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## **Scandlines Danmark ApS**

Havneholmen 25, 8.  
1561 Copenhagen  
Business Registration No  
18605600

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 16.04.2018

**Chairman of the General Meeting**



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Name: Søren Poulsgaard Jensen

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## Entity details

### Entity

Scandlines Danmark ApS  
Havneholmen 25, 8.  
1561 Copenhagen

Central Business Registration No (CVR): 18605600  
Registered in: Copenhagen  
Financial year: 01.01.2017 - 31.12.2017

Phone: +4533151515  
Fax: +4535290201  
Website: [www.scandlines.dk](http://www.scandlines.dk)  
E-mail: [scandlines@scandlines.dk](mailto:scandlines@scandlines.dk)

### Supervisory Board

Frans Blach Rossen, Chairman of the Board  
Stig Dambmann  
Claus Jensen  
Claus Peter Vitting Nikolajsen  
Jan Raymond Saksaa  
Joan Brith Villumsen  
Gerlinde Waltraud Helene Krieger

### Executive Board

Søren Poulsgaard Jensen, CEO  
Per Johannesen Madsen, CFO  
Morten Steen Haure-Petersen, COO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Scandlines Danmark ApS for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

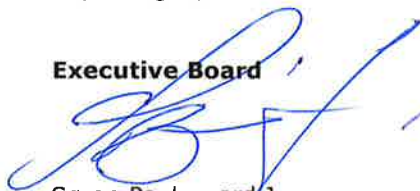
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 16.04.2018


### Executive Board



Søren Poulsgaard Jensen  
CEO

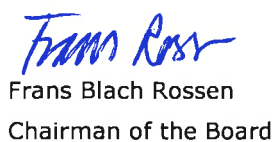


Per Johannesen Madsen  
CFO



Morten Steen Haure-Petersen  
COO

### Supervisory Board



Frans Blach Rossen  
Chairman of the Board



Stig Dambmann



Claus Jensen



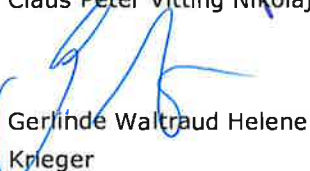
Claus Peter Vitting Nikolajsen



Jan Raymond Saksaa



Joan Brith Villumsen



Gerlinde Waltraud Helene  
Krieger

## Independent auditor's report

### To the shareholder of Scandlines Danmark ApS

#### Opinion

We have audited the financial statements of Scandlines Danmark ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

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

#### Management's responsibilities for the financial statements

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

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

#### Auditor's responsibilities for the audit of the financial statements

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

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

## Independent auditor's report

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

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

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 16.04.2018

### Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556



Kirsten Aaskov Mikkelsen

State Authorised Public Accountant

Identification No (MNE) mne21358



Bjarne Iver Jørgensen

State Authorised Public Accountant

Identification No (MNE) mne35659

## Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	699.663	674.682	666.845	612.285	606.452
Gross profit/loss	590.758	611.645	1.941.429	543.225	533.694
Operating profit/loss	314.767	359.195	1.685.454	319.519	299.155
Net financials	30.618	-10.058	5.617	154.667	183.309
Profit/loss for the year	334.342	315.569	1.688.981	473.507	478.925
Total assets	1.203.477	1.756.508	2.032.842	1.718.111	2.810.465
Investments in property, plant and equipment	80.809	72.417	55.125	0	59.939
Equity	894.135	864.095	737.362	779.221	2.614.332
Average numbers of employees	325	302	301	313	303
<b>Ratios</b>					
Gross margin (%)	84,4	90,7	291,1	88,7	88,0
Net margin (%)	47,8	46,8	253,3	77,3	79,0
Return on equity (%)	38,0	39,4	222,7	27,9	20,2
Equity ratio (%)	74,3	49,2	36,3	45,4	93,0
Revenue per employee	2.152,8	2.234,0	2.215,4	1.956,2	2.001,5

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity



## Management commentary

### Primary activities

The Company's primary activities are to operate ferries on the route Puttgarden-Rødby.

