



**SCANDLINES AG
ANNUAL REPORT 2001**

 **Scandlines**

COMPANY INFORMATION

Scandlines AG

Amtsgericht Rostock Handelsregister Reg. Nr. 7831

Head Office

Germany

Hochhaus am Fährhafen
D-18119 Rostock-Warnemünde
Telephone: +49 (0) 381 54 35-0
Facsimile: +49 (0) 381 54 35 678
Website: www.scandlines.com

Denmark

Dampfærgevej 10, 3
DK-2100 København Ø
Telephone: +45 33 15 15 15
Facsimile: +45 35 29 02 01
Website: www.scandlines.com

Management Board

Ole Rendbæk *Chief Executive Officer &
Chief Operational Officer*
Axel Bertram *Chief Financial Officer*

Supervisory Board

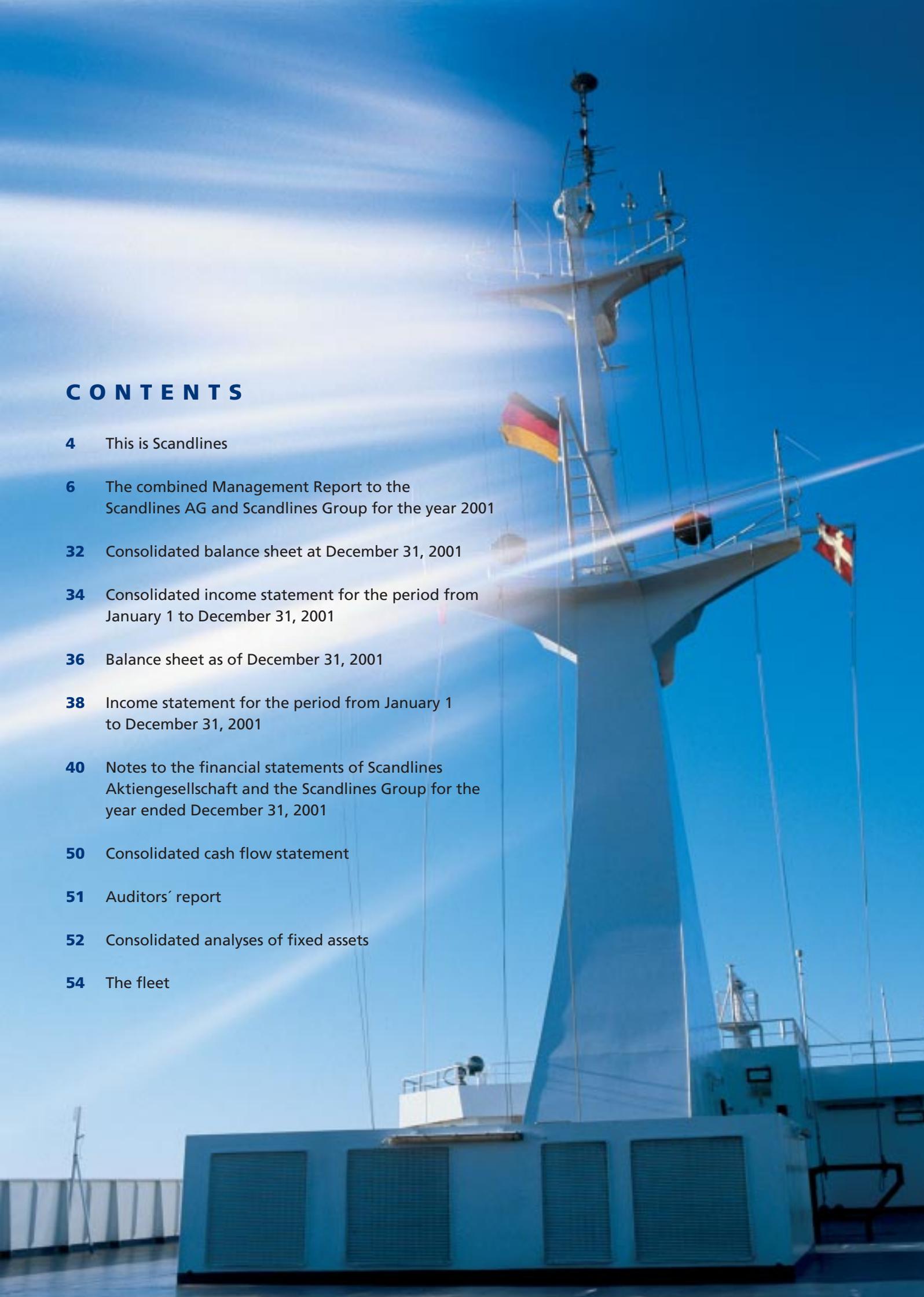
Dr. Bernd Dietrich Malmström *Chairman*
Sven Dyrlov Madsen *Deputy Chairman*
Dr. Matthias Zieschang
Leo Bruno Larsen
Claus Jensen*
Detlef Kobrow*
* *Employee representative*

Ownership

The ownership of Scandlines AG is equally divided between the Danish Ministry of Transport (50 %) and Deutsche Bahn AG (50 %).

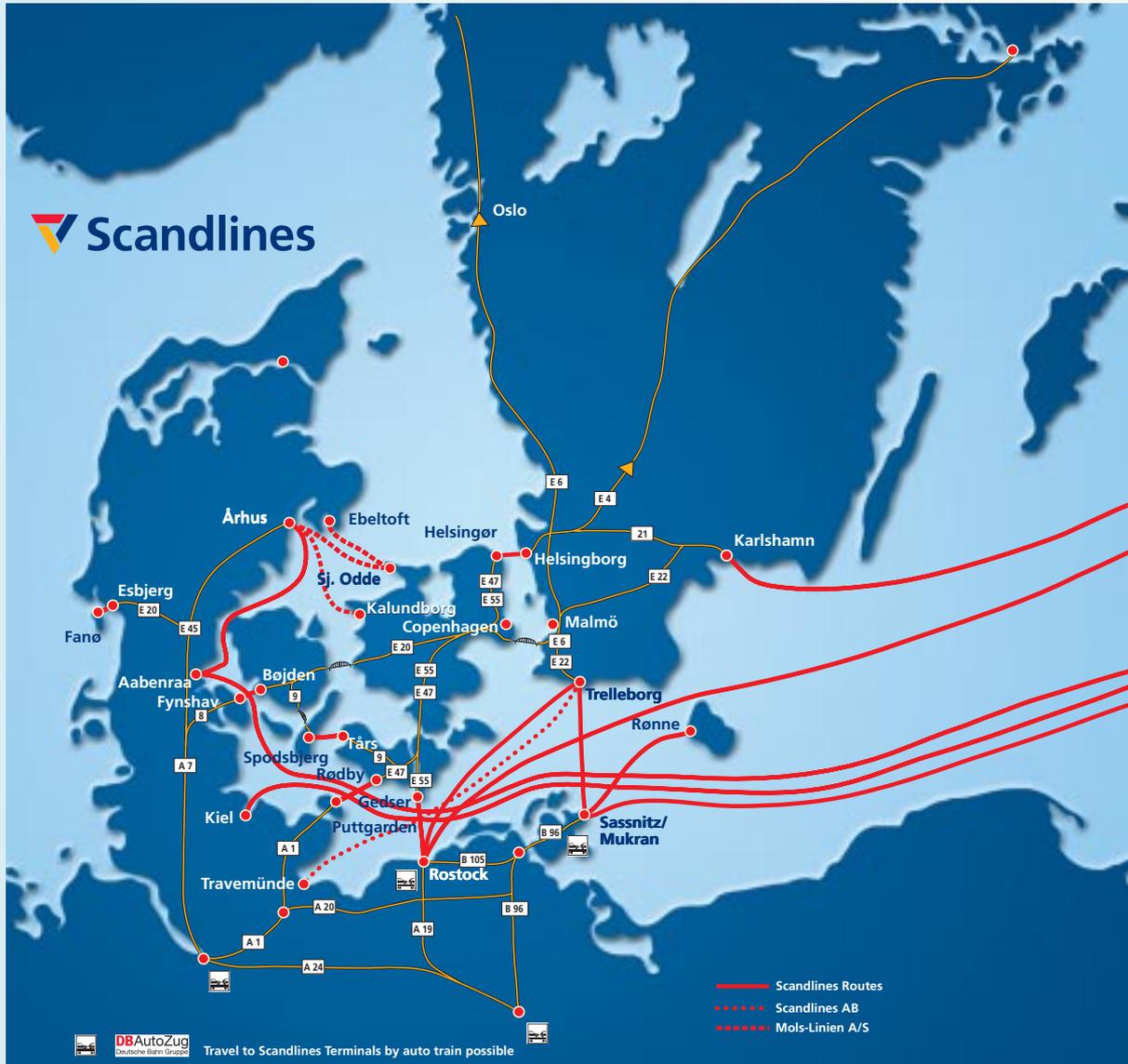
Auditors appointed by the Annual General Meeting
PwC Deutsche Revision, Hamburg
Mr. Hausmann
Dr. Richter

Arthur Andersen
Mr. Jöns
Mr. Möbus



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This is Scandlines

Scandlines is one of Europe's largest ferry companies, established as a limited company in 1998 by joining together of the largest national ferry companies in Denmark and Germany.

Our business is the rapid, reliable and comfortable transport of both passengers and freight on international and domestic routes in Danish, German and Swedish coastal waters and to the Baltic countries. Our core area is the triangle between Denmark, Germany and Sweden, where we have the densest route network of any ferry line.

In recent years, there have been fundamental changes in the region's infrastructure – in particular the building of road/rail connections across Denmark's Great belt and across the Øresund between Malmø and Copenhagen.

In this new transport environment, Scandlines' prime mission is to offer both private individuals and transport companies a competitive, efficient and enjoyable transportation of passengers and goods in our core area.

In addition, we are developing our freight services to and from the Baltic countries and through the Baltic countries to Russia – regions that are fast becoming the world's most interesting areas of economic growth.

THE COMBINED MANAGEMENT REPORT TO THE SCANDLINES AG AND SCANDLINES GROUP FOR THE YEAR 2001

Introductory remarks

The financial situation of Scandlines AG can only be properly appreciated if evaluated in conjunction with the standing of the group overall. Therefore, unless explicitly stated otherwise, the following report concerns the position of the group.

Result for 2001

Positive earnings from operating activities, which were above expectations at the beginning of the year and higher than earnings in 2000, were considerably affected by non-budgeted restructuring costs with a negative effect on the 2001 accounts, but with a future positive effect, as follows:

1. Costs of restructuring on the Øresund, including the closure of the catamaran route and losses on the sale of the fast ferry "Felix" which operated between Dragør and Limhamn.

