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SUNSTONE MARITIME GROUP A/S
C/O LUND, BOLTONVEJ 7, 2300 KØBENHAVN S
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 12 July 2024**

Niels-Erik Thamdrup Lund

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COMPANY DETAILS

Company	SunStone Maritime Group A/S c/o Lund, Boltonvej 7 2300 Copenhagen S CVR No.: 14 38 28 44 Established: 1 April 1990 Municipality: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Steen Raagaard Andersen, chairman Carsten Thamdrup Lund Christian Thamdrup Lund Niels-Erik Thamdrup Lund
Executive Board	Niels-Erik Thamdrup Lund
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
General Meeting	The Annual General Meeting is held on 12 July 2024, at the Company's address.

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of SunStone Maritime Group A/S for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 12 July 2024

Executive Board

Niels-Erik Thamdrup Lund

Board of Directors

Steen Raagaard Andersen
Chairman

Carsten Thamdrup Lund

Christian Thamdrup Lund

Niels-Erik Thamdrup Lund

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of SunStone Maritime Group A/S

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of SunStone Maritime Group A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2023 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 Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

We draw attention to note 21 in the annual accounts, which describes the uncertainty associated with the recognition of Investments in associated companies of 5.3 million USD, and the receivables from associated enterprises of 1.4 million USD. Our conclusion is not modified regarding this matter.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company.

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Parent Company'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 Annual Financial Statements of the Company 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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover 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 Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Copenhagen, 12 July 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Morten Christensen
State Authorised Public Accountant
MNE no. mne35626

Søren Søndergaard Jensen
State Authorised Public Accountant
MNE no. mne32069

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 USD '000	2022 USD '000	2021 USD '000	2020 USD '000	2019 USD '000
Income statement					
Net revenue.....	15,374	24,364	13,947	15,971	5,527
Gross profit/loss.....	6,346	18,708	14,673	12,252	2,587
Operating profit/loss before depreciation and amortisation (EBITDA)..	649	13,285	11,878	9,449	1,849
Operating profit/loss of main activities..	-3,269	9,413	7,294	5,401	1,464
Financial income and expenses, net.....	-3,976	-4,839	-1,275	-3,279	2,514
Profit/loss for the year before tax.....	-23,436	-180	5,189	-1,531	7,120
Profit/loss for the year.....	-23,478	-160	5,215	-1,711	5,887
Results for the year without minority interests.....	-22,471	-477	7,002	-1,769	6,086
Balance sheet					
Total assets.....	160,471	184,884	200,766	137,226	120,408
Equity.....	25,219	48,521	51,539	43,414	44,774
Equity ex minority interests.....	26,549	49,020	48,419	43,400	44,939
Cash flows					
Total cash flows.....	4,240	-7,030	-114	-3,461	4,431
Investment in property, plant and equipment.....	-105,304	-120,990	-64,769	-29,623	-57,510
Average number of full-time employees.....					
	88	73	31	37	19
Key ratios					
Gross margin.....	41.3	76.8	105.2	76.7	46.8
Equity ratio.....	16.5	26.5	24.1	31.6	37.3
Return on equity.....	-63.7	-0.3	11.0	-3.9	13.9
Return on equity (excl. minority interests).....	-59.5	-1.0	15.3	-4.0	14.4

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Equity ratio:	$\frac{\text{Equity (ex. minorities), at year-end} \times 100}{\text{Total assets, at year-end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Return on equity (ex minorities):	$\frac{\text{Profit/loss after tax ex minorities} \times 100}{\text{Average equity ex minorities}}$

MANAGEMENT COMMENTARY

Principal 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 the entity's activities

During the financial year SunStone Maritime Group A/S has entered into several agreements, which has streamlined its organizational setup. This includes:

Ocean Explorer and Ocean Odyssey

In May, Vantage Travel Service Inc. (Vantage), the time charterer of Ocean Explorer and Ocean Odyssey, decided, due to financial difficulties, to cancel its future cruises on both vessels. Following the cancellations the vessels positioned to lay-up in Caen, France. At the end of the year both vessels were still laid up. Vantage had the two vessels on long term time charter contracts from the companies Explorer BBHP Owner Ltd. and Odyssey BBHP Owner Ltd., which are both associated companies of the Group. The two BBHP companies had the vessels in on long term bareboat contracts from the Owing companies Ocean Explorer Owner Ltd. (OEX Owner) and OOD Owner Lda. (OOD Owner) which are owned by the Company and SunStone Holdings, S.A. respectively.

