Deloitte.

Achieva Holding A/S

Boltonvej 7
2300 København S
CVR No. 14382844

Annual report 2020

The Annual General Meeting adopted the annual report on 07.07.2021

Christian Thamdrup Lund
Chairman of the General Meeting

Contents

Entity details

Entity

Achieva Holding A/S

Boltonvej 7

2300 København S

Business Registration No.: 14382844

Registered office: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Niels-Erik Thamdrup Lund

Carsten Thamdrup Lund

Christian Thamdrup Lund

Executive Board

Niels-Erik Thamdrup Lund

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Achieva Holding A/S for the financial year 01.01.2020 - 31.12.2020

The annual report is presented in accordance with 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 31.12.2020 and of the results of their operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 07.07.2021

Executive Board

Niels-Erik Thamdrup Lund

Board of Directors

Niels-Erik Thamdrup Lund

Carsten Thamdrup Lund

Christian Thamdrup Lund

Independent auditor's report

To the shareholders of Achieva Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Achieva Holding A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with 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 31.12.2020 and of the results of their operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the 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 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.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 07.07.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Hansen
State Authorised Public Accountant
Identification No (MNE) mne24828

Management commentary

Primary activities

The Group's primary activity is to be owner and part owner in expedition cruise vessels. Further, the Group's activities consist of consulting in connection with buying, selling and chartering of oceangoing passenger ships and investing in securities and other financial instruments.

Description of material changes in activities and finances

During the financial year Achieva Holding A/S have entered several agreements, which have consolidated and expanded their activities.

Incorporation of Danish Cruise Holdings ApS

With effect from 1 January 2020 seven previously associated companies owned 33.3 percent by Achieva Holding A/S were acquired by the newly incorporated company Danish Cruise Holdings ApS. Danish Cruise Holdings ApS is owned 33.3 percent by Achieva Holding A/S.

Purchase of TN Cruise

With effect from 1 January 2020 Achieva Holding A/S became the full owner of the shares in the companies Komplementarselskabet TN Cruise ApS and TN Cruise K/S.

Purchase of Maritime Holdings Group, Inc. shares

With effect from 1 January 2020 Achieva Holding A/S became 51 percent owner of the company Maritime Holdings Group, Inc. Maritime Holdings Group, Inc. is a technical manager of cruise ships.

Purchase of Nova Cruising Ltd. shares

With effect from 1 December, 2020 Achieva Holding A/S became 50 percent owner of the company Nova Cruising Ltd.. Nova Cruising Ltd. owns the expedition cruise vessel, Ocean Nova.

Development in activities and finances

As disclosed in the annual report for 2019 and in previous years, the Group received a ruling from SKAT (The Danish Tax Authorities) stating that the Group was not considered to comply with the requirements for taxation under the rules of the Danish Tonnage Tax Act. As a result, SKAT imposed taxation to take place under the ordinary principles of the Danish Corporation Tax Act.

On March 17 2020 the Danish Supreme Court served the final verdict that the Danish tonnage tax scheme is not applicable for expedition vessels. The Group did not pursue additional initiatives for the application of the Danish tonnage tax. Even though the Group did not agree with SKAT's position in previous years, the Group had for accounting purposes calculated and recorded taxation in accordance with the ordinary principles of the Danish Corporation Tax Act. Based on this there has been no impact on the financial statements. All taxes due for previous years were paid during 2020.

As a cash flow precaution, several of the Group's Associates have agreed with their Banks that only interest will have to be paid on vessel bank loans from March 2020 until January 2022. Interest for the period from September 2020 until January 2022 was prepaid.

The Group, through its American-owned associates, has participated in the US COVID-19 government relief package aimed at the hard-hit transportation industry. The loans obtained in this respect are expected to be forgiven.

As a result of the spread of the COVID-19 virus, economic uncertainties arose during 2020. Management is closely monitoring the COVID-19 situation and the impact this may have on the operation and financial situation of the company.

Profit/loss for the year in relation to expected developments

The Group's result for the year amounted to a loss of USD 6,526 thousand, which is considered unsatisfactory. The Group's result for 2020 is negatively impacted by investments in associates. Management expects an improved result for 2021.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020

	Notes	2020 USD'000	2019 USD'000
Revenue		13,755	5,527
Other operating income		1,043	0
Cost of sales		(653)	(573)
Other external expenses		(4,110)	(2,367)
Gross profit/loss		**10,035**	**2,587**
Staff costs	1	(2,803)	(738)
Depreciation, amortisation and impairment losses		(4,048)	(385)
Operating profit/loss		**3,184**	**1,464**
Income from investments in associates		(6,252)	3,142
Other financial income		863	3,357
Other financial expenses		(4,141)	(843)
Profit/loss before tax		**(6,346)**	**7,120**
Tax on profit/loss for the year		(180)	(1,233)
Profit/loss for the year		**(6,526)**	**5,887**
Proposed distribution of profit and loss			
Retained earnings		(6,584)	6,086
Minority interests' share of profit/loss		58	(199)
Proposed distribution of profit and loss		**(6,526)**	**5,887**

