%	61.6%	437%	36.8%
Equity ratio	14.9%	19.2%	23.2%	19.2%	18.5%

*) The financial highlights for 2008/09, 2007/08 and 2006/07 have been restated in accordance with International Financial Reporting Standards (IFRS), see accounting policies for the Group in note 1 to the consolidated financial statements. The financial highlights for 2005/06 and 2004/05 have been prepared in accordance with the Danish Financial Statements Act (DFSA) and remain unchanged compared to issued financial statements.

Definitions:
See the next page.

Management's review

Financial highlights for the Group (continued)

Definitions

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation on financial ratios "Recommendations and Financial Ratios 2005" to the extent they are defined in this publication.

The financial ratios indicated in the financial highlights chart are calculated as follows:

EBITDAR	<ul style="list-style-type: none"> Profit/loss before interest + depreciation and amortisation + rental and leasing expenses + loss on items of property, plant and equipment - gain on items of property, plant and equipment
EBITDAR margin	$\frac{\text{EBITDAR} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{Operating activities} \times 100}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Financial gearing	$\frac{\text{Equity} \times 100}{\text{Interest-bearing debt} + \text{finance lease obligations}}$

Management's review

Operating review

The financial year 2008/09 at a glance

In the winter 2008/09, Cimber Sterling Group A/S acquired the intangible assets of the bankrupt Sterling Airlines A/S and consequently the opportunity to operate Boeing 737. By means of the acquisition, it became possible for the Group to expand the addressable market for scheduled services to include the segment for private holiday travellers and thus become all of Denmark's airline company.

During the period January to the end of April 2009, four Boeing 737 aircraft were consequently put into operation and a total of 15 new destinations were introduced, primarily sunny destinations in Southern Europe.

This large change in the Group's activities was the result of a desire to optimally make use of Cimber Sterling Group A/S' aircraft capacity on a daily, weekly and yearly basis.

Regardless of the considerable increase in activities, Cimber Sterling Group A/S has maintained its focus on operations. In April 2009, 94% of all flights departed within 15 minutes of their scheduled departure time while 99.6% of all scheduled flights departed. The level has been maintained for the subsequent months.

Development in passengers and fleet

In the financial year 2008/09, the total number of transported passengers, including charter and wet lease activities, amounted to 1.843 million (of which 1.075 million was own passengers) corresponding to a growth rate of approx. 26% compared to the previous year. The average available aircraft fleet was increased from 19.6 units in 2007/08 to 22.6 units in 2008/09. At the end of the financial year, 26 aircraft were available comprising 7 ATR, 15 CRJ and 4 Boeing 737 700 aircraft (however, 2 CRJ aircraft were removed from operation at the end of April in order to be returned to their owner in May/June). The fifth Boeing 737 was put into operation in the middle of May 2009.

Other companies

The total development in the Group's other companies meets expectations; however, there has been a considerable unrealised exchange loss in Cimber Air Leasing A/S, the Group's own leasing company, due to an increasing USD rate during the financial year.

Changes in accounting policies

The consolidated financial statements for the financial year 2008/09 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the Danish statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act. This has resulted in a number of changes regarding both the scope of note disclosures and the accounting figures. For detailed information on the accounting effect, reference is made to note 1, "Accounting policies", to the consolidated financial statements.

Management's review

Operating review

At the same time, there has been a change in accounting policies regarding the parent company financial statements. The accounting effect is discussed in note 1, "Accounting policies", to the parent company financial statements. The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

Financial performance of the Group

As expected, the results for the year are poorer than last year as they are highly influenced by the start-up of new Boeing 737 routes. The purpose of the acquisition was to create the best possible basis for the launch of the growth strategy that is to help make Cimber Sterling an even larger and more dominant actor in both the business market and the leisure market over the coming years. A considerable increase in the number of passengers of more than 50% in the first four months of 2009/10 and an increasing market share of domestic flights confirm that the Group has chosen the right strategy and that we are well on our way to realising our goals.

The financial statements for 2008/09 show/comprise the following:

- Revenue increased by DKK 150 million from DKK 1,148 million to DKK 1,298 million corresponding to a growth rate of 13%. This is the fourth year showing rapid growth in revenue, and revenue has increased by 88% since 2004/05.
- Start-up of new Boeing 737 routes affecting 2008/09 due to start-up and operating costs estimated at approx. DKK 40 million for new crew, new aircraft, marketing and preparation and start-up of new routes.
- Profit/loss from ordinary activities (EBIT) amounted to a negative DKK 2 million compared to a positive DKK 74 million last year when an amount of DKK 45 million was recognised as income due to the VAT settlement.
- Financial income and expenses are affected by unrealised exchange losses on particularly the Company's USD-based loans. The unrealised exchange losses in Cimber Sterling A/S and Cimber Air Leasing A/S totalled DKK 42 million.
- Results for the year amounted to a negative DKK 59 million compared to a positive DKK 56 million last year.

If the above-mentioned matters regarding start-up of new Boeing 737 routes and unrealised losses on USD are excluded from the Group's results, the following appears:

	DKKm
Loss before tax	-79
Start-up of new Boeing 737 routes	40
Unrealised exchange losses	42
Profit before tax ex. start-up costs and unrealised exchange losses	<u>3</u>

Management's review

Operating review

At 30 April 2009, total assets amounted to DKK 1,090 million compared to DKK 1,046 million at the beginning of the financial year.

At year end, total equity amounted to DKK 162 million.

The Group's operations are financed on the basis of an overall group credit line entered into by Cimber Sterling A/S.

Outlook for 2009/10

For the financial year 2009/10, Cimber Sterling expects to transport 1.7-1.8 million passengers corresponding to a growth rate of more than 50% plus passengers transported for other airlines. The growth rate is to be realised by means of the introduction of many new destinations and additional flights to existing destinations. The increase is expected to boost revenue by 25-30% and entail an improved positive operating profit.

Risks

General risks

The Group is subject to a number of market and financial conditions where the most material risks are related to the market price of airline tickets, the share of sold seats compared to number of seats, the world market price of jet fuel and the development in the USD rate. Risks relating to jet fuel, the development in the USD rate and other financial risks are described in detail in note 23 to the consolidated financial statements.

In addition, general risks include the ability to generally be competitive and visible on the market compared to our competitors and the ability to continually carry out operations based on a low cost platform. Moreover, the Company is subject to a number of political and environmental risks.

Intellectual capital

It is important to Cimber Sterling's continued growth to attract and maintain skilled staff, including pilots, cabin crew, mechanics and administrative staff.

In order to ensure a high and competitive quality, Cimber Sterling applies and complies with the rules and standards applicable to the airline industry, particularly regarding security.

This requires a high level of competence and consequently considerable resources are invested in training the Company's employees.

Environmental issues

Cimber Sterling continuously works on reducing the environmental impact of the Company's operations, particularly in the form of fuel saving measures, and our fleet of ATR aircraft primarily used for domestic flights is more fuel saving and emits less CO₂ than certain alternative means of transportation.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Income statement

DKK'000	Note	2008/09	2007/08	2006/07
Revenue	2	1,297,757	1,148,192	970,791
Production costs	3	-673,504	-549,151	-471,021
Other external costs		-72,103	-59,781	-47,865
Staff costs	4	-401,771	-356,472	-288,790
Other operating income	6	0	44,854	0
Operating profit before rental and leasing expenses, depreciation, amortisation, impairment, etc. (EBITDAR)		150,379	227,642	163,115
Rental and leasing expenses	29	-58,257	-69,908	-63,930
Depreciation, amortisation and impairment	5	-93,841	-84,191	-45,591
Operating profit/loss (EBIT)		-1,719	73,543	53,594
Financial income	8	1,472	32,585	6,231
Financial expenses	9	-78,888	-36,840	-24,042
Profit/loss before tax (EBT)		-79,135	69,288	35,783
Income taxes	10	20,210	-13,281	-9,938
Profit/loss for the year		-58,925	56,007	25,845
Attributable to:				
Shareholders of Cimber Sterling Group A/S		-58,925	56,007	25,845
Earnings per share				
Basic/diluted earnings per share	20	-19,642	18,669	8,615

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Statement of comprehensive income

DKK'000	2008/09	2007/08	2006/07
Profit/loss for the year	<u>-58,925</u>	<u>56,007</u>	<u>25,845</u>
Value adjustments of hedging instruments:			
Value adjustments for the year	49,945	-13,390	1,052
Value adjustments, transferred to production costs	-22,119	-4,211	0
Tax on other comprehensive income	<u>-6,956</u>	<u>4,137</u>	<u>0</u>
Other comprehensive income after tax	<u>20,870</u>	<u>-13,464</u>	<u>1,052</u>
Total comprehensive income	<u>-38,055</u>	<u>42,543</u>	<u>26,897</u>
Attributable to:			
Shareholders of Cimber Sterling Group A/S	<u>-38,055</u>	<u>42,543</u>	<u>26,897</u>

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Balance sheet

DKK'000	Note	2008/09	2007/08	2006/07
ASSETS				
Non-current assets				
Intangible assets				
	11			
Trademarks		5,081	0	0
Rights		4,627	0	0
Development projects		1,451	1,793	1,729
		<u>11,159</u>	<u>1,793</u>	<u>1,729</u>
Property, plant and equipment				
	12			
Land and buildings		15,609	16,871	16,707
Aircraft and aircraft components		731,969	759,470	569,567
Other plant and equipment		19,091	16,468	8,494
Property, plant and equipment under construction		9,080	2,476	1,435
		<u>775,749</u>	<u>795,285</u>	<u>596,203</u>
Other non-current assets				
	13			
Deposits and other receivables		20,462	8,615	16,956
		<u>807,370</u>	<u>805,693</u>	<u>614,888</u>
Total non-current assets				
Current assets				
Inventories, consumer goods and goods for resale	14	82,145	60,834	45,652
Trade receivables	15	123,184	137,956	138,845
Derivative financial instruments	23	0	0	1,052
Corporation tax receivable	24	5	93	183
Other receivables	16	50,113	33,437	16,103
Prepaid expenses	17	22,985	4,752	6,264
Securities	18/23	128	1,066	26,228
Cash at bank and in hand	23	4,282	1,814	25,565
		<u>282,842</u>	<u>239,952</u>	<u>259,892</u>
Total current assets		<u>282,842</u>	<u>239,952</u>	<u>259,892</u>
TOTAL ASSETS		<u>1,090,212</u>	<u>1,045,645</u>	<u>874,780</u>