### Development in activities and finances

The financial year 2017 shows a profit for the year of DKK 334.342 thousands, which is DKK 18.773 thousands higher than 2016.

In 2017 Scandlines Danmark ApS has given an financial subsidy to Scandlines Catering ApS, which consists of investments in Scandferries Chartering A/S.

For a detailed description of finances and activities, we refer to the Group financial statements of Scandferries ApS.

### Outlook

The resultat for 2018 is expected to in the same level as 2017.

### Particular risks

The most material financial risks are currency, oil, interests and credit risks which only occur in relation to the operating activities. The risk factors are hedged at Group level and we refer to the "Management commentary" in the Group financial statements of Scandferries ApS for a detailed description.

### Intellectual capital resources

For a detailed description of intellectual capital resources, we refer to the Group Financial statements of Scandferries ApS.

### Staff

The company employed an average of 325 people in the financial year 2017, which is an increase of 23 compared to 2016.

We continuously work to optimize the psychical and mental work environment. All work related to security is coordinated by the security group. Additionally, we have a constructive dialogue on the development

### Environmental performance

Safety for our passengers, crew and vessels is paramount to any other parameter in our business. Weekly and monthly exercises for our crew members and testing of our equipment follow mandatory education.

All the vessels are inspected several times during a year, and we are satisfied to hold a high quality in 2017. For more detailed description, please see "Management commentary" in the Group financial statements of Scandferries ApS.

## Management commentary

### **Statutory report on corporate social responsibility**

Scandlines Danmark ApS considers such matters as human rights, social aspects, environment and anti-corruption as important elements of the Group's business strategy and activities.

Corporate Social Responsibility is about living the values and principles that govern our behaviour as a responsible business in respect of customers, staff, suppliers and investors. It is our clear policy to comply with the words and spirit of the laws, rules and regulations that apply in the countries within our companies operate.

### **Statutory report on the underrepresented gender**

The Supervisory Board of Scandlines Danmark ApS currently has two female members.

For further detailed description, please see the "Management commentary" in the Group financial statements of Scandferries ApS.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Income statement for 2017

	<b>Notes</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Revenue	1	699.663	674.682
Other operating income		126.697	123.182
Costs of raw materials and consumables		-57.671	-71.704
Other external expenses		-177.931	-114.515
<b>Gross profit/loss</b>		<b>590.758</b>	<b>611.645</b>
Staff costs	2	-178.983	-150.878
Depreciation, amortisation and impairment losses		-97.008	-101.572
<b>Operating profit/loss</b>		<b>314.767</b>	<b>359.195</b>
Income from investments in group enterprises		31.246	60.323
Income from investments in associates		0	-54.000
Other financial income	3	158.201	125.456
Other financial expenses	4	-158.829	-141.837
<b>Profit/loss before tax</b>		<b>345.385</b>	<b>349.137</b>
Tax on profit/loss for the year	5	-11.043	-33.568
<b>Profit/loss for the year</b>	6	<b>334.342</b>	<b>315.569</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Acquired intangible assets		43.446	44.057
<b>Intangible assets</b>	<b>7</b>	<b><u>43.446</u></b>	<b><u>44.057</u></b>
Land and buildings		60.593	61.827
Plant and machinery		146.198	144.609
Vessels		227.885	253.703
Other fixtures and fittings, tools and equipment		3.447	6.415
Property, plant and equipment in progress		111.582	95.419
<b>Property, plant and equipment</b>	<b>8</b>	<b><u>549.705</u></b>	<b><u>561.973</u></b>
Investments in group enterprises		447.142	314.789
Investments in associates		0	98.584
Deposits		2.748	2.715
<b>Fixed asset investments</b>	<b>9</b>	<b><u>449.890</u></b>	<b><u>416.088</u></b>
<b>Fixed assets</b>		<b><u>1.043.041</u></b>	<b><u>1.022.118</u></b>
Manufactured goods and goods for resale		24.388	20.855
<b>Inventories</b>		<b><u>24.388</u></b>	<b><u>20.855</u></b>
Trade receivables		68.042	43.453
Receivables from group enterprises		52.491	106.658
Receivables from associates		0	529.320
Other receivables	10	5.015	21.494
Prepayments	11	9.759	10.575
<b>Receivables</b>		<b><u>135.307</u></b>	<b><u>711.500</u></b>
<b>Cash</b>		<b><u>741</u></b>	<b><u>2.035</u></b>
<b>Current assets</b>		<b><u>160.436</u></b>	<b><u>734.390</u></b>
<b>Assets</b>		<b><u>1.203.477</u></b>	<b><u>1.756.508</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Contributed capital		500.000	500.000
Other reserves		1.018	11.000
Retained earnings		<u>393.117</u>	<u>353.095</u>
<b>Equity</b>		<b><u>894.135</u></b>	<b><u>864.095</u></b>
Trade payables		50.999	68.535
Payables to group enterprises		150.860	740.092
Income tax payable		13.729	2.967
Other payables	12	83.932	69.473
Deferred income	13	<u>9.822</u>	<u>11.346</u>
<b>Current liabilities other than provisions</b>		<b><u>309.342</u></b>	<b><u>892.413</u></b>
<b>Liabilities other than provisions</b>		<b><u>309.342</u></b>	<b><u>892.413</u></b>
<b>Equity and liabilities</b>		<b><u>1.203.477</u></b>	<b><u>1.756.508</u></b>
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Transactions with related parties	17		
Group relations	18		

