
HH Ferries Helsingør ApS

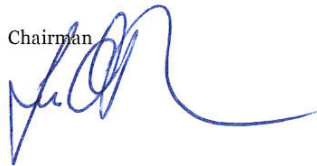
Færgevej 8, DK-3000 Helsingør

Annual Report 1 January – 31 December 2017

CVR No 33 26 00 40

The Annual Report was
presented and adopted
at the Annual General
Meeting of the Company
on 31 May 2018

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 2017.

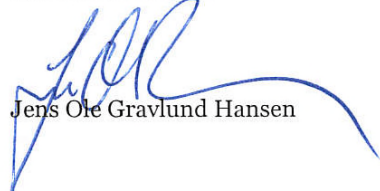
The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements presents a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

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

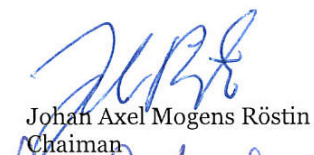
Helsingør, 24 May 2018

Executive Board



Jens Ole Gravlund Hansen

Supervisory Board



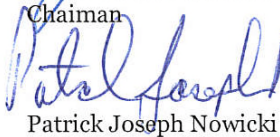
Johan Axel Mogens Röstin
Chairman



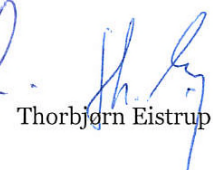
Annika Ingegärd Ledtje



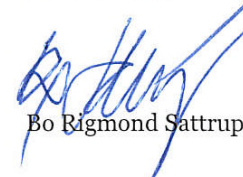
Peter Kesting



Patrick Joseph Nowicki



Thorbjørn Eistrup



Bo Rigmund Sattrup

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 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 2017, 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 Financial 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 Statements 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 misstatement, 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.

Independent Auditor's Report

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 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, 24 May 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Mikkel Sthyr
State Authorised Public Accountant
mne26693



René Otto Poulsen
State Authorised Public Accountant
mne26718

Company Information

The Company

HH Ferries Helsingør ApS
Færgevej 8
DK-3000 Helsingør

Telephone: +45 3315 1515
E-mail: info@hhferriesgroup.com
Website: www.HHFerries.dk

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

Supervisory Board

Johan Axel Mogens Röstin, Chairman
Annika Ingegård Ledtje
Peter Kesting
Patrick Joseph Nowicki
Thorbjørn Eistrup
Bo Rigmond Sattrup

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:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	500	499	444	482	0
Profit/loss before financial items	120	109	131	119	-17
Net profit/loss for the year	105	97	126	121	122
Balance sheet					
Balance sheet total	550	469	498	372	466
Equity	350	308	336	204	310
Investment in property, plant and equipment	139	11	7	4	25
Number of employees	235	225	221	145	151
Ratios					
Return on assets	21,8%	23,2%	26,3%	32,0%	-3,6%
Solvency ratio	63,6%	65,7%	67,5%	54,8%	66,5%
Return on equity	32,0%	30,1%	46,7%	47,1%	38,7%

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

In connection with changes to accounting policies, the comparative figures back to 2013 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 2017 more than 7.1 mill. passengers, appr. 1.3 mill. passenger cars and 18,100 busses traveled the route. Compared to 2016 this is a small reduction of 2% in numbers of passengers and passenger cars. The number of freight units transported increased during 2017 by 4% adding up to appr. 428,000 units. The income statement of the Company for 2017 shows a profit before tax of MDKK 110.0 (2016 MDKK 103.9) and the balance sheet of the Company shows an equity of MDKK 349.9. The increase in earnings from 2016 to 2017 is satisfactory and in line with 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 2018 to be better than for 2017.

Policies and Activities related to Corporate Social Responsibility

The company has continued its work with Corporate Social Responsibilities during 2017. Since the joining Mid 2017 of the new Group CEO Johan Röstin, these policies and activities have even been further emphasized – especially within the environmental scope – introducing the "Green Journey" which has been fully embraced by the staff. During 2017 the project to introduce batteries as propulsion on the vessel Tycho Brahe and the Group owned vessel Aurora was almost fully implemented during 2017, which will support the Company's wish to reduce emissions in the region from 2018 and onwards. The project was awarded with the "Baltic Sea Clean Maritime Award" in 2017.

HH Ferries Helsingør ApS adheres to the HH Ferries group policy, which we refer to the consolidated financial statement for HH Ferries AB.

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 33/66 ratio from 2015 to 2020. In 2015 the company had zero women in the

Management's Review

Board of Directors. The company's target to increase its women share of the board of directors has not evolved further during 2017, as no candidate was identified in 2017.

The company's policy is to increase the participation of the underrepresented gender on the management level to the 33/66 ratio before the end of 2020. 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.

A special effort is made to increase the number of applications from the underrepresented gender in the recruiting process.

