

Scandlines Gedser-Rostock ApS

Havneholmen 25, 8th floor
1561 Copenhagen V, Denmark
Central Business Registration No
33260024

Annual report 2016

The Annual General Meeting adopted the annual report on 24.04.2017

Chairman of the General Meeting



Name: Søren Poulsgaard Jensen

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Entity details

Entity

Scandlines Gedser-Rostock ApS
Havneholmen 25, 8th floor
1561 Copenhagen V, Denmark

Central Business Registration No: 33260024
Registered in: City of Copenhagen, Denmark
Financial year: 01.01.2016 - 31.12.2016

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Supervisory Board

Frans Blach Rossen, Chairman of the Board
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 Copenhagen

Statement by Management on the annual report

The Executive Board and the Supervisory Board have today considered and approved the annual report of Scandlines Gedser-Rostock ApS for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results for the financial year 01.01.2016 - 31.12.2016.

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, 24.04.2017

Executive Board




Søren Poulsen
CEO



Per Johannesen Madsen
CFO

Supervisory Board



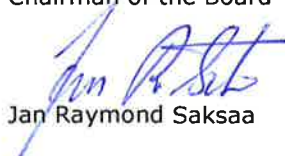
Frans Blach Rossen
Chairman of the Board



Claus Peter Vitting Nikolajsen



Stig Dambmann



Jan Raymond Saksaa



Gert Arrind Kræsing

Independent auditor's report

To the shareholders of Scandlines Gedser-Rostock ApS

Opinion

We have audited the financial statements of Scandlines Gedser-Rostock ApS for the financial year 01.01.2016 - 31.12.2016, 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 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, 24.04.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Kirsten Aaskov Mikkelsen

State Authorised Public Accountant



Bjarne Iver Jørgensen

State Authorised Public Accountant

Management commentary

	2016	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	452	407	383	370	388
Gross profit/loss	103	74	108	102	112
Operating profit/loss	50	18	42	40	55
Net financials	13	25	24	17	23
Profit/loss for the year	59	41	65	58	78
Total assets	324	400	331	310	372
Investments in property, plant and equipment	0	6	0	0	0
Equity	285	268	271	286	313
Employees in average	98	103	104	106	127
Ratios					
Gross margin (%)	22,8	18,2	28,2	27,6	28,9
Net margin (%)	13,1	10,1	17,0	15,7	20,1
Return on equity (%)	21,3	15,2	23,3	19,4	24,5
Equity ratio (%)	88,0	67,0	81,9	92,3	84,1
Revenue per employee	4,6	4,0	3,7	3,5	3,1

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

Ratios	Calculation formula	Ratios
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	$\frac{\text{Revenue}}{\text{Revenue per employee}}$	The entity's productivity

Management commentary

Primary activities

The Company's primary activities are to operate ferries and ro-ro ferries in the route Gedser-Rostock.

Development in activities and finances

The financial year 2016 shows a profit for the year of MDKK 59, which is an increase of MDKK 18 compared to 2015.

The profit for the year is positively affected by an increased revenue due to the delivery of the two new vessels M/F Berlin and M/F Copenhagen operating the Gedser-Rostock route.

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

Outlook

We expect the result for 2017 to be at the same level as 2016.

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.

Employees

The Company employed an average of 98 people in the financial year 2016, which is 5 less compared to 2015.

We continuously work to optimize the physical and mental work environment. All work related to security is coordinated by the security group.

Additionally, we have a constructive dialogue on the development and future goals and priorities in the Company's work council.

Gender diversity in management bodies

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

The objective of the Group is within a period of four years to have one female Board member. For further detailed description, please see the "Management commentary" in the Group financial statements of Scandferries ApS.

Management commentary

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 2016. 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.