2. Costs of re-building tonnage to new growth on the Baltic. This included extending the ferries "Ask" and "Urd" and re-building the former Great Belt intercity train ferry "Prins Joachim" for entering service as a third ferry between Gedser and Rostock. After this addition we are now able to offer fixed departures every other hour.

3. Costs arising from the reduction of the number of employees, especially the ones with a civil service status, partly as a result of the winding up of catamaran traffic on Øresund, and partly as a result of reductions as a result of a general cost saving programme.

4. Costs of restructuring the catering activities, including winding up the land-based restaurant business, closing a central food production facility in Korsør, and closing and selling the restaurant ferry "Færgen Sjælland".

5. Costs of restructuring routes between Germany and Sweden. This included a new pool agreement on operations between Sweden and Germany and costs associated with the unsuccessful attempt at acquiring the Nordö Link freight ferry company.

In February and April 2001 it was decided to reduce the management board of the Scandlines Group from 4 to 2 members. The Management function previously performed by Mr. Geir Jansen and Mr. Henner Lothar was taken over by CEO Ole Rendbæk.

The above mentioned non-budgeted costs 2001 from restructuring on Øresund, restructuring of catering activities, a new



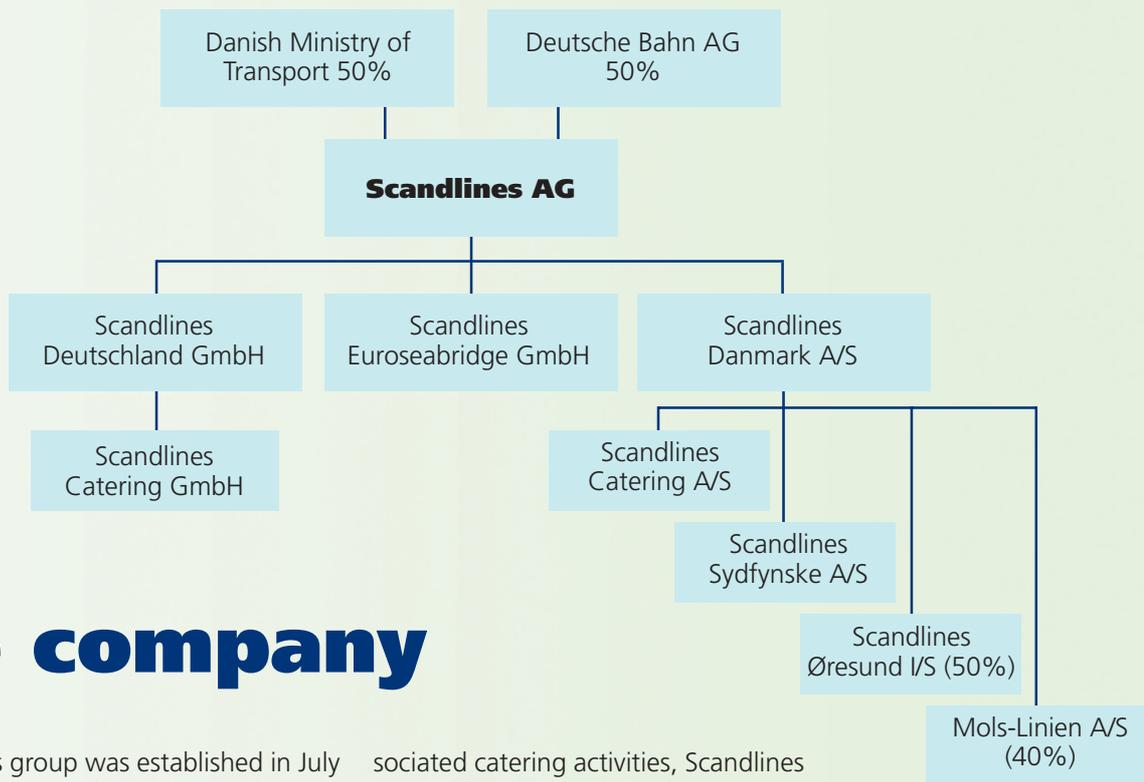
Hansa Pool Agreement and staff reductions are based on decisions taken after this change of the Management Board to avoid future losses, and based on the new managements evaluations of the business activities mentioned above. The new Management Board also decided to reduce the overhead structure and the related fixed costs of the Company with an ongoing effect of savings of 15 mio. DM per year of headquarters costs of the Company. This cost reduction decision is also the background for some of the above-mentioned non-budgeted costs.



The result of the year 2001 of DM 3.9 mio. compared with the budget of 42 mio. DM is therefore only acceptable as a one-time consequence of the above-mentioned decisions on the restructuring the Company. The result of the Company for 2001 is unsatisfactory, but the positive effect of the decisions taken in order to improve the bottom line result in the future has already been reflected in the result of the first half year 2002.







The company

The Scandlines group was established in July 1998 through the amalgamation of the state-owned Danish company Scandlines A/S and the German company Deutsche Fährgesellschaft Ostsee mbH into Scandlines AG, Rostock. The ownership of Scandlines AG is equally divided between the Danish Ministry of Transport, which was the former sole owner of Scandlines A/S, Denmark, and Deutsche Bahn AG, the previous sole owner of Deutsche Fährgesellschaft Ostsee mbH.

Scandlines AG is a holding company in which the assets are vested in the subsidiaries Scandlines Danmark A/S, which mainly comprises the Danish-based routes and as-

sociated catering activities, Scandlines Deutschland GmbH, mainly encompassing the German-based services and related catering operations, and Scandlines Euroseabridge GmbH, embracing the German-based routes to the Baltic States.

Deutsche Bahn AG, Berlin, and the Kingdom of Denmark, represented by the Ministry of Transport, Copenhagen, are currently negotiating a demerger of the Scandlines Group. These negotiations, according to statements given, should lead to a result by the end of 2002.



Market Developments

There are three distinct elements to Scandlines' market. The Germany-Denmark-Sweden triangle constitutes the company's core market. The other key business segments are the Danish domestic ferry market, and the traffic to and from the Baltic States, with the emphasis on the freight trade.

General developments in Scandlines' main market in the southern Germany-Denmark-Sweden triangle

The Øresund region and southern Baltic constitute one of Europe's growth areas, and the opening of the Øresund fixed link is expected to give added impulse to this positive development. At the same time, Berlin is emerging as Germany's new centre and gateway to the east. These are signal factors driving Scandlines' primary strategy of building on its strong market position in the southern Sweden-Denmark-Germany triangle.

Traffic to the south-west: Denmark-Germany

(In the table below the development in traffic between Rødby and Puttgarden is highly representative for the general development in traffic between Denmark and Germany)

Lorry traffic between Denmark and Germany has doubled in the last 10 years, driven by Swedish exports and generally favourable economic conditions. During 2001, however, there has been a general stagnation in the lorry market, which had not shown the increases experienced in previous years. In 2001 lorry traffic decreased slightly on the Rødby-Puttgarden route by 2.1% compared to the year 2000.

On the other hand, the car traffic business, which has been difficult in the previous years, following the Swedish currency devaluation of 1992 with a considerable decline in the number of Swedes travelling on holiday, showed a strengthening in the traffic in 2000 and 2001.

Prior to 2000, there had been a steadying in the traffic at around one million cars a year. Competition from the Great Belt fixed link in 1998 and 1999 meant that an otherwise positive development on the main markets - Denmark, Sweden and Germany - did not lead to traffic increases on

the Baltic. Also the loss of the duty-free sales in 1999 has had some effect on traffic volumes.

However, growth returned and manifested itself in a 17% upturn in numbers of transported private cars in 2000, with the Øresund bridge having had a significant effect on the situation, bringing Sweden closer to continental Europe with a consequential beneficial effect on traffic generation, including that from other trade corridors. In 2001 the growth continued to increase by a further 17,1% on the Rødby-Puttgaden route, partly stimulated by the effect of the Øresund Bridge, and partly stimulated by the many Scandinavian one day trippers visiting the Bordershop in Puttgarden.

The expectation is that the volume of cars conveyed by ferry will continue to rise in the coming years as the ferry sector attracts a natural share of increasing, overall traffic.

With regard to the eastern route between Gedser and Rostock, the opening of the Øresund fixed link and re-establishment of Berlin as the seat of German government offer the potential for a bigger rate of growth than that likely to be witnessed in the traffic as a whole. For the year 2001, the car volumes increased by 26,9% in 2001. The substantial growth stems from the fact that Scandlines competitor on the route closed the service end 2000, and that Scandlines has put a third ferry in service on the route starting April 2001 with the objective of being able to offer a fixed frequency with departures every other hour during most of the day.

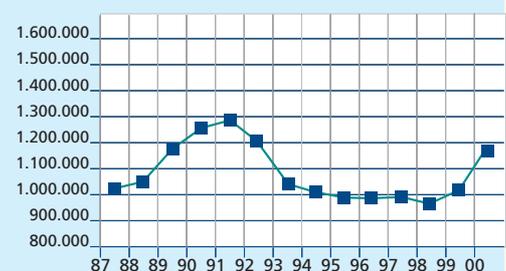
Traffic to the East-West: Denmark-Sweden, including transit traffic to and from continental Europe.

(The development in ferry volumes across the Øresund is most significantly shown in the development in traffic between the cities of Helsingør and Helsingborg)

Trucks - Total Rødby-Puttgarden



Cars - Total Rødby-Puttgarden



The Øresund traffic has developed at a considerable rate over the past six years, to the extent that the volume of cars has almost doubled, while lorry traffic is twice what it was before. A contributory factor has been the favourable development of the Swedish economy subsequent to devaluation in 1992.

The opening of the fixed link on 1 July 2000 was the main challenge on the Øresund ferry market in 2000 and 2001. In the short term, the new connection has resulted in a decline in traffic on the Helsingør-Helsingborg route, to the extent of 35-40% for cars and 20% for lorries. Traffic volume accordingly equated to the 1996 level for cars and 1998 level for lorries.

The passenger traffic between Copenhagen and Malmø has been substantially influenced by the train service on the fixed link and the Flying Boat passenger service on Øresund has suffered increasing losses in passenger volume due to the success of the train service. As a result, the Flying Boats were restructured in November 2001 and ultimately closed in April 2002.

Scandlines expects that the competitive situation has now stabilized, provided the Øresund fixed link's price policy will not be altered. However, it is anticipated that the fixed link and economic growth in the region should stimulate traffic development as a whole over the coming years to a degree that will allow the company to partially or wholly offset the loss of business to the fixed link – also by growing volume in the Denmark-Germany market.

Traffic to the south-east: southern Sweden-Germany

Lorries have always made up the bulk of the traffic on the routes between southern Sweden and Germany because of the relatively long

crossing time, which fits in well with the rules governing drivers' rest periods.