For the Company it was crucial to preserve the value of its equitable interest in the vessels and that the obligations of the Owing companies were managed. In a worst-case scenario with no agreements in place China Merchants and Sea Lion Ten could have repossessed the vessels. As a cash flow precaution, the Company, through lengthy and complicated negotiations with China Merchants and Sea Lion Ten were able to reach agreements on moratorium on principal payments until December. The Group has provided support to the Owing companies through inter-company and shareholder loans since the lay-up period started.

In order for the Company to pay for lay-up cost, default interest and legal fees the Company, in September and December, had to obtain external loan financing of USD 7 million. USD 2 million was repaid in early 2024.

During the year the Company had several negotiations with potential Charterers. On 14 December a charter contract was signed for Ocean Explorer and on 5 January 2024 a charter contract was signed for Ocean Odyssey.

Following the termination of the bareboat charter contracts in June, the Owing companies started winding-up proceedings of the BBHP companies in the Bahamas. The external shareholder of the BBHP companies, through the BBHP companies, on 1 December started an arbitration in London against termination of the bareboat charter contracts. This action stayed the winding-up procedures by a consent order of the Bahamas Court on 19 December. The Owing companies have a potential liability for costs in relation to the Bahamas winding up proceedings should the other shareholder win that arbitration and the stay be lifted and the winding up application be dismissed. In that case it is estimated that the Owing companies may be liable for USD 300-400 thousand in legal cost.

Further, the other shareholder has made various claims for losses up to USD 160 million against the Owing companies. The Company and its legal advisors consider it highly unlikely that the other shareholder will win the London arbitration and therefore that the Owing companies will have to pay any claim for damages or cost. On the contrary the Owing companies should have good claims for damages and should be likely to receive an award in its favor. It is highly unlikely though, that such outcome will lead to any recovery of damages or costs from the arbitration as the BBHP companies are insolvent.

Sale of Ocean Explorer, Net Assets and Ownership

On December 15, 2023, the vessel including other net assets were sold to Explorer Owner, Unipessoal Lda, a newly incorporated Portuguese company, from its original owner. At the same time, the vessel was reflagged to the Portuguese flag. Simultaneously with the sale the vessel was refinanced from China Merchants Industry Holding to Centennial Bank. The new loan is a 5-year USD 46 million loan with floating interest. The loan can be extended for an additional 5-year period, provided that the Charterer renews the charter contract for the same term.

MANAGEMENT COMMENTARY

Description of material changes in the entity's activities (continued)

As a cash flow precaution, the Company had agreed with its Lender that principal should not be paid for the 10-month period from December 2023 to October 2024. The interest payments for the 10-months period were prepaid.

From October 2024 the vessel will be on a 5-year time charter contract to Quark Expeditions.

Recognition and measurement uncertainty

As a result of information about material uncertainty regarding going concern in the published 2023 annual report for the associated company Danish Cruise Holdings ApS, it is assessed that there is significant uncertainty at the end of the year regarding the recognition and measurement of receivable and investments in associates, related to Danish Cruise Holdings ApS. Danish Cruise Holdings ApS is recognised at a net asset value of USD 5.3 million. Further, the Group has a receivable from Danish Cruise Holdings ApS of USD 1.4 million.

Development in activities and financial and economic position

2023 turned out to be the most challenging year in the Groups' history. With all COVID-19 restrictions and tests well in the past the Company, at the end of 2022, had a positive outlook for 2023. The Management knew that 2023 would be a challenge mainly due to the Vantage financial difficulties regarding the vessels Ocean Explorer and Ocean Odyssey. Unfortunately, it took longer for the company to find alternative employment for the two vessels than expected.

In April the associated company Equinox Ship Ltd. was dissolved following the sale of the yacht M/V Equinox.

In May the subsidiary SMA Madeira, S.A. and the associated company SSM, Unipessoal S.A. changed their names to SunStone Marine Advisors, S.A. and SunStone Ship Management, Unipessoal S.A. respectively. Further in May, the vessel Sea Spirit was refinanced with a loan from Centennial Bank of USD 9 million with fixed interest.

In July the vessel Greg Mortimer owned by the associated company GMM Owner Lda experienced a propeller damage while operating in ice, which meant that the vessel was without Charter Hire from 2 July until 26 October equal to 116 days. Loss of Hire insurance was collected for 60 days. The incident increased the operational expenses of GMM Owner Lda through an insurance deductible amount and additional crew cost. Following the incident the vessel was back in normal operation.

In September the Company started its own Technical Management company under the name of the existing company SunStone Ship Management, Unipessoal S.A. During the same month the Company started with Technical Management of the first vessel.

