

HH Ferries Helsingør ApS
Central Business Registration no: 33 26 00 40

Annual report for 2015

6th financial year

The Annual General Meeting adopted the annual report on 16-05-31

Chairman of the Annual General Meeting

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Company details

Company

HH Ferries Helsingør ApS

Færgevej 8

3000 Helsingør, Denmark

Central Business Registration No: 33 26 00 40

Registered in: City of Copenhagen, Denmark

Phone: +45 33 15 15 15

Internet: www.scandlines.dk

E-mail: scandlines@scandlines.dk

Executive Board

Jens Ole Gravlund Hansen, Managing Director

Supervisory Board

Henrik Rørbæk Madsen, Chairman

Hardy Gutfelt

Jes Mikkel Svare

Thorbjørn Eistrup

Patrick Joseph Nowicki

Company auditors

Deloitte

Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S, Denmark

Statement by the Executive and Supervisory Boards on the annual report

The Executive Board and the Supervisory Board have today considered and approved the annual report of HH Ferries Helsingør ApS for the financial year 1 January to 31 December 2015.

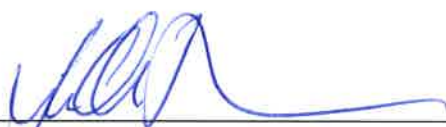
The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position and results. Also, 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, 31 May 2016

Executive Board



Jens Ole Gravlund Hansen, Managing Director

Supervisory Board



Henrik Rørbæk Madsen, Chairman




Hardy Gutfelt



Jes Mikkelsen Svare



Thorbjørn Eistrup



Patrick Joseph Nowicki

Independent auditor's reports

To the shareholder of HH Ferries Helsingør ApS

Report on the financial statements

We have audited the financial statements of HH Ferries Helsingør 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 judgement, 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 Entity's financial position at 31.12.2015 and of the results of its operations 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, 31 May 2016

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33 96 35 56

Kirsten Aaskov Mikkelsen
State Authorised
Public Accountant

Bjarne Iver Jørgensen
State Authorised
Public Accountant

Management commentary

Financial highlights

	2015	2014	2013*	2012*	2011*
	<u>MDKK</u>	<u>MDKK</u>	<u>MDKK</u>	<u>MDKK</u>	<u>MDKK</u>
Income statement					
Revenue	444,2	481,6	0,0	0,0	0,0
Profit before depreciation and amortization	152,3	139,2	0,1	12,6	7,0
Profit from ordinary activities	131,3	118,9	-17,4	-3,4	-0,7
Profit for the year	125,9	120,7	121,7	131,6	106,3
Balance sheet					
Total assets	496,6	372,4	466,4	485,1	521,9
Equity	335,9	204,1	310,3	321,3	325,6
Investment in tangible assets	6,6	3,6	25,4	12,6	50,2
Average number of employees	221	145	151	160	157
Ratios					
Return on net assets (%)	26,4	31,9	-3,7	-0,7	-0,1
Return on equity (%)	46,7	46,9	38,5	40,7	31,6
Equity ratio (%)	67,6	54,8	66,5	66,2	62,4

*Comparative financial information has not been changed.



Management commentary

Primary activities

The Company's activities are to operate ferries and Ro-Ro ferries on the route Helsingør-Helsingborg.

Development in financial activities and finances

The financial year 2015 shows a profit for the year of MDKK 125.9, which is MDKK 5.2 higher than in 2014 (MDKK 120.7). The result for the year is satisfactory and in accordance with Management's expectations.

General and special operation risks

The most material financial risks are currency, oil, interest and credit risks, which only occur in relation to the operating activities. Management evaluates that no particular risks are related to recognition and measurement in connection with the presentation of the annual report.

Uncertainty relating to recognition and measurement

Management evaluates that no particular uncertainties or unusual circumstances are related to recognition and measurement in connection with the presentation of the annual report.

Environment

The new Sulphur limit regulations came into effect 1 January 2015. Since all ferries on the route Helsingør – Helsingborg have been sailing on marine gas oil (0,05 percent Sulphur in fuel) for many years, no operational changes were required in order to comply with the new Sulphur regulations. The Company's ambition in the long term is to provide emission free ferry operations.

Outlook

The Company will continue its primary activities and Management expects a result for 2016 to be at same levels as in 2015.

Events after the balance sheet date

In April 2016, the Board of Directors of HH Ferries AB approved the Company to enter into a project partly financed by INEA to develop battery driven emission free ferries on the route, which for the Company entails development of the vessel Tycho Brahe. INEA has already approved a grant, which will benefit HH Ferries Helsingør ApS with its relative share of the total grant, worth up to MEUR 6.25.

