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## Achieva Holding A/S

Boltonvej 7 2300 Copenhagen S Central Business Registration No 14382844

**Annual report 2018** 

The Annual General Meeting adopted the annual report on 07.06.2019

Chairman of the General Meeting

Name: Christian Thamdrup Lund

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# **Entity details**

#### **Entity**

Achieva Holding A/S Boltonvej 7 2300 Copenhagen S

Central Business Registration No (CVR): 14382844

Registered in: Copenhagen

Financial year: 01.01.2018 - 31.12.2018

#### **Board of Directors**

Christian Thamdrup Lund Niels-Erik Thamdrup Lund Carsten Thamdrup Lund

#### **Executive Board**

Niels-Erik Thamdrup Lund

#### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 Postbox 1600 0900 Copenhagen C

### 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 01.01.2018 - 31.12.2018.

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

In our opinion, the consolidated financial statements and the parent the financial statements give a true and fair view of the Group's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 07.06.2019

#### **Executive Board**

Niels-Erik Thamdrup Lund

#### **Board of Directors**

Christian Thamdrup Lund

Niels-Erik Thamdrup Lund

Carsten Thamdrup Lund

### **Independent auditor's report**

# To the shareholder 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 01.01.2018 - 31.12.2018, 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 31.12.2018, and of the results of their operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the 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 Group or 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

### **Independent auditor's report**

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 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.

### **Independent auditor's report**

#### 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, 07.06.2019

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab Central Business Registration No (CVR) 33963556

Sumit Sudan State Authorised Public Accountant Identification No (MNE) mne33716

### Management commentary

#### **Primary activities**

The Group's primary activity consist of consulting in connection with buying, selling and chartering of ocean going passenger ships and investing in associates, securities and other financial instruments.

#### **Development in activities and finances**

The result for the year amounts to a profit of USD 361 thousand. Management expects a similar result in 2019.

During 2018, Achieva Holding A/S established three subsidiaries, Infinity Owner II Ltd., Ocean Explorer Owner Ltd., Ocean Odyssey Owner Ltd. and two associated companies, Explorer BBHP Owner Ltd. and Odyssey BBHP Owner Ltd. to support the Group's increased activities. Further, Achieva Holding A/S has sold 50% of its shareholding in SunStone Ships, Inc.

In 2018 the Group received a ruling from the Danish Tax Authorities ("SKAT") stating that the Group for the income years 2014-2016, is not considered to comply with the requirement for taxation under the rules of the Danish Tonnage Tax Act for the part relating to TN Cruise K/S.

As a result, SKAT imposes taxation to take place under the ordinary principles of the Danish Corporation Tax Act. However, it is Management's view that SKAT's assessment and interpretation of the requirements for applying the rules of the Tonnage Tax Act are not correct, for which reason Management has appealed the ruling to the National Tax Tribunal.

It has been assessed it would be fair and reasonable to calculate the taxable income in accordance with the Danish Corporation Tax Act for accounting purposes and as a result, this has been recorded in the financial statements.

#### Events after the balance sheet date

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

# **Consolidated income statement for 2018**

	Notes	2018 USD'000	2017 USD'000
Revenue		2.742	2.145
Other external expenses		(1.743)	(1.330)
Gross profit/loss		999	815
Staff costs	1	(328)	(226)
Depreciation, amortisation and impairment losses		(120)	(360)
Operating profit/loss		551	229
Income from investments in associates		173	1.000
Other financial income		1.266	733
Other financial expenses		(1.336)	(3.908)
Profit/loss before tax		654	(1.946)
Tax on profit/loss for the year		(293)	534
Profit/loss for the year		361	(1.412)
Proposed distribution of profit/loss			
Retained earnings		417	(1.516)
Minority interests' share of profit/loss		(56)	104
		361	(1.412)

# Consolidated balance sheet at 31.12.2018

	Notes	2018 USD'000	2017 USD'000
Land and buildings		143	4.713
Other fixtures and fittings, tools and equipment		3	115
Prepayments for property, plant and equipment		8.088	2.676
Property, plant and equipment	2	8.234	7.504
Investments in associates		8.584	7.577
Receivables from associates		21.156	21.084
Other receivables		587	662
Fixed asset investments	3	30.327	29.323
Fixed assets		38.561	36.827
Trade receivables		251	909
Deferred tax		183	476
Other receivables		4.281	215
Income tax receivable		355	450
Prepayments		4	140
Receivables	-	5.074	2.190
Other investments		7.791	8.301
Other investments	-	7.791	8.301
Cash	5	7.206	6.131
Current assets		20.071	16.622
Assets	-	58.632	53.449

# Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	2018 USD'000	2017 USD'000
Contributed capital		120	120
Retained earnings		39.733	36.413
Equity attributable to the Parent's owners		39.853	36.533
Share of equity attributable to minority interests		18	104
Equity		39.871	36.637
Payables to shareholders and management		4.957	1.928
Other payables		1.390	1.981
Non-current liabilities other than provisions		6.347	3.909
Bank loans		8.043	8.558
Deposits		4.001	4.001
Trade payables		4	254
Other payables		366	90
Current liabilities other than provisions		12.414	12.903
Liabilities other than provisions		18.761	16.812
Equity and liabilities		58.632	53.449
Associates	4		
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Assets charged and collateral	8		
Subsidiaries	9		

# Consolidated statement of changes in equity for 2018

	Contributed capital USD'000	Retained earnings USD'000	Share of equity attributable to minority interests USD'000	Total USD'000
Equity beginning of year Effect of	120	36.413	103	36.636
divestments of entities etc	0	3.452	0	3.452
Extraordinary dividend paid	0	0	(29)	(29)
Value adjustments	0	(550)	0	(550)
Profit/loss for the year	0	418	(56)	362
Equity end of year	120	39.733	18	39.871

		2018 USD'000	2017 USD'000
1. Staff costs			
Wages and salaries		285	184
Other social security costs		35	28
Other staff costs		8	14
		328	226
Average number of employees		3	3
	Land and buildings USD'000	Other fixtures and fittings, tools and equipment USD'000	Prepay- ments for property, plant and equipment USD'000
2. Property, plant and equipment			
Cost beginning of year	6.286	359	2.676
Disposals on divestments etc	(5.764)	0	0
Additions	0	0	5.412
Disposals	0	(343)	0
Cost end of year	522	16	8.088
Depreciation and impairment losses beginning of year	(1.573)	(244)	0
Depreciation for the year	(11)	(1)	0
Reversal regarding disposals	1.205	232	0
Depreciation and impairment losses end of year	(379)	(13)	0
Carrying amount end of year	143	3	8.088

	Investments in associates USD'000	Receivables from associates USD'000	Other receivables USD'000
3. Fixed asset investments			
Cost beginning of year	2.504	22.892	662
Additions	11	10.524	0
Disposals	0	(8.972)	(75)
Cost end of year	2.515	24.444	587
Revaluations beginning of year	5.073	0	0
Exchange rate adjustments	(10)	0	0
Share of profit/loss for the year	525	0	0
Dividend	(650)	0	0
Impairment losses for the year	(349)	0	0
Investments with negative equity value depreciated over receivables	1.480	0	0
Revaluations end of year	6.069	0	0
Impairment losses beginning of year	0	(1.808)	0
Investments with negative equity value depreciated over receivables	0	(1.480)	0
Impairment losses end of year	0	(3.288)	0
Carrying amount end of year	8.584	21.156	587

		Equity inte- rest
	Registered in	%
4. Associates		
Komplementarselskabet TN Cruise ApS	Denmark	50,0
TN Cruise K/S	Denmark	50,0
Adventurer Partners Ltd.	Bahamas	50,0
Quest Partners Ltd.	Bahamas	50,0
TN Cruise Investment Ltd.	Bahamas	50,0
Equinox Ship Ltd.	Bahamas	50,0
Endeavour Partners Ltd.	Bahamas	33,3
Fields of Dreams LLC	USA	33,3
Explorer Partners Ltd.	Bahamas	33,3
Odyssey Owner Ltd.	Bahamas	25,0
Ocean Atlantic Partners Ltd.	Bahamas	25,0
Cruise Management International, Inc.	USA	25,0
CMI Leisure Ltd.	Bahamas	25,0
CMI Leisure Management, Inc.	USA	25,0
Amalgamated Fudge LLC	USA	25,0
I DO MOVE ApS	Denmark	25,0
IOT Denmark ApS	Denmark	20,4
Explorer BBHP Owner Ltd.	Bahamas	45,0
Odyssey BBHP Owner Ltd.	Bahamas	40,0

#### 5. Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and restricted cash of USD 4,033 thousand related to the ship construction activities held in Infinity Owner I Ltd.