In December the associated company Quest Partners Ltd. was dissolved following the sale of the vessel M/V Quest to its Bareboat Charterers. Further, in December the associated companies Ocean Discoverer Owner Ltd., Ocean Odyssey Owner Ltd., Sylvia Earle Owner Ltd., Greg Mortimer Owner Ltd. and the subsidiary SunStone Marine Advisors Ltd. were dissolved following the sale of their activities from Bahamas to Madeira in prior years.

There have been no other major changes to the Balance Sheet composition during the year except for normal operational changes.

Profit/loss for the year compared to the expected development

In 2023, the Group realized a loss of USD 23.5 million which was worse than expected. USD 19.6 million of the loss was directly related to Ocean Explorer and Ocean Odyssey and USD 6.4 million was related to the associated company Danish Cruise Holdings ApS.

The Group's result for 2023 is negatively impacted by investments in associates and legal expenses but positively impacted by unrealized gains on securities.

MANAGEMENT COMMENTARY

Significant events after the end of the financial year

On 12 January 2024, the Bareboat charter contract on the vessel Ocean Odyssey in OOD Owner Lda was novated, and the net assets sold, to a newly incorporated Portuguese company, Odyssey Owner, Unipessoal Lda. At the same time, the vessel was reflagged to the Portuguese flag. From 15 January 2024, the vessel was chartered out on a time charter contract. From 29 February 2024 the vessel was technically managed by SunStone Ship Management, Unipessoal S.A.

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

Future expectations

Following the COVID-19 period the market recovery has been slower than expected and is to a certain extent still causing challenges for the Expedition Cruise niche market. It is expected though that the 2024 season will be good mainly driven by pent-up demand and the desire to travel again.

The Company has a positive outlook for 2024. The Company continues to focus on obtaining long-term contracts for its vessels and on its unique competence within its niche market. Management expects a negative result for 2024 in the range between USD 3 to USD 6 million mainly caused by the continued lay-up of Ocean Explorer until October 2024.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2023 USD	2022 USD	2023 USD	2022 USD
NET REVENUE		15,373,784	24,363,555	655,729	604,084
Other operating income.....		2,374,744	3,866,790	0	0
Cost of sales.....		-436,757	-148,949	0	0
Other external expenses.....	1	-10,965,321	-9,373,850	-1,314,172	-309,870
GROSS PROFIT/LOSS		6,346,450	18,707,546	-658,443	294,214
Staff costs.....	2	-5,164,006	-5,422,213	-344,887	-99,629
Depreciation, amortisation and impairment losses.....	1	-3,917,924	-3,871,921	0	0
Other operating expenses.....		-533,032	0	0	0
OPERATING LOSS		-3,268,512	9,413,412	-1,003,330	194,585
Income from investments in subsidiaries and associates.....		-5,058,127	-4,754,190	-10,510,917	1,343,677
Other financial income.....	3	3,635,274	5,669,529	1,134,200	2,028,126
Impairment of asset investments.....	1	-11,133,856	0	-11,133,856	0
Other financial expenses.....	1, 4	-7,611,184	-10,508,415	-1,041,955	-4,126,667
LOSS BEFORE TAX		-23,436,405	-179,664	-22,555,858	-560,279
Tax on profit/loss for the year.....	5	-42,010	20,100	84,678	83,457
LOSS FOR THE YEAR	6	-23,478,415	-159,564	-22,471,180	-476,822

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2023 USD	2022 USD	2023 USD	2022 USD
Intangible fixed assets acquired....		28,133	30,286	0	0
Intangible assets.....	7	28,133	30,286	0	0
Land and buildings.....		4,560,520	5,444,481	0	0
Vessels.....		113,884,780	12,402,183	0	0
Property, plant and equipment...	8	118,445,300	17,846,664	0	0
Investments in subsidiaries.....		0	0	39,843,967	45,133,606
Investments in associates.....		6,249,136	11,750,892	5,285,522	11,656,182
Receivables from Group companies.....		0	0	7,488,390	2,627,256
Receivables from associated enterprises.....		12,316,799	136,664,053	1,477,974	6,322,376
Rent deposit and other receivables.....		150,258	222,698	150,258	222,698
Financial non-current assets.....	9	18,716,193	148,637,643	54,246,111	65,962,118
NON-CURRENT ASSETS.....		137,189,626	166,514,593	54,246,111	65,962,118
Raw materials and consumables....		194,102	0	0	0
Inventories.....		194,102	0	0	0
Trade receivables.....		1,405,943	1,467,070	0	0
Deferred revenue.....		4,980,155	6,412,509	0	0
Receivables from associated enterprises.....		601,515	0	0	0
Other receivables.....		1,266,344	1,092,337	74,535	6,604
Prepayments.....	10	1,072,683	1,003,194	0	0
Receivables.....	11	9,326,640	9,975,110	74,535	6,604
Other securities and equity investments.....	12	8,489,410	7,362,312	8,489,410	7,362,312
Current investments.....		8,489,410	7,362,312	8,489,410	7,362,312
Cash and cash equivalents.....		5,271,611	1,031,662	184,247	727,187
CURRENT ASSETS.....		23,281,763	18,369,084	8,748,192	8,096,103
ASSETS.....		160,471,389	184,883,677	62,994,303	74,058,221

