

Annual Report 2011



Air Greenland A/S
A/S Reg. Nr. 30672
GER Nr. 56996710
www.airgreenland.com

P.O. Box 1012
3900 Nuuk
Greenland

air greenland 

FINANCIAL HIGHLIGHTS (DKK million)

	2007	2008	2009	2010	2011
Net revenue	1,074.7	1,152.1	1,112.9	1,134.5	1,220.4
Income before financial income and expenses	70.7	74.6	50.0	60.2	75.6
Income before tax	73.2	83.1	52.8	62.5	75.0
Profit/loss for the year	49.3	56.7	36.8	41.1	51.3
Tangible fixed assets	554.8	568.2	611.7	538.2	917.5
Equity	458.2	514.9	551.7	592.7	653.4
Balance sheet total	972.9	1,011.3	1,043.7	1,071.0	1,314.4
Dividend for the year	-	-	-	-	30.0
Investments in tangible fixed assets	83.4	115.6	147.9	131.8	464.8
Number of employees (December 31st)	620	669	668	643	642
Profit ratio	6.6%	6.5%	4.4%	5.3%	6.2%
Return on invested capital incl goodwill	8.9%	8.8%	6.8%	7.5%	8.4%
Financial gearing	0,7	0,4	0,3	0,3	0,1
Return on equity	11.4%	11.6%	6.9%	7.2%	8.2%
Solvency ratio	47.1%	50.9%	52.9%	55.3%	49.7%

STATISTICS

	Unit	2007	2008	2009	2010	2011
Length of scheduled service network	Km	17,922	14,235	14,235	16,400	16,348
Number of towns serviced	Towns	22	21	21	21	21
Kilometres flown, scheduled	1000	5,247	5,195	4,972	5,073	5,228
Airborne hours, total	Hours	23,136	24,056	22,583	22,453	24,542
Airborne hours, scheduled	Hours	11,738	11,696	11,076	11,276	11,524
Available ton/kilometre, scheduled	1000	86,322	82,185	74,539	78,584	76,097
Sold ton/kilometre, scheduled	1000	51,301	53,542	49,934	48,843	48,111
Total load factor, scheduled	Percent	59.4	65.1	67.0	62.2	63.2
Number of passengers	1000	403	421	399	393	390
Available seat/kilometre, scheduled	1000	641,339	604,333	578,207	585,143	561,728
Sold seat/kilometre, scheduled	1000	468,752	485,351	458,534	450,883	442,452
Cabin factor, scheduled	Percent	73.1	80.3	79.3	77.1	78.8
Average length of passenger's flight	Km	1,162	1,154	1,149	1,147	1,134

Contents



04 ABOUT THE COMPANY

05 ENDORSEMENT

06 THE INDEPENDENT AUDITOR'S ENDORSEMENT

07 MANAGEMENT REPORT

Main Points

Economic Development

Market Development

Production

Expectations for 2012

Risks

Report on Social Responsibility

34 THE FLEET

36 ACCOUNTING POLICIES

47 STATEMENT OF INCOME FOR 2011

48 THE BALANCE SHEET AT 31.12.2011

50 STATEMENT OF EQUITY FOR 2011

51 CASH FLOW STATEMENT FOR 2011

52 NOTES

66 MEMBERS OF THE BOARD AND THEIR COMPETENCES

68 CSR INDICATORS

About the Company

THE COMPANY

Air Greenland A/S
A/S Reg. Nr. 30672
Registered office: Nuuk

Telephone: +299 34 34 34
Fax: +299 32 72 88
Internet: www.airgreenland.gl
E-mail: info@airgreenland.gl

THE BOARD



Jens Wittrup Willumsen
Chairman of the Board
(Government of Greenland)



Julia Pars
Director
Katuq Cultural Centre
(Government of Greenland)



Lars Tybjerg
Former director,
Ministry of Finance
and Trade
(Danish State)



Mads Kofod
Director
Campus Bornholm
(Danish State)



Lars Lindgren
SAS
(SAS)



Benny Zakrisson
Vice president
SAS Group
(SAS)



Claus Motzfeldt
Flight technician
Air Greenland
(Employee Representative)



Elisabeth Fisker
Station manager
Air Greenland
(Employee Representative)



Niels C. Frederiksen
Head of department
Air Greenland
(Employee Representative)

MANAGEMENT



Michael Binzer
CEO
(Air Greenland)

AUDITOR

Deloitte State Authorized
Public Accountants



Endorsements

We have today presented the annual report of Air Greenland A/S for the period January 1st – December 31st 2011.

The annual report has been prepared in accordance with the Greenlandic Financial Statements Act. We deem the accounting policies employed to be appropriate, accurately reflecting the Group's and the Parent Company's assets and liabilities, financial position, profit and loss and cash flows.

The annual report is recommended for adoption at the general meeting.

Nuuk, March 12th, 2012

MANAGEMENT

Michael Binzer
Chief Executive Officer

BOARD OF DIRECTORS

Jens Wittrup Willumsen
Chairman of the Board

Mads Kofod

Claus Motzfeldt

Julia Pars

Lars Lindgren

Niels C. Frederiksen

Lars Tybjerg

Benny Zakrisson

Elisabeth Fisker

Independent auditor's report

To the shareholders of Air Greenland A/S

We have audited the annual report of Air Greenland A/S for the financial year January 1st to December 31st 2011, which comprises the statement by Management on the annual report, management commentary, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and the notes for the Group as well as the Parent. The annual report is prepared in accordance with the Greenlandic Financial Statements Act.

Management's responsibility for the annual report

Management is responsible for the preparation of an annual report that gives a true and fair view in accordance with the Greenlandic Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of an annual report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Greenlandic audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgement, including the assessment of the risks of material misstatements of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of an annual report that gives a true and fair view 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 entity'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 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 has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at 31 December 2011, and of the results of their operations and cash flows for the financial year January 1st to December 31st 2011 in accordance with the Greenlandic Financial Statements Act.

Nuuk, March 12th 2012

Deloitte

Statsautoriseret Revisionspartnerselskab

Per Jansen
State Authorised Public Accountant

Ole Sonntag
State Authorised Public Accountant

Management report



Highlights

High level of activity

2011 was a year with a very high level of activity, where all the company's employees contributed to the fine profit for the year. Every personnel group put in a great deal of effort and this helped to deal with the high level of activity without any significant increase in the company's overheads.

Competition

The company is meeting increasing competition, primarily from Iceland, but also from charter solutions for mineral companies with direct connections between Greenland and Europe or North America. Expectations for 2012 are that the competition will increase. The company expects competition to be focused on its core customers in Greenland, whereas competition has previously been aimed at the present, tourist-based segments.

The growth regarding Iceland is, to some extent, new traffic from foreign markets, which otherwise would not have come to Greenland and the company is following with great interest the potential for using Iceland as a connection to the European and North American destinations.

Canada

Development of oil and mineral exploration in recent years has given rise to increased interest from North American companies in coming to Greenland.

There were more than 200 charter flights between Canada and Greenland in 2011. The route operated by Air Greenland between Canada and Greenland from 1981 until 2001 will be resumed in the summer of 2012. Over a period of 11 weeks, there will be two weekly flights between Nuuk and Iqaluit with a DHC-8. A series of cooperation agreements ensure good connections to the whole of Canada and North America.

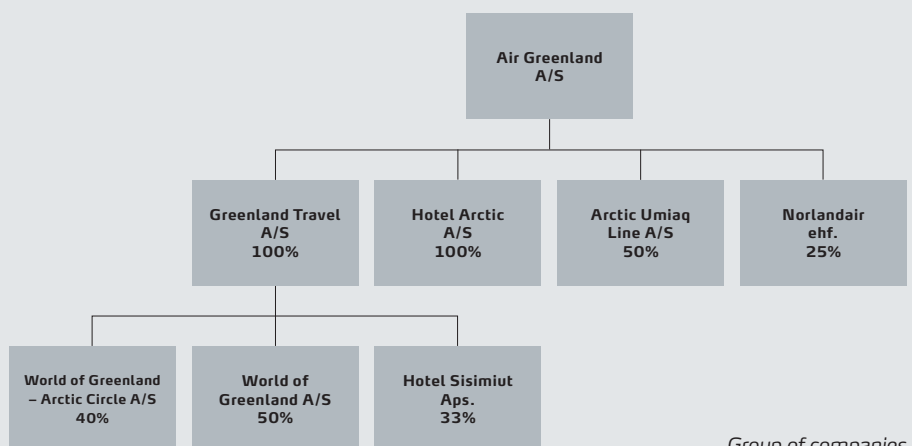
In time, the intention is to expand the route as demand increases.

Price reductions

In 2011, price reductions of between 9% and 33% were introduced on routes between Nuuk and Copenhagen, equalling about DKK 30 million. Air Greenland has a particularly competitive product, where the prices match the competition and the product provides a more unbroken journey between Nuuk and Copenhagen, which is what the market wants.

Labour dispute

The start of 2011 was in every way somewhat chaotic, because there was a labour dispute when the collective bargaining between Air Greenland and the company's pilots broke down. Consequently, all Air Greenland flights to, from and in Greenland, with the exception of emergency services, were suspended for six days. With goodwill on both sides, a successful outcome was reached and this formed the foundation for subsequent collective bargaining with



Group of companies



other employee organisations: Aviation Employees, Managers and Danish Metal Workers.

South Greenland

2011 was the first year, where the company's own Boeing 757 did not fly the route between Copenhagen and Narsarsuaq all year round. The route, which has historically operated at an annual loss of DKK 10-15 million, only operates in the attractive peak season, using a leased aircraft from Jet Time. For the rest of the year, passengers are flown via Kangerlussuaq. Since 2010, the route has been priced following a different principle than the rest of the route net and the price of the extra leg between Kangerlussuaq and Narsarsuaq is therefore on principle not paid in full. Looking forward, the company intends to even out the difference between South Greenland and other regions through successive price adjustments.

Distribution

With its present distribution platform (it system for sales, check-in and ticket control) Air Greenland cannot be included in the branch standards for agreements with other airlines. This has had a negative effect on checking passengers and luggage through to Jutland in Denmark in particular, and on the possibility of offering flights worldwide. The effect has been cushioned by the bi-lateral agreements for checking luggage through with SAS, Cimber, Sterling and Icelandair. However, there has not been any reasonable alternative to the absence of distribution on the international market.

The company has decided it wants to be available on the global distribution systems (GDS) and it intends to enable full interlining (through checking of tickets) with other airlines, which is a change of attitude compared to the previous, closed environment. This will take place, with the customer, the competition and growth in mind. As a consequence, an evaluation of the present system and of alternative solutions has been initiated to ensure that the goal can be implemented by the beginning of 2013.

The recommendations of the transport commission

Air Greenland has followed the Inatsisartut debate about the transport commission's recommendations with interest and insists that it is necessary to make some long-term decisions about the infrastructure in Greenland. Air Greenland seeks a broad, political settlement regarding the infrastructure in order to ensure a long-term perspective, because investing in aircraft, including helicopters is very capital intensive.

Air Greenland's stance on prioritization of the areas on which to focus is as follows:

- Extension of the runway in Nuuk to 1,199 metres
- Construction of an 1,199-metre runway in Qaqortoq and closure of the airport at Narsarsuaq
- Closure of the Qaanaaq airport, with future flight services via Pituffik

- Extension of the runway in Ilulissat to 1,199 metres
- Retaining Kangerlussuaq as the traffic hub until it is possible to finance a 3,000-metre runway in Nuuk

Airport taxes charged by Mittarfeqarfiit

Air Greenland is experiencing significant increases in airport taxes in Greenland and over the past five years, costs have increased by 21%. These tax increases mean that taxes are a disproportionately high part of the total ticket price, which is unfortunate. In Air Greenland's opinion, this means that fewer people travel – which is very detrimental to development in Greenlandic society and to tourism. At the same time, it is reprehensible that for the third year in a row, the company has been subjected to tax increases at extremely short notice, making it difficult to collect these tax increases from the customers. Furthermore, there is a rising tendency to place the tax increases primarily on start and landing fees. These cannot be made visible to the customers and this opposes the desire Naalakkersuisut has that the actual cost of a given activity should be visible.

With regard to cross-subsidization, it is worth noting that the taxes in areas operating under service contracts have remained unchanged throughout the period, while taxes on competitive routes have increased. With regard to Mittarfeqarfiit's most recently published annual report from 2008, where airport operations are reported, the existing cross-subsidization is clear to see.

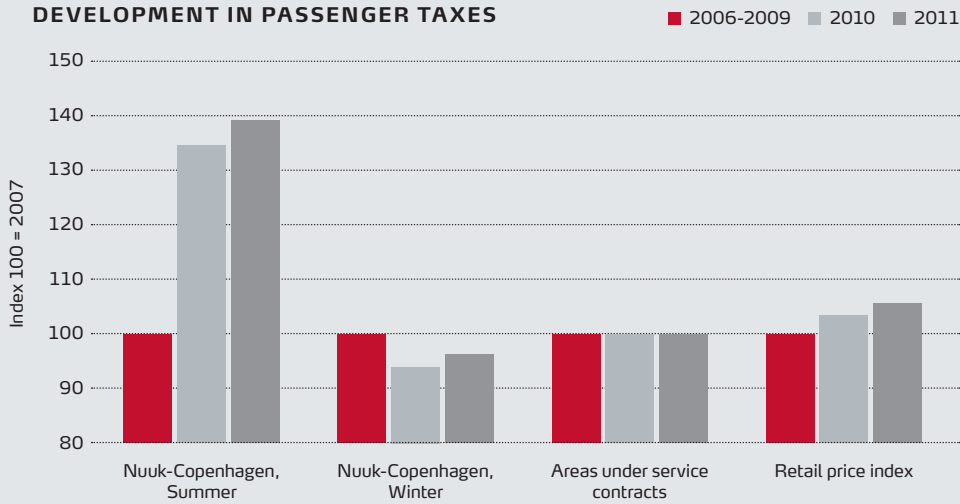
Mittarfeqarfiit has not yet published its annual reports for 2009 and 2010, but the distortion is estimated to have become even greater.