The volume of lorries carried by ferry has nearly doubled in six years, as is the case on the two other sides of the 'triangle'. Car traffic has also developed positively.

The Øresund fixed link has this effect, with car traffic on the south eastern ferry routes between Sweden and Germany having fallen slightly after its opening. Car traffic, however, constitutes only a small proportion of overall turnover on the routes concerned.

The short-term effect of the Øresund fixed link on the lorry traffic — the core business for the ferry routes — has been minimal, largely because of the rules relating to drivers' rest periods.

For the year 2001, there has been a slight decline in the rail volume, mainly due to the fact that some larger Scandinavian costumers have chosen other corridors for their goods.

The Rostock-Trelleborg route has experienced a growth in lorry volume by 3,6%, despite the slower market in general. However, the potential for increase in volume has been limited due to a lack of capacity for lorries, wherefore it has been decided to refurbish the ferry "Mecklenburg-Vorpommern" in order to utilize the market potential more efficiently.

On the route Sassnitz-Trelleborg, which is more depending on passenger traffic than the Rostock-Trelleborg route, there has been a small decline in car traffic volumes, mainly due to an engine room fire on the ferry "Sassnitz" in the beginning of the summer season, which put the ferry out of service for three weeks.

Cars - Total Helsingør-Helsingborg



Cars - Southern Sweden-Germany



Trucks - Southern Sweden-Germany



Trucks - Total Helsingør-Helsingborg



Business developments

Lorry traffic which had grown strongly through 2000, weakened marginally in year 2001, mainly due to the expected fall in volumes on Øresund due to the competition from the fixed link. Also private cars volumes fell as expected on Øresund due to the competition with the bridge. However, the overall experience through the year as concerns the Øresund fixed link was that the weakening in traffic levels and revenue on the Øresund services was compensated by higher than projected growth on

the lines between Denmark and Germany. The effect of the abolition of Duty Free sales from June 30, 1999, which was most strongly felt in the passenger traffic on the Gedser-Rostock, Sassnitz-Trelleborg, Rostock-Trelleborg, and Rødby-Puttgarden routes, has to a great extent been compensated by a general growth in sales of goods in the shops on board the ferries and in the Bordershop. Especially the extension of the Bordershop in Puttgarden from 700 to 4000 sqm by the relocation of the shop to the new Floating Portcenter in the Port of Puttgarden has fostered a recovery in sales, reflected in growing revenue and improved contribution of these activities to the business as a whole.

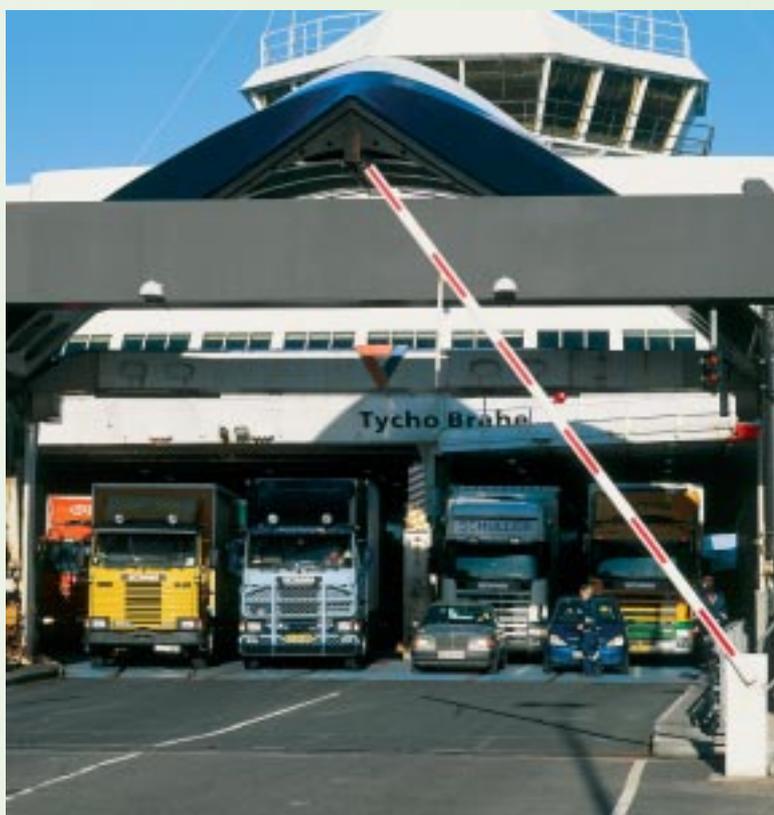
The year 2001 saw a stabilization in results for Scandlines' East-West routes between Karlshamn-Liepaja, Aarhus-Aabenraa-Klaipeda, Sassnitz-Klaipeda, Kiel-Klaipeda, and Rostock-Liepaja.



After the negative development, which was caused by the devaluation of the rouble in 1998, the traffic picture during the years 2000 and 2001 improved to the extent that the routes now contribute positively to the Company's result.

Traffic volumes, all routes

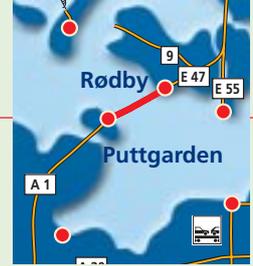
	2001	Change from 2000
Passengers	19,944,778	-7.9%
Cars	3,594,629	-0.6%
Lorries	877,494	-3.7%
Coaches	86,696	-9.9%
Train waggons	117,995	-17.2%



The traffic machines

RØDBY-PUTTGARDEN





Five ferries currently maintain the Rødby-Puttgarden route. Four modern, double-ended ferries sail every half hour in each direction, around-the-clock, ensuring a regular frequency and a very high service capacity for lorries. The level of frequency has also largely eliminated the need to book tickets in advance. In addition to the four double-enders, a freight-only ferry designated for hazardous goods sails the route.

The Rødby-Puttgarden service recorded a steep increase of 17,3 % in car volume during 2001 as a reflection of the north-south traffic growth fostered in this corridor by the Øresund fixed link and as a result of the success of the Bordershop at Puttgarden, focused on selling popular goods such as tobacco and liquor to Scandinavian travellers, contributed to the route's promising business development.

Traffic volumes

	2001	Change from 2000
Passengers	6,027,887	11.0%
Cars	1,357,386	21.3%
Lorries	274,265	- 2.1%
Coaches	32,066	4.9%
Train wagons	9,342	-3.3%

The traffic machines

HELSINGØR - HELSINGBORG

The Helsingør-Helsingborg ferry route is operated on a 50:50 pool basis with Scandlines AB of Helsingborg. The route is served by three, almost identical double-ended ferries sustaining a very high frequency, entailing fixed departures every 20 minutes for most of the day with next to no waiting time for motorists. This high frequency is an important competitive factor after the opening of the Øresund fixed link.

It would seem that the approximately 50 km shorter distance offered by the ferries for north-south travellers, together with the opportunity provided by the ferry crossing for a rest break, constitutes an effective competitive element. Nonetheless, it is important that the original pricing policy laid down for the fixed link, whereby prices should be set on the basis of the cost of a ferry trip, should be respected.

Traffic volumes

	2001	Change from 2000
Passengers	8,094,394	-14.2%
Cars	1,297,475	-17.5%
Lorries	277,118	-19.3%
Coaches	29,357	-26.8%



The traffic machines

G E D S E R - R O S T O C K

The Gedser-Rostock route has until April 2001 been operated with two refurbished ferries, previously employed on the Great Belt. From April 2001 the service has been operated with three ferries, ensuring departures every other hour in each direction.

The most significant change has been the withdrawal of a competitor in December 2000, which has led to a significant increase in volume.

Traffic volumes

	2001	Change from 2000
Passengers	1,170,923	16.3%
Cars	194,228	26.9%
Lorries	60,348	42.9%
Coaches	13,754	9.3%







The traffic machines

ROSTOCK - TRELLEBORG

The Rostock-Trelleborg route is operated jointly by Scandlines AB, Sweden, and Scandlines AG. Each company contributes a large, combined passenger vehicle and rail ferry to the service.

While lorries represent by far the single largest segment of the ro-ro traffic, the conveyance of rail wagons also represents an important aspect of the service. Car transportation is less significant.

The Øresund link seems to have proved much more effective in attracting car drivers than the lorry traffic. For the lorry business, ferry routings can provide the requisite breaks for drivers, and possibly the chance to sleep, which have an important operational and competitive effect on route selection.

Transportation of rail wagons on the Rostock-Trelleborg route, as on the Sassnitz-Trelleborg ferry connection, has declined, mainly due to infrastructural changes in Sweden, where large customers have shifted freight movements to other corridors.

The fact that the route's overall business result has developed in a positive manner is a direct consequence of its increasing role in catering to the lorry traffic.

The service also has a competitive advantage in its direct link with the freeway from Rostock to Berlin, a benefit that should grow in the years to come with the completion of the planned east-west A20 route. Above all, this will ease access to and from cities and industrial zones in the Northeast, as well as destinations in Poland.

Traffic volumes

	2001	Change from 2000
Passengers	277,443	2.2%
Cars	46,109	4.5%
Lorries	98,259	3.6%
Coaches	1,167	-5.0%
Rail Wagons	31,257	-31.4%



SASSNITZ - TRELLEBORG

Like the Rostock-Trelleborg service, the Sassnitz-Trelleborg route is run in a 50:50 partnership with Scandlines AB, Sweden, whereby one ship apiece is operated by Scandlines AG and Scandlines AB.

Despite infra-structural difficulties on the island of Rügen, especially as regards the road link between Rügen and the mainland, the Sassnitz-Trelleborg service has shown stable developments during the year.

The service, however, was in the beginning of July in the high season affected by an engine room fire on the ferry "Sassnitz", which caused a lack of capacity in the season and hence resulted in a slight decrease in traffic volume, especially as regards the important Bus segment.

It is anticipated that the completion of the A20 East-West freeway in the coming years will improve the infrastructure and, in combination with an enhanced route network on Rügen, have a long-term positive effect on the route's traffic volumes.

Traffic volumes

	2001	Change from 2000
Passengers	655,709	-10.8%
Cars	112,423	-1.7%
Lorries	26,361	-1.3%
Coaches	3,769	-12.1%
Rail Wagons	67,410	-8.1%

The network of smaller routes

SASSNITZ-RØNNE

The seasonal route between Rønne, on Bornholm, and Sassnitz, had an unsatisfactory result. During the year, Scandlines and Bornholmstrafikken therefore decided to enter into an agreement from the beginning of 2002 in order to improve the result of the route by joint operation. According to the agreement, Bornholmstrafikken services the route in the winter season, and Scandlines in the summer season. No positive contribution to the company's result is expected before the year 2003.



