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DK-5000 Odense C
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ALBA SHIPPING & TRADING A/S

TAGHOLM 15, 9400 NØRRESUNDBY

ANNUAL REPORT

1 OCTOBER 2021 - 30 SEPTEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 12 January 2023

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Jørgen Olesen

CVR NO. 36 94 56 72

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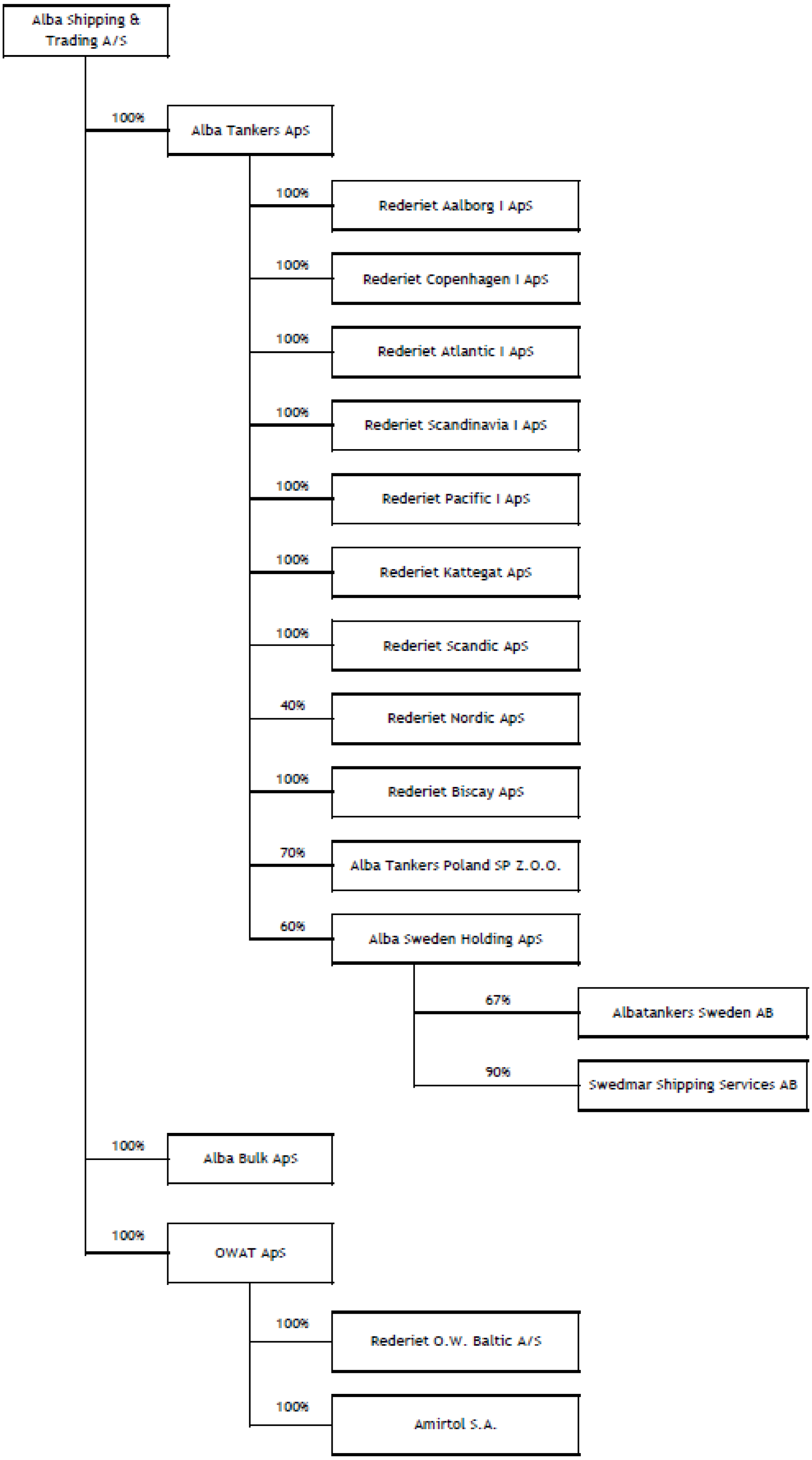
COMPANY DETAILS

Company	Alba Shipping & Trading A/S Tagholm 15 9400 Nørresundby	
	CVR No.:	36 94 56 72
	Established:	30 June 2015
	Municipality:	Aalborg
	Financial Year:	1 October 2021 - 30 September 2022
Board of Directors	Henrik Klindt Petersen, chairman Rene Lindholt Høyer Ervind Olesen Stig Anders Lindqvist	
Executive Board	Jørgen Olesen Henrik Holst Pedersen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C	

GROUP STRUCTURE



MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Alba Shipping & Trading A/S for the financial year 1 October 2021 - 30 September 2022.