The Taxes and Fees Regulation is very comprehensive, but based on significant routes and taxes, it can be outlined in accordance with the table on the next page:

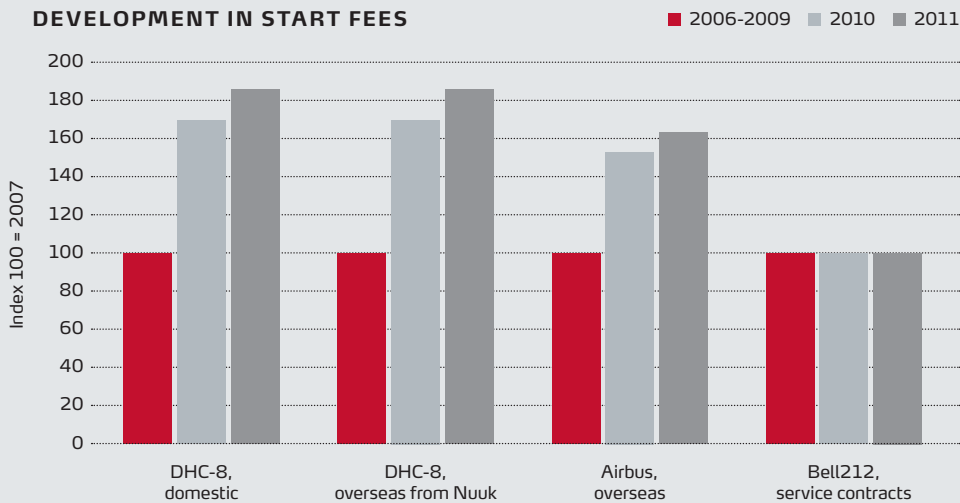
For commercial routes in Greenland, airport taxes have gone up by a total of DKK 18.5 million from 2007 until 2011. During the same period, Air Greenland has produced 8% less ATK (total produced capacity) and total airport taxes per ATK have consequently risen by 29%. In the same period, the retail price index in Greenland has risen by 14% and Air Greenland's average ticket price, excl. passenger taxes, per kilometre has only increased by 9%.

Air Greenland therefore, has serious concerns about the continued increase in airport taxes.

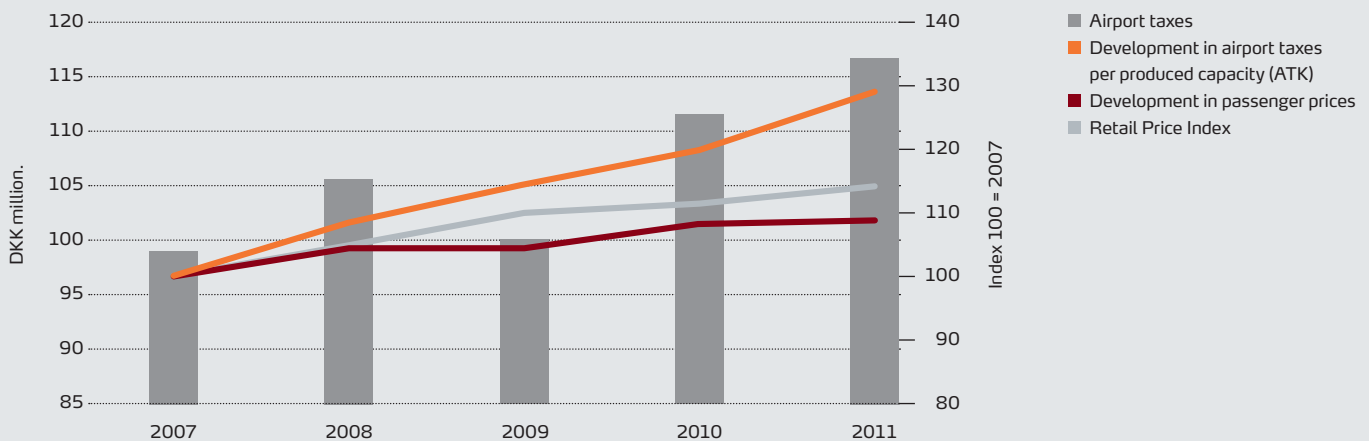
DEVELOPMENT IN PASSENGER TAXES



DEVELOPMENT IN START FEES



DEVELOPMENT IN COMPETITIVE ROUTES



Management philosophy

As part of the deliberate approach to management training at Air Greenland, all the managers in the company meet twice a year over a weekend to review and develop plans of action in continuation of the selected strategy. These meetings are also used to create interdisciplinary bonds that promote greater understanding across the different fields of business activity in the group. In 2011, a more process-oriented method was introduced, where the departments were mixed and asked to identify the most significant strategic challenges facing Air Greenland up to 2017.

This process will form the foundation for the next strategic plan, Qarsoq 2017, which will be developed with internal resources to ensure a high degree of ownership in the organisation.

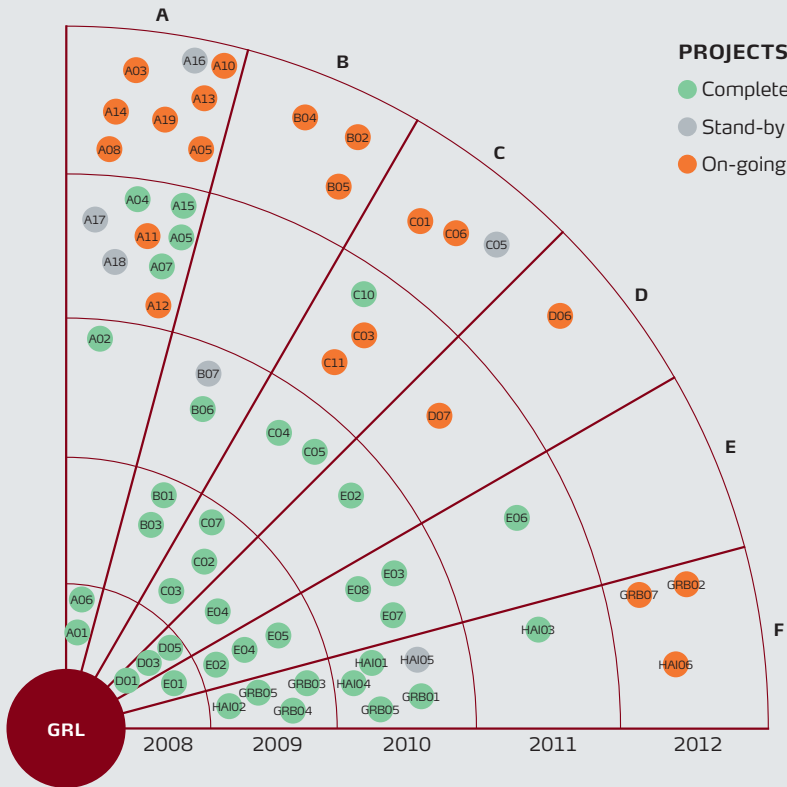
WINNING PROJECTS IN 2011

- Two additional DHC-8s purchased (the company now has a total of five)
- Airbus 330 transferred from operational lease to financial lease
- Options purchased on two EC225 helicopters, with expected delivery in 2014
- New hangar in Nuuk taken into use
- Successful supplier to the offshore sector, for a double-digit amount in the millions
- Record year for the charter department, both regarding number of charter hours and earnings
- Capital structure analysis and five-year budget
- Development programme for Air Greenland management
- Implementation of a registration system for absence reporting
- Better and more frequent contact with the most important stakeholders
- Implementation of the Marketing Excellence project
- Start of the canteen construction project
- Completion of the CSR environmental evaluation
- Start up of the distribution project

The following key projects are indicated as focus areas in 2012:

- Clarification of the future of service contracts, as the present contracts expire on December 31st 2012.
- Clarification of the future emergency preparedness (SAR), as the present agreement expires on December 31st 2012
- Selection of a distribution platform. In 2012, Air Greenland is to decide which distribution platform the company will use in future. Interline and GDS access are essential aspects regarding this choice.
- Electronic Flight Bag / process for removal of paper in the cockpit
- Bottom line result per business unit
- Charter of DHC-7

QARSOQ 2012 STATUS



Economic development

The group made a profit of DKK 75.0 million before tax and DKK 51.3 million after tax. Compared to 2010, profits are DKK 12.5 million and DKK 10.2 million higher respectively. The profit for the year is satisfactory and fulfils all the expectations for the year. The charter market was better than expected, while scheduled services were marked by falling numbers of passengers. This is considered to be the result of the financial crisis, increased competition from Iceland, and higher fuel prices and airport taxes.

The parent company

The profit for 2011 before tax and income from capital investments in subsidiary and associated companies was DKK 19.4 million better than in 2010.

The parent company's turnover of DKK 1,110.3 million incl. other operating revenue was DKK 46.8 million higher compared to 2010. Revenue growth is primarily attributable to increased charter business in Greenland, as a consequence of, increased activity regarding oil and mineral exploration, among other things.

Passenger, cargo and mail revenue increased overall by DKK 7.5 million compared to 2010, which, seen in the light of the higher fuel costs, was not sufficient. The absence of increase in turnover is mainly a result of the financial crisis, savings in the public sector in Greenland and not least, to the increased competition.

External costs rose by DKK 44.2 million, of which DKK 26.0 million can be attributed to fuel.

Phasing in the DHC-8 had a positive effect on costs already in 2011 and further savings are expected as the fourth and fifth DHC-8s are taken into use in 2012 and two more DHC-7s are phased out. On September 1st 2011, the company's Airbus 330-200 was transferred from an operational lease to a financial lease and this resulted in double-digit millions in savings on an annual basis, which will help to keep costs down.

There were three fewer full-time employees in 2011 than in 2010 and the total wage costs increased by DKK 12.1 million, the equivalent of 4.0% per full-time employee. Part of the increase is due to greater use of wage variables because of the higher activity, including extra

activities connected to re-training of mechanics and pilots from DHC-7 to DHC-8.

Subsidiaries

Greenland Travel was seriously affected in 2011 by falling sales, which resulted in an unsatisfactory loss of DKK 1.3 million. The poor performance was mainly due to a fall in sales in Greenland, but also to a fall in leisure sales from Denmark because of the financial turmoil in Denmark and Europe.

Falling sales are expected to continue in 2012 and resources will therefore be adjusted to suit the expected activity. After implementation of a new financial system, many administrative routines have been automated and as a consequence, an online portal for business and leisure customers is expected to be available by the first half of 2012.

The two World of Greenland (WOG) companies, which Greenland Travel is joint-owner of, did not live up to expectations, but both companies made a profit in 2011 and under the circumstances this is considered to be satisfactory.

Hotel Sisimiut also made a satisfactory profit in 2011.

Hotel Arctic made an unsatisfactory profit of DKK 0.2 million in 2011, with a small increase in tourist accommodation. The level of overnight accommodation for the other segments was lower than last year, which was in part due to a shorter season and in part due to a lower level of activity within oil exploration in Disko Bay and loss of a major conference customer.

The number of guests resident in Greenland was at the same level as in 2010 (49%), and there were 1% fewer guests with residence in Denmark (22%). There was an increase in guests from other European countries, from 12% to 18% in 2011, while from the rest of the world there was a fall from 16% to 11%.

The recent years' expansion of capacity and modernisation, which took place up to 2010, presents a considerable burden in the form of interest and depreciation up until 2017, which compared to 2012, will give annual savings of DKK 4 million, provided considerable caution

is taken regarding new investments and re-investments.

The hotel completed its efforts to optimise energy consumption in the spring of 2011. Consequently, consumption of electricity in 2011 was reduced by 15% compared to 2009. These initiatives earned Hotel Arctic the 2011 Nature and Environment Award from the Government of Greenland.

Because of its high standard, location and good service, the hotel has achieved a position as one of Greenland's leading hotels. The standard and level of service provided by the hotel are also fully competitive, internationally.

Associated companies

Ownership of Arctic Umiaq Line A/S is shared equally with Royal Arctic Line A/S and the company's loss for 2011 before tax and deficit guarantee was DKK 8.1 million. The deficit was covered by the Government of Greenland, bringing the profit/loss to DKK 0.

In 2011, the Government of Greenland provided a new deficit guarantee covering 2012 to 2016 for a total of DKK 59.7 million, maximised in the years 2012 to 2016 with DKK 7.3 million, 10.5 million, 16.3 million, 12.2 million and 13.4 million, to ensure Arctic Umiaq Line A/S' operation of commercial passenger shipping on the coast during these years. Royal Arctic Line A/S and Air Greenland do not believe it is possible to operate commercial passenger shipping on the coast without subsidies.

In 2011, Air Greenland chose to purchase 25% of the shares in the Icelandic Norlandair ehf., which primarily undertakes charter flights with their three DHC-6 aircraft in inaccessible regions. Norlandair bought Air Greenland's last DHC-6 aircraft, so this type of aircraft has now been phased out. In 2011, the company earned a satisfactory profit of DKK 3.3 million after tax, and cooperation with Greenland has gone according to plan.

Air Greenland made the investment in Norlandair, partly because in this way it helps

its loyal Twin Otter customers to continue their work essentially unaffected, and partly because it is an opportunity to earn money in an economically sound company instead of simply selling an asset. At the same time, Air Greenland has followed its aims in the Qarsoq 2012 strategy and reduced the number of aircraft types. Air Greenland has two members on the board of Norlandair, including the post of chairperson.

Financing and liquidity

Liquidity in the parent company has been reduced by DKK 52.5 million and the operating income in 2011 contributed with DKK 222.3 million. DKK 66.8 million of this is due to changes in stocks resulting from aircraft sales. Liquidity from operations has been used to invest in fixed assets for the net sum of DKK 446 million and loans have been increased by DKK 171.2 million.

