

ANNUAL REPORT

2023



BALTIC SHIPPING COMPANY GROUP

Baltic Shipping Company Group

CVR 36085851

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Baltic Shipping Company Group

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3400 Hillerød
Denmark

CVR 36085851

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chartering@balticshipping.dk
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Shipping since 1950

We have decades of experience providing cargo transport and specialized logistics services to companies around the world.

Certifications

- GMP+ certified
- ISO 9001:2015 certified
- Certified by fonasba
- Member of Dansk Industri
- Member of Danish Shipbrokers and Port Operators
- Member of Danish Shipowners Association



Danske Rederier



BØRSEN



Six-times Gazelle winner

For the sixth time, we were awarded a Gazelle award. Gazelle companies are nominated by the Danish newspaper Børsen for showing continuous growth in revenue or gross profit for the past four financial years with a total revenue or gross profit that has more than doubled during that period.



ON COURSE FOR SUCCESS

In another year that was characterized by a degree of uncertainty in global markets, I'm pleased to report that 2023 was a great year for us at Baltic Shipping Company.

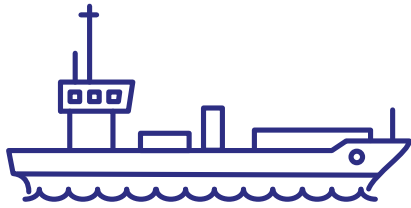
During the year, we welcomed 10 new colleagues to the company in Denmark and Germany. We also expanded our capacity in commercial management, time charter, and new build investment.

After a decade in our headquarters in Hundested, in January 2024 we moved into brand new office premises in Hillerød. This marks the start of a new and exciting chapter in the history of Baltic Shipping Company. In addition to increasing our headquarter office space, we also opened a new branch office in Hamburg and a new Port Operations office in Køge.

Regardless of our location and size, we are firmly committed to maintaining our unique Baltic Shipping Company culture. The positive mindset of our employees and the company-wide commitment to going the extra mile for customers and colleagues have always contributed to our success. By investing in the development and wellbeing of our team, we can continue to offer our customers and partners the best possible service in coming years.



Peter Ronnie Hulstrøm
Managing Director



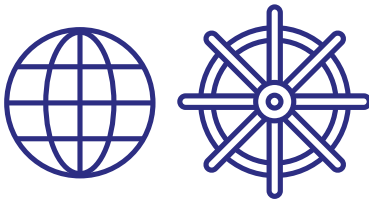
Coasters of between
1,200 and 13,300 DWT

2022
65 → **81**
2023



Employees in ship management,
chartering, stevedoring, agency

2022
44 → **57**
2023



Revenue, MDKK

2022
1.5 → **1.8**
2023

GROWTH AND DEVELOPMENT

In the space of a few years, Baltic Shipping Company has virtually doubled in size, revenue and fleet. Growth of this kind requires a new approach to business management.

At the start of 2023, the Executive Management team took part in a 360-degree leadership development process run by an external consultancy. This included sessions on individual strengths and weaknesses, as well as communication and collaboration styles. These sessions have given top management a more in-depth understanding of how to use their skills strategically to steer our growth journey.

For example, during the year members of the Executive Management team worked closely with Port Operations on optimizing port-side processes. By implementing various changes to their way of working, the Port Operations team has since been able to save time and cut costs, while still maintaining the high standards of quality expected by our customers and partners.

FINANCIAL HIGHLIGHTS

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

KEY FIGURES	2023	2022	2021	2020	2019
PROFIT/LOSS	TDKK	TDKK	TDKK	TDKK	TDKK
Revenue	1,000,822	806,676	349,395	226,092	186,856
Gross profit	235,179	303,139	115,472	52,951	46,599
Profit/loss of primary operations	170,413	257,705	84,558	25,169	21,608
Profit/loss of financial income and expenses	3,013	1,339	685	147	256
Net profit/loss for the year	153,912	239,545	76,107	20,385	17,686
BALANCE SHEET					
Balance sheet total	593,144	409,928	158,878	83,016	68,736
Investment in property, plant and equipment	176,831	108,585	3,148	160	935
Equity	191,423	214,719	80,734	26,197	17,873
CASH FLOWS					
Cash flows from:					
- operating activities	209,433	215,884	25,012	19,052	17,580
- investing activities	-198,393	-85,585	649	-3,882	-824
- financing activities	-64,045	-83,572	-15,608	-22,215	-14,220
Change in cash and cash equivalents for the year	-53,005	46,727	10,053	-7,045	2,536
NUMBER OF EMPLOYEES					
Number of employees	57	44	38	30	23
RATIOS					
Gross margin	23.5%	37.6%	33.0%	23.4%	24.9%
Profit margin	17.0%	31.9%	24.2%	11.1%	11.6%
Return on assets	28.7%	62.9%	53.2%	30.3%	31.4%
Solvency ratio	32.3%	52.4%	50.8%	31.6%	26.0%
Return on equity	75.8%	162.2%	142.3%	92.5%	197.9%



STRENGTHENING OUR TEAM

At Baltic Shipping Company, we strongly believe in the benefits of creating a great place to work. When employees enjoy their work, they perform better, which benefits our customers, our partners and ultimately our own growth. For this reason, during 2023 we invested in a number of employee initiatives.