#### 6. 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 586,714 remaining to be paid in equal amounts for the next seven years.

#### 7. Contingent liabilities

The Group has entered into shipbuilding contracts with the Chinese Shipyard, China Merchants Industry Holdings Co., Ltd. The shipbuilding contracts concerns the construction of two Expedition Vessels. The vessels will be delivered during 2019-2022.

As part of the shipbuilding activities the Group is obligated to pay additional installments of total USD 3.0 million during the construction period. As of 31 December 2018 USD 8.1 million has been paid.

#### 8. Assets charged and collateral

The following has been provided as collateral for the bank loan with an unpaid balance of USD 8.0 million:

- Land and buildings. The carrying amount of the property is USD 143 thousand.
- The Group's securities. The carrying amount of securities is USD 7.8 million.

Furthermore, Achieva Holding A/S has provided collateral for TN Cruise K/S' mortgage of USD 3.6 million and Cruise Management International, Inc.' contingent liability of USD 229 thousand.

		Corpo- rate	Equity inte- rest
	Registered in	<u>form</u>	<u></u> %
9. Subsidiaries			
Sunstone Bahamas Ltd.	Bahamas	Ltd.	100,0
Sunstone Ships Inc.	USA	Inc.	50,0
Sunstone Marine advisors Ltd.	Bahamas	Ltd.	51,0
Scanmar Ltd.	Bahamas	Ltd.	100,0
Infinity Owner I Ltd.	Bahamas	Ltd.	50,0
Infinity Owner II Ltd.	Bahamas	Ltd.	50,0
Ocean Explorer Owner Ltd.	Bahamas	Ltd.	100,0
Ocean Odyssey Owner Ltd.	Bahamas	Ltd.	100,0

# Parent income statement for 2018

<u> </u>	lotes	2018 USD'000	2017 USD'000
Revenue		241	180
Other external expenses		(284)	(298)
Gross profit/loss	-	(43)	(118)
Depreciation, amortisation and impairment losses		(12)	(13)
Operating profit/loss	<del>-</del>	(55)	(131)
Income from investments in group enterprises		1.716	(329)
Income from investments in associates		732	1.145
Other financial income from group enterprises		933	946
Other financial income		380	100
Financial expenses from group enterprises		(20)	(12)
Other financial expenses		(1.076)	(3.769)
Profit/loss before tax	- -	2.610	(2.050)
Tax on profit/loss for the year	-	(336)	534
Profit/loss for the year	-	2.274	(1.516)
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		1.000	0
Transferred to reserve for net revaluation according to the equity method		1.536	817
Retained earnings		(262)	(2.333)
	- -	2.274	(1.516)

# Parent balance sheet at 31.12.2018

	Notes	2018 USD'000	2017 USD'000
Land and buildings		143	154
Other fixtures and fittings, tools and equipment		2	3
Property, plant and equipment	1	145	157
Investments in group enterprises		14.790	15.312
Receivables from group enterprises		8.304	7.834
Investments in associates		5.589	4.075
Receivables from associates		15.640	21.084
Other receivables		587	0
Fixed asset investments	2	44.910	48.305
Fixed assets		45.055	48.462
Deferred tax		139	476
Other receivables		4.268	17
Income tax receivable		355	450
Receivables		4.762	943
Other investments		7.775	104
Other investments		7.775	104
Cash		2.895	1.880
Current assets		15.432	2.927
Assets		60.487	51.389

# Parent balance sheet at 31.12.2018

_	Notes	2018 USD'000	2017 USD'000
Contributed capital		120	120
Reserve for net revaluation according to the equity method		18.844	17.859
Retained earnings		18.292	18.554
Proposed dividend		1.000	0
Equity		38.256	36.533
Payables to shareholders and management		856	23
Other payables		1.390	1.981
Non-current liabilities other than provisions		2.246	2.004
Bank loans		8.043	8.558
Trade payables		0	44
Payables to group enterprises		11.792	4.250
Other payables		150	0
Current liabilities other than provisions		19.985	12.852
Liabilities other than provisions		22.231	14.856
Equity and liabilities		60.487	51.389
Unrecognised rental and lease commitments	3		
Contingent liabilities	4		
Assets charged and collateral	5		