Analysis of the capital structure

In 2011, the company carried out a comprehensive analysis of the capital structure, aimed at, among other things, revealing the company's debt-equity ratio, liquidity requirements and targets for return on investments and setting up financial key-figures to watch out for, in the future.

After serious consideration, the board decided to ask for a return of about 7.5% *), which the company will be measure by in the future.

For the analysis of the capital structure, management prepared a five-year budget, which included future investments and expectations to earnings based on a series of assumptions. Looking forward, the five-year budget will be continually reviewed, so the figures are extrapolated, in accordance with the actual business plans.

Passenger rights

Air Greenland's dispute with the pilots in January resulted in a series of demands from passengers under Regulation (EC) 261/04 concerning passengers' rights in connection with cancellations and delays. This issue concerning the obligations of airlines during disputes has

*) The company has different expectations regarding its return on its own equity and on borrowed capital.

not previously been tested by the courts and Air Greenland is presently involved in litigation in this respect. A ruling is expected by mid 2012.

The company is experiencing an increasing number of complaints related to the interpretation of Regulation (EC) 261/04. The regulation seems to be unclear and often gives passengers an inexpedient expectation of compensation that cannot be fulfilled. Traffic Authorities in Denmark are handling an increasing number of cases. As a consequence of the manner in which the courts interpret the regulation, the company expects increased expenses in connection with compliance with the regulation.

Aircraft insurance

Air Greenland's long-standing agreement with several airlines concerning aircraft insurance expired in 2011. The company was therefore forced to find other insurance on the market. Before the expiry, we had the advantage of being insured in a larger pool, where the risk was shared among several parts, resulting in lower premiums. Air Greenland joined a new, smaller pool in 2012, which has resulted in a doubling of the premium. The high costs are mainly attributable to the diversity of the fleet, where the risk exposure of helicopter operations incurs high premiums.

Norsaq

On October 7th 2011, Air Greenland's Airbus 330, Norsaq, was transferred to a financial lease through Credit Agricole. This transaction gives the company annual savings of double-digit millions and this again helps to reduce unit costs in connection with transatlantic traffic.



Market development

Still the biggest

Air Greenland is still the biggest player in the market for passenger transport to, from and in Greenland. However, Air Greenland is experiencing increasing competition that also reaches into the field of air cargo. This requires the company to improve its products and its knowledge of customers even further. In 2011, the company initiated work on strengthening the commercial organisation through a series of initiatives, including the continued development of the pricing structure, market surveillance and upgrading of market knowledge – commonly called marketing intelligence.

The timetable

In 2011, the timetable was based on the best experiences from previous years' scenarios. Mondays and Fridays with early arrivals in Copenhagen and Tuesdays and Thursdays with later arrivals, were arrangements that particularly benefited travellers to Jutland, since transit time spent in Copenhagen's airport is shorter. Northbound, there have been regular, early departures from Copenhagen. With the introduction of the DHC-8 and more departures, passengers have been able to reach the coast the same morning. Nuuk especially has experienced an improvement in the timetable, with four good arrivals and departures with transatlantic connections. This development continues in the 2012 timetable.

Domestic traffic

In 2011, domestic routes in Greenland were flown to an increasing degree by the DHC-8, which has proved to be an efficient replacement for the DHC-7. This has resulted in more and faster flights especially between Nuuk and Kangerlussuaq.

Compared to 2010, 2011 presented a small decline in passenger numbers calculated as legs flown (leg-pax). In 2010, there were about 246,000, while in 2011 there were about 243,000. This was mainly due to a change in routing, so there are more direct routes in the timetable, which limits the need for stopovers. This is an improvement for travellers and a direct result of the faster DHC-8s that have been implemented in the fleet.

Transatlantic traffic

In 2011, Air Greenland has had four to five weekly flights between Copenhagen and Kangerlussuaq and during the summer there were up to 12 weekly departures between Denmark and Greenland. Extra production to both Kangerlussuaq and summer flights to Narsarsuaq were carried out by Jet Time using a Boeing 737. There is also an agreement with JetTime for 2012 for some of the summer traffic.

In 2011, transatlantic traffic experienced declining figures for passenger transport. It was generally difficult to achieve the 2010-level and the company can ascertain that demand is generally declining. The yield (average earnings per aircraft seat) has however been satisfactory, despite the lower numbers.

Online sales

Online sales continue to grow in 2011 with regard to the private part of the direct bookings, at which the online marketing activities have been aimed. On the other hand, a small decline has been experienced in the use of the business portal measured against total ticket sales. This is because one of the major customers that previously used the business portal now uses one of the large travel agents.

The company intends to work even more strategically with distribution and to focus on distribution through agents and directly via the internet. There also appears to be a great need for support for the company's customers in the processes concerning online booking and a new fee structure will therefore be implemented in 2012.

Distribution of online sales is as follows:

Average	09	10	11
Private web sales	25%	26%	28%
Business portal	14%	18%	14%
Direct web sales total	39%	44%	42%

The goal is that 50% of all reservations should go through these two channels in 2012.

Mail and Cargo

A series of the airline's major cargo contracts expired in 2011. All of them were renewed for a two or three year period during the year. The contracts with Post Denmark and Post Greenland expire in 2012.



The amount of mail, both domestic and overseas has been gradually decreasing, while cargo has experienced a positive development, especially with regard to foodstuffs to the larger towns.

Development for cargo volume, and not least distribution of this, testifies to the trend that can also be observed in the field of service contracts: the demography is changing rapidly. An urbanisation is taking place, where people are moving from the outlying districts to the bigger towns. This creates greater pressure on the big towns, while the commercial basis for maintaining routes to outlying districts is shrinking.

There were only 300 calls by cruise ships in 2011, against 348 in 2010 and this had an affect on the demand for ad hoc cargo shipments. In general, there is a tendency towards a greater proportion of shipments that are given a time priority (Greenpack).

With the introduction of the DHC-8 into the fleet and the transition to primary use of this aircraft type in domestic traffic, there will be an adjustment in 2012 of the way in which cargo is carried. The DHC-8 does not have the same loading capacity as the DHC-7 and there is no cargo door, which limits the size of the shipments. The DHC-7 will still be able to carry shipments larger than this limit.

Market knowledge

The company has focused on market and customer knowledge and this is reflected in an

up-grade of resources and competences in the marketing department, which from 2011 also includes e-business and service during flights. Efforts are focused on attaining knowledge of requirements, willingness to pay, travel patterns, etc., so that the products offered can be adjusted to suit the market. There is also focus on the benefits Air Greenland can offer. The company's timetables and primary products are based on short travel times between towns on the coast and Denmark. Nuuk-Copenhagen can be made in less than six hours with an easy change in Kangerlussuaq from a domestic flight to an overseas flight.

Iceland and international focus

The Nuuk-Keflavik route was also serviced in 2011 in the peak season and at Christmas. With two weekly connections and an adjustment for the international traffic Keflavik, the goal for the route was to create a connection for travellers with destinations outside Denmark, e.g. North America and Europe.

The route has experienced an increase in passenger numbers and the average earnings have also increased which is positive for the future of the route. The advantage of creating a portal to Greenland via Iceland is that it opens new, international markets. With the development in the European economy and Denmark as the primary market for tourists, Greenland is vulnerable. It is therefore necessary to focus on new markets.



In 2011, Air Greenland focused its efforts on the existing international net of agents. There was, for example, a focused effort by the sales department, where a key account manager was employed in 2011, with international sales in mind. A series of contacts have been made, but these have not yet resulted in sales. However, this effort is considered to be long term and the impact will be seen, when it again is possible to interline and distribute through the Global Distribution Systems, GDS, from 2013.

Record year

2011 was a fantastic year for Air Greenland's charter department, with a record-high level of activity in three segments especially:

- Offshore hydrocarbon exploration
- Land-based mineral and scientific exploration
- Building and construction work, primarily for the hydroelectric plant, Paakitsoq near Ilulissat.

Hydrocarbon exploration

In 2011, Cairn Energy from Scotland not only continued the drilling programme they started in 2010, but they expanded both the area and the period. This meant that we had a DHC-7 aircraft dedicated to Cairn for more than eight months, plus one for a further three months during the period when Cairn Energy drilled near Disco Bay and Nuuk at the same time.

In addition, there was also a great amount of activity connected with the seismic surveys along the entire west coast, including the new concession areas in Melville Bay.

The DHC-7 therefore set a charter record with almost 460 charter hours for 2011, despite the fact that 160 charter hours from the contract with the US Air Force were moved from the DHC-7 to the DHC-8. The DHC-7s charter record fit in well with the phasing-in of Air Greenland's third DHC-8 aircraft to replace the DHC-7 and this meant that capacity was available for these jobs. Furthermore, it provided an opportunity for three young pilots from the Greenlandic pilot course to acquire flying hours as co-pilots during the summer.

Mineral exploration

A considerable amount of exploration took place all over Greenland in 2011, primarily searching for Rare Earth metals, iron ore and zinc.

Air Greenland's 12 AS 350 helicopters also set a new record, with more than 6,917 flying hours - about 1,500 hours more than in 2010, which was also a good year. In 2011, 7,200 flying hours were available with the 12 helicopters, so utilization has been more than 96%.

One customer alone, namely London Mining, which is prospecting for iron ore at the head of Nuuk Fjord near Isua, flew more than 2,000 hours with two aircraft in just four months.

Air Greenland had two dedicated AS 350 helicopters associated with the construction of the hydroelectric plant at Paakitsoq near Ilulissat. Here, in addition to erecting masts, we were able for the first time to independently undertake pulling cables from mast to mast - a special and difficult technique that several of the company's AS 350 pilots now master.

Offshore

Air Greenland's board has determined that the company shall in future evaluate the possibility of establishing a dedicated organisation to service the offshore sector as a direct supplier. The decision was made, at the same time as the company made its first part-payment on two EC225 helicopters for delivery in 2014. The delivery terms state that the company has the option of re-selling the rights to the helicopters, taking delivery at the agreed time or relinquishing delivery against payment of a fee. In continuation of this decision, an offshore work group has been established consisting of the former flight manager, the director of the charter department, one person with special offshore competence and the present technical director as leader of the project. The task for the work group is to prepare a detailed business case, which will be considered by the board in the middle of 2012. Air Greenland expects it will be necessary with further investments in order to comply with a series of very specific demands the oil branch has, with regard to equipment and training of personnel, as well as documentation. Demands to the national SAR readiness are also expected to be higher.

The new types of customer have other, higher demands both to equipment and to safety/quality, which has placed more focus on precisely these areas. Air Greenland is therefore working actively to accommodate processes, audits and attitude modification to the new demands, particularly those from the offshore sector. These are described as OGP standards (Oil & Gas Producers), which contain very specific requirements for direct suppliers to the branch. Air Greenland has undertaken a comprehensive analysis of the company's present procedures with a view to preparing a list of the areas, where adjustments are needed.

Service contracts

Development in the outlying districts is headed towards depopulation. Since 2005, Air Greenland has operated most of the country's service contracts. Contracts from 2005 are characterised by the fact that the commercial risk was transferred from the Government of Greenland to the operator. Demographic development has therefore had a negative effect on the profit/loss of the service contracts. The present contracts expire at the end of 2012 and the company expects that the new contracts will be put out for tender in 2012. The contracts actually expired in 2010, but were extended by two years on the same terms. Invitations to tender have been delayed, pending the Transport Commission's report, although this does not mention the subject.

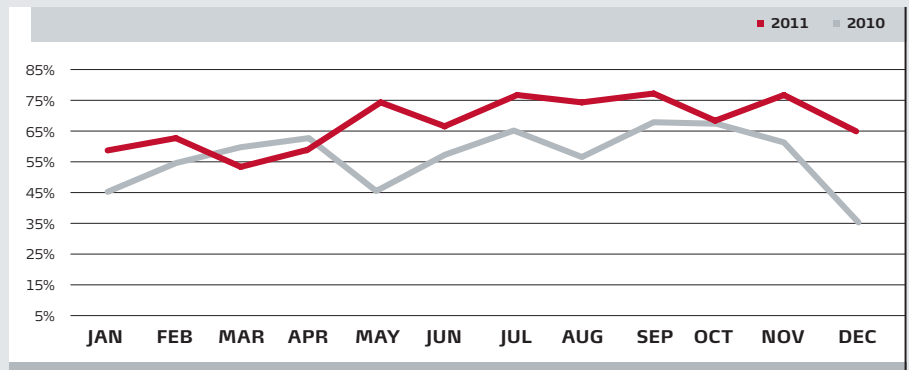
Customer communication

In 2011, the company created a profile on Facebook and increased its focus significantly on social media and communications channels. The PASNGR system is used to communicate via text messaging and e-mail with regard to passenger travel, Facebook is used to reply to queries and create transparency. Facebook has showed it is able to reach the customers, in particular during periods with many irregularities. The first test for this part of the communication strategy came during the ash-cloud episode in May.

Looking forward, the focus is on social media, not just as a communication tool, but also as a channel for tactical market communication.

Operations

PUNCTUALITY



The year's punctuality, measured on all departures within 15 minutes compared to the timetable is as follows:

For the whole of 2011, the overall punctuality was 71.7% - a clear improvement compared to 2010, where it was 62.0%.

The starting signal for the project 'On Time Performance', aimed at improving punctuality, was an all day workshop, which was held in April 2011 in Kangerlussuaq. Participants in the workshop were a collection of employees from a cross-section of departments.

The purpose of the workshop was to determine a goal for punctuality and to decide which concrete steps required attention and to place the responsibility for the implementation.

Stations

It is a greater challenge for the stations to attract qualified applicants to vacant positions. In Aasiaat, Kangerlussuaq and Narsarsuaq it has not been possible to fill vacant positions with trained personnel and this means that some of the new employees are only able to fulfil a limited part of the job function.

