
HH Ferries Helsingør ApS

Færgevej 8, DK-3000 Helsingør

Annual Report for 1 January - 31 December 2016

CVR No 33 26 00 40

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/5 2017

Henrik Rørbæk
Chairman



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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of HH Ferries Helsingør ApS for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Helsingør, 19 May 2017

Executive Board

Jens Ole Gravlund Hansen

Supervisory Board

Henrik Rørbæk Madsen
Chairman

Annika Ingegärd Ledtje

Peter Kesting

Patrick Joseph Nowicki

Thorbjørn Eistrup

Independent Auditor's Report

To the Shareholder of HH Ferries Helsingør ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of HH Ferries Helsingør ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 judgment and maintain professional skepticism 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a

Independent Auditor's Report

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.

Hellerup, 19 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikkel Sthyr
State Authorised Public Accountant

Christian Huss
State Authorised Public Accountant

Company Information

The Company

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Website: www.HHFerries.dk

CVR No: 33 26 00 40
Financial period: 1 January - 31 December
Municipality of reg. office: Helsingør

Supervisory Board

Henrik Rørbæk Madsen, Chairman
Annika Ingegärd Ledtje
Peter Kesting
Patrick Joseph Nowicki
Thorbjørn Eistrup

Executive Board

Jens Ole Gravlund Hansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2016	2015	2014	2013	2012
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	499	444	482	0	0
Operating profit/loss	62	62	139	0	13
Profit/loss before financial income and expenses	109	131	119	-17	-3
Net profit/loss for the year	97	126	121	122	132
Balance sheet					
Balance sheet total	469	498	372	466	485
Equity	308	336	204	310	321
Investment in property, plant and equipment	11	7	4	25	13
Number of employees	225	221	145	151	160
Ratios					
Return on assets	23,2%	26,3%	32,0%	-3,6%	-0,6%
Solvency ratio	65,7%	67,5%	54,8%	66,5%	66,2%
Return on equity	30,1%	46,7%	47,1%	38,7%	82,2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to accounting policies, the comparative figures back to 2012 have not been restated. See the description under accounting policies.

Management's Review

Primary activities

The company's activities are to operate Ro-Ro ferries on the route Helsingør – Helsingborg in cooperation with other Group Companies in Denmark and Sweden, owned by the parent company HH Ferries AB in Helsingborg.

Development in the year

During 2016 appr. 7,3 mill. passengers, appr. 1,4 mill. passenger cars and appr. 19 800 busses traveled the route. Compared to 2015 this is small reduction of 2% in numbers of passengers and 3% in numbers of passenger cars. The number of freight units transported increased during 2016 by 5% adding up to appr. 412 000 units and the number of busses increased by 1%

The income statement of the Company for 2016 shows a profit before tax of MDKK 97,5 (2015 MDKK 125,9) and the balance sheet of the Company shows an equity of MDKK 307,8. The decrease in earnings from 2015 to 2016 is less satisfactory and below the management's expectations.

General and Special Operations 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 with the presentation of the annual report.

Outlook

The company will continue its primary activities and management expects a result for 2017 to be better than for 2016.

Policies and Activities related to Corporate Social Responsibility

The company has continued its work with Corporate Social Responsibilities during 2016.

The decision to introduce batteries as propulsion on the vessel Tycho Brahe and the Group owned vessel Aurora and the implementation of ISO 14.001 – 2015, are initiatives initiated in 2016 which will support the Company's wish to reduce emissions in the region from 2017 and onwards.

Management's Review

Targets and policies for under-represented gender.

The company has as a target to increase its share of women on the Board of Directors of HH Ferries Helsingør ApS to the 66/33 ratio from 2015 to 2020. In 2015 the company had zero women in the Board of Directors. The company's target to increase its women share of the board of directors by one (1) within 2016 has been met. 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.

Environment

The company seeks to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability. The company's environmental management system is certified in accordance to ISO 14.001:2015 standard. During 2017 the Group will introduce two battery operated vessel including the vessel Tycho Brahe being owned by HH Ferries Helsingør ApS as a means to fulfill the Group's ambition to reduce emissions substantially.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2016 TDKK	2015 Mio. DKK
Revenue	1	498.790	444
Other operating income		46.793	69
Other external expenses		-308.735	-361
Gross profit/loss		236.848	152
Staff expenses	2	-105.931	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-22.057	-21
Profit/loss before financial income and expenses		108.860	131
Financial income	4	1.162	3
Financial expenses	5	-6.163	-8
Profit/loss before tax		103.859	126
Tax on profit/loss for the year	6	-6.383	0
Net profit/loss for the year		97.476	126

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	27.200	126
Retained earnings	70.276	0
	97.476	126

Balance Sheet 31 December

Assets

	Note	2016 TDKK	2015 Mio. DKK
Software		1.036	2
Contractual rights		77.344	83
Intangible assets	7	78.380	85
Land and buildings		48.562	48
Harbour facilities and installations		43.419	38
Vessels		119.417	121
Property, plant and equipment in progress		34.976	9
Property, plant and equipment	8	246.374	216
Fixed assets		324.754	301
Trade receivables		18.505	14
Receivables from group enterprises		100.728	122
Other receivables		7.481	0
Prepayments		1.021	1
Receivables		127.735	137
Cash at bank and in hand		16.949	60
Currents assets		144.684	197
Assets		469.438	498