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2023 USD	2022 USD	2023 USD	2022 USD
Share Capital.....	13	120,499	120,499	120,499	120,499
Reserve for net revaluation under the equity method.....		0	0	1,257,640	11,010,297
Retained earnings.....		26,428,559	48,899,739	25,170,919	37,889,442
Minority shareholders.....		-1,329,749	-498,931	0	0
EQUITY.....		25,219,309	48,521,307	26,549,058	49,020,238
Provision for deferred tax.....	14	143,952	143,952	143,952	143,952
PROVISIONS.....		143,952	143,952	143,952	143,952
Bank loan.....		60,037,145	47,789,325	6,000,000	0
Lease liabilities.....		47,779,081	49,709,706	0	0
Payables to owners and Management.....		2,963,956	699,545	2,963,956	498,577
Other non-current liabilities.....		324,930	646,434	324,930	646,434
Accruals and deferred income.....		403,436	5,496,125	0	0
Non-current liabilities.....	15	111,508,548	104,341,135	9,288,886	1,145,011
Bank loan.....		11,272,861	14,252,964	8,490,575	7,535,506
Lease liabilities.....		3,730,860	3,600,469	0	0
Trade payables.....		2,276,957	520,162	0	0
Debt to Group companies.....		0	0	17,110,980	15,677,175
Debt to associated enterprises.....		163,083	0	0	0
Corporation tax payable.....		85,009	84,678	0	0
Other liabilities.....		3,121,760	10,484,805	1,410,852	536,339
Deferred income.....	16	2,949,050	2,934,205	0	0
Current liabilities.....		23,599,580	31,877,283	27,012,407	23,749,020
LIABILITIES.....		135,108,128	136,218,418	36,301,293	24,894,031
EQUITY AND LIABILITIES.....		160,471,389	184,883,677	62,994,303	74,058,221
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EQUITY

USD	Group			
	Share Capital	Retained earnings	Minority shareholders	Total
Equity at 1 January 2023.....	120,499	48,899,739	-498,931	48,521,307
Proposed profit allocation, see note 6.....		-22,471,180	-1,007,235	-23,478,415
Transactions with owners				
Sale of minority interests.....			-105,819	-105,819
Other legal bindings				
Other adjustments.....			282,236	282,236
Equity at 31 December 2023.....	120,499	26,428,559	-1,329,749	25,219,309
	Parent Company			
USD	Share Capital	Reserve for	Retained	Total
		net revaluati- on under the equity method	earnings	
Equity at 1 January 2023.....	120,499	11,010,297	37,889,442	49,020,238
Proposed profit allocation, jf. note 6.....		-10,553,702	-11,917,478	-22,471,180
Other legal bindings				
Other adjustments to equity value.....		804,285	-804,285	0
Transfers				
Receiv./decl. dividend.....		-3,240	3,240	0
Equity at 31 December 2023.....	120,499	1,257,640	25,170,919	26,549,058