It has been very difficult to attract assistance to the station in Kangerlussuaq during the summer peak season and the few people it was possible to attract, had few or no competences in the field. This seriously increases the pressure on the employees who do have the competences. The same development applies to Narsarsuaq.

In 2011, production was marked by the transition from DHC-7 to DHC-8. The plans prepared in 2010 for heavy maintenance had to be revised, because the major part of the DHC-7 production was taken over by the DHC-8.

DHC-8

Air Greenland took delivery of its third DHC-8/200 in July 2011 and it was put into operation on the commercial route network. At a board meeting in June, it was decided to purchase a further two DHC-8/200s for use on February 1st and March 1st 2012 respectively. The comprehensive task of re-training pilots, technicians, warehouse workers and station employees was a huge imposition in 2011, because these employees were often away on courses for longer periods and this brought increased pressure on the remaining personnel groups. With the implementation of the two extra aircraft, Air Greenland can look forward to operating all commercial passenger flights in Greenland using the DHC-8.

In order to be able to carry the necessary cargo volumes on domestic flights in Greenland and to be able to offer specialist services to the charter customers, the company has chosen to keep three of the DHC-7s, because they have the special STOL characteristics (Short Take Off and Landing), that are particularly suited to short and difficult runways.

At the same time as the DHC-8s take over more and more of the scheduled flights on the route network, the DHC-7 has carried out more charter work. The crews have been pleased with these types of jobs, where they are more in touch with customers and their requirements. The intention is to dedicate the three DHC-7s to charter in a few years, when an alternative solution has been found to the cargo issue.

In connection with the introduction of the DHC-8 on a series of the short runways, a need has arisen for adjusting some of the conditions, e.g. runway lights – the so-called PAPIs. Runway lights and approach systems at all airports on the coast are based on the DHC-7, so the transition to the DHC-8 means that Mittarfeqarfiit will need to invest in new equipment on a series of runways in coming years. The first of these will be Qaarsut, Qaanaaq, Sisimiut and Paa-miut.

S-61

The S-61 helicopter, which has served the people of Greenland for 45 years, will be phased out of the company's fleet by the end of 2012. A decision has not yet been made regarding acquisition of a new helicopter to take over the S-61s present work in the areas with service contracts in South Greenland and Disko Bay, since this depends on the Government's decision concerning the future of service contracts and what level of service will be required. Until this question has been clarified, Air Greenland will endeavour to carry out the work using the Bell 212 helicopters, although they have some operational limitations compared to the S-61.

Phasing out the S-61 will at the same time have consequences for emergency readiness (Search and Rescue), because the range of action for the Bell 212 is much more limited. There is a dialogue with the Government of Greenland about emergency readiness in a transitional period, until a proper emergency readiness can be established.

Ash cloud

One of the events that again influenced Air Greenland's spring was an Icelandic volcano eruption. This time it was the Grimsvötn Volcano that stopped all air traffic between Greenland and Europe for five days and for two more days internally in Greenland. One of the economic consequences was that Air Greenland, according to EU's regulations concerning passengers' rights, had to pay for accommodation for passengers in the period when it was not possible to fly, even though it is due to an event that is beyond the control of the company. This was an economic burden costing millions for the airlines involved, including Air Greenland.

New construction

In 2011, a new hangar was opened in Nuuk to use for the heavy maintenance on the small AS 350 and medium Bell 212 helicopters. The hangar has been named: Rotor Wing Maintenance Centre Greenland and reflects the ever-increasing need to be able to service the new business from the oil and mineral industries. The oil and mineral industries have higher demands to both equipment and to maintenance, which has brought an increased need for modern facilities. The hangar will house technical management, the logistic and engineering departments and meeting rooms.

In addition, reconstruction will start on a new entrance, which will also include a new canteen to ensure easy access for suppliers and employees, instead of the present location on the third floor. Reconstruction will also ensure better and more secure control of access to the hangar facilities. The canteen and entrance are expected to be ready for use in the summer of 2012. Both constructions will utilize new ventilation technology and improved insulation and will have focus on the work environment. This is an integral part of Air Greenland's CSR strategy, which has its own section later in this annual report.

Expectations for 2012

Expectations for 2012 are moderate, primarily because of the stagnating demand for scheduled flights combined with the prospect of a considerably lower level of activity concerning oil exploration compared to 2011.

The company still estimates that demand will be very high for charter services using the AS 350 fleet.

The company expects profits in the region of DKK 60 million before tax.

Cairn Energy has announced that they will not be carrying out drilling programmes in 2012.

On the other hand, seismic activity will be intensified and there will be shallow core drilling, which is minor drilling in shallow water, to give the oil companies a greater knowledge of the seabed.

With regard to the mineral exploration sector, it looks as though the activity will remain at the same, very high level and it also appears that construction of facilities for mining will take place in a couple of places during 2012.

Expectations for profits are subject to a degree of uncertainty, primarily with regard to business on the commercial routes, where both demand and price are under pressure because of competition and the global financial situation. Air Greenland is very dependent upon the Danish market and the effect on this country caused by the Euro-crisis has made the market vulnerable.

The public sector's focus on reducing travel costs has a direct effect on earnings and it is generally a challenge that primary income in the core business is falling. Cost-effectiveness on, among others, the domestic route network will have the company's focus in the coming strategy.



Risks

Fuel/dollar

Expenditure on aviation fuel is very high, so an increase in the price of aviation fuel on the world market, combined with the exchange rate for the dollar is the biggest single factor affecting Air Greenland's costs. Air Greenland is endeavouring to counter this with a conservative hedging policy, ensuring against price and exchange rate increases for 50 % of the fuel used by the two transatlantic aircraft during the year, while fuel for the domestic and charter fleets are dependent upon world market prices because of the monopoly on fuel held by KNI Polaroil.

Market development

The market is under pressure, with a demand for lower prices and at the same time, there are fewer customers who travel, due to the economic recession in Greenland. This development is expected to be amplified, especially on some of the domestic routes in Greenland, where the population patterns and the economy of the municipalities are what determine demand.

The level of activity within oil and mineral exploration has been reduced

Should developments within oil and mineral exploration change for the worst, it would have a serious effect on demand for charter operations in Greenland. At the moment, it is Air Greenland's evaluation that international demand for oil and minerals is strong, so the company expects a positive development. However, this area of business fluctuates with world market prices, so there is still a significant risk factor.

Increased competition from Iceland

Competition from Iceland regarding passenger traffic is expected to intensify in 2012 and this will have an effect on price formation in particular. Air Greenland will fight to keep its market share and, in this light, considers the competition to be a significant risk factor in connection with earnings on the commercial routes.

Runway conditions (PAPIs)

The transition of all passenger transportation to the DHC-8s means that a series of adjustments will have to be made to runway equipment over the years to come. Especially with regard to use of the short, 799-metre runways in, e.g. Qaarsut Airport, where the configuration of the runway lights makes it difficult to use in the dark months. There is a productive dialogue with the government about solving these problems, but an adjustment of other runways is expected to be required in coming years.

Mittarfeqarfiit - the level of airport taxes

Air Greenland considers the level of taxes and fees the company and the passengers pay to Mittarfeqarfiit has reached a level where it has a significant effect on demand. Especially on the domestic routes in Greenland, where the share of passenger taxes, start and landing and opening fees now comprises more than 20% of the entire ticket price. The level of taxes in Greenland is considered to have a direct, negative influence on the perception of ticket prices in Greenland.

EU regulations for compensation

The present regulations are suited to a tightly regulated EU market, where roads and technical conditions have less influence on regularity than is the case in Greenland, where a wide route network has to be weaved together to ensure basic distribution services for the country. Regulations require the payment of € 400 in compensation for certain delays and cancellations out of EU. With the present legislation, the company estimates the probability of an annual compensation figure in the double-digit millions. The legislation is unclear, since enforcement of the regulations has undergone huge changes following lawsuits.

Service contracts

One of the major risk factors for Air Greenland is the composition of the coming service contracts, including emergency readiness, which expire at the end of 2012. The existing contracts have existed for seven years without major adjustments, so the specifications in the tender documents will determine which contracts Air Greenland will bid on for the coming period. A major risk factor is the timeframe for clarification regarding the service contracts, since there will be significant costs involved in phasing out equipment and personnel, should the service contracts be significantly inferior, compared to previous earnings.



Report on the Company's Corporate Social Responsibility

UN Global Compact

Air Greenland's work with social responsibility (Corporate Social Responsibility, CSR) is based on compliance with the 10 principles of UN's Global Compact.

Air Greenland has a policy for social responsibility which was prepared in 2010 based on an evaluation of importance, which included the stakeholders' demands and expectations, risks, international guidelines and principles as well as the company's strategic goals and values.

Air Greenland has a strategically and commercially driven approach to social responsibility and works with the following eight fields:

- Access (including stakeholder dialogue and visibility)
- Development of competences and training
- Involvement in the local community
- The environment and climate
- Human rights and employee rights
- The work environment and safety
- Anti-corruption
- Responsible management of suppliers

Air Greenland's policy regarding social responsibility can be found at www.airgreenland.com/CSR.

Access and stakeholder dialogue

The field with highest priority in 2011 was "access", understood primarily as increased and intensified dialogue with the company's stakeholders. In times with increased competition, less money in the hands of public and private customers alike and an ever-increasing level of airport taxes, it is essential that Air Greenland increases its knowledge and understanding of its business circumstances. This is the reason why we in 2011, to a greater extent than before, systematized planning, implementation and evaluation of a large number of meetings with different stakeholders. Annual meetings with politicians from the government's permanent committees and the four Greenlandic municipalities and authorities such as the chief of police were put on the calendar and the meetings were subsequently evaluated by the participants. In 2011, an average evaluation of these meetings rated 5.2 on a scale of 1 to 6.

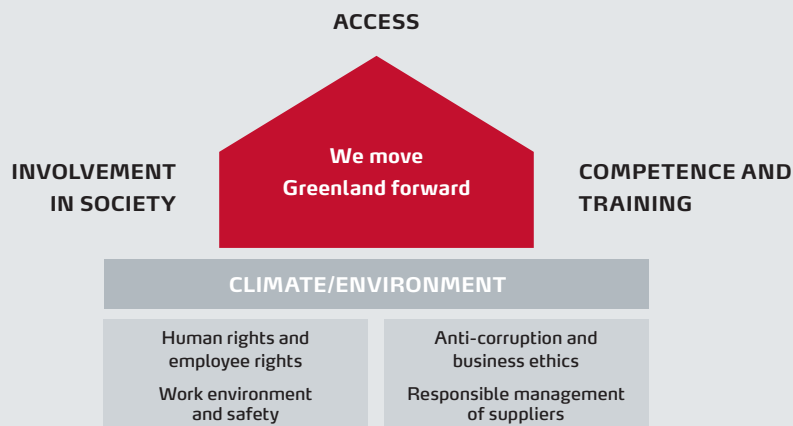
Following the sale of our Boeing 757, the winter of 2010/2011 was the first time when there were no direct flights between Narsarsuaq and Copenhagen. This step provoked a negative attitude towards Air Greenland in South Greenland, with massive, pronounced criticism in the region. Air Greenland wanted to explain the background for these unpopular decisions. Eleven meetings were therefore held in April in Narsaaq, Qaqortoq, Nanortalik and Narsarsuaq over a five-day period with business people, people from the tourist industry, politicians, students and not least, ordinary citizens. The meetings were popular and many of those who took part expressed their satisfaction at having an opportunity for direct dialogue with management. Subsequently, many contributions in the Greenlandic media have shown that the company won greater understanding and acceptance of its actions.

A similar desire for dialogue and increased accessibility was behind the decision to establish a base in the social media. In spring, Air Greenland started two Facebook pages aimed at a Greenlandic/Danish target group and an international target group respectively. These pages are used to both promote new initiatives and, to a great degree, also as a forum where customers and other stakeholders can put questions to the panel of staff members, get answers to enquiries, etc. At the end of 2011, the Greenlandic/Danish page had more than 4,200 "friends" and it is under constant development. In the autumn, there was an actual meeting in our hangar in Nuuk for Facebook friends, with a debate on the Transport Commission's white paper and proposals.

Other examples of Air Greenland's proactive dialogue with stakeholders is the CEO's participation in live chat in the Sermitsiaq newspaper, open house at Culture Night in Nuuk and Ilulissat, meetings with students at various educational institutions and an arrangement for the press focusing on background information and facts.

Involvement in the local community

Over recent years, Air Greenland has become more involved in the local community, with regard to sponsorships, donations and voluntary work during working hours. It is defined in the company's CSR policy that employees have the



The strategic focus on Air Greenland's social responsibility

opportunity – if they so desire – to spend up to one day a year on voluntary work during working hours, in agreement with their immediate superior. In 2011, Air Greenland's employees took part in work with the nation-wide collection for Katersuiniarneq 2011, the Saligaatsoq environment project and the Make May Healthy project. In 2012 Air Greenland intends to investigate the possibility of registering the amount of time employees spend on social work during working hours, also called "corporate volunteering".

Air Greenland supports a series of organisations and projects concerning culture, sports, children and adolescents. In 2011, Air Greenland kept its two main sponsorships in the two culture centres in Greenland, with Katuaq in the lead, Greenland Tourism and Business Council, The Sports Confederation of Greenland and Elite Sport Greenland. Other major sponsorships have given support to Meeqqat Inuunerissut/ Better Life for Children's nationwide collection show Katersuiniarneq on TV.

In general, Air Greenland's sponsorships fell from 2010 to 2011 by about DKK 1.3 million, partly because a sponsorship in connection with flights to Arctic Winter Games in Grande Prairie, Canada was included in 2010 and partly because some of the regular sponsorships for 2011 were scaled back.

