

**Scandlines Gedser-Rostock ApS
Central Business Registration No
33260024
Havneholmen 25, 8th floor
1561 Copenhagen V, Denmark**

Annual report 2015

The Annual General Meeting adopted the annual report on 26.04.2016

Chairman of the General Meeting


Name: Søren Poulsen 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: 01.01.2015 - 31.12.2015

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Supervisory Board

Frans Blach Rossen, Formand

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 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results for the financial year 01.01.2015 - 31.12.2015.

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, 26⁵.04.2016

Executive Board



Søren Poulsen Jensen
CEO



Per Johannesen Madsen
CFO

Supervisory Board



Frans Blach Rossen
Formand



Claus Peter Vitting Nikolajsen



Stig Dambmann



Jan Raymond Saksaa



Gert Arrind Kræsing

Independent auditor's reports

To the shareholders of Scandlines Gedser-Rostock ApS

Report on the financial statements

We have audited the financial statements of Scandlines Gedser-Rostock ApS for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 26.04.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Kirsten Aaskov Mikkelsen
State Authorised Public Accountant



Bjarne Iver Jørgensen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015 DKK'm	2014 DKK'm	2013 DKK'm	2012 DKK'm	2011 DKK'm
Financial high-lights					
Key figures					
Revenue	407	383	370	388	375
Gross profit/loss	74	108	102	112	106
Operating profit/loss	18	42	40	55	84
Net financials	25	24	17	23	8
Profit/loss for the year	41	65	58	78	92
Total assets	400	331	310	372	369
Investments in property, plant and equipment	6	0	19	1	9
Equity	268	271	286	313	323
Employees in average	103	104	106	127	151
Ratios					
Gross margin (%)	18,2	28,2	27,6	28,9	28,3
Net margin (%)	10,1	17,0	15,7	20,1	24,5
Return on equity (%)	15,2	23,3	19,4	24,5	28,5
Solvency ratio (%)	67,0	81,9	92,3	84,1	87,5
Revenue per employee	3,9	3,7	2,5	3,0	2,5

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 2015 shows a profit for the year of MDKK 41, which is a decrease of MDKK 24 compared to 2014 (MDKK 65).

The profit for the year has been effected by the increased shared service cost, as a consequence of the sale of the ferry route Helsingør-Helsingborg in 2015.

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

Outlook

We expect the result for 2016 to be at the same level as 2015.

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 103 people in the financial year 2015, which is a 1 less compared to 2014.

We continuously work to optimize the psychological 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 Boards 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.

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 2015. For more detailed description, please see the “Management commentary” in the Group financial statements of Scandferries ApS.

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.

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.

Accounting policies

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 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.

Amortisation, depreciation 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.

Accounting policies

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.

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.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The 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:

Accounting policies

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.

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.

Accounting policies

Dividend

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

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.

Financial highlights

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

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	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.
Solvency 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

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'm</u>	<u>2014 DKK'm</u>
Revenue	1	407	383
Other operating income		38	38
Costs of raw materials and consumables		-154	-158
Other external expenses	2	<u>-217</u>	<u>-155</u>
Gross profit/loss		74	108
Staff costs	3	-42	-43
Depreciation, amortisation and impairment losses	4	<u>-14</u>	<u>-23</u>
Operating profit/loss		18	42
Income from investments in group enterprises		17	24
Other financial income	5	14	6
Other financial expenses	6	<u>-6</u>	<u>-6</u>
Profit/loss from ordinary activities before tax		43	66
Tax on profit/loss from ordinary activities	7	<u>-2</u>	<u>-1</u>
Profit/loss for the year		<u>41</u>	<u>65</u>
Proposed distribution of profit/loss			
Dividend for the financial year		41	65
Reserve for net revaluation according to the equity method		-7	4
Retained earnings		<u>7</u>	<u>-4</u>
		<u>41</u>	<u>65</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'm</u>	<u>2014 DKK'm</u>
Land and buildings		1	0
Plant and machinery		3	3
Vessels		24	55
Other fixtures and fittings, tools and equipment		1	2
Property, plant and equipment	8	<u>29</u>	<u>60</u>
Investments in group enterprises		131	138
Fixed asset investments	9	<u>131</u>	<u>138</u>
Fixed assets		<u>160</u>	<u>198</u>
Manufactured goods and goods for resale		5	5
Inventories		<u>5</u>	<u>5</u>
Trade receivables		16	16
Receivables from group enterprises		64	111
Other short-term receivables	10	155	1
Receivables		<u>235</u>	<u>128</u>
Current assets		<u>240</u>	<u>133</u>
Assets		<u>400</u>	<u>331</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'm</u>	<u>2014 DKK'm</u>
Contributed capital		30	30
Reserve for net revaluation according to the equity method		19	26
Other reserves		-1	-22
Retained earnings		179	172
Proposed dividend		41	65
Equity		<u>268</u>	<u>271</u>
Trade payables		16	10
Debt to group enterprises		33	17
Other payables	11	83	33
Current liabilities other than provisions		<u>132</u>	<u>60</u>
Liabilities other than provisions		<u>132</u>	<u>60</u>
Equity and liabilities		<u><u>400</u></u>	<u><u>331</u></u>
Contingent liabilities	12		
Assets charged and collateral	13		
Consolidation	14		