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 30 September 2022 and of the results of Group's and the Company's operations and cash flows for the financial year 1 October 2021 - 30 September 2022.

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.

Nørresundby, 12 January 2023

Executive Board

Jørgen Olesen	Henrik Holst Pedersen

Board of Directors

Henrik Klindt Petersen Chairman	Rene Lindholt Høyer	Ervind Olesen
Stig Anders Lindqvist		

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Alba Shipping & Trading A/S

Opinion
We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Alba Shipping & Trading A/S for the financial year 1 October 2021 - 30 September 2022, 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 30 September 2022 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 October 2021 - 30 September 2022 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.

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.

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.

INDEPENDENT AUDITOR'S REPORT

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.

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.

INDEPENDENT AUDITOR'S REPORT

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.

Odense, 12 January 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mikkel Aalykke
State Authorised Public Accountant
MNE no. mne41307

FINANCIAL HIGHLIGHTS OF THE GROUP

	2021/22 USD '000	2020/21 USD '000	2019/20 USD '000	2018/19 USD '000	2017/18 USD '000
Income statement					
Gross profit/loss	34,186	23,188	17,929	14,788	13,833
Operating profit/loss	14,940	4,003	4,715	3,466	3,201
Financial income and expenses, net	-1,253	-1,122	-1,049	-949	-1,020
Profit/loss for the year	13,090	2,499	3,308	2,424	2,038
Balance sheet					
Total assets	70,491	57,443	49,550	38,871	32,198
Equity	36,976	23,672	21,776	17,424	16,224
Cash flows					
Investment in tangible fixed assets	-12,428	-12,289	-11,668	-9,685	-1,129
Key ratios					
Solvency ratio incl. minorities	45.2	41.2	43.9	44.8	50.3
Return on equity	43.2	11.0	16.9	14.4	13.3

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

Solvency ratio incl. minorities: $\frac{\text{Equity, at year end x 100}}{\text{Total equity and liabilities, at year end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities

The Group's principal activities are to operate both owned and 3rd party oil and chemical tankers within the small tanker segment. These operations comprise both commercial and technical management of tanker vessels. Until 30 June 2022 the group also operated a minor fleet of bulk carriers on technical management.

The parent company's principal activity is to own investments in underlying Group companies in which the Group's activities are placed.

Development in activities and financial position

During 2021/22 the group sold 1 chemical tanker, M/T Atlantic, from the fleet in July 2022, and added 1 secondhand chemical tanker, M/T Biscay, to the fleet in September 2022. M/T Biscay was taken over in Gdansk and after a short docking period the vessel started trading in October 2022.The group has operated the vessel M/T O.W. Baltic on technical basis for the bankruptcy estate after OW Bunker since 2015. With effect from on 1 October 2021 the group has acquired the vessel from the bankruptcy estate.

Following a public tender in 2022 the Group lost the contract to operate Ørsted's fleet of bulk carriers on technical management. From September 2022 the Group has successfully obtained a contract to operate 2 tanker vessels on technical management.

The group owns 9 chemical tankers. In addition the group currently operates 19 chemical tankers on commercial management and 2 chemical tankers on technical management.

As part of a general process to continually secure a sound financing of the fleet the group undertook a refinancing during 2021/22 where existing facilities with Danish Ship Finance were replaced by new facilities with NIBC Bank N.V. This refinancing secured an extended maturity date as well as net cash proceeds of approximately 2m USD. In addition, the group also secured a revolving credit facility with Nykredit for 5m USD. These facilities were partly used for the acquisition of M/T Biscay until final financing for the acquisition was obtained in October 2022. During 2021/22 the group also prematurely repaid the shareholder's loans obtained in 2020/21 for the purchase of M/T Scandic.

The Group reports a profit for the year of USD ('000) 13.090. Management considers the result for the year satisfactory.

Profit/loss for the year compared to future expectations

The result of the operations and the financial position of the group have exceeded the expectations stated in prior year's annual report. The main reason for this is a more rapidly recovery in the market after Covid-19 than anticipated, but also the war in Ukraine has seen an increase in freight rates.

Significant events after the end of the financial year

No events have occurred after the end of the financial year with a significant impact to the group's financial position.

Special risks

The Group is exposed to a number of risks as an operator of oil and chemical tankers.