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Balance sheet

DKK'000	Note	2008/09	2007/08	2006/07
EQUITY AND LIABILITIES				
Equity				
Share capital		600	600	600
Share premium		30,652	30,652	30,652
Value adjustments of hedging instruments		8,458	-12,412	1,052
Retained earnings		122,668	181,593	170,666
Total equity		162,378	200,433	202,970
Liabilities				
Non-current liabilities				
Deferred tax	21	51,762	65,012	55,897
Provisions	22	750	0	51,947
Mortgage debt	23	20,210	7,378	6,914
Banks	23	350,837	354,762	217,681
Lease obligations	23	31,462	38,762	45,520
Total non-current liabilities		455,021	465,914	377,959
Current liabilities				
Mortgage debt	23	1,596	1,012	1,253
Banks	23	59,523	55,857	28,966
Bank overdrafts	23	12,964	33,434	22,968
Lease obligations	23	7,300	6,758	6,256
Derivative financial instruments	23	0	16,546	0
Prepayments from customers and accrued income	25	177,527	90,221	34,736
Trade payables	23	102,117	83,673	78,496
Other payables	26	106,914	91,797	121,176
Provisions	22	4,872	0	0
Total current liabilities		472,813	379,298	293,851
Total liabilities		927,834	845,212	671,810
TOTAL EQUITY AND LIABILITIES		1,090,212	1,045,645	874,780

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Cash flow statement

DKK'000	Note	2008/09	2007/08	2006/07
Profit/loss before tax		-79,135	69,288	35,783
Adjustment for non-cash operating items, etc.:				
Depreciation and amortisation		93,841	84,191	45,591
Other non-cash operating items, net		5,301	10,270	136
Provisions		5,622	-51,947	0
Financial income		-1,472	-32,585	-6,231
Financial expenses		78,888	36,840	24,042
Cash flows from operating activities before changes in working capital		103,045	116,057	99,321
Changes in working capital:				
Inventories		-21,311	-15,182	-3,460
Receivables		-20,137	-14,935	-30,029
Trade payables, prepayments and other payables		120,867	31,283	16,418
Cash flows from operating activities before interest and tax		182,464	117,223	82,250
Interest received		1,111	28,048	1,061
Interest paid		-29,338	-29,793	-19,038
Corporation tax paid		92	61	256
Cash flows from operating activities		154,329	115,539	64,529
Acquisition of intangible assets		-10,427	-908	-550
Acquisition of property, plant and equipment		-79,083	-308,385	-35,501
Disposal of property, plant and equipment		3,390	25,956	11,062
Disposal of activities	27	2,450	0	0
Changes in other non-current receivables		-11,847	8,341	-2,608
Disposal of securities		851	24,857	4,455
Cash flows from investing activities		-94,666	-250,139	-23,142
External financing:				
Changes in bank debts, etc.		-57,195	155,930	-41,627
Shareholders:				
Dividends paid, including costs		0	-45,080	0
Cash flows from financing activities		-57,195	110,850	-41,627
Net cash flows from operating, investing and financing activities		2,468	-23,750	-240
Cash and cash equivalents at 1 May		1,814	25,565	25,805
Cash and cash equivalents at 30 April		4,282	1,815	25,565

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Statement of changes in equity

DKK'000	Share capital	Share premium	Value adjustments of hedging instruments	Retained earnings	Total
Equity at 1 May 2006	600	30,652	0	130,330	161,582
Changes in accounting policies	0	0	0	14,491	14,491
Equity at 1 May 2006 after changes	600	30,652	0	144,821	176,073
Comprehensive income for the year	0	0	1,052	25,845	26,897
Equity at 30 April 2007	600	30,652	1,052	170,666	202,970
Comprehensive income for the year	0	0	-13,464	56,007	42,543
Extraordinary dividend	0	0	0	-45,000	-45,000
Costs related to interim dividend	0	0	0	-80	-80
Equity at 30 April 2008	600	30,652	-12,412	181,593	200,433
Comprehensive income for the year	0	0	20,870	-58,925	-38,055
Equity at 30 April 2009	600	30,652	8,458	122,668	162,378

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Summary of notes to the consolidated financial statements

<i>Note</i>		<i>Note</i>	
1	Accounting policies	18	Securities
2	Revenue	19	Capital management
3	Production costs	20	Earnings per share
4	Staff costs	21	Deferred tax
5	Depreciation on and amortisation of non-current assets	22	Provisions
6	Other operating income	23	Financial risks and financial instruments
7	Development costs	24	Corporation tax
8	Financial income	25	Prepayments and accrued income
9	Financial expenses	26	Other payables
10	Income taxes	27	Disposal of activities
11	Intangible assets	28	Contingent liabilities and security
12	Property, plant and equipment	29	Lease obligations and income
13	Other non-current assets	30	Fees to auditors appointed at the annual general meeting
14	Inventories, consumer goods and goods for resale	31	Related parties
15	Trade receivables	32	Events after the balance sheet date
16	Other receivables	33	New accounting regulations
17	Prepaid expenses	34	Changes in accounting policies

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements

Cimber Sterling Group A/S is a public limited company domiciled in Denmark. The annual report for the period 1 May 2008 – 30 April 2009 comprises both the consolidated financial statements of Cimber Sterling Group A/S and its subsidiaries (the Group) and separate financial statements for the parent company.

The consolidated financial statements of Cimber Sterling Group A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports in the Danish statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act issued in accordance with the Danish Financial Statements Act. In addition, the consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the IASB. The consolidated financial statements are the first consolidated financial statements prepared in accordance with IFRS. IFRS 1 on first-time adoption of IFRS has been used for the transition.

The parent company financial statements have been prepared in accordance with the provisions applying to reporting class C medium size enterprises under the Danish Financial Statements Act. Reference is made to page 66 for a description of accounting policies for the parent company financial statements.

Basis of preparation

The consolidated financial statements have been presented in Danish kroner, rounded to the nearest thousand.

The consolidated financial statements have been prepared on the historical cost basis except that the following assets and liabilities are measured at fair value: derivative financial instruments and financial instruments held for trading.

The accounting policies set out below have been used consistently to the financial year and the comparative figures.

Changes in accounting policies

As a result of the transition to IFRS, the accounting policies have been changed in a number of areas.

In accordance with IFRS 1, the opening balance sheet at 1 May 2006 and the comparative figures for 2006/07 and 2007/08, respectively, have been prepared in accordance with the IFRS/IASs and IFRIC/SICs effective at 30 April 2009. Moreover, the Group has adopted the following standards in advance of the effective date:

- IFRS 8 "Operating Segments"
- IAS 23 (revised 2007) "Borrowing Costs"
- IAS 1 (revised 2007) "Presentation of Financial Statements"
- IFRS 7 (amendments in 2007) "Financial Instruments: Disclosure".

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

The opening balance sheet at 1 May 2006 has been prepared as if these standards and interpretations had always been used, except for the specific transitional provisions and effective dates described below.

Effect of changes in accounting policies

The accounting effect of the transition to IFRS can be specified as follows:

	2008/09	2007/08	2006/07
Profit/loss after tax before changes	-44,102	60,437	30,124
Changes	-14,823	-4,430	-4,279
Profit/loss after tax and changes (IFRS)	-58,925	56,007	25,845
Equity before changes	171,419	194,651	192,758
Changes	-9,039	5,782	10,212
Equity after changes (IFRS)	162,380	200,433	202,970

Explanation of changes in accounting policies on transition to IFRS

In note 34 to the consolidated financial statements, the individual changes and the additional effect on assets and liabilities are described in further detail.

Reclassifications

In addition to the above-mentioned changes in accounting policies, the following reclassifications and changes in format have been made, including restatement of comparative figures for 2007/08 and 2006/07:

- Inventories of components have been reclassified from inventories of consumer goods and goods for resale to non-current assets.
- Previously, prepayments from customers and accrued income were classified as other payables. Now, these are presented as a separate line item under liabilities.
- Deferred tax liabilities and provisions are no longer presented as a separate heading (provisions), but are included in non-current and current liabilities, respectively.

Profit/loss for the year and equity have not been affected by the reclassifications.

Cash flow statement

The format, details and certain reclassifications have been changed. The effect on cash flows from operating activities and investing activities appears below:

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

	2008/09	2007/08	2006/07
Cash flows from operating activities before changes	152,290	87,150	58,720
Reclassifications	2,039	28,389	5,809
Cash flows from operating activities after changes	154,329	115,539	64,529

The considerable change in 2007/08 is primarily attributable to the reclassification of VAT refund, see notes 6 and 8.

	2008/09	2007/08	2006/07
Cash flows from investing activities before changes	-89,945	-259,469	-27,912
Reclassifications	-4,721	9,330	4,770
Cash flows from investing activities after changes	-94,666	-250,139	-23,142

Financial highlights

The financial highlights for the financial years 2008/09, 2007/08 and 2006/07 have been restated. The financial highlights for the financial years 2004/05 and 2005/06 have not been restated in accordance with the changes in accounting policies. The adjustments that would be necessary if the comparative figures for 2004/05 and 2005/06 in the overview of financial highlights were to be restated to IFRS correspond to the adjustments that have been made to the opening balance sheet and the results for the year, see above. However, the monetary effect for the years 2004/05 and 2005/06 differs from the indicated figures.

Description of accounting policies for the consolidated financial statements

Consolidated financial statements

The consolidated financial statements comprise Cimber Sterling Group A/S and subsidiaries in which the parent company has control over the Company's financial and operating policies so as to obtain returns or other benefits from its activities. Control is obtained when the Company directly or indirectly holds more than 50 % of the voting rights in the subsidiary or controls the subsidiary in some other way.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared in accordance with the Group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions have been eliminated.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of identifiable net assets and recognised contingent liabilities at the acquisition date.

The subsidiaries' line items are fully recognised in the consolidated financial statements.

Foreign currency translation

For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised or the exchange rate in the latest annual report is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises with another functional currency than DKK, the income statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly change the presentation of the underlying transactions. Foreign exchange differences arising on translation of the equity at the beginning of the year of such entities at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Derivative financial instruments

Derivative financial instruments are recognised at the trade date and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are presented separately in the balance sheet, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of the hedged item are recognised in equity under a separate hedging reserve until the hedged transaction is realised. At this time, gains and losses regarding such hedging transactions are transferred from equity and recognised in the same item as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue regarding services that primarily comprise air transport of passengers is recognised at the time when the air transport is carried through. Tickets sold for air transport not carried through at the balance sheet date are recognised in the balance sheet in the line item "Prepayments from customers and accrued income". The liability is reduced at the time when the air transport is carried through or when a customer asks for a refund.

The Group has established loyalty programmes, including Cimber Sterling Travel Card. Among other things, members of the loyalty programmes receive benefits in the form of discounts on purchased flights. These discounts are recognised in revenue in the period when the flight is carried through.

Further, the Group participates in SAS' bonus programmes. A monthly fee is paid to cover all commitments.

Revenue from leasing of aircraft, etc., is recognised on a straight-line basis during the lease term.

Revenue from the sale of goods for resale primarily relating to minor aircraft components is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. The Group's sale of IT software is recognised as income when the application has been installed at the client.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Production costs

Production costs comprise costs directly incurred in generating the revenue for the year except depreciation, amortisation and rental and leasing expenses and staff costs that are presented separately. Costs regarding operation and maintenance of the fleet, including costs relating to fuel, handling, airport taxes, catering and booking, are recognised under production costs.

The trading enterprise recognises costs of sales corresponding to revenue for the year.