Development of competences

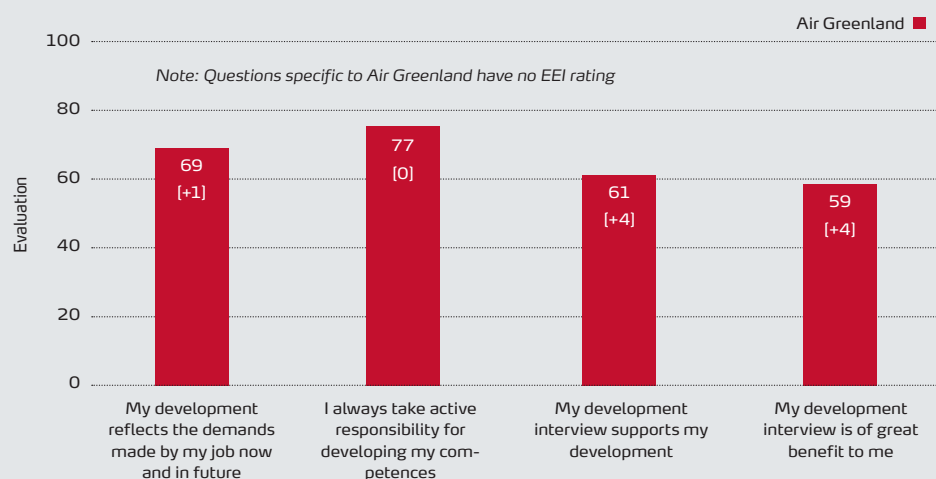
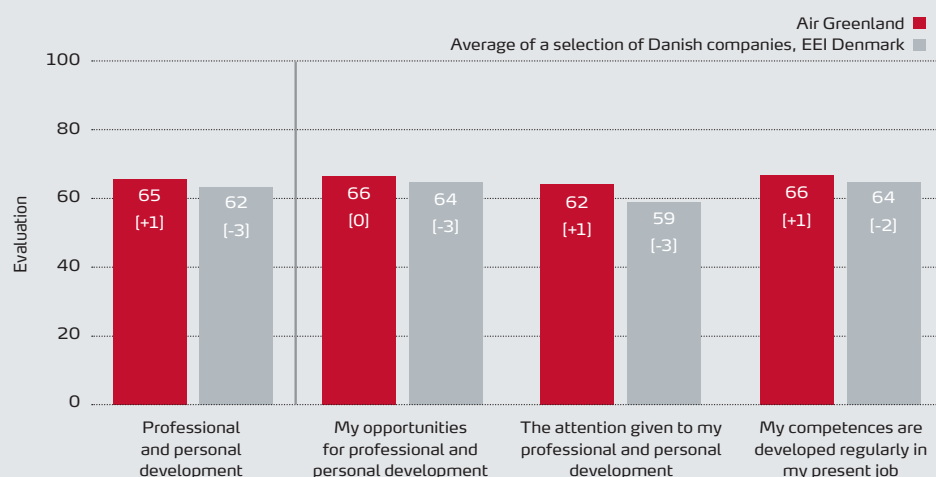
Development of competences and training is another of Air Greenland's focus areas in the

CSR strategy and work is being carried out on a series of indicators and efforts in this area.

In the last half of 2011, Air Greenland had particular focus on improving the opportunities for professional and personal development. Employees with a desire to take training have been given individual responses, everyone has access to a training plan and work was undertaken on talent-development plans. The concept for staff development interviews (MUS) was revised. In connection with the interview, an evaluation is made of the employee's professional and personal performance. At the same time, the opportunity to carry out group development interviews along the same lines as MUS interviews has been introduced. The training budget is administered in accordance with a new form of management, resulting in shorter reaction time and access to training and courses that is more flexible.

A particular area of focus will involve training frontline employees in 2012. A training programme will be developed using internal instructors and with special focus on communication and conflict handling.

Specifically, the employees' perception of access to competence development is measured in the employee satisfaction survey. Air Greenland has gone up by one percentage point, which should be seen in the light of Danish companies that took part in the survey, experienced a drop of three percentage points.



Training costs in 2011 were on average DKK 13,131 per employee, which covered both mandatory and non-mandatory courses. This was the same level as in 2010. Air Greenland regards expenses for competence development and training as an important investment, with influence on employee satisfaction, motivation and efficiency. The mandatory courses typically contain more training than required by the authorities, because the company considers that a higher level of knowledge and skill is worthwhile, resulting in fewer mistakes, higher productivity, etc. The argument is the same for the non-mandatory training. For example, many resources are spent on developing competences within project management to provide the same understanding and the same tools across the organisation and between Greenlandic companies.

The individual initiatives are not expected to take full effect before the 2012 survey.

The company also measures its ability to train managers, so that it can recruit from among

its own employees to fill management posts. Air Greenland places emphasis on training and competence development to attain a high number of internally recruited managers – all the time bearing in mind that there could be use for outside inspiration.

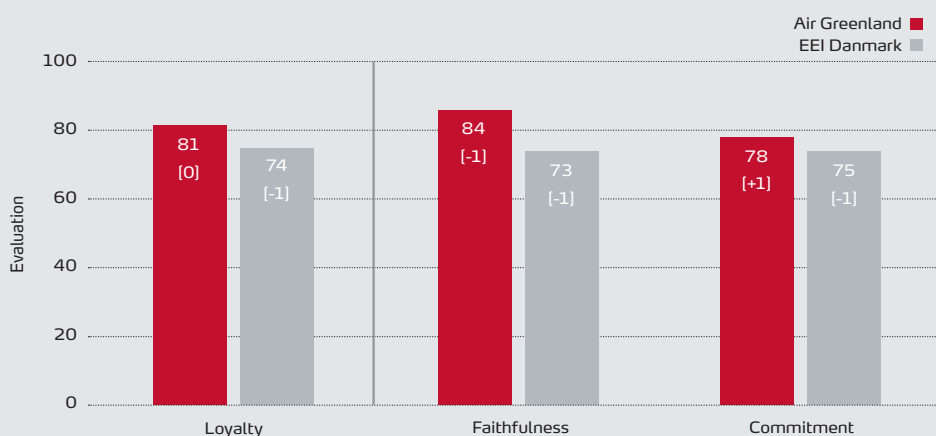
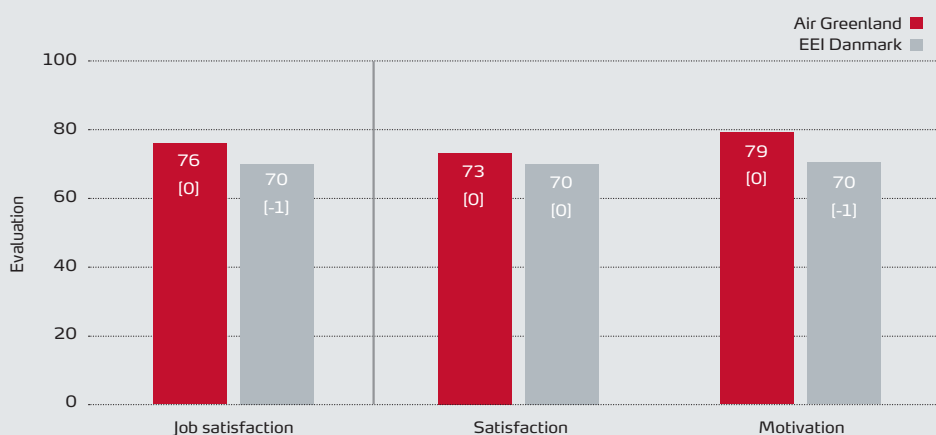
In 2011, 15 new managers were employed by the company, 12 of which were recruited internally within the company. Thus there were more outside recruitments compared to 2010, where all the new managers were recruited internally within the company.

Training

Training is important and necessary in society in Greenland and, because it is a large workplace, the company has a natural interest in being part of this training. In 2011, Air Greenland had 27 trainees.

Employee satisfaction

In addition, Air Greenland focuses efforts on employee satisfaction and on creating job satisfaction. The company carries out an annual



survey of employees' satisfaction and prepares plans of action for the different departments and units to handle any challenges and proposals for improvements.

The results for 2011 show the same high level as the previous year, despite the fact there was a lock-out of pilots and cabin staff during the year. Satisfaction for this group of employees has fallen since 2010, but this was offset by an increase in other groups.

Climate and the environment

In 2011, Air Greenland focused on efforts concerning the climate and the environment. Partly because it is an obvious choice to seek savings for electricity and fuel consumption, and partly because it is Air Greenland's goal to reduce its negative effects on the environment. It is particularly noteworthy that one of Air Greenland's subsidiaries, Hotel Arctic, received the Government of Greenland's Nature and Environment Award in 2011 for its considerable environmental initiatives in recent years.

As an airline, Air Greenland has a responsibility to work at reducing its CO₂ footprint. Our greatest effect on the environment is the result of our CO₂ emissions from aircraft – but this is also the most difficult to reduce, since the runway and weather conditions in Greenland limit our options with regard to selecting more environmentally friendly aircraft. The CO₂ footprint from air traffic is, however, at the same level as last year, despite a higher level of activity. In 2012, a closer look will be taken at fuel savings, to see what can be achieved by thinking savings into, e.g. planning routes, speeds and the like.

In order to ensure a structured approach to the environmental issues and to find the best conditions for documentation on which to base future work, a comprehensive investigation was carried out in May of the company's environmental footprint. The report charts the work that has already been carried out and what work is ongoing and it identifies a wide range of risks and possible areas on which to focus with regard to CO₂-emissions, discharges to water, air and

land and sorting of refuse. The environmental review's proposals for plans of action, are managed, prioritized and coordinated by a work group of employees with representatives within the relevant areas of action.

A series of steps were taken in 2011 with regard to energy savings in hangars and offices:

- Energy review of head office and hangar in Nuuk and in Kangerlussuaq, with subsequent follow-up on recommendations. The energy review will continue in other locations on the coast in 2012
- Continual replacement using energy-saving light bulbs and appliances in all the offices and in housing
- Comprehensive environmental consideration has been taken under the construction of the new hangar in Nuuk

Environmental steps in 2011 included:

- Identification of options regarding waste sorting in Nuuk
- Dialogue with suppliers concerning the option of more environmentally friendly catering on the aircraft
- Replacing printers with the more environmentally friendly resin printers

In 2012, Air Greenland will continue its work with the environment, focusing on the involvement of employees through a major awareness campaign and through other steps defined by the work group.

Human rights and employee rights

Through its compliance with the UN's Global Compact, Air Greenland has committed itself to observing internationally recognised human rights and the rights of employees. It is an obligation we take seriously. In 2011 we therefore carried out a review of our internal and external policies in order to ensure that they live up to requirements. The review was carried out in the autumn by a recognised human rights expert, who has indicated several areas for improvement. Air Greenland will work on these in 2012, including:

- A clearer, better defined disabled policy, both for employees and customers
- A clearer, better defined senior policy

Air Greenland has also focused on avoiding discrimination in all hiring and promotion procedures. We measure the proportion of women in management compared to the company in general and the proportion of the workforce with local ties, in order to be sure that the distribution is balanced.

In 2011, the percentage of women in the management group rose from 20.4% to 24.1% while the total workforce at Air Greenland has 31% women. This is considered to be a reasonably balanced level.

The proportion of the workforce with local ties was 90.7% in 2010 and 89.6% in 2011, which is considered to be a reasonable level, seen in the light of Air Greenland's requirements for attracting skilled specialists from outside, qua the company's business. That there is such a high proportion of employees with local ties also falls into line with the company's target.

The work environment and safety

In 2011, Air Greenland carried out a workplace assessment, WPA, and based on this, the company will prepare concrete plans of action in various areas.

Environmental initiatives that started in 2011 include:

- Installation of ventilation and extraction systems in Hangar 3 in Nuuk
- Increase of subsidy for computer glasses
- Lunch room and separate room for flight crews in Kangerlussuaq
- More information about lifting techniques for relevant personnel

In 2012, the work environment will be one of Air Greenland's focus areas. Areas for work include:

- Analysis of legislation and customer demands from, e.g. oil companies with regard to exposing any inadequacies
- The structure of the organisation for work environment
- Visibility – in the organisation and the work itself, using e.g. the intranet
- Evaluation of training requirements – different levels

- Implementation of the work environment in existing programmes – Qarsoq Days, computer-based training, ground training
- New WPA model
- Prevention of sickness absenteeism and improved registration
- Evaluation of the necessity of introducing standards

In 2011, Air Greenland had four work accidents/near accidents, against five in 2010. The accidents were studied in order to minimise the risk of similar accidents.

Employees' evaluation of the physical work environment is measured in connection with the employee satisfaction survey. The evaluation in 2011 was 66, which is the same as the previous year.

With the aim of improving employee welfare, Air Greenland also took various steps in 2011 regarding health. Among the initiatives was a subsidy for sports and exercise for the employees, a running club in Nuuk and the offer of individual diet and training plans.

Anti-corruption and business ethics

Air Greenland's CSR policy contains a concrete stand with regard to anti-corruption and it specifies that Air Greenland has zero-tolerance with regard to bribery and facilitation payments, which is in line with the company's commitment to UN's Global Compact.

Air Greenland carried out a risk evaluation in 2010 concerning anti-corruption and business ethics and on the basis of this, the company chose to adopt a specific gift policy to counter this risk. The gift policy is linked to the HR department and it specifies rules for giving and receiving gifts and entertainment in the company. The policies are now included in the employee manual and have been implemented in accordance with the same principles and through the same channels as the company's other policies.

In 2012, Air Greenland will consider whether further measures need to be taken regarding anti-corruption, in the form of a more comprehensive anti-corruption policy and programme in view of increased demands from international customers.