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 USD'000	2019 USD'000
Land and buildings		0	133
Ships		69,715	56,618
Other fixtures and fittings, tools and equipment		0	1
Prepayments for property, plant and equipment		14,671	8,607
Property, plant and equipment	2	**84,386**	**65,359**
Investments in associates		7,098	12,819
Receivables from associates		17,840	22,423
Deposits		11	0
Other receivables		423	455
Financial assets	3	**25,372**	**35,697**
Fixed assets		**109,758**	**101,056**
Trade receivables		469	166
Other receivables		1,029	107
Tax receivable		22	0
Prepayments		295	465
Receivables		**1,815**	**738**
Other investments		12,662	6,977
Investments		**12,662**	**6,977**
Cash		**8,176**	**11,637**
Current assets		**22,653**	**19,352**
Assets		**132,411**	**120,408**

Equity and liabilities

	Notes	2020 USD'000	2019 USD'000
Contributed capital		120	120
Retained earnings		38,465	44,819
Equity belonging to Parent's shareholders		**38,585**	**44,939**
Equity belonging to minority interests		**13**	**(165)**
Equity		**38,598**	**44,774**
Deferred tax		146	37
Provisions		**146**	**37**
Bank loans		47,105	44,857
Prepayments received from customers		11,800	11,304
Payables to owners and management		404	127
Other payables		14,548	6,459
Non-current liabilities other than provisions	4	**73,857**	**62,747**
Bank loans		10,322	9,414
Deposits		200	0
Prepayments received from customers		6,303	837
Trade payables		569	397
Payables to associates		6	0
Tax payable		6	772
Other payables		2,404	1,430
Current liabilities other than provisions		**19,810**	**12,850**
Liabilities other than provisions		**93,667**	**75,597**
Equity and liabilities		**132,411**	**120,408**
Unrecognised rental and lease commitments	5		
Contingent liabilities	6		
Assets charged and collateral	7		
Subsidiaries	8		

Consolidated statement of changes in equity for 2020

	Contributed capital USD'000	Retained earnings USD'000	Equity belonging to Parent's shareholders USD'000	Equity belonging to minority interests USD'000	Total USD'000
Equity beginning of year	120	44,819	44,939	(165)	44,774
Effect of mergers and business combinations	0	230	230	216	446
Ordinary dividend paid	0	0	0	(96)	(96)
Profit/loss for the year	0	(6,584)	(6,584)	58	(6,526)
Equity end of year	**120**	**38,465**	**38,585**	**13**	**38,598**

Notes to consolidated financial statements

1 Staff costs

	2020 USD'000	2019 USD'000
Wages and salaries	2,803	738
	2,803	**738**
Average number of full-time employees	**32**	

2 Property, plant and equipment

	Land and buildings USD'000	Ships USD'000	Other fixtures and fittings, tools and equipment USD'000	Prepayments for property, plant and equipment USD'000
Cost beginning of year	522	56,991	16	8,607
Addition through business combinations etc	0	23,214	0	0
Additions	0	345	0	6,064
Disposals	(522)	0	0	0
Cost end of year	**0**	**80,550**	**16**	**14,671**
Depreciation and impairment losses beginning of year	(389)	(373)	(15)	0
Transfers	0	(6,415)	0	0
Depreciation for the year	0	(4,047)	(1)	0
Reversal regarding disposals	389	0	0	0
Depreciation and impairment losses end of year	**0**	**(10,835)**	**(16)**	**0**
Carrying amount end of year	**0**	**69,715**	**0**	**14,671**

3 Financial assets

	Investments in associates USD'000	Receivables from associates USD'000	Other receivables USD'000
Cost beginning of year	6,062	23,288	455
Addition through business combinations etc	7,029	0	0
Disposals on divestments etc.	(2,538)	0	0
Transfers	(7)	0	0
Additions	288	1,186	0
Disposals	0	(5,005)	(32)
Cost end of year	**10,834**	**19,469**	**423**
Revaluations beginning of year	6,757	(866)	0
Disposals on divestments etc.	(1,594)	0	0
Exchange rate adjustments	(134)	0	0
Transfers	(3,371)	0	0
Share of profit/loss for the year	(5,351)	0	0
Impairment losses for the year	(441)	0	0
Investments with negative equity value depreciated over receivables	763	(763)	0
Other adjustments	(365)	0	0
Revaluations end of year	**(3,736)**	**(1,629)**	**0**
Carrying amount end of year	**7,098**	**17,840**	**423**