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2023	2022
	USD	USD
Profit/loss for the year.....	-23,478,415	-159,564
Depreciation and amortisation, reversed.....	3,917,924	3,871,921
Reversed realization loss/gains.....	449,015	-6,020,613
Profit/loss from associates.....	5,058,127	7,821,598
Loss on receivables, reversed.....	11,133,856	0
Adjustment of deferred revenue.....	-3,645,490	-15,489,466
Adjustment of other financial income/expenses.....	-1,127,098	2,466,862
Tax on profit/loss, reversed.....	42,010	-20,100
Other adjustments.....	0	-5,037
Corporation tax paid.....	-41,679	172,546
Change in inventories.....	-194,102	0
Change in receivables (ex tax).....	-783,883	-250,681
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	-4,443,168	2,168,893
Other cash flows from operating activities.....	176,598	1,599,076
CASH FLOWS FROM OPERATING ACTIVITY.....	-12,936,305	-3,844,565
Purchase of intangible assets.....	-28,368	-30,286
Purchase of property, plant and equipment.....	-105,304,215	-120,989,914
Sale of property, plant and equipment.....	369,160	188,095,846
Purchase of financial assets.....	-6,616,873	-83,824,821
Sale of financial assets.....	119,900,831	18,205,605
Other cash flows from investing activities.....	445,329	2,700,000
CASH FLOWS FROM INVESTING ACTIVITY.....	8,765,864	4,156,430
Proceeds from non-current borrowing.....	17,163,148	173,361,896
Instalments on loans.....	-8,752,758	-4,926,494
Other changes in non-current debt.....	0	-174,776,611
Dividends paid in the financial year.....	0	-1,000,000
CASH FLOWS FROM FINANCING ACTIVITY.....	8,410,390	-7,341,209
CHANGE IN CASH AND CASH EQUIVALENTS.....	4,239,949	-7,029,344
Cash and cash equivalents at 1. januar.....	1,031,662	8,061,006
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	5,271,611	1,031,662
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	5,271,611	1,031,662
CASH AND CASH EQUIVALENTS.....	5,271,611	1,031,662

NOTES

Note

Special items

1

The Group recorded a loss directly related to Ocean Explorer and Ocean Odyssey of USD 19.6 million. USD 11.1 million was related to Shareholder loans and intercompany funding and USD 8.5 million was related to legal and vessel costs which the Group incurred to avoid repossession of the vessels. The special items are recognised in the annual report as specified below.

	Group		Parent Company	
	2023 USD	2022 USD	2023 USD	2022 USD
Other external expenses.....	3,939,732	0	877,079	0
Depreciation, amortisation and impairment losses.....	2,307,230	0	0	0
Impairment of asset investments.....	11,133,856	0	11,133,856	0
Other financial expenses.....	2,194,367	0	0	0
	19,575,185	0	12,010,935	0
Staff costs				
Average number of full time employees	88	73	1	1
Wages and salaries.....	5,091,145	5,365,834	344,887	99,629
Pensions.....	10,067	21,037	0	0
Social security costs.....	62,794	35,342	0	0
	5,164,006	5,422,213	344,887	99,629
Remuneration of Management and Board of Directors.....	344,631	421,277	135,942	105,199
	344,631	421,277	135,942	105,199
Other financial income				
Group enterprises.....	0	0	633,044	479,559
Other interest income.....	3,635,274	5,669,529	501,156	1,548,567
	3,635,274	5,669,529	1,134,200	2,028,126
Other financial expenses				
Group enterprises.....	0	0	477,528	463,939
Other interest expenses.....	7,611,184	10,508,415	564,427	3,662,728
	7,611,184	10,508,415	1,041,955	4,126,667

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3

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NOTES

	Group		Parent Company		Note
	2023 USD	2022 USD	2023 USD	2022 USD	
Tax on profit/loss for the year					5
Calculated tax on taxable income of the year.....	42,010	-20,100	-84,678	-83,457	
	42,010	-20,100	-84,678	-83,457	
Proposed distribution of profit					6
Allocation to reserve for net revaluation under the equity method....	0	0	-10,553,702	1,343,677	
Retained earnings.....	-22,471,180	-476,822	-11,917,478	-1,820,499	
Minoritetsinteressernes andel af dattervirksomheders resultat.....	-1,007,235	317,258	0	0	
	-23,478,415	-159,564	-22,471,180	-476,822	
Intangible assets					7
				Group	
USD				Intangible fixed assets acquired	
Cost at 1 January 2023.....				30,286	
Additions.....				28,368	
Disposals.....				-30,286	
Cost at 31 December 2023.....				28,368	
Amortisation at 1 January 2023.....				0	
Amortisation for the year.....				235	
Amortisation at 31 December 2023.....				235	
Carrying amount at 31 December 2023.....				28,133	
Property, plant and equipment					8
				Group	
USD				Land and buildings	Vessels
Cost at 1 January 2023.....			5,728,431	23,389,973	
Additions.....			163,470	105,140,745	
Disposals.....			-871,465	-174,746	
Cost at 31 December 2023.....			5,020,436	128,355,972	
Depreciation and impairment losses at 1 January 2023.....			283,950	10,987,790	
Reversal of depreciation of assets disposed of.....			-83,576	-174,746	
Depreciation for the year.....			259,542	3,658,148	
Depreciation and impairment losses at 31 December 2023...			459,916	14,471,192	
Carrying amount at 31 December 2023.....			4,560,520	113,884,780	
Finance lease assets.....				56,929,626	