# Parent statement of changes in equity for 2018

	Contributed capital USD'000	Reserve for net revaluation according to the equity method USD'000	Retained earnings USD'000	Proposed dividend USD'000
Equity beginning of year	120	17.858	18.554	0
Value adjustments	0	(550)	0	0
Profit/loss for the year	0	1.536	(262)	1.000
Equity end of year	120	18.844	18.292	1.000

	Total
	USD'000
Equity beginning of year	36.532
Value adjustments	(550)
Profit/loss for the year	2.274
Equity end of year	38.256

# **Notes to parent financial statements**

			Land and buildings USD'000	Other fixtures and fittings, tools and equipment USD'000
1. Property, plant and equip	ment			
Cost beginning of year	522	16		
Cost end of year			522	16
Depreciation and impairment los	(368)	(13)		
Depreciation for the year	(11)	(1)		
Depreciation and impairment	(379)	(14)		
Carrying amount end of year			143	2
	Invest- ments in group enterprises USD'000	Receivables from group enterprises USD'000	Investments in associates USD'000	Receivables from associates USD'000
2. Fixed asset investments				
Cost beginning of year	29	11.152	1.498	22.890
Additions	0	2.849	11	1.396
Disposals	(1)	(3.994)	0	(5.358)
Cost end of year	28	10.007	1.509	18.928
Revaluations beginning of year	14.732	(3.316)	2.576	(1.808)
Disposals on divestments etc	1	0	0	0
Exchange rate adjustments	0	0	(7)	0
Share of profit/loss for the year	(254)	0	1.030	0
Dividend	0	0	(650)	0
Impairment losses for the year Investments with negative	0	0	(349)	0
equity value depreciated over receivables	283	1.613	1.480	(1.480)
Revaluations end of year	14.762	(1.703)	4.080	(3.288)
Carrying amount end of year	14.790	8.304	5.589	15.640

### Notes to parent financial statements

	Other receivables USD'000
2. Fixed asset investments	
Cost beginning of year	0
Additions	587
Disposals	0
Cost end of year	587
Revaluations beginning of year	0
Disposals on divestments etc	0
Exchange rate adjustments	0
Share of profit/loss for the year	0
Dividend	0
Impairment losses for the year	0
Investments with negative equity value depreciated over receivables	0
Revaluations end of year	0
Carrying amount end of year	587

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

#### 3. 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 586,714 remaining to be paid in equal amounts for the next seven years.

#### 4. Contingent liabilities

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.

#### 5. Assets charged and collateral

The following has been provided as collateral for the bank loan with an unpaid balance of USD 8.0 million:

- Land and buildings. The carrying amount of the property is USD 143 thousand.
- The Company's securities. The carrying amount of securities is USD 7.8 million.

Furthermore, Achieva Holding A/S has provided collateral for TN Cruise K/S' mortgage of USD 3.6 million and Cruise Management International, Inc.' contingent liability of USD 229 thousand.

#### 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 6.519 has been applied (2017: 6.208).

#### Consolidated financial statements

The group has voluntarily decided to present the consolidated financial statement, accordingly to the Danish Financial Statements Act Governing reporting class C.

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.

#### **Book value method**

Achieva Holding A/S acquired on 31 December 2017 100 % of Scanmar Limited through an exchange of shares with Niels-Erik Lund. The acquisition was completed using the book value method, why no changes of the comparative figures was performed as a result of the exchange of shares. The change of shares had no effect on operating profit, result for the year, but effected equity positively with USD 15.2 million in 2017.

#### **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' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

#### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have

not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

#### **Income statement**

#### Revenue

Revenue from the sale of services (e.g. brokerage commission and consulting services) is recognised in the income statement when the service is provided.

#### 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 salaries and wages as well as social security contributions, employee benefits, etc for Group's staff.

#### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprises depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of 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 internal 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 elimination of internal profits or losses.

#### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, gains from exchange rate adjustments and net capital gains on securities and payables.

#### Other financial expenses

Other financial expenses comprise interest expenses, exchange rate losses and net capital losses on securities and payables.

#### 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.

Achieva Holding A/S is jointly taxed with all its subsidiaries which are considered Danish tax subjects. The current Danish income tax is allocated among the jointly taxed companies 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 as well as 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

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

#### **Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unrealised intragroup profits and 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 associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

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 under equity.

#### **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 enterprises' equity values 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 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 associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

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

#### Receivables

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

#### **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 or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

#### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated 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

Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

#### Cash

Cash comprises cash in hand, bank deposits and restricted cash.

#### **Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

#### Other financial liabilities

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