

Heinemann Scandinavia ApS

Vestvej 6, 2770 Kastrup

CVR no. 34 62 19 77



Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

A. Heinemann - Skulte



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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Heinemann Scandinavia ApS for the financial year 1 January - 31 December 2016.

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

In my 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's operations and cash flows for the financial year 1 January - 31 December 2016.

Further, in my opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

I recommend that the annual report be approved at the annual general meeting.

Kastrup, 31 May 2017
Executive Board:

A handwritten signature in blue ink that reads 'F. Heinemann-Schulte'. The signature is written in a cursive, flowing style.

Franziska Heinemann-
Schulte

Independent auditor's report

To the shareholder of Heinemann Scandinavia ApS

Opinion

We have audited the financial statements of Heinemann Scandinavia ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 financial position of the Company at 31 December 2016 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

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 rules and 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 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 the 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 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.

Independent auditor's report

- ▶ 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 conclusion is 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 note 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.

Statement on Management's review

Management is responsible for the Management's review

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the 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 of the Management's review.

Copenhagen, 31 May 2017

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Jan C. Olsen
State Authorised Public Accountant



Management's review

Company details

Name	Heinemann Scandinavia ApS
Address, Postal code, City	Vestvej 6, 2770 Kastrup
CVR no.	34 62 19 77
Registered office	Tårnby
Financial year	1 January - 31 December
Executive Board	Franziska Heinemann-Schulte
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank



Management's review

Financial highlights

DKK	2016	2015	2014
Key figures			
Gross margin	9.003.728	10.387.641	7.651.237
Net financials	-1.931.899	-2.209.603	-2.065.902
Profit/loss for the year	3.951.393	4.206.430	2.362.570
Balance sheet			
Total assets	17.994.921	50.010.236	63.079.251
Investment in property, plant and equipment	0	-75.432	4.223.636
Equity	6.990.494	3.039.101	0
Financial ratios			
Return on assets	20.6%	13.6%	8.3%
Solvency ratio	38.8%	6.1%	N/A%



Management's review

Management commentary

Business review

The Company's activity is to sell goods on board ferries operating from/in Denmark

Financial review

The income statement for 2016 shows a profit of DKK 3,951,393 against DKK 4,206,430 last year, and the balance sheet at 31 December 2016 shows equity of DKK 6,990,494. During the year, the Company disposed of its activities.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Management started a process of restructuring the Company's activities and the Company's activities are expected to decrease resulting in a lower revenue and profit compared to 2016.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	9,003,728	10,387,641
2	Staff costs	0	0
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,005,940	-2,672,325
	Profit before net financials	6,997,788	7,715,316
4	Financial income	1,431,668	28,324
5	Financial expenses	-3,363,567	-2,237,927
	Profit before tax	5,065,889	5,505,713
6	Tax for the year	-1,114,496	-1,299,283
	Profit for the year	3,951,393	4,206,430

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Acquired intangible assets	0	16,248
		0	16,248
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	0	194,250
	Leasehold improvements	0	8,225,982
		0	8,420,232
9	Investments		
	Other receivables	5,161,507	0
		5,161,507	0
	Total fixed assets	5,161,507	8,436,480
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	0	6,782,846
		0	6,782,846
	Receivables		
	Deferred tax assets	8,446	79,789
	Other receivables	10,314,943	1,511,275
	Deferred income	0	28,591,696
		10,323,389	30,182,760
	Cash	2,510,025	4,608,150
	Total non-fixed assets	12,833,414	41,573,756
	TOTAL ASSETS	17,994,921	50,010,236

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	80,000	80,000
	Retained earnings	6,910,494	2,959,101
	Total equity	6,990,494	3,039,101
	Provisions		
	Reestablishment obligation	0	746,115
	Total provisions	0	746,115
	Liabilities		
	Current liabilities		
	Trade payables	0	2,663,080
	Payables to group entities	8,817,031	43,484,647
	Income taxes payable	2,041,146	0
	Other payables	146,250	77,293
		11,004,427	46,225,020
	Total liabilities other than provisions	11,004,427	46,225,020
	TOTAL EQUITY AND LIABILITIES	17,994,921	50,010,236

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	80.000	2.959.101	3.039.101
14 Transfer, see "Appropriation of profit"	0	3.951.393	3.951.393
Equity at 31 December 2016	80.000	6.910.494	6.990.494

Financial statements for the period 1 January - 31 December

Cash flow statement

Note	DKK	2016	2015
	Profit for the year	3,951,393	4,206,430
15	Adjustments	3,816,829	7,490,494
	Cash generated from operations (operating activities)	7,768,222	11,696,924
16	Changes in working capital	12,269,789	4,391,872
	Cash generated from operations (operating activities)	20,038,011	16,088,796
	Interest received, etc.	1,735	28,325
	Interest paid, etc	-741,813	-2,237,927
	Income taxes paid	-1,114,496	-1,299,283
	Cash flows from operating activities	18,183,437	12,579,911
	Additions of property, plant and equipment	0	-75,432
	Disposals of property, plant and equipment	6,861,607	0
	Cash flows to investing activities	6,861,607	-75,432
	Repayments, borrowings from group entities	-27,143,169	-13,699,765
	Cash flows from financing activities	-27,143,169	-13,699,765
	Net cash flow	-2,098,125	-1,195,286
	Cash and cash equivalents at 1 January	4,608,150	5,803,436
17	Cash and cash equivalents at 31 December	2,510,025	4,608,150