Responsible management of suppliers

In 2011, Air Greenland carried out an evaluation of risks related to the chain of suppliers and based on this, has acquired Code of Conducts from the suppliers that are considered to be high-risk with regard to consignment and production location. In addition, work started in 2011 on a new purchasing policy for the group, which includes considerations around green purchasing and demands to suppliers' performance in the CSR field.



CSR Greenland

Air Greenland was among the founding members of the CSR Greenland organisation and it still reaps considerable benefits from networking with other, large Greenlandic companies. In addition, several of the company's employees have taken part in workshops and courses under the auspices of CSR Greenland, covering, e.g. anticorruption.

Expected benefits from CSR

As mentioned previously, Air Greenland's approach to CSR is commercial and there is a close relationship between the company's business strategy and its strategy for corporate social responsibility. Already, the company is experiencing the following benefits from working with social responsibility, and these are expected to continue:

- Economic savings, following reduced energy consumption
- Competitive advantages in relation to environmental and work environment efforts and local ties, because these is a concern for a wider range of present and potential customers
- Better image and loyalty in Greenland
- Stronger recruitment base in the local community
- Employee retention
- Employee motivation and commitment

The Fleet



Airbus 330-200
Number: 1

DHC-8 (DASH 8)
Number: 5,
2 of which will be
implemented in 2012



DHC-7 (DASH 7)
Number: 5

Beech Super King Air B200
Number: 1



Sikorsky S-61N
Number: 2

Bell 212
Number: 8



AS 350 B2/B3 Ecureuil
Number: 12



Accounting policies

This annual report has been prepared in accordance with the provisions of the Greenlandic Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise Air Greenland A/S (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent, in accordance with the group overview on page 8. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associated companies, see group overview on page 8.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Air Greenland A/S and the group enterprises. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet separately under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the book value of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Fixed tangible assets, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associated companies that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables and other payables.

Changes in the fair value of derivative financial instruments classified as and complying with, the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are classified directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associated companies are classified directly as equity.



Income statement

Traffic revenue

Revenue from sale of tickets, cargo, mail and charter traffic is recognised in the income statement when the transport has taken place.

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

Tickets sold that are not used before they are outdated are recognised as income.

Public payment for domestic air traffic is included in revenue.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature viewed in relation to the Group's primary activities, including rental of business premises, handling income etc.

Other external expenses

Other external expenditure comprises costs for aircraft maintenance, fuel, purchase of capacity, provision to agents, taxes and costs in connection with passenger accommodation, premises, administration, sales and marketing, etc.

Staff costs

Staff costs include costs for salaries and wages and social contributions, pensions etc. for the company's employees.

Financial income and expenses

These items comprise interest income and expenses, the interest portion of financial lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, amortisation premium and allowance on mortgage debt etc as well as tax surcharge and tax relief under the tax prepayment scheme.

Extraordinary items

These items comprise income and expenses which stem from events outside the Group's ordinary activities, and which are therefore expected to be non-recurring.

Income taxes

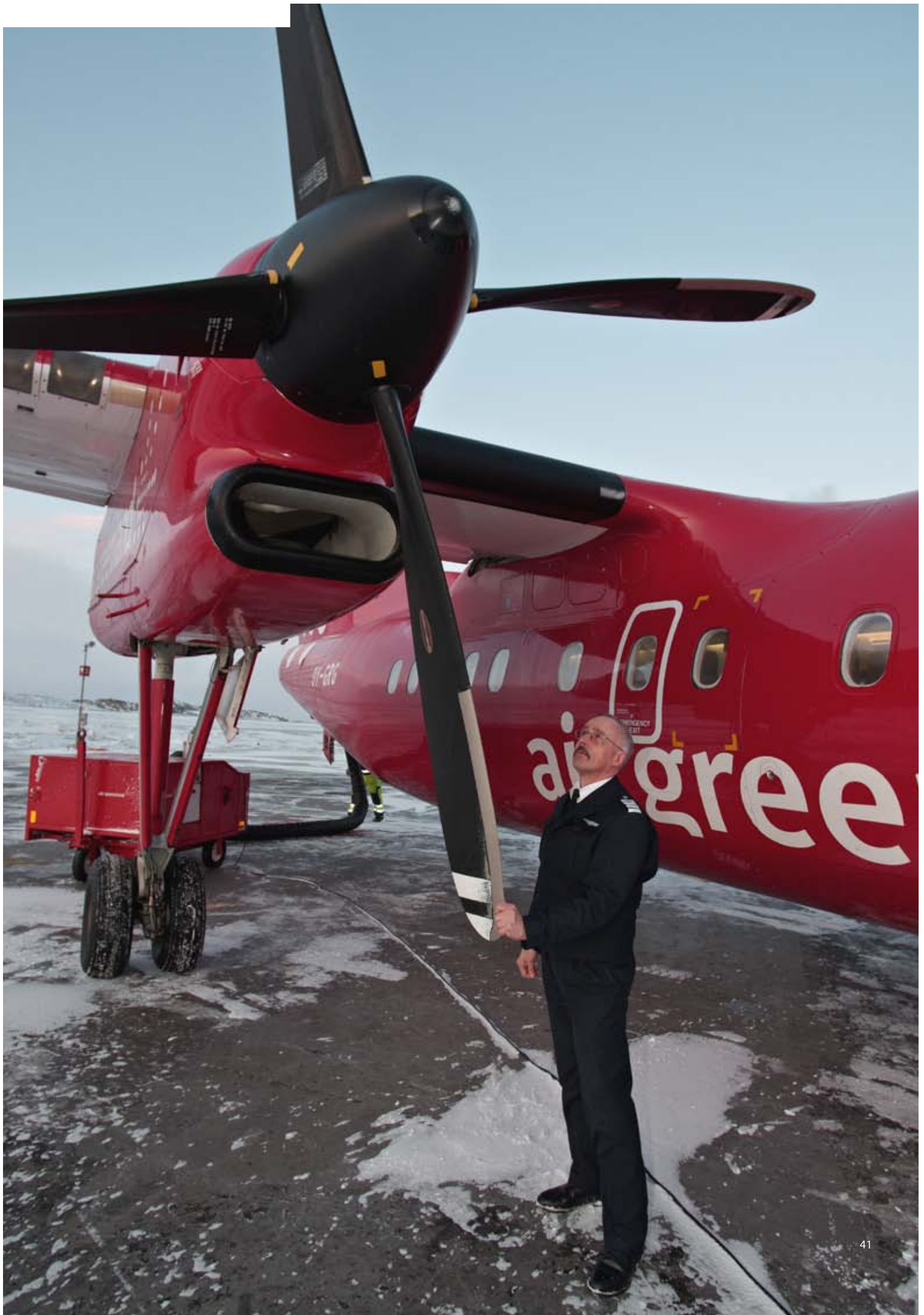
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

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

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.



Balance sheet

Goodwill and goodwill on consolidation

Goodwill is amortised straight-line over its estimated useful life, which is determined based on the experience gained by Management for each business area. The period of amortisation is usually five years, however, in certain circumstances it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer period of amortisation is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and book value.

Fixed tangible assets

Buildings, aircraft including essential components, other aircraft components as well as other equipment, vehicles and inventory are measured at cost price less accumulated depreciation and impairment losses.

Cost includes purchase price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be taken into use. For group-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for financing the manufacture of tangible fixed assets are included in cost if they relate to the manufacturing period. All other financing costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of estimated useful lives and scrap values of the assets, see however below for essential aircraft components:

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

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

Assets with a cost of less than DKK 50,000 are recorded as expenses in the income statement at the time of purchase. IT purchases are, regardless of cost, capitalised and depreciated over 3 years.

Tangible fixed assets are written down to the lower of recoverable value and book value.

Profits and losses from the sale of tangible fixed assets are calculated as the difference between the selling price less selling costs and book value at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are recorded and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-

	Period of depreciation	Scrap value
Buildings	20-35 years	0-25%
Aircraft	6-12 years	0-25%
Other components	6-12 years	20%
Other equipment, vehicles and inventory	3-10 years	0%

group profits and losses and less or plus amortisation of positive, or negative, goodwill is recognised in the income statement.

Subsidiaries and associated companies with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associated companies is transferred to reserve for net revaluation according to the equity method under equity.

The purchase method is applied in the acquisition of investments in subsidiaries and associated companies; see above description under consolidated financial statements.

Inventories

Inventories are measured at cost using the FIFO method or net realisable value, when this is lower.

Cost of spare parts comprises the purchase price with addition of delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less provisions for bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (quoted price) at the balance sheet date.

Other financial assets are measured at cost.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Mortgage debt

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities and, at the time of inception of the lease, measured at the present value of the future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are recognised at amortised cost which usually corresponds to nominal value.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement of the Parent Company and the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Parent Company and the Group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flow from investing activities comprise payments in connection with acquisition and divestment of enterprises and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and tangible fixed assets, including acquisition of assets held under finance leases.

Cash flow from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

NOPAT (Net Operating Profit After Tax) is defined as the profit/loss before interest (EBIT) adjusted for operational leasing costs cf. note 4, less calculated depreciation of operational leased aircraft less 31.8% tax.

Invested capital including goodwill is defined as equity plus net interest-bearing debt.

Key figures	Calculation formula	Ratios reflect
Profit ratio (EBIT margin) (%)	$\frac{\text{Gross profit (EBIT)}}{\text{Revenue}}$	The enterprise's operating gearing
Return on invested capital including goodwill (%)	$\frac{\text{NOPAT}}{\text{Average invested capital incl. goodwill}}$	The return generated by the enterprise on investors' funds
Financial gearing (%)	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The enterprise's financial gearing
Return on equity (%)	$\frac{\text{Profit/loss for the year}}{\text{Average equity}}$	The enterprise's return on capital invested in the enterprise by the owners
Solvency ratio (%)	$\frac{\text{Equity}}{\text{Total assets}}$	The enterprise's financial strength

Net interest-bearing debt is defined as interest-bearing liabilities, net of interest-bearing assets, including cash and income tax receivable. Operational leasing is included in net interest bearing debts by a factor 7 times the year's operational leasing costs.





airgreenland

50
1960-2010

Suloraq

DO NOT
OPEN
IN FLIGHT

Statement of Income January 1st to December 31st

(DKK 1,000)	Parent Company			Group	
	2011	2010	Note	2011	2010
Net revenue	1,086,250	1,046,086	1	1,195,980	1,117,063
Other operating revenue	24,031	17,450		24,451	17,450
Other external costs	(568,452)	(524,274)	2	(640,091)	(550,930)
Staff costs	(364,176)	(352,078)	3	(395,228)	(381,690)
Amortisation, depreciation and write-downs	(103,358)	(135,215)	4	(109,553)	(141,729)
Income before financial income and expenses	74,295	51,969		75,559	60,164
Income from investments in subsidiaries	(756)	3,863	10	-	-
Income from investments in associated companies	186	-	10	674	1,207
Other financial income	7,806	5,174	5	8,279	5,402
Other financial expenses	(6,301)	(773)	6	(9,560)	(4,280)
Income before tax	75,230	60,233		74,952	62,493
Taxes	(23,928)	(19,154)	7	(23,650)	(21,414)
Profit for the year	51,302	41,079		51,302	41,079
Proposal for distribution of the year's profit:					
Dividend for the year	30,000				
Reserve for net revaluation of investments according to the equity method	(570)				
Brought forward	21,872				
	51,302				

Balance Sheet at December 31st 2011

(DKK 1,000)	Parent Company			Group	
	2011	2010	Note	2011	2010
Goodwill and goodwill on consolidation	-	-		451	736
Intangible fixed assets	-	-	8	451	736
Buildings	159,966	147,037		253,899	242,924
Aircraft incl. major components	603,291	232,973		603,291	232,973
Other aircraft components	23,228	20,899		23,228	20,899
Other equipment, vehicles and inventory	24,159	25,567		37,127	40,529
Tangible fixed assets under construction	-	-		-	874
Tangible fixed assets	810,644	426,476	9	917,545	538,199
Investments in subsidiaries	60,894	61,650		-	-
Investments in associated companies	8,115	188		11,639	3,224
Accounts receivable, subsidiaries	2,260	2,424		-	-
Accounts receivable, associated companies	5,000	7,000		8,445	10,803
Other securities and investments	-	-		20	31
Other accounts receivable	374	11,570		620	11,803
Deferred tax assets	-	-	13	2,442	1,995
Fixed asset investments	76,643	82,832	10	23,166	27,856
Total fixed assets	887,287	509,308		941,162	566,791
Stocks and inventories	44,866	115,860	11	47,555	118,322
Accounts receivable, sales and services	73,615	81,235		82,301	92,463
Accounts receivable, subsidiaries	6,585	7,317		-	-
Accounts receivable, associated companies	1,107	829		1,107	1,126
Other accounts receivable	44,092	48,892		44,935	49,992
Prepayments	3,813	2,633		3,996	2,760
Accounts receivable	129,212	140,906		132,339	146,341
Cash	177,241	229,751		193,336	239,594
Total current assets	351,319	486,517		373,230	504,257
Total assets	1,238,606	995,825		1,314,392	1,071,048

Balance Sheet at December 31st 2011

(DKK 1,000)	Parent Company			Group	
	2011	2010	Note	2011	2010
Share capital	24,000	24,000	12	24,000	24,000
Reserve for net revaluation of investments according to the equity method	21,365	21,935		1,348	674
Revaluation reserve	8,263	8,263		8,263	8,263
Retained earnings	569,949	538,537		589,966	559,798
Proposal for dividend for the year	30,000	-		30,000	-
Equity	653,577	592,735		653,577	592,735
Deferred tax liabilities	149,803	135,415	13	155,123	140,629
Provisions	149,803	135,415		155,123	140,629
Mortgage loans	5,384	-		23,666	16,448
Lease commitments	124,680	-		124,680	-
Bank debt	-	-		32,593	37,461
Long-term liabilities other than provisions	130,064	-	14	180,939	53,909
Current portion of long-term liabilities other than provisions	41,096	-	14	44,665	3,338
Other bank debts	-	-		3,083	2,920
Trade payables	74,004	82,744		78,855	86,772
Accounts payable, subsidiaries	283	842		-	-
Accounts payable, associated companies	-	9		294	9
Corporation tax	-	9,698		1,041	12,177
Other liabilities	109,576	81,668	15	116,612	85,692
Deferred income	80,203	92,714		80,203	92,867
Current liabilities	305,162	267,675		324,753	283,775
Total liabilities other than provisions	435,226	267,675		505,692	337,684
Total equity and liabilities	1,238,606	995,825		1,314,392	1,071,048
Commitments, contingencies and forward contracts etc.			16-18		
Other notes			19-22		

