

Scandlines Gedser-Rostock ApS

Havneholmen 25, 8.
1561 Copenhagen
Business Registration No
33260024

Annual report 2020

The Annual General Meeting adopted the annual report on 23 April 2021

Chairman of the General Meeting

Name: Søren Poulsgaard Jensen

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Company details

Company

Scandlines Gedser-Rostock ApS

Havneholmen 25, 8.

1561 Copenhagen

Central Business Registration No (CVR): 33260024

Registered in: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

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Supervisory Board

Frans Blach Rossen, Chairman of the Board

Stig Dambmann

Claus Peter Vitting Nikolajsen

Henrik Birk Larsen

Jan Raymond Saksaa

Executive Board

Søren Poulsgaard Jensen, CEO

Per Johannesen Madsen, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Supervisory Board and the Executive Board have today considered and approved the annual report of Scandlines Gedser-Rostock ApS for the financial year 01.01.2020 - 31.12.2020

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 23 April 2021

Executive Board

Søren Poulsgaard Jensen
CEO

Per Johannesen Madsen
CFO

Supervisory Board

Frans Blanch Rossen
Chairman of the Board

Stig Dambmann

Claus Peter Vitting Nikolajsen

Henrik Birk Larsen

Jan Raymond Saksaa

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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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:

- 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.

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, 23 April 2021

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Kim Takata Mücke
State Authorised Public Accountant
Identification No (MNE) mne10944

Bjarne Iver Jørgensen
State Authorised Public Accountant
Identification No (MNE) mne35659

Management Commentary

	2020	2019	2018	2017	2016
	<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	400.164	558.711	560.173	521.156	451.585
Gross profit/loss	97.568	214.893	258.366	119.728	101.685
Operating profit/loss	-540	129.106	174.900	54.193	48.397
Net financials	-37.223	-43.007	-44.963	-4.930	13.871
Profit/loss for the year	-24.580	86.963	129.580	56.370	58.722
Total assets	1.231.127	1.260.602	1.518.696	1.340.311	325.644
Investments in property, plant and equipment	18.281	21.970	4.109	1.487.307	0
Equity	134.657	159.237	219.352	347.597	285.623
Average numbers of employees	76	83	87	87	98
Ratios					
Gross margin (%)	24,4	38,5	46,1	23,0	22,5
Net margin (%)	-6,1	15,6	23,1	10,8	13,0
Return on equity (%)	-16,7	45,9	45,7	17,8	21,2
Equity ratio (%)	10,9	12,6	14,4	25,9	87,7
Revenue per employee	5.265	6.731	6.439	5.990	4.608

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" 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 Gedser-Rostock.

Development in activities and finances

The financial year 2020 shows a loss for the year of DKK -24,580 thousands, which is DKK -111.543 thousands lower than 2019.

As of 31 December 2020, total assets were DKK 1,231,127 thousands (2019: DKK 1,260,601 thousands) with a total equity of DKK 134.657 thousands (2019: DKK 159.237 thousands).

The performance is not considered satisfactory.

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

Outlook

COVID-19 impacted all aspects of our business in 2020 as car and passenger traffic was immediately and dramatically affected by travel restrictions, quarantine measures and border closures imposed by political decision makers in Germany and Denmark from March to limit the spread of COVID-19. Dramatic impact on traffic volumes Traffic figures were most severely affected by the restrictions in the second quarter of 2020, and shopping traffic quickly rebounded during the summer on the back of temporary easing of restrictions, whereas leisure traffic increased slowly over the summer and early autumn. When new regional and national travel restrictions were introduced in Sweden, Denmark and Germany in the autumn, shopping and leisure traffic volumes dropped again.

Freight traffic was relatively stable during the outbreak of COVID-19 as we implemented precautionary measures to protect our employees, customers and partners while continuing to serve our customers.

We were able to avoid collective redundancies as we imposed strict cost control and made use of state salary compensation schemes in Germany and Denmark during 2020.

In 2021, we expect car and passenger traffic as well as shopping and bus travel to be significantly impaired by the effects of COVID-19. Freight traffic is expected to remain at a relatively stable and high level throughout the year.

We will maintain a strict focus on efficiency and cost control to alleviate the impact of these negative external effects in a period of continued uncertainty. Due to the high degree of uncertainty and very low visibility, management is currently not in a position to provide precise financial guidance for 2021.

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 Scandlines Infrastructure ApS for a detailed description.