Associates	**Registered in**	**Ownership %**
Danish Cruise Holdings ApS	Denmark	33,3
IOT Denmark ApS	Denmark	31,3
Quest Partners Ltd.	Bahamas	50,0
Odyssey BBHP Owner Ltd.	Bahamas	40,0
Explorer BBHP Owner Ltd.	Bahamas	45,0
Equinox Ship Ltd.	Bahamas	50,0
SunStone Ships Inc.	USA	50,0

4 Non-current liabilities other than provisions

	Due after more than 12 months 2020 USD'000
Bank loans	47,105
Prepayments received from customers	11,800
Payables to owners and management	404
Other payables	14,548
	73,857

5 Unrecognised rental and lease commitments

Achieva Holding A/S had entered into a subscription agreement with a charitable organization in 2015 for a total amount of USD 805,412 with USD 422,984 remaining to be settled in equal amounts over the next six years.

6 Contingent liabilities

The Parent has issued letters of support to a number of associates together with the other shareholders.

The Group has entered into shipbuilding contracts with the Chinese Shipyard, China Merchants Industry Holdings Co., Ltd. The shipbuilding contracts concerns the construction of four Expedition Vessels.

One Expedition vessel was delivered in 2019. Two Expedition vessels will be delivered in 2021 and the last Expedition vessel will be delivered in 2022. As part of the shipbuilding activities the Group has paid installments of USD 14.7 million as of 31 December 2020, and is obligated to pay additional installments of total USD 2.8 million during the construction period.

7 Assets charged and collateral

The following has been provided as collateral for the bank loans in the Group. Per the balance sheet date the bank loans amount to an unpaid balance of USD 57.4 million:

- Land and buildings. The carrying amount of the property is USD 0 thousand.
- The Group’s securities. The carrying amount of securities is USD 12.7 million.
- Mortgage deed registered to the vessel owner. The book value of the vessel amounts to USD 69.7 million.
- Assignment of the insurance amount of the vessel.

8 Subsidiaries

	Registered in	Corporate form	Ownership %
Greg Mortimer Owner Ltd.	Bahamas	Ltd.	50,02
Sylvia Earle Owner Ltd.	Bahamas	Ltd.	50,04
Ocean Explorer Owner Ltd.	Bahamas	Ltd.	100,00
Ocean Odyssey Owner Ltd.	Bahamas	Ltd.	100,00
Ocean Discoverer Owner Ltd.	Bahamas	Ltd.	100,00
SunStone Bahamas Ltd.	Bahamas	Ltd.	100,00
SunStone Marine Advisors Ltd.	Bahamas	Ltd.	51,00
Scanmar Ltd.	Bahamas	Ltd.	100,00
TN Cruise K/S	Denmark	K/S	100,00
Komplementarselskabet TN Cruise ApS	Denmark	ApS	100,00
Maritime Holdings Group, Inc.	USA	Inc.	51,00

Parent income statement for 2020

	Notes	2020 USD'000	2019 USD'000
Revenue		349	2,068
Other operating income		1,043	0
Other external expenses		(348)	(605)
Gross profit/loss		**1,044**	**1,463**
Depreciation, amortisation and impairment losses		(1)	(11)
Operating profit/loss		**1,043**	**1,452**
Income from investments in group enterprises		(4,960)	1,183
Income from investments in associates		(2,152)	3,659
Other financial income from group enterprises		846	852
Other financial income		459	2,634
Financial expenses from group enterprises		(422)	(377)
Other financial expenses		(1,203)	(293)
Profit/loss before tax		**(6,389)**	**9,110**
Tax on profit/loss for the year	1	(105)	(1,144)
Profit/loss for the year		**(6,494)**	**7,966**
Proposed distribution of profit and loss			
Retained earnings		(6,494)	7,966
Proposed distribution of profit and loss		**(6,494)**	**7,966**

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 USD'000	2019 USD'000
Land and buildings		0	133
Other fixtures and fittings, tools and equipment		0	1
Property, plant and equipment	2	**0**	**134**
Investments in group enterprises		23,344	16,126
Receivables from group enterprises		9,752	10,723
Investments in associates		6,607	8,514
Receivables from associates		17,840	17,417
Other receivables		423	455
Financial assets	3	**57,966**	**53,235**
Fixed assets		**57,966**	**53,369**
Other receivables		63	11
Tax receivable		92	0
Receivables		**155**	**11**
Other investments		12,662	6,966
Investments		**12,662**	**6,966**
Cash		**549**	**6,784**
Current assets		**13,366**	**13,761**
Assets		**71,332**	**67,130**