Statement of changes in Equity at December 31st 2011

(DKK 1,000)

Parent Company

	Share capital	Reserve for net revaluation according to the equity method	Revaluation reserve	Results brought forward	Proposed dividend for the year	Total
Equity at January 1 st 2010	24,000	18,072	8,263	501,321	-	551,656
Distributed dividend	-	-	-	-	-	-
Profit for the year	-	3,863	-	37,216	-	41,079
Equity at December 31 st 2010	24,000	21,935	8,263	538,537	-	592,735
Distributed dividend	-	-	-	(30,000)	30,000	-
Deferred tax on the year's dividend	-	-	-	9,540	-	7,950
Profit for the year	-	(570)	-	51,872	-	51,302
Equity at December 31 st 2011	24,000	21,365	8,263	569,949	30,000	653,577

Group

	Share capital	Reserve for net revaluation according to the equity method	Revaluation reserve	Results brought forward	Proposed dividend for the year	Total
Equity at January 1 st 2010	24,000	-	8,263	519,393	-	551,656
Distributed dividend	-	-	-	-	-	-
Profit for the year	-	674	-	40,405	-	41,079
Equity at December 31 st 2010	24,000	674	8,263	559,798	-	592,735
Distributed dividend	-	-	-	(30,000)	30,000	-
Deferred tax on the year's dividend	-	-	-	9,540	-	9,540
Profit for the year	-	674	-	50,628	-	51,302
Equity at December 31 st 2011	24,000	1,348	8,263	589,966	30,000	653,577

Cash Flow Statement for 2011

(DKK 1,000)	Parent Company			Group	
	2011	2010	Note	2011	2010
Income before financial income and expenses	74,295	51,969		75,559	60,164
Amortisation, depreciation and write-downs	67,088	85,970		73,283	92,484
Change in working capital	92,639	(10,028)	19	98,837	(18,435)
	234,022	127,911		247,679	134,213
Financial income received	7,806	5,174		8,279	5,402
Financial expenses paid	(6,301)	(773)		(9,549)	(4,275)
Paid taxes	(9,698)	(12,204)		(11,200)	(12,612)
Cash flows from operating activities	225,829	120,108		235,209	122,728
Acquisition etc of tangible fixed assets	(462,325)	(126,826)		(464,769)	(131,830)
Divestment of tangible fixed assets	10,729	32,967		12,084	33,009
Acquisition etc of fixed asset investments	(7,741)	(2,486)		(7,754)	(29)
Divestment of fixed asset investments	13,360	1,056		13,554	1,381
Cash flows from investing activities	(445,977)	(95,289)		(446,885)	(97,469)
Loans, long-term liabilities	256,900	-		257,467	-
Instalments on long-term liabilities	(89,262)	(41,658)		(92,212)	(44,935)
Dividend paid	-	-		-	-
Cash flows from financing activities	167,638	(41,658)		165,255	(44,935)
Changes in cash and cash equivalents	(52,510)	(16,839)		(46,421)	(19,676)
Cash and cash equivalents at January 1 st	229,751	246,590		236,674	256,350
Cash and cash equivalents at December 31 st	177,241	229,751		190,253	236,674
Cash and cash equivalents include:					
Cash	177,241	229,751		193,336	239,594
Other bank debt	-	-		(3,083)	(2,920)
Total cash and cash equivalents	177,241	229,751		190,253	236,674

Notes to the Annual Report

(DKK 1,000)	Parent Company		Group	
	2011	2010	2011	2010
1. Net revenue				
Passenger revenue, domestic flights in Greenland	306,189	306,551	306,189	306,551
Charter revenue, flights in Greenland	197,299	159,065	197,299	159,065
Cargo, flights in Greenland	41,386	34,182	41,386	34,182
Carriage of mail, Greenland	15,409	17,189	15,409	17,189
Passenger, cargo and mail revenue, flights outside Greenland	320,810	318,346	320,810	318,346
Charter revenue, flights outside Greenland	25,765	30,689	25,765	30,689
Public payment for service contracts	115,076	115,076	115,076	115,076
Revenue, hotel operations	-	-	40,207	41,847
Revenue, ticket sales	11,251	12,653	80,774	41,783
Other traffic revenue	53,065	52,335	53,065	52,335
	1,086,250	1,046,086	1,195,980	1,117,063
2. Other external costs				
Flights in Greenland:				
- Air traffic taxes to third parties	119,423	112,700	119,423	112,700
- Distribution costs	6,688	7,069	6,688	7,069
- Passenger taxes collected	(64,286)	(62,232)	(64,286)	(62,232)
	61,825	57,537	61,825	57,537

Notes to the Annual Report

(DKK 1,000)

	Parent Company		Group	
	2011	2010	2011	2010
3. Staff costs				
Salaries and wages	319,828	308,106	350,467	336,893
Pensions	9,550	9,374	9,841	9,539
Other social contributions	34,798	34,598	34,920	35,258
	364,176	352,078	395,228	381,690
Of this, total remuneration to the Parent Company's:				
- Management	2,932	3,185	2,932	3,185
- Board of Directors	942	738	942	738
	3,874	3,923	3,874	3,923
Average number of employees	571	574	655	664

Management is remunerated in accordance with a contract, with a regular monthly salary incl. pension and a company car.

Furthermore, there is a cash-based incentive programme for the company's management. The incentive programme is based on the achievement of individual goals and of financial goals for the company. The maximum payment for 2011 is set at DKK 388 thousand.

Employment of the company's CEO can be terminated at 12 months' notice. The CEO may resign his post after giving 9 months' notice. In addition to the salary during the period of notice, there is an agreement with management regarding severance payment of 12 months' salary. Severance payment is recognised in the annual report as staff costs and other liabilities respectively.

The annual remuneration to the parent company's management is specified as follows:

	2011	2010
Salaries	2,522	2,600
Pension	100	100
Bonus	388	385
Adjustment of provision for severance pay	(78)	100
	2,932	3,185

Incentive programmes have not been established for the Board of Directors.

Notes to the Annual Report

(DKK 1,000)	Parent Company		Group	
	2011	2010	2011	2010
4. Amortisation, depreciation and write-downs				
Goodwill	-	-	285	285
Buildings	8,531	8,025	11,365	10,794
Aircraft and components	46,367	62,082	46,367	62,082
Other aircraft components	1,540	5,325	1,540	5,325
Other equipment, vehicles and inventory	11,980	11,536	15,669	15,038
Operating lease, aircraft stock	36,267	49,233	36,267	49,233
Operating lease, other equipment	3	12	3	12
Earnings on sales of tangible fixed assets	(1,330)	(998)	(1,943)	(1,040)
	103,358	135,215	109,553	141,729
5. Other financial income				
Interest, cash at bank	2,356	3,251	2,520	3,482
Interest, subsidiaries	109	91	-	-
Interest, associated companies	338	400	471	476
Capital gains	4,824	1,229	5,108	1,229
Other interest	179	203	180	215
	7,806	5,174	8,279	5,402
6. Other financial expenses				
Interest, bank debt	-	3	18	37
Interest, leasing	2,619	347	2,619	347
Interest and amortisation, mortgages	-	-	3,112	3,312
Capital losses	3,572	295	3,572	357
Other interest	110	128	239	227
	6,301	773	9,560	4,280
7. Tax on profit for the year				
Current tax	-	9,698	514	12,585
Deferred tax on profit for the year	23,928	9,456	22,719	8,828
Adjustment of deferred tax from previous years	-	-	417	1
	23,928	19,154	23,650	21,414

Notes to the Annual Report

(DKK 1,000)

	Parent Company		Group	
	Goodwill and goodwill on consolidation	Total	Goodwill and goodwill on consolidation	Total
8. Intangible fixed assets				
Cost at January 1 st 2011	-	-	1,425	1,425
Additions	-	-	-	-
Disposals	-	-	-	-
Cost at December 31 st 2011	-	-	1,425	1,425
Amortisation and write-downs, January 1 st 2011	-	-	689	689
Amortisation for the year	-	-	285	285
Reversed amortisation at year-end	-	-	-	-
Amortisation and write-downs at December 31 st 2011	-	-	974	974
Book value at December 31 st 2011	-	-	451	451

Notes to the Annual Report

(DKK 1,000)

Parent Company

	Buildings	Aircraft and components	Other components	Other equipment vehicles & inventory	Total
9. Tangible fixed assets					
Cost at January 1 st 2011	297,386	530,642	78,249	123,020	1,029,297
Additions	21,460	425,198	5,009	10,658	462,325
Transferred to inventories	-	-	(2,105)	-	(2,105)
Disposals	-	(59,634)	(4,000)	(8,559)	(72,193)
Cost at December 31st 2011	318,846	896,206	77,153	125,119	1,417,324
Revaluation at January 1 st 2011	-	8,263	-	-	8,263
Revaluation for the year	-	-	-	-	-
Revaluation at December 31st 2011	-	8,263	-	-	8,263
Depreciation and write-downs at January 1 st 2011	150,349	305,932	57,350	97,453	611,084
Depreciation for the year	8,531	46,367	1,540	11,980	68,418
Transferred to inventories	-	-	(1,765)	-	(1,765)
Reversed depreciation at year-end	-	(51,121)	(3,200)	(8,473)	(62,794)
Depreciation and write-downs at December 31st 2011	158,880	301,178	53,925	100,960	614,943
Book value December 31st 2011	159,966	603,291	23,228	24,159	810,644
Book value includes:					
Assets held under finance leases	-	245,747	-	-	245,747
Interest expenses	-	-	-	-	-

Notes to the Annual Report

(DKK 1,000)

Group

	Buildings	Aircraft and components	Other components	Other equipment, vehicles & inventory	Tangible fixed assets under construction	Total
9. Tangible fixed assets (contd.)						
Cost at January 1 st 2011	418,908	530,642	78,249	163,127	874	1,191,800
Transferred	823	-	-	51	(874)	-
Additions	22,259	425,198	5,009	12,303	-	464,769
Transferred to inventories	-	-	(2,105)	-	-	(2,105)
Disposals	(1,270)	(59,634)	(4,000)	(8,559)	-	(73,463)
Cost at December 31 st 2011	440,720	896,206	77,153	166,922	-	1,581,001
Revaluation at January 1 st 2011	-	8,263	-	-	-	8,263
Revaluation for the year	-	-	-	-	-	-
Revaluation at December 31 st 2011	-	8,263	-	-	-	8,263
Depreciation and write-downs at January 1 st 2011	175,984	305,932	57,350	122,598	-	661,864
Depreciation for the year	11,365	46,367	1,540	15,669	-	74,941
Transferred to inventories	-	-	(1,765)	-	-	(1,765)
Reversed depreciation at year-end	(528)	(51,121)	(3,200)	(8,472)	-	(63,321)
Depreciation and write-downs at December 31 st 2011	186,821	301,178	53,925	129,795	-	671,719
Book value at December 31 st 2011	253,899	603,291	23,228	37,127	-	917,545
Book value includes:						
Assets held under finance leases	-	245,747	-	-	-	245,747
Interest expenses	2,560	-	-	-	-	2,560

Notes to the Annual Report

(DKK 1,000)

Group

	Investments in subsidiaries	Investments in associated companies	Accounts receivable in subsidiaries	Accounts receivable in associerede companies	Other receivables	Total
10. Fixed asset investments						
Cost at January 1 st 2011	38,903	1,000	2,424	7,000	11,570	60,897
Additions	-	7,741	-	-	-	7,741
Disposals	-	-	(164)	(2,000)	(11,196)	(13,360)
Cost at December 31 st 2011	38,903	8,741	2,260	5,000	374	55,278
Net revaluation at January 1 st 2011	22,747	(812)	-	-	-	21,935
Revaluation and write-downs for the year	(756)	186	-	-	-	(570)
Net revaluation December 31 st 2011	21,991	(626)	-	-	-	21,365
Book value December 31 st 2011	60,894	8,115	2,260	5,000	374	76,643
			Nominal value	Equity		
Subsidiaries and associated companies:	Percent					
Hotel Arctic Inc, Ilulissat	100%	30,000	45,974			
Greenland Travel Inc	100%	1,500	16,568			
Arctic Umiaq Line Inc	50%	2,000	376			
Norlandair ehf., Akureyri	25%	7,649	27,387			
Profit/loss from subsidiaries consists of the following:	2011	2010				
Profit before tax, Hotel Arctic Inc, Ilulissat	333	1,580				
Profit/loss before tax, Greenland Travel Inc	(1,666)	4,244				
Elimination of internal profit	299	299				
Profit/loss from subsidiaries before tax	(1,034)	6,123				
Tax of subsidiaries	278	(2,260)				
Profit/loss from subsidiaries after tax	(756)	3,863				

Notes to the Annual Report

(DKK 1,000)

Group

	Investments in associated companies	Accounts- receivable in associated companies	Other investments	Other accounts receivable	Total
10. Fixed asset investments (contd.)					
Cost at January 1 st 2011	2,550	10,803	15	11,803	25,171
Additions	7,741	-	-	13	7,754
Disposals	-	(2,358)	-	(11,196)	(13,554)
Cost at December 31 st 2011	10,291	8,445	15	620	19,371
Net revaluation at January 1 st 2011	674	-	16	-	690
Depreciation and write-downs for the year	674	-	-	-	674
Reversed revaluation	-	-	(11)	-	(11)
Revaluation at December 31 st 2011	1,348	-	5	-	1,353
Book value at December 31 st 2011	11,639	8,445	20	620	20,724

Parent Company

Group

	2011	2010		2011	2010
11. Stocks and inventories					
Store of spare parts	37,748	39,698		37,748	39,698
Sales stocks and components, aircraft	6,804	75,834		6,804	75,834
Other inventories	314	328		3,003	2,790
	44,866	115,860		47,555	118,322

12. Share capital

The share capital of DKK 24 million consists of 40 shares at DKK 500,000, 384 shares at DKK 10,000 and 160 shares at DKK 1,000.