Traffic volumes, Sassnitz-Rønne

	2001	Change from 2000
Passengers	88,351	-15.0%
Cars	20,984	-16.6%
Lorries	457	-35.2%
Coaches	284	-16.7%

PASSENGER CATAMARANS COPENHAGEN-SWEDEN

Scandlines' high-speed catamaran services between Copenhagen and Malmö, Landskrona and Helsingborg experienced considerable losses in passenger numbers due to the train connection embraced by the Øresund fixed link. During 2001 the operations were restructured in terms of frequency of departures — especially during the off-peak hours — and as regards services offered and numbers of people employed. These measures, however, did not prove efficient in turning the Flying Boats routes' result into positive ones. Even after winding up the services to Landskrona and Helsingborg from Copenhagen by November, and restructuring Malmö-Copenhagen, the results remained unsatisfactory, and eventually it was decided to close the Flying Boat activity by end of April 2002.





DANISH DOMESTIC TRAFFIC

The Danish domestic traffic is based on three routes vested in the subsidiary company Sydfynske AVS, for Spodsbjerg, Denmark.

The Spodsbjerg-Taars route, served by two ferries, and the Bøjden-Fynshav route, maintained by a single vessel are both concessionary routes. Each has been affected, but in contrasting ways, by the opening of the Great Belt fixed link. The Spodsbjerg-Taars service has experienced a dramatic loss of traffic since June 1998, while the Bøjden-Fynshav crossing has experienced solid growth in all main categories. The operation of the Bøjden-Fynshav route was in the beginning of 2002 won for a new 5-year period.

The Esbjerg-Fanø route, maintained by two, modern double-enders, is operated under free market conditions. The most significant changes on the domestic routes during 2001 were organisational restructuring and cost reductions in order to increase the positive contribution of the routes to the Company's result.



Traffic volumes, Spodsbjerg-Taars

	2001	Change from 2000
Passengers	527,243	1.8%
Cars	167,717	2.2%
Lorries	27,303	4.8%
Coaches	5,660	-9.0%

Traffic volumes, Bøjden-Fynshav

	2001	Change from 2000
Passengers	288,335	4.4%
Cars	96,373	7.3%
Lorries	2,853	-1.0%
Coaches	258	1.2%

Traffic volumes, Esbjerg-Fanø

	2001	Change from 2000
Passengers	1,705,905	-1.6%
Cars	290,685	2.7%
Lorries	8,897	-5.6%
Coaches	345	-11.3%

Baltic State Services



Scandlines AG's services to and from the Baltic States comprise three routes from Germany, one from Denmark and one from Sweden.

Freight transport is the dominant element of the various ferry operations, although passenger transport forms a small but

growing segment of business on certain of the routes.

During the past years, many changes have been implemented in order to restore the viability of services, which suffered severely from the financial and political difficulties which Russia experienced during 1999, and from intense competition.

The increase in volumes during 2000 has continued for nearly all routes to the Baltic countries in the year 2001, except for Rostock-Liepaja (Latvia).

A pronounced upturn was experienced on the Kiel-Klaipeda (Lithuania) route, operated in partnership with the Lithuanian State Shipping

Company Lisco, using four ferries offering six sailings per week in each direction.

With the Sassnitz-Klaipeda service suffering from a lack of rail cargo, Scandlines AG relocated the ferry "Petersburg" to the Kiel-Klaipeda route from the beginning of 2001. The Sassnitz-Klaipeda route is accordingly now maintained by a single ferry under Lisco's management.

The Karlshamn (Sweden)-Liepaja (Latvia) route has seen a considerable rise in volumes as well as in number of passengers transported.

The route from Rostock to Liepaja has suffered under some lack of capacity and this led to a decision to have the ferry "Urd" extended in order to boost route capacity.

In addition increased freight patronage was recorded on the Aarhus-Aabenraa-Klaipeda service.

As a whole, the routes to and from the Baltic States achieved increased volumes and profitability, although further improvements are required before the situation can be judged as satisfactory. Therefore, efforts to stimulate traffic growth and reduce costs will be continued.





Land-based catering activities

During April 1999 Scandlines opened the Bordershop in the Port of Puttgarden in order to increase sale of goods with German taxes to primarily Scandinavian Customers. Especially goods sold in larger amounts are easier to handle in a landbased shop than on board the ferries. The sale grew significantly in the Bordershop. In May, 2001, Scandlines opened a new retail shop at the floating "Portcenter", which was acquired from a Rostock-based company, converted and placed in the Port of Puttgarden.

The Portcenter offers two floors with 4000 m² shopping space and enables

Scandlines to offer a greater variety of products. This has been a success with a substantial growth in sales to a growing number of shopping customers primarily from Denmark and Sweden. Also, the success of the Bordershop has created new jobs. The number of people employed in the catering business has almost reached the same level as before the abolition of the Duty-free sales.

Scandlines also operates a Bordershop in the ferry terminal building in Helsingør, mainly aiming at sale to Swedish travellers.

In keeping with Scandlines' strategic decision to focus its efforts in the catering domain on the company's ferries, the canteen



relates to the loss of the year. Tax provisions have been set up due to a tax filing arrangement with subsidiaries.

The balance sheet total of Scandlines Group increased significantly by TDM 89,270 to TDM 965,993 compared to the year before. The reduction in fixed assets was the net effect of investments in vessels (TDM 30,200), the Portcenter activities (TDM 10,160) and normal depreciation. The current assets and the current liabilities increased by TDM 113,453 and TDM 88,764 respectively mainly due to the reduction of the group internal financing. Simultaneously the cash at banks increased by TDM 51,778 to TDM 89,632 at the closing date.

The provisions went down marginally by TDM 4,515 to TDM 121,889.

The fixed assets, amounting to TDM 633,759 are completely financed by long-term means (equity, loan funds), and the Group also has satisfactory short-term financing.

Furthermore it should be mentioned that Scandlines entered into sale and lease back agreements covering three ferries in previous years. The remaining term of the lease agreements is approximately seven years.

activities encompassed by Scandlines Catering A/S were sold in January 2001. Also the central food production in Det Danske Køkken, Korsør, was closed during the summer 2001. The restaurant ship "Ferry Sjælland" in the Port of Copenhagen was closed by the end of the year, and the ferry consequently sold during spring 2002. Furthermore, a land-based restaurant in Helsingør has been sold.

Assets and Liabilities

The balance sheet total of the parent company increased marginally by TDM 12.4 due to higher receivables from / liabilities to affiliated companies. The reduction in equity



Employees

The change in number of employees is mainly influenced by the restructuring of the Company's activities on Øresund as a direct result of the opening of the fixed link between Denmark and Sweden, and by the closing of land-based catering activities as a result of the Company's strategy to focus its activities on the ferry lines.

However, the success of the sale in the Bordershop in Puttgarden and on board the ships created new jobs in the retail and catering sector, thus almost compensating for the losses of jobs following the abolition of the duty free sales.

The Scandlines AG group employed an average of 2,509 people in 2001 compared to an average of 2,818 in 2000.

Excluded from the personnel figures are the approximately 185 people employed by the Bundeseisenbahnvermögen. Those former state employees and civil servants now work on the German ferries and on land in Puttgarden according to a contract between Scandlines Deutschland GmbH and the Bundeseisenbahnvermögen.

Safety

During 2001 two incidents occurred. June 19, 2001, the ferry "Prins Richard" collided with the breakwater in Puttgarden. The incident was primarily caused by an error in the technical system. July 1, the ferry "Sassnitz" was hit by a fire in the engine room, whole



sailing from Sassnitz in Germany to Trelleborg, Sweden. The fire was very quickly put out by the crew, which handled the fire efficiently and correctly. The rescue authorities in Sweden and Germany were alarmed, but their assistance was not needed and since the passengers were in no danger.

No persons were damaged as a result of these incidents.

As part of our ongoing work in further strengthening safety throughout the fleet, the company decided in 2000 to give a new focus to the human element within the overall safety scenario. The move is in line with international research into the causes of accidents. Scandlines therefore organised courses in conjunction with the SAS Institute in Stockholm for the company's ferry officers. The aim has been to improve safety routines on board, and to create greater awareness of the routines in general.

In 2001, Scandlines invested in a large scale simulator in the Port of Puttgarden. This simulator enables the nautical officers to train their abilities and routines in a laboratory environment that is a very close copy of the conditions on the Puttgarden-Rødby route and the Ports. Also new routines can be tested and trained, and operations that went wrong can be re-run in the simulator on basis of the data that has been documented during the incident (all operations on the ship's bridge and in the engine room are being recorded) in order to analyse the causes for an incident or accident.



Sale and laying up of ferries

In 2001, Scandlines continued to sell laid-up ferries. The following transactions were completed:

M/V "Prins Joachim" was docked at Fredericia Shipyard for refurbishment prior to being phased into service on Scandlines' route between Gedser and Rostock.

March 2001 the two passenger catamarans "Ørnen" and "Springeren" were sold.

Summer 2001 the catamaran "Løberen" was sold.

March 2002 the passenger catamaran "Sælen" was sold.

March 2002 the ferry HSC "Felix" was sold. The ownership of "Felix" was divided equally between Scandlines AB, Sweden, and Scandlines Danmark A/S.

Following the disposals, Scandlines has only one ferry laid-up, the M/V "Trekroner".

Legal matters

Puttgarden case

On December 23, 1999, the German competition authority, the Bundeskartellamt, ruled that Scandlines Deutschland should grant access to an operator besides Scandlines to the Port of Puttgarden.

On 2, August 2000, the Oberlandesgericht overruled the decision made by the Bundeskartellamt. The Oberlandesgericht also ruled that the decision made by the

Oberlandesgericht could not be appealed against.

The Bundeskartellamt filed a complaint against not having the right of appeal, and 8, May 2001, the Bundesgerichtshof granted the Bundeskartellamt the right to file a complaint against the ruling of the Oberlandesgericht.

On 1, October 2001, the Bundeskartellamt filed a complaint at the Bundesgerichtshof against the ruling of the Oberlandesgericht. The case has yet to be settled.

Port Case, Helsingborg, Sweden

Scandlines has filed a complaint to the EU against the Port of Helsingborg in order to have the port fees reduced to a more reasonable level which is comparable with similar ports and conditions. It is Scandlines view that the level dramatically exceeds a reasonable level, due to the misuse of a dominant position.

The future and potential risks

The owners presently negotiate a division of the company into separate legal units similar to the structure before the amalgamation of Deutsche Fährgesellschaft Ostsee GmbH and Scandlines A/S into Scandlines AG. Future cooperation between those two new entities is an important part of the negotiations.

