Scandferries ApS

Central Business Registration No: 35 48 70 77

Annual report for 2014

2nd financial year
(1 January – 31 December 2014)

The Annual General Meeting adopted the annual report on

Chairman of the Annual General Meeting

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THERE IS SOMETHING ABOUT SAILING

Scandlines

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Company details

Company

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Letter from the CEO

Throughout 2014, we have continued our journey towards becoming the best and most efficient ferry operator in the market. I am, therefore, satisfied that we have realised our important strategic objectives concerning improved customer focus, a satisfying financial performance, a successful launch of our environmental initiatives on the Baltic Sea routes and effective communication about our competitive position and our continued operation at the Fehmarn Belt, respectively.

The results achieved in 2014 in terms of financial performance are satisfying. Annual revenue for the business has shown stability and the profit from ordinary activities (recurring EBITDA) reached EUR 178.5 million in 2014. The contributing factors are many: an increase in our most important corridor (Denmark/Germany), a strong development within the freight segment, a solid performance delivered by catering together with operational improvements across Scandlines.

During 2014, we reduced the number of legal entities, thereby simplifying the Group's legal structure. In connection with the changes of the companies Gedser-Rostock, Helsingør-Helsingborg, Scandlines Catering and Scandlines Danmark from limited companies (A/S) to private limited companies (ApS), Frans Rossen from the law firm Horten joined the the Supervisory Boards of these companies as chairman. During the past years, we have had a very good cooperation with Horten which specialises in counselling Danish and German companies on Danish/German conditions. With an external chairman in each of the Supervisory Boards, I was given the opportunity of joining the Executive Board of these companies.

We also elected group representatives to the Supervisory Board of Scandferries Holding ApS, which is the parent company of the Scandlines Group.

To reach our goal to make Scandlines the best and most efficient ferry operator in the market, we need to grow and make our business more efficient and customer-centric, while we continue our pioneering role within environmental technologies on our Baltic Sea routes and maintain our competitive position at the Fehmarn Belt.

Our first hybrid vessel, M/V Prinsesse Benedikte, operating the route Puttgarden-Rødby, was successfully and officially presented in February 2014, making Scandlines the first ferry operator in the world to make large-scale use of an on board hybrid propulsion system, which stores excess power in batteries. Through this, we succeeded in getting the message out to the general public that Scandlines is leading the way when it comes to CO_2 reduction in ferry services. Since then, Scandlines has been asked to present the groundbreaking hybrid propulsion system at several occasions and the system and the work to implement it has been awarded four times. This is only the first step in our green strategy.

During 2014, all four vessels operating the route Puttgarden-Rødby have also been fitted with what is known in the trade as a "scrubber". The scrubber cleans the engine exhaust streams of pollutants such as sulphur,

Letter from the CEO

nitrogen and particulates and reduces sulphur emissions by at least 90 percent. The combination of our hybrid propulsion system and the scrubbers enables Scandlines to fulfil the sulphur limit that became effective from 1 January 2015. The European Commission supported this environmental work by almost EUR 8.8 million via the TEN-T programme, which aims at strengthen the internal market by promoting more efficient cross-border transport corridors, thereby rubber-stamping the initiative.

The vision for the future of the important Rostock-Gedser corridor remains the same: to further strengthen the route as an efficient, reliable and competitive corridor through Central Europe by deploying state of the art vessels with high capacity and unique on board experiences. We are therefore pleased that we in February 2014 signed a contract with the insolvency estate of P+S WERFTEN in Stralsund, Germany, to acquire the two hulls which were originally designed for the Rostock-Gedser route. In July 2014, we entered into an agreement with the shipyard FAYARD A/S near Odense in Denmark for the completion of the two vessels after the extensive pre-engineering performed by the shipyard Blohm+Voss in Hamburg, Germany. The complex completion is progressing according to plan. In early September 2014, we performed a successful lightweight survey and inclining test of one of the vessels. These tests have removed the greatest uncertainty related to this project, which we are of course very excited about. The ferries are estimated to be in service in the second half of 2015.

On 5 June 2014, Scandlines submitted a complaint with the European Commission about state aid to Femern A/S. The complaint primarily outlines the elements hindering fair competition such as 1) the fixed link is financed by state guarantees unlimited in amount and time, 2) the documentation for the approval of the state aid is obsolete and flawed, 3) the state aid includes payment for the rerouting and downgrading of our customers’ access to the harbours.

We have asked the European Commission to examine whether the Danish government complies with the rules by funding the tunnel. We are ready to compete – on fair and legitimate conditions.

In Germany, there was a hearing in August 2014, and here we also fully exercised our right to file a substantiated and well-documented hearing statement. We are not opposing the building of major infrastructure; we simply expect that the laws in force in Germany, Denmark and the EU are respected. Equally we hope that we will continue to offer many good, stable jobs in a region that is characterised by lack of employment opportunities.

On 9 January 2015, Scandlines and Stena signed an agreement for the sale of the ferry route Helsingør-Helsingborg to a European infrastructure fund managed by First State Investments. The five vessels operating the route are included in the agreement and the route will continue to be marketed under the name Scandlines Helsingør-Helsingborg.

Letter from the CEO

Scandlines is strongly positioned for the future. Market conditions remain difficult, but we have a clear strategy moving forward and we are ready to meet future developments in the market and capture opportunities as they arise. Casting a glance at the year ahead, we will now focus on our two Traffic Machines together with the associated BorderShops. In other words, we will further develop our position as a customer-driven ferry operator between Germany and Denmark.

Søren Poulsgaard Jensen, CEO Scandlines

Key figures

In MEUR	2014	Pro forma 2013	2013*
Revenue	509	505	32
Result from ordinary activities (EBITDA)	160	142	0
Amortisation and depreciation	-31	-32	-3
Result from ordinary activities (EBIT)	129	110	-2
Net financials	-51	-45	-2
Result before tax	78	65	-5
Tax on result for the year	-4	-6	-9
Result for the year	74	59	-13
Total assets	1446	1381	1381
Investments (capital expenditure)	122	28	7
Equity attributable to owners	428	387	387
Interest bearing debt	838	874	874
Cash flow from operating activities	113	177	1
Cash flow from investment activities	-122	-36	25
Cash flow from financing activities	-10	-113	61
EBITDA-margin, %	31	28	0
Average number of employees	1742	1772	1651

Full year figures for 2013 and 2014 include discontinued operations related to the sale of the ferry route Helsingør-Helsingborg. Furthermore, the figures related to 2013 are a simulation of full year consolidation.

*) The Company was established on 4 October 2013 with the purpose to accomplish the transaction between 3i and ACP. The acquired group was consolidated as part of the consolidated financial statements and the parent financial statements as of the closing date, 3 December 2013. Consequently, the consolidated financial statements and the parent financial statements include the activities of the Scandferries Group from the closing date and the rest for 2013, only.

Applied exchange rate for EUR as of 31 December 2014: 7,4453.

Management commentary

The Scandlines Group at one glance

Scandlines was founded in 1998 and is a large ferry operator in Europe. Today, Scandlines operates two short distance routes between Germany and Denmark with high frequency and large capacity. Here, Scandlines operates seven ferries, providing efficient and reliable transportation services to both passengers and customers.

In addition to providing retail and catering services on board its ferries, Scandlines also operates two land-based retail shops under the BorderShop brand. At 8,000 m², the Puttgarden BorderShop is one of the largest border shops in the world, serving more than 700,000 customers per year.

In 2014, Scandlines transported 11.1 million passengers, 2.5 million cars and 0.7 million freight units. Scandlines had 1,742 full time employees (FTE) and revenues of EUR 509 million.

Management commentary

Business model and structure

In 2014, Scandlines operated three ferry routes between six harbours in the Southern part of the Baltic region.

Our business is defined by the transport of passengers, cars, buses and freight units on the routes Puttgarden-Rødby, Rostock-Gedser and Helsingør-Helsingborg. We also offer our customers a variety of on board catering and retail services as well as land-based retail shops (BorderShops) in Puttgarden and Rostock. Scandlines' business areas of catering and retail activities are an integrated part of the logistic division and provide added value across all customer segments.

The main focus of all operations is to create value for the customers on board our ferries as well as in our BorderShops. This requires a diversified business model with both logistic services, catering and retail offerings.

Traffic Machine routes

Scandlines has established the concept of Traffic Machines with a primary focus on frequent and reliable transportation services combined with high capacity and attractive customer experiences. The concept is rolled out on three short routes with crossing times of no more than two hours.

Management commentary

Operation within this concept is characterised by the following:

- High frequency and large capacity
- Loading and unloading in less than 15 minutes
- Highly automated port infrastructure and services
- Catchment areas with large populations and good hinterland infrastructure
- Relevant rest stops on logical transportation routes
- Fluent integration to land-based infrastructure at destinations
- Price competitive mode of transportation

In 2014, we offered the above services between Germany and Denmark and between Denmark and Sweden on the following routes:

- Puttgarden-Rødby
- Rostock-Gedser
- Helsingør-Helsingborg

Four identical double-ended ferries, together with a dangerous goods ferry, serve the Puttgarden-Rødby route at 30-minute intervals with a crossing time of 45 minutes.

The Rostock-Gedser route is operated with two identical vessels at a two-hour frequency and a crossing time of up to two hours.

The Denmark-Sweden route was operated jointly with Stena between Helsingør and Helsingborg under the name Scandlines Øresund I/S. The route offers a frequency of 15 minutes for departures during most of the daytime on the 20-minute crossing.

The vessels operating on the Traffic Machine routes offer a large selection of on board catering and retail services tailored to the passenger profiles and short crossing times. The aim is to create customer value through competitive and attractive on board experiences.

Land-based retail (BorderShops)
In addition to the catering and retail offerings on board the ferries, Scandlines operates land-based retail shops under the BorderShop brand. Scandlines owns and runs BorderShops in the harbours of Puttgarden and Rostock.

Operation within this concept is characterised by the following:

Management commentary

- Close and natural attachment to Scandlines' routes Puttgarden-Rødby and Rostock-Gedser
- Providing added value to the respective customer segments
- Competitive prices tailored to a Scandinavian audience
- Extensive assortment variety and depth

With its 8,000 m², the BorderShop in Puttgarden is one of the largest border shops in the world, offering more than 4,000 items and a wide range of international and local quality products. BorderShop Puttgarden serves more than 700,000 customers per year and our three-hour shopping ticket accounts for about one third of the volume on Puttgarden-Rødby.

The BorderShop in Rostock, which opened in May 2011 and offers a retail space of 1,200 m², has become the preferred stop on the journey home for both busses and cars. The transit concept is fully adapted to travellers who need a short break before boarding the ferry and the assortment is continuously tailored to provide added value and suit the needs of the customers. The BorderShop in Rostock remains a significant component in the strategy of strengthening the Rostock-Gedser route.

Customer & market insights

We have continued our work to move closer to our customers and turn consumer insights into reality by improving the customer service. It is imperative that the customer has a positive experience with us in every transaction. Adding value to customers is a continuous journey involving every employee in the company. The strategic focus in this area is underlined by the substantial investments in upgrading the existing fleet in order to provide an increasingly comfortable and reliable journey in a modern setting. This work will continue in 2015.

Scandlines' BorderShop has been present on Facebook since May 2013. The target was to reach 20,000 likes and the current status is 20,275 (December 2014). The goal is still to activate and engage the many customers who like the BorderShop. It has been an important learning to recruit the right fans to the BorderShop.
The fan page on Facebook has thereby increased the reach and knowledge of the BorderShop in eastern Denmark and in Sweden.

Ownership and structure

Since 3 December 2013, 3i Group has been the majority shareholder of Scandlines.

Scandlines is subject to Danish law. Corporate Governance in Scandlines is based on Danish legislation and regulations, including the Danish Companies Act, the Danish recommendations for good corporate governance and the Company's articles of association, as well as other relevant rules.

Management commentary

Scandlines' Corporate Social Responsibility work is designed to help create value for our stakeholders and to make Scandlines their preferred partner.

Scandlines operates its business based on the guidelines laid down by DVCA (Danish Venture Capital and Private Equity Association). Reference is made to www.dvca.dk for more information about the guidelines.

Scandferries Holding ApS is the parent of Scandferries ApS. The ultimate parent is Scandferries Holding UK Ltd., whose primary owner is 3i Group. The activities of the Scandferries Group are managed by Scandlines Danmark ApS and Scandlines Deutschland GmbH and their subsidiaries. Through the new corporate owner set-up, Scandlines reduced the number of legal entities, thereby simplifying the Group's legal structure.

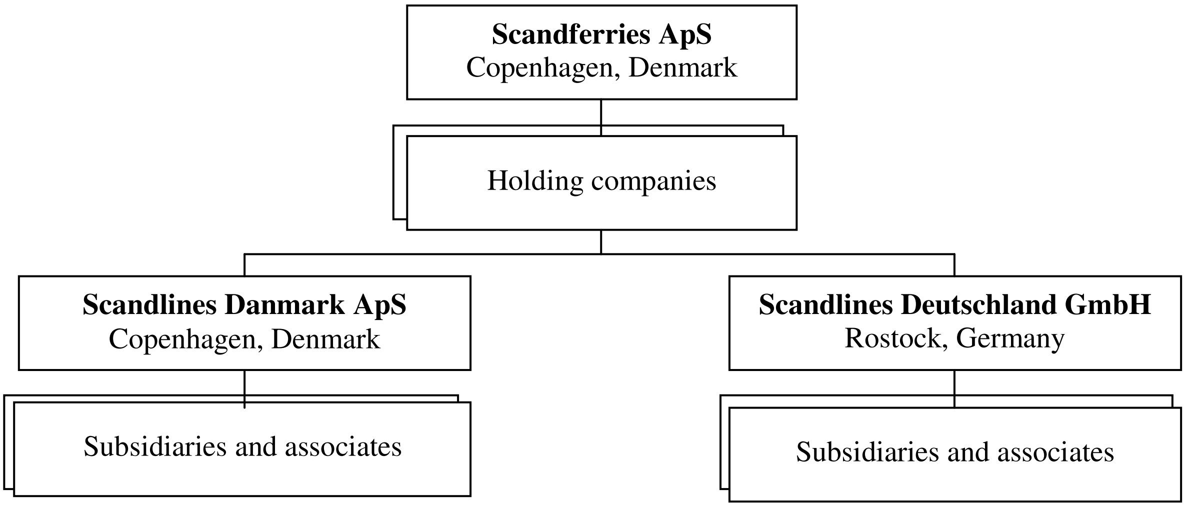
Executive Management

Management is appointed by the Supervisory Board of Scandferries Holding ApS. None of the private equity fund partners are directly represented in the Group, but are represented through the Supervisory Board.

Management is not authorised to distribute dividend etc.