Besides the above, no events have occurred after the reporting period that would materially affect the Company's financial position

Management commentary

Policies and activities related to Corporate Social Responsibility

The Company is for the first time reporting on Corporate Social Responsibility and does not yet have a formalized CSR-policy, including policies concerning human rights and climate. The Company is as part of the newly independent HH Ferries Group designing its own new CSR-policies and activities during 2016.

Targets and policies for the under-represented gender

The Company is also reporting for the first time on targets and policies for the under-represented gender. The Company has as a target to increase its share of women in the Supervisory Board of HH Ferries Helsingør ApS to the 66/33 ratio over the coming 5 years. In 2015, the Company had zero women in the Supervisory Board. The Company targets to increase its women share in the Supervisory Board by one (1) within 2016. As for the other management levels, the Company seeks to always select the best qualified candidate for the job and to do this in a non-discriminatory manner with respect to gender, age, religion etc. This has not resulted in significant achievements in 2015. As part of the HH Ferries Group, the Company is, therefore, establishing new targets and policies for its equality efforts.



Accounting policies

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C-medium.

According to the Danish Financial Statements Act § 112, paragraph. 1, HH Ferries Helsingør 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.

Change in presentation

During the financial year, the Company changed the presentation of the investment in HH Ferries Øresund I/S in order that the operating items are presented at the pro rata consolidation on the individual lines in the income statement instead of in one line applying the equity method. In accordance with the Danish Financial Statements Act, the Company restated the comparative figures according to the changed presentation. The changed presentation has not resulted in changes in the profit for the year, total assets or equity.

Besides changes in the presentation of HH Ferries Øresund I/S, the annual report has been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Company 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 Company, 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 made 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 recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to the financial year.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying of 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 recognized in the income statement as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using historical rates.

When recognizing 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.

Income statement

Other operating income and other operating expense

Other operating income and other operating expenses comprise income and expenses of a secondary nature to the Company's primary activities.

Other operating, selling and administrative expense

Other operating, selling and administrative expense comprise consumables used in the ongoing operation of vessels expenses of unscheduled yard stay and expenses for ongoing maintenance, maintaining the security level on the ships. Additional expenses incurred for management, administration and marketing of the Group, including expenses for administrative staff and management, office expenses.

Salary expenses

Payroll, social security contributions, bonuses, leave of absence refund, etc. are recognized in the period in which the Company's employees have performed their work.

Depreciation and amortization

Tangible assets are amortized or depreciated straight-line on the basis of an individual estimate of their useful lives.

Financial income and expenses

These items comprise interest income and interest expenses, realized and unrealized capital gains and losses on securities, liabilities other than provisions and foreign currency transactions etc. as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Accounting policies

Tax on profit for the year

The Company is jointly taxed with all other Danish companies. Current Danish income tax is allocated among the Danish jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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

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

Intangible assets

Intangible assets include software.

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.

Tangible assets

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 expenses of the asset until the time when it is ready to be put into operation.

The basis of depreciation is expense 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	11 - 30 years
Conversion of vessels	Estimated residual life
Land and buildings	40 years
Harbour facilities and harbour installations	40 years
Other fixtures and fittings, tools and equipment	3 - 5 years

Accounting policies

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 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 recognized 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 associates

Investments in associates are recognized and measured under the equity method. This means that, in the balance sheet, investments are measured at the pro rata share of the enterprises' equity value plus or less unamortized positive, or negative, goodwill on consolidation and plus or less unrealized intra-group profits or losses.

Net revaluation of investments in associates is taken to reserve for net revaluation according to the equity method if the carrying amount exceeds expense.

Inventories

Inventories are measured at the lower of cost applying the FIFO method and net realizable value, whichever is lower.

Cost of spare parts consists of acquisition price plus delivery costs.

Receivables

Receivables are measured at amortized cost, usually equalling 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.

Equity

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

Lease obligations

Operational rental- and leasing services of vessels and operating equipment includes in the income statement during the period the contracts relate to. The remaining rental- and lease obligation are mentioned in the notes.

Accounting policies

Financial liabilities

Financial liabilities are recognized at amortized cost, usually equaling nominal value.

Income tax

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

Prepayments

Prepayments comprise received income relating to subsequent financial years. Prepayments are measured at amortized cost which usually corresponds to the nominal amount.