Also the Scandlines Group faces following risks:

- Increase of competition
- Price reductions on the fixed links.
- Changes in tax on alcoholic beverages in Denmark, Sweden and Germany.
- Deposit payments on cans in Germany



Expectations for 2002

Improvement in the results of the Company's routes to the Baltic is expected to be an ongoing process, albeit dependent on political and economic developments in Russia and the Baltic states.

The supervisory board of the Danish domestic ferry line Mols-Linien A/S, which Scandlines AG holds a 40% stake in, has informed the Copenhagen Stock Exchange that it expects to make a small pre-tax profit in 2002.

The 2001 calendar period was the last year of falling volumes after the opening of the Great Belt-bridge, the Øresund fixed link, and the abolition of on-board tax-free sales. From second half 2001 onwards, Scandlines expects to see revenues increase. Contributory factors in this development should be the higher than average economic growth rates in the countries formerly comprising the Eastern Block and Central Europe, coupled with more stable, positive economic developments in Russia and the Baltic states.

The restructuring processes as regards the Flying Boats and the profound saving program carried out (Bottom Line Improvement Program) in the year 2001 are expected to have a positive bearing on the Company's result for the year 2002 and in each of the following years.

On this basis, we expect to achieve a profit level in 2002 higher than that of 2001, and to realise a growth in profits over the ensuing years in accordance with our Business Plan.



Scandlines Aktiengesellschaft, Rostock

Consolidated balance sheet at December 31, 2001

Assets	31.12.01	31.12.00
	TDM	TDM
A. Fixed assets		
I. Intangible assets		
1. Software	3,868	4,490
2. Advances paid on tangible assets	0	593
	3,868	5,083
II. Property, plant and equipment		
1. Vessels	326,881	333,829
2. Land and buildings	118,307	123,502
3. Technical equipment, plant and machinery	131,885	140,899
4. Other equipment, fixtures, fittings and equipment	10,937	8,795
5. Advance payments, plant and machinery under construction	2,249	3,006
	590,259	610,031
III. Financial assets		
1. Shares in affiliated companies	25	676
2. Investments in associated companies	39,556	43,038
3. Other investments	51	73
	39,632	43,787
	633,759	658,901
B. Current assets		
I. Vessels for sale	5,021	22,457
II. Stocks	19,611	16,848
III. Accounts receivable and other assets		
1. Accounts receivable from trading	62,727	60,744
2. Accounts due from affiliated companies	1,784	233
3. Accounts due from other group companies in which interests are held	91,919	26,039
4. Other assets	56,964	50,030
	213,394	137,046
IV. Cash on hand, cash in banks and checks	89,632	37,854
	327,658	214,205
C. Deferred charges and prepaid expenses	4,576	3,617
	965,993	876,723

Liabilities and shareholders' equity	31.12.01	31.12.00
	TDM	TDM
A. Shareholders' equity		
I. Share capital	100,000	100,000
II. Capital surplus	385,796	385,796
III. Difference from currency translation	1,068	-558
IV. Consolidated retained earnings	47,382	43,443
	534,246	528,681
B. Provisions and accrued liabilities		
1. Provisions for pensions	2,714	2,859
2. Accrued taxes	17,849	13,926
3. Other provisions and accrued liabilities	101,326	109,619
	121,889	126,404
C. Liabilities		
1. Liabilities due to banks (thereof with a maturity time of up to one year TDM 132; prior year TDM 10,980)	224,915	153,492
2. Trade accounts payable (thereof with a maturity time of up to one year TDM 62,969; prior year TDM 45,580)	62,969	45,580
3. Accounts due to affiliated companies (thereof with a maturity time of up to one year TDM 63; prior year TDM 21)	63	21
4. Accounts due to other group companies in which interests are held (thereof with a maturity time of up to one year TDM 765; prior year TDM 16)	765	16
5. Other liabilities (thereof for taxes TDM 8,262; prior year TDM 5,210) (thereof for social security TDM 2,882; prior year TDM 2,807) (thereof with a maturity time of up to one year TDM 12,820; prior year TDM 9,757)	12,820	13,659
	301,532	212,768
D. Deferred charges	8,326	8,870
	965,993	876,723

Scandlines Aktiengesellschaft, Rostock

Consolidated income statement for the period from January 1 to December 31, 2001

	2001	2000
	TDM	TDM
1. Sales revenues	840,256	849,133
2. Other operating income	43,868	76,987
	884,124	926,120
3. Cost of materials		
a) Cost of raw materials and supplies and for purchased goods	262,490	243,628
b) Cost of purchased services	175,080	180,837
	437,570	424,465
4. Personnel expenses		
a) Wages and salaries	189,710	220,958
b) Social security and pension costs (thereof for pensions TDM 552; prior year TDM 794)	28,530	32,870
	218,240	253,828
5. Depreciation and amortisation costs and other write-offs		
a) on intangible assets, and plant and equipment	68,818	66,972
b) on current assets to the extent that they exceed provisions normally recorded by the company	5,450	3,087
	74,268	70,059
6. Other operating expenses	133,474	129,759
7. Income from investments	2	107
8. Losses from associated companies	3,483	3,590
9. Other interest and similar income (thereof from affiliated companies TDM 539; prior year TDM 392)	9,235	7,171
10. Write-offs of financial assets	0	55
11. Interest and similar expenses (thereof to affiliated companies TDM 81; prior year TDM 56)	15,247	11,795
12. Result from ordinary operation	11,079	39,847
13. Taxes on income (prior year income)	2,600	-5,591
14. Other taxes	4,540	3,647
15. Consolidated net income	3,939	41,791
16. Retained earnings brought forward	43,443	1,652
18. Consolidated retained earnings	47,382	43,443



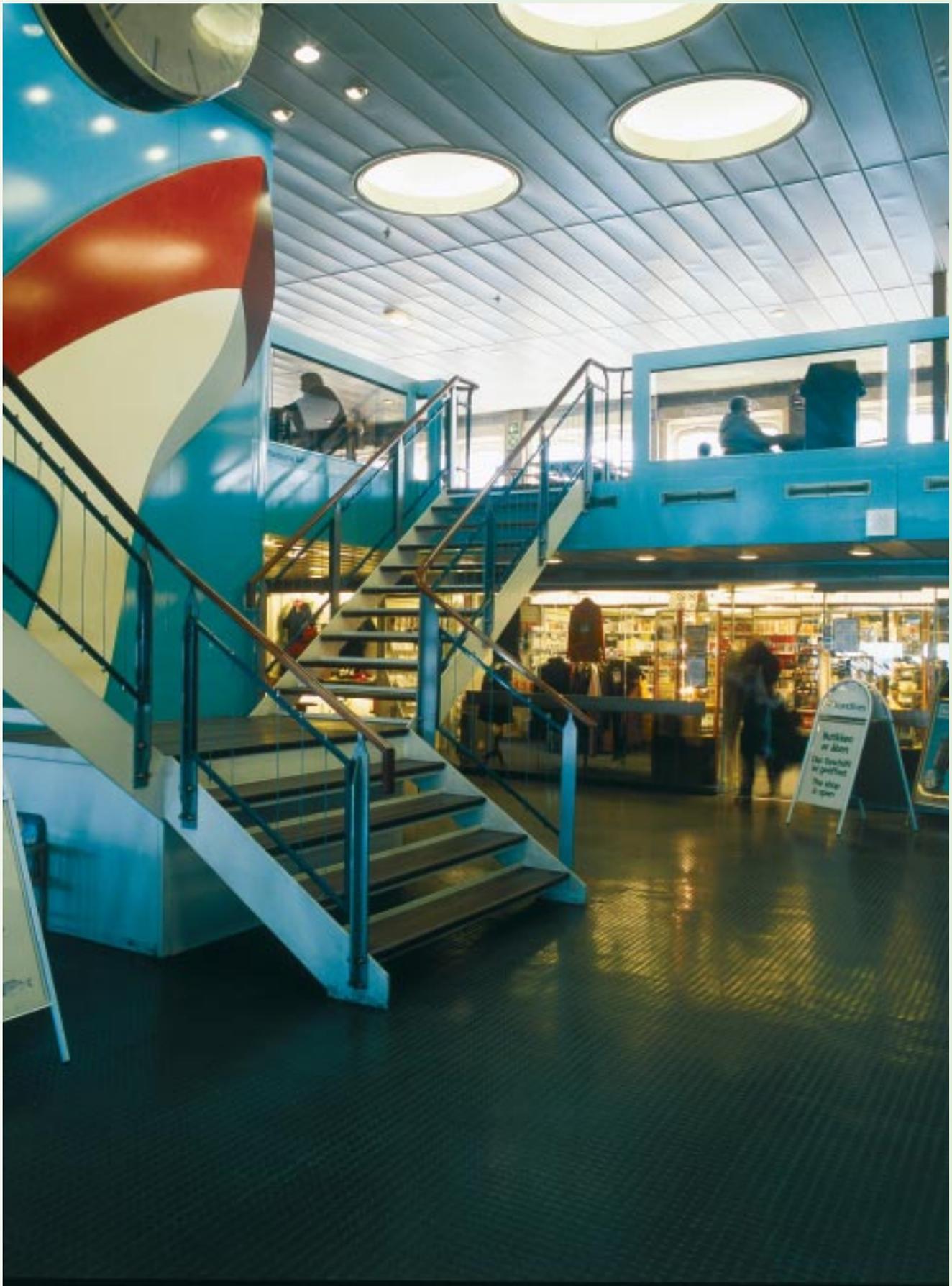
Liabilities and shareholders equity

	31.12.01	31.12.00
	TDM	TDM
A. Shareholders' equity		
I. Share capital	100,000	100,000
II. Capital surplus	391,311	391,311
III. Accumulated deficit	-18,570	-16,621
	472,741	474,690
B. Provisions and accrued liabilities		
1. Provisions for pensions	1920	266
2. Accrued taxes	3,295	2,911
3. Other provisions and accrued liabilities	107	299
	3,594	3,476
C. Liabilities		
1. Liabilities due to banks (thereof with a time to maturity up to one year DM 679.97; prior year TDM 5)	1	2,505
2. Trade accounts payable (thereof with a time to maturity up to one year DM 622,599.52; prior year TDM 39)	623	39
3. Accounts due to affiliated companies (thereof with a time to maturity up to one year DM 35,121,357.58; prior year TDM 21,496)	35,121	21,496
4. Accounts due to other group companies in which interests are held (thereof with a time to maturity up to one year DM 0.00; prior year TDM 16)	0	16
5. Other liabilities (thereof for taxes DM 2,568,595.83; prior year TDM 6) (thereof with a time to maturity up to one year DM 2,568,595.83; prior year TDM 6)	2,568	6
	38,313	24,062
	514,648	502,228

Scandlines Aktiengesellschaft, Rostock

Income statement for the period from January 1 to December 31, 2001

	2001 TDM	2000 TDM
1. Other operating income	2,255	415
2. Personnel expenses		
a) Salaries	1,171	390
b) Social security	0	209
(thereof for pensions DM 0.00; prior year TDM 209)		
	1,171	599
3. Other operating expenses	2,658	2,462
4. Other interest and similar income	-4	-10
5. Write-offs on financial assets	0	6,000
6. Interest and similar expenses	726	69
(thereof to affiliated companies DM 725,813.18; prior year TDM 69)		
7. Result from ordinary operations	-2,296	-8,705
8. Income from taxes on income	-347	0
9. Net loss	-1,949	-8,705
10. Loss carry forward	16,621	7,916
11. Accumulated deficit	-18,570	-16,621



Notes to the financial statements of

Scandlines Aktiengesellschaft and the Scandlines Group for the year ended December 31, 2001

A. General information

The annual financial statements of the parent company and the consolidated financial statements for Scandlines Aktiengesellschaft, Rostock, were drawn up on the basis of the German Commercial Code (HGB) and the Stock Corporations Act (AktG). The financial statements were drawn up in accordance with the regulations for large companies; the income statements followed the type of expenditure format.