During April and May all employees were individually interviewed about employee wellbeing at work. This was followed by a team day in the coastal village of Snekkersten. During the day, we followed up on the results of these interviews with group discussions and a series of teambuilding activities – from yoga and breathwork to competitive games and collaboration exercises. This provided the opportunity to get to know colleagues from other departments and strengthen existing relationships in a fun and informal environment.

One of the main themes of the day was psychological safety and maintaining our open culture – even during periods of change and growth. Psychological safety recognizes the value of team members taking risks, expressing concerns and admitting mistakes. With this approach, team members feel more motivated and different perspectives lead to better decision making. This will continue to be a focus area in the years to come.



”

It was a fantastic day and so valuable to be able to spend time with the team away from the office. I returned full of energy having shared learnings and laughs with my colleagues. It really strengthened our sense of being a team.

Hanne Berthelsen, Accounting



AN EXCITING NEW CHAPTER

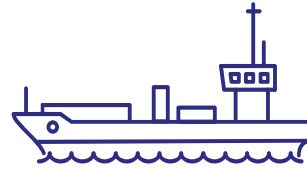


IN HILLERØD

COLLABORATION AND CREATIVITY

After 10 years in the town of Hundested on the north coast of Zealand, in 2023 we made the decision to move to a larger office in Hillerød. This more central location, within commuting distance of Copenhagen, has shortened transport time for many employees and will make recruitment easier.

The new state-of-the-art office is designed for collaboration and creativity. Every detail has been meticulously planned – from the acoustic soundproofing to the canteen facilities. Employee health and wellbeing have also been in focus and the new office has a number of walking desks and desk bikes.



OUR LOCATIONS



CLOSE TO OUR PARTNERS

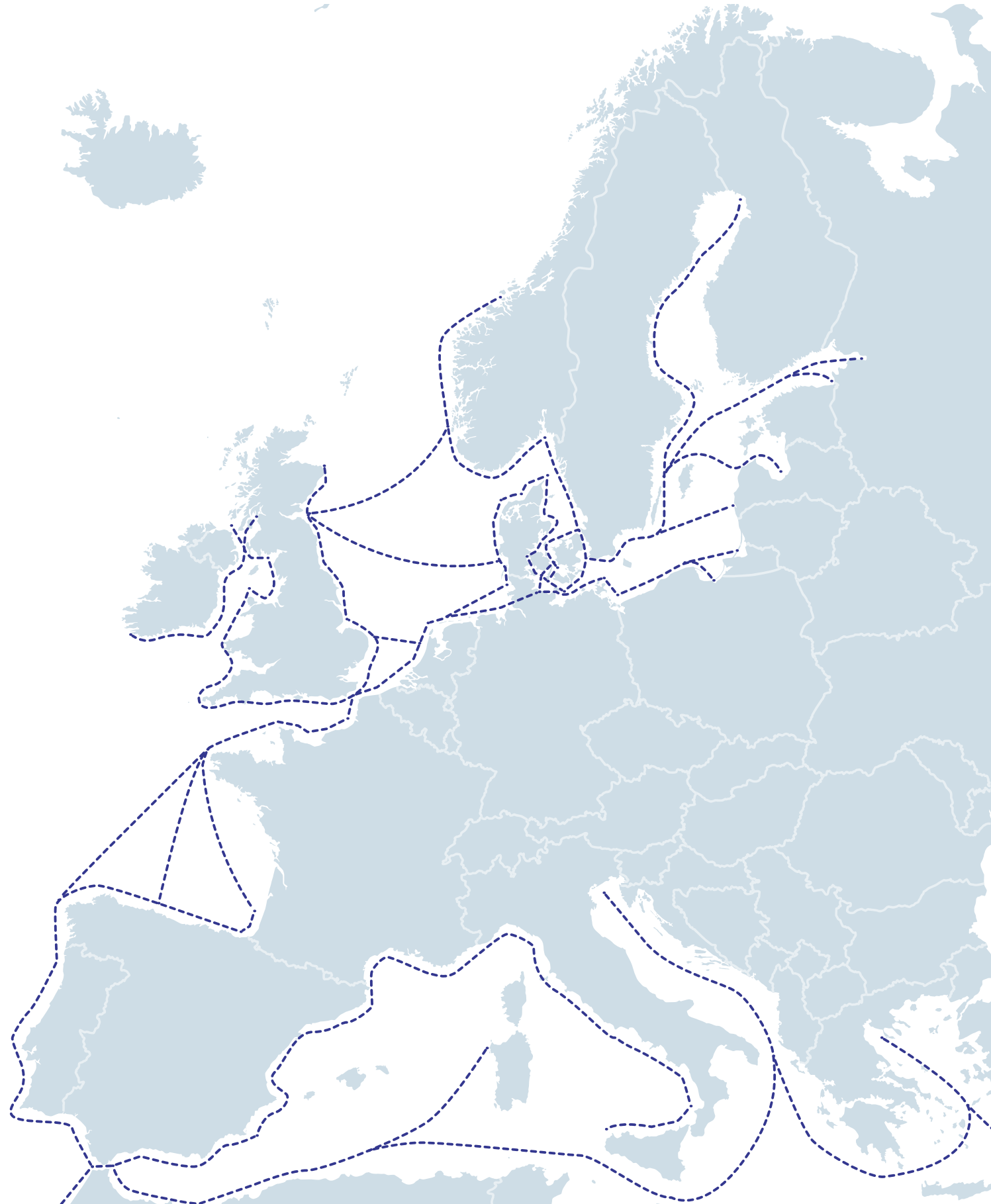
Located in the maritime district of at Hafen City, the new branch office in Hamburg has brought us closer to many of our partners. The Hamburg office is staffed by local employees with an extensive understanding of the short sea industry and the German market.