Key ratios

The ratios have been compiled in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Return on assets	=	$\frac{\text{Profit from ordinary activities} \times 100}{\text{Balance sheet total}}$
Return on equity (%)	=	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Equity ratio (%)	=	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$



Income statement

	<u>Note</u>	<u>2015</u> <u>MDKK</u>	<u>2014</u> <u>MDKK</u>
Revenue	1	444,2	481,6
Other operating income		<u>68,7</u>	<u>69,0</u>
Total income		<u>512,9</u>	<u>550,6</u>
Other operation, selling and administrative expenses	3	<u>-360,6</u>	<u>-411,4</u>
Total expenses		<u>360,6</u>	<u>-411,4</u>
Profit before depreciation and amortization		<u>152,3</u>	<u>139,2</u>
Depreciation and amortization	4	<u>-21,0</u>	<u>-20,3</u>
Profit from ordinary activities		<u>131,3</u>	<u>118,9</u>
Financial income	5	2,8	12,0
Financial expense	6	<u>-8,2</u>	<u>-7,8</u>
Profit before tax		<u>125,9</u>	<u>123,1</u>
Tax on profit for the year	7	<u>0,0</u>	<u>-2,4</u>
Profit for the year		<u>125,9</u>	<u>120,7</u>
Proposed distribution of profit for the year:			
Proposed dividend		125,9	0,0
Retained earnings		<u>0,0</u>	<u>120,7</u>
		<u>125,9</u>	<u>120,7</u>



Balance sheet at 31 December

	<u>Note</u>	2015 <u>MDKK</u>	2014 <u>MDKK</u>
Contractual rights		83,5	89,6
Software		<u>2,0</u>	<u>3,3</u>
Intangible assets	8	<u>85,5</u>	<u>92,9</u>
Vessels		120,6	130,5
Land and buildings		48,6	49,9
Harbour facilities and harbour installations		43,3	38,8
Other fixtures and fittings, tools and equipment		<u>0,4</u>	<u>0,6</u>
Tangible assets	9	<u>212,9</u>	<u>219,8</u>
Non-current assets		<u>298,4</u>	<u>312,7</u>
Inventories		<u>2,0</u>	<u>2,0</u>
Trade receivables		10,7	17,5
Receivable from affiliated companies		0,0	6,4
Other receivables	10	124,0	13,8
Prepayments		<u>0,2</u>	<u>0,1</u>
Receivables		<u>134,9</u>	<u>37,8</u>
Cash		<u>61,3</u>	<u>19,9</u>
Current assets		<u>196,2</u>	<u>59,7</u>
Assets		<u><u>496,6</u></u>	<u><u>372,4</u></u>

Balance sheet at 31 December

	<u>Note</u>	2015 MDKK	2014 MDKK
Share capital		40,0	40,0
Proposed dividend		125,9	0,0
Fair value adjustment of hedging instruments		0,0	-5,9
Retained earnings		<u>170,0</u>	<u>170,0</u>
Equity		<u>335,9</u>	<u>204,1</u>
Lease obligations	11	<u>100,0</u>	<u>105,5</u>
Long term lease obligations		<u>100,0</u>	<u>105,5</u>
Short term lease obligations	11	5,5	5,2
Trade payables		26,5	11,7
Payable to affiliated company		0,0	14,6
Other payables	12	15,2	21,6
Prepayments	13	<u>13,5</u>	<u>9,7</u>
Current liabilities		<u>60,7</u>	<u>62,8</u>
Liabilities		<u>160,7</u>	<u>168,3</u>
Equity and liabilities		<u>496,6</u>	<u>372,4</u>
Pledges, guarantees and contingent liabilities, etc.	14		
Other notes	15-16		

Statement of changes in equity

	Share- capital	Fair value adjustment of hedging- instru- ments	Proposed dividend	Retained earnings	Total
	MDKK	MDKK	MDKK	MDKK	MDKK
Equity at 1 January 2015	40,0	-5,9	0,0	170,0	204,1
Fair value adjustment of hedging instruments	0,0	5,9	0,0	0,0	5,9
Profit for the year	0,0	0,0	125,9	0,0	125,9
Equity at 31 December 2015	40,0	0,0	125,9	170,0	335,9

The share capital consists of 40,000 shares at DKK 1,000 nominal. There have not been any changes in the share capital since the inception.