Management commentary

Main companies of Scandlines as of 31 December 2014



Company	Ownership	Country	City
Holding companies			
Scandlines ApS	100%	Denmark	Copenhagen
Scandferries Holding GmbH	100%	Germany	Rostock
Subsidiaries			
Scandlines Deutchland GmbH	100%	Germany	Rostock
Scandlines Danmark ApS	100%	Denmark	Copenhagen
Scandlines Gedser-Rostock ApS	100%	Denmark	Copenhagen
Scandlines Gedser Havn ApS	100%	Denmark	Copenhagen
Scandlines Helsingør-Helsingborg ApS	100%	Denmark	Copenhagen
Scandlines Catering ApS	100%	Denmark	Copenhagen
Jebo A/S	100%	Denmark	Copenhagen
Scandferries Chartering A/S	30%	Denmark	Copenhagen
Scandferries Chartering Hull no. 502 ApS	30%	Denmark	Copenhagen
Scandferries Chartering Hull no. 503 ApS	30%	Denmark	Copenhagen
Scandlines Bordershop Puttgarden GmbH	100%	Germany	Rostock
Scandlines Bordershop Rostock GmbH	100%	Germany	Rostock
Joint operations			
Scandlines Øresund I/S	50%	Denmark	Copenhagen

Management commentary

Development of the business areas

Traffic Machine routes
Germany-Denmark
Scandlines operates two Traffic Machines routes between Germany and Denmark:

- Puttgarden-Rødby
- Rostock-Gedser

In a challenging market, Scandlines managed to strengthen its position on the Germany-Denmark routes and increase the number of transported cars by 0.2 percent on the route Puttgarden-Rødby and 3.2 percent on the route Rostock-Gedser. Compared with the previous year, Scandlines transported 5.9 percent and 5.5 percent more freight units, while the number of passengers increased by 1.0 percent and 2.6 percent, respectively. There may be several reasons for the increase: Scandlines has succeded in increasing its reliability with only a few cancellations due to extremely low or high tide and in improving the customer experience on board.

In 2014, Scandlines continued its heavy investments in modernising the vessels operating the Puttgarden-Rødby route. The revitalisation initiative is rolled out in order to harmonise the fleet and offer a better and more comfortable journey in modern settings. Within a period of two years, all passenger facilities will have gone through an extensive modernisation. In 2014, the seating area, the shop and the restaurant on board M/V Deutschland were thoroughly modernised. Scandlines conducts continuous customer surveys and the revitalisation project is based on customer demands.

In May, Scandlines launched a new booking platform for the Germany-Denmark routes. The new platform is more user-friendly and also allows the customer to prebook meals for their crossing, thereby saving around 15 percent.

In 2014, Scandlines also launched the new loyalty program, SMILE, which is a customer-centered loyalty program with a physical card, offering relevant benefits as well as individualised offers for all customers. The number of members has since the launch on 24 June 2014 reached 90,000. SMILE offers a complete integration to the new POS system being implemented during 2015, and is strategically built to improve customer experience with the capability to “earn & burn” points on our vessels and in the BorderShops. During 2015, the customers should experience the loyalty card as a seamless integrated part of the Scandlines journey and the BorderShop experience. Scandlines will use the member data to gain insights in our customers, travel pattern and to continuously lead product development based on customer needs.

Management commentary

Denmark–Sweden

Due to a continuously weak economic climate, the general transport between Sweden and Denmark/Europe decreased during 2014. Especially within the car segment, where a decrease in commuters impacted the transportation across Oresund (-3.3 percent). The freight volume, however, has increased by 4.8 percent compared to 2013.

The on board service concept introduced in 2013 has during 2014 shown its capability from a strategic point of view to serve the guests with the “Best Break”. Customer surveys show increased satisfaction. Also the employee engagement surveys have shown increased satisfaction.

During 2014, two vessels have unfortunately had a minor collision; the two incidents did not significantly impact the service.

The decline in commuters in the Oresund region due to lack of political integration has continued in 2014. The initiatives to strengthen AutoBizz Smart have continued and compensated to some extent for the decline in commuters. In general, the crossing has experienced a conversion to leisure traffic.

The management of Helsingør-Helsingborg has decided to finalise a business case on the conversion of two of the vessels to 100 percent battery propulsion.

On 15 October 2014, the European Commission announced its decision about the complaint that Scandlines Øresund I/S had filed towards the Danish and Swedish state regarding state aid to the Øresund Bridge consortium in the spring of 2013. The European Commission, which among other things vets state subsidies to ensure they do not distort competition, acknowledged indeed that state aid had been provided, but also approved the governments’ public financing of the bridge and related infrastructure projects. The management of Scandlines Øresund I/S has decided to take the case to the European Court of Justice.

Catering and retail

Activities in the catering and retail segments are performed by the subsidiaries Scandlines Catering ApS and Scandlines Deutschland GmbH. Both business areas are an increasingly important component of the Scandlines Group.

In the constant process of improving our customers’ on board experience, we have been working on several development projects and focus areas during 2014 to increase speed of service to our customers. We took a leap forward by launching our redeveloped “open faced sandwich”. Together with one of Denmark’s award-winning master chefs, we redeveloped both our open faced sandwich and refocused our buffet concepts towards inspiration from the new Nordic kitchen.

Management commentary

We have continued our strong focus on providing good customer experience driven service training and have worked towards improving the way we recruit temporary summer staff for our high season in order to have the right customer focused attitude and mindset. Also in 2015, we will focus on the service training.

With the big refurbishment of M/V Deutschland, operating the route Puttgarden-Rødby, we have continued our work to constantly modernise and improve the look-and-feel experience of the catering and retail offerings on board our vessels.

We will continue our work to improve our customers' on board experience in 2015.

BorderShops
The land-based retail shops are an important part of the business model of Scandlines and the activities from the two BorderShops increasingly contribute to the revenue of Scandlines. In 2014, the BorderShop in Rostock showed a strong development with an increase in the number of transactions of 5.4 percent, whereas the BorderShop in Puttgarden realised a minor decline (-1.2 percent).

With its 8,000 m^2, the BorderShop in Puttgarden is a shopping destination on its own. In 2014, we continued the modernisation project which was started in 2012. It included among other things new lighting in the shopping areas together with new inventory and display solutions which have enhanced the shopping experience and improved the customer flow. As our shop-in-shops have been very well received by our customers, we have implemented even more shop-in-shops during 2014, thereby also extending our selection of exclusive products. This work has paid off: Our newly established whisky shop-in-shop won the gold medal 2014 and was awarded the best shop-in-shop in the world at the prestigious POPAI Awards in London.

As a result of these activities, our customers have also during 2014 upgraded their purchase to better products. We constantly test new products to meet our customers' requests.

Business development

General business development

As the first financial period is from 4 October – 31 December 2013 and the activities of the Scandferries Group is only included from the closing date, pro forma financial figures for the fiscal year 2013 have been prepared to illustrate the activity in 2013 of the Scandferries Group and the development from 2013 to 2014.

Until the closing date, the pro forma financial figures consist of the consolidated financial figures of Scandferries Holding GmbH and as of that date and onwards the pro forma financial figures consist of the consolidated financial figures of Scandferries ApS including PPA adjustments as disclosed in note 24. The pro forma financial figures are not audited.

Management commentary

These pro forma financial figures represent Scandlines' business with focus on the three Traffic Machines and the two BorderShops. The comments and explanations in this management commentary are with reference to these pro forma financial figures. Full year figures for 2013 and 2014 include discontinued operations related to the sale of the ferry route Helsingør-Helsingborg.

Management commentary

Pro forma income statement

In MEUR	2014	2013
Profit and loss statement		
Revenue	509	505
Other operating income	11	20
Total income	**520**	**525**
Operating expenses for vessels	-64	-66
Cost of goods sold	-143	-148
Staff costs	-86	-92
Other operating, selling and administrative expenses	-48	-47
Total costs and expenses	**341**	**-353**
Result from ordinary activities (EBITDA), recurring	**179**	**172**
Non-recurring items	-19	-30
Result from ordinary activities (EBITDA)	**160**	**142**
Amortisation, depreciation and impairment	-31	-32
Result before financial income and expenses (EBIT)	**129**	**110**
Net financials	-51	-45
Result before tax	**78**	**65**
Tax on result for the year	-4	-6
Result for the year	**74**	**59**

In 2014, Scandlines realised revenue of EUR 509 million which is a modest increase of 1 percent compared to 2013. This can mainly be attributed to the strong growth in the freight segment in the corridor of Denmark/Germany.

The profit from ordinary activities (recurring EBITDA) increased by 4 percent to EUR 179 million especially due to higher operating margins as a result of cargo growth and efficiency initiatives. The recurring EBITDA margin increased to 35 percent compared to 34 percent in 2013.

Non-recurring items comprise of income and expenses of an exceptional nature, such as costs incurred for structuring processes and structural adjustments as well as gains and losses on divestments related thereto.

Management commentary

	2014	2013
EBITDA including special items	**160**	**142**
Other operating income	-2	-3
Staff costs	6	8
Other external expenses	15	25
EBITDA excluding special items	**179**	**172**

Pro forma balance sheet

In MEUR	2014	2013
Assets		
Goodwill	731	731
Software	5	5
Other intangible assets	15	16
Non-current intangible assets	**751**	**752**
Land and buildings	144	147
Vessels	135	138
Technical plant and machinery	87	91
Other plant	5	5
Constructions in progress	123	20
Non-current tangible assets	**494**	**401**
Investments in associated companies	0	0
Financial leasing assets	43	47
Deferred taxes	1	1
Other non-current assets	**44**	**48**
Inventories	17	15
Trade receivables	24	26
Prepaid expenses	3	6
Receivables associated companies	35	36
Other assets	11	10
Cash and cash equivalents	67	87
Current assets	**157**	**180**
Total assets	**1,446**	**1.381**

Management commentary

Pro forma balance sheet

In MEUR	2014	2013
Equity and liabilities		
Subscribed capital	0	0
Reserves	428	387
Equity attributable to owners	**428**	**387**
Non-controlling interests	51	28
Total equity	**479**	**415**
Interest bearing debt	705	805
Financial leasing liability	58	47
Deferred tax	4	4
Pension and jubilee liabilities	1	1
Other long-term provisions	0	0
Non-current liabilities	**768**	**857**
Interest bearing debt	89	24
Corporate tax liabilities	6	5
Trade liabilities	48	52
Current provision	12	5
Other current liabilities	40	19
Deferred income	4	4
Current liabilities	**199**	**109**
Total liabilities	**967**	**966**
Total equity and liabilities	**1.446**	**1.381**

Management commentary

Investment, financial and net asset situation

Investments (capital expenditure)

Scandlines made investments totalling EUR 122 million in 2014. The majority of the investments, nearly EUR 92 million, were related to the new vessels for the route Rostock-Gedser. In addition, investments were made in environmental technologies and improvement of passenger areas on board the existing ferries.

Financial situation

Pro forma key cash flow figures

In MEUR	2014	2013
Cash flow from operating activities	113	177
Cash flow from investment activities	-122	-6
Cash flow from financing activities	-10	-113
Cash end of the year	67	87

Throughout 2014, Scandlines has had a positive cash flow from its operating activities.

In December 2013, Scandlines refinanced the loan facilities by repaying old facilities and establishing new aggregated loan facilities of EUR 875 million. The new loan facilities expire in December 2019 (Term Loan A, Capex Facility and Revolving Facility) and December 2020 (Term Loan B).

In MEUR	Balance, 31-12-2014	Facility	Term
Term Loan A	235	235	03-12-2019
Term Loan B	525	525	03-12-2020
Capex Facility	50	50	03-12-2019
Revolving Facility	0	35	03-12-2019

Scandlines enters into financial derivatives to hedge interest rate risk. For the period 2013-2016, approximately 67 percent of the underlying interest rate risk is hedged with float to fixed rate swaps and an option. As of 31 December 2014, the market value of the interest rate hedges was EUR –8.3 million.

Pro forma net interest bearing debt

In MEUR	2014	2013
Cash and cash equivalents	67	87
Interest bearing debt	853	876
Net debt	786	789

Management commentary

Volume development

Compared to 2013, Scandlines experienced a satisfactory growth in transport volumes within the freight segment in 2014 with the highest number of transported freight units ever. The improved freight business contributed to maintain Scandlines' revenue and earnings in 2014.

Looking at the continuing business, the Rostock-Gedser route has increased its volume, while the Puttgarden-Rødby route has maintained its position in 2014. On the route Helsingør-Helsingborg, Scandlines experienced mixed results. The number of transported cars, passengers and busses declined compared to 2013, while the number of cargo units and gangway passengers increased.
In 2014, Scandlines transported a total of 11.1 million passengers (+0.4 percent), 2.5 million cars (-0.5 percent) and 0.7 million freight units (+5.5 percent).

Safety and security

In 2014, Scandlines again complied fully with the demands of the International Safety Management Code (ISM). This means that we passed our annual review and audits performed by the maritime authorities at the usual and expected high level.

The ISM Code is a mandatory quality system documenting organisational responsibilities as well as policies and procedures regarding safety and environmental protection. The code is developed by the IMO (International Maritime Organization) and complying with the code is extremely important, as non-compliance means that the Safety Management Certificate (SMC) of the ferry involved may be revoked and/or that the Document of Compliance (DOC) of the company involved is withdrawn. As a result of this, the ferry is not allowed to leave the harbour and/or the company is not allowed to operate the business.

All operators of ferries, including the shipping company operations of Scandlines, have to submit to systematic and regular audits and certifications by the authorities, which extend to all ferries, harbour terminals and head offices operated in connection with these. Our own internal audits and reviews supplement these audits. In 2014, we had 32 audits (internally/externally) and 24 surveys and inspections (internally/externally).

Not only the maritime authorities, but also our Classification Society, Lloyd's Register, maintain tight control with the vessels to ensure that all statutory rules and regulations are observed and that the ferry maintenance procedures are performed accurately and are well documented.

Scandlines has implemented a General Notice System (GNS) in which registration of incidents, dangerous situations and deviations from the International Safety Management System is performed. It is intended to eliminate omissions and weak spots in our operations, for the purpose of introducing countermeasures and for documentation. The annual Management Review includes an analysis of the recorded incidents and rounds off the numerous and important ISM activities undertaken in Scandlines.

Management commentary

The well-being and good health of Scandlines' employees is a focus point for Scandlines, which is why we continuously invest in improving our working environment. This work is carried out by following guidelines issued by experts, but also by analysing and learning from in-house incidents and accidents. Our officers and managers are instructed to report all kinds of near-misses, and a safety committee on board every ferry and in every terminal evaluates all incidents.

The safety of our passengers, crews and ferries is of paramount importance in our business. Weekly and monthly exercises for our crew members and testing of our equipment follow mandatory demands. For quality assurance purposes, we have contracted with CAE Flight Academy in Arlanda Airport, Stockholm, to train all officers in crew resource management, which is also complemented by ship simulator training. For this purpose, Scandlines will continue to use its own simulator located in Puttgarden.

Environment

Scandlines has developed a comprehensive strategy to prepare all Traffic Machines for the new sulphur limit which came into effect on 1 January 2015.

The technical solution for the route Puttgarden-Rødby involves an innovative approach based on hybrid propulsion and scrubbers. The hybrid operation, representing the world's largest ever marine hybrid solution, leads to optimised engine efficiency. The first retrofitting works on M/V Prinsesse Benedikte was already started at the end of 2012. All four vessels on the route have now been retrofitted with scrubbers and batteries.

At the end of November 2013, Scandlines' application for EU subsidies was finally accepted. Thus, the conversion cost of M/V Prinsesse Benedikte and M/V Schleswig-Holstein will be co-financed as a pilot project with a maximum of EUR 6.5 million. In the summer of 2014, the European Commission also approved another application for the conversion of M/V Deutschland and M/V Prins Richard, summing up the total EU contribution to EUR 8.8 million.

Based on the good experience from the Puttgarden-Rødby service, the hybrid/scrubber solution will also be carried out for the newbuildings on the Rostock-Gedser route, ensuring compliance with the new sulphur regulation.

Since all ferries on the route Helsingør-Helsingborg have been sailing on marine gas oil (0.05 percent sulphur in fuel) for years, no operational changes were required there.

Nevertheless, Scandlines' long-term ambition is to provide emission free ferry operations.

Management commentary

Legal

In 2014, Scandlines launched its Code of Conduct. This written set of guidelines for everyone in the organisation is intended to help all employees conduct actions in accordance with the primary values and ethical standards of the company. The Code of Conduct can help us decide if we are doing the right thing when acting towards our customers, our colleagues and our business partners. As a company, we want to work with the highest standards when it comes to reliability, honesty and appropriate behaviour, and we, therefore, also want to make sure that all employees adhere to the laws, regulations and internal company guidelines.