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Heinemann Scandinavia ApS for 2016 has been presented in accordance with the provisions applying to medium-sized reporting class C enterprises under the Danish Financial Statements Act

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Reporting currency

The financial statements are presented in Danish kroner (DKK)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Foreign currency positions at year-end are evaluated at closing rate. Foreign exchange differences are recognised in the income statement.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, concession fee, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment

The cost for acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-5 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include other acquired IP rights. Other intangible assets are measured at cost less accumulated amortisation and impairment losses

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments

Other receivables are receivables which are due more than 1 year after the balance day

Impairment of fixed assets

Intangible assets and property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed

Inventories

Inventories are measured at cost in accordance with the weighted average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value less write-down for bad and doubtful debts.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses such as concession fee regarding subsequent financial years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Financial statements for the period 1 January - 31 December

Notes to the financial statements

2 Staff costs

By reference to section 98b(3)(ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed

The Company has no other employees

DKK	2016	2015
3 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	9,285	13,927
Depreciation of property, plant and equipment	1,731,452	2,658,398
Impairment of property, plant and equipment	265,203	0
	2,005,940	2,672,325
4 Financial income		
Other financial income	1,431,668	28,324
	1,431,668	28,324
5 Financial expenses		
Interest expenses, group entities	740,346	1,172,251
Other financial expenses	2,623,221	1,065,676
	3,363,567	2,237,927
6 Tax for the year		
Estimated tax charge for the year	1,043,153	997,993
Deferred tax adjustments in the year	71,343	301,290
	1,114,496	1,299,283
7 Intangible assets		
DKK		Acquired intangible assets
Cost at 1 January 2016		41,781
Disposals in the year		-41,781
Cost at 31 December 2016		0
Impairment losses and amortisation at 1 January 2016		25,533
Amortisation/depreciation and impairment of disposals in the year		9,285
Reversal of amortisation/depreciation and impairment of disposals		-34,818
Impairment losses and amortisation at 31 December 2016		0
Carrying amount at 31 December 2016		0

Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2016	323,393	13,801,091	14,124,484
Disposals in the year	-323,393	-13,801,091	-14,124,484
Cost at 31 December 2016	0	0	0
Impairment losses and depreciation at 1 January 2016	129,143	5,575,109	5,704,252
Amortisation/depreciation and impairment of disposals in the year	41,156	1,690,296	1,731,452
Reversal of amortisation/depreciation and impairment of disposals	-170,299	-7,265,405	-7,435,704
Impairment losses and depreciation at 31 December 2016	0	0	0
Carrying amount at 31 December 2016	0	0	0

9 Investments

The receivable is expected to be repaid in 2018.

10 Share capital

Share capital is the capital paid when establishing the Company on 5 July 2012, and it has remained unchanged since.

11 Contractual obligations and contingencies, etc

Other contingent liabilities

The Company is jointly taxed with Gebr. Heinemann Retail ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 5 July 2012. Total tax amounted to DKK 0 at 31 December 2016.

12 Collateral

The Company has not placed any assets as security for loans at 31 December 2016.

13 Related parties

Heinemann Scandinavia ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Gebr. Heinemann SE & Co. KG	Koreastraße 3, Hamburg, Germany	Participating interest

Financial statements for the period 1 January - 31 December

Notes to the financial statements

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Gebr. Heinemann SE & Co. KG	Koreastrasse 3, Hamburg, Germany	+49 40 301020

Related party transactions

Heinemann Scandinavia ApS was engaged in the below related party transactions:

DKK	2016	2015
Purchase of goods from parent company	35,346	46,646
Interest expenses to parent company	740	1,172
Receivables from group companies	4,465	4,409
Payables to group companies	13,282	42,487
14 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	3,951,393	4,206,430
	<u>3,951,393</u>	<u>4,206,430</u>
DKK	2016	2015
15 Adjustments		
Amortisation/depreciation and impairment losses	2,005,940	2,672,325
Gain/loss on the sale of non-current assets	-431,066	0
Provisions	-746,115	1,309,283
Financial income	-1,431,668	-28,324
Financial expenses	3,363,567	2,237,927
Tax for the year	1,043,153	997,993
Deferred tax	71,343	301,290
Other adjustments	-58,325	0
	<u>3,816,829</u>	<u>7,490,494</u>
16 Changes in working capital		
Change in inventories	6,782,845	654,199
Change in receivables	-13,962,558	-5,183,934
Change in prepayment, trade and other payables	19,449,502	8,921,607
	<u>12,269,789</u>	<u>4,391,872</u>
17 Cash and cash equivalents at year-end		
Cash according to the balance sheet	2,510,025	4,608,150
	<u>2,510,025</u>	<u>4,608,150</u>