Unless stated otherwise, the explanations and comments relate to both sets of financial statements.

B. Consolidation methods

The annual financial statements of the companies included in the consolidated financial statements were prepared as of the balance sheet date of December 31, 2001, and audited by auditors.

The capital consolidation was carried out applying the book value method. The first-time consolidation of shares in acquired companies was carried out as of the acquisition date.

With regard to the capital consolidation as of the time of acquisition, the acquisition values of the interests are set off against the equity capital apportioned to them.

Associated companies are included in the consolidated financial statements by the equity method. The adjustment to uniform group accounting and valuation methods was waived.

Turnover, income and expenses, as well as receivables and liabilities between the consolidated companies are eliminated.

C. Scope of consolidation

In addition to Scandlines Aktiengesellschaft as the parent company, the consolidated financial statements include 5 domestic and 10 foreign subsidiaries in which Scandlines Aktiengesellschaft has, directly or indirectly, an interest of at least 50 per cent in the voting capital. Companies in which Scandlines Aktiengesellschaft holds, directly or indirectly, more than 50 per cent of the voting capital are fully consolidated, quota consolidation being applied to joint ventures.

The individual companies involved are:

Name, registered office	Equity TDM	Holding %	Result for 2001 TDM
Scandlines Danmark A/S, Copenhagen (Denmark)	286,020	100	-20,830
Scandlines Deutschland GmbH, Rostock	269,954	100	25,447
Emir A/S, Aarhus (Denmark)	72,281	100	2,152
Scandlines Sydfynske A/S, Rudkøbing (Denmark)	12,535	100	3,568
Svenske Rederi AB Øresund, Malmö (Sweden)	2,616	100	34
Scandlines Euroseabridge GmbH, Rostock	6,061	100	-1,017
Scandlines Catering A/S, Copenhagen (Denmark)	4,873	100	705
Scandlines Bordershop GmbH, Puttgarden	7,118	100	2,383
Scandlines Catering Det Danske Køkken A/S, Korsør (Denmark)	282	100	-54
Scandlines Catering GmbH, Rostock	700	100	245
Scandlines Food A/S, Korsør (Denmark)	51	100	-25
Scandlines Touristik GmbH, Rostock	-1,138	100	-925
Scandlines Touristic A/S, Copenhagen (Denmark)	-4,877	100	178
Jebo A/S, Copenhagen (Denmark)	67	50	1
Scandlines Øresund I/S, Helsingborg (Sweden)	0	50	16,893

In the business year 2001, Det Danske Køkken AB, Helsingborg (Sweden) was liquidated.

Apart from those mentioned above, further investments are held in the following companies:

Name, registered office	Equity TDM	Holding %	Result for 2001 TDM
UAB Scandlines Lietuva, Klaipeda (Lithuania)	66	100	18
Scanro GmbH, Rostock	-9,169	100	-151
Sewer Logistik AO, Moscow (Russia)	n/a	100	n/a
Transbaltic Schiffahrt GmbH, Rostock	134	50	-17
Mols-Linien A/S, Ebeltoft (Denmark)	98,940	40	-8,708
Destination Lolland A/S, Maribo (Denmark)	177	9	-33

Molslinien A/S as an associated company is involved in the consolidated financial statements. The remaining companies were not consolidated for reasons of minor significance.

Winding-up of Heinz Bock GmbH Skandinavienpediteur an der "Vogelfluglinie", Puttgarden, Bock Ostsee GmbH Fähragentur und Grenzspedition, Rostock, Häfen Umschlags- und Service Gesellschaft "Vogelfluglinie" mbH, Puttgarden, Flying Adler Linie GmbH, Sassnitz, and Gedser Spedition ApS, Rødby (Denmark), was completed in the business year ended 2001. Sewer Logistik AO, Moscow, is still under liquidation.

D. Foreign currency conversion

The financial statements of foreign group companies are converted as follows in accordance with the current rate method:

Balance sheet items are converted using the middle market rates applicable on the balance sheet date, and the items in the income statement on the basis of the average mean rate for the business year. Differences are allocated to the reserves without affecting net income.

In the individual set of financial statements, receivables and liabilities in foreign currencies are converted at the bid or selling rate respectively applicable on the date of origin. Adjustments are made where lower receivables or higher liabilities result from the rates as of the balance sheet date.

E. Accounting and valuation policies

Intangible assets acquired for a consideration are recorded at purchase cost less scheduled straight-line depreciation.

Tangible fixed assets are shown at purchase or manufacturing cost, less scheduled depreciation. Scheduled depreciation follows the straight-line method. The depreciation periods correspond with the useful lives that are customary in the industry and deemed acceptable for German tax purposes.

Minor value assets are written off completely in the year they were acquired and treated as a disposal. Use is made of the relief available under German tax law for additions to tangible assets.

Financial fixed assets are shown at purchase cost or the lower attributable amounts.

The format of the balance sheet was extended as a result of the special features of the shipping business with regard to fixed and current assets. Thus ferries in operation are shown separately in fixed assets, while vessels intended for sale are shown as a separate current assets item.

Stocks were valued in accordance with the average price method or at the lower market prices on the balance sheet date.

Foreseeable specific risks on receivables and other assets are reflected by provisions. Adequate account was taken of the general credit risk and the fact that no interest is charged on accounts receivable by applying an unchanged general provision of 1 %.

Pension provisions are calculated on the basis of their going concern value according to actuarial principles and based on an interest rate of 6 per cent and Dr. Klaus Heubeck's 1998 mortality tables.

Tax and other provisions take account of all foreseeable risks and uncertain obligations and were provided at the amounts deemed necessary in accordance with commercial prudence.

Liabilities were reported at the repayment amounts on the liabilities side of the balance sheet.

F. Notes to the balance sheet

On principle, the following comments apply to the Group. Notes to the individual set of financial statements are specially pointed out.

Intangible assets

Additions to intangible assets mainly comprise software for managing the internet and intranet (TDM 920).

Tangible fixed assets

The additions to tangible fixed assets mainly relate to refurbishing the ferries "Urd" (TDM 15,291) and "Ask" (TDM 14,909), refurbishing a floating shopping centre (TDM 4,361) and respective port facilities (TDM 5,799).

The disposals mainly result from the sale of ferries and the reclassification of vessels intended for sale to current assets.

Financial assets

Asset retirements in financial assets are the result of the winding-up of Heinz Bock GmbH Skandinavienspediteur an der „Vogelfluglinie“, Puttgarden, the Bock Ostsee GmbH Fähragentur und Grenzspedition, Rostock, and the Häfen Umschlags- und Service Gesellschaft „Vogelfluglinie“ mbH, Puttgarden. In addition, the valuation of the investment in Molslinien A/S, Ebeltoft, was written down to the pro rata equity of the company as had been done in the previous years.

Vessels for sale

Four ships ("Trekroner", "Svalan", "Saelen", "Sjöbjörnen") valued altogether at TDM 5,021, were for sale as of the balance sheet date. The Flying Boat ferries "Ørnen", "Springaren", "Pilen", "Løberen" and the HSC "Felix" were sold in the business year 2001.

Receivables and other assets

As last year, all trade receivables and receivables from companies in which participating interests are held are due within one year.

Receivables from companies in which participating interests are held mainly comprise receivables from a joint cash pool with Deutsche Bahn AG.

Other assets inter alia result from deposit accounts (TDM 22,923) set up for repurchasing three ferries, receivables from the HSC "Felix" sale (TDM 10,988) and from VAT receivables (TDM 9,638).

The deposit accounts can only be realized on a long-term basis, all other receivables are due within a one-year period.

Subscribed capital

The share capital of DM 100 million is divided into 20,000,000 registered shares each with a nominal value of DM 5. The shares are held equally by Deutsche Bahn AG, Berlin, and the Kingdom of Denmark, represented by the Danish Ministry of Transport.

Capital reserve

The capital reserve of the parent company amounts unchanged to TDM 391,311.

The capital reserve of the group of TDM 385,796 comprises the amount by which the equity in the opening balance sheet exceeds the subscribed capital (TDM 391,311) less the goodwill generated by the first-time consolidation of Scandlines Catering GmbH (formerly MSC Mitropa Schiffs-Catering GmbH; TDM 4,713) and Scandlines Touristik GmbH (formerly Det Danske Køkken og rejsebureau mbH; TDM 802).

Where the balance sheets of consolidated subsidiaries include capital reserves, they are offset in the consolidated financial statements against the book values of the investments.

Provisions for pensions

Provisions of TDM 2,714 were recorded for pension obligations based on actuarial appraisals.

Tax provisions

The tax provisions of TDM 17,849 mainly comprise corporate income tax, trade tax and real estate transfer tax. Provisions for deferred taxes of TDM 676 were recorded for asset differences between commercial and tax balance sheets.

Other provisions

The other provisions for the group developed as follows:

	1.1.01 TDM	Foreign currency conversion TDM	Used TDM	Released TDM	Allocated TDM	31.12.01 TDM
Pension payments following staff reductions	51,903	182	24,843	618	8,584	35,208
Payments relating to future staff reductions	8,944	25	941	814	850	8,064
Holidays, overtime	20,763	13	13,516	0	12,417	19,677
Vocational training costs	278	1	0	0	0	279
Other personnel expenses	1,875	2	790	204	738	1,621
	83,763	223	40,090	1,636	22,589	64,849
Outstanding invoices	11,365	15	10,594	740	17,647	17,693
Litigation risks	6,918	24	484	192	957	7,223
Contingent losses on pending transactions	2,278	7	1,639	646	649	649
Miscellaneous	5,295	17	630	616	6,846	10,912
	25,856	63	13,347	2,194	26,099	36,477
	109,619	286	53,437	3,830	48,688	101,326

Miscellaneous of DM 1.4 million also relates to payments for staff reductions.