Other external costs

Other external costs comprise costs incurred during the year for administration, except depreciation, amortisation, rental and leasing expenses and staff costs that are presented separately. Write-downs of trade receivables and goods for resale as well as costs for sales and marketing are also included.

Other operating income and costs

Other operating income and costs comprise items secondary to the primary activities of the enterprises. Gains and losses on disposal of property, plant and equipment are shown as a separate line item in the income statement.

Gains and losses on disposal of property, plant and equipment

Gains and losses on disposal of property, plant and equipment are determined as the selling price less costs to sell and the carrying amount at the time of sale.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, debt and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including finance lease liabilities, as well as surcharges and refunds under the Danish tax prepayment scheme, etc. Furthermore, realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging instruments are included.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Income taxes

The parent company is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies that use tax losses in other companies pay a joint taxation contribution to the parent company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint taxation contributions from the parent company corresponding to the tax value of the losses used (full absorption). The jointly taxed companies are taxed under the Danish tax prepayment scheme.

Income tax comprises current tax and changes in deferred tax for the year. The tax expense relating to the results for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Trademarks and rights, etc.

Trademarks and rights are measured at cost less accumulated amortisation and impairment. Trademarks are amortised over the expected useful life, which is usually ten years. Rights and licences are amortised on a straight-line basis over the lower of the remaining term of the right or contract period and the useful life, which is also usually ten years.

Development projects

Development projects relate to the development of software for own use and sale. Projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company are demonstrated, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net sales price can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment. Cost comprises wages and salaries and other costs attributable to the Group's development activities.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life from the date when the asset is ready for use. The amortisation period is usually five years. The basis of amortisation is calculated less any impairment.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Property, plant and equipment

Land and buildings, aircraft, aircraft components, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use. The cost of self-constructed assets, primarily improvement costs on aircraft, comprises direct and indirect costs of materials, components, sub-suppliers and wages and salaries. The cost of an asset is divided into separate components which are depreciated separately if the useful lives of the individual components are not the same. Official regulation dictates that periodical inspection and maintenance of all aircraft is to be conducted. Certain (non-metal) components must be replaced depending on the use of the aircraft and consequently those components usually have a shorter useful life than the principal components of the aircraft. The components that are called "rotables" have the same useful life as the aircraft as they are maintained on an ongoing basis. The related costs are recognised in the income statement as incurred.

In connection with other property, plant and equipment, subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset when it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised in the balance sheet and the carrying amount is recognised in the income statement. All other costs for ordinary repairs and maintenance are recognised in the income statement as incurred.

The cost of assets held under finance leases is recognised at the lower of the fair value of the assets and the present value of the future minimum lease payments. For the calculation of the net present value, the interest rate implicit in the lease or the Group's incremental borrowing rate is used as discount rate.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

Buildings and building components	approx. 17 years
Leasehold improvements	approx. 17 years
Aircraft (metal components) incl.	
"rotables": ATR	25 years
CRJ	20 years
Aircraft components (non-metal)	2-12 years
Aircraft held under finance lease	8 years
Other plant and equipment	3-5 years

Land is not depreciated.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

The depreciable amount is determined taking the residual value and impairment losses, if any, into consideration. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Impairment of non-current assets

The carrying amount of non-current assets is tested annually for indicators of impairment. When there is an indication that an asset may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under "Depreciation, amortisation and impairment".

Impairment of non-current assets is reversed only to the extent of changes having occurred in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount that the asset would have had after depreciation and amortisation if the asset had not been impaired.

Inventories of consumer goods and goods for resale

Inventories of consumer goods and goods for resale primarily comprise aircraft components and aircraft servicing and repair materials. These inventories are measured at the lower of cost in accordance with the weighted average cost formula and the net realisable value.

Goods for resale (aircraft components) and aircraft servicing and repair materials are measured at cost, comprising purchase price plus delivery costs.

The net realisable value is calculated as the sales price less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in the expected sales price.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Receivables

Receivables are measured at amortised cost. Individual write-down is made for bad debt losses when there is objective evidence that a receivable has been impaired.

Write-downs are calculated as the difference between the carrying amount and the present value of the expected cash flows, including the realisable value of any received collateral. The effective interest rate is used as the discount rate for the individual receivable or portfolio.

Deposits paid on inception of leases are recognised at amortised cost if it is material to the measurement of the receivable. The difference between nominal value and amortised cost is considered an additional rental and leasing expense which is accrued on a straight-line basis over the lease term.

Prepaid expenses

Prepaid expenses are measured at amortised cost.

Securities

Shares and bonds that can be measured at a reliable fair value and are monitored on an ongoing basis are recognised at the trade date at fair value and are subsequently measured at fair value. Changes in fair value are recognised in the income statement as financial income or financial expenses.

Equity

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). The proposed dividend payment for the year is disclosed as a separate item under equity.

Extraordinary dividend is recognised as a liability at the date when the decision to pay extraordinary dividend is made.

Value adjustments of hedging instruments

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Share premium

Share premium comprises premium on issue of shares.

Employee benefits

The Group has entered into pension schemes and similar arrangements with the majority of the Group's employees.

Contributions to defined contribution plans where the Group makes fixed pension payments to independent pension funds are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the balance sheet as other payables.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for prepaid tax.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax related to elimination of unrealised intra-group profits and losses is adjusted on consolidation.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to be realised or settled. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Provisions

Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there will be an outflow of economic resources to settle the obligation.

The amount recognised as a provision is Management's best estimate of the expenses required to settle the obligation.

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. A pre-tax discount rate is used that reflects the current market interest rate level plus risks specific to the liability. Changes in present values during the year are recognised as financial expenses.

A provision for onerous contracts is recognised when the expected benefits to be obtained by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

Some leases regarding aircraft contain requirements that the aircraft be returned at the end of the lease term in the state and condition in which they were taken over at the inception of the lease. Moreover, the Group is obligated to comply with the maintenance programmes defined by the lessor in the leases. The contractual maintenance relates to regular maintenance as well as periodic overhauls. Provision is made for the contractual maintenance to the extent it is not covered by the regular payment typically made and deposited with the lessor, see the section Leases under Accounting policies.

Financial liabilities

Amounts owed to mortgage credit institutions, etc., are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Financial liabilities also include the capitalised outstanding obligation under finance leases, which is measured at amortised cost.

Other liabilities are measured at amortised cost.

Leases

For accounting purposes, lease obligations are divided into finance and operating leases.

Leases are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

The accounting treatment of assets held under finance leases and the related lease obligations is described under Property, plant and equipment and Financial liabilities, respectively.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term. Apart from lease payments, continuous payments to the lessor for maintenance obligations are recognised as costs in the income statement. These are repaid to the Group when the contractual maintenance has been carried out by the Group.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of businesses is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of businesses are recognised up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the results before tax adjusted for non-cash operating items, changes in working capital, interest received and interest paid, dividends received and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and activities, purchase and sale of intangible assets, property, plant and equipment and other non-current assets as well as purchase and sale of securities not classified as cash and cash equivalents.

Finance leases are accounted for as non-cash transactions.

Cash flows from financing activities comprise changes in the size or composition of share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash at bank and in hand.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Segment information

Segment information is prepared in accordance with the Group's accounting policies and complies with internal management reporting.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Cimber Sterling Group A/S' reportable segments comprise the following entities selling various services and products:

- Aircraft operation
- Cimber Air Maintenance Center A/S.

The aircraft operation segment comprises the Group's activities within air transport, including transport of Business and Leisure, of passengers on both domestic and international routes, lease of aircraft and personnel as well as other related activities related to air transport. The Cimber Air Maintenance Center A/S segment comprises the Group's activities within sale of aircraft maintenance and sale of small aircraft components to other airlines.

Segment revenue and costs and segment assets and liabilities comprise items which are directly attributable to the individual segment and the items which can be allocated to the individual segment on a reliable basis.

Non-current segment assets comprise non-current assets used directly in the operating activities of the segment, including intangible assets and property, plant and equipment.

Current segment assets comprise current assets used directly in the operating activities of the segment, including inventories, trade receivables, other receivables, prepaid expenses and deferred income.

Segment liabilities comprise liabilities resulting from the operating activities of the segment, including trade payables, prepayments received and other payables.

Definition of EBITDAR and EBIT

The subtotal "Operating profit before rental and leasing expenses, depreciation, amortisation, impairment, etc." is presented in the income statement. The subtotal is also called EBITDAR. EBITDAR is often used in connection with airlines as an alternative to EBITDA (ex. rental and leasing expenses) as rental and leasing expenses are often an alternative to purchase and thereby depreciation on aircraft. EBIT is defined as operating profit/loss, i.e. profit/loss before financial income and expense.

Accounting estimates and judgments

Estimation uncertainty

The determination of the carrying amount of certain assets and liabilities requires assessments, estimates and assumptions of future events.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

The estimates and assumptions made are based on historical experience and other factors that Management finds reasonable in the circumstances but by nature are uncertain and unpredictable. The assumptions may be incomplete or imprecise and unexpected events or circumstances may arise. Moreover, the Group is subject to risks and uncertainties that may result in the actual outcome differing from these estimates.

It may be necessary to change previously made estimates due to changes in the circumstances that formed the basis of the previous estimates or due to new knowledge or subsequent events.

In 2008/09, the development in the global economy and the financial markets have entailed that the uncertainty regarding a number of key assumptions regarding the future, e.g. credit risks, interest rate level, sales volume, volatility, etc., has changed considerably compared to previous years.

Estimates that are material particularly to the financial reporting are described below.

Depreciation, amortisation and residual value of non-current assets

Non-current assets are recognised at cost less accumulated depreciation, amortisation and impairment. Assets are depreciated or amortised on a straight-line basis over their expected useful lives and taking into account the residual values of the assets.

Management periodically assesses the appropriateness of useful lives and residual values of the non-current assets, including particularly aircraft and aircraft components. The assessments are based on current conditions and estimated market values, economic benefit forecasts and historical industry trends. The expected future application and residual values may prove unrealisable, which may entail a need for reassessing the remaining useful lives and residual values and a need for impairment write-downs or losses on sale of non-current assets.

Impairment of non-current assets

Management periodically assesses the carrying amounts of its assets to determine whether there is an indication of impairment. It is estimated whether the parts of the business that the assets relate to will be able to produce sufficient net cash inflows in the future to support the value of non-current assets. Due to the characteristics of the business, estimates are made based on expected cash flows – also many years into the future.

Maintenance obligations regarding aircraft leases

The leases contain provisions that aircraft are to be returned to the lessor in a certain condition. Consequently, maintenance should be carried out on an ongoing basis in order to ensure compliance with such requirement. Provision is made based on expected costs and assumptions regarding the scope of the maintenance.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies for the consolidated financial statements (continued)

Accounting policies

In applying the Group's accounting policies, Management makes assessments in addition to estimates that may have significant effect on the amounts recognised in the financial statements.

Such assessments comprise among other things assessing whether to treat leases as operating leases or finance leases.