SHARING KNOWLEDGE

The new office in Køge is designed to be used by the Port Operations team. When they are not needed in their home ports, the office in Køge offers them a space for working and sharing their knowledge with colleagues.

OUR TRADING AREA



FINANCIAL STATEMENTS

2023



BALTIC SHIPPING COMPANY GROUP

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MANAGEMENT'S STATEMENT

The Executive Board has today considered and adopted the Annual Report of Baltic Holding Hundedst ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hillerød, 19 April 2024

Executive Board



Thomas Holst Olsen



Peter Ronnie Hulstrøm



Mikkel Schmidt

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Baltic Holding Hundested ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Baltic Holding Hundested ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Financial Statements" 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 (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, 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 Financial Statements unless Management either intends to liquidate the Group or the Parent 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 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 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 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 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the 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.

Hellerup, 19 April 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Søren Alexander

State Authorised Public Accountant

mne42824



Jeff Boye Ibsen

State Authorised Public Accountant

mne49859

COMPANY INFORMATION

The Company	Baltic Holding Hundested ApS Frederiksbro Torv 4, 1. th DK-3400 Hillerød CVR No: 36 08 58 51 Financial period: 1 January - 31 December Municipality of reg. office: Hillerød
Executive Board	Thomas Holst Olsen Peter Ronnie Hulstrøm Mikkel Schmidt
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

MANAGEMENT'S REVIEW

Management's review

The principal activities of the company

The primary activity of the Baltic Shipping Company Group is coaster transport of bulk and project cargo primarily in Northern Europe and the Baltic Sea.

We are specialized in Commercial Ship Management, Chartering, Ships Agency, stevedoring and transporting of Bulk and Project Cargo.

Baltic Shipping Company Group are managing a total fleet of 81 vessels in the range from 1,200-13,300 dwt at the end of 2023, of which 43 vessels are in commercial management and 38 are on time charter.

Market overview and expected development

2022 marked a very strong year for the shipping industry in general, and in 2023 the market has somewhat normalized. Entering 2023 the market in the short sea coaster segment was still very strong until early summer where we saw quite a drop leading to a more normalized and stable good market towards the end of 2023 and this is also how 2024 has started.

We have this year again been able to optimize and expand our fleet and expand our geographical scope and hence provide the best possible results for both vessel and freight owners.

2024 has started on a good note and we expect the market to be more stable this year, still somewhat effected by the high inflation and increasing high costs in 2022 and first half of 2023. We do expect a slightly lower result in 2024. We will continue the positive development of Baltic Shipping Company.

The war in Ukraine has the outmost attention from the management. Every angle from sanctions to consequential market development are constantly vetted, and we are in very close dialogue with all our business partners and advisors. We do however, despite the opaque situation and the seriousness of the war, not foresee any reason to adjust our positive expectations for 2024.

Development in activities and financial matters

In 2023 the group had a gross revenue of DKK 1,821 million compared to DKK 1,545 million in 2022, which is an increase of 17.9%. The gross revenue generated in the group, comprise the freight revenue generated by the vessels in commercial management and on time charter. Only income from projects, stevedoring, agency and commission received for commercial management is recognized as revenue, why the reported revenue in the financial statements amounts to DKK 1,001 million.

The result before tax is DKK 173 million compared to DKK 259 million in 2022, which is a decrease of 33.2%.

The Management consider the result very satisfactory.

The number of people employed by Baltic Shipping Company Group has increased from an average of 44 employees in 2022 to an average of 57 employees in 2023.

Our fleet in Commercial Management has increased from an average of 36 vessels in 2022 to an average of 38 vessels during 2023.