Scandlines employees already know how to comply with applicable laws and regulations. However, now it has been formalised in our Code of Conduct.

Human resources

In 2014, Scandlines employed an average of 1,742 FTEs, which is a decrease of 30 FTEs compared to 2013.

Headcount statistic	Denmark	Germany
Number of employees at the beginning of 2014	1.149	888
Number of recruitments during 2014	396	273
Number of retirements during 2014	353	327
Number of employees at the end of 2014	1.192	805

The most important reason behind the strategic changes is the need to improve the efficiency of the organisation in order to prepare Scandlines for a market with increased competition and continuous cost increases on fixed costs.

On average, Scandlines employed 734 FTEs on shore and 1,008 FTE at sea in 2014.

Absenteeism

The Danish part of the organisation has during 2014 focussed on absenteeism, which is critical for both costs and the well-being of our employees. We have noticed that we, in some areas, register an average sickness absence which is higher than the average in the private sector. In November 2014, Scandlines therefore organised a Danish seminar on the work environment of Scandlines. More than 100 employees discussed how to improve safety and work environment of the company. There might be several reasons for the absenteeism, for example job dissatisfaction, stress or incorrect registration. Based on the output of this seminar, we will continue our efforts to reduce absenteeism in the coming years.

Gender diversity in management bodies

Today, the proportion of female managers, reporting directly to the Chief Executive Officer in the Scandferries Group accounts for 14 percent.

Management commentary

The Boards of the Scandlines Group currently do not have any female members elected by the general assembly. The objective of the Group is within a period of four years to have one female Board member, elected on a general assembly.

The Company does not intend to lay off skilled and loyal male employees in leadership positions, performing extremely well, just to reach a more equal gender distribution in leadership. The Company will always hire the best candidate for the job. Should two candidates for a management position be equally qualified and one of them is a woman, the Company would like to give the woman a priority if this is not contrary to the discrimination and equality legislation of the country. It is illegal to target job adverts only at one gender.

As the number of women with higher education is rising relative to men, the number of women with a management career is likely to increase over time as they will get into the positions that naturally lead to a management career. It is therefore, expected that the number of female candidates for leadership positions will increase in the coming years.

Corporate Social Responsibility

Scandlines considers such matters as human rights, social aspects, environment and anti-corruption as important elements of the business strategy and activities.

Corporate Social Responsibility is about living the values and principles that govern our behaviour as a responsible business in respect of customers, staff, suppliers and investors. It is our clear policy to comply with the words and spirit of the laws, rules and regulations that apply in the countries in which our companies operate.

Scandlines has defined a strategic goal to lead the environmental change in the Baltic Sea. Any steps that can be taken to reduce ship emissions are considered good for both the company and society as a whole. Through our hybrid propulsion system, we have proved that we can reduce CO_2 emissions by up to 15 percent. Scandlines continuously investigates alternatives and already has a concept for Zero Emission Ferries ready. The emission-free ferry service is based on hydrogen-fuelled vessels using excess energy from wind parks.

Early in 2015, Scandlines became a member of The Trident Alliance. The members of The Trident Alliance commit to supporting robust and transparent enforcement of sulphur regulations as well as to comply with said regulations.

Management commentary

General and special risks

The most material risks may be summarised into the following main areas:

- Strategic risks
- Operational risks
- Financial risks (currency, interest rate, oil prices, commercial receivables)
- Compliance risks

Control and risk management systems

Management has the overall responsibility for Scandlines' risk management and internal controls in connection with the financial reporting process.

Control environment

The organisational structure and internal guidelines define the control environment together with laws and other rules. Management regularly evaluates Scandlines' organisational structure and staffing and lays down and approves overall policies, procedures and controls.

Risk assessment

Management evaluates the business risks on a regular basis. As part of the risk assessment, Management considers, as necessary, the finance, hedging and insurance policies for Scandlines.

Control activities

Scandlines has established a formal Group reporting process based on monthly reporting which includes budget follow-up, performance evaluation and fulfilment of goals.

Information and communication

Management puts emphasis on open communication in Scandlines and that each staff member is aware of his/her role and responsibility in internal control.

Scandlines' Group accounting manual and other reporting instructions are updated regularly and are available from Scandlines' intranet, where all relevant staff members may access them.

Monitoring actions

Management conducts monitoring based on regular evaluations and controls at all levels of Scandlines. The scope and frequency of the periodic evaluations primarily depend on the risk assessment in this respect and on the effectiveness of the regular controls.

Management commentary

The auditors appointed at the Annual General Meeting rely on the audit book comments to report to Management on any significant weaknesses in Scandlines' internal control systems as part of the financial reporting process. Less significant matters are reported in management letters.

General and particular risks

Strategic risks

Scandlines' largest business area is the ferry traffic between Germany and Denmark. A fixed link across the Fehmarn Belt, as planned by the German and Danish governments, would significantly influence the current business model in this area.

On 3 September 2008, the German and Danish governments submitted a declaration of intent for the construction of a fixed link across the Fehmarn Belt. The building process is scheduled to start in 2015 and, if completed, the 18-kilometre fixed link will offer four traffic lanes and two railway tracks. According to initial planning, the link should be ready in 2018; however, the opening date has been officially postponed until the end of 2021. Furthermore, a tunnel solution has been identified as the preferred solution as opposed to a cable bridge.

The request for the approval of the plans in Germany was handed in on 18 October 2013, with a decision expected 18 months later. The construction act that lays down the final design of the fixed link is expected to be adopted by the Danish parliament in the spring of 2015.

Even before completing the fixed link, Scandlines faces possible competition from a consortium of two Norwegian shipping companies (Eidsiva Rederi ASA and Fosen ASA) that wish to operate the ferry traffic between Puttgarden and Rødby. Scandlines has since 1997 been in a legal dispute with the two Norwegian shipping companies regarding access to the harbours of Puttgarden and Rødby in the German and Danish courts. The consortium was granted access to the harbour of Rødby, although they have not yet made use of it.

The outcome of court cases was that Scandlines does not have to grant access to the ferry harbour of Puttgarden to the Norwegian shipping companies. For the customers, the result means that the delays and inconveniences will be avoided, which would have occurred in the harbours of both Puttgarden and Rødby.

Currently, competition is limited to the bridges across the Great Belt and Oresund, where the latter in particular has pursued an aggressive price competition to maintain its volumes.

Management commentary

In the spring of 2013, Scandlines Øresund I/S lodged a complaint about state aid to the Øresund Bridge with the European Commission, as we noted that the Øresund Bridge has access to extremely cheap financing. 15 October 2014, the European Commission announced its decision. The European Commission, which among other things vets state subsidies to ensure they do not distort competition, acknowledged indeed that state aid had been provided, but also approved the governments' public financing of the bridge and related infrastructure projects. The management of HH Ferries I/S has decided to take the case to the European Court of Justice.

The harmonisation of excise duties and VAT applicable in Germany, Denmark and Sweden and amended regulations for sales, e.g. rules for returnable bottles in Germany, could have a negative impact on the scope and profitability of our catering and retail activities.

Operational risks

A delayed delivery of the two new vessels for the route Rostock-Gedser would imply high extra cost as it is expensive to operate the existing ferries due to the new sulphur regulation that became effective 1 January 2015. The maintenance costs for the existing vessels are also high. However, we believe we have disclosed the most important uncertainties and thus deem the probability of a delayed delivery to be relatively low.

Financial risks

The most significant financial exposures are currency, oil, interest rate and credit risks, which only exist for the operating activities.

Currency exposure

The majority of Scandlines' business activities are EUR based or in currencies with a very high correlation to EUR as is Scandlines' funding arrangement. Exposures in other currencies are hedged to the extent the potential impact of fluctuations in exchange rates are considered material.

Interest rate risks

Interest rate risks mainly relate to the loan portfolio. The major part of Scandlines' interest rate risks is hedged through interest rate derivatives.

Management commentary

Oil risks

The bunker price has, after a relatively stable level, for the first time in eight months decreased during the last four months with more than 25 percent to a 4-year low level. We have had a natural hedge via the Bunker Adjustment Factor (BAF) and in addition approximately 20 percent has been covered via bunker hedge contracts.

Credit risks

Scandlines' credit risks primarily relate to trade receivables. In recent years, Scandlines' credit policy and dunning procedures have been significantly adjusted. Furthermore, the implementation of various Early Warning systems has resulted in a reduction of Scandlines' bad debts to a low level for the credit-bearing revenue. Revenue from Scandlines' largest customer accounts for less than 5 percent of total revenue.

Scandlines has a high focus on the loan portfolio covenants and has procedures in place for both forecasting and reporting on the financial covenants. Scandlines is well within the limits of the financial covenants and has no expectations that these will be breached. Should material changes in Scandlines' financial situation occur and the financial covenants be breached, we remain confident that through the existing close dialogue with our lenders we will be able to resolve the situation without material impact on Scandlines' funding or interest rate costs.

Compliance risks

It is our clear policy to comply with the words and spirit of the laws, rules and regulations that apply in the countries in which our companies operate; therefore we regularly evaluate any potential risks related to these. For examples, please refer to the paragraphs “Safety and security”, “Environment” and “Legal”.

Events after the reporting year

On 9 January 2015, Scandlines and Stena signed an agreement for the sale of the ferry route Helsingør-Helsingborg to a European infrastructure fund managed by First State Investments. The five vessels operating the route are included in the agreement and the route will continue to be marketed under the name Scandlines Helsingør-Helsingborg.

All Scandlines employees on the Helsingør-Helsingborg crossing were offered to continue in their position on the same terms. In addition, Scandlines are working closely with Scandlines Helsingør-Helsingborg to ensure a smooth transition. Accordingly, customers will not experience any changes in the operation of the ferries.

Management commentary

This decision changes the condition for Scandlines' relation to HH Ferries I/S. However, it is important to note that Scandlines will continue the close collaboration with Scandlines Helsingør-Helsingborg and the new owner in the nearest future, among other things on the important transit traffic from Sweden via Denmark to Germany and vice versa.

The proceeds from the sale have been used to repay debt and pay out dividends in accordance with the agreement reached with the banking group.

Future development and opportunities

For the year to come, Scandlines will focus on the two Traffic Machines between Germany and Denmark together with the land-based retail operations in the two BorderShops. The strategic objective is to further develop the position as a customer-driven ferry operator with frequent transportation services with high capacity and crossing times of up to two hours to both passengers and freight customers. These services will be coupled with a strong focus on on board services and shopping opportunities.

The positive development is carried forward by several factors: growth in the most important corridor Germany-Denmark, a strong performance within catering and retail coupled with operational improvements across Scandlines. For 2015, we expect an overall growth of 3-5 percent in revenue as well as in net income.

We continue our work to move closer to our customers, as it is imperative that the customer has a positive experience with us in every transaction. The strategic focus is underlined by the heavy investments made since 2010 in upgrading the existing fleet in order to provide better on board customer experiences and harmonising the vessels. The ambitious revitalisation projects will continue in 2015 with emphasis on investments in technologies to reduce environmentally unfriendly emissions and fuel consumptions, while continuously focusing on providing an increasingly comfortable and reliable journey in a modern setting. The ongoing effort in these areas involves every employee in the company.

Based on the strategic decision to lead the environmental change in the Baltic Sea, Scandlines successfully implemented the groundbreaking and award-winning hybrid propulsion system on the four vessels operating the route Puttgarden-Rødby. However, our ambition is zero emission. We have learned tremendously from the hybrid propulsion system and are collaborating closely with Scandlines Helsingør-Helsingborg around converting two of the vessels on the route Helsingør-Helsingborg to 100 percent battery propulsion including shore-side charging in the ports.

The ambition for the future is to strengthen the axis of the German and Danish capitals and establish Rostock-Gedser as an efficient, reliable and competitive corridor through Central Europe. The investment in two new ferries for the route is an important part of the strategy for future growth. Scandlines is, therefore, pleased that the completion of the two vessels for the route Rostock-Gedser is proceeding according to plan.

Management commentary

The two new ferries will replace M/V Kronprins Frederik and M/V Prins Joachim, currently sailing on the route Rostock-Gedser. The two new vessels are tailor-made for the route and will offer ample space as each ferry will have a capacity of 1,300 passengers and 460 cars or 96 trucks. The ferries will be operated by Scandlines' ground-breaking and award-winning hybrid propulsion system and will be combined with a scrubber that cleans the engine exhaust streams of pollutants such as sulphur and particulates and reduces sulphur emissions by at least 90 percent. The two new ferries will be put into operation on the route Rostock-Gedser in the second half of 2015. This will ensure that we can operate the route Rostock-Gedser more efficiently and environmentally friendly and, at the same time, offer high capacity with a unique on board experience.

In December, we started negotiations with the German works council regarding adjustments to the existing business set-up. Amongst other actions, we decided to move the German headquarters with top management to Hamburg, the epicentre of German maritime activity. The intention is to also relocate the finance department from Warnemünde to Hamburg. As to our location in Mecklenburg-Vorpommern, Scandlines will concentrate its presence in the port of Rostock.

In order to further increase the volume on the respective routes, Scandlines will focus on marketing efficiency together with improvements in the product offerings. Scandlines will continue to focus on the attractive Swedish market to promote both self-drive holidays and shopping tickets. Scandlines will also intensify the efforts within destination marketing and focus on highlighting reasons-to-go.

In 2015, German and Danish authorities will initiate their formal approval process of establishing a fixed link on Fehmarn Belt right next to Scandlines' Puttgarden-Rødby ferry crossing.

Scandlines will continously work towards securing that the foundation for a decision regarding establishment of a fixed link is as correct as possible. This implies a continued positive and factual dialogue with decision makers in Germany, Denmark and the EU.