2 Segment information regarding reportable segments

2008/09

DKK'000	Aircraft operation	Cimber Air Maintenance Center A/S	Total reporting segments	Other	Consoli- dated financial statements
Revenue for external customers	1,237,884	53,863	1,291,747	6,010	1,297,757
Inter-segment revenue	0	121,830	121,830	-121,830	0
Total segment revenue	1,237,884	175,693	1,413,577	-115,820	1,297,757
EBITDAR	136,548	12,132	148,680	1,703	150,379
EBIT	-12,450	10,967	-1,483	-236	-1,719
Financial income and expenses				-77,416	-77,416
Loss before tax					-79,135
Tax				20,210	20,210
Loss after tax					-58,925
Segment assets	982,549	92,183	1,074,732	15,480	1,090,212
Property, plant and equipment	758,211	2,554	760,765	14,984	775,749
Depreciation and amortisation	90,743	1,165	91,908	406	92,314
Segment liabilities	367,289	24,546	391,835	535,999	927,834

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

2 Segment information regarding reportable segments (continued)

2007/08

DKK'000	Aircraft operation	Cimber Air Mainte- nance Center A/S	Total reporting segments	Other	Consoli- dated financial statements
Revenue for external customers	1,097,373	65,874	1,163,697	-15,055	1,148,192
Inter-segment revenue	0	67,847	67,847	-67,847	0
Total segment revenue	1,097,373	133,721	1,231,544	-82,902	1,148,192
EBITDAR	228,193	-1,556	226,637	1,005	227,642
EBIT	77,109	-2,655	74,454	-912	73,543
Financial income and expenses				-4,255	-4,255
Profit before tax					69,288
Tax				-13,281	-13,281
Profit after tax					56,007
Segment assets	952,020	78,321	1,030,341	15,304	1,045,645
Property, plant and equipment	776,552	2,740	779,292	15,993	795,285
Depreciation and amortisation	71,964	1,099	73,063	961	74,024
Segment liabilities	262,062	22,906	284,968	560,244	845,212

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

2 Segment information regarding reportable segments (continued)

2006/07

DKK'000	Aircraft operation	Cimber Air Maintenance Center A/S	Total reporting segments	Other	Consolidated financial statements
Revenue for external customers	895,186	68,093	963,279	7,512	970,791
Inter-segment revenue		56,037	56,037	-56,037	0
Total segment revenue	895,186	124,130	1,019,316	-48,525	970,791
EBITDAR	153,780	6,581	160,361	2,754	163,115
EBIT	43,790	5,657	49,447	4,147	53,594
Financial income and expenses				-17,811	-17,811
Profit before tax					35,783
Tax				-9,938	-9,938
Profit after tax					25,845
Segment assets	724,758	71,984	796,742	78,038	874,780
Property, plant and equipment	577,764	2,993	580,757	15,446	596,203
Depreciation and amortisation	46,654	924	47,578	-753	46,825
Segment liabilities	271,520	18,606	290,126	381,684	671,810

Inter-segment transactions are made on an arm's length basis. For definition of EBITDAR and EBIT, see accounting policies.

The item "Other" primarily comprises the business Cimber Air Data A/S and intra-group eliminations, see reconciliations below. Intra-group loans and cash and cash equivalents are not included in the assets of the reporting segments. The reporting segments' liabilities exclude interest-bearing debt and deferred tax.

DKK'000	2008/09	2007/08	2006/07
Revenue			
Total reporting segments	1,291,747	1,163,697	963,279
Cimber Air Data A/S	9,280	6,899	10,411
Elimination of intra-group revenue	-3,270	-22,404	-2,899
Total revenue, see income statement	1,297,757	1,148,192	970,791

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2 Segment information regarding reportable segments (continued)

DKK'000	2008/09	2007/08	2006/07
EBIT			
Total reporting segments	-1,483	74,454	49,447
Cimber Air Data A/S	1,977	465	1,413
Elimination of intra-group transactions, etc.	-2,213	-1,376	2,734
Total EBIT, see income statement	-1,719	73,543	53,594
Assets			
Total reporting segments	1,074,732	1,030,341	796,742
Cimber Air Data A/S	6,209	6,794	6,641
Cash and cash equivalents and securities	4,861	2,880	51,793
Other unallocated assets and eliminations	4,410	5,630	19,604
Total assets, see balance sheet	1,090,212	1,045,645	874,780
Liabilities			
Total reporting segments	391,835	284,968	290,126
Cimber Air Data A/S	2,797	5,014	4,354
Interest-bearing debt	483,892	497,963	329,558
Deferred tax	51,762	65,012	55,897
Other unallocated liabilities and eliminations	-2,452	-7,745	-8,125
Total liabilities, see balance sheet	927,834	845,212	671,810

The above segmentation is based on internal management and what is considered the Group's core businesses.

Revenue is attributable to:

DKK'000	2008/09	2007/08	2006/07
Passenger transport	1,091,377	986,875	817,227
Charter	45,041	45,954	27,475
Commissions received	62,036	41,001	17,417
Aircraft service and maintenance	8,651	6,378	25,534
Sales of spare parts	43,681	44,621	45,877
Other	46,971	23,363	37,261
	1,297,757	1,148,192	970,791

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2 Segment information regarding reporting segments (continued)

Geographical information

More than 90% of the Group's activities take place in Denmark or relate to flights that originate from Denmark. Leased aircraft and crews are typically deployed to different areas in Scandinavia. Apart from certain leased aircraft, all non-current assets are located in Denmark.

The above-mentioned has been the case for all three financial years.

Significant customers

Revenue from trading with a significant customer totals approx. 30% of revenue (2007/08: approx. 36% and 2006/07: 40%). Revenue primarily relates to leasing of aircraft and crew as well as revenue regarding ticket sales for destinations operated by the customer.

DKK'000	2008/09	2007/08	2006/07
3 Production costs			
Aircraft fuel	148,452	122,284	91,574
Aircraft maintenance	143,904	78,577	70,439
Passenger/aircraft charges	176,167	154,381	125,794
Handling and catering costs	113,399	84,581	81,376
Hedge accounting	-22,119	-4,211	0
Other costs	113,701	113,539	101,838
	<u>673,504</u>	<u>549,151</u>	<u>471,021</u>
4 Staff costs			
Wages and salaries	334,025	287,796	237,229
Pensions	29,653	24,691	21,680
Other social security costs	4,551	3,705	4,243
Other staff costs	51,798	50,443	34,913
Staff costs capitalised in connection with aircraft improvements	-18,256	-10,163	-9,275
	<u>401,771</u>	<u>356,472</u>	<u>288,790</u>

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DKK'000	2008/09	2007/08	2006/07
4 Staff costs (continued)			
In the above, remuneration for Executive Board, other key management personnel and Supervisory Board is included by the following amounts:			
Executive Board:			
Wages	3,701	3,725	1,958
Pension contributions	396	375	375
	<u>4,097</u>	<u>4,100</u>	<u>2,333</u>
Other key management personnel:			
Wages	4,243	4,324	1,667
Pension contributions	248	247	162
	<u>4,491</u>	<u>4,571</u>	<u>1,829</u>
Supervisory Board:			
Remuneration	597	495	525
	<u>597</u>	<u>495</u>	<u>525</u>
Average number of full-time employees	<u>762</u>	<u>633</u>	<u>541</u>
5 Depreciation on and amortisation of non-current assets			
Trademarks	174	0	0
Rights	99	0	0
Development costs for software	788	844	982
Buildings	1,449	1,399	1,313
Aircraft and aircraft components	84,429	68,122	41,835
Other plant and equipment	5,375	3,659	2,695
Gain/loss on disposal of property, plant and equipment	1,527	10,167	-1,234
	<u>93,841</u>	<u>84,191</u>	<u>45,591</u>
6 Other operating income			
VAT refund relating to previous years	0	44,496	0
Other	0	358	0
	<u>0</u>	<u>44,854</u>	<u>0</u>

In 2007/08, the Group made a settlement with the Danish tax authorities regarding a claim for VAT refund relating to previous years. Apart from the above amount, interest on the claim has been recognised under financial income.

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DKK'000	2008/09	2007/08	2006/07
7 Development costs for software			
The relationship between costs incurred and development costs expensed is:			
Development costs for software incurred	446	907	549
Development costs recognised under intangible assets	-446	-907	-549
Amortisation of recognised development costs	788	844	982
Development costs for the year recognised in the income statement under production costs and depreciation and amortisation	788	844	982
Developed software is intended for own use and for sale.			
8 Financial income			
Interest, cash, etc.	1,111	984	1,061
Fair value adjustments regarding derivative financial instruments	0	4,172	3,288
Interest received related to VAT case, see note 6	0	24,148	0
Capital gain on securities (fair value option)	79	2,546	1,389
Other	282	735	493
	1,472	32,585	6,231
9 Financial expenses			
Interest, banks, etc.	29,338	23,602	16,859
Foreign exchange losses, net	43,049	5,630	3,692
Capital losses on securities (fair value option)	293	3,384	255
Other	6,208	4,224	3,236
	78,888	36,840	24,042

Foreign exchange losses are primarily attributable to adjustments in the Group's interest-bearing debt in USD.

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DKK'000	2008/09	2007/08	2006/07
10 Income tax			
Tax on taxable income for the year	0	0	0
Foreign tax paid	0	29	52
Changes in deferred tax	-20,206	18,608	9,888
Tax adjustment relating to previous years	-4	0	-2
Reduction of Danish corporation tax	0	-5,356	0
	<u>-20,210</u>	<u>13,281</u>	<u>9,938</u>
Corporation tax paid for the year	<u>88</u>	<u>90</u>	<u>305</u>
Tax on profit/loss for the year can be explained as follows:			
Calculated tax of 25% of profit/loss before tax	-19,784	17,322	10,020
Reduction of Danish corporation tax	0	-5,356	0
Tax effect of:			
Non-taxable income	-9	-26	-96
Other non-deductible costs	278	452	185
Changes in deferred tax on non-capitalised tax	-692	260	-195
Foreign tax paid	0	29	52
Other	-3	600	-28
	<u>-20,210</u>	<u>13,281</u>	<u>9,938</u>
Effective tax rate	<u>25.6%</u>	<u>19.2%</u>	<u>27.8%</u>

In 2007, the Danish corporation tax was reduced from 28% to 25%.

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11 Intangible assets

2008/09

DKK'000	Trade- marks	Rights	Software projects	Total
Cost at 1 May 2008	0	0	7,971	7,971
Additions	5,255	4,726	446	10,427
Cost at 30 April 2009	5,255	4,726	8,417	18,398
Amortisation at 1 May 2008	0	0	6,178	6,178
Amortisation	174	99	788	1,061
Amortisation at 30 April 2009	174	99	6,966	7,239
Carrying amount at 30 April 2009	5,081	4,627	1,451	11,159
Amortised over	10 years	10 years	5 years	

Additions of trademarks and rights relate to acquisition of assets from the Sterling insolvent estate.