## Statement of changes in equity for 2017

	<b>Contributed capital DKK'000</b>	<b>Other reserves DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	500.000	11.000	353.095	864.095
Extraordinary dividend paid	0	0	-297.616	-297.616
Value adjustments	0	-9.982	0	-9.982
Other entries on equity	0	0	3.296	3.296
Profit/loss for the year	0	0	334.342	334.342
<b>Equity end of year</b>	<b>500.000</b>	<b>1.018</b>	<b>393.117</b>	<b>894.135</b>

The share capital consists of 1 share at DKK 500 thousand nominal. There have not been any changes in the share capital in the past five years.

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Revenue</b>		
Ferry transport	699.663	674.682
	<b>699.663</b>	<b>674.682</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	142.070	114.261
Pension costs	33.204	33.834
Other social security costs	3.709	2.783
	<b>178.983</b>	<b>150.878</b>

Average number of employees	<b>325</b>	<b>302</b>
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	<b>Remunera- tion of manage- ment 2017 DKK'000</b>	<b>Remunera- tion of manage- ment 2016 DKK'000</b>
Executive Board	21.605	19.248
Supervisory Board	270	270
	<b>21.875</b>	<b>19.518</b>

The Executive Board receives remuneration for handling the whole Scandferries Group. Therefore, only a part of the total remuneration is directly related to the work performed in Scandlines Danmark ApS.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Other financial income</b>		
Other interest income	157.384	124.221
Exchange rate adjustments	817	1.235
	<b>158.201</b>	<b>125.456</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	146.906	134.104
Other interest expenses	2.562	0
Exchange rate adjustments	9.361	7.733
	<b>158.829</b>	<b>141.837</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Tax on profit/loss for the year</b>		
Current tax	7.407	407
Adjustment concerning previous years	3.636	33.161
	<b>11.043</b>	<b>33.568</b>

The company is committed to tonnage tax until 2021. The company does not expect to withdraw from the scheme and therefore no deferred tax of tonnage tax assets and liabilities has been recognised.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>6. Proposed distribution of profit/loss</b>		
Extraordinary dividend distributed in the financial year	297.616	0
Retained earnings	36.726	315.569
	<b>334.342</b>	<b>315.569</b>

	<b>Acquired intangible assets DKK'000</b>
<b>7. Intangible assets</b>	
Cost beginning of year	164.267
Transfers	42.033
Additions	321
<b>Cost end of year</b>	<b>206.621</b>
Amortisation and impairment losses beginning of year	-120.210
Amortisation for the year	-42.965
<b>Amortisation and impairment losses end of year</b>	<b>-163.175</b>
<b>Carrying amount end of year</b>	<b>43.446</b>