Intellectual capital resources

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

Staff

The company employed an average of 76 people in the financial year 2020, which is a decrease of seven persons compared to 2019.

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

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 2020. For more detailed description, please see the "Management commentary" in the Group financial statements of Scandlines Infrastructure ApS.

Statutory report on corporate social responsibility

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

Corporate Social Responsibility is about living the values and principles that govern our behavior 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 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 Scandlines Infrastructure ApS.

We refer to separate CSR report for Scandlines Infrastructure ApS.

Income statement for 2020

	Note	2020 DKK'000	2019 DKK'000
Revenue	1	400.164	558.711
Other operating income	2	5.934	36.324
Cost of raw materials and consumables		-167.885	-175.521
Other external expenses		-140.645	-204.620
Gross profit / loss		97.568	214.894
Salary expenses	3	-35.250	-36.493
Other operating costs		-12.118	0
Depreciation and amortization	4	-50.740	-49.294
Operating profit / loss		-540	129.107
Other financial income	5	23.574	28.549
Other financial expenses	6	-60.797	-71.557
Profit / loss before tax		-37.763	86.099
Tax on profit for the year	7	13.183	864
Profit / loss for the year	8	-24.580	86.963

Balance sheet at 31.12.2020

	Note	31-12-2020 DKK'000	31-12-2019 DKK'000
Software		0	0
Intangible assets	9	0	0
Land and buildings		58.914	61.064
Plant and machinery		218.007	210.621
Vessels		911.862	928.265
Other fixtures and fittings, tools and equipment		0	0
Right-of-use assets		20	267
Assets under construction		670	24.240
Tangible assets	10	1.189.473	1.224.457
Fixed assets		1.189.473	1.224.457
Finished goods		1.159	1.845
Inventories		1.159	1.845
Trade receivables		23.459	26.287
Receivable from affiliated companies		2.054	4.570
Other receivables		917	3.226
Corporate tax receivables		13.903	0
Prepayments	11	0	30
Receivables		40.333	34.113
Cash		162	186
Current assets		41.654	36.144
Assets		1.231.127	1.260.601

Balance sheet at 31.12.2020

	Note	31-12-2020 DKK'000	31-12-2019 DKK'000
Share capital		30.000	30.000
Retained earnings		104.657	129.237
Equity		134.657	159.237
Other payables		0	778
Leasing debt		20	270
Long term liabilities		20	1.048
Trade payables		11.115	10.827
Payables to affiliated companies		1.077.136	1.084.264
Other payables		6.525	5.084
Deferred income	12	1.674	8
Company Tax		0	133
Short term liabilities		1.096.450	1.100.316
Liabilities		1.096.470	1.101.364
Equity and liabilities		1.231.127	1.260.601
Contingent liabilities	13		
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Statement of changes in equity for 2020

	Share capital	Retained earnings	Proposed dividend	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January 2020	30.000	129.237	0	159.237
Profit / loss for the year	0	-24.580	0	-24.580
Equity at 31 december 2020	30.000	104.657	0	134.657

The share capital consists of 30.000 share at DKK 1.000 nominal. There have not been any changes in the share capital in the past five years.

Notes

	31-12-2020	31-12-2019
	DKK'000	DKK'000
1 Revenue		
Ferry transport	400.164	558.711
Total	400.164	558.711
2 Other operating income		
Catering and other income	5.934	36.324
Total other operating income	5.934	36.324
<p>The Company has during the financial year received Covid-19 compensations for fixed costs and salary.</p> <p>In total, the Company received compensations of DKK 22.8 million. However, DKK 22.7 million in relation to the fixed cost compensation was repaid to the Danish Authorities in December 2020. The remaining amount of DKK 0.1 million have been recognized under other operating income.</p>		
3 Salary expenses		
Salaries and wages	-30.960	-31.901
Pension costs	-3.856	-3.951
Other social security expenses	-434	-641
Total salary expense	-35.250	-36.493
Average number of employees	76	83
Executive Board / management	-23.214	-38.248
Supervisory Board	-994	-974
Total remuneration of management	-24.208	-39.222