MANAGEMENT'S REVIEW

Our fleet on time charter has grown from an average of 22 vessels in 2022 to an average of 33 vessels in 2023.

The market for coaster trading in the Baltic Sea and Northern Europe has remained strong during 2023. The market has throughout the year been good both in terms of amount of freight, freight rates and development opportunities in the market. The market has compared to last year and the beginning of 2023 slowed down to a steadier level, and we expect the market to continue around this steady level for the foreseeable future. The activity for Baltic Shipping Company Group has in line with the development in the market grown significantly.

Our Agency and Stevedoring activities have also performed very well, and especially our Stevedoring activities have grown significantly in 2023. As part of our strategic development, this segment of the business is now operated as one unit under Port Operations.

Our customer base has been additionally strengthened in 2023 and we continue having a strong relationship with our customers based on a competitive service, which is built on long lasting cooperation and partnerships.

To further strengthen the close relationship with our customers and business partners we have opened an office in Hamburg.

We are expecting the market to continue a stable good performance and expect a result in line with 2023.

Internal Risk Management and Quality Standards

We are continuously working on improving our internal risk management and quality standards.

To ensure we maintain our high-quality standards, we have in 2023 engaged the management team in the process of being ready to comply with CSRD and we have engaged PWC to assist us with the whole framework and compliance assurance together with dedicated project staff from our side.

The management have identified the following as primary risk areas:

- 1) Safety during and around our stevedoring operations
- 2) The environmental impact of our core business area
- 3) Employee satisfaction
- 4) Integrity and ethic throughout the entire supply chain

To further strengthen our quality management system, we are ISO9001 certified. The standard is incorporated in and by the whole organization. The general work with and knowledge about all the procedures, supports awareness, focus on quality assurance and correct start-up and continuous review of each project, promoting safety and preventive actions combined with ensuring the expected profitability and customer satisfaction.

To stress the importance of high quality standards in the sea transport for feeds, we also uphold a certification in GMP+ for sea transport.

MANAGEMENT'S REVIEW

We all have a responsibility for sustainability and social responsibility

In Baltic Shipping Company A/S we are placing this responsibility high on the agenda and have increased focus on 8 of the 17 global goals for sustainable development. For further insight in our activities, we refer to the section "The principal activities of the company".

The action comprises strategies and measures against climate changes as well as awareness-raising on climate changes. In Baltic Shipping Company A/S we do this by measuring and highlighting the CO₂-emission of each freight carried by a BSC vessel - and by comparing the CO₂-emission of the same cargo being moved by trucks and highlighting this to our customers in each invoice, we jointly support sustainable freight. The impact on the environment is significant as each vessel load compares to approximately 100 truckloads, depending on the vessel size.

We have in 2023 engaged a sustainability consultant with focus on our vessels and the entire legislation in this area. He has done an extensive research and documentation of this work – and of how well BSC is able to provide data supporting the legislation and the requirements to come.

As a company, we have an ethical responsibility for our people, our surroundings, and the world in which we live – including safety and environment on our projects. We therefore keep a continuous focus on safety, working environment and environmentally sound behavior and on contributing positively to our surroundings. We ensure continued focus and awareness on this by having integrated policies and action points integrated in our Leadership System ISO9001. We are happy to report 0 incidents again this year.

Throughout the year, we have worked for a positive and developing working environment, which focuses on the individual employee, and on collaboration between employees and across departments. We have supported initiatives to improve employee health and safety and are striving to continuously improve work-life balance, by ensuring the right people and the right number of people. The management supports and initiates several health supporting activities ranging from physical activity breaks to healthy food. The management keeps a close eye on the voluntary employee turnover and concludes that it continues to stay at a very low level.

To further support both our growth and the wellbeing of our employees, we have invested in developing new office space with optimal surroundings and atmosphere.

As a shipping company, we have a responsibility to contribute to the development of future shipping employees and leaders. We excel in taking a significant number of own trainees onboard – and preferably keep them onboard - and support the education of trainees and of our employees in general. We are currently employing 1 accounting trainee and 9 shipping trainees.

We consider diversity a strength that helps us gain access to the best talents and develops our business and organization in a positive direction.

In Baltic Shipping Company we fully support and live by the UN Code of Conduct, and our human rights policies are consolidated from this and our employee handbook. We support integrity and ethics in all aspects of the company's activities, and we have a zero tolerance towards corruption. It is an integrated part of our supplier and customer assessment that this part of the code of conduct are adhered to by all. To ensure the adherence by all parties the management is in constant and close dialogue with all involved parties and can again on this basis conclude that no violation of human rights or attempts on corruption have happened in 2023.

MANAGEMENT'S REVIEW

Assessment of risks

Climate change and the environment

It is our ambition to continuously improve energy efficiency with all vessels.

We ensure a minimum fuel consumption by always striving to optimize the fleet in such a way that the vessels have a minimum of ballast voyages, and thereby minimize the CO2 emission.