Consolidated financial statements

Income statement

	Notes	2014 MEUR	04.10.13-31.12.13 MEUR
Continuing operations			
Revenue	2	444.7	23.0
Other operating income		11.0	0.7
Total income		**455.7**	**23.7**
Operating costs for vessels		-41.7	-1.6
Cost of goods sold	3	-134.9	-8.4
Staff costs	4	-80.4	-7.8
Other external expenses	20	-57.9	-6.7
Total costs		**-314.9**	**-24.5**
Result before amortisation and depreciation (EBITDA)		**140.8**	**-0.8**
Amortisation and depreciation	5,9,10	-25.8	-2.1
Result from operations		**115.0**	**-2.9**
Financial income	6	1.4	1.9
Financial expenses	7	-52.1	-3.9
Result before tax		**64.3**	**-4.9**
Tax for the year	8	-4.1	-8.6
Result for the year from continuing operations		**60.2**	**-13.5**
Discontinued operations			
Result for the year from discontinued operations	25	14.2	0.2
Result for the year		**74.4**	**-13.3**
Attributable to:			
Owners of the parent company		78.1	-13.3
Non-controlling interests		-3.7	0.0
		74.4	-13.3

Consolidated financial statements

Statement of comprehensive income

	Notes	2014 MEUR	04.10.13-31.12.13 MEUR
Result for the year		**74.4**	**-13.3**
Other comprehensive income/loss			
Items that may be reclassified subsequently to profit and loss			
Value adjustments of hedging instruments:			
Value adjustments for the year		-11.1	0.1
Reclassified to income statement:			
Operating costs for vessels		0.8	0.0
Foreign exchange adjustments, foreign enterprises		-0.1	0.3
Other comprehensive income/loss after tax		**-10.4**	**0.4**
Total comprehensive income/loss		**64.0**	**-12.9**
Attributable to:			
Owners of the parent company		67.7	-12.9
Non-controlling interests		-3.7	0.0
		64.0	**-12.9**

Consolidated financial statements

Balance sheet

	Notes	31.12.14 MEUR	31.12.13 MEUR
ASSETS			
Goodwill		630.1	730.3
Software		5.3	5.1
Other intangible assets		2.6	16.5
Non-current intangible assets	9	**638.0**	**751.9**
Land and buildings		100.3	147.2
Vessels		106.6	137.9
Other fixtures and fittings, tools and equipment		85.7	96.5
Assets under construction		122.8	19.9
Non-current tangible assets	10	**415.4**	**401.5**
Receivables	12	43.6	47.2
Deferred tax	13	0.5	0.6
Other non-current assets		**44.1**	**47.8**
Total non-current assets		**1,097.5**	**1,201.2**
Inventories	11	16.7	14.8
Receivables	12	66.7	72.0
Prepayments		2.5	6.2
Cash		64.9	87.0
Current assets		**150.8**	**180.0**
Assets classified as held for sale	25	**197.8**	**0.0**
Total current assets		**348.6**	**180.0**
Assets		**1,446.1**	**1,381.2**

Consolidated financial statements

Balance sheet

	Notes	31.12.2014 MEUR	31.12.13 MEUR
EQUITY AND LIABILITIES			
Share capital		0.0	0.0
Reserves		-10.0	0.4
Retained earnings		438.5	386.7
Equity attributable to owners		428.5	387.1
Non-controlling interests		50.9	28.3
Total equity		**479.4**	**415.4**
Interest-bearing liabilities	14	749.2	851.9
Deferred tax	13	4.1	3.6
Pension and anniversary liabilities	15	0.5	1.4
Total non-current liabilities		**753.8**	**856.9**
Interest-bearing liabilities	14	88.5	21.7
Income tax	17	6.1	4.6
Trade payables		47.2	51.6
Other provisions	16	12.1	5.3
Other liabilities	18	36.5	21.3
Deferred income	19	2.7	4.4
Total current liabilities		**193.1**	**108.9**
Liabilities directly associated with assets classified as held for sale	25	**19.8**	**0.0**
Total liabilities		**966.7**	**965.8**
Equity and liabilities		**1,446.1**	**1,381.2**

Consolidated financial statements

Cash flow statement

	Notes	2014 MEUR	04.10.13-31.12.13 MEUR
Result before amortisation and depreciation (EBITDA), continuing		140.8	-0.8
Result before amortisation and depreciation (EBITDA), discontinued		18.8	1.0
Adjustments for non-cash operating items, etc.	22	5.7	0.0
Working capital changes	23	-8.4	5.4
Cash flows from operating activities, gross		**156.9**	**5.6**
Interest received (income)		0.8	1.9
Interest paid (expenses)		-44.1	-3.9
Taxes paid		-0.7	-2.7
Cash flows from operating activities, net		**112.9**	**0.9**
Additions relating to acquisition of enterprises (SFH)		0.0	70.0
Additions relating to acquisition of enterprises (SFC)		0.0	30.5
Additions relating to acquisition of enterprises (SPK)		0.0	-8.8
Investments in intangible assets	9	-3.4	-0.3
Investments in land and buildings	10	-0.8	-1.2
Investments in vessels	10	-5.9	-4.2
Investments in other fixtures and fittings, tools and equipment	10	-2.5	-1.2
Investments in assets under construction	10	-109.7	-0.3
Loans from/to affiliated companies		0.0	-59.0
Cash flows to/from investing activities		**-122.3**	**25.5**
Repayment, bank loan		-29.9	-737.5
New bank loan		19.8	798.1
Cash flows to/from financing activities		**-10.1**	**60.6**
Cash flows for the year		**-19.5**	**87.0**
Cash at 1 January		87.0	0.0
Currency exchange adjustment		-0.1	0.0
Cash at 31 December		**67.4**	**87.0**

The above cannot be directly derived from the income statement and balance sheet.

Consolidated financial statements

Statement of changes in equity, MEUR

	Share capital	Ex-change rate adjust-ments	Fair value adjust-ment of hedging instru-ments	Retai-ned ear-nings	Attri-butable-to owners of the parent	Non-control-ling interests	Total
Equity at 1 January 2014	0.0	0.3	0.1	386.7	387.1	28.3	415.4
Comprehensive income/loss for the year							
Result for the year	0.0	0.0	0.0	78.1	78.1	-3.7	74.4
Other comprehensive income/loss	0.0	-0.1	-10.3	0.0	-10.4	0.0	-10.4
Total comprehensive income/loss	0.0	0.2	-10.2	464.8	454.8	24.6	479.4
Transactions with the owners							
Distribution and capital injection in affiliate	0.0	0.0	0.0	-26.3	-26.3	26.3	0.0
Equity at 31 December 2014	**0.0**	**0.2**	**-10.2**	**438.5**	**428.5**	**50.9**	**479.4**

Reserves

Hedging reserve:

The hedging reserve includes the accumulated net change in the fair value of hedging interest rate and bunker fuel hedging instruments, which qualify for hedging of future cash flows.

Consolidated financial statements

Statement of changes in equity, MEUR

	Share capital	Ex-change rate adjust-ments	Fair value adjust-ment of hedging instru-ments	Retai-ned ear-nings	Attri-butable-to owners of the parent	Non-control-ling interests	Total
Equity at 4 October 2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Comprehensive income/loss for the period							
Result for the period	0.0	0.0	0.0	-13.3	-13.3	0.0	-13.3
Other comprehensive income/loss	0.0	0.3	0.1	0.0	0.4	0.0	0.4
Total comprehensive income/loss	0.0	0.3	0.1	-13.3	-12.9	0.0	-12.9
Transactions with the owners							
Capital increase 3 December	0.0	0.0	0.0	144.9	144.9	0.0	144.9
Capital increase 3 December	0.0	0.0	0.0	135.7	135.7	0.0	135.7
Capital increase 3 December	0.0	0.0	0.0	16.7	16.7	0.0	16.7
Capital increase 3 December	0.0	0.0	0.0	19.3	19.3	0.0	19.3
Adjustment to fair value of contributed shares	0.0	0.0	0.0	83.4	83.4	0.0	83.4
Acquisition of enterprise	0.0	0.0	0.0	0.0	0.0	28.3	28.3
	0.0	0.0	0.0	400.0	400.0	28.3	428.3
Equity at 31 December 2013	0.0	0.3	0.1	386.7	387.1	28.3	415.4

Reserves

Hedging reserve:

The hedging reserve includes the accumulated net change in the fair value of hedging interest rate and bunker fuel hedging instruments, which qualify for hedging of future cash flows.

Consolidated financial statements

Overview of notes

Consolidated financial statements

Notes, MEUR

1. Significant accounting estimates and judgements
As part of the preparation of the consolidated financial statements, Management makes a number of accounting estimates and judgements as well as assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The Group's accounting policies are described in detail in note 30 to the consolidated financial statements to which we refer.

Management considers the following accounting estimates and judgements to be significant in the preparation of the annual report.

Business combinations
When businesses are acquired, the assets, liabilities and contingent liabilities of the business acquired are to be recognised applying the acquisition method under IFRS 3. When determining the fair value of the assets, liabilities and contingent liabilities acquired and the consideration, Management makes a number of estimations and judgements. Please refer to note 24 to the consolidated financial statements.

The non-allocated consideration is recognised in the balance sheet as goodwill which is allocated to the Group's cash-generating units, and this too is based on Management's estimates.

Impairment test of goodwill and other non-current intangible assets
Goodwill is tested for impairment at least once a year and in the event of any indication of impairment. Impairment tests are based on the expected future free cash flow from the relevant cash-generating unit. For a more detailed description of the impairment testing of goodwill, please refer to note 9 to the consolidated financial statements.

Impairment test of vessels, including assessments of expected useful lives and scrap values
Significant accounting estimates and judgements of vessels include a breakdown of the vessel's cost into components based on their expected useful lives, the vessel's expected maximum useful life for the enterprise, scrap value and impairment testing. The vessels' expected useful lives for the enterprise and their scrap values are revalued and estimated at least once a year. In addition, impairment tests are performed in the event of any indication of impairment.

Consolidated financial statements

Notes, MEUR

1. Significant accounting estimates and judgements (continued)
For a more detailed description of estimates and judgements concerning vessels, please refer to the accounting policies described in note 30 to the consolidated financial statements.

Write-down for bad and doubtful debts
Receivables are measured at amortised cost less write-down for bad and doubtful debts. Such write-down is made based on customers' inability and/or unwillingness to pay. If a customer's ability to pay deteriorates looking forward, then further write-down may be necessary.

The need to write-down receivables for impairment and the adequacy of such write-down are assessed by Management based on historical data on customer payment patterns, age analyses, bad and doubtful debts, customer concentrations, customers' credit rating, any collateral received, etc. Please refer to note 12 to the consolidated financial statements.

Leases
The Group has entered into leases/charter agreements on vessels, buildings and other equipment. These leases/charter agreements have been entered into on ordinary terms and conditions. Based on separate assessments of the individual leases/agreements when closed, Management considers whether the individual agreements are to be regarded as a finance lease or an operating lease.

Provisions and contingencies
Management regularly assesses provisions and contingencies as well as the probable outcome of pending or possible lawsuits and similar matters. The outcome depends on future events which are inherently uncertain. When assessing the probable outcome of major lawsuits, tax matters etc, Management involves external legal advisers and existing legal practice. Please refer to note 16 and 26 to the consolidated financial statements.

Consolidated financial statements

Notes, MEUR

	2014	04.10.13-31.12.13
2. Revenue		
Ferry transport	277.1	16.3
BorderShops, retail and catering on board	232.2	15.7
	509.3	32.0
Revenue related to discontinued operations	-64.6	-9.0
	444.7	23.0

	2014	04.10.13-31.12.13
3. Cost of goods sold		
Retail and catering on board	-41.5	-3.3
BorderShops	-102.1	-6.6
	-143.6	-9.9
Cost of goods sold related to discontinued operations	8.7	1.5
	-134.9	-8.4

There has not been any material impairment on inventories.

	2014	04.10.13-31.12.13
4. Staff costs		
Salaries and wages	-76.8	-12.1
Pension contributions	-13.2	-1.2
Other social security costs	-1.3	-0.2
	-91.3	-13.5
Staff cost related to discontinued operations	10.9	5.7
	-80.4	-7.8
Average number of employees	1,742	1,651
Remuneration to key management personnel (Executive Management)		
Salaries and fees	1.3	0.1
	1.3	0.1

The Management is entitled to bonus dependent on specific performance measures.

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	2014	**04.10.13-31.12.13**
5. Amortisation and depreciation		
Amortisation, intangible assets	-4.1	-0.3
Depreciation, vessels	-14.3	-1.2
Depreciation, land and buildings	-4.3	-0.4
Depreciation, other property, plant and equipment	-7.8	-0.7
	-30.5	**-2.6**
Amortisation and depreciation related to discontinued operations	4.7	0.5
	-25.8	-2.1
6. Financial income		
Interest on cash etc.	0.1	1.7
Interest from affiliated companies	1.7	0.2
Total investment income from financial assets not classified as at FVTPL	1.8	1.9
Financial income related to discontinued operations	-0.4	0.0
	1.4	1.9
7. Financial expenses		
Interest to credit institutions etc.	-41.1	-3.9
Other financial expenses	-11.0	-0.2
Total investment income from financial liabilities not classified as at FVTPL	52.1	-4.1
Financial expenses related to discontinued operations	0.0	0.2
	-52.1	-3.9

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	2014	**04.10.13-31.12.13**
8. Tax for the year		
Current tax	-1.4	-4.6
Changes in deferred tax	-0.6	-4.1
Adjustment previous year	-2.4	-0.0
	-4.4	-8.7
Tax related to discontinued operations	0.3	0.1
	-4.1	-8.6
Tax for year can be specified as follows:		
Result before tax	64.3	-4.9
Of this, subject to tonnage taxation	-112.1	12.5
	-47.8	7.6
Tax calculated as 24.5% and 25% of result before tax	-11.7	2.0
Calculated tax in foreign companies adjusted to 25%	-0.2	0.0
Non-deductable interest	13.6	0.0
Adjustment previous year	2.4	0.0
Tax effect of:		
Capital gain by internal transfer of shares in subsidiary	0.0	6.7
	4.1	8.6
Effective tax rate	6.4%	-175.5%

The shipping activities of Danish and German group enterprises are subject to tonnage tax schemes, with taxable income from the transport of passengers and goods being calculated based on tonnage for the year.

The Group has committed itself to the tonnage tax scheme. The Group does not expect to resign from the scheme, for which reason no provision has been made for deferred tax on the tonnage-taxed assets and liabilities. Income from other activities is taxed under ordinary tax rules.

Tax on other comprehensive income

Value adjustments on bunker hedging instruments are related to tonnage tax and there are no separate taxes related hereto. Tax related to interest rate swaps is EUR 0 due to limitations on deductible interest expenses.

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9. Non-current intangible assets

2014	**Goodwill**	**Software**	**Other intangible assets**
Cost at 1 January	730.3	5.3	16.6
Additions	0.0	3.4	0.0
Disposals	0.0	0.0	0.0
Reclassified as held for sale	-100.2	-0.4	-13.6
Cost at 31 December	630.1	8.3	3.0
Amortisation at 1 January	0.0	0.2	0.1
Amortisation	0.0	2.9	1.2
Disposals	0.0	0.0	0.0
Reclassified as held for sale	0.0	-0.1	-0.9
Amortisation at 31 December	0.0	3.0	0.4
Carrying amount at 31 December	**630.1**	**5.3**	**2.6**

2013	**Goodwill**	**Software**	**Other intangible assets**
Cost at 4 October			
Additions relating to acquisition of enterprises	730.3	5.0	16.6
Additions	0.0	0.3	0.0
Disposals	0.0	0.0	0.0
Cost at 31 December	730.3	5.3	16.6
Amortisation at 4 October			
Amortisation	0.0	0.2	0.1
Disposals	0.0	0.0	0.0
Amortisation at 31 December	0.0	0.2	0.1
Carrying amount at 31 December	**730.3**	**5.1**	**16.5**

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9. Non-current intangible assets (continued)
The carrying amount of non-current intangible assets other than goodwill primarily relates to software and contractual rights concerning the Helsingør-Helsingborg ferry service. Goodwill arising from an acquisition is allocated at the time of acquisition to cash generating units expected to gain economic benefits from the business combination.

The carrying amount of goodwill can be specified as follows by cash generating unit:

	31.12.14	31.12.13
Ferry services		
Puttgarden - Rødby	488.4	487.9
Rostock - Gedser	66.2	66.3
Helsingør - Helsingborg	100.2	100.6
	654.8	654.8
BorderShops		
Puttgarden	74.8	74.8
Rostock	0.7	0.7
	75.5	75.5
Total goodwill	**730.3**	**730.3**

Goodwill is tested for impairment once a year as a minimum, and more often when indication of impairment exists.

No impairment of goodwill was made for the financial year.

The most significant uncertainties and assumptions relate to the determination of discount and rates and estimated changes in selling prices, volume and costs (particularly bunker costs) for the budget and terminal periods. Also, the date of commissioning of the Fehmarn Belt fixed link is crucial.

Using forecasts extending to the year 2030 as base for our calculation of value in use of the cash generating units are justified by the expectations of the future build of the Fehmarn Belt fixed link.

Goodwill on Helsingør-Helsingborg is tested based on January 2015 actual sales price of Scandlines Helsingør-Helsingborg ApS.

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9. Non-current intangible assets (continued)
The building of the fixed link is estimated to have a material impact on our business and the different routes.