Liabilities

The parent company's liabilities are due within one year.

The liabilities of the group are made up as follows (previous year):

	in TDM due		
	within one year	between 1 and 5 years	Total
Bank loans and overdrafts	132	224,783	224,915
	(10,980)	(142,512)	(153,492)
Trade accounts payable	62,969	-	62,969
	(45,580)	(-)	(45,580)
Liabilities to affiliated companies	63	-	63
	(21)	(-)	(21)
Liabilities to companies in which participating interests are held	765	-	765
	(16)	(-)	(16)
Other liabilities	12,820	-	12,820
	(9,757)	(3,902)	(13,659)
Total liabilities	76,749	224,783	301,532
	(66,354)	(146,414)	(212,768)

Long-term liabilities

The long-term liabilities comprise in particular five-year revolving credit lines, which have been promised by several banks at a total amount of TDM 410,000 until the year 2003. These credits taken up by Scandlines Danmark A/S and guaranteed by Scandlines Aktiengesellschaft increased in the business year. In return, the group-internal financing, which must be consolidated, of Scandlines Danmark A/S was repaid to Scandlines Deutschland GmbH.

Short-term liabilities

The remaining liabilities are due within a year. They mainly comprise trade accounts payable. Their increase is due to a settlement with Scandlines AB, Sweden, of joint syndicate and sales activities.

Other financial commitments and contingent liabilities

The parent company is liable to a consortium of banks for the loans taken up by Scandlines Danmark A/S and the respective interests. Loans and interests amount to altogether TDM 224,862 on the drawing date.

Other financial commitments of the Group amounted at the balance sheet date to TDM 284,500 (previous year: TDM 316,775) and resulted primarily from the leasing of the ferries "Mecklenburg-Vorpommern", "Schleswig-Holstein" and "Deutschland". The remaining leasing period is approximately 7 years.

G. Notes to the income statement

Sales Revenues

Scandlines Aktiengesellschaft had no sales revenues in the business year ended December 31, 2001.

The breakdown of the sales revenues of the Scandlines Group for the business year is as follows:

	2001 TDM	2000 TDM
By fields of activity		
- Transport services	499,109	493,716
- Catering and miscellaneous	341,147	355,417
	840,256	849,133
By geographical regions		
- Germany-Denmark	446,904	418,153
- Denmark-Sweden	111,082	170,644
- Germany	82,394	44,637
- Traffic to the Baltic States	79,600	64,634
- Germany-Sweden	75,547	81,933
- Denmark	44,729	69,132
	840,256	849,133

Other operating income

Other operating income is made up as follows:

	2001 TDM	2000 TDM
Rental, leasing and charter income	7,086	18,386
Book profits on disposal of fixed assets and vessels for sale	5,566	6,576
Insurance refunds	5,023	2,221
Release of provisions and accruals	3,829	14,854
State subsidies	4,366	6,914
On-charged expenses	4,285	7,474
Exchange gains	3,676	8,427
Tax repayment claims	3,381	2,706
Miscellaneous	6,656	9,429
	43,868	76,987

The decline in charter proceeds is primarily due to the sales of the HSC "Felix" and Flying Boat ferries of the Flying Boat routes, that were still chartered the previous year.

Cost of materials

Cost of materials for 2001 is made up as follows:

The rise in cost of sales mainly relates to increased trading activities in the Puttgarden Portcenter.

	2001 TDM	2000 TDM
Cost of sales	194,110	168,842
Bunker	52,477	62,840
Cost of upkeep	61,053	53,859
Port fees	48,490	48,840
Cost of charter and leasing	39,426	35,058
Expenses for state employees	13,629	14,407
Miscellaneous	28,385	40,619
	437.570	424.465

Increased cost of upkeep is primarily attributable to the repair and refurbishing of vessels. But expenses for bunkering fell in the 2001 business year due to declining crude oil prices.

Personnel expenses

The personnel expenses relate to company staff employed in the Scandlines Group from January 1 to December 31, 2001.

The average number of employees during the year was:

	Scandlines Group Persons	
	2001	2000
Seagoing personnel	1,569	1,639
Onshore personnel	940	1,179
Total	2,509	2,818

Scandlines Aktiengesellschaft had no employees in 2001, apart from one member of the Board of Management.

Depreciation

In addition to scheduled depreciation on fixed assets, there was unplanned depreciation in the Group relating to the sale of ferries recorded in the current assets, especially the HSC "Felix" (TDM 5,075).

Other operating expenses

Other operating expenses include the following main items:

	2001 TDM	2000 TDM
Marketing and advertising expenses	20,745	25,404
Legal and consulting fees	15,416	13,143
Costs of cleaning and office space	13,716	14,361
Expenses for the setting up of provisions and accruals	7,768	8,089
EDP expenses	7,704	7,645
Exchange losses	8,011	6,457
Compensations	6,075	1,496
Cost of communication	4,990	3,932
Insurance premiums	4,135	5,431
Commissions	4,614	4,779
Miscellaneous	40,300	39,022
	133,474	129,759

Cost of compensation arose by the premature rescission of the leasing contract on the Det Danske Køkken A/S factory building.

Other interests and similar income/interests and similar expenses

Repaying group-internal financing, which is subject to consolidation, increases both income and expenses thus involving stronger borrowing and higher interest rates with third parties.

Appropriation of earnings

The Board of Management proposes that the accumulated deficit of the parent company of DM 18,570,014.00 be carried forward.

H. Other information

Total remuneration of the Supervisory Board and the Board of Management

The Supervisory Board received a total of TDM 103 for its activities in 2001. The total remuneration granted to the Board of Management for 2001 amounted to TDM 3,986.

Supervisory Board

Dr Bernd Dietrich Malmström, Chairman of the Board of Management of the DB Cargo AG
(Chairman since June 23, 2001)

Dr Eberhard Sinnecker, Lawyer, Darmstadt, (till May 1, 2001, Chairman)

Sven Dyrlov Madsen, Chairman of the Lundbeck Foundation, Copenhagen (Vice Chairman)

Dr Matthias Zieschang, Board of Management (Finance) of DB Netz AG, Frankfurt am Main,
(since June 23, 2001)

Ulrich Jäkel, Board of Management (Finance) Deutsche Bahn AG, Long-distance Haulage
Sector, Frankfurt am Main (till June 23, 2001)

Leo Bruno Larsen, State Secretary at the Ministry of Environment of the Kingdom of Den-
mark, Copenhagen (since April 24, 2001)

Ellen Margrethe Løj, Director at the Ministry of Foreign Affairs of the Kingdom of Denmark,
Copenhagen (till April 24, 2001)

Detlef Kobrow, Chairman of the Central Works Council of Scandlines Deutschland GmbH,
Rostock

Claus Jensen, Captain at Scandlines Danmark A/S, Copenhagen

Board of Management

Ole Rendbæk, Copenhagen
(Chairman, Ship Management)

Axel Bertram, Rostock
(since January 1, 2002; Finance, Controlling, IT)

Geir Jansen, Copenhagen
(till March 7, 2001; Passage/Tourism, Routes I)

Henner Lothar, Rostock
(till April 30, 2001, Freight, Routes II)

Stefan Säuberlich, Rostock (January 1 to December 31, 2001,
Finance, Controlling, IT)

Rostock, this 30th day of October, 2002

Scandlines Aktiengesellschaft

Consolidated cash flow statement

	2001 TDM	2000 TDM
Net income for the year	3.939	41.791
Depreciation and amortization	68.818	66.972
Book profits on disposal of fixed assets	-1.750	-6.576
Earnings before depreciation	71.007	102.187
Vessels for sale	17.436	7.676
Stocks	-2.763	1.932
Accounts receivable from trading	-1.983	16.818
Accounts due from/liabilities to other group companies	1.277	-3.500
Sundry receivables and assets	-8.485	12.659
Trade accounts payable	17.389	-1.486
Other liabilities	-797	-30.122
Deferred charges	-1.504	-2.131
Changes in working capital	20.570	1.846
Provisions and accruals	-4.518	-44.084
Operating cash flow	87.059	59.949
Investments	-52.519	-18.660
Proceeds from disposals of fixed assets	7.111	8.561
Changes in financial assets not affecting cash flow	3.483	3.646
Cash flow from investment activities	-41.925	-6.453
Free cash flow	45.134	53.496
Long-term loans	71.423	-71.499
Currency translation	1.625	-558
Cash flow from financing activities	73.048	-72.057
Net cash flow	118.182	-18.561
Cash and cash equivalents at beginning of period	48.261	66.822
Cash and cash equivalents at end of period	166.443	48.261

'Auditors report

We have audited the annual financial statements of Scandlines Aktiengesellschaft, Rostock, together with the bookkeeping system, and the consolidated financial statements and the report on the situation of the company and the group for the business year from January 1 to December 31, 2001. The maintenance of the books and records and the preparation of the annual financial statements and the consolidated financial statements and the report on the situation of the company and the group in accordance with German commercial law are the responsibility of the company's Board of Management. Our responsibility is to express an opinion on the annual financial statements and the consolidated financial statements, together with the bookkeeping system, and the report on the situation of the company and the group based on our audit.

We conducted our audit of the annual financial statements and the consolidated financial statements in accordance with Article 317 HGB ("German Commercial Code") and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements and the consolidated financial statements in accordance with German principles of proper accounting and in the report on the situation of the company and the group

are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in determination of audit procedures. The effectiveness of the accounting related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the consolidated financial statements and in the report on the situation of the company and the group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting and consolidation principles used and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the annual financial statements and the consolidated financial statements and the report on the situation of the company and the group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements and the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the company and the group in accordance with German principles of proper accounting. On the whole, the report on the situation of the company and the group provides a suitable understanding of the position of the company and the group and suitably presents the risks of future development."