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 2016

	<u>Notes</u>	<u>2016 DKK'm</u>	<u>2015 DKK'm</u>
Revenue	1	452	407
Other operating income		36	38
Costs of raw materials and consumables		(168)	(154)
Other external expenses	2	<u>(217)</u>	<u>(217)</u>
Gross profit/loss		103	74
Staff costs	3	(42)	(42)
Depreciation, amortisation and impairment losses	4	<u>(11)</u>	<u>(14)</u>
Operating profit/loss		50	18
Income from investments in group enterprises		14	17
Other financial income	5	18	14
Other financial expenses	6	<u>(19)</u>	<u>(6)</u>
Profit/loss before tax		63	43
Tax on profit/loss for the year	7	<u>(4)</u>	<u>(2)</u>
Profit/loss for the year	8	<u>59</u>	<u>41</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'm</u>	<u>2015 DKK'm</u>
Land and buildings		0	1
Plant and machinery		3	3
Vessels		14	24
Other fixtures and fittings, tools and equipment		0	1
Property, plant and equipment	9	<u>17</u>	<u>29</u>
Investments in group enterprises		128	131
Fixed asset investments	10	<u>128</u>	<u>131</u>
Fixed assets		<u>145</u>	<u>160</u>
Manufactured goods and goods for resale		8	5
Inventories		<u>8</u>	<u>5</u>
Trade receivables		19	16
Receivables from group enterprises		45	64
Other receivables	11	3	155
Prepayments	12	104	0
Receivables		<u>171</u>	<u>235</u>
Current assets		<u>179</u>	<u>240</u>
Assets		<u>324</u>	<u>400</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'm</u>	<u>2015 DKK'm</u>
Contributed capital		30	30
Reserve for net revaluation according to the equity method		16	19
Other reserves		(2)	(1)
Retained earnings		<u>241</u>	<u>220</u>
Equity		<u>285</u>	<u>268</u>
Trade payables		13	16
Payables to group enterprises		13	33
Other payables	13	<u>13</u>	<u>83</u>
Current liabilities other than provisions		<u>39</u>	<u>132</u>
Liabilities other than provisions		<u>39</u>	<u>132</u>
Equity and liabilities		<u>324</u>	<u>400</u>
Contingent liabilities	14		
Mortgages and securities	15		
Group relations	16		

Statement of changes in equity for 2016

	Contributed capital DKK'm	Reserve for net revaluation according to the equity method DKK'm	Other reserves DKK'm	Retained earnings DKK'm
Equity beginning of year	30	19	(1)	179
Ordinary dividend paid	0	0	0	0
Value adjustments	0	0	(1)	0
Profit/loss for the year	0	(3)	0	62
Equity end of year	30	16	(2)	241

	Proposed dividend DKK'm	Total DKK'm
Equity beginning of year	41	268
Ordinary dividend paid	(41)	(41)
Value adjustments	0	(1)
Profit/loss for the year	0	59
Equity end of year	0	285

The share capital consists of 30.000 shares at DKK 1.000 nominal. There have not been any changes in the share capital since inception.

Notes

	2016	2015
	DKK'm	DKK'm
1. Revenue		
Ferry transport	452	407
	452	407

2. Other external expenses

	2016	2015
	DKK'm	DKK'm
Rental expenses	82	74
Maintenance etc	3	2
Other operating expenses	132	141
	217	217

	2016	2015
	DKK'm	DKK'm
3. Staff costs		
Wages and salaries	38	37
Pension costs	4	5
	42	42
Average number of employees	98	103

	Remunera- tion of manage- ment 2016 DKK'm	Remunera- tion of manage- ment 2015 DKK'm
Executive Board	19	18
	19	18

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 Danmark ApS.

Notes

	2016	2015
	DKK'm	DKK'm
4. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	11	14
	11	14

	2016	2015
	DKK'm	DKK'm
5. Other financial income		
Financial income arising from group enterprises	17	12
Exchange rate adjustments	1	2
	18	14

	2016	2015
	DKK'm	DKK'm
6. Other financial expenses		
Financial expenses from group enterprises	15	6
Exchange rate adjustments	4	0
	19	6

	2016	2015
	DKK'm	DKK'm
7. Tax on profit/loss for the year		
Tax on current year taxable income	4	2
	4	2

The Company is committed to the 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.