2007/08

DKK'000	Software projects
Cost at 1 May 2007	7,063
Additions	908
Cost at 30 April 2008	7,971
Amortisation at 1 May 2007	5,334
Amortisation	844
Amortisation at 30 April 2008	6,178
Carrying amount at 30 April 2008	1,793

2006/07

DKK'000	Software projects
Cost at 1 May 2006	6,514
Additions	549
Cost at 30 April 2007	7,063
Amortisation at 1 May 2006	4,352
Amortisation	982
Amortisation at 30 April 2007	5,334
Carrying amount at 30 April 2007	1,729

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12 Property, plant and equipment

2008/09

DKK'000	Land and buildings	Aircraft and aircraft components	Other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 May 2008	25,097	1,053,651	29,204	2,476	1,110,428
Additions	187	60,010	9,806	9,080	79,083
Disposals	0	-3,522	-2,047	-2,476	-8,045
Cost at 30 April 2009	25,284	1,110,139	36,963	9,080	1,181,466
Depreciation at 1 May 2008	8,226	294,181	12,736	0	315,143
Depreciation	1,449	84,429	5,375	0	91,253
Disposals	0	-440	-239	0	-679
Depreciation at 30 April 2009	9,675	378,170	17,872	0	405,717
Carrying amount at 30 April 2009	15,609	731,969	19,091	9,080	775,749
Depreciated over	17 years	8-25 years	3-5 years		
Asset held under finance lease		54,885			

2007/08

DKK'000	Land and buildings	Aircraft and aircraft components	Other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 May 2007	23,534	804,991	18,517	1,435	848,477
Adjustment, beginning of year	0	2,987	0	0	2,987
Additions	1,563	292,616	11,765	2,476	308,420
Disposals	0	-46,943	-1,078	-1,435	-49,456
Cost at 30 April 2008	25,097	1,053,651	29,204	2,476	1,110,428
Depreciation at 1 May 2007	6,827	235,424	10,023	0	252,274
Adjustment, beginning of year	0	3,022	0	0	3,022
Depreciation	1,399	68,122	3,659	0	73,180
Disposals	0	-12,387	-946	0	-13,333
Depreciation at 30 April 2008	8,226	294,181	12,736	0	315,143
Carrying amount at 30 April 2008	16,871	759,470	16,468	2,476	795,285
Depreciated over	17 years	8-25 years	3-5 years		
Asset held under finance lease		66,351			

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12 Property, plant and equipment (continued)

2006/07

DKK'000	Land and buildings	Aircraft and aircraft compo- nents	Other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 May 2006	26,832	792,747	15,285	684	835,548
Adjustment, beginning of year	-3,974	0	0	0	-3,974
Additions	760	29,592	3,714	1,435	35,501
Disposals	-84	-17,348	-482	-684	-18,598
Cost at 30 April 2007	23,534	804,991	18,517	1,435	848,477
Depreciation at 1 May 2006	9,593	201,792	7,791	0	219,176
Adjustment, beginning of year	-3,974	0	0	0	-3,974
Depreciation	1,313	41,835	2,695	0	45,843
Disposals	-105	-8,203	-463	0	-8,771
Depreciation at 30 April 2007	6,827	235,424	10,023	0	252,274
Carrying amount 30 April 2007	16,707	569,567	8,494	1,435	596,203
Depreciated over	17 years	8-25 years	3-5 years		
Asset held under finance lease		79,263			

In 2006/07 and 2008/09, capitalisation of aircraft components has only been made in connection with the improvements that are made in connection with large-scale maintenance. Disposals relate particularly to the improvements that are obsolete due to new larger maintenance services on aircraft. Property, plant and equipment under construction primarily relates to work in connection with large-scale maintenance.

In 2007/08, the Group acquired 7 aircraft; 4 Bombardier CRJ200 and 3 ATR 72-210.

The useful lives/depreciation periods of the majority of the aircraft can be specified as follows:

ATR 25 years

CRJ 20 years

The useful lives are based on information regarding expected useful lives from the individual aircraft manufacturers. For 2008/09, there is no information giving rise to changes in useful lives or residual values.

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13 Other non-current assets

DKK'000	Deposits and other receivables		
	2008/09	2007/08	2006/07
Cost at 1 May	8,615	16,956	14,352
Additions	13,066	1,601	4,584
Disposals	-2,103	-9,107	-1,383
Value adjustments	884	-835	-597
Carrying amount at 30 April	20,462	8,615	16,956
The assets are expected to be refunded in:			
0-1 year	8,026	4,776	14,056
Between 1-5 years	12,436	3,839	493
> 5 years	0	0	2,407

Other receivables primarily include deposits regarding operating leases. There are no significant credit risks.

14 Inventories, consumer goods and goods for resale

DKK'000	2008/09	2007/08	2006/07
Inventories before write-down for obsolescence	83,041	61,845	47,345
Obsolescence	-896	-1,011	-1,693
Inventories	82,145	60,834	45,652
Expensed/reversed write-downs for the year of inventories to net realisable value included in production costs	0	-682	1,011
Cost of sales for the year recognised under production costs	65,078	48,554	37,220

The Group is subject to official requirements regarding management of inventories of consumer goods and goods for resale which means great focus on removing and scrapping obsolete goods from inventories.

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15 Trade receivables

DKK'000	2008/09	2007/08	2006/07
Trade receivables before write-downs	128,680	142,030	140,659
Write-downs	-5,496	-4,074	-1,814
Trade receivables	123,184	137,956	138,845
Receivables falling due after 1 year	385	756	1,113
Write-downs at 1 May	4,074	1,814	1,156
Changes in write-downs for the year	1,720	2,761	658
Realised for the year	-298	-501	0
Write-downs at 30 April	5,496	4,074	1,814
Receivables before write-downs due at 30 April but not impaired can be specified as follows:			
Up to 30 days	6,851	5,334	12,912
Between 30 and 90 days	2,877	8,189	13,439
Over 90 days	8,618	26,921	17,887
	18,346	40,444	44,238

For credit risks, see note 23.

16 Other receivables

Other receivables primarily comprise receivables relating to VAT and expenses for re-invoicing in connection with maintenance of leased aircraft.

All receivables fall due within one year.

17 Prepaid expenses

In 2008/09, prepaid expenses increased considerably compared to previous years primarily due to increased sponsorship costs.

18 Securities

For all the years, securities have primarily comprised listed shares and bonds.

In the financial year 2006/07, the majority of the Group's holding was disposed of.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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19 Capital management

On an ongoing basis, the Group assesses the need for adjustment of the capital structure in order to weigh higher required rate of return on equity against increased uncertainty related to loan financing. Equity's share of total equity and liabilities amounted to 15% at the end of 2008/09 (2007/08: 19% and 2006/07: 23%). In light of the rapid growth experienced by the Group, which Management wants to continue, the future capital structure is assessed continually.

The share capital comprises 3 shares of DKK 200 thousand each.

All shares rank equally. The shares were non-marketable securities at 30 April 2009. Furthermore, restrictions on the transfer of shares exist as the other shareholders have a pre-emptive right.

Dividends

No dividends are proposed for the financial year (2007/08: DKK 45,000 thousand).

Dividend per share in 2008/09 amounted to DKK 0 thousand (2007/08: DKK 15,000 thousand).

Dividends for Cimber Sterling Group A/S' shareholders have no tax consequences for the results of Cimber Sterling Group A/S.

DKK'000	2008/09	2007/08	2006/07
20 Earnings per share			
Profit/loss for the year	-58,925	56,007	25,845
Average number of shares	3	3	3
Earnings/diluted earnings per share	<u>-19,642</u>	<u>18,669</u>	<u>8,615</u>
21 Deferred tax			
Deferred tax at 1 May	65,012	55,897	46,009
Adjustment due to reduction of tax rate	0	-5,356	0
Deferred tax for the year recognised in the profit/loss for the year, see note 10	-20,206	18,608	9,888
Deferred tax for the year recognised in equity	6,956	-4,137	0
Deferred tax at 30 April	<u>51,762</u>	<u>65,012</u>	<u>55,897</u>

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DKK'000	<u>2008/09</u>	<u>2007/08</u>	<u>2006/07</u>
21 Deferred tax (continued)			
Deferred tax relates to:			
Tax assets			
Intangible assets and property, plant and equipment	92	344	678
Current assets	1,373	746	549
Other liabilities	9,728	15,517	14,497
Tax loss carryforwards subject to time or source limitations	8,900	0	0
Tax loss carryforwards	<u>60,687</u>	<u>35,455</u>	<u>50,629</u>
Deferred tax assets before offsetting	80,780	52,062	66,353
Offsetting in deferred tax liabilities	<u>-80,780</u>	<u>-52,062</u>	<u>-66,353</u>
	<u>0</u>	<u>0</u>	<u>0</u>
Tax liabilities			
Intangible assets	0	448	484
Property, plant and equipment	109,268	101,360	101,201
Current assets	20,454	15,266	20,565
Other liabilities	<u>2,820</u>	<u>0</u>	<u>0</u>
Deferred tax liabilities before offsetting	132,542	117,074	122,250
Offsetting of deferred tax assets	<u>-80,780</u>	<u>-52,062</u>	<u>-66,353</u>
	<u>51,762</u>	<u>65,012</u>	<u>55,897</u>

Tax loss carryforwards subject to time or source limitations relate to net foreign exchange losses and adjustments. These can only be carried forward for the next three years. Other tax loss carryforwards relate to losses that can be carried forward indefinitely. Deferred tax regarding losses on securities carried forward that can only be offset against future gains on securities are not recognised as an asset. They amount to approx. DKK 1.6 million.

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22 Provisions

DKK'000	2008/09	2007/08	2006/07
Provisions at 1 May	0	51,947	51,947
Utilised during the year	0	0	0
Unutilised provisions relating to previous years	0	-51,947	0
Provision for the year	5,622	0	0
Provisions at 30 April	5,622	0	51,947
The provisions are expected to be payable in:			
0-1 year	4,872	0	0
1-5 years	750	0	51,947

The above provisions for 2008/09 relate to expected costs for contractual maintenance work in accordance with operating leases. In 2006/07 and 2007/08, liabilities relate to the VAT case mentioned in note 6.

23 Financial risks and financial instruments

Due to its operations, investments and financing, the Group is exposed to a number of financial risks, including market risks (currency, interest rate and price risks), credit risks and liquidity risks.

The Group has a centralised financial risk management. The overall framework for financial risk management is outlined in the Group's finance policy which has been approved by the Supervisory Board. It is group policy not to speculate actively in financial risks. The Group's financial management is thus solely aimed at managing and reducing the financial risks that are a direct result of the Group's operations, investments and financing. On a monthly basis, Management monitors the Group's concentration of risk in material areas.

Currency risks

The Group is exposed to exchange rate fluctuations as a consequence of the fact that the Group makes considerable purchases in USD, especially fuel and spare parts for aircraft, and makes considerable lease payments in USD for leasing aircraft. Revenue is primarily recognised in Danish kroner and euro.

During the financial year 2008/09, hedge accounting for cash flows in USD has been applied to a limited extent. At the end of the year, the forward exchange contracts were frozen. In view of the Group's growth and the increased purchase volume, Management is further considering the options for additional hedging. Hedge accounting was not applied until the financial year 2007/08 and until then, forward exchange contracts were recognised under financial income and expenses.