On a Group level the target is almost met (31%), which is reported in the consolidated financial statement for HH Ferries AB.

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.

The Group's two battery operated vessels including the vessel Tycho Brahe being owned by HH Ferries Helsingør ApS are also means to fulfill the Group's ambition to reduce emissions substantially. During 2017 more than MDKK 100 have been invested in the battery project on Tycho Brahe.

During 2017 the large renovation of the pier in Helsingør was continued, investing more than MDKK 20 by – amongst others – putting large quantities of rocks into the sea in order to strengthen the pier front and to increase the habitat in the marina. Further a large number of other environmentally friendly initiatives have been launched.

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

	<u>Note</u>	<u>2017</u> TDKK	<u>2016</u> TDKK
Revenue	1	499 744	498 790
Other operating income		51 363	46 793
Cost of raw materials and consumables		-176 428	-197 660
Other operating expenses		<u>-113 538</u>	<u>-111 075</u>
Gross profit/loss		261 141	236 848
Staff expenses	2	-114 424	-105 931
Depreciation, amortisation and impairment of intangible and tangible assets and property, plant and equipment	3	<u>-26 604</u>	<u>-22 057</u>
Profit/loss before financial items		120 113	108 860
Financial income	4	172	1 162
Financial expenses	5	<u>-10 312</u>	<u>-6 163</u>
Profit/loss before tax		109 973	103 859
Tax on profit/loss for the year	6	<u>-4 618</u>	<u>-6 383</u>
Net profit/loss for the year		<u>105 355</u>	<u>97 476</u>

Balance Sheet 31 December

Assets

	Note	2017 TDKK	2016 TDKK
Software		84	1 036
Intangible assets	7	84	1 036
Land and buildings		49 620	48 562
Harbour facilities and installations		81 747	43 419
Vessels		180 121	196 761
Property, plant and equipment in progress		125 342	34 976
Property, plant and equipment	8	436 830	323 718
Fixed assets		436 914	324 754
Trade receivables		21 578	18 505
Receivables from group enterprises		61 881	100 728
Other receivables		0	7 481
Prepayments		1 835	1 021
Receivables		85 294	127 735
Cash at bank and in hand		27 674	16 949
Current assets		112 968	144 684
Assets		549 882	469 438

Balance Sheet 31 December

Liabilities

	Note	2017 TDKK	2016 TDKK
Share capital		40 000	40 000
Retained earnings		294 907	240 552
Proposed dividend for the year		<u>15 000</u>	<u>27 200</u>
Equity	9	<u>349 907</u>	<u>307 752</u>
Provisions for deferred tax		<u>4 150</u>	<u>1 540</u>
Provisions	10	<u>4 150</u>	<u>1 540</u>
Lease obligations		<u>88 198</u>	<u>94 243</u>
Long-term debt	11	<u>88 198</u>	<u>94 243</u>
Lease obligations	11	6 045	5 757
Trade payables		21 700	23 972
Payables to group enterprises		25 301	2 643
Corporation tax		1 150	2 400
Other payables		21 464	20 735
Deferred income		<u>31 967</u>	<u>10 396</u>
Short-term debt		<u>107 627</u>	<u>65 903</u>
Debt		<u>195 825</u>	<u>160 146</u>
Liabilities and equity		<u>549 882</u>	<u>469 438</u>
Contingent assets, liabilities and other financial obligations	12		

Statement of Changes in Equity

	<u>Note</u>	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Proposed dividend for the year</u> TDKK	<u>Total</u> TDKK
2017					
Equity at 1 January		40 000	240 552	27 200	307 752
Ordinary dividend paid		0	0	-27 200	-27 200
Preliminary dividend paid		0	-36 000	0	-36 000
Net profit/loss for the year	9	<u>0</u>	<u>90 355</u>	<u>15 000</u>	<u>105 355</u>
Equity at 31 December		<u>40 000</u>	<u>294 907</u>	<u>15 000</u>	<u>349 907</u>
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	9	<u>0</u>	<u>70 276</u>	<u>27 200</u>	<u>97 476</u>
Equity at 31 December		<u>40 000</u>	<u>240 552</u>	<u>27 200</u>	<u>307 752</u>

Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
1 Revenue		
Segments for activities		
Ferry transport	365 698	355 850
Retail and catering on board	134 046	142 940
	<u>499 744</u>	<u>498 790</u>
The geographical segments of revenue is in Denmark and Sweden from the company's ferry operations between the Helsingør and Helsingborg route.		
2 Staff expenses		
Wages and salaries	100 552	93 237
Pensions	8 952	9 298
Other social security expenses	1 327	1 184
Other staff expenses	3 593	2 212
	<u>114 424</u>	<u>105 931</u>
Average number of employees	<u>235</u>	<u>225</u>
According to the Danish Financial Statements Act § 98B item 3, management's remuneration is not disclosed.		
3 Depreciation, amortisation and impairment of intangible and tangible assets and property, plant and equipment		
Amortisation of intangible assets	952	1 017
Depreciation of property, plant and equipment	25 652	21 040
	<u>26 604</u>	<u>22 057</u>
4 Financial income		
Interest received from group enterprises	42	544
Other financial income	0	2
Exchange adjustments	130	616
	<u>172</u>	<u>1 162</u>
5 Financial expenses		
Interest paid to group enterprises	0	791
Other financial expenses	4 880	5 162
Exchange adjustments	5 432	210
	<u>10 312</u>	<u>6 163</u>
6 Tax on profit/loss for the year		
Current tax for the year	2 395	2 400
Deferred tax for the year	2 610	1 540
Adjustment of tax concerning previous years	-387	2 443
	<u>4 618</u>	<u>6 383</u>

Notes to the Financial Statements

7 Intangible assets

	Software
	TDKK
Cost at 1 January	4 226
Additions for the year	<u>0</u>
Cost at 31 December	<u>4 226</u>
Revaluations at 31 December	<u>0</u>
Impairment losses and amortisation at 1 January	3 190
Amortisation for the year	<u>952</u>
Impairment losses and amortisation at 31 December	<u>4 142</u>
Balance at 31 December	<u>84</u>
Amortised over	<u>3-5 years</u>

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	120 217	139 620	639 921	34 976
Additions for the year	0	0	0	138 764
Transfers for the year	<u>3 134</u>	<u>40 576</u>	<u>4 688</u>	<u>-48 398</u>
Cost at 31 December	<u>123 351</u>	<u>180 196</u>	<u>644 609</u>	<u>125 342</u>
Depreciation at 1 January	71 655	96 201	443 160	0
Depreciation for the year	<u>2 076</u>	<u>2 248</u>	<u>21 328</u>	<u>0</u>
Depreciation at 31 December	<u>73 731</u>	<u>98 449</u>	<u>464 488</u>	<u>0</u>
Balance at 31 December	<u>49 620</u>	<u>81 747</u>	<u>180 121</u>	<u>125 342</u>
Depreciation period	<u>40 years</u>	<u>3-40 years</u>	<u>11-30 years</u>	

Within Vessels the value of financial lease amount to 71.238 TDKK.

9 Equity

	2017	2016
	TDKK	TDKK
Distribution of profit		
Proposed dividend of the year	15 000	27 200
Retained earnings	<u>90 355</u>	<u>70 276</u>
	<u>105 355</u>	<u>97 476</u>

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.

Notes to the Financial Statements

	2017	2016
	TDKK	TDKK
10 Provision for deferred tax		
Provision for deferred tax at 1 January	1 540	0
Amounts recognised in the income statement for the year	<u>2 610</u>	<u>1 540</u>
	<u>4 150</u>	<u>1 540</u>

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	60 839	68 187
Between 1 and 5 years	<u>27 359</u>	<u>26 056</u>
Long-term part	88 198	94 243
Within 1 year	<u>6 045</u>	<u>5 757</u>
	<u>94 243</u>	<u>100 000</u>

12 Contingent assets, liabilities and other financial obligations

Pledged securities

The following asset is provided as collateral for loans from credit institutions.

Vessel	<u>108 883</u>	<u>119 417</u>
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Contingent liabilities

The Danish 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 2 547. Moreover the group companies are jointly and severally liable for Danish withholding tax 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.

A negative pledge of TDKK 253 721 is issued on the vessel.

Notes to the Financial Statements

13 Related party disclosures

HH Ferries Helsingør ApS' related parties comprise the following:

HH Ferries AB, parent company
Bredgatan 5
S-252 25 Helsingborg
Sweden

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were all conducted on an arm's length basis.

Ownership

At 31 December 2017, the ultimate parent company is:

HH Ferries AB, parent company
Bredgatan 5
S-252 25 Helsingborg
Sweden

HH Ferries Helsingør ApS is 100% owned by HH Ferries AB which is the nearest parent company where consolidation is prepared.

Related parties exercising significant influence comprise group entities and entities directly or indirectly owned by HH Ferries AB and the Company's Board of Directors and their family members. Further, related parties comprise companies in which the above persons have substantial interests.

The consolidated financial statements of the ultimate parent company are available at the following address:

HH Ferries AB, parent company
Bredgatan 5
S-252 25 Helsingborg
Sweden

Notes, Accounting Policies

Basis of Preparation

The Annual Report of HH Ferries Helsingør ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 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 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 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

Revenue relating to passenger, catering and cargo ferrying is recognised in the income statement at the departure time of the vessel. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other operating income

Other operating income comprise items of a secondary nature to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year.

Other operating expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, including items of a secondary nature to the Entity's primary activities.

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.

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 in progress

Property, plant and equipment in progress 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 presented in note 8.

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 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 amortization 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.

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$