In the coming years, there will be new legislation and regulation which will increase focus on vessels' CO2 emissions. We will continuously evaluate the need for a more formalised policy.

Human rights

With our current business model we don't employ crew on the vessels. All land based employees are hired on equal terms and conditions and in accordance with Danish labor market standards.

Consequently, we do not see risks in regards to human rights and for now we plan to uphold the current business model.

Anti-corruption

Baltic Shipping Company has a zero tolerance towards corruption and bribery practices. Contracts with both customers and suppliers follow the standards provided by BIMCO. Port costs forwarded by chartered vessels that are to be paid by the company undergo quality assurance and approval by our skilled operators, who know the official rates in ports. Further, all costs related to voyages are controlled by accounting applying a four-eye principle, so the risks related to corruption and bribery are considered very low. In 2023, we have followed the anti-corruption procedures described above and we will continue to do so in the future.

Employees

Baltic Shipping Company believes that personal development is key to the success and well-being of the company's employees and thereby the success of the Company itself. To attract and maintain qualified employees is critical to the Company's growth.

We will continue to focus on the wellbeing of our employees in order to attract and maintain qualified employees.

Policies on CSR

The Group has no other policies related to CSR implemented other than described in the previous sections.

Group Management continuously evaluates the need for further policies in relation to the assessment and evaluation of risks related to climate change, environmental issues, human rights and anti-corruption.

MANAGEMENT'S REVIEW

Policy regarding employees

It is the policy to enable Baltic Shipping Company to attract, retain and evolve the best possible employees, meaning employees that are highly qualified and motivated to successfully manage present and future assignments.

Activities and results

In 2023, meetings were held at least twice a year with all employees, where the performance of the individual was assessed and evaluated. In 2024, we will continue with annual meetings to assess and evaluate the performance of the individual employees.

Statement in compliance with section 99(b) of the Danish Financial Statements Act

	2023	2022	Target for the underrepresented gender
Executive Board	3	3	
Executive Board Share of underrepresented gender	0%	0%	20 % by 2025
Other management	0	0	N/A

Policy to increase gender diversity on other management levels:

The Group has not exceeded 50 employees for two consecutive years and therefore there is no requirement to develop a policy for the underrepresented gender.

During 2023 no actions has been taken in order to increase the share of the underrepresented gender in the Executive Board.

During 2024 we will develop a strategy and a policy for the underrepresented gender.

MANAGEMENT'S REVIEW

Statement on data ethics in accordance with section 99 d of the Danish Financial Statements Act

The Group has evaluated if it is relevant to prepare a policy for data ethics. The Group only enters into business with B2B customers and therefore, to a limited extent, collects and processes data. All information received related to customers, vendors and employees are treated in a responsible manner that secure that the data cannot be accessed by unauthorised persons.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

MANAGEMENT TEAM



A blue ink signature of Peter Ronnie Hulstrøm, written in a cursive style.

Peter Ronnie Hulstrøm
Managing Director



A blue ink signature of Karina Uldahl Kiel, written in a cursive style.

Karina Uldahl Kiel
CFO



A blue ink signature of Mikkel Schmidt, written in a cursive style.

Mikkel Schmidt
Partner, Ship Management



A blue ink signature of Thomas Holst Olsen, written in a cursive style.

Thomas Holst Olsen
Partner, Chartering



A blue ink signature of Frederik Christian Lytzen, written in a cursive style.

Frederik Christian Lytzen
Partner, Chartering

INCOME STATEMENT

1 JANUARY - 31 DECEMBER

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Revenue	1	1,000,822	806,676	0	0
Other operating income		5,857	636	0	0
Expenses for raw materials and consumables		-746,359	-485,715	0	0
Other external expenses		-25,141	-18,455	-130	-1,633
Gross profit		235,179	303,142	-130	-1,633
Staff expenses	2	-56,443	-39,991	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-4,489	-4,916	0	0
Other operating expenses		-3,834	-528	0	0
Profit/loss before financial income and expenses		170,413	257,707	-130	-1,633
Income from investments in subsidiaries	4	0	0	141,726	225,268
Income from investments in associates		911	544	911	544
Financial income	5	10,071	4,866	2,286	1,367
Financial expenses	6	-7,969	-4,072	-2,229	-1,333
Profit/loss before tax		173,426	259,045	142,564	224,213
Tax on profit/loss for the year	7	-19,514	-19,500	16	352
Net profit/loss for the year	8	153,912	239,545	142,580	224,565