Currency exposure of USD based on financial instruments at the balance sheet date can be illustrated as follows (assuming an isolated increase in USD):

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23 Financial risks and financial instruments (continued)

DKKm	Nominal position				Exposure		
	Cash and cash equivalents and receivables	Financial liabilities (excl. derivative financial instruments)	Derivative financial instruments	Total	Probable change in exchange rate	Effect on profit/loss for the year	Effect on equity for the year
2008/09							
USD/DKK	46	-264	0	-218	+10%	-16	-16
2007/08							
USD/DKK *)	17	-168	249	98	+10%	-11	+7
2006/07							
USD/DKK	50	-122	31	-41	+10%	-3	-3

*) Significant difference between effect on profit/loss for the year (after tax) as the derivative financial instruments in 2007/08 hedged future cash flows that would primarily affect equity. The above exposures are especially affected by interest-bearing loans in USD.

The above figures only indicate the currency exposure for financial instruments at the balance sheet date (effect on financial income and expenses) which is not considered representative for the Group's entire exposure to USD. The sensitivity analysis below is based on EBIT sensitivity compared to USD before hedge accounting, if any:

DKKm	Higher rate during the year		
		EBIT	Equity
2008/09			
USD/DKK	+10%	-26	-20
2007/08			
USD/DKK	+10%	-21	-16
2006/07			
USD/DKK	+10%	-18	-13

A negative change in exchange rates will have a corresponding positive effect on the profit/loss for the year and equity for the year. In 2008/09 and 2007/08, there was partial hedging of USD, see the paragraph "Hedge accounting".

A significant assumption for the above sensitivity analysis is that the indicated sensitivities are based on unchanged sales and price levels (both purchases and sales), cost structure and interest rate level. In some cases, it has historically been possible to obtain higher fares, etc., due to an increasing USD exchange rate.

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23 Financial risks and financial instruments (continued)

Interest rate risks

Due to its investing and financing activities, the Group is exposed to risks related to interest rate fluctuations in both Denmark and abroad.

The breakdown of the Group's cash and cash equivalents and interest-bearing debt by floating interest rate and fixed interest rate, respectively, can be specified as follows:

DKK'000	2008/09			2007/08			2006/07		
	Floating interest rate	Fixed interest rate	Total	Floating interest rate	Fixed interest rate	Total	Floating interest rate	Fixed interest rate	Total
Cash and cash equivalents	4,282	0	4,282	1,814	0	1,814	25,565		25,565
Mortgage debt	14,376	7,430	21,806	0	8,390	8,390	0	8,167	8,167
Banks	423,324	0	423,324	444,053	0	444,053	269,615	0	269,615
Finance leases	0	38,762	38,762	0	45,520	45,520	0	51,776	51,776

The duration of the fixed interest rate corresponds to the terms of the loans. Floating interest rates mean interest rates that will be reset within 12 months.

An increase in interest rate levels of 1% per annum compared with the actual interest rates of the year would other things being equal have had a hypothetical negative effect on the profit/loss for the year and equity at year end of DKK 5 million (2007/08: a negative effect of DKK 5 million and 2006/07: a negative effect of DKK 3 million). A decrease in interest rate levels would have had a correspondingly positive effect.

A significant assumption for the above sensitivity analysis is that the indicated sensitivities are based on unchanged sales and price levels (both acquisitions and sales), cost structure and exchange rate levels.

Price risks

The Group purchases a considerable amount of fuel for air transport. Historically, there have been significant changes in fuel prices as these often follow the general development in the price of oil on the world market. The Group has only to a very limited extent hedged fuel prices for the financial years 2006/07 and 2007/08. In 2008/09, no prices have been hedged.

Below, a hypothetical effect on profit/loss for the year due to fairly probable changes in fuel prices is illustrated:

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23 Financial risks and financial instruments (continued)

DKKm	Higher price during the year	Profit/loss after tax 2008/09	Profit/loss after tax 2007/08	Profit/loss after tax 2006/07
Fuel prices	+10%	-11	-9	-7

Equity is negatively affected to the same extent as the effect on profit/loss for the year after tax.

A negative change in fuel prices will have a corresponding positive effect on profit/loss and equity for the year. A significant assumption for the above sensitivity analysis is that the indicated sensitivities are based on unchanged sales levels, cost structure and interest rate levels.

Historically, the Group has been able to compensate for considerable increases in fuel prices by invoicing a fuel surcharge or increasing fares.

Liquidity risks

It is the Group's objective to have sufficient cash resources to continuously be able to act appropriately in case of unforeseen fluctuation in liquidity. Consequently, it is the Group's objective in connection with financing to ensure long-term and reliable financing of operations and investments. For this purpose, operating leases are used. The Company has seen rapid growth that continually requires making decisions regarding financing and liquidity. Alternative sources of funds are considered on an ongoing basis. Below, the maturities of the Group's interest-bearing liabilities at the balance sheet date are illustrated:

2008/09

DKK'000	Carrying amount	Contractual cash flows	0-1 year	1-3 years	3-5 years	> 5 years
Mortgage debt	21,806	27,143	2,387	4,631	4,584	15,541
Banks	423,324	484,739	87,932	143,025	133,593	120,189
Finance leases:						
Net	38,762	38,762	7,300	16,405	15,057	0
Interest element	0	7,434	2,746	3,688	1,000	0
	<u>483,892</u>	<u>558,078</u>	<u>100,365</u>	<u>167,749</u>	<u>154,234</u>	<u>135,730</u>

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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23 Financial risks and financial instruments (continued) 2007/08

DKK'000.	Carrying amount	Contractual cash flows	0-1 year	1-3 years	3-5 years	> 5 years
Mortgage debt	8,390	9,929	1,370	2,705	2,669	3,186
Banks	444,053	527,832	109,152	143,905	130,011	144,765
Finance leases:						
Net	45,520	45,520	6,758	15,186	17,721	5,855
Interest element	0	10,722	3,288	4,906	2,371	155
	<u>497,963</u>	<u>594,003</u>	<u>120,568</u>	<u>166,702</u>	<u>152,772</u>	<u>153,961</u>

2006/07

DKK'000	Carrying amount	Contractual cash flows	0-1 year	1-3 years	3-5 years	> 5 years
Mortgage debt	8,167	9,637	1,569	2,330	2,296	3,443
Banks	269,615	328,266	63,133	77,253	70,965	116,915
Finance leases:						
Net	51,776	51,776	6,256	14,058	16,405	15,056
Interest element	0	14,512	3,790	6,034	3,688	1,000
	<u>329,558</u>	<u>404,191</u>	<u>74,748</u>	<u>99,675</u>	<u>93,354</u>	<u>136,414</u>

Interest-bearing debt is recognised in the balance sheet as follows:

DKK'000	2008/09	2007/08	2006/07
Current liabilities	<u>81,383</u>	<u>97,061</u>	<u>59,443</u>
Non-current liabilities	<u>402,509</u>	<u>400,902</u>	<u>270,115</u>

A significant assumption for the above maturity analysis is that it is based on undiscounted cash flows, including estimated interest payments. Interest payments are estimated based on current market conditions. Reference is made to note 29 where maturities of the Group's operating lease liabilities are indicated.

Cash and cash equivalents primarily comprise short-term bank deposits. Bank deposits typically carry interest at 0.5-1% per annum.

The Company's liquidity is affected by seasonal fluctuations, which means that the operating finance needs fluctuate during the year. The Company has an ordinary credit facility to meet the fluctuating operating finance needs during the year. The adequacy of the credit facility is assessed on an ongoing basis, including in relation to the Company's continued growth.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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23 Financial risks and financial instruments (continued)

Covenants

In connection with leasing of aircraft in the subsidiary Cimber Air Aircraft ApS, the Group is required to maintain an intra-group subordinate loan to Cimber Sterling A/S of DKK 30 million as long as certain capital requirements in the company are not satisfied.

Moreover, it is a condition of two loans totalling DKK 51 million at 30 April 2009 in Cimber Air Aircraft A/S that the loans are not to exceed a certain portion of the market values of the aircraft that the loans are secured on. This requirement is to be met at specific dates.

Credit risks

As a result of the Group's operations, the Group is exposed to credit risks. The Group's credit risks are primarily attributable to trade receivables. The Group's credit risk policy means that all large customers and other business partners are rated and monitored on an ongoing basis.

A considerable part of the Group's current receivables are distributed on many customers, and historically the Group has had relatively small losses due to customers' non-payment. The Group's maximum credit risks are reflected in the carrying amounts of the individual assets included in the balance sheet. Trade with large customers is characterised by the fact that prepayments are often made.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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23 Financial risks and financial instruments (continued)

Categories and fair value of financial assets and liabilities

	2008/09		2007/08		2006/07	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
DKK'000						
Securities (fair value option)	128	128	1,066	1,066	26,228	26,228
Financial assets measured at fair value through profit and loss	128	128	1,066	1,066	26,228	26,228
Derivative financial instruments for hedging of future cash flows	0	0	0	0	1,052	1,052
Financial assets used as hedging instruments	0	0	0	0	1,052	1,052
Other receivables (long-term)	20,462	20,462	8,615	8,615	16,956	16,956
Receivables from services, etc.	123,184	123,184	137,956	137,956	138,845	138,845
Other receivables	50,113	50,113	33,437	33,437	16,103	16,103
Cash and cash equivalents	4,282	4,282	1,814	1,814	25,565	25,565
Loans and receivables	198,041	198,041	181,822	181,822	197,469	197,469
Derivative financial instruments for hedging of future cash flows	0	0	16,546	16,546	0	0
Financial liabilities used as hedging transactions	0	0	16,546	16,546	0	0
Mortgage debt	21,806	21,868	8,390	8,295	8,167	8,048
Banks	423,324	423,324	444,053	444,053	269,615	269,615
Finance leases	38,762	38,762	45,520	45,520	51,776	51,776
Trade payables and other payables	386,558	386,558	265,691	265,691	234,408	234,408
Financial liabilities measured at amortised cost	870,450	870,512	763,654	763,559	563,966	563,847

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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23 Financial risks and financial instruments (continued)

Methods for determining fair values

Securities are measured at quoted prices.

The fair value of mortgage debt is measured based on the fair value of the underlying bonds. For fixed-rate debt, fair value is measured based on discounting of the future cash flows at the current market rate of interest at the balance sheet date for corresponding loans. Floating-rate debt to banks is measured at par.

Derivative financial instruments are measured according to generally accepted measurement methods, based on relevant observable exchange rates and disclosed by the relevant banker.

Financial assets and liabilities regarding sale and purchase of goods and services, etc., with short credit periods are assessed to have fair values equal to the carrying amounts.