	2016	2015
	DKK'm	DKK'm
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	41
Transferred to reserve for net revaluation according to the equity method	(3)	(7)
Retained earnings	62	7
	59	41

Notes

	Land and buildings DKK'm	Plant and machinery DKK'm	Vessels DKK'm	Other fixtures and fittings, tools and equipment DKK'm
9. Property, plant and equipment				
Cost beginning of year	<u>1</u>	<u>4</u>	<u>321</u>	<u>9</u>
Cost end of year	<u>1</u>	<u>4</u>	<u>321</u>	<u>9</u>
Depreciation and impairment losses beginning of the year	0	(1)	(297)	(8)
Depreciation for the year	<u>(1)</u>	<u>0</u>	<u>(10)</u>	<u>(1)</u>
Depreciation and impairment losses end of the year	<u>(1)</u>	<u>(1)</u>	<u>(307)</u>	<u>(9)</u>
Carrying amount end of year	<u>0</u>	<u>3</u>	<u>14</u>	<u>0</u>
				Investment s in group enterprises DKK'm
10. Fixed asset investments				
Cost beginning of year				<u>112</u>
Cost end of year				<u>112</u>
Revaluations beginning of year				19
Share of profit/loss for the year				14
Dividend				<u>(17)</u>
Revaluations end of year				<u>16</u>
Carrying amount end of year				<u>128</u>

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK'm</u>	<u>Profit/loss DKK'm</u>
Investments in group enterprises comprise:					
Scandlines Gedser Havn ApS	Copenhagen	ApS	100,0	128	14

11. Other receivables

	<u>2016 DKK'm</u>	<u>2015 DKK'm</u>
Deposit for new vessels	0	147
Other short-term receivables	<u>3</u>	<u>8</u>
	3	155

12. Prepayments

Prepayments consists primarily of prepaid charter hire.

	<u>2016 DKK'm</u>	<u>2015 DKK'm</u>
13. Other payables		
VAT and duties	2	1
Wages and salaries, personal income taxes, social security costs, etc payable	9	7
Derivative financial instruments	2	1
Other costs payable	<u>0</u>	<u>74</u>
	13	83

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

Other costs payable in 2015 comprised deposit received for the two new vessels.

Notes

14. Contingent liabilities

Scandlines Gedser-Rostock ApS is jointly taxed with all 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 (Scandferries Holding ApS). Scandferries 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 Scandferries Holding ApS Group's cash pool arrangement.

The Company participates in a Danish joint taxation arrangement in which Scandferries 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.

15. Mortgages and securities

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:

	2016	2015
	MDKK	MDKK
Vessel	14	24
Land and buildings as well as harbor facilities and harbor installations	3	4
Inventories	8	5
Receivables	171	235

16. Group relations

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

Scandferries ApS, Denmark

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

Scandferries Holding UK Ltd., London

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).

According to the Danish Financial Statements Act § 112, paragraph 1, Scandlines Gedser-Rostock ApS has omitted to prepare consolidated financial statements. In addition, the Company has according to the Danish Financial Statements Act § 86, paragraph 4 omitted to produce a cash flow statement.

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 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.

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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates that do not significantly deviate from the rates at the transaction date.

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.

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 in 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 comprises expenses of a secondary nature as viewed in relation to the Entity's primary 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 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 internal profits or losses.

Other financial income

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

Accounting policies

Other financial expenses

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

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 tax law.

Balance sheet

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. Depreciation is provided on a straight-line basis from the following assessment of the assets' expected useful lives:

Vessels	30 years
Conversion of vessels	Estimated residual life
Docking assets	2-5 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 (present value of the future net payments) and selling price (broker assessment) less expected selling expenses. Value in use is calculated by ferry line.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling expenses 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

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.

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 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 Company'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 Company 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.

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 cost.

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.

Cash flow statement

Companies in reporting class C are to prepare a cash flow statement, unless it is included in a cash flow statement for a parent company's consolidated financial statements, which are publicly available on the reporting date. For a cash flow statement, please see the Group financial statements of Scandferries ApS.