

Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
Postboks 1600
0900 København C

Phone 36 10 20 30
Fax 36 10 20 40
www.deloitte.dk

Scandlines Gedser-Rostock ApS

Havneholmen 25, 8.
1561 Copenhagen
Business Registration No
33260024

Annual report 2017

The Annual General Meeting adopted the annual report on 16.04.2018

Chairman of the General Meeting



Name: Søren Poulsen Jensen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	9
Balance sheet at 31.12.2017	10
Statement of changes in equity for 2017	12
Notes	13
Accounting policies	19

Entity details

Entity

Scandlines Gedser-Rostock ApS
Havneholmen 25, 8.
1561 Copenhagen

Central Business Registration No (CVR): 33260024
Registered in: Copenhagen
Financial year: 01.01.2017 - 31.12.2017

Supervisory Board

Frans Blach Rossen, Chairman
Claus Peter Vitting Nikolajsen
Stig Dambmann
Jan Raymond Saksaa
Gert Arrind Kræsing

Executive Board

Søren Poulsgaard Jensen, CEO
Per Johannesen Madsen, CFO

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 Gedser-Rostock 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

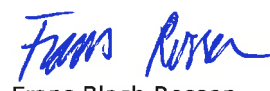


Søren Poulsgaard Jensen
CEO



Per Johannesen Madsen
CFO

Supervisory Board



Frans Blach Rossen
Chairman



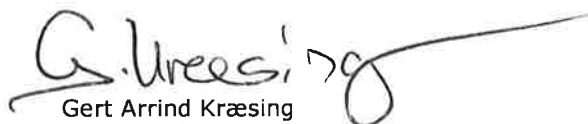
Claus Peter Vitting Nikolajsen



Stig Dambmann



Jan Raymond Saksaa



Gert Arrind Kræsing

Independent auditor's report

To the shareholder of Scandlines Gedser-Rostock ApS

Opinion

We have audited the financial statements of Scandlines Gedser-Rostock 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 Iyer Jørgensen

State Authorised Public Accountant

Identification No (MNE) mne35659

Management commentary

	2017	2016	2015	2014	2013
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Financial highlights					
Key figures					
Revenue	521.156	451.585	407.014	383.470	369.564
Gross profit/loss	119.727	101.685	74.294	108.377	101.736
Operating profit/loss	54.193	48.397	18.152	42.607	39.940
Net financials	-4.930	13.871	25.152	23.778	17.184
Profit/loss for the year	56.370	58.722	41.551	64.843	57.897
Total assets	1.340.311	325.644	400.438	331.702	310.938
Investments in property, plant and equipment	1.487.307	0	6.172	0	0
Equity	347.597	285.623	267.950	271.001	286.231
Average numbers of employees	87	98	103	104	106
Ratios					
Gross margin (%)	23,0	22,5	18,3	28,3	27,5
Net margin (%)	10,8	13,0	10,2	16,9	15,7
Return on equity (%)	17,8	21,3	15,2	23,3	19,4
Equity ratio (%)	25,9	87,7	66,9	81,7	92,1
Revenue per employee	5.990,3	4.608,0	3.951,6	3.687,2	3.486,5

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 in the route Rostock-Gedser.

Development in activities and finances

The financial year 2017 shows a profit for the year of DKK 56.370 thousands, which is an decrease of DKK 2.352 thousands compared to 2016.

In 2017 Scandlines Gedser Havn ApS has been merged into Scandlines Gedser-Rostock ApS. The merger has been accounted for by the book-value-method, hence the comparative figures in the financial statement for Scandlines Gedser-Rostock ApS has not been changed.

Scandlines Gedser-Rostock has acquired the vessel M/V Copenhagen in 2017, therefore the assets has increased significantly.

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

Outlook

We expect the result for 2018 to be at the same level as 2017.

Particular risks

The most material financial risks are currency, oil, interest 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.

Environmental performance

Safety for our passengers, crew and vessels is paramount to any other parameter in our business. Weekly and monthly exercises for our crewmembers 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 the "Management commentary" in the Group financial statements of Scandferries ApS.

Statutory report on corporate social responsibility

For a detailed description of the Corporate Social Responsibility strategy, we refer to the Group financial statements of Scandferries ApS.