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

Notes

	31-12-2020	31-12-2019
	DKK'000	DKK'000
4 Depreciation and amortisation		
Depreciation of property, plant and equipment	-50.740	-49.247
Amortisation of intangible assets	0	-47
Total depreciation	-50.740	-49.294
5 Other financial income		
Interest from affiliated companies	23.027	28.549
Exchange rate adjustments	547	0
Total financial income	23.574	28.549
6 Other financial expense		
Interest to affiliated companies	-60.792	-71.109
Other interest expenses	-5	-11
Exchange rate adjustments	0	-436
Total financial expenses	-60.797	-71.557
7 Tax on profit for the year		
Current tax	1.903	853
Current tax previous year	11.280	11
Total tax on profit for the year	13.183	864
8 Proposed distribution of profit / loss		
Retained earnings	-24.580	86.963
Total retained earnings	-24.580	86.963

Notes

9 Intangible assets

	Software
Cost at 1 January	220
Disposals	-81
Cost at 31 December	139
Depreciation and amortization at 1 January	-220
Disposals	81
Depreciation and amortization at 31 December	-139
Carrying amount at 31 December	0

10 Tangible assets

	Land and buildings	Plant and machinery	Vessels
Cost at 1 January	131.500	354.896	1.017.674
Additions	0	0	0
Transfer	0	17.370	24.481
Disposals	-1.177	-4.441	-10.187
Cost at 31 December	130.323	367.825	1.031.968
Depreciation and amortization at 1 January	-70.436	-144.275	-89.409
Depreciation for the year	-2.149	-7.459	-40.884
Disposals	1.177	1.916	10.187
Depreciation and amortization at 31 December	-71.409	-149.818	-120.106
Carrying amount at 31 December	58.914	218.007	911.862

Notes

10 Tangible assets (continued)

	Other fixtures and fittings, tools and equipment	Right-of-use assets	Assets under construction
Cost at 1 January	8.600	495	24.240
Additions	0	0	18.280
Transfer	0	0	-41.851
Disposals	-8.151	0	0
Cost at 31 December	448	495	670
Depreciation and amortization at 1 January	-8.600	-228	0
Depreciation for the year	0	-247	0
Disposals	8.152	0	0
Depreciation and amortization at 31 December	-448	-476	0
Carrying amount at 31 December	0	20	670

11 Prepayments

Prepayments consists primarily of prepaid expenses.

12 Deferred income

Deferred income consists of received payments for booked crossings and deferred EU contribution.

Notes

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 infrastructure ApS). Scandlines Infrastructure 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.

14 Operating lease commitments

The Company has entered into operating lease agreements for Vessels where future minimum lease payments amounts to:

	2020	2019
	DKK '000	DKK '000
Within 1 year	55.455	56.526
Between 1 and 5 years	213.408	217.658
After 5 years	186.552	239.618
Total	455.415	513.802

15 Assets charged and collateral

Debt of Scandlines ApS is secured by way of a charge on Scandlines Gedser-Rostock ApS' recognized assets, such as Vessels, Land and Buildings, Inventories and receivables.

The Company have joint and several liability with the other group enterprises for the group financing arrangement.

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

	31-12-2020	31-12-2019
	DKK'000	DKK'000
Vessels	911.862	928.265
Land and buildings as well as harbor facilities and harbor installations	277.591	295.925
Inventories	1.159	1.845
Receivables	40.333	34.113

16 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.

Notes

17 Group relations

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

Scandlines Infrastructure ApS, Copenhagen

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

Scandlines Infrastructure ApS, Copenhagen

18 Events after the balance sheet date

No events have occurred in the period from the balance sheet date until the date of release of this annual report that would materially affect the evaluation of the 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) and the International Financial Reporting Standards IFRS 9 and 15.

The accounting policies applied for these financial statements are consistent with those applied last year.

The Financial Statement has been presented in TDKK.

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.

Income statement**Revenue**

Revenue relating to passenger and cargo ferrying is recognised in the income statement when the control of the service has passed to the customer at the departure time of the vessel.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

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

The operating expenses for vessels comprise consumables applied for current operations of vessels, expenses of unplanned shipyard and expenses of current maintenance of safety level on the vessels. Furthermore expenses for changes to the hulls of the vessels or for accommodation construction which did 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 it-costs, marketing costs, premises and various corporate costs, etc. This item also includes write-downs of receivables recognized 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 on the basis of the individual estimate of their useful lives.

Other financial income

Other financial income comprises interest income, currency gains etc. as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, bank charges, currency losses etc. 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 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 corporate 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

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	2-5 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 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.

Gains 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. Gains and losses are recognised in the income statement under other operating income/other operating expenses.

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-five years.

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.

Long term liabilities

Other payables comprise long term holiday allowance.

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.