The shares are not divided into classes with special rights. Each share of DKK 1,000 carries one vote.

The share capital has remained unchanged for the past 5 years.

Notes to the Annual Report

(DKK 1,000)	Parent Company			Group	
	2011	2010		2011	2010
13. Deferred tax					
Provisions for deferred tax consist of the following items:					
Tangible fixed assets	158,198	131,175		163,363	136,114
Fixed asset investments	5,349	5,531		5,349	5,531
Current assets	(359)	(1,417)		(400)	(1,585)
Short term debts	(5,687)	126		(5,667)	151
Tax losses brought forward	-	-		(2,266)	(1,577)
Provisions for dividend	(7,698)	-		(7,698)	-
	149,803	135,415		152,681	138,634
Net value is recognised in the balance sheet as follows:					
Deferred tax assets	-	-		(2,442)	(1,995)
Deferred tax liabilities	149,803	135,415		155,123	140,629
	149,803	135,415		152,681	138,634
Specification of movements:					
Deferred tax at January 1 st	135,415	125,959		138,634	129,805
Deferred tax for the year	23,928	9,456		23,602	8,828
Tax base of provision for dividend	(9,540)	-		(9,540)	-
Adjustment of previous years' tax	-	-		(15)	1
Deferred tax at December 31 st	149,803	135,415		152,681	138,634

Notes to the Annual Report

(DKK 1,000)

Parent Company

	Due within 1 year	Due after 1 year	Amortised debt, total	Nominal debt, total
14. Long term liabilities other than provisions				
Mortgage debt	-	5,384	5,384	5,384
Lease commitments	41,096	124,680	165,776	165,776
Long term liabilities other than provisions at December 31 st 2011	41,096	130,064	171,160	171,160
Due after more than 5 years:				
Mortgage debt		5,384		
Lease commitments		-		
		5,384		

Group

	Due within 1 year	Due after 1 year	Amortised debt, total	Nominal debt, total
Mortgage debt	2,374	23,666	26,040	26,058
Lease commitments	41,096	124,680	165,776	165,776
Bank debt	1,195	32,593	33,788	33,853
Long term liabilities other than provisions at December 31 st 2011	44,665	180,939	225,604	225,687
Due after more than 5 years:				
Mortgage debt		14,420		
Lease commitments		-		
Bank debt		27,200		
		41,620		

Notes to the Annual Report

<i>(DKK 1,000)</i>	Parent Company		Group		
	2011	2010		2011	2010
15. Other liabilities					
Wages, A-tax, social and health contributions, etc.	27,974	25,012		28,553	25,894
Holiday pay	34,184	32,323		37,043	34,968
Other liabilities	47,418	24,333		51,016	24,830
	109,576	81,668		116,612	85,692
16. Mortgage liabilities					
Mortgage debt is secured by mortgage on properties.					
Mortgage deeds registered to the owner on properties deposited as security for bank debt and mortgage debt, nom.	91,635	86,250		153,212	148,220
Book value for mortgaged real estate	99,636	66,268		191,020	160,312
Mortgage deeds on aircraft deposited as security for bank debt, nom.	15,000	15,000		15,000	15,000
Book value of mortgaged aircraft	4,745	3,849		4,745	3,849
Cash deposited in favour of Rejsegarantifonden and other supplier credits	2,248	1,748		3,758	3,259

Notes to the Annual Report

(DKK 1,000)	Parent Company			Group	
	2011	2010		2011	2010
17. Lease commitments					
Operating lease of aircraft 2012 - 2016	22,478	100,381		22,478	100,381
Due within 1 year	7,484	48,121		7,484	48,121
Due after 5 years	-	-		-	-
<p>Furthermore, a finance lease for the OY-GRN has been signed. This is recognised in the annual report as a tangible fixed asset and a lease commitment, respectively. The lease commitment of DKK 165,776 thousand is secured by a mortgage on the OY-GRN, the book value of which at December 31st 2011 was DKK 245,747 thousand. The lease may be terminated at 2 years' notice and expires on October 7th, 2016, at which time the remaining loan will be DKK 17,237 thousand.</p>					
18. Contractual commitments					
Contract for delivery of aircraft up until 2014	322,413	30,873		322,413	30,873
<p>Capitalised prepayments of DKK 35,906 thousand are included under other accounts receivable.</p>					
19. Changes in working capital					
Change in stocks and inventories	71,334	1,751		71,107	1,994
Change in accounts receivable	11,694	(36,489)		14,002	(41,785)
Change in current liabilities	9,611	24,710		13,728	21,356
Change in working capital, total	92,639	(10,028)		98,837	(18,435)
20. Fees to the auditors appointed by the AGM					
Fees paid to the Parent Company's auditors appointed by the AGM for the FY:					
Statutory audit	925	950		1,210	1,282
Adjustment to previous years	130	183		130	206
Other services	1,135	505		1,464	997
	2,190	1,638		2,804	2,485

Notes to the Annual Report

(DKK 1,000)

21. Related parties

Related parties with controlling influence on Air Greenland Group:

- None

Other related parties with which the Air Greenland Group has had transactions in 2011:

- Government of Greenland, shareholder
- SAS, Kastrup, shareholder
- Board and management

Transactions between other related parties and the Air Greenland Group in 2011:

- Government of Greenland: Service contracts (cf. the management report) transport of patients for the Health Authorities, sale of tickets, payment of traffic duties and operation of heliports/airports with Mittarfeqarfiit etc.
- SAS: Payment for tickets, handling and maintenance at Copenhagen Airport, Kastrup of the Airbus 330-200 etc.
- Intra-group transactions.
- There is an incentive programme for management, which is result-oriented.

Air Greenland has had the following transactions with related parties in 2011:

	Market value	Acquisition value	Receivable	Payable
Government of Greenland	205,630	218,758	2,989	17,645
SAS	1,974	19,150	252	4,905
Katuaq, where a member of the board is a director	1,215	554	14	-

22. Shareholders

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

- Government of Greenland (37.5%)
- Scandinavian Airlines System A/S, 2700 Kastrup (37.5%)
- The Danish State (25%)



The members of the board and their competences

The annual evaluation of the board took place in autumn 2011 in accordance with the guidelines defined by the Board Secretariat.

Jens Wittrup Willumsen (born 1960)

Chairman of the Board (appointed by the Government of Greenland) since 2011

Education: MSc in Business Economics

Career: Until the end of 2006, he held a number of leading positions within sales and marketing, primarily in SAS, where he has held positions in the commercial area – most recently as Deputy CEO and Senior Vice President Commercial Scandinavian Airlines Denmark A/S.

In the recent 10 years, Jens has also been very committed to several boards – both as a member and as a chairperson.

Since the end of 2006, he has chosen to concentrate his activities on investments in a series of companies and holding various directorships.

Competences: Strategy and leadership, sales and marketing, economics, organisation and development, communication, experience in the airline industry.

Seats on boards: In addition to his work for Air Greenland and Atlantic Airways (Faroe Islands national airline), Jens has seats on a range of boards in small and medium sized companies (Mediehuset Ingeniøren, SKAKO A/S (OMX), Visit Denmark, etc.)

Julia Pars (born 1968):

Member of the board (appointed by the Government of Greenland) since 2007 (Chairperson until 2011)

Education: Academy Profession Degree in Tourism and an MBA from Henley Business School.

Career: Has held several positions with Greenland Tourism A/S, most recently as Information Manager (2002-2006). After three years as the Information Manager of Greenland Tourism and Business Council, Julia took over the post of Director of Katuaq – Greenland's Cultural Centre in 2007.

Competences: Leadership, project management, communication, PR, financial management, sponsor and event marketing, HR and team coaching.

Seats on boards: Serves as observer for the Government of Greenland on the board of Nordens Hus (Thorshavn) and is a member of the committee of representatives of North Atlantic House in Copenhagen and a member of the board of The Royal Greenland Foundation.

Mads Kofod (born 1951):

Member of the board (appointed by the Danish State) since 2001

Education: Master Mariner and chief engineer with a B.Sc.Nav. from Denmark's Technical University (DTU).

Career: During the 1990s, he held a series of different management posts in a wide variety of divisions of DSB (Director of Goods Transport, Managing Director in a subsidiary, International Director and Planning Manager). From 2000 to 2010, he held the post of Managing Director of Færgen A/S, a merger between Bornholms Trafikken A/S, Nordic Ferry Services A/S and Sydfynske A/S. Since 2011, he has been Director of Campus Bornholm (CB).

Competences: Strategy, rationalisation/efficiency improvement, leadership

Seats on boards: Member of various boards (especially of cultural enterprises) on Bornholm.

Lars Tybjerg (born 1939):

Member of the board (appointed by the Danish State) since 1993, at which time he was Department Manager with responsibility, among others, for relations with Greenland.

Education: Master of Political Science

Career: He has worked for 35 years in the Danish Ministry of Finance, the Ministry of Trade and the Ministry of State, with formulation of policies concerning social economy, public budgets and public borrowing– interrupted by spells at the embassy in Washington, D.C., as the Executive Director of Østbanken in London and as the Director of Hypotekbanken and Fiskeribanken. From 2008, he has been the Director of the Investeringsforeningen Etik Invest.

Competences: Economics, budgeting, finance (including banking and credit).

Seats on boards: Member of the board of Lønmodtagernes Dyriftsfond (Employees Capital Pension Fund). Has also had seats on the boards of Fiskeribanken and Hypotekbanken.

Lars Lindgren (born 1950):

Member of the board (appointed by SAS) since 2009

Education: MBA in Business Administration from Gothenburg School of Economics

Career: Has had a long career with SAS, both in Sweden and abroad, most recently (2003-2007) as Vice-President and CEO of SAS International. From 2007-2009 he held the post of Executive Chairman and President of Spanair.

Competences: Leadership (including international), administration, organisation, aviation

Seats on boards: Has held a series of seats on boards within aviation, including Air Baltic, Spanair and SAS Cargo.

Benny Zakrisson (born 1959):

Member of the board (appointed by SAS) since 2010

Education: Master of Law, Stockholm University.

Career: Since 1990, he has held a range of management and senior management posts in SAS, including Senior Vice-President, Corporate Advisory SAS Group (2003-2007) and Vice-President Corporate Advisory/Finance SAS Group (1993-2003). At present, he holds the post of Executive Vice President with the SAS Group, with responsibility for infrastructure and M&A.

Competences: Leadership, economics, organisation and development, aviation

Seats on boards: iCell AB (publ), Scandic Hotels AB, ITELL (publ).

Niels C. Frederiksen (born 1970):

Employee-appointed member of the board since 2009

Education: Qualified AFIS operator and Dispatcher

Career: Has been employed by Air Greenland since 1999 both in Operations (most recently as Department Manager for four years) and in Charter. He is presently in his fifth year of employment as Department Manager in Charter.

Competences: Operations, sale, administration, aviation

Claus Motzfeldt (born 1969):

Employee-appointed member of the board since 2005

Education: Qualified as a flight mechanic in 1993.

Career: Spent his apprenticeship with Air Greenland and was subsequently taken on as a flight mechanic. In 1995, he was appointed Inspector and since 1996, he has acted in the capacity of Lead Mechanic.

Competences: Operations, production, aviation

Seats on boards, positions of trust: Has been involved in union policy as Vice-Chairman for the Flight Technicians at Air Greenland (1996-2008) and member of the board of the Danish Union of Metal Workers, Section 16 (2007-2009).

Elisabeth Fisker (born 1962):

Employee-appointed member of the board since 2009

Education: Qualified as AFIS operator in Kastrup in 1984

Career: Apart from a short spell with Greenland Travel in Ilulissat, Elisabeth has been employed at Air Greenland since 1986, first as a traffic assistant and then as a station leader – a post she still holds today.

Competences: Leadership, traffic, operations, administration, aviation.

CSR indicators

Air Greenland, Parent Company	2011	2010
1 Access to transport a) Development in passenger numbers – air transport (Sold seat/km)	442,452	450,883 Fall in %: 1.87
b) Complaints	391 Inquiries	293 Inquiries *)
2 Development of competences Development of competences is the company's focus on development of employees and training of young people in functions within the company's scope:		
a) Perceived professional and personal development (indicator is measured as part of the employee satisfaction survey)	65	64
b) Costs of courses / Number of employees	574 employees DKK 7,508t Of which: Mandatory courses: DKK 2,656t Non-mandatory courses: DKK 4,853t	571 employees DKK 7,182t Of which: Mandatory courses: DKK 2,217t Non-mandatory courses: DKK 4,965t
c) Share of internal recruitments to management posts Internal is defined as employees that have a minimum of 3 months of employment in the group prior to appointment to a management post	80 % 12 out of 15 management posts are filled by employees recruited internally	100 % 8 out of 8 managements posts are filled by employees recruited internally
d) Employee retention / employee turnover	10.8% 59 employees left the company (out of 574 employees)	16.8 % 71 employees left the company (out of 571 employees)
f) Number of trainees / apprentices + interns	27	29

*) Figures adjusted in comparison to the 2010 report