NOTES

Note

Financial non-current assets

9

USD	Group		
	Receivables from		
	Investments in associates	associated enterprises	Rent deposit and other receivables
Cost at 1 January 2023.....	21,946,277	137,852,515	222,698
Transferred.....	0	32,770	0
Additions.....	1,699	6,575,493	0
Disposals.....	0	-132,143,253	-72,440
Cost at 31 December 2023.....	21,947,976	12,317,525	150,258
Revaluation at 1 January 2023.....	-10,195,385	-1,188,462	0
Transferred.....	0	-726	0
Dividend.....	-288,240	0	0
Loss for the year.....	-5,215,215	0	0
Other adjustments.....	0	1,188,462	0
Revaluation at 31 December 2023.....	-15,698,840	-726	0
Carrying amount at 31 December 2023.....	6,249,136	12,316,799	150,258

USD	Parent Company		
	Investments in subsidiaries	Investments in associates	Receivables from Group companies
	Cost at 1 January 2023.....	25,271,154	20,508,338
Transferred.....	0	0	-32,770
Additions.....	4,255,022	1,699	5,211,602
Disposals.....	-6,164,366	0	-318,425
Cost at 31 December 2023.....	23,361,810	20,510,037	7,488,390
Revaluation at 1 January 2023.....	19,862,452	-8,852,156	-726
Transferred.....	0	0	726
Dividend.....	0	-3,240	0
Profit/loss for the year.....	-4,184,583	-6,369,119	0
Other adjustments.....	804,288	0	0
Revaluation at 31 December 2023.....	16,482,157	-15,224,515	0
Carrying amount at 31 December 2023.....	39,843,967	5,285,522	7,488,390

NOTES

Note

Fixed asset investments (continued)

9

USD	Parent Company	
	Receivables from associated enterprises	Rent deposit and other receivables
Cost at 1 January 2023.....	7,510,837	222,698
Transferred.....	32,770	0
Additions.....	6,257,410	0
Disposals.....	-12,322,317	-72,440
Cost at 31 December 2023.....	1,478,700	150,258
Revaluation at 1 January 2023.....	-1,188,462	0
Transferred.....	-726	0
Other adjustments.....	1,188,462	0
Revaluation at 31 December 2023.....	-726	0
Carrying amount at 31 December 2023.....	1,477,974	150,258

Investments in subsidiaries

Name and domicil	Ownership
SunStone Holdings S.A., Funchal.....	20.0 %
Ocean Explorer Owner Ltd., Nassau.....	100.0 %
Explorer Owner, Unipessoal Lda., Funchal.....	100.0 %
SunStone Bahamas Ltd., Nassau.....	100.0 %
Scanmar Ltd., Nassau.....	100.0 %
SunStone Ships Inc., Miami.....	20.0 %
Sea.S Owner, Unipessoal Lda, Funchal.....	20.0 %
SunStone Marine Advisors S.A., Funchal.....	10.2 %
SunStone Ship Management, Unipessoal S.A., Funchal.....	20.0 %
OOD Owner Lda, Funchal.....	20.0 %

Investments in associates

Name and domicil	Ownership
Danish Cruise Holdings ApS, Hørsholm.....	33.3 %
Explorer BBHP Owner Ltd., Nassau.....	45.0 %
Odyssey BBHP Owner Ltd., Nassau.....	40.0 %
Ocean Discoverer Owner Lda, Funchal.....	20.0 %
O. Nova Owner, Lda, Funchal.....	10.0 %
SYL Owner Lda, Funchal.....	10.0 %
GMM Owner Lda, Funchal.....	10.0 %

Prepayments

10

Prepayments comprise paid costs related to following financial years.

NOTES

	<u>Group</u>		<u>Parent Company</u>		Note
	2023 USD	2022 USD	2023 USD	2022 USD	
Receivables falling due after more than one year					11
Deferred revenue.....	3,507,942	4,980,155	0	0	
	3,507,942	4,980,155	0	0	

Other securities and equity investments

12

The carrying amount of current investments includes securities measured at fair value by the following amounts:

	<u>Group</u>
	Listed bonds
Fair value at 31 December 2023.....	8,489,410
Value adjustment in the year recognised in the Income Statement.....	1,168,365

	2023 USD	2022 USD	13
Share Capital			
Allocation of share capital:			
A-shares, 650,000 unit in the denomination of 0,19 USD.....	120,499	120,499	
	120,499	120,499	

Provision for deferred tax

14

The provision for deferred tax is related to differences between the carrying amount and tax value of tangible fixed assets.