Balance Sheet 31 December

Liabilities and equity

	Note	2016 TDKK	2015 Mio. DKK
Share capital		40.000	40
Retained earnings		240.552	170
Proposed dividend for the year		27.200	126
Equity	9	307.752	336
Provision for deferred tax	10	1.540	0
Provisions		1.540	0
Lease obligations		94.243	100
Long-term debt	11	94.243	100
Lease obligations	11	5.757	5
Trade payables		23.972	36
Payables to group enterprises		2.643	0
Corporation tax		2.400	0
Other payables		20.735	14
Deferred income		10.396	7
Short-term debt		65.903	62
Debt		160.146	162
Liabilities and equity		469.438	498
Contingent assets, liabilities and other financial obligations	12		

Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Proposed dividend for the year TDKK	Total TDKK
2016				
Equity at 1 January	40.000	170.276	125.900	336.176
Ordinary dividend paid	0	0	-125.900	-125.900
Net profit/loss for the year	0	70.276	27.200	97.476
Equity at 31 December	40.000	240.552	27.200	307.752
2015				
Equity 1. januar	40	170	0	210
Net profit/loss for the year	0	0	126	126
Equity at 31 December	40	170	126	336

Notes to the Financial Statements

	2016 <u>TDKK</u>	2015 <u>Mio. DKK</u>
1 Revenue		
Geographical segments		
Ferry transport	355.850	300
Retail and catering on board	<u>142.940</u>	<u>144</u>
	<u>498.790</u>	<u>444</u>
2 Staff expenses		
Wages and salaries	93.237	0
Pensions	9.298	0
Other social security expenses	1.184	0
Other staff expenses	<u>2.212</u>	<u>0</u>
	<u>105.931</u>	<u>0</u>
Average number of employees	<u>225</u>	<u>221</u>
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	7.123	7
Depreciation of property, plant and equipment	<u>14.934</u>	<u>14</u>
	<u>22.057</u>	<u>21</u>
4 Financial income		
Interest received from group enterprises	544	0
Other financial income	2	0
Exchange adjustments	<u>616</u>	<u>3</u>
	<u>1.162</u>	<u>3</u>

Notes to the Financial Statements

5 Financial expenses

Interest paid to group enterprises	791	0
Other financial expenses	5.162	5
Exchange adjustments, expenses	210	3
	<u>6.163</u>	<u>8</u>

6 Tax on profit/loss for the year

Current tax for the year	2.400	0
Deferred tax for the year	1.540	0
Adjustment of tax concerning previous years	2.443	0
	<u>6.383</u>	<u>0</u>

7 Intangible assets

	Software TDKK	Contractual rights TDKK
Cost at 1 January	4.118	120.083
Additions for the year	<u>108</u>	<u>0</u>
Cost at 31 December	<u>4.226</u>	<u>120.083</u>
Revaluations at 31 December	<u>0</u>	<u>0</u>
Impairment losses and amortisation at 1 January	2.173	36.633
Amortisation for the year	<u>1.017</u>	<u>6.106</u>
Impairment losses and amortisation at 31 December	<u>3.190</u>	<u>42.739</u>
Carrying amount at 31 December	<u>1.036</u>	<u>77.344</u>
Amortised over	<u>3-5 years</u>	<u>20 years</u>

Notes to the Financial Statements

8 Property, plant and equipment

	Land and buildings	Harbour facilities and installations	Vessels	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	118.174	131.744	509.732	8.788
Additions for the year	2.043	7.876	10.106	26.188
Cost at 31 December	<u>120.217</u>	<u>139.620</u>	<u>519.838</u>	<u>34.976</u>
Impairment losses and depreciation at 1 January	69.837	94.179	389.327	0
Depreciation for the year	1.818	2.022	11.094	0
Impairment losses and depreciation at 31 December	<u>71.655</u>	<u>96.201</u>	<u>400.421</u>	<u>0</u>
Carrying amount at 31 December	<u>48.562</u>	<u>43.419</u>	<u>119.417</u>	<u>34.976</u>
Depreciated over	<u>40 years</u>	<u>3-40 years</u>	<u>11-30 years</u>	

9 Equity

The share capital consists of 40,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

10 Provision for deferred tax

Provision for deferred tax at 1 January	0	0
Amounts recognised in the income statement for the year	1.540	0
Provision for deferred tax at 31 December	<u>1.540</u>	<u>0</u>

Notes to the Financial Statements

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

After 5 years	68.187	75
Between 1 and 5 years	26.056	25
Long-term part	<u>94.243</u>	<u>100</u>
Within 1 year	<u>5.757</u>	<u>5</u>
	<u>100.000</u>	<u>105</u>

12 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK . Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes, Accounting Policies

Basis of Preparation

The Annual Report of HH Ferries Helsingør ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2016 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of HH Ferries Holding AB, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in

Notes, Accounting Policies

the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes, Accounting Policies

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

The Company participates in the tonnage tax scheme. Accordingly, the taxable income related to passenger and cargo ferry activities is calculated based on tonnage. Income related to other activities is taxed as ordinary corporate income.

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.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Notes, Accounting Policies

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes, Accounting Policies

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$