Notes

	2015	2014
	<u>MDKK</u>	<u>MDKK</u>
1. Revenue		
Ferry transport	299,9	338,4
Retail and catering on board	<u>144,3</u>	<u>143,2</u>
Total revenue	<u>444,2</u>	<u>481,6</u>
2. Other operating income		
Rental income	46,1	44,8
Other operating income	<u>22,6</u>	<u>24,2</u>
Total other operating income	<u>68,7</u>	<u>69,0</u>
3. Salary expenses		
Disclosure of remuneration to Management is not included with reference to section 98 b(3), (ii) of the Danish Financial Statements Act.		
Average number of employees	<u>221</u>	<u>145</u>
4. Depreciation and amortization		
Depreciation, contractual rights	6,1	6,1
Depreciation, other intangible assets	1,4	0,8
Depreciation, tangible assets	<u>13,5</u>	<u>13,4</u>
Total depreciation and amortization	<u>21,0</u>	<u>20,3</u>
5. Financial income		
Foreign exchange gains	2,8	9,2
Interest from affiliated companies	<u>0,0</u>	<u>2,8</u>
Total financial income	<u>2,8</u>	<u>12,0</u>
6. Financial expenses		
Interest, lease obligations	5,3	5,5
Foreign exchange losses	<u>2,9</u>	<u>2,3</u>
Total financial expenses	<u>8,2</u>	<u>7,8</u>

Notes

	2015	2014
	<u>MDKK</u>	<u>MDKK</u>
7. Tax on profit for the year		
Current tax	0,0	0,8
Changes previous years	<u>0,0</u>	<u>1,6</u>
Total tax on profit for the year	<u>0,0</u>	<u>2,4</u>

The Company is committed to the tonnage tax until 2019. The Company does not expect to withdraw from the scheme and, therefore, no deferred tax of tonnage tax assets and liabilities has been recognised.

8. Intangible assets

	<u>Contractual</u>	<u>Software</u>
	<u>rights</u>	
Cost at 1 January 2015	120,1	4,2
Additions	<u>0,0</u>	<u>0,0</u>
Cost at 31 December 2015	<u>120,1</u>	<u>4,2</u>
Depreciation and amortization at 1 January 2015	30,5	0,8
Depreciation	<u>6,1</u>	<u>1,4</u>
Depreciation and amortization at 31 December 2015	<u>36,6</u>	<u>2,2</u>
Carrying amount at 31 December 2015	<u>83,5</u>	<u>2,0</u>
Carrying amount at 31 December 2014	<u>89,6</u>	<u>3,3</u>

Notes

9. Tangible assets

	<u>Vessels</u>	<u>Land and buildings</u>	<u>Harbour facilities and harbour instal- lation</u>	<u>Other fixtures and fit- tings, tools and equip- ment</u>
Cost at 1 January 2015	509,5	119,1	130,3	1,3
Additions	0,3	0,0	6,3	0,0
Disposals	0,0	0,0	0,0	0,0
Cost at 31 December 2015	509,8	119,1	136,6	1,3
Depreciation and amortization at 1 January 2015	379,0	69,2	91,5	0,7
Additions	10,2	1,3	1,8	0,2
Disposals	0,0	0,0	0,0	0,0
Depreciation and amortization at 31 December 2015	389,2	70,5	93,3	0,9
Carrying amount at 31 December 2015	120,6	48,6	43,3	0,4
Assets held under finance leases	9,0			
Carrying amount at 31 December 2014	130,5	49,9	38,8	0,6

	<u>2015 MDKK</u>	<u>2014 MDKK</u>
10. Other receivables		
Collaborate partners	122,0	13,6
Other receivables	2,0	0,2
Total other receivables	124,0	13,8
11. Lease obligations		
Within 1 year	5,5	5,2
Between 1 – 5 years	24,8	18,4
Over 5 years	75,2	87,1
Total lease obligations	105,5	110,7

Notes

	2015	2014
	<u>MDKK</u>	<u>MDKK</u>
12. Other payables		
Holiday pay obligations	10,4	8,6
Wages and salaries, personal income taxes, social security expenses, etc. payable	4,6	5,6
Hedging instruments	0,0	5,9
Other expenses payable	<u>0,2</u>	<u>1,5</u>
Total other payables	<u>15,2</u>	<u>21,6</u>

13. Prepayments

Prepayments primary comprise deferred income from costumers and received EU-grant related to the project to develop battery driven emission free ferries as described in the management commentary.

14. Contingent liabilities

HH Ferries Helsingør ApS was until 28 January 2015 jointly taxed with all Danish Scandlines companies in the Scandlines group. 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, being the administration company, is then solely obliged to pay the tax on the joint taxation income.

The Company was until 28 January 2015 jointly and severally liable for the subsidiaries' intra-group accounts in the Scandferries Holding ApS Group's cash pool arrangement.

15. Ownership

The following shareholder holds more than 5% of the Company's share capital at 31 December 2015:
HH Ferries AB, Sweden.

16. Consolidation

HH Ferries Helsingør ApS is included in the consolidated financial statements of HH Ferries AB, Sweden.