Management commentary

Statutory report on the underrepresented gender

The Supervisory Board of the Scandlines Gedser-Rostock ApS, currently do not have any female members elected by the general assembly.

The objective of the Group is within a period of four years to have one female Board member, elected on a general assembly. 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

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Revenue	1	521.156	451.585
Other operating income		46.136	35.607
Costs of raw materials and consumables		-243.048	-168.795
Other external expenses		-204.517	-216.712
Gross profit/loss		119.727	101.685
Staff costs	2	-36.262	-42.691
Depreciation, amortisation and impairment losses	3	-29.272	-10.597
Operating profit/loss		54.193	48.397
Income from investments in group enterprises		0	14.272
Other financial income	4	17.299	18.381
Other financial expenses	5	-22.229	-18.782
Profit/loss before tax		49.263	62.268
Tax on profit/loss for the year	6	7.107	-3.546
Profit/loss for the year	7	56.370	58.722

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Acquired intangible assets		93	0
Intangible assets	8	93	0
Land and buildings		65.362	0
Plant and machinery		233.654	2.940
Vessels		990.421	14.097
Other fixtures and fittings, tools and equipment		0	365
Property, plant and equipment in progress		3.903	348
Property, plant and equipment	9	1.293.340	17.750
Investments in group enterprises		0	128.184
Fixed asset investments	10	0	128.184
Fixed assets		1.293.433	145.934
Manufactured goods and goods for resale		3.902	8.433
Inventories		3.902	8.433
Trade receivables		24.453	18.652
Receivables from group enterprises		14.301	45.262
Other receivables		3.617	3.514
Prepayments	11	403	103.774
Receivables		42.774	171.202
Cash		202	75
Current assets		46.878	179.710
Assets		1.340.311	325.644

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		30.000	30.000
Reserve for net revaluation according to the equity method		0	16.000
Other reserves		1.519	-1.584
Retained earnings		<u>316.078</u>	<u>241.207</u>
Equity		<u>347.597</u>	<u>285.623</u>
Trade payables		24.773	12.971
Payables to group enterprises		960.167	13.383
Income tax payable		133	133
Other payables		7.575	13.016
Deferred income	12	<u>66</u>	<u>518</u>
Current liabilities other than provisions		<u>992.714</u>	<u>40.021</u>
Liabilities other than provisions		<u>992.714</u>	<u>40.021</u>
Equity and liabilities		<u>1.340.311</u>	<u>325.644</u>
Contingent liabilities	13		
Assets charged and collateral	14		
Transactions with related parties	15		

Statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Other reserves DKK'000	Retained earnings DKK'000
Equity beginning of year	30.000	16.000	-1.584	241.207
Effect of mergers and business combinations	0	0	0	16.000
Effect of divestments of entities etc	0	-16.000	0	0
Value adjustments	0	0	3.103	0
Other entries on equity	0	0	0	2.501
Profit/loss for the year	0	0	0	56.370
Equity end of year	30.000	0	1.519	316.078
				Total DKK'000
Equity beginning of year				285.623
Effect of mergers and business combinations				16.000
Effect of divestments of entities etc				-16.000
Value adjustments				3.103
Other entries on equity				2.501
Profit/loss for the year				56.370
Equity end of year				347.597

Notes

	2017	2016
	DKK'000	DKK'000
1. Revenue		
Traffic machine	521.156	451.585
	521.156	451.585

	2017	2016
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	31.080	36.999
Pension costs	4.169	4.763
Other social security costs	1.013	929
	36.262	42.691
Average number of employees	87	98

	Remunera- tion of manage- ment 2017 DKK'000	Remunera- tion of manage- ment 2016 DKK'000
Executive Board	21.605	19.248
Supervisory Board	120	120
	21.725	19.368

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

	2017	2016
	DKK'000	DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	47	11
Depreciation of property, plant and equipment	29.225	10.586
	29.272	10.597

