## **P/F Atlantic Airways**

### **Annual General Meeting 2010**

25 March 2010

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- The General Meeting elects a chairman on proposal from the Board of Directors
- 2. The Board of Directors' report of the company's activities in the past year
- 3. Submission of audited annual accounts and annual report for adoption
- 4. Decision on distribution of profit in accordance with the adopted annual accounts
- 4. Proposals for amendment of the Articles of Association
- 5. Election of members to the Board of Directors
- 6. Election of Auditor
- 7. Proposals from shareholders
- 9. Other



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# Submission of audited annual accounts and annual report for adoption

### **Income Statement**

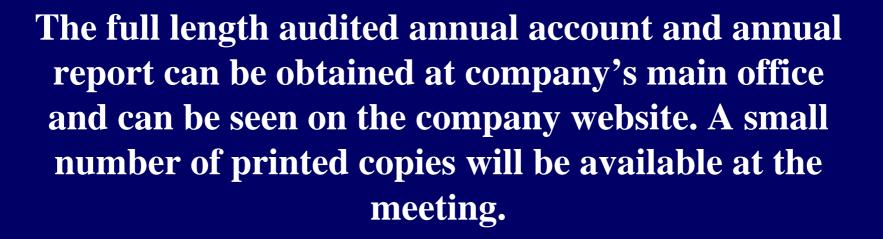
DKK 1.000	2009	2008
Total income	402.137	546.836
Flight expenses	-258.669	-348.091
Employee expenditures	-99.835	-111.775
Total operating expenses	-358.504	-459.866
Result before dep., amort. and impairment (EBITDA)	43.633	86.970
Depreciations, amort. and impairment	-63.001	-60.513
Result before financial items	-19.368	26.457
Financial income	22.322	11.536
Financial expenses	-10.577	-10.099
Net financial items	11.745	1.437
Share of profit/loss of associates	-441	-75
<b>Result before taxes (EBT)</b>	-8.064	27.818
Taxes	1.455	-4.971
Net Profit/Loss for the year	-6.609	22.847

# Submission of audited annual accounts and annual report for adoption

### **Balance Sheet as at 31 December 2009**

ASSETS (DKK 1.000)	2009	2008
Total non-current assets	303.389	301.235
Total current assets	96.467	136.929
TOTAL ASSETS.	399.856	438.164
TOTAL EQUITY AND LIABILITIES (DKK 1.000)	2009	2008
Total equity.	214.377	226.324
Total non-current liabilities.	127.797	146.027
Total current liabilities.	57.682	65.813
Total liabilities.	185.479	211.840
TOTAL EQUITY AND LIABILITIES.	399.856	438.164





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The Board of Directors recommends that the result for the year be carried forward to next year, and no payment of dividends.

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# Proposals for amendment of the Articles of Association (1)

The Board of Directors recommends the following amendments of the Articles of Association:

Proposal that Article 5 shall be changed with the following wording: "At the earliest 28 days and at the latest 14 days prior to the general meeting, the Board of Directors gives notice of the general meeting with specification of time, place and agenda, The notice shall be in writing to each shareholder to the address latest registered in the share register, or by announcement in a Faroese public gazette. The notice may be given by e-mail and it is the responsibility of the shareholders to ensure that the management of the company has a valid e-mail address."





# Proposal that Article 6, no. 2 shall be changed with the following wording:

"Presentation of audited annual report for approval."



# Proposal that Article 10, paragraph 1, last sentence, shall be changed with the following wording:

"A written authority to vote by proxy cannot be given for a period longer than 12 months. A proxy to the Board of Directors can only be given for a specific general meeting with a beforehand known agenda."





# Proposal that Article 15, paragraph 1, shall be changed with the following wording:

"The Board of Directors consists of 4 members appointed by the General Meeting. The Board of Directors is supplemented by members required by legislation."





# Proposal that Article 15, paragraph 5, shall be changed with the following wording:

"If a member retires from the Board of Directors in the mandate period, the Board of Directors will call for a extraordinary general meeting within 4 weeks for the election of a new member for the remaining of the mandate period. The Board of Directors may – if the Board can form a quorum – postpone the question of the election of a new member to the following annual meeting."



### 3

# Proposal that Article 17, first sentence, shall be changed with the following wording:

"In order to form a quorum a majority of the Board members must be present at the meeting."



### 3

# Proposal that Article 18, paragraph 2, shall be changed with the following wording:

"Minutes of the board meetings are kept and are signed by all participants. A participant, who does not agree with a decision of the Board of Directors, may have his opinion written in the minutes."





# Proposal that Article 19, second sentence, shall be changed with the following wording:

"The accountant must be authorized."





"Auditing of the annual report is performed by the accountant elected by on General Meeting."

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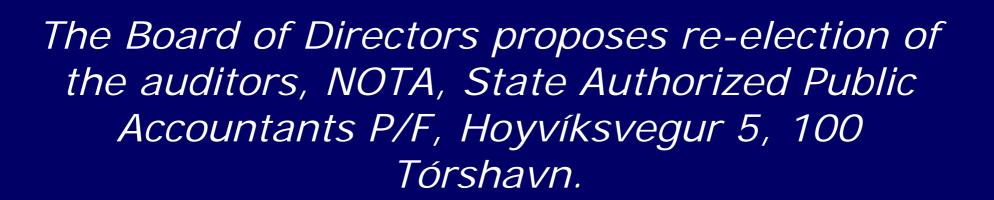




According to the Articles of Association, Article 15, the General Meeting appoints 4 Board members that are members of the Board until the next Annual General Meeting.

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- Public statements made by the majority shareholder that it wants to facilitate more competition against Atlantic Airways.



### Matter for discussion:

- The relationship between the Airline and the Airport Authority, and the potential for conflict of interest as the majority shareholder diverts money from the airline to other majority state-owned organisations.



### Matter for discussion:

-Sale of majority of the shares to private investors or buyback of shares from private shareholders or the conversion of the private investors shares into guaranteed income stock in order to solve the conflict of interest between the Government and the private investors (whose interests are not looked after).



3

Matter for discussion:

-The Board's vision for the future of the airline and how that matches with the majority shareholders view and actions



### Matter for discussion:

-We note from the agenda of the Annual Meeting that the Board do not propose paying a dividend this year

We acknowledge that the airline has made a loss and is therefore unable to pay a dividend this year but, since the loss is due to, or at least contributed to by, the Government's actions, this underlines the prejudice and loss which minority shareholders are suffering as a result of the Government (a) abusing its majority status and (b) failing to deal with the airline at arms length, contrary to the statements it made prior to the partial privatisation.

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