	<u>Group</u>		<u>Parent Company</u>	
	2023 USD	2022 USD	2023 USD	2022 USD
Deferred tax, beginning of year.....	143,952	143,952	143,952	143,952
Provision for deferred tax 31 December 2023.....	143,952	143,952	143,952	143,952

NOTES

Note

Long-term liabilities

15

USD	Group			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Bank loan.....	62,819,431	2,782,286	34,294,443	51,556,783
Lease liabilities.....	51,509,941	3,730,860	32,855,640	53,310,175
Payables to owners and Management.....	2,963,956	0	0	699,545
Other non-current liabilities.....	324,930	0	0	646,434
Accruals and deferred income.....	403,436	0	0	5,885,188
	118,021,694	6,513,146	67,150,083	112,098,125

USD	Parent Company			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Bank loan.....	6,000,000	0	1,200,000	0
Payables to owners and Management.....	2,963,956	0	0	498,577
Other non-current liabilities.....	324,930	0	0	646,434
	9,288,886	0	1,200,000	1,145,011

Deferred income

16

Deferred income comprise received revenue related to following financial years.

NOTES**Note****Contingencies**

17

Contingent liabilities**Group**

SunStone Maritime Group A/S has entered into a subscription agreement with a charitable organization in 2015 for a total amount of USD 805,412 with USD 150,258 remaining to be paid in equal amounts over the next two years.

Following the termination of the bareboat charter contracts in June, the Owing companies started winding-up proceedings of the BBHP companies in the Bahamas. The external shareholder of the BBHP companies, through the BBHP companies, on 1 December started an arbitration in London against termination of the bareboat charter contracts. This action stayed the winding-up procedures by a consent order of the Bahamas Court on 19 December. The Owing companies have a potential liability for costs in relation to the Bahamas winding up proceedings should the other shareholder win that arbitration and the stay be lifted and the winding up application be dismissed. In that case it is estimated that the Owing companies may be liable for USD 300-400 thousand in legal cost. Further, the other shareholder has made various claims for losses up to USD 160 million against the Owing companies. The Company and its legal advisors consider it highly unlikely that the other shareholder will win the London arbitration and therefore that the Owing companies will have to pay any claim for damages or cost. On the contrary the Owing companies should have good claims for damages and should be likely to receive an award in its favor. It is highly unlikely though, that such outcome will lead to any recovery of damages or costs from the arbitration as the BBHP companies are insolvent.

The Group has issued a guarantee, through the subsidiary SunStone Holdings S.A., on behalf of the associate SYL Owner Lda, related to bareboat charter payments, with an unpaid balance of USD ('000) 52,517 as of 31 December 2023. The guarantee is limited to 12 months payment of principal and interest, equal to USD ('000) 6,390.

Parent

SunStone Maritime Group A/S has entered into a subscription agreement with a charitable organization in 2015 for a total amount of USD 805,412 with USD 150,258 remaining to be paid in equal amounts over the next two years.

The Parent has issued a letter of support to the subsidiary Explorer Owner, Unipessoal Lda. As of the balance sheet date, the subsidiary has a positive equity.

The Parent has issued a guarantee on behalf of the subsidiary Explorer Owner, Unipessoal Lda., related to a bank loan, with an unpaid balance of USD ('000) 46,000 as of 31 December 2023.

The Parent has issued guarantees on behalf of the associates GMM Owner Lda and O.Nova Owner Lda, related to bank loans, with an unpaid balance of USD ('000) 38,699 as of 31 December 2023.

Joint liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxes entities and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends from these entities.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 0 at the Balance Sheet date.

NOTES**Note****Charges and securities****18****Group**

The following has been provided as collateral for bank loans with an unpaid balance of USD ('000) 115,788 as of 31 December 2023.

- Land and buildings. The book value of land and buildings amounts to USD ('000) 3,682 as of 31 December 2023.
- The Group's securities. The book value of securities amounts to USD ('000) 8,489 as of 31 December 2023.
- Mortgage deed registered to the vessel owners. The book value of vessels amounts to USD ('000) 113,885 as of 31 December 2023.
- Assignment of the charter proceeds of the vessels.
- Assignment of the insurance amount of the vessels.

Parent

The following has been provided as collateral for bank loans with an unpaid balance of USD ('000) 7,491 as of 31 December 2023.