Fair value hierarchy for financial assets and liabilities measured at fair value in the balance sheet

	2008/09		2007/08		2006/07	
	Quoted prices, level 1	Observable input, level 2	Quoted prices, level 1	Observable input, level 2	Quoted prices, level 1	Observable input, level 2
DKK'000						
Securities	128		1,066		26,228	
Derivative financial instruments ("-"= liability)		0		-16,546		1,052

Fair value hierarchy means that the Group is to classify financial instruments measured at fair value in the balance sheet in accordance with the following hierarchy:

- Quoted prices on active markets for identical assets or liabilities (level 1).
- Input other than quoted prices at level 1 that are observable for the asset or the liability either directly (as prices) or indirectly (derived from prices) (level 2).
- Input for the asset or the liability that is not based on observable market data (level 3).

Hedge accounting

Over periods of time, the Group has applied a number of derivative financial instruments for hedging of financial risks. For the three financial years, the Group only applied financial instruments for hedging of future cash flows in connection with purchases in foreign currencies and aircraft fuel. However, aircraft fuel was only hedged for a period at the beginning of 2007/08.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

23 Financial risks and financial instruments (continued)

Derivative financial instruments at the balance sheet date:

DKK'000	Notional amount	Fair value	Recognised in equity	Recognised in the income statement	Maturity
2008/09:					
USD	0	0	*) 11,280	0	6 months
2007/08:					
USD	249,063	232,516	-16,547	0	10 months
2006/07:					
USD	31,498	27,326	0	-4,172	1 month
Fuel	8,643	9,695	1,052	0	2 months
	40,141	37,021	1,052	-4,172	

(Positive notional amounts of the instruments are purchases of the currency in question and negative notional amounts are sale.)

*) At the end of 2008/09, the forward contracts were redeemed. However, hedge accounting was maintained as the hedged future transactions very likely are still expected to be executed.

The operating profit/loss was affected positively by DKK 22,119 thousand for 2008/09 (2007/08: DKK 4,211 thousand and 2006/07: DKK 0 thousand) regarding hedge accounting. For at specification of affected items, see the statement of comprehensive income. In 2006/07, the effect of all currency hedging transactions was carried under financial items.

DKK'000	2008/09	2007/08	2006/07
24 Corporation tax receivable			
Corporation tax at 1 May	-93	-183	-488
Current tax for the year	0	0	0
Corporation tax received during the year, net	88	90	305
Corporation tax at 30 April	-5	-93	-183

25 Prepayments from customers and accrued income

In connection with the Company's start-up of leisure activities in 2008/09, prepayments from customers have increased considerably.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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DKK'000	2008/09	2007/08	2006/07
26 Other payables			
VAT, withholding tax, ATP and other taxes	15,683	3,504	2,376
Staff costs payable	57,946	50,872	41,610
Other	33,285	37,421	77,190
	<u>106,914</u>	<u>91,797</u>	<u>121,176</u>

DKK'000	2008/09
27 Disposal of activities	
Property, plant and equipment	1,610
Profit	840
Proceeds	<u>2,450</u>

In the financial year 2008/09, the Ground Handling activity in Copenhagen Airport was sold to SAS. In connection with the sale, 71 employees were transferred to the buyer.

28 Contingent liabilities, security and contractual obligations

Charges and security

DKK'000	2008/09	2007/08	2006/07
Mortgage debt secured on land and buildings	21,806	8,390	7,772
Carrying amount of land and buildings provided as security	14,956	14,825	14,962
Payables to credit institutions secured on aircraft fleet	423,324	464,418	246,647
Carrying amount of aircraft fleet provided as security	640,746	687,449	450,250
Finance lease liabilities	38,762	45,520	51,776
Carrying amount of assets held under finance lease	54,885	66,351	79,263

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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28 Contingent liabilities, security and contractual obligations (continued)

Contingent liabilities

The Group is party to an employment case filed by a former pilot in the Group. Through his trade union, the pilot has claimed damages in the amount of DKK 1.5 million regarding non-compliance with the Danish Equal Treatment Act. It is Management's opinion that the claim is unfounded. The case is expected to be settled in December 2009.

Due to the Group's long-standing activities in Sønderborg, contamination has been detected on one of the Group's properties. Consequently, the property has been partially listed as contaminated at knowledge level 2 pursuant to the Danish Contaminated Soil Act. The Group has not determined any potential loss.

Significant contractual obligations

The Group has entered into a number of general strategic cooperation agreements regarding ticket sales. The largest cooperation agreement is with SAS with whom a code share agreement has also been entered into. This agreement relates to approx. 13% of the Group's ticket sales.

The Group has entered into a number of general IT agreements regarding the Group's application of various IT systems. The agreements can typically be terminated with 2-3 months' notice. However, one of the agreements is interminable for a period of approx. four years from the balance sheet date. The minimum payments for this agreement are approx. DKK 2.6 million per year.

Reference is made to note 29 regarding contractual lease obligations.

29 Lease obligations and income

Lease obligations, etc.

The Group has entered into a number of operating leases. The most significant leases relate to aircraft in that the following aircraft have been leased:

B737-700: 5 aircraft (expire during the period 2010-2014)

CRJ 200: 8 aircraft (expire during the period 2009-2013)

Interminable minimum lease payments under operating leases fall due for payment in the following intervals:

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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29 Lease obligations and income (continued)

DKK'000	2008/09	2007/08	2006/07
Buildings:			
0-1 year	4,482	1,512	1,527
1-5 years	13,762	647	765
> 5 years	853	908	974
Aircraft:			
0-1 year	105,077	47,338	49,524
1-3 years	146,833	61,120	63,493
3-5 years	39,682	21,306	35,388
> 5 years	0	0	0
Plant and equipment:			
0-1 year	3,157	2,367	1,122
1-5 years	6,094	4,382	302
> 5 years	640	182	0

Apart from the fixed minimum payments, a variable portion is typically settled with the lessor (maintenance reserve). This portion is to cover future maintenance obligations. When the Group incurs maintenance costs on the aircraft in question, the costs are reimbursed by the lessor to the extent they can be covered by the payments for the variable portion.

Moreover, the Group has entered into a finance lease regarding an aircraft. Reference is made to notes 23 and 12.

Further, the Group has entered into agreements regarding lease of aircraft and crew to SAS (wet leases) and aircraft (dry leases) to a couple of small airlines. At 30 April 2009, a total of 10 aircraft were leased out under operating leases, eight of which under wet leases. The lease agreements are based on a fixed monthly rent and a variable portion dependent on specific time consumption.

The lease agreements expire during the period 2009-2011.

Interminable minimum lease payments (income) under operating leases fall due for payment in the following intervals.

DKK'000	2008/09	2007/08	2006/07
Aircraft:			
0-1 year	203,772	182,625	123,486
1-3 years	95,191	267,625	122,298
3-5 years	0	0	7,436

Pursuant to the wet lease agreements, apart from fixed minimum payments, a variable portion is settled if the number of flying hours exceed an agreed upon minimum. The Group incurs all maintenance and operating costs directly related to the actual aircraft.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

30 Fees to auditors appointed at the annual general meeting

DKK'000	2008/09	2007/08	2006/07
The total fees to KPMG can be specified as follows:			
Statutory audit	721	809	758
Other assurance engagements	0	94	0
Tax and VAT assistance	247	182	153
Other assistance	990	1,511	986
	1,958	2,596	1,897

31 Related parties

The Group has no related parties exercising control.

Cimber Sterling Group A/S' related parties with significant influence comprise companies with significant influence over the Group, see below, and the Group's Supervisory and Executive Boards including the members' close relatives. Moreover, related parties comprise companies in which these persons have significant interests.

There have been no transactions with the Supervisory and Executive Boards apart from ordinary remuneration and wages except that the Group rents a number of premises that are owned by the Group's CEO. The annual rent totals approx. DKK 150 thousand. The agreement is interminable until June 2012. The agreement has been entered into on an arm's length basis. Moreover, some of the premises have been sublet to family members of the CEO. The annual rental income amounts to approx. DKK 50 thousand.

The following shareholders are registered in the Company's register of shareholders as owning at least 5% of the votes or at least 5% of the share capital:

Bardin ApS, Lufthavnsvej 2A, 6400 Sønderborg, Denmark

Helena Holding ApS, Søndre Landevej 156, 6400 Sønderborg, Denmark

Koch & Nielsen ApS, Korshøj 2, Asserballe, 6440 Augustenborg, Denmark

The above-mentioned companies have received dividends for the financial year 2007/08.

32 Events after the balance sheet date

In connection with the Group's continuation and increase of the Group's current operating credit, after the end of the financial year, the subsidiaries Cimber Sterling A/S and Cimber Air Maintenance Center A/S have provided floating charges, which means that the receivables, inventories, plant and equipment and rights of these companies have been provided as security to a bank. The security is maximised to DKK 75 million.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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33 New financial reporting regulations

IASB has issued the following new international financial reporting standards (IAS and IFRS) and interpretations (IFRIC) that are not mandatory for Cimber Sterling Group A/S at the preparation of the annual report for the financial year 2008/09: IFRS 3, IFRS 8, IAS 23 (revised 2007), IAS 1 (revised 2007), amendment to IAS 27, amendment to IAS 39 (issued July 2008), amendment to IAS 39 (issued November 2008), amendment to IFRS 7, amendment to IFRIC 9 and IAS 39, amendment to IFRS 2, parts of improvements to IFRS (May 2008) and improvements to IFRS (April 2009) as well as IFRIC 18.

The following standards have been adopted by the EU: IFRS 3, amendment to IAS 27, IFRS 8, IAS 23 (revised 2007), IAS 1 (revised 2007) and improvements to IFRS (May 2008).

The Group has implemented the following standards in advance of the effective date: IFRS 8, IAS 23 (revised 2007), IAS 1 (revised 2007) and amendment to IFRS 7.

None of the standards and interpretations that have not yet been implemented are expected to materially affect the financial reporting of Cimber Sterling Group A/S.

Consolidated financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

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34 Changes in accounting policies

Below, the effects of the transition to IFRS compared to the previous accounting policies are shown.

	Previous accounting policies	Adjustments a)	b)	c)	Total adjustments	Accounting policies under IFRS
2008/09						
Assets	1,102,264	-1,628	-10,424	0	-12,052	1,090,212
Liabilities	930,845	0	0	-3,011	-3,011	927,834
Equity	171,419	-1,628	-10,424	3,011	-9,041	162,378
Profit/loss after tax	-44,102	-18,332	-1,432	4,941	-14,823	-58,925
2007/08						
Assets	1,037,933	16,704	-8,992	0	7,712	1,045,645
Liabilities	843,282	0	0	-1,930	1,930	845,212
Equity	194,651	16,704	-8,992	-1,930	5,782	200,433
Profit/loss after tax	60,437	-7,086	612	2,044	-4,430	56,007
2006/07						
Assets	860,594	23,790	-9,604	0	14,186	874,780
Liabilities	667,836	0	0	3,974	3,974	671,810
Equity	192,758	23,790	-9,604	-3,974	10,212	202,970
Profit/loss after tax	30,124	-4,936	-1,007	1,664	-4,279	25,845
Balance sheet at 1 May 2006						
Assets	843,074	28,726	-8,597	0	20,129	863,203
Liabilities	681,492	0	0	5,636	5,636	687,128
Equity	161,582	28,726	-8,597	-5,636	14,491	176,073

Explanation of adjustments:

a + b) At the transition to IFRS, Cimber Sterling Group A/S has reassessed the accounting policies for useful lives and residual values of aircraft in connection with a reassessment of the level of componentisation of aircraft and in connection with an adjustment to international practice within the aviation industry.