Notes

	2017	2016
	DKK'000	DKK'000
4. Other financial income		
Financial income arising from group enterprises	16.589	17.325
Exchange rate adjustments	710	1.056
	17.299	18.381
	2017	2016
	DKK'000	DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	19.697	14.671
Exchange rate adjustments	2.532	4.111
	22.229	18.782
	2017	2016
	DKK'000	DKK'000
6. Tax on profit/loss for the year		
Current tax	-183	3.546
Adjustment concerning previous years	-6.924	0
	-7.107	3.546
	2017	2016
	DKK'000	DKK'000
7. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	0	-3.000
Retained earnings	56.370	61.722
	56.370	58.722

Notes

	Acquired intangible assets DKK'000
8. Intangible assets	
Cost beginning of year	80
Addition through business combinations etc	140
Cost end of year	220
Amortisation and impairment losses beginning of year	-80
Amortisation for the year	-47
Amortisation and impairment losses end of year	-127
Carrying amount end of year	93

Notes

	Land and buildings DKK'000	Plant and machinery DKK'000	Vessels DKK'000	Other fixtures and fittings, tools and equipment DKK'000
9. Property, plant and equipment				
Cost beginning of year	536	4.441	320.770	8.910
Addition through business combinations etc	130.964	322.552	0	448
Transfers	0	20.587	2.918	0
Additions	0	6.979	999.164	0
Disposals	0	0	-310.583	-758
Cost end of year	131.500	354.559	1.012.269	8.600
Depreciation and impairment losses beginning of year	-536	-1.501	-306.673	-8.545
Addition through business combinations etc	-60.018	-109.956	0	-448
Depreciation for the year	-5.584	-9.448	-14.106	-87
Reversal regarding disposals	0	0	298.931	480
Depreciation and impairment losses end of year	-66.138	-120.905	-21.848	-8.600
Carrying amount end of year	65.362	233.654	990.421	0

Notes

	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment	
Cost beginning of year	348
Addition through business combinations etc	23.297
Transfers	-23.645
Additions	3.903
Disposals	0
Cost end of year	3.903
Depreciation and impairment losses beginning of year	0
Addition through business combinations etc	0
Depreciation for the year	0
Depreciation and impairment losses end of year	0
Depreciation and impairment losses end of year	0
Carrying amount end of year	3.903
	Invest- ments in group enterprises DKK'000
10. Fixed asset investments	
Cost beginning of year	111.712
Disposals on divestments etc	-111.712
Cost end of year	0
Revaluations beginning of year	16.472
Reversal regarding disposals	-16.472
Revaluations end of year	0
Carrying amount end of year	0
11. Prepayments	
Prepayments consists primarily of prepaid expenses.	

Notes

12. Deferred income

Deferred income consists of received payments for booked crossings.

13. Contingent liabilities

Scandlines Gedser-Rostock 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.

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

14. Assets charged and collateral

Debt of the ultimate parent company is secured by way of a charge on the ultimate parent company's "trade-marks", such as Scandlines Gedser-Rostock ApS' Vessels, Land and Buildings, Inventories and Receivables.

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

	2017	2016
	DKK'000	DKK'000
Vessels	990.421	14.097
Land and buildings as well as harbor facilities and harbor installations	302.919	3.653
Inventories	3.902	8.433
Receivables	42.774	171.202

15. 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.

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 to 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 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 as a result 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.

Business combinations

Business combinations with companies under control of the parent company of Scandlines Gedser-Rostock ApS (common control) is completed at the date of the combinations without adjusting comparative figures in accordance with book value method.

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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 or other payables.

Accounting policies

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.

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 comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

The operating expenses for vessels comprise consumables applied for current operations of vessels, expenses of unplanned shipyard and expenses of current maintenance of the safety level on the vessels. Furthermore expenses for changes to the hulls of the vessels or for accommodation construction which do not increase the value in use are included.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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 based on an 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 intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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 companies. The 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 joined 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 danish tax law.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, vessels, 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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers 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.

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	2-5 years
Land and buildings	40 years

Accounting policies

Harbour facilities and harbour 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 (present value of the future net payments) and selling price (broker assessment) less expected selling expenses. Value in use is calculated by ferry line.

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

Estimated useful lives and residual values are reassessed annually.

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 unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises 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 consists of purchase price plus delivery costs.

Receivables

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

Prepayments

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

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

Deferred income

Deferred income comprises income received 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.