- The Company's securities. The book value of securities amounts to USD ('000) 8,489 as of 31 December 2023.

Related parties**19****Other related parties having permed transactions with the company**

The company's related parties having a significant influence comprise owners, subsidiaries as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Significant events after the end of the financial year**20**

On 12 January 2024, the Bareboat charter contract on the vessel Ocean Odyssey in OOD Owner Lda was novated, and the net assets sold, to a newly incorporated Portuguese company, Odyssey Owner, Unipessoal Lda. At the same time, the vessel was reflagged to the Portuguese flag. From 15 January 2024, the vessel was chartered out on a time charter contract. From 29 February 2024 the vessel was technically managed by SunStone Ship Management, Unipessoal S.A.

On 7 May 2024, the associated company Danish Cruise Holdings ApS entered into a 5-year Bareboat Hire Purchase Agreement on Ocean Atlantic with delivery in October 2024. After the 5-year period the Charterer has a purchase obligation on the vessel.

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

NOTES**Note****Information on significant uncertainties at recognition and measurement**

21

As a result of information about material uncertainty regarding going concern in the published 2023 annual report for the associated company Danish Cruise Holdings ApS, it is assessed that there is significant uncertainty at the end of the year regarding the recognition and measurement of receivable and investments in associates, related to Danish Cruise Holdings ApS. Danish Cruise Holdings ApS is recognised at a net asset value of USD 5.3 million. Further, the Group has a receivable from Danish Cruise Holdings ApS of USD 1.4 million.

ACCOUNTING POLICIES

The Annual Report of SunStone Maritime Group A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-sized enterprises.

The figures in the Annual Report are presented in USD because this currency is regarded as the most relevant as the main part of the Company's activities are settled in this currency. The exchange rate of USD against DKK is 6.75 at 31 December 2023 and 6.97 at 31 December 2022.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company SunStone Maritime Group A/S and the subsidiaries in which SunStone Maritime Group A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Sold or wound up enterprises are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not adjusted for newly acquired, sold or wound up enterprises.

The date of acquisition is the date at which the Group gains actual control over the acquired enterprises.

Positive differences (goodwill) between the acquisition value and fair value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the Income Statement under an individual assessment of the useful life.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Minority interests

The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and equity, respectively.

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue

Revenue from time charters is recognized over the duration of the charters, further revenue include fees as a result of lay-up agreements with charterers.

Revenue from hotel concession, purchases on board and the services rendered as acting technical manager is recognized in the income statement, when the delivery and services are provided to the buyer.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees. Repayments from public authorities are deducted from staff costs.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries and associates

The proportional share of the results of subsidiaries and associates, stated according to the Parent Company's accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

In connection with transfers, potential profits are recognised when the economic rights related to the sold subsidiaries and associates are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Land and buildings, ships, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	25-40 years	0 %
Vessels.....	10-25 years	2 %
Other plant, fixtures and equipment.....	4 years	0 %

Dry docking expenses are capitalized and depreciated over a period of 30 months.

Vessels are written down to the lower of recoverable amount and carrying amount. Estimated useful lives and residual values are reassessed annually.

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Financial non-current assets

Investments in Equity interests in subsidiaries and associates are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Equity investments in subsidiaries and associates are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models. A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment. The acquisition date is the date on which the Company gains actual control over the acquired entity.

The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models. A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment. The acquisition date is the date on which the Company gains actual control over the acquired entity.

Ascertained excess values in relation to the underlying company's equity value are recognised and measured in accordance with the accounting policies for the assets and liabilities, to which they attributable. Excess values concerning vessels are depreciated on a straight-line basis over the depreciation period, which is 10-25 years.

Received dividend is deducted in the carrying amount of the equity investment.

Net revaluation of equity interests in subsidiaries and associates is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

ACCOUNTING POLICIES

Profit and loss at disposal of investments in subsidiaries and associates are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the Company has a legal or actual liability to cover the subsidiaries and associates deficit.

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Other receivables are measured at amortised cost which usually corresponds to the nominal amount. The amount is written down to meet expected losses.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Securities and investments

Securities recognised as current assets, comprise public quoted bonds, shares and other securities. Public quoted securities are measured at the market price. Non-quoted equity interests are measured at cost price. Other securities are measured at cost price in so far as an approximate sales value cannot be stated reliably.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

ACCOUNTING POLICIES

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

At recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the Balance Sheet date. Non-monetary items are translated at the rate at the date of acquisition or at the date of a subsequent revaluation or writedown of the asset. The items of the Income Statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the Group's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.