BALANCE SHEET

31 DECEMBER

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Goodwill		13,545	15,064	0	0
Intangible assets	9	13,545	15,064	0	0
Other fixtures and fittings, tools and equipment		22,699	15,351	0	0
Vessels		261,693	72,073	0	0
Leasehold improvements		487	23	0	0
Property, plant and equipment in progress		0	28,163	0	0
Property, plant and equipment	10	284,879	115,610	0	0
Investments in subsidiaries	11	0	0	142,451	188,605
Investments in associates	12	36,474	14,311	1,074	1,074
Other investments	13	9,185	7,697	0	0
Deposits	13	1,055	383	0	0
Fixed asset investments		46,714	22,391	143,525	189,679
Fixed assets		345,138	153,065	143,525	189,679
Inventories	14	23,575	16,859	0	0
Trade receivables		101,771	75,949	0	0
Receivables from group enterprises		0	0	35,872	0
Other receivables		45,157	48,324	29,116	36,226
Corporation tax		0	13	16	352
Prepayments	15	31,748	16,958	0	0
Receivables		178,676	141,244	65,004	36,578
Cash at bank and in hand		45,755	98,760	2,258	13,334
Current assets		248,006	256,863	67,262	49,912
Assets		593,144	409,928	210,787	239,591

BALANCE SHEET

31 DECEMBER

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Share capital		100	100	100	100
Reserve for net revaluation under the equity method		0	0	4,486	0
Retained earnings		79,735	10,668	75,249	10,667
Proposed dividend for the year		75,000	180,000	75,000	180,000
Equity attributable to shareholders of the Parent Company		154,835	190,768	154,835	190,767
Minority interests		36,588	23,951	0	0
Equity		191,423	214,719	154,835	190,767
Provision for deferred tax	16	519	97	0	0
Other provisions		1,052	0	0	0
Provisions		1,571	97	0	0
Credit institutions		136,335	0	0	0
Lease obligations		3,916	4,587	0	0
Other payables		4,228	40,149	0	0
Long-term debt	17	144,479	44,736	0	0
Credit institutions	17	10,190	300	0	0
Lease obligations	17	2,873	3,861	0	0
Prepayments received from customers		8,401	489	0	0
Trade payables		105,443	71,526	0	0
Payables to group enterprises		0	0	9,940	21,652
Corporation tax		197	15,287	0	0
Deposits		0	23	0	0
Other payables	17	128,471	53,632	46,012	27,172
Deferred income	18	96	5,258	0	0
Short-term debt		255,671	150,376	55,952	48,824
Debt		400,150	195,112	55,952	48,824
Liabilities and equity		593,144	409,928	210,787	239,591

BALANCE SHEET

31 DECEMBER

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Contingent assets, liabilities and other financial obligations	21				
Related parties	22				
Fee to auditors appointed at the general meeting	23				
Accounting Policies	24				

STATEMENT OF CHANGES IN EQUITY

Group

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	100	10,667	180,000	190,767	23,951	214,718
Ordinary dividend paid	0	0	-180,000	-180,000	0	-180,000
Other equity movements	0	1,488	0	1,488	1,305	2,793
Net profit/loss for the year	0	67,580	75,000	142,580	11,332	153,912
Equity at 31 December	100	79,735	75,000	154,835	36,588	191,423

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	100	0	10,667	180,000	190,767
Ordinary dividend paid	0	0	0	-180,000	-180,000
Dividend from group enterprises	0	-137,240	137,240	0	0
Other equity movements	0	0	1,488	0	1,488
Net profit/loss for the year	0	141,726	-74,146	75,000	142,580
Equity at 31 December	100	4,486	75,249	75,000	154,835

CASH FLOW STATEMENT

1 JANUARY - 31 DECEMBER

	Note	Group	
		2023	2022
		TDKK	TDKK
Result of the year		153,912	239,545
Adjustments	19	21,451	23,008
Change in working capital	20	69,044	-39,937
Cash flow from operations before financial items		244,407	222,616
Financial income		4,970	2,305
Financial expenses		-6,672	-1,913
Cash flows from ordinary activities		242,705	223,008
Corporation tax paid		-33,272	-7,124
Cash flows from operating activities		209,433	215,884
Purchase of intangible assets		0	556
Purchase of property, plant and equipment		-176,826	-54,475
Fixed asset investments made etc		-24,323	-17,587
Sale of property, plant and equipment		1,845	420
Sale of fixed asset investments made etc		0	1,950
Business acquisition		0	-16,936
Dividends received from associates		911	544
Other adjustments		0	-57
Cash flows from investing activities		-198,393	-85,585
Repayment of loans from credit institutions		-1,590	0
Reduction of lease obligations		-1,659	0
Raising of loans from credit institutions		111,843	0
Lease obligations incurred		0	1,026
Raising of payables to participating interests		20,000	27,115
Other equity entries		0	-113
Dividend paid		-192,639	-111,600
Cash flows from financing activities		-64,045	-83,572
Change in cash and cash equivalents		-53,005	46,727
Cash and cash equivalents at 1 January		98,760	52,033
Cash and cash equivalents at 31 December		45,755	98,760

CASH FLOW STATEMENT

1 JANUARY - 31 DECEMBER

Note	Group	
	2023	2022
	TDKK	TDKK
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand	45,755	98,760
Cash and cash equivalents at 31 December	45,755	98,760