Calculating cash flows based on budgets or forecasts of a shorter time span will not correctly consider this impact and the consequences following and, therefore, distort the values of the cash flows.

The cash flows appearing from budgets and forecasts up to 2030 last adopted by Management were used in calculating the value in use of the cash-generating units. For financial years following the budget periods, cash flows from the most recent budget period were extrapolated, adjusted for the estimated growth rate of 1 percent. The discount rate applied is 13 percent before tax.

Revenue growth rate estimation is 5 - 7 percent up to the time of completion of the Fehmarn Belt fixed link. By completion of the fixed link, we estimate a material negative impact on revenue, both on our traffic routes and Bordershops, and an estimated 5 percent growth afterwards until 2030.

The Rostock-Gedser route will not directly be impacted by the Fehmarn Belt fixed link, but we consider the secondary effects to be positive, as more traffic is expected diverted to this route as a consequence of lower frequency on Puttgarden-Rødby.

Cash generating unit	Overall growth rate in terminal period	Revenue growth before fixed link	Revenue growth after fixed link until 2030	Discount rate
Puttgarden-Rødby	1%	5%	5%	13%
Rostock-Gedser	1%	6%	5%	13%
BorderShops	1%	7%	5%	13%

The calculated discount rates reflect market assessments of the time value of money, expressed through a risk-free interest rate and specific risk involved in the individual cash generating unit. The discount rate is generally calculated after tax based on estimated Weighted Average Cost of Capital (WACC).

Estimated changes in selling prices, volume and costs for the budget and terminal periods are based on historic experience and estimated future market developments.

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10. Non-current tangible assets

2014	**Land & buildings**	**Vessels**	**Other fixtures and fittings, tools and equip.**	**Assets under construction**
Cost at 1 January	147.6	139.1	97.2	19.9
Reclassification	0.7	4.9	1.2	-6.8
Additions	0.8	5.9	2.5	109.7
Disposals	0.0	0.0	-0.3	0.0
Reclassified as held for sale	-46.1	-30.2	-6.6	0.0
Cost at 31 December	103.0	119.7	94.0	122.8
Depreciation at 1 January	0.4	1.2	0.7	0.0
Depreciation	4.3	14.3	7.8	0.0
Disposals	0.0	0.0	0.0	0.0
Reclassified as held for sale	-2.0	-2.4	-0.2	0.0
Depreciation at 31 December	2.7	13.1	8.3	0.0
Carrying amount at 31 December	**100.3**	**106.6**	**85.7**	**122.8**
Carrying amount includes:				
Government grants	7.5	4.2		

Tangible assets are tested for impairment when indication of impairment exists.

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10. Non-current tangible assets (continued)

2013	**Land & buildings**	**Vessels**	**Other fixtures and fittings, tools and equip.**	**Assets under construction**
Cost at 4 October				
Additions relating to acquisition of enterprises	149.7	131.0	90.0	26.2
Reclassification	(3.3)	3.9	5.7	(6.3)
Additions	1.2	4.2	1.5	0.0
Disposals	0.0	0.0	0.0	0.0
Cost at 31 December	147.6	139.1	97.2	19.9
Depreciation at 4 October	0.0	0.0	0.0	0.0
Depreciation	0.4	1.2	0.7	0.0
Disposals	0.0	0.0	0.0	0.0
Depreciation at 31 December	0.4	1.2	0.7	0.0
Carrying amount at 31 December	**147.2**	**137.9**	**96.5**	**19.9**
Carrying amount includes:				
Government grants	7.9	2.1		
Assets held under finance leases	0.0	37.4		

	31.12.14	**31.12.13**
11. Inventories		
Bunker	1.2	1.7
Goods for sale	13.4	11.4
Other inventories	2.4	1.7
	17.0	14.8
Inventories related to discontinued operations	-0.3	
	16.7	14.8

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	31.12.14	31.12.13
12. Receivables		
Financial leasing assets	47.2	50.6
Trade receivables	24.1	26.4
Receivables from affiliated companies	35.1	35.5
Income tax receivable	0.4	0.3
Other receivables	6.1	6.4
	112.9	119.2
Receivables related to discontinued operations	-2.6	
	110.3	119.2
Long-term receivables	43.6	47.2
Short-term receivables	66.7	72.0
	110.3	119.2

Receivables from affiliated companies comprise of loan to Scandferries Chartering UK Ltd. and Scandferries Holding UK Ltd.

Write-downs and losses realised are recognised in the income statement in other external expenses. The Group uses a provision account to reduce the carrying amount of trade receivables if the value is impaired due to risk of loss.

Financial leasing assets are related to the vessel Mecklenburg-Vorpommern and the back-to-back leasing agreement where Scandlines is both lessor and lessee. The receivable is off-set by a corresponding amount under lease liabilities, causing a net balance of zero.

	31.12.14	31.12.13
Provision account at 1 January	0.3	0.0
Additions relating to acquisition of enterprises 3 December	0.0	0.7
Losses recorded for the year	-0.1	0.0
Reversed provisions	0.0	-0.4
Bad debt provisions for the year	0.1	0.0
Provision account at 31 December	0.3	0.3
Due trade receivables written down (impaired value)	0.0	0.0
	0.0	0.0

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	31.12.14	31.12.13
12. Receivables (continued)		
Due trade receivables not written down:		
Overdue by up to one month	2.5	2.6
Overdue by 1-3 months	0.1	0.2
Overdue by 3-6 months	0.0	0.2
Overdue by more than 6 months	0.0	0.2
	2.6	3.2

	31.12.14	31.12.13
13. Deferred tax		
Deferred tax at 1 January	-3.0	0.0
Additions relating to acquisition of enterprises	0.0	1.1
Deferred tax for the year recognised in the income statement	-0.7	-4.1
Reduction of Danish income tax rate from 25% to 22% up to 2016	0.1	0.0
Deferred tax at 31 December	-3.6	-3.0
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	0.5	0.6
Deferred tax (liability)	-4.1	-3.6
	-3.6	-3.0
Deferred tax concerns:		
Intangible assets	0.0	-0.2
Property, plant and equipment	-3.6	-2.8
	-3.6	-3.0

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	31.12.14	31.12.13
14. Interest-bearing liabilities		
Finance lease commitments	57.7	64.5
Bank debt	705.6	779.1
Other long-term debt	0.0	8.3
Total non-current interest-bearing liabilities	763.3	851.9
Non-current interest-bearing liabilities related to discontinued operations	-14.1	
	749.2	851.9
Finance lease commitments	4.3	5.7
Bank debt	84.9	16.0
Total current interest-bearing liabilities	89.2	21.7
Current interest-bearing liabilities related to discontinued operations	-0.7	
	88.5	851.9
Total current and non-current interest-bearing liabilities	**837.7**	**873.6**

The fair value of the finance lease liabilities is equal to the carrying amount and calculated as the present value of expected future payments of instalments and interest.

EUR 525.0 million of the Group's interest-bearing liabilities fall due after five years (31.12.2013: EUR 596.8 million).

Please refer to note 21 with respect to financial risk etc.

Distribution of currency, nominal principal		
DKK	14.9	23.7
EUR	822.8	849.9
Total interest-bearing liabilities	**837.7**	**873.6**

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14. Interest-bearing liabilities (continued)

Bank debt 2014

	Currency	Fixed/float interest	Amortised cost	Nominal value	Fair value
Loan A (expiry 2019)	EUR	Floating	230.0	235.1	230.0
Loan B (expiry 2020)	EUR	Floating	511.3	525.0	511.3
Loan C (expiry 2019)	EUR	Floating	49.2	50.0	49.2
			790.5	810.1	790.5

Bank debt 2013

	Currency	Fixed/float interest	Amortised cost	Nominal value	Fair value
Loan A (expiry 2019)	EUR	Floating	256.8	265.0	256.8
Loan B (expiry 2020)	EUR	Floating	509.0	525.0	509.0
Loan C (expiry 2019)	EUR	Floating	29.3	30.2	29.3
			795.1	820.2	795.1

The fair value of the bank debt is calculated at present value of future payment and payment of interest applying the actual yield curve which derives from the actual market interest (level 2 in the fair value hierarchy).

The existing loan agreement is subject to covenants which may impact on the future interest rate level.

Facilities 2014	Facility	Utilised	Remaining facilities	Limitations
Loan A (expiry 2019)	235.1	235.1	0.0	
Loan B (expiry 2020)	525.0	525.0	0.0	
Loan C (expiry 2019)	50.0	50.0	0.0	Capex investments
Loan D (expiry 2019)	35.0	0.0	35.0	
	845.1	810.1	35.0	

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14. Interest-bearing liabilities (continued)

Facilities 2013	Facility	Utilised	Remaining facilities	Limitations
Loan A (expiry 2019)	265.0	265.0	0.0	
Loan B (expiry 2020)	525.0	525.0	0.0	
Loan C (expiry 2019)	50.0	30.2	19.8	Capex investments
Loan D (expiry 2019)	35.0	0.0	35.0	
	875.0	820.2	54.8	

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15. Pension and anniversary liabilities

The Group has entered into both defined contribution plans and defined benefit plans. The majority of the pension plans are funded by annual premium payments to independent insurance companies that assume responsibility for the pension commitments towards the employees (defined contribution plans). For these plans, the Group has no legal or actual obligation to pay additional contributions, regardless of the funding of these insurance companies. Pension contributions as part of such plans are regularly recognised as expenses. Defined pension plans are only used to a very limited extent and exist in Germany, only.

Development in present value of funded and unfunded defined commitments

	31.12.14	**31.12.13**
Balance at 1 January	3.0	0.0
Additions relating to acquisition of enterprises	0.0	2.5
Anniversary cost	0.2	0.5
Calculated interests related to obligations	0.0	0.1
Pensions paid	-1.1	-0.1
Liabilities at 31 December	**2.1**	**3.0**
Long-term liability	0.5	1.4
Short-term liability	1.6	0.1
Cost in profit/loss statement		
Personnel costs current year	0.2	0.5
Calculated interests related to obligations	0.0	0.1
Total	**0.2**	**0.6**
Defined benefit plans, assumptions		
Discount rate	1.6%	2.0%
Future increases in pensions	2.7%	3.0%

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	31.12.14	31.12.13
16. Other provisions		
Balance at 1 January	5.3	0.0
Reduction arising from payment	-5.3	0.0
Additions relating to acquisition of enterprises	0.0	5.1
Additions	12.1	0.2
	12.1	5.3
Other provisions are expected to fall due as follows:		
0-1 year	12.1	5.3
1-5 years	0.0	0.0
	12.1	5.3

Provisions are mainly related to personnel expenses and taxes.

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	31.12.14	31.12.13
17. Income tax		
Income tax payable at 1 January	4.6	0.0
Current tax for the year	1.4	4.6
Income tax paid in the year	-0.7	0.0
Adjustment previous year	0.8	0.0
Income tax payable at 31 December	**6.1**	**4.6**
18. Other liabilities		
Accrued interest	10.5	2.5
Public authorities (VAT, excise duties, taxes, etc.)	5.3	4.8
Pension liabilities (short term)	1.6	0.1
Holiday pay obligation, payroll, bonus, etc.	11.9	11.7
Other expenses payable	9.4	2.2
	38.7	21.3
Other liabilities related to discontinued operations	-2.2	
	36.5	21.3
19. Deferred income		
Prepayments by customers	3.9	4.4
	3.9	4.4
Deferred income related to discontinued operations	-1.2	
	2.7	4.4
20. Fees to auditors appointed by the Annual General Meeting		
Statutory audit	0.3	0.4
Other assurance engagements	0.0	0.0
Tax and VAT advisory services	0.1	0.1
Non-audit services	0.5	0.9
	0.9	**1.4**

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21. Financial risks and use of derivatives

The Group's risk management policy

The most significant risks of the Scandlines Group relate to operating, financing and investing activities. Risk management and framework conditions for these activities are drawn up in close cooperation with the Executive Management. Partly through policies approved on an annual basis by the Executive Management, and partly through more specific initiatives, projects or proposals. Risk management is performed centrally for the Group and includes the responsibility for identifying, measuring and possibly responding to risks based on the risk management policies. The Group does not actively speculate in financial risks, but only performs risk management in relation to the direct operating and financing activities.

Commodity risk

The primary risk associated with commodities relates to the purchase of fuel for the vessels due to the oil market's high volatility. This risk is incorporated in the contracts with customers, and about 53 percent of the total bunker cost is hedged by these means. In accordance with the policies adopted, moreover, up to 45 percent of bunker consumption may be hedged via hedge contracts.

An increase in the bunker price by 10 percentage points on the level at the balance sheet date would have a hypothetical positive effect – EUR 0.1 million – on the carrying amount in the equity's hedging reserve and result for the Group. This is a result of the hedge contracts entered into to hedge future bunker purchases. A drop in the bunker prices would have an equivalent negative effect.

Interest rate risks

Interest rate risks are evaluated regularly based on financing contracts entered into and regular assessment of exposure. The Group is primarily exposed to bank debt:

2014	**Expiry**	**Carrying amount**
Floating-rate loans	2019	230.0
Floating-rate loans	2020	511.3
Floating-rate loans	2019	49.2

In the event of an interest rate increase of 1 percentage point, the Group would have additional costs of EUR 3.3 million which would affect the equity similarly.

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21. Financial risks and use of derivatives (continued)

2013	**Expiry**	**Carrying amount**
Floating-rate loans	2019	256.8
Floating-rate loans	2020	509.0
Floating-rate loans	2019	29.3

In the event of an interest rate increase of 1 percentage point, the Group would have additional costs of EUR 2.2 million which would affect the equity similarly.

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21. Financial risks and use of derivatives (continued)
The existing loan agreement is subject to covenants every quarter or half year which may impact on the future interest rate level.

Additionally, interest swaps are used to hedge the fair value of the interest-bearing liability.

No interest risk is considered regarding the Mecklenburg-Vorpommern back-to-back leasing arrangement since adjustments in interest are invoiced through to external lessee.

Currency risks
The Group uses EUR and DKK as its basic currencies. No risk hedging is performed in relation thereto as the exchange rate between these two currencies is assessed as being subject to limited fluctuations.

The Group also uses SEK as a major currency. The exposure to SEK is regularly measured and evaluated.

Currency risks related to assets and liabilities (non-derivatives) recognised in the balance sheet:

2014

	Cash	Receivables	Liabilities	Net position	Hereof hedged
DKK	24.0	14.9	58.8	-19.9	0.0
SEK	9.5	2.1	0.4	11.2	0.0
Other	0.0	0.0	0.0	0.0	0.0
	33.5	17.0	59.2	-8.7	0.0

The table below displays the net effect on equity and profit/loss if the exchange rate had been 10 percent lower for DKK and SEK, respectively:

	Profit/loss	Equity
Net effect if DKK exchange rate was 10% lower	-4.5	-4.5
Net effect if SEK exchange rate was 10% lower	-1.6	-1.6
	-6.1	-6.1

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21. Financial risks and use of derivatives (continued)

2013

	Cash	Receivables	Liabilities	Net position	Hereof hedged
DKK	22.8	18.8	62.7	-21.8	0.0
SEK	2.7	0.5	5.6	-2.4	0.0
Other	0.0	0.0	0.2	0.0	0.0
	25.5	18.5	68.5	-24.2	0.0

The table below displays the net effect on equity and profit/loss if the exchange rate had been 10 percent lower for DKK and SEK, respectively:

	Profit/loss	Equity
Net effect if DKK exchange rate was 10% lower	-0.3	-0.3
Net effect if SEK exchange rate was 10% lower	0.3	0.3
	0.0	0.0

In 2013 and 2014, the Group has not used derivatives to hedge currency risks.