Equity and liabilities

	Notes	2020 USD'000	2019 USD'000
Contributed capital		120	120
Reserve for net revaluation according to the equity method		11,274	19,785
Retained earnings		27,334	25,317
Equity		**38,728**	**45,222**
Deferred tax		144	37
Provisions		**144**	**37**
Payables to group enterprises		1,000	1,000
Payables to owners and management		1,744	127
Other payables		7,406	1,017
Non-current liabilities other than provisions	4	**10,150**	**2,144**
Bank loans		8,274	6,032
Payables to group enterprises		12,472	12,181
Tax payable		0	692
Other payables		1,564	822
Current liabilities other than provisions		**22,310**	**19,727**
Liabilities other than provisions		**32,460**	**21,871**
Equity and liabilities		**71,332**	**67,130**
Unrecognised rental and lease commitments	5		
Contingent liabilities	6		
Assets charged and collateral	7		

Parent statement of changes in equity for 2020

	Contributed capital USD'000	Reserve for net revaluation according to the equity method USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	120	19,785	25,317	45,222
Profit/loss for the year	0	(8,511)	2,017	(6,494)
Equity end of year	**120**	**11,274**	**27,334**	**38,728**

Notes to parent financial statements

1 Tax on profit/loss for the year

	2020 USD'000	2019 USD'000
Current tax	0	911
Change in deferred tax	107	193
Adjustment concerning previous years	37	40
Refund in joint taxation arrangement	(39)	0
	105	**1,144**

2 Property, plant and equipment

	Land and buildings USD'000	Other fixtures and fittings, tools and equipment USD'000
Cost beginning of year	522	16
Disposals	(522)	0
Cost end of year	**0**	**16**
Depreciation and impairment losses beginning of year	(389)	(15)
Depreciation for the year	0	(1)
Reversal regarding disposals	389	0
Depreciation and impairment losses end of year	**0**	**(16)**
Carrying amount end of year	**0**	**0**

3 Financial assets

	Investments in group enterprises USD'000	Receivables from group enterprises USD'000	Investments in associates USD'000	Receivables from associates USD'000	Other receivables USD'000
Cost beginning of year	28	10,980	4,827	18,283	455
Addition through business combinations etc	0	0	7,029	0	0
Disposals on divestments etc.	0	0	(2,538)	0	0
Transfers	7	0	(7)	0	0
Additions	9,331	2,423	0	1,186	0
Disposals	0	(3,326)	0	0	(32)
Cost end of year	**9,366**	**10,077**	**9,311**	**19,469**	**423**
Revaluations beginning of year	16,098	(257)	3,687	(866)	0
Disposals on divestments etc.	0	0	(1,594)	0	0
Exchange rate adjustments	0	0	(134)	0	0
Transfers	3,371	0	(3,371)	0	0
Share of profit/loss for the year	(4,959)	0	(1,249)	0	0
Dividend	(600)	0	0	0	0
Impairment losses for the year	0	0	(441)	0	0
Investments with negative equity value depreciated over receivables	68	(68)	763	(763)	0
Other adjustments	0	0	(365)	0	0
Revaluations end of year	**13,978**	**(325)**	**(2,704)**	**(1,629)**	**0**
Carrying amount end of year	**23,344**	**9,752**	**6,607**	**17,840**	**423**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

4 Non-current liabilities other than provisions

	Due after more than 12 months 2020 USD'000
Payables to group enterprises	1,000
Payables to owners and management	1,744
Other payables	7,406
	10,150

5 Unrecognised rental and lease commitments

Achieva Holding A/S had entered into a subscription agreement with a charitable organization in 2015 for a total amount of USD 805,412 with USD 422,984 remaining to be paid in equal amounts for the next six years.

6 Contingent liabilities

The Parent has issued letters of support to a number of associates in collaboration with the other shareholders. For Greg Mortimer Owner Ltd. the Parent has issued a letter of support.

The Company serves as the holding company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed entities.

7 Assets charged and collateral

The following has been provided as collateral for the bank loan with an unpaid balance of USD 8.2 million:
- The Company’s securities. The carrying amount of securities is USD 12.6 million.

Furthermore, Achieva Holding A/S has provided guarantee for TN Cruise K/S’ mortgage of USD 2.5 million.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

The annual report has been prepared and presented in USD. A DKK/USD exchange rate of 6.058 has been applied (2019: 6.676).

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Income statement

Revenue
Revenue comprise of sale of services and charter hire.
Revenue from the sale of services (e.g. brokerage commission and consulting services) is recognised in the income statement when the service is provided. Charter hire from time charters is recognised over the duration of the charters.

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

Cost of sales
Cost of sales comprises expenses incurred for the operation of the vessel.

Other external expenses
Other external expenses include expenses relating to the Group's ordinary activities, including expenses for stationery and office supplies, marketing costs, expenses for property taxes, legal expenses, consultancy fees, etc.

Staff costs
Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation, impairment losses relating to property plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

Other financial income
Other financial income comprises interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its group enterprises which are considered Danish tax subjects. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25-40 years
Other fixtures and fittings, tools and equipment	5-10 years
Ships	25 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these associates are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments (current assets)
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.