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
1. Revenue				
Business segments				
Commercial ship management and coaster transport of bulk and project cargo	880,322	690,588	0	0
Agency	55,864	46,329	0	0
Stevedoring activities	64,636	69,759	0	0
	1,000,822	806,676	0	0
	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
2. Staff Expenses				
Wages and salaries	51,260	37,106	0	0
Pensions	5,008	2,787	0	0
Other social security expenses	134	98	0	0
Other staff expenses	41	0	0	0
	56,443	39,991	0	0
Including remuneration to the Executive Board:				
Executive board	6,098	6,662	0	0
	6,098	6,662	0	0
Average number of employees	57	44	3	3

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	1,520	130	0	0
Depreciation of property, plant and equipment	2,969	4,786	0	0
	4,489	4,916	0	0

	Parent company	
	2023	2022
	TDKK	TDKK
4. Income from investments in subsidiaries		
Share of profits	141,726	225,535
Loss on sale of shares in subsidiaries	0	-267
	141,726	225,268

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
5. Financial income				
Other financial income	4,969	2,304	2,286	1,367
Exchange adjustments	222	191	0	0
Exchange gains	4,880	2,371	0	0
	10,071	4,866	2,286	1,367

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
6. Financial expenses				
Interest paid to group enterprises	0	0	135	91
Other financial expenses	6,671	1,913	2,079	1,194
Exchange loss	1,298	2,159	15	48
	<u>7,969</u>	<u>4,072</u>	<u>2,229</u>	<u>1,333</u>

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
7. Income tax expense				
Current tax for the year	19,085	19,929	-16	-352
Deferred tax for the year	429	-429	0	0
	<u>19,514</u>	<u>19,500</u>	<u>-16</u>	<u>-352</u>

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
8. Profit allocation				
Extraordinary dividend paid	0	37,600	0	37,600
Proposed dividend for the year	75,000	180,000	75,000	180,000
Reserve for net revaluation under the equity method	0	0	141,726	226,641
Minority interests' share of net profit/loss of subsidiaries	11,332	14,979	0	0
Retained earnings	67,580	6,966	-74,146	-219,676
	<u>153,912</u>	<u>239,545</u>	<u>142,580</u>	<u>224,565</u>

NOTES TO THE FINANCIAL STATEMENTS

9. Intangible fixed assets

Group

	Goodwill
	TDKK
Cost at 1 January	15,195
Cost at 31 December	15,195
Impairment losses and depreciation at 1 January	131
Depreciation for the year	1,519
Impairment losses and depreciation at 31 December	1,650
Carrying amount at 31 December	13,545

10. Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Vessels	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	26,351	73,699	255	28,162
Exchange adjustment	5	173	0	41
Additions for the year	12,350	130,189	515	33,777
Disposals for the year	-2,689	-607	-255	0
Transfers for the year	0	61,980	0	-61,980
Cost at 31 December	36,017	265,434	515	0
Impairment losses and depreciation at 1 January	10,985	903	232	0
Impairment losses for the year	0	0	51	0
Depreciation for the year	3,841	2,838	0	0
Impairment and depreciation of sold assets for the year	-1,508	0	-255	0
Impairment losses and depreciation at 31 December	13,318	3,741	28	0
Carrying amount at 31 December	22,699	261,693	487	0
Amortised over	3-10 years	10-20 years	5-10 years	

NOTES TO THE FINANCIAL STATEMENTS

	<u>Parent company</u>	
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
11. Investments in subsidiaries		
Cost at 1 January	5,490	4,983
Additions for the year	0	654
Disposals for the year	-327	-147
Cost at 31 December	<u>5,163</u>	<u>5,490</u>
Value adjustments at 1 January	183,115	69,260
Disposals for the year	0	-2,070
Net profit/loss for the year	141,726	225,535
Dividend to the Parent Company	-189,041	-109,610
Other adjustments	1,488	0
Value adjustments at 31 December	<u>137,288</u>	<u>183,115</u>
Carrying amount at 31 December	<u>142,451</u>	<u>188,605</u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Share capital</u>	<u>Ownership</u>
Baltic Holding Jylland ApS	Hillerød	DKK 50,000	70.00%
Carl Elgaard Shipping ApS	Aarhus	DKK 80,000	70.00%
Baltic Shipping Company A/S	Hillerød	DKK 700,000	94.00%
Baltic Coaster Chartering ApS	Hillerød	DKK 125,000	94.00%
Baltic Coaster Transport ApS	Hillerød	DKK 40,000	94.00%
Bay Shipping A/S	Aarhus	DKK 500,000	94.00%
BSC Invest 1 ApS	Hillerød	DKK 40,000	94.00%
MS Bering Fin GmbH & Co. KG	Germany	EUR 2,010,000	50.25%
M/V "Simon B" GmbH & Co. KG	Germany	EUR 185,000	90.00%
BSC Invest 2 ApS	Hillerød	DKK 40,000	94.00%
MS Bothnia Fin GmbH & Co. KG	Germany	EUR 2,875,000	79.44%
BSC Invest 3 ApS	Hillerød	DKK 40,000	94.00%
MS Baltic Fin GmbH & Co. KG	Germany	EUR 2,875,000	79.44%
MS Biscay Fin GmbH & Co. KG	Germany	EUR 2,010,000	50.25%