Credit risks
The Group's credit risks are considered limited. This is because the customer dependency is limited and the Group's losses recorded in recent years have been very modest compared to the overall revenue. Accordingly, credit risks have not been hedged.

To prevent losses from cash in banks, all deposits are placed in solid and respectable banks.

Cash flow risk
Historically, the Group has regularly had positive EBITDA, entailing that, in most months, the Group has generated positive liquidity. In 2013, the Group signed a Senior Facilities Agreement, in which all the Group's bank debt is combined. This agreement is effective until 2020. This agreement also offers the option of using an overdraft facility if, contrary to expectations, the Company falls short of funding.

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21. Financial risks and use of derivatives (continued)

The Group's debt falls due as follows (excl. interest):

2014

	Within 1 year	1-5 years	After 5 years	Nominal value
Non-derivatives				
Credit institutions and banks	88.4	196.7	525.0	810.1
Trade payables	47.2	0.0	0.0	47.2
Financial leasing	3.6	43.6	0.0	47.2
Derivatives				
Forward contracts as hedging instrument	4.9	5.9	0.0	
	144.1	246.2	525.0	

2013

	Within 1 year	1-5 years	After 5 years	Nominal value
Non-derivatives				
Credit institutions and banks	16.0	194.2	585.0	820.2
Trade payables	51.6	0.0	0.0	51.6
Financial leasing	5.7	60.0	15.2	84.4
Derivatives				
Forward contracts as hedging instrument	0.1	8.2	0.0	
	76.9	262.4	600.2	

For unused credit facilities, see note 14.

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21. Financial risks and use of derivatives (continued)

Capital management

The Group regularly evaluates the need for adjusting the capital structure in order to match the requirement for increased returns on capital invested and flexibility to realise the strategic objectives.

The Group's dividend policy is closely related to the existing loan agreement. This means that dividend may be allotted only if the assumptions determined in the agreement have been met. This ensures that dividend is allotted only if specific financial ratios have been observed, and that instalments in respect of the debt are made depending on the size of the dividend.

Fair value hierarchy of financial instruments measured at fair value in the balance sheet forward exchange transactions and interest rate swaps are valued using an income approach (discounted cash flow). Expected future cash flows are based on relevant observable swap rates and forward exchange rates and discounted using a discount rate that reflects the credit risk of the relevant counterparties (level 2).

Unless otherwise stated, the recognised amount equals the fair value.

The classification of financial instruments measured at fair value is disaggregated in accordance with fair value hierarchy:

- Quoted prices in an active market for identical instruments (level 1)
- Quoted prices in an active market for similar assets or liabilities or other valuation methods where all significant inputs are based on observable market data (level 2)
- Valuation methods in which any significant input is not based on observable market data (level 3)

Carrying amount by category of derivative financial instruments:

	31.12.14	**31.12.13**
Interest rate contract	-5.9	-8.2
Hedge of commercial goods (bunker)	-4.9	-0.1
	-10.8	-8.3

During the financial year, we had no financial instruments in level 1 or 3.

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21. Financial risks and use of derivatives (continued)

	31.12.14	31.12.13
Categories of financial instruments		
Financial leasing assets	47.2	50.6
Trade receivables	21.5	26.4
Receivables from affiliated companies	35.1	35.5
Other receivables	6.9	6.4
Loans and receivables	**110.7**	**118.9**
Derivative financial instruments entered into to hedge future cash flows	-10.8	-8.3
Financial liabilities used for hedging	**-10.8**	**-8.3**
Finance lease liabilities	47.2	70.2
Bank debt	705.6	795.1
Other long-term debt	0.0	8.3
Trade payables	46.0	51.6
Other liabilities	36.5	21.3
Financial liabilities measured at amortised cost	**835.3**	**946.5**

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	31.12.14	31.12.13
22. Non-cash transactions		
Change in provision	5.9	0.0
Change in other liabilities	-1.6	0.0
Change in other assets	1.4	0.0
	5.7	**0.0**
23. Working capital changes		
Increase (-)/decrease (+) in inventories	-2.1	2.2
Increase (-)/decrease (+) in receivables etc.	2.8	6.1
Increase (+)/decrease (-) in current liabilities	-9.1	-2.9
	-8.4	**5.4**

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24. Acquisition and divestment of enterprises and activities

At 3 December 2013, the Group has acquired 100 percent of Scandferries Holding GmbH, which, via subsidiaries, operates ferry services on the routes Puttgarden-Rødby, Rostock-Gedser and Helsingør-Helsingborg and retail business in the form of BorderShops in Puttgarden and Rostock, respectively.

The acquisition was made by the subsidiary, Scandlines ApS, and the Group acquired includes affiliated companies as specified in note 28.

	31.12.13
Software	4.8
Other intangible assets	16.6
Non-current intangible assets	**21.4**
Land and buildings	149.6
Vessels	131.0
Other fixtures and fittings, tools and equipment	90.0
Property, plant and equipment in progress	21.3
Non-current property, plant and equipment	**391.9**
Investments in associated companies	11.9
Financial leasing assets	47.3
Deferred tax assets	6.0
Other non-current assets	65.2
Total non-current assets	**478.5**

Consolidated financial statements

Notes, MEUR

	31.12.13
24. Acquisition and divestment of enterprises and activities (continued)	
Inventories	16.8
Receivables	26.8
Prepayments	1.7
Other assets	15.8
Cash	70.0
Total current assets	**131.1**
Interest-bearing liabilities	759.2
Financial leasing liability	47.3
Deferred tax	4.9
Pension and anniversary commitments	0.8
Other long-term liabilities	0.5
Total non-current liabilities	**812.7**
Interest-bearing liabilities	9.1
Income tax	0.7
Trade payables	49.0
Debt associated companies	38.7
Other debt	28.0
Deferred income	5.0
Total current liabilities	**130.5**

The Group has incurred acquisition costs of EUR 1.5 million which have been recognised in other external expenses in the income statement for 2013.

A purchase consideration was paid for the acquisition which exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired. This positive balance (goodwill) is primarily attributable to expected future earnings. Goodwill is not expected to be deductible for tax purposes.

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Notes, MEUR

24. Acquisition and divestment of enterprises and activities (continued)
EUR -13.3 million of the Group's result for the year may be attributed to earnings generated by the Scandferries Holding GmbH Group after the acquisition. The entire revenue of the Group is attributable to Scandferries Holding GmbH. Had the Scandferries Holding GmbH Group been acquired with effect from 1 January 2013, revenue for 2013 would have been approx. EUR 505 million, and profit for the year EUR 58.8 million. Management believes that these proforma figures reflect the earnings level of the Group after the acquisition of the enterprise, and that these amounts thus may form the basis of comparisons in the financial years to come.

There have been no acquisitions in 2014.

25. Discontinued operations and assets held for sale
On 9 January 2015, Scandlines and Stena signed an agreement of the sale of the ferry route Helsingør-Helsingborg. As a consequence hereof, items related to the sale (entities Scandlines Helsingør-Helsingborg ApS and Scandlines Øresund I/S) have been classified as discontinued operations and assets (and related liabilities) held for sale respectively. Closing has taken place.

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25. Discontinued operations and assets held for sale (continued)

Income statement

	2014 MEUR	04.10.13-31.12.13 MEUR
Revenue	64.6	9.0
Other operating income	1.2	4.2
Total income	**65.8**	**13.2**
Operating costs for vessels	-22.5	-3.8
Cost of goods sold	-8.7	-1.5
Staff costs	-10.9	-5.7
Other external expenses	-4.9	-1.2
Total costs	**-47.0**	**-12.2**
Profit before amortisation and depreciation (EBITDA)	**18.8**	**1.0**
Amortisation and depreciation	-4.7	-0.5
Result from operations	**14.1**	**0.5**
Result from associated companies	0.0	0.0
Net financial income	0.4	-0.2
Result before tax	**14.5**	**0.3**
Tax for the year	-0.3	-0.1
Result for the year from discontinued operations	**14.2**	**0.2**
Cash flows from discontinued operations:		
Net cash flows to/from operating activities	19.0	1.6
Net cash flows to/from investment activities	-1.0	0.0
Net cash flows to/from financing activities	0.0	0.0
Result for the year from discontinued operations	**18.0**	**1.6**

Consolidated financial statements

25. Discontinued operations and assets held for sale (continued)

Balance sheet

	31.12.14 MEUR
ASSETS	
Goodwill	100.2
Software	0.4
Other intangible assets	12.7
Land and buildings	44.1
Vessels	27.8
Other fixtures and fittings, tools and equipment	6.4
Inventories	0.3
Receivables	2.6
Prepayments	0.8
Cash	2.5
Assets classified as held for sale	**197.8**
Interest-bearing liabilities	14.8
Trade payables	1.6
Other liabilities	2.2
Deferred income	1.2
Liabilities directly associated with assets classified as held for sale	**19.8**
Net assets classified as held for sale	**178.0**

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Notes, MEUR

26. Guarantees, contingent liabilities and collateral

Guarantees

	31.12.14	31.12.13
Third party guarantees	**2.7**	**2.7**

Guarantees are primarily related to leasehold of property rented by Scandlines Group.

Contingent liabilities
The Group is party to a few pending lawsuits. Management believes that the outcome of these lawsuits will not materially affect the Group's financial position aside from the receivables and liabilities recognised in the balance sheet at 31 December 2014.

The Danish companies in the Group are part of a Danish joint taxation. Consequently, referring to the Danish Corporation Tax Act regulations, the Group is liable for any income taxes, etc. for the jointly taxed companies and the Group is liable for any obligations to withhold tax at source on interest, royalties and returns for the jointly taxed companies.

For employees engaged as public servants, the Group has a contingent liability of EUR 25.7 million (2013: EUR 27.7 million) in case of any dismissal thereof. The amount is related to salary in the termination period.

Collateral
The Group's bank debts, as disclosed in note 14, are obtained by the subsidiary of the Company, Scandlines ApS. All assets at any time belonging to the Group including recognised as well as not recognised assets are pledged as collateral for the bank debts. The collateral also includes the Company's shares in its subsidiary, Scandlines ApS, and shares in other Group companies owned by the Company or other Group companies.

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Notes, MEUR

27. Contractual obligations

For the years 2013 to 2018, operating leases have been entered into for office premises rented and cars leased. The leases have been entered into for a minimum of 3 years subject to fixed lease payments. The agreements are interminable for the period in question, after which they may be renewed. The Group has entered into a shipbuilding contract and in regards hereof has a future liability of EUR 120 million.

	31.12.14	31.12.13
Operating leasing commitments		
The aggregate future, minimum lease payments according to interminable leases are composed as follows:		
0-1 year	1.8	1.8
1-5 years	2.3	1.8
More than 5 years	0.2	0.3
	4.3	3.9
Minimum lease payments recognised in the income statement for the year	1.8	1.8
Finance lease commitments		
0-1 year	7.6	9.2
1-5 years	60.0	60.0
More than 5 years	7.6	15.2
	75.2	84.4
of this, financing element	-13.2	-14.2
	62.0	70.2
Recognised in the balance sheet:		
Current	4.3	5.7
Non-current	57.7	64.5
	62.0	70.2

Of this EUR 14.8 million related to discontinued oparations with a financing element of EUR 6.0 million. The finance leases are for vessels that service a number of the Group's routes. All leases follow a fixed instalment profile, and no leases contain provisions on contingent lease payments. The leases are interminable in the lease term agreed.

Consolidated financial statements

Notes, MEUR

28. Related parties
The Group’s related parties exercising control are Scandferries Holding ApS, Copenhagen.

Scandferries Holding ApS is the parent of Scandferries ApS. The ultimate parent is Scandferries Holding UK Ltd., whose primary owner is 3i Group. The activities of the Scandferries Group are managed by Scandlines Danmark ApS and Scandlines Deutchland GmbH and their subsidiaries.

The members of the Scandferries Holding ApS’ Supervisory Board and Executive Management and these persons’ close family members are also related parties.

Related parties also include all companies owned by Scandferries Holding ApS, Scandferries ApS’ associated companies.

During the period, there have been no transactions with related parties aside from intragroup transactions (primarily charter hire, management fees, etc.) which have been eliminated in the consolidated financial statements, ordinary remuneration of Executive Management (see note 4).

Receivables from affiliated companies are evident from note 12. There are no payables to affiliated companies as of 31 December 2014. Interest is evident from note 6 and 7.

Consolidated financial statements

Notes, MEUR

28. Related parties (continued)

The companies included in the consolidated financial statements are:

Company	Ownership	Country	City
Holding companies			
Scandlines ApS	100%	Denmark	Copenhagen
Scandferries Holding GmbH*	100%	Germany	Rostock
Subsidiaries			
Scandlines Deutchland GmbH*	100%	Germany	Rostock
Scandlines Danmark ApS	100%	Denmark	Copenhagen
Scandlines Gedser-Rostock ApS	100%	Denmark	Copenhagen
Scandlines Gedser Havn ApS	100%	Denmark	Copenhagen
Scandlines Helsingør-Helsingborg ApS	100%	Denmark	Copenhagen
Scandlines Catering ApS	100%	Denmark	Copenhagen
Jebo A/S	100%	Denmark	Copenhagen
Scandferries Chartering A/S	30%	Denmark	Copenhagen
Scandferries Chartering Hull no. 502 ApS	30%	Denmark	Copenhagen
Scandferries Chartering Hull no. 503 ApS	30%	Denmark	Copenhagen
Scandlines Bordershop Puttgarden GmbH*	100%	Germany	Rostock
Scandlines Bordershop Rostock GmbH*	100%	Germany	Rostock
Joint operations			
Scandlines Øresund I/S	50%	Denmark	Copenhagen

* The companies use the simplified procedure pursuant to §264, section 3 HGB (German commercial code).

29. Events after the balance sheet date

On 9 January 2015, Scandlines and Stena signed an agreement for the sale of the ferry route Helsingør-Helsingborg to a European infrastructure fund managed by First State Investments. The five vessels operating the route are included in the agreement and the route will continue to be marketed under the name Scandlines Helsingør-Helsingborg.

Except for this, no significant events have occured after 31 December 2014.

Consolidated financial statements

Notes, MEUR

30. Accounting policies
The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of reporting class C enterprises (large).

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

Basis of accounting
The consolidated financial statements are presented in EUR, the functional currency of Scandferries ApS.

The consolidated financial statements are prepared under the historical cost convention, with the exception of derivatives which are measured at fair value.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount before the change in classification and fair value net of selling costs.

The accounting policies described below have been applied consistently throughout the financial year.

Standards and interpretations effective in the current period
The following new and revised standards and interpretations are relevant for the Group and have been adopted as applicable in the current period:

- Amendments to IFRS 10 "Consolidated Financial Statements"
- Amendments to IFRS 12 "Disclosure of Interests in Other Entities"
- Amendments to IAS 19 "Employee Contributions"
- Amendments to IAS 27 "Separate Financial Statements"
- Amendments to IAS 36 "Impairment of Assets"
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"
- IFRIC 21 "Levies"

Effect of adopted financial reporting regulations not yet in force
IASB has issued the following new Standards and Interpretations which had not yet become effective at the time of preparation of Scandferries ApS' consolidated financial statements and parent financial statements for the financial year 2014:

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30. Accounting policies (continued)

- Amendments to IFRS 7 “Financial Instruments: Disclosures” (not effective for accounting periods beginning before 1 January 2017)
- IFRS 9 “Financial Instruments: Classification and measurement” (effective for accounting periods beginning on or after 1 January 2018)
- Amendments to IFRS 9 “Financial Instruments: Classification and measurement” (not effective for accounting periods beginning before 1 January 2017)
- Amendments to IFRS 11 “Joint Arrangements” (not effective for accounting periods beginning before 1 January 2016)
- IFRS 14 “Regulatory Deferral Accounts” (not effective for accounting periods beginning before 1 January 2016)
- IFRS 15 “Revenue from Contracts with Customers” (not effective for accounting periods beginning before 1 January 2017)
- Amendments to IAS 16 “Property, Plant and Equipment” (not effective for accounting periods beginning before 1 January 2016)
- Amendments to IAS 27 “Separate Financial Statements” (not effective for accounting periods beginning before 1 January 2016)
- Amendments to IAS 41 “Agriculture” (not effective for accounting periods beginning before 1 January 2016)

Management believes that application of the new Standards and Interpretations will not impact significantly on the annual reports for future financial years.