Scandlines Aktiengesellschaft, Rostock

Consolidated analysis of fixed assets

Acquisition and manufacturing costs

	01.01.2001	Currency differences	Transfers	Additions	Disposals	31.12.2001
	TDM	TDM	TDM	TDM	TDM	TDM
I. Intangible assets						
1. Software	12.235	32	0	1.450	4.316	9.401
2. Advances paid on intangible assets	593	2	0	12	607	0
	12.828	34	0	1.462	4.923	9.401
II. Property, plant and equipment						
1. Vessels	589.002	1.644	0	35.272	19.647	606.271
2. Land and buildings	227.561	364	0	6.617	12.800	221.742
3. Technical equipment, plant and machinery	183.537	641	696	1.073	4.211	181.736
4. Other equipment, fixtures, fittings and equipment	25.637	49	1.310	6.854	7.091	26.759
5. Advance payments, plant and machinery under construction	3.006	8	-2.006	1.241	0	2.249
	1.028.743	2.706	0	51.057	43.749	1.038.757
III. Financial assets						
1. Shares in affiliated companies	6.429	0	0	0	651	5.778
2. Investments in associated companies	53.462	187	0	0	0	53.649
3. Other investments	132	1	0	0	22	111
	60.023	188	0	0	673	59.538
	1.101.594	2.928	0	52.519	49.345	1.107.696

Depreciation

Net book values

Depreciation					Net book values	
01.01.2001	Currency differences	Additions	Disposals	31.12.2001	31.12.2001	01.01.2001
TDM	TDM	TDM	TDM	TDM	TDM	TDM
7.745	19	2.067	4.298	5.533	3.868	4.490
0	0	0	0	0	0	593
7.745	19	2.067	4.298	5.533	3.868	5.083
255.173	721	41.554	18.058	279.390	326.881	333.829
104.059	117	8.871	9.612	103.435	118.307	123.502
42.638	149	11.275	4.211	49.851	131.885	140.899
16.842	32	5.051	6.103	15.822	10.937	8.795
0	0	0	0	0	2.249	3.006
418.712	1.019	66.751	37.984	448.498	590.259	610.031
5.753	0	0	0	5.753	25	676
10.424	186	3.483	0	14.093	39.556	43.038
59	1	0	0	60	51	73
16.236	187	3.483	0	19.906	39.632	43.787
442.693	1.225	72.301	42.282	473.937	633.759	658.901

The fleet



Vessel
Prins Richard

Route	Rødby-Puttgarden
Type	Ro-pax
Construction year	1997
Length, oa	142
Breadth	25,4
Speed, max knots	19
Railway tracks, meters	118
Lanemeter, lorries	580
Lanemeter, cars	1411
Car capacity	294
Passenger capacity	900



Vessel
Deutschland

Route	Rødby-Puttgarden
Type	Ro-pax
Construction year	1997
Length, oa	142
Breadth	25,4
Speed, max knots	19
Railway tracks, meters	118
Lanemeter, lorries	632
Lanemeter, cars	1464
Car capacity	305
Passenger capacity	1040



Vessel
Schleswig-Holstein

Route	Rødby-Puttgarden
Type	Ro-pax
Construction year	1997
Length, oa	142
Breadth	25,4
Speed, max knots	19
Railway tracks, meters	118
Lanemeter, lorries	632
Lanemeter, cars	1464
Car capacity	305
Passenger capacity	1040



Vessel
Prinsesse Benedikte

Route	Rødby-Puttgarden
Type	Ro-pax
Construction year	1997
Length, oa	142
Breadth	25,4
Speed, max knots	19
Railway tracks, meters	118
Lanemeter, lorries	580
Lanemeter, cars	1411
Car capacity	294
Passenger capacity	900



**Vessel
Holger Danske**

Route	Rødby-Puttgarden, dangerous goods
Type	Ro-ro
Construction year	1976/1992
Length, oa	86,8
Breadth	13,3
Speed, max knots	14,5
Lanemeter, lorries	180
Lanemeter, cars	
Car capacity	
Passenger capacity	12



**Vessel
Kronprins Frederik**

Route	Gedser-Rostock
Type	Ro-pax
Construction year	1981/1998
Length, oa	152
Breadth	23,7
Speed, max knots	19,5
Lanemeter, lorries	700
Lanemeter, cars	1008
Car capacity	210
Passenger capacity	1082



**Vessel
Dronning Margrethe II**

Route	Gedser-Rostock
Type	Ro-pax, train
Construction year	1973/1982/1998
Length, oa	144,6
Breadth	17,7
Speed, max knots	16,5
Lanemeter, lorries	369
Lanemeter, cars	936
Car capacity	195
Passenger capacity	539



**Vessel
Prins Joachim**

Route	Gedser-Rostock
Type	Ro-pax
Construction year	1981/2001
Length, oa	152
Breadth	23,7
Speed, max knots	19,5
Lanemeter, lorries	700
Lanemeter, cars	1008
Car capacity	210
Passenger capacity	800



**Vessel
Sassnitz**

Route	Sassnitz-Trelleborg
Type	Ro-pax
Construction year	1989
Length, oa	171,5
Breadth	24,1
Speed, max knots	19
Railway tracks	711,5
Lanemeter, lorries, upperdeck	1071
Lanemeter, cars, upperdeck	864
Car capacity, upperdeck	180
Passenger capacity	875



**Vessel
Mecklenburg-Vorpommern**

Route	Rostock-Trelleborg
Type	Ro-pax
Construction year	1996
Length, oa	199,95
Breadth	28,8
Speed, max knots	20
Railway tracks	945
Lanemeter, lorries, total	2150
Lanemeter, cars, upperdeck	446
Car capacity, deck 5	93
Passenger capacity	665



**Vessel
Rügen**

Route	Sassnitz-Rønne
Type	Ro-pax
Construction year	1972
Length, oa	152,2
Breadth	18,8
Speed, max knots	17,5
Railway tracks, meters	480
Lanemeter, lorries	628
Lanemeter, cars	1123
Car capacity	234
Passenger capacity	850



**Vessel
Urd**

Route	Rostock-Liepaja
Type	Ro-pax
Construction year	1981/1991/2001
Length, oa	171,05
Breadth	20,82
Speed, max knots	17
Lanemeter, lorries	1598
Lanemeter, cars	
Car capacity	
Passenger capacity	186



**Vessel
Ask**

Route	Malmö-Trawemünde
Type	Ro-pax
Construction year	1982/1991/2001
Length, oa	171,05
Breadth	20,82
Speed, max knots	18
Lanemeter, lorries	1598
Lanemeter, cars	
Car capacity	
Passenger capacity	186



**(Chartered Vessel)
Petersburg**

Route	Kiel-Klaipeda
Type	Ro-Pax
Construction year	1986
Length, oa	190,80
Breadth	28
Speed, max knots	15,5
Railway tracks, meters	1517
Lanemeter, lorries	1570
Lanemeter, cars	1500
Car capacity	329
Passenger capacity	140



**(Chartered Vessel)
Kahleberg**

Route	Karlshamn-Liepaja
Type	Ro-Pax
Construction year	1983
Length, oa	140,12
Breadth	20,9
Speed, max knots	14,5
Lanemeter, lorries	784
Lanemeter, cars	1728
Car capacity	360
Passenger capacity	79



**Vessel
Tre Kroner**

Route	
Type	Ro-ro, train
Construction year	1979/1986
Length, oa	198,5
Breadth	22,4
Speed, max knots	18
Railway tracks	806
Lanemeter, lorries	940
Car capacity	
Passenger capacity	12



**Vessel
Tycho Brahe**

Route	Helsingør-Helsingborg
Type	Ro-pax
Construction year	1991
Length, oa	111,2
Breadth	28,2
Speed, max knots	14,5
Lanemeter, lorries	539
Lanemeter, cars	1152
Car capacity	240
Passenger capacity	1250



**Vessel
Hamlet (50 %)**

Route	Helsingør-Helsingborg
Type	Ro-pax
Construction year	1997
Length, oa	111,2
Breadth	28,2
Speed, max knots	14
Lanemeter, lorries	553
Lanemeter, cars	1171
Car capacity	244
Passenger capacity	1000



**Vessel
Spodsbjerg**

Route	Spodsbjerg-Tårs
Type	Ro-pax
Construction year	1972
Length, oa	67,3
Breadth	11,5
Speed, max knots	12
Lanemeter, lorries	135
Lanemeter, cars	230
Car capacity	48
Passenger capacity	226



**Vessel
Frigg Sydfyen**

Route	Spodsbjerg-Tårs
Type	Ro-pax
Construction year	1984
Length, oa	70,1
Breadth	12,3
Speed, max knots	13,5
Lanemeter, lorries	140
Lanemeter, cars	240
Car capacity	50
Passenger capacity	200/338



**Vessel
Odin Sydfyen**

Route	Spodsbjerg-Tårs
Type	Ro-pax
Construction year	1982
Length, oa	70,35
Breadth	12,3
Speed, max knots	12,5
Lanemeter, lorries	140
Lanemeter, cars	240
Car capacity	50
Passenger capacity	200/338



**Vessel
Thor Sydfyen**

Route	Bøjden-Fynshav
Type	Ro-pax
Construction year	1978
Length, oa	71
Breadth	12
Speed, max knots	12
Lanemeter, lorries	140
Lanemeter, cars	240
Car capacity	50
Passenger capacity	292



**Vessel
Fenja**

Route	Esbjerg-Fanø
Type	Ro-pax
Construction year	1998
Length, oa	49,9
Breadth	13,8
Speed, max knots	11,5
Lanemeter, lorries	74
Lanemeter, cars	163
Car capacity	34
Passenger capacity	297/396



**Vessel
Menja**

Route	Esbjerg-Fanø
Type	Ro-pax
Construction year	1998
Length, oa	49,9
Breadth	13,8
Speed, max knots	11,5
Lanemeter, lorries	74
Lanemeter, cars	163
Car capacity	34
Passenger capacity	297/396



**Vessel
Sønnerho**

Route	Esbjerg-Fanø
Type	Motor
Construction year	1962
Length, oa	26,3
Breadth	6,1
Speed, max knots	10
Lanemeter, lorries	
Lanemeter, cars	
Car capacity	
Passenger capacity	163

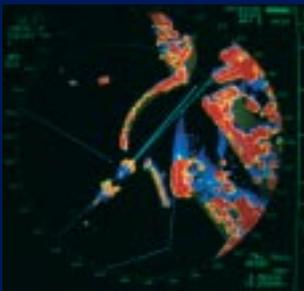


**Vessel
Helge**

Route	Svendborg-Sund
Type	Veteran ferry
Construction year	1924
Length, oa	18,6
Breadth	5,3
Speed, max knots	10
Lanemeter, lorries	
Lanemeter, cars	
Car capacity	
Passenger capacity	35/150

Design: Scandlines

Photos: Bent Rej, Winfried Hausch, Planet Foto,
Carsten Andersen, Bent Mikkelsen,
René Strandbygaard, Jørgen Stibro Andersen



Scandlines

Scandlines AG
Hochhaus am Fährhafen
D-18119 Rostock-Warnemünde
Telephone: + 49 (0) 381 54 35-0
Facsimile: + 49 (0) 381 54 35 678
Website: www.scandlines.com