## Notes

	<b>Land and buildings DKK'000</b>	<b>Plant and machinery DKK'000</b>	<b>Vessels DKK'000</b>	<b>Other fixtures and fittings, tools and equipment DKK'000</b>
<b>8. Property, plant and equipment</b>				
Cost beginning of year	144.373	483.793	990.250	126.319
Transfers	1.130	12.213	20.318	2.201
Additions	0	5	-9.648	-605
<b>Cost end of year</b>	<b>145.503</b>	<b>496.011</b>	<b>1.000.920</b>	<b>127.915</b>
Depreciation and impairment losses beginning of year	-82.546	-339.184	-736.547	-119.904
Depreciation for the year	-2.364	-10.629	-36.488	-4.564
<b>Depreciation and impairment losses end of year</b>	<b>-84.910</b>	<b>-349.813</b>	<b>-773.035</b>	<b>-124.468</b>
<b>Carrying amount end of year</b>	<b>60.593</b>	<b>146.198</b>	<b>227.885</b>	<b>3.447</b>
				<b>Property, plant and equipment in progress DKK'000</b>
<b>8. Property, plant and equipment</b>				
Cost beginning of year				95.419
Transfers				-74.894
Additions				91.057
<b>Cost end of year</b>				<b>111.582</b>
Depreciation and impairment losses beginning of year				0
Depreciation for the year				0
<b>Depreciation and impairment losses end of year</b>				<b>0</b>
<b>Carrying amount end of year</b>				<b>111.582</b>

## Notes

Negative additions in 2017 for Vessels and Other fixtures and fittings, tools and equipment are the net values of received EU-subsidies.

	<b>Invest- ments in group enterprises DKK'000</b>	<b>Investments in associates DKK'000</b>
<b>9. Fixed asset investments</b>		
Cost beginning of year	237.699	342.081
Additions	342.081	0
Disposals	0	-342.081
<b>Cost end of year</b>	<b>579.780</b>	<b>0</b>
Revaluations beginning of year	77.089	-243.498
Adjustments on equity	-243.498	0
Share of profit/loss for the year	31.246	0
Other adjustments	2.525	0
Reversal regarding disposals	0	243.498
<b>Revaluations end of year</b>	<b>-132.638</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>447.142</b>	<b>0</b>

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK'000</u>	<u>Profit/loss DKK'000</u>
Investments in group enterprises comprise:					
Scandlines Catering ApS	Copenhagen	ApS	100,0	99.545	-25.124
Scandlines Gedser- Rostock ApS	Copenhagen	ApS	100,0	347.597	56.370

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>10. Other receivables</b>		
Derivative financial instruments	1.018	10.227
Other receivables	3.997	11.267
	<b>5.015</b>	<b>21.494</b>

Derivative financial instruments measured at fair value. Scandlines Danmark ApS is exposed to fluctuations in bunker prices and hedges part of its bunker with oil derivatives.

### 11. Prepayments

Prepayments consist of prepaid leasing and IT services.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>12. Other payables</b>		
VAT and duties	10.726	-1.961
Wages and salaries, personal income taxes, social security costs, etc payable	46.471	51.349
Other costs payable	26.735	20.085
	<b>83.932</b>	<b>69.473</b>

Included in Other payables is insurance payables of 17 mDKK (2016: 18 mDKK payables).

### 13. Deferred income

Short-term deferred income consist of prepaid tickets and deferred income relating to customer loyalty program.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>14. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>10.734</b>	<b>18.756</b>

### 15. Contingent liabilities

Scandlines Danmark ApS is jointly taxed with all other Danish Scandlines companies. Under the joint taxation scheme, each company is liable only for its own tax on the taxable income until the tax has been paid to the administration company (Scandlines Holding ApS). Scandlines Holding ApS, being the administration company, is then solely obliged to pay the tax on the joint taxation income.