Statement of changes in equity for 2015

	Contributed capital DKK'm	Reserve for net revalua- tion accord- ing to the equity meth- od DKK'm	Other reser- ves DKK'm	Retained earnings DKK'm
Equity beginning of year	30	26	-22	172
Ordinary dividend paid	0	0	0	0
Value adjustments	0	0	21	0
Profit/loss for the year	0	-7	0	7
Equity end of year	30	19	-1	179

	Proposed dividend DKK'm	Total DKK'm
Equity beginning of year	65	271
Ordinary dividend paid	-65	-65
Value adjustments	0	21
Profit/loss for the year	41	41
Equity end of year	41	268

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

	2015	2014
	DKK'm	DKK'm
1. Revenue		
Ferry transport	407	383
	407	383
	2015	2014
	DKK'm	DKK'm
2. Other external expenses		
Rental expenses	74	72
Maintenance etc	2	3
Other operating expenses	141	80
	217	155
	2015	2014
	DKK'm	DKK'm
3. Staff costs		
Wages and salaries	37	38
Pension costs	5	5
	42	43
Average number of employees	103	104
	Remune- ration of manage- ment 2015 DKK'm	Remune- ration of manage- ment 2014 DKK'm
Executive Board	18	10
	18	10

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

	2015	2014
	DKK'm	DKK'm
4. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	14	23
	14	23
	2015	2014
	DKK'm	DKK'm
5. Other financial income		
Financial income arising from group enterprises	12	6
Exchange rate adjustments	2	0
	14	6
	2015	2014
	DKK'm	DKK'm
6. Other financial expenses		
Financial expenses from group enterprises	6	4
Exchange rate adjustments	0	2
	6	6
	2015	2014
	DKK'm	DKK'm
7. Tax on ordinary profit/loss for the year		
Current tax	2	1
	2	1

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.

Notes

	Land and buildings DKK'm	Plant and machinery DKK'm	Vessels DKK'm	Other fix- tures and fittings, tools and equipment DKK'm	
8. Property, plant and equipment					
Cost beginning of year	0	4	463	10	
Additions	1	0	5	0	
Disposals	0	0	-147	-1	
Cost end of year	1	4	321	9	
Depreciation and impairment losses beginning of the year	0	-1	-407	-8	
Depreciation for the year	0	0	-13	-1	
Reversal regarding disposals	0	0	123	1	
Depreciation and impairment losses end of the year	0	-1	-297	-8	
Carrying amount end of year	1	3	24	1	
9. Fixed asset investments					
Cost beginning of year				112	
Cost end of year				112	
Revaluations beginning of year				26	
Share of profit/loss after tax				17	
Dividend				-24	
Revaluations end of year				19	
Carrying amount end of year				131	
	Registered in	Corpo- rate form	Equity interest %	Equity DKK'm	Profit/loss DKK'm
Subsidiaries:					
Scandlines Gedser Havn ApS	Copenhagen	ApS	100,00	131	17

Notes

	<u>2015</u> <u>DKK'm</u>	<u>2014</u> <u>DKK'm</u>
10. Other short-term receivables		
Deposit for new vessels	147	0
Other short-term receivables	<u>8</u>	<u>1</u>
	<u>155</u>	<u>1</u>

	<u>2015</u> <u>DKK'm</u>	<u>2014</u> <u>DKK'm</u>
11. Other short-term payables		
VAT and duties	1	1
Wages and salaries, personal income taxes, social security costs, etc. payable	7	9
Derivative financial instruments	1	22
Other costs payable	<u>74</u>	<u>1</u>
	<u>83</u>	<u>33</u>

Other costs payable comprises deposit received for the new vessel.

12. 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). Scandlines Danmark 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.

Notes

13. 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:

	2015	2014
	MDKK	MDKK
Vessel	24	55
Land and buildings as well as harbor facilities and harbor installations	4	3
Inventories	5	5
Receivables	235	127

14. Consolidation

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

Scandferries Holding UK Ltd., London

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

Scandferries ApS, Denmark