Critical accounting policies

Management believes that the accounting policies applied to the consolidated financial statements, business combinations, non-current intangible assets, vessels, operating leases versus finance leases and derivatives to be those most important to the Group. Below, each of those fields is described together with other accounting policies applied. Significant accounting estimates and judgements made when applying the Group’s accounting policies are described in note 1 to the consolidated financial statements.

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Notes, MEUR

30. Accounting policies (continued)

Description of accounting policies applied

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The consolidated financial statements include Scandferries ApS (the Parent) and subsidiaries, in which Scandferries ApS exercises control over their financial and operating policies. Control is achieved by the Parent either directly or indirectly owning or holding more than 50 percent of the voting rights or in any other way controlling the relevant enterprise (affiliated company). Scandferries ApS and its affiliated companies are together referred to as the Group.

Non-affiliated companies in which the Group exercises significant but not controlling influence are regarded as associates. Significant influence is typically achieved by the Parent, directly or indirectly, owning or holding more than 20 percent, but less than 50 percent, of the voting rights or by arrangement jointly controlling the enterprise with one or more other enterprises (jointly controlled enterprises).

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and the affiliated companies by aggregating uniform financial statement items and subsequently eliminating intercompany transactions, intercompany shareholdings and balances as well as unrealised intercompany gains and losses. The consolidated financial statements are based on financial statements prepared in compliance with the Group's accounting policies.

Investments in affiliated companies are offset by the proportionate share of such enterprises' equity value at the time of acquisition.

The Group's investments in associates are recognised at the proportionate share of the associate's equity value. Unrealised intercompany profits or losses from transactions with associates or jointly controlled enterprises are eliminated by the Group's equity interest therein.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Enterprises divested or wound up are recognised until the time of divestment or winding-up. Comparative figures are adjusted neither for enterprises added by way of acquisition or merger nor for enterprises divested.

Acquisitions of enterprises over which the Parent obtains control are accounted for under the acquisition method. The identifiable assets, liabilities and contingent liabilities of the enterprises acquired are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or arise out of a contractual right. Deferred tax is recognised for the reassessments made.

The acquisition date is the date on which Scandferries ApS effectively obtains control over the acquiree.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Positive balances (goodwill) between, on the one hand, the consideration paid, the value of minority interests in the enterprise acquired and the fair value of any equity interests previously acquired, and, on the other hand, the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill in intangible assets. Goodwill is not amortised, but tested at least once a year for impairment. Impairment tests are first made before the end of the year of acquisition.

On acquisition, goodwill is allocated to cash-generating units, which then form the basis of impairment testing. The allocation of goodwill by cash-generating unit is disclosed in note 9 to the consolidated financial statements.

Goodwill and fair value adjustments made as part of the acquisition of a foreign enterprise using a functional currency other than the presentation currency used by the Group are accounted for as assets and liabilities belonging to the foreign enterprise and translated, on initial recognition, into the functional currency applied by the foreign enterprise at the transaction date exchange rate. Negative balances (negative goodwill) are recognised in the income statement at the date of acquisition.

The consideration for an enterprise consists of the fair value of the consideration agreed in the form of assets acquired, liabilities assumed and equity instruments issued. Where parts of the consideration are conditional upon future events or fulfilment of agreed conditions, these parts of the consideration are recognised at fair value at the acquisition date. Costs attributable to business combinations are recognised directly in the income statement when incurred.

Positive and negative balances from enterprises acquired may be adjusted for a period of up to 12 months after the date of acquisition if the original recognition was preliminary or subject to error. Any other adjustments are recognised in the income statement under special items, including changes in estimates of contingent consideration.

If an enterprise is acquired by way of more than one transaction, such equity interests as are held directly prior to the last transaction leading to control are considered sold and directly repurchased at the acquisition date fair value. Any difference between the ”selling price” and the carrying amount of those equity interests results in a net profit or loss from the interests already held. Profits or losses are recognised in the income statement as financial income or financial expenses.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Step acquisitions after the achievement of control, that is acquisitions of minority interests, are taken directly to equity. Divestments of minority interests over which control is maintained are recognised directly in equity.

Profits or losses from divestment or winding-up of affiliated companies and associates are calculated as the difference between selling price or settlement price and the carrying amount of net assets at the time of sale, including any remaining goodwill, accumulated foreign exchange gains and losses previously taken to equity and estimated divestment or winding-up expenses. Any foreign currency translation adjustments attributable to the Group's equity interest which are recognised directly in equity are included in the calculation of profits. Any equity interests maintained are measured at fair value at the date that control ceases.

Foreign currency translation

Functional currency and presentation currency

Financial statement items for each of the Group's enterprises are measured applying the functional currency that is used in the primary economic environment in which the enterprise operates. The consolidated financial statements are presented in EUR, the Parent's functional currency and presentation currency.

Translation of transactions and amounts

On initial recognition, foreign currency transactions are translated into the functional currency applying the transaction date foreign exchange rates. Foreign exchange gains and losses from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognised in profit or loss under financial income or financial expenses, except when they are deferred through equity because they qualify for cash flow hedging.

Foreign exchange gains and losses from non-monetary items recognised at fair value, such as "available-for-sale" securities, are taken to the same caption as fair value gains or losses.

Non-current assets purchased in foreign currencies are translated applying the foreign exchange rate at the acquisition date. Gains and losses from accounting hedges related to the acquisition of non-current assets are included in the value of the asset on initial recognition thereof.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Translation of affiliated companies

On recognition in the consolidated financial statements of enterprises using functional currencies other than DKK, the income statement items are translated using the average exchange rate, whereas the balance sheet items are translated at the balance sheet date exchange rate. Exchange differences arising from the translation of those enterprises' equity at the beginning of the year, at the balance sheet date exchange rate as well as out of the translation of income statements from the transaction date exchange rate to the balance sheet date exchange rate are recognised in other comprehensive income and transferred to equity under a separate reserve for foreign currency translation adjustments. The foreign currency translation adjustments are divided between the Parent's share and the minority interests' share of equity.

When wholly-owned foreign enterprises are disposed of, such foreign currency translation adjustments accumulated in equity through other comprehensive income as are attributable to the enterprise are reclassified from "Reserve for foreign currency translation adjustments" to profit or loss together with any profit or loss from the disposal.

When partially owned foreign affiliated companies are disposed of, the portion of the reserve for foreign currency translation adjustments relating to minority interests is not taken to profit or loss.

When part of an associate or a joint venture is disposed of, the proportionate share of the accumulated reserve for foreign currency translation adjustments recognised in other comprehensive income is reclassified to profit or loss for the year.

Repayment of any balances deemed part of the net investment is not in itself regarded as constituting partial disposal of the subsidiary.

Derivatives

Derivatives are recognised from the trade date and are measured in the balance sheet at fair value. Positive and negative fair values of derivatives are included in other receivables or other payables, respectively, and set-off of positive and negative values is only made when the enterprise is entitled to and intends to settle several financial instruments on a net basis. The fair values of financial instruments are determined based on current market information and approved valuation methods.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Fair value hedging

Changes in the fair value of derivatives which are classified as and qualify for hedging of the fair value of a recognised asset or a recognised liability are recognised in the income statement along with changes in the value of the hedged asset or the hedged liability based on the hedged portion. Hedges of future cash flows pursuant to definite agreements, with the exception of foreign currency hedges, are accounted for as a hedge of the fair value of a recognised asset or a recognised liability.

Hedging of future cash flows

Changes in the portion of the fair value of derivatives which are classified as and comply with the requirements for hedging future cash flows and which effectively hedge changes in future cash flows are recognised in other comprehensive income. The effective portion of the fair value change is presented as a separate reserve in equity until the cash flows hedged affect profit or loss. At that time, gains or losses from such hedging transaction are transferred through other comprehensive income from equity and recognised in the same financial statement item as the transaction hedged.

If the hedging instrument no longer qualifies for hedge accounting, the hedging relationship will cease going forward. Accumulated changes in value recognised in equity are transferred to profit or loss through other comprehensive income when the cash flows hedged affect profit or loss.

If the cash flows hedged are no longer expected to be realised, the accumulated changes in value are immediately taken to the income statement.

Hedging of net investments

Changes in the fair value of derivatives which are applied to hedge net investments in foreign affiliated companies or associates and which effectively hedge changes in foreign exchange rates at such enterprises are recognised in other comprehensive income in the consolidated financial statements and transferred to a separate reserve in equity.

Other derivatives

For derivatives that do not qualify as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Government grants

Government grants for investments are offset against the purchase price of the relevant asset, thereby reducing depreciation of the assets for which the grant was received.

Rentals and leases

For financial reporting purposes, leases are divided into finance leases and operating leases.

A lease is classified as a finance lease when it transfers substantially all of the risks and rewards incidental to ownership of the leased asset. Other leases are classified as operating leases.

For assets held under finance leases, cost is the lower of the asset's fair value and present value of future minimum lease payments. The internal rate of return of the lease or the Group's alternative borrowing rate is applied as a discount factor for determining the present value. Assets held under finance leases are depreciated and written down for impairment in accordance with the accounting policies applied by the Group to similar proprietary non-current assets or over the lease period depending on the terms and conditions of the lease. The related lease commitment for assets held under finance leases is recognised in the balance sheet by an amount equivalent to the capitalised residual lease commitment measured at cost. The interest portion of the lease payment for the year is recognised in the income statement as a financial expense.

Lease payments on operating leases are recognised in profit or loss on a straight-line basis over the lease period unless other systematics better reflect the benefit from the use of the asset. The remaining rental and lease commitments of such leases are disclosed in the notes to the consolidated financial statements.

In the event of finance leases under which assets are leased out, an amount equal to the net investment in the lease is recognised as a receivable in the balance sheet. The asset is derecognised, and any gains or losses in this respect are taken to profit or loss.

Rental income from operating leases under which assets are leased out are recognised on a straight-line basis in profit or loss over the lease term.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Income statement

Revenue

Revenue from passenger and freight ferrying and sales at BorderShops etc. is recognised when the service is provided to the customer, which is the time of the passing of the risk.

Revenue is recognised at fair value net of VAT, duties and sales discounts.

Other operating income

Other operating income comprises income and expenses of a secondary nature as viewed in relation to the Company's primary activities.

Operating costs for vessels

The operating cost for vessels comprise consumables applied for current operation of vessels, expenses of unplanned shipyard stays and expenses of current maintenance of the safety level on the vessels. Furthermore, expenses for changes to the hulls of the vessels or for accommodation construction which do not increase the value in use are included.

Cost of goods sold

Cost of goods sold relates to sales at BorderShops and the sale of on board goods and services.

Staff costs

Salaries and wages, social security contributions, paid absence and absence due to sickness, bonuses and non-monetary payments are recognised in the financial year in which the Group's employees have performed the related work. Costs relating to the Group's long-term employee benefits are accrued in proportion to the work performed by the individual employees.

Other external expenses

These expenses comprise expenses incurred for administration and marketing of the Group, including stationery and office supplies.

Share of profit or loss of associates

The proportionate share of associates' profit or loss after tax and after elimination of the proportionate share of intercompany profits or losses is recognised in the consolidated income statement.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses on debt and foreign currency transactions, realised capital gains and losses on securities and amortisation of financial assets and liabilities, including finance lease commitments, as well as surcharges and reliefs under the Danish Tax Prepayment Scheme, etc. The item also includes realised and unrealised gains and losses from derivatives not classified as hedging transactions.

Taxation

Tax for the year, which consists of income tax, tonnage tax, and the annual joint taxation contribution for Danish affiliated companies and changes in deferred tax, are recognised in the income statement by the portion attributable to profit or loss for the year and taken directly to equity by the portion attributable to entries directly in equity. Corrections concerning previous years are included in this item as well.

When settling joint taxation contributions, the current Danish income tax is allocated among the jointly taxed enterprises proportionally to their taxable income. Enterprises with tax losses receive joint taxation contributions from enterprises that could have used such losses to reduce their own taxable profit.

Income tax and tonnage tax computed for the year are recognised in the balance sheet as current tax payable or receivable or as a joint taxation contribution for Danish enterprises, allowing for prepayments made. Pursuant to the Danish rules governing joint taxation, affiliated companies' liability for own income taxes is settled as and when the joint taxation contributions are paid to the administration company.

Deferred tax is computed on all temporary differences between the carrying amount and tax-based value of assets and liabilities. However, no recognition is made of deferred tax on temporary differences regarding goodwill not eligible for tax amortisation which arose at the time of acquisition without affecting profit or loss or taxable income.

For tonnage-taxed assets and liabilities, deferred tax is recognised insofar as it is expected to arise.

Deferred tax assets are recognised at their estimated realisable value. Adjustments are made for deferred tax on eliminations of unrealised intercompany profits and losses.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)
Deferred tax is computed based on the expected use and settlement of the individual assets and liabilities and on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to crystallise as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Assets

Current assets are defined as:

- Assets expected to be realised or are held for sale or consumption during Scandferries' normal operating cycle, or
- Assets primarily held for trading or expected to be realised within one year of the balance sheet date, or
- Cash with no restrictions on use

All other assets are classified as non-current.

Non-current intangible assets and property, plant and equipment
Unless otherwise specifically stated, the following applies:

- Non-current intangible assets and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment losses
- The cost of non-current intangible assets and property, plant and equipment consists of expenses for sub-suppliers, materials and components (only non-current items of property, plant and equipment) as well as direct labour costs
- Interest incurred from the time of payment until an asset is put into service is included in cost. The cost also includes gains and losses from hedging transactions entered into to secure the value of a non-current item of property, plant and equipment
- The basis of amortisation or depreciation is calculated as cost reduced by estimated scrap value
- Non-current intangible assets and property, plant and equipment are amortised and depreciated on a straight-line basis to estimated scrap values over their expected useful life to Scandferries
- Expected useful lives to Scandferries and scrap values are estimated at least once a year. When estimating the useful lives of vessels, it is taken into consideration that Scandferries continuously uses considerable funds for current maintenance
- If the depreciation period or the scrap value is changed, the future effect for depreciation is recognised as a change in the accounting estimate

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Goodwill

On initial recognition, goodwill is recognised at cost in the balance sheet as described under “Business combinations”. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

Goodwill is tested at least once a year for impairment.

The carrying amount of goodwill is allocated to the Group’s cash-generating units at the time of acquisition. The allocation of goodwill by cash-generating unit is disclosed in note 9 to the consolidated financial statements.

Contractual rights

Contractual rights acquired or developed for internal use are measured at cost less accumulated amortisation and impairment losses. Contractual rights are amortised on a straight-line basis over the expected useful lives of 20 years.

Software

Software acquired or developed for internal use is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the expected useful lives of three to five years.

Other intangible assets

Other non-current intangible assets are measured at cost less accumulated amortisation and impairment losses. They are amortised on a straight-line basis over their expected useful lives of three to five years.

Vessels

Rebuilding of vessels is capitalised if such rebuilding is attributable to either:

- Safety measures
- Measures extending the vessel’s life
- Earnings-improving measures
- Docking

Vessel maintenance costs are charged to the income statement when incurred, including ordinary maintenance insofar as such work is attributable to ordinary maintenance (day-to-day work).