## Notes

The company is jointly and severally liable for the subsidiaries intra-group accounts in the Scandlines ApS Group's cash pool arrangement.

The Company participates in a Danish joint taxation arrangement in which Scandlines Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

### 16. Assets charged and collateral

Debt of the ultimate parent company is secured by way of a charge on the ultimate parent company's "trademarks", such as Scandlines Danmark ApS' Vessels, Land and Buildings, Shares in subsidiaries and associates, Inventories, Receivables and Bank deposits.

**At 31 December, the carrying amounts of assets provided as security are as follows:**

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Vessels	227.885	253.703
Land and buildings as well as harbor facilities and harbor installations	321.820	308.270
Investments in group enterprises	447.142	314.789
Investments in associates	0	98.584
Inventories	24.388	20.855
Receivables	135.307	711.500
Cash and deposits	3.489	4.750

### 17. Transactions with related parties

There have not been transactions between the company and its related parties which are not carried out under normal market conditions .

### 18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Scandferries ApS, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Scandlines Holding ApS, Copenhagen

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish 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 because of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation because of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability 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.

### 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 one 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 assets purchased in foreign currencies are translated using historical rates.

### Derivative financial instruments

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

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised 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.

## Accounting policies

### Income statement

#### Revenue

Revenue relating to passenger and cargo ferrying is recognised in the income statement at the departure time of the vessel.

#### Other operating income

Other operating income and other operating expenses comprises income and cost of a secondary nature to the Entity's primary activities.

#### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

#### Depreciation, amortisation and impairment losses

Intangible assets and property, plant and equipment are amortized or depreciated straight-line on the basis of the individual estimate of their useful lives.

#### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

#### Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

#### Other financial income

Other financial income comprises interest income, realised and unrealised capital gains on securities, liabilities other than provisions and foreign currency transactions etc. as well as tax relief under the Danish Tax Prepayment Scheme etc.

#### Other financial expenses

Other financial expenses comprise interest expenses, realised and unrealised capital losses on securities, other than provisions and foreign currency transactions etc. as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

## Accounting policies

### Tax on profit/loss for the year

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 Entity is jointly taxed with all Danish in the Scandlines Group. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

The Company jointed the tonnage tax scheme with effect from 1 January 2002. Accordingly, the taxable income related to passenger and cargo ferrying has been calculated based on the tonnage for the year. Income related to other activities is taxed under the ordinary rules of tax law.

### Balance sheet

#### Intellectual property rights etc

Intellectual Assets include software and other intangible assets.

The basis of amortization is cost less estimated residual value after the end of useful life. The remaining intangible assets are amortized on a straight-line basis using the estimated useful life of three to five years.

#### Property, plant and equipment

Leasehold improvements, vessels, land and buildings, harbour plant and harbour installations as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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 the following estimated useful lives of the assets:

Vessels	30-40 years
Docking assets	2 years
Land and buildings	40 years
Harbor facilities and harbor installations	40 years
Other fixtures and fittings, tools and equipment	3-5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount. Recoverable amount is the higher of value in use (present value of the future net payments) and selling price (broker assessment) less expected selling costs. Value in use is calculated by ferry line.

Profits and losses from the sales of property, plants and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits and losses are recognised in the income statement under other operating income/other operating expenses.

## Accounting policies

Costs related to planned periodical repairs and maintenance work (docking costs) are capitalized and depreciated straight-line over the period until the next anticipated docking, typically two years.

### Investments in group enterprises

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

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value 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.

Net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

### Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

Net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

### Inventories

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

Cost of goods for resale, raw materials and consumables consist of acquisition price plus delivery costs.

### Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad debts.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortized cost, which usually corresponds to the nominal amount.

### Cash

Cash comprises cash in hand and bank deposits.



## Accounting policies

### Operating 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 measured at amortised cost, which usually corresponds to nominal value.

### Income tax receivable or payable

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 income

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

### Cash flow statement

The company has according to the Danish Financial Statements Act §86, paragraph 4 omitted to produce a cash flow statement.