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
12. Investments in associates				
Cost at 1 January	14,311	1,073	1,074	1,074
Additions for the year	22,163	13,238	0	0
Cost at 31 December	36,474	14,311	1,074	1,074
Carrying amount at 31 December	36,474	14,311	1,074	1,074

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership
Hvide Sande Supply ApS	Hvide Sande	DKK 150,000	49%
Rix Spirit Shipping Ltd.	Cyprus	EUR 3,560,000	50%
Rix Voyager Shipping Ltd.	Cyprus	EUR 3,710,000	50%
Rix Baltic Shipping Ltd.	Cyprus	EUR 2,250,000	50%

13. Other fixed asset investments

Group	Other investments		Deposits	
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	7,698		383	
Additions for the year	1,487		672	
Cost at 31 December	9,185		1,055	
Carrying amount at 31 December	9,185		1,055	

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
14. Inventories				
Raw materials and consumables	23,575	16,859	0	0
	23,575	16,859	0	0

15. Prepayments

Prepayments consist of prepaid time charter hire, prepaid expenses concerning rent, insurance premiums and subscriptions as well.

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
16. Provision for deferred tax				
Deferred tax liabilities at 1 January	97	504	0	0
Amounts recognised in the income statement for the year	422	-407	0	0
Deferred tax liabilities at 31 December	519	97	0	0

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
17. Long-term debt				

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Credit institutions

After 5 years	0	0	0	0
Between 1 and 5 years	136,335	0	0	0
Long-term part	136,335	0	0	0
Other short-term debt to credit institutions	10,190	300	0	0
	146,525	300	0	0

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
17. Long-term debt				
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	3,916	4,587	0	0
Long-term part	3,916	4,587	0	0
Within 1 year	2,873	3,861	0	0
	6,789	8,448	0	0
Other payables				
After 5 years	343	1,604	0	0
Between 1 and 5 years	3,885	38,545	0	0
Long-term part	4,228	40,149	0	0
Other short-term payables	128,471	53,632	46,012	27,172
	132,699	93,781	46,012	27,172

18. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	Group	
	2023	2022
	TDKK	TDKK
19. Cash flow statement - Adjustments		
Financial income	-10,071	-4,866
Financial expenses	7,969	4,072
Depreciation, amortisation and impairment losses, including losses and gains on sales	4,489	4,916
Income from investments in associates	-911	-544
Tax on profit/loss for the year	19,514	19,500
Other adjustments	461	-70
	21,451	23,008

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2023	2022
	TDKK	TDKK
20. Cash flow statement - Change in working capital		
Change in inventories	-6,716	-6,481
Change in receivables	-37,445	-64,677
Change in other provisions	1,052	0
Change in trade payables, etc	112,153	31,221
	<u>69,044</u>	<u>-39,937</u>

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
21. Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	417,518	306,998	0	0
Between 1 and 5 years	517,769	521,180	0	0
After 5 years	2,687	7,643	0	0
	<u>937,974</u>	<u>835,821</u>	<u>0</u>	<u>0</u>
Guarantee obligations				
Other fixtures and fittings, tools and equipment	7,167	8,601	7,167	8,601

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 17,869k. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

NOTES TO THE FINANCIAL STATEMENTS

22. Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

23. Fee to auditors appointed at the general meeting

PricewaterhouseCoopers

	Group	
	2023	2022
	TDKK	TDKK
Audit fee	389	365
Other assurance engagements	208	0
Tax advisory services	634	200
Non-audit services	310	67
	<u>1,541</u>	<u>632</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Accounting policies

The Annual Report of Baltic Holding Hundested ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in TDKK.

Recognition and measurement

All expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Baltic Holding Hundested ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Revenue recognised in the Group relates to coaster transport of bulk and project cargo, commercial ship management, agency and stevedoring activities. Revenue is recognised when the risks and rewards relating to the service provided have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the expenses for services related to chartering, agency and stevedoring necessary to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

NOTES TO THE FINANCIAL STATEMENTS

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with . The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 years
Ships	10-20 years

The residual values are estimated at the following percentage of the cost:

Ships	10 %
-------	------

The residual value of other fixed assets is determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

NOTES TO THE FINANCIAL STATEMENTS

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Other payables include working accounts with ship owners.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalents

Cash and cash equivalents comprise .

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$



BALTIC SHIPPING COMPANY GROUP

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CVR 36085851