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)
Docking costs are capitalised and depreciated on a straight-line basis over the period between two dockings. In most cases, the docking interval is two to three years.

Vessels are depreciated over a period of 30 to 40 years reckoned from the year in which a vessel is built. Improvements of engines and other mechanical installations are depreciated over the same useful life as the underlying asset. Catering and retailing equipment is depreciated over 5 to 15 years.

Profits and losses from the sale of vessels are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits and losses from the sale of vessels are recognised when material risks and rewards incident to ownership have passed to the buyer, and they are presented in the income statement under the caption “Profit from the sale of vessels, properties and terminals” unless the amount is significant which will cause them to be recognised in the caption “Other operating income”.

Other property, plant and equipment
Other property, plant and equipment consist of properties, terminals and operating equipment, furniture and leasehold improvements.

The expected useful lives are:

Properties	40 years
Harbour facilities and harbour installations	40 years
Operating equipment etc.	3-5 years

Profits and losses from the sale of properties, terminals, operating equipment, furniture and leasehold improvements are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits and losses from the sale of these assets are taken to profit or loss under ”Other operating income” or ”Special items” if a profit is considerable.

Investments in associates
Investments in associates are measured according to the equity method. This means that, in the balance sheet investments are measured at the proportionate share of the enterprises’ equity value, calculated applying the Group's accounting policies, plus the carrying amount of goodwill and plus or less the proportionate share of unrealised intercompany profits and losses.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)
Associates with a negative equity value are measured at EUR 0. If the Group has a legal or constructive obligation to cover the negative balance of the associate, this amount is recognised in liabilities.

Any receivables from associates are written down if the receivable is considered irrecoverable.

Interests in joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activites require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Gorup's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Other assets
On initial recognition, other non-current assets and current assets are measured at cost. Subsequently, these assets are measured in one of the following categories:

- Held for trading: The asset is measured at fair value, and value adjustments are recognised through profit or loss
- Available for sale: The asset is measured at fair value, and value adjustments are recognised through other comprehensive income and transferred to a separate reserve in equity
- Loans and receivables: The asset is measured at amortised cost, and value adjustments are recognised through profit or loss

Impairment
The carrying amounts of non-current intangible assets, property, plant and equipment and financial assets are reviewed regularly, at least once a year, to determine any indication of impairment. If such indication exists, the recoverable amount of the asset is determined. The recoverable amount is the higher of the asset's net selling price and value in use. The value in use is calculated by discounting to net present value the expected future net cash flows from the asset – either from the asset itself or from the lowest cash-generating unit that the asset belongs to.

Goodwill is tested for impairment (value in use) at least once a year. The Group's assets are tested for impairment regularly once a year, typically in December. If any indication of impairment occurs between the annual tests, Scandferries will perform an impairment review.

Inventories
Inventories are recognised at the lower of cost using the FIFO method and net realisable value.

Receivables
Receivables are recognised at amortised cost net of write-downs for bad and doubtful debts if an objective indication of impairment is estimated to exist. Such estimate is made on an individual basis.

Prepayments
The item concerns expenses incurred at the balance sheet date at the latest, but which concern subsequent years.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Equity

Dividend

Proposed dividend is recognised as a liability at the time of adoption at the general meeting (time of declaration). Dividend expected to be paid for the year is disclosed as a separate equity item.

Foreign currency translation adjustments reserve

The reserve for foreign currency translation adjustments includes currency translation differences arising from the translation of financial statements of enterprises using a functional currency other than EUR as well as currency translation adjustments relating to assets and liabilities which represent part of the Group's net investments in such enterprises.

Fair value adjustment of hedging instruments

The hedging reserve includes the accumulated net change in the fair value of hedging instruments which meet the criteria for hedging future cash flows with the transaction hedged not having been carried out yet.

Liabilities

Current liabilities are defined as:

- Liabilities expected to be settled during Scandferries' normal operating cycle, or
- Liabilities to be settled within twelve months after the balance sheet date

All other liabilities are classified as non-current.

Pension and anniversary commitments

Contributions to defined contribution plans are recognised in the income statement in the period which they concern, and any due payments are recognised in the balance sheet under other payables.

For defined benefit plans, an actuarial calculation is made of the net present value of future benefits to be paid pursuant to the plan. The value in use is calculated on the basis of assumptions about future developments in, for example, pay level, interest, inflation and mortality. The value in use is calculated only for the benefits that vest to the employees by way of their existing employment with the Group. The actuarial value in use net of the market value of any assets attaching to the plan is recognised in the balance sheet under pension commitments.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)
If a change occurs in benefits relating to the employees' existing employment with the Group and results in a change in the actuarial value in use, this is defined as a historical cost. Historical costs are recognised directly in profit or loss if the employees have already become eligible for the changed benefit. If not, the historical costs are recognised in the income statement over the period of time during which the employees earn the right to the changed benefit.

Other provisions
Provisions are recognised when, as a result of previous events, the Group has a legal or constructive obligation that will lead to a probable outflow of the Group's economic resources, if the amount thereof can be estimated reliably. Allowance is made for the time value of money if this has a major bearing on the measurement of the obligation.

Interest-bearing liabilities other than provisions
On initial recognition, debts to mortgage credit institutions and similar institutions are measured at fair value (equivalent to the proceeds received) less transaction costs incurred.

Subsequently, interest-bearing liabilities are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal amount is recognised in the income statement in "Financial expenses" over the term of the loan.

The capitalised remaining lease commitments from finance leases are also recognised in interest-bearing liabilities. Other liabilities are measured at amortised cost.

Other payables
Other payables include payables to staff, including wages, salaries and holiday pay payable, and to public authorities such as unsettled withholding tax, VAT, excise duties and similar levies as well as payables regarding the purchase and sale of vessels, buildings and terminals, calculated interest expenses payable, fair value of hedging transactions as well as breakdown costs etc. Other payables also include any amounts due concerning defined contribution plans.

Deferred income
The item concerns payments received at the balance sheet date at the latest, but which concern income in subsequent years.

Consolidated financial statements

Notes, MEUR

30. Accounting policies (continued)

Cash flow statement

The Group's cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities for the year as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities.

Cash flows from enterprises acquired are recognised in the cash flow statement from the time of their acquisition, and cash flows from enterprises divested are recognised up to the time of sale.

Cash flows from operating activities are calculated based on profit before amortisation and depreciation (EBITDA) and special items, adjusted for the cash flow effect of special items, non-cash operating items, working capital changes, financial expenses paid and income tax paid. Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises and activities as well as the acquisition and sale of non-current intangible assets, property, plant and equipment as well as financial assets. Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group's share capital, dividend paid as well as the incurrence of mortgage debt and raising of and repayment of mortgage loans, other long-term debt and short-term bank debt. Cash and cash equivalents comprise cash at bank and in hand.

Parent financial statements

Statement of comprehensive income

	Notes	2014 MEUR	04.10.13-31.12.13 MEUR
Administrative expenses	2	-0.1	0.0
Result before amortisation and depreciation (EBITDA)		**-0.1**	**0.0**
Financial income		0.0	0.0
Financial expenses		0.0	0.0
Result before tax		**-0.1**	**0.0**
Tax on loss for the year		0.0	0.0
Result for the year		**-0.1**	**0.0**
Other comprehensive income after tax		0.0	0.0
Total comprehensive income/loss		**-0.1**	**0.0**

Parent financial statements

Balance sheet

Assets

	Notes	2014 MEUR	04.10.13-31.12.13 MEUR
Investments in affiliated companies	3	400.0	400.0
Total non-current assets		**400.0**	**400.0**
Cash		0.0	0.0
Total current assets		**0.0**	**0.0**
Assets		**400.0**	**400.0**

Equity and liabilities

	Notes	2014 MEUR	04.10.13-31.12.13 MEUR
Share capital		0.0	0.0
Retained earnings		399.9	400.0
Proposed dividend		0.0	0.0
Total equity		**399.9**	**400.0**
Liabilities to affiliated		0.1	0.0
Total liabilities		**0.1**	**0.0**
Equity and liabilities		**400.0**	**400.0**

Parent financial statements

Balance sheet

Cash flow statement

	Notes	2014 MEUR	04.10.13-31.12.13 MEUR
Result before amortisation and depreciation (EBITDA)		**-0.1**	**0.0**
Working capital changes		0.1	0.0
Cash flows from operating activities		**0.0**	**0.0**
Cash flows from investing activities		**0.0**	**0.0**
Cash flows from financing activities		**0.0**	**0.0**
Cash flows for the year		**0.0**	**0.0**
Cash at 1 January		0.0	0.0
Currency translation adjustment of cash		0.0	0.0
Cash at 31 December		**0.0**	**0.0**

The above cannot be derived directly from the income statement and balance sheet.

Parent financial statements

Statement of changes in equity, MEUR

	Share capital	Proposed dividend	Fair value adjustment of hedging instruments	Retained earnings	Total
Equity at 1 January 2014	**0.0**	**0.0**	**0.0**	**400.0**	**400.0**
Comprehensive loss for the year					
Loss for the year	0.0	0.0	0.0	-0.1	-0.1
Equity at 31 December 2014	**0.0**	**0.0**	**0.0**	**399.9**	**399.9**

	Share capital	Proposed dividend	Fair value adjustment of hedging instruments	Retained earnings	Total
Equity at 4 October 2013	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Comprehensive loss for the period					
Profit for the period	0.0	0.0	0.0	0.0	0.0
Transactions with the owners					
Capital increase 3 December	0.0	0.0	0.0	144.9	144.9
Capital increase 3 December	0.0	0.0	0.0	135.7	135.7
Capital increase 3 December	0.0	0.0	0.0	16.7	16.7
Capital increase 3 December	0.0	0.0	0.0	19.3	19.3
Adjustment to fair value of contributed shares	0.0	0.0	0.0	83.4	83.4
	0.0	0.0	0.0	400.0	400.0
Equity at 31 December 2013	**0.0**	**0.0**	**0.0**	**400.0**	**400.0**

Parent financial statements

Overview of notes

Parent financial statements

Notes, MEUR

1. Significant accounting estimates and judgements

Estimation uncertainty

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that are significant to the Parent's financial reporting are made, for instance, by reviewing investments in subsidiaries for impairment. They constitute a major portion of the Parent's total assets.

Subsidiaries are tested for impairment if events or other circumstances indicate that the carrying amount is not recoverable. Measuring subsidiaries requires significant estimates to be made when making different assumptions, including expected future cash flows, discount rate and terminal value growth rates. The sensitivity to changes in the assumptions applied - collectively and individually - may be significant.

Particular risks of the Group are discussed in the management commentary and note 21 to the consolidated financial statements.

Assumptions about the future and other estimation uncertainties at the balance sheet date are disclosed in the notes if they involve a material risk of changes that may lead to considerable adjustment of the carrying amounts of assets or liabilities within the next financial year.

Accounting policies

Management estimates that, when applying the Parent's accounting policies, no judgements are made other than those involving estimations that can significantly affect the amounts recognised in the parent financial statements.

Parent financial statements

Notes, MEUR

2. Staff costs

The Executive Management has not received remuneration in the financial period.

	31.12.14	31.12.13
3. Investments in affiliated companies		
Total cost statement:		
Cost at 1 January	400.0	0.0
Additions for the year	0.0	400.0
Cost at 31 December	400.0	400.0
Carrying amount at 31 December	**400.0**	**400.0**

Investments in affiliated companies comprise:

Scandlines ApS, Copenhagen, Denmark, 100 percent

The carrying amount of the Parent's investments in affiliated companies is tested for impairment if an indication of impairment exists. Impairment tests conducted have not resulted in a need for write-downs.

Parent financial statements

Notes, MEUR

4. Guarantees, contingent liabilities and collateral

	31.12.14	**31.12.13**
The following assets are provided as collateral in favour of credit institutions in Scandlines ApS:		
Investments in affiliated companies	400.0	400.0

The Company is part of a Danish joint taxation. Consequently, referring to the Danish Corporation Tax Act regulations, the Company is, with effect from the financial year 2013, liable for any income taxes, etc. for the jointly taxed companies, and with effect from 1 July 2012, the Company is liable for any obligations to withhold tax at source on interest, royalties and returns for the jointly taxed companies.

5. Related parties

For specification of related parties refer to note 28 of the consolidated financial statements. Transactions with the Parent's related parties include purchase of subsidiary in 2013 (see note 3) and liability to group companies established in 2014.

Aside from this, no transactions with the Executive Management or major shareholders or other related parties have been made during the year.

6. Events after the balance sheet date

In January 2015, the Company has paid out dividend of EUR 181.4 million. Aside from this, no significant events have occurred after 31 December 2014.

Parent financial statements

Notes, MEUR

7. Accounting policies
The separate parent financial statements have been incorporated in the annual report because a separate set of financial statements is required for the Parent under the Danish Financial Statements Act.

The parent financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class C enterprises (large).

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

Description of accounting policies applied
Compared to the accounting policies described for the consolidated financial statements (see note 30 to the consolidated financial statements), the accounting policies applied by the Parent are different in the following respects:

Business combinations
In the parent financial statements, intercompany acquisitions (and divestments) of enterprises and activities are recognised and measured applying the book value method, under which any differences between the consideration and the carrying amounts of the tradable enterprises or activities are recognised directly in equity.

Foreign currency translation
Translation adjustments of balances considered part of the total net investment in enterprises using a functional currency other than EUR are recognised as financial income or financial expenses in the income statement of the parent financial statements.

Dividend income
Distribution of profits accumulated by subsidiaries is taken to income in the Parent's income statement in the financial year in which the dividend is declared. If an amount distributed is exceeding the subsidiary's comprehensive income for the year, then an impairment test is performed.

Tax on profit for the year
Enterprises using the tax losses of other enterprises pay a joint taxation contribution to the Parent that is equivalent to the tax base of the losses used whereas enterprises whose tax losses are used by other enterprises receive a joint taxation contribution from the Parent that is equivalent to the tax base of the losses used (full allocation).

Parent financial statements

Notes, MEUR

7. Accounting policies (continued)

Investments in affiliated companies

Investments in affiliated companies are measured at cost in the parent financial statements. If an indication of impairment exists, then an impairment test is performed as described in the accounting policies for the consolidated financial statements. If the carrying amount exceeds the recoverable amount, investments are written down to such lower amount.

If distributions are made from reserves other than accumulated profits of affiliated companies, such distribution will reduce the cost of the investments if the distribution is in the nature of a repayment of the Parent's investment.

Taxation

The Company is subject to the Danish rules requiring joint taxation of the Group's Danish subsidiaries. Joint taxation contribution to or from subsidiaries is recognised in tax on profit or loss for the year. Tax payable and receivable are taken to current assets and current liabilities. Joint tax contributions payable or receivable are recognised in the balance sheet under receivables from or payables to affiliated companies.

Statement by Executive Management on the annual report

The Executive Management has today considered and approved the annual report of Scandferries ApS for the financial year 1 January - 31 December 2014.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2014 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2014.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 29 April 2015

Executive Management

Søren Poulsgaard Jensen, CEO	Per Johannesen Madsen, CFO

Independent auditor's report

To the shareholder of Scandferries ApS

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Scandferries ApS for the financial year 1 January - 31 December 2014, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as the Parent. The consolidated financial statements and parent financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent 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.

Independent auditor's report

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2014, and of the results of their operations and cash flows for the financial year 1 January - 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

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 consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 29 April 2015

Deloitte
Statsautoriseret Revisionspartnerselskab

Kirsten Aaskov Mikkelsen	Bjarne Iver Jørgensen
State Authorised Public Accountant	State Authorised Public Accountant