The changes in accounting policies mean that minor maintenance costs that were previously accrued over three years are now written off immediately in the year in which they were incurred. Moreover, recognition of non-current assets has been changed so that residual values and useful lives are reassessed annually. At the same time, the component inventory has been reclassified from inventories of consumer goods and goods for resale to property, plant and equipment.

The effect of the reassessment of the depreciation policy for maintenance costs and the component inventory on the opening balance sheet at 1 May 2006 and the years 2006/07, 2007/08 and 2008/09 is indicated in column a) and b), respectively, in the chart above.

c) Tax effect of above adjustments.

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Income statement

DKK'000	Note	2008/09	2007/08
Rental income		2,476	2,417
Other external costs		-1,527	-1,835
Staff costs	2	-693	-245
Depreciation on property, plant and equipment	3	-1,734	-1,687
Operating loss		-1,478	-1,350
Financial income	4	3,740	6,086
Financial expenses	4	-1,634	-4,262
Profit from ordinary activities before tax		628	474
Income tax	5	-425	-642
Profit/loss for the year		<u>203</u>	<u>-168</u>
Proposed profit appropriation/distribution of loss			
Extraordinary dividend		0	45,000
Retained earnings		203	-45,168
		<u>203</u>	<u>-168</u>

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Balance sheet

DKK'000	Note	2008/09	2007/08
ASSETS			
Non-current assets			
Property, plant and equipment			
	3		
Land and buildings		19,180	20,715
Aircraft		68	80
Investments in progress		65	44
		<u>19,313</u>	<u>20,839</u>
Investments			
	6		
Investments in group enterprises		53,537	52,537
Subordinate loan capital, Cimber Sterling A/S		15,000	15,000
Receivables from group enterprises		64,984	0
		<u>133,521</u>	<u>67,537</u>
Total non-current assets		<u>152,834</u>	<u>88,376</u>
Current assets			
Receivables			
Receivables from group enterprises		87,177	24,869
Corporation tax	10	5	93
Deferred tax	7	30	30
Other receivables		0	96
Prepayments		11	0
		<u>87,223</u>	<u>25,088</u>
Securities		<u>128</u>	<u>1,066</u>
Cash at bank and in hand		<u>450</u>	<u>380</u>
Total current assets		<u>87,801</u>	<u>26,534</u>
TOTAL ASSETS		<u>240,635</u>	<u>114,910</u>

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Balance sheet

DKK'000	Note	2008/09	2007/08
EQUITY AND LIABILITIES			
Equity	8		
Share capital		600	600
Retained earnings		101,261	101,058
Total equity		<u>101,861</u>	<u>101,658</u>
Liabilities			
Non-current liabilities			
Mortgage debt	9	20,210	7,378
Payables to group enterprises		58,685	0
Joint taxation contribution	10	425	502
Total non-current liabilities		<u>79,320</u>	<u>7,880</u>
Current liabilities			
Current portion of non-current liabilities		1,596	1,012
Payables to group enterprises		55,292	2,068
Joint taxation contribution	10	502	815
Other payables		2,064	1,477
Total current liabilities		<u>59,454</u>	<u>5,372</u>
Total liabilities		<u>138,774</u>	<u>13,252</u>
TOTAL EQUITY AND LIABILITIES		<u>240,635</u>	<u>114,910</u>
Contingent liabilities, collateral, etc.	11		
Related parties	12		
Fees to auditors appointed at the annual general meeting	13		

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies

The annual report of the parent company for 2008/09 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Accounting policies regarding recognition of investments in group enterprises were changed in the financial year 2008/09 from the equity method to the cost method.

The change of accounting policies affected profit for the year before and after tax by DKK 44,305 thousand (2007/08: DKK 60,605 thousand), assets by DKK 69,558 thousand (2007/08: DKK 92,993 thousand) and equity by DKK 69,558 thousand (2007/08: DKK 92,993 thousand).

Apart from the above mentioned, the accounting policies are consistent with those of last year. Comparative figures have been restated in accordance with the change in accounting policies.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is recognised in the income statement if it can be reliably measured and is expected to be received.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, financial liabilities and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Income tax

The Company is covered by the Danish rules on compulsory joint taxation of the Company's Danish subsidiaries.

The Company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Income tax comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Land and buildings as well as aircraft are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings approx. 17 years
Aircraft approx. 17 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as depreciation on property, plant and equipment.

Investments

Investments in group enterprises are measured at cost. Where the net realisable value is lower than cost, investments are written down to this lower value. Cost is reduced by dividends received exceeding the accumulated earnings after the date of acquisition.

Other receivables are measured a fair value.

Other securities and investments

Listed securities and investments recognised as current assets are measured at fair value at the balance sheet date.

Equity – dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting. The expected dividend payment for the year is disclosed as a separate item under equity.

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Pursuant to the Danish joint taxation rules, in its capacity as the administrative company, Cimber Sterling Group A/S is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Payables to credit institutions are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

2 Staff costs

In conformity with last year, the Company has an Executive Board.

Staff costs include supervisory board remuneration of DKK 363 thousand (2007/08: DKK 395 thousand).

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

3 Property, plant and equipment

DKK'000	Land and buildings	Aircraft	Investments in progress	Total
Cost at 1 May 2008	29,604	200	44	29,848
Additions	187	0	65	252
Disposals	0	0	-44	-44
Cost at 30 April 2009	29,791	200	65	30,056
Depreciation at 1 May 2008	-8,889	-120	0	-9,009
Depreciation for the year	-1,722	-12	0	-1,734
Depreciation at 30 April 2009	-10,611	-132	0	-10,743
Carrying amount at 30 April 2009	19,180	68	65	19,313
Depreciated over	16 2/3 years	16 2/3 years		

4 Financial income and expenses

Of total financial income, DKK 3,597 thousand relates to group enterprises (2007/08: DKK 2,832 thousand) and DKK 0 relates to associates (2007/08: DKK 220 thousand).

Of total financial expenses, DKK 304 thousand relates to group enterprises (2007/08: DKK 156 thousand).

DKK'000	2008/09	2007/08
5 Income tax		
Income tax can be specified as follows:		
Tax on taxable income for the year (joint taxation contribution)	425	502
Tax adjustment at beginning of year from 28% to 25%	0	-72
Deferred tax adjustment for the year	0	183
Foreign dividend tax paid	0	29
	425	642

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

6 Investments

DKK'000	Investments in group enterprises	Subordinate loan capital	Receivable, group enterprises
Cost at 1 May 2008	52,537	15,000	0
Additions	1,000	0	64,984
Disposals	0	0	0
Carrying amount at 30 April 2009	53,537	15,000	64,984

Investments in group enterprises:

	Ownership interest
Cimber Sterling A/S, Sønderborg, Denmark	100%
Cimber Air Data A/S, Sønderborg, Denmark	100%
Cimber Air-Leasing A/S, Sønderborg, Denmark	100%
Cimber Air Maintenance Center A/S, Sønderborg, Denmark	100%
Sterling Air A/S, Sønderborg, Denmark	100%
Cimber Air Aircraft ApS, Sønderborg, Denmark	100%
Cimber Air GmbH, Kiel, Germany	100%

7 Deferred tax

Deferred tax comprises tax regarding aircraft.

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

8 Equity			
DKK'000		2008/09	2007/08
Equity at 1 May		101,658	192,758
Change in accounting policies		0	-45,852
		<hr/>	<hr/>
		101,658	146,906
Profit/loss for the year		203	-168
Costs relating to extraordinary dividend		0	-80
Dividend		0	-45,000
		<hr/>	<hr/>
Equity at 30 April		101,861	101,658
		<hr/>	<hr/>
Equity can be specified as follows:			
Share capital		600	600
		<hr/>	<hr/>
Retained earnings at 1 May		101,058	146,306
Transferred, cf. profit appropriation/distribution of loss		203	-45,168
Costs relating to extraordinary dividend		0	-80
		<hr/>	<hr/>
Retained earnings at 30 April		101,261	101,058
		<hr/>	<hr/>
Equity at 30 April		101,861	101,658
		<hr/>	<hr/>

The share capital comprises 3 shares of DKK 200,000 each. All shares rank equally.

9 Mortgage debt

The total debt falling due for payment more than five years after the end of the financial year amounts to DKK 13,690 thousand (2007/08: DKK 2,992 thousand).

10 Corporation tax			
DKK'000		2008/09	2007/08
Corporation tax payable at 1 May		1,224	730
Adjustment due to reduced tax rate		0	-98
Tax paid, net		-727	90
Tax on profit/loss for the year (joint taxation contribution)		425	502
		<hr/>	<hr/>
Corporation tax at 30 April		922	1,224
		<hr/>	<hr/>
Attributable to:			
Corporation tax receivable		-5	-93
Joint tax contribution payable, long-term debt		425	502
Joint tax contribution payable, short-term debt		502	815
		<hr/>	<hr/>
		922	1,224
		<hr/>	<hr/>

Financial statements of Cimber Sterling Group A/S for the financial year 1 May – 30 April

Notes

11 Contingent liabilities and collateral, etc.

Land and buildings with a carrying amount of DKK 19,180 thousand have been provided as collateral for amounts owed to mortgage credit institutions, DKK 22,367 thousand.

The Company has provided collateral for the subsidiary Cimber Air Data A/S' bank loans. Collateral is limited to DKK 2,000 thousand.

The Company has entered into an agreement regarding lease of land. The total rental obligation for the non-cancellable period amounts to DKK 1,125 thousand.

Together with other group companies, the Company has entered into a joint and several absolute guarantee for Cimber Sterling A/S in the amount of DKK 98.4 million.

12 Related parties

The Company has no related parties exercising control.

The Company has had transactions with the following related parties:

Cimber Sterling A/S
 Cimber Air Aircraft ApS
 Cimber Air-Leasing A/S
 Cimber Air Data A/S
 Cimber Air Maintenance Center A/S
 Sterling Air A/S

Related party transactions have comprised lease of properties and return on balances and loans.

Moreover, reference is made to the mention of related parties in note 31 to the consolidated financial statements.

Ownership

The following shareholders are registered in the Company's register of shareholders as owning at least 5% of the votes or at least 5% of the share capital:

Bardin ApS, Lufthavnsvej 2A, 6400 Sønderborg, Denmark
 Helenium Holding ApS, Søndre Landevej 156, 6400 Sønderborg, Denmark
 Koch & Nielsen ApS, Korshøj 2, Asserballe, 6440 Augustenborg, Denmark

13 Fees to auditors appointed at the annual general meeting

DKK'000	2008/09	2007/08
Total fees	409	466
Portion related to non-audit services	367	406