Operating risks

It is crucial for the Group's success that the vessels are efficiently employed and that unplanned off hire days are kept to a minimum. Furthermore, it is crucial to minimize the risk of accidents for both seafarers, cargo and equipment. Technical management performed at a high level, and continuous focus on safety and education are the main factors to mitigate these risks. There is still focus on Covid-19 and actions are still being taken to avoid the virus on board.

Special risks (continued)

Market risks

The Group operates in the 3-20,000 DWT oil and chemical tankers market, primarily in Western Europe. The primary operations are to provide infrastructure logistics to customers. Profits are impacted by fluctuations in freight rates, which are determined by supply and demand in the segment, but also by market fluctuations in bunker prices, which are determined by the world-wide supply and demand of oil and gas products.

Foreign exchange risk

Operations in the oil and chemical tanker market are primarily denominated in USD, which is also the functional currency of the group. However, a significant part of transactions, such as purchases of spares, employee salaries and shore-based costs are denominated in local currencies such as DKK, EUR, SEK etc. The company is exposed to currency fluctuations towards USD During 2021/22 and at 30 September 2022 the Group has taken a decision not to hedge the exchange risk exposures, but the Group continuously monitors development in the USD rate and intends to apply hedges again in the future.

When the group applies hedging instruments, the group is also exposed to fair market value adjustments of such instruments.

Interest rate risk

Investments in oil and chemical tankers are cash intensive and the Group has significant loan facilities which carry interest. Loans are primarily denominated in USD and carry interest based on USD SOFR. The Group is exposed to increasing interest rates and has an established policy to hedge part of this exposure by means of interest swaps or interest collars.

As for other hedging instruments the group is exposed to fair market value adjustments of such instruments.

Credit risks

Credit risks arise from the activities of the company in the form of outstanding receivables as well as bank deposits of surplus cash.

Customers are assessed by the chartering team and group management prior to commitment in order to reduce credit risks.

Bank deposits are only made with top tier banks and financial institutions in North West Europe.

Liquidity risk

Access to cash is crucial within the sector and very important to execute the Group strategy. The Group continuously monitors cash flows and cash reserves in order to maintain the necessary free cash flow to operate the vessels.

Vessels are now financed on long term agreements with NIBC Bank N.V and Svenska Skepsshypotekskassen. The loan agreements with both NIBC Bank N.V. and the previous lender Danish Ship Finance have certain financial covenants which have all been met during 2021/22.

The Group budget for 2022/23 shows sufficient cash to meet all existing liabilities and loan covenants.

Intellectual capacity resources

The group's activities place high demand for skilled and highly educated employee resources for both seafarers and shore-based staff. The group strive to maintain a high retention rate amongst employees, and continuously focuses on maintaining and improving skills and qualifications for all staff categories.

Future expectations

Management expects a result of the group and the parent company for 2022/23 in the range between 12m and 18m USD. The expectation is based on the current market conditions in Western Europe where supply of and demand for tonnage result in increased freight rates, partly driven by sanctions against Russia due to the war in Ukraine.

MANAGEMENT COMMENTARY

Sustainability reporting

Business model

The Group's business model is based on the following vision and mission:

The Group's vision:

> "Be the preferred means of transport within our range of operation in the areas we serve."

The Group's mission:

> "Operate the vessels under our care with passion for safety, environment, quality and economy exceeding the expectations of our clients, employees and the society at large."

The operations of the Group are performed under a culture of safety, with due considerations for the climate and the environment and human rights, and are based on a zero-tolerance policy for all relevant areas.

The primary activities are within shipping and comprise both owned and 3rd party vessels under commercial and technical management. All activities related to owned vessels are operated by the Group, whereas 3rd party vessels may only be operated commercially or technically depending on the individual owner. Commercial management of the fleet is operated from Gothenburg, Sweden, and technical management is performed from the Group headquarter in Aalborg, Denmark. Activities in relation to crew are performed from the Group office in Swinoujscie, Poland.

The primary operations of the Group are to provide infrastructure logistics to customers in Western Europe. Vessels are employed on both time charter contracts, Contracts of affreightment and in the spot market. Seafarers are primarily sourced from the EU, with the majority from Poland. Suppliers are primarily sourced locally in the area where the Group operates. The Group aims to build strong long term relationships with financing institutions securing a long term and stable financing structure.

The Group's shares are owned by a relatively small number of Scandinavian individuals, including the executive directors of the group.

Climate and Environment

Environmental risks
Being an owner and operator of oil and chemical tankers, the Group is exposed to a number of environmental risks and impacts, of which the most significant are: potential spills, fuel emissions, tank cleaning residuals, ballast water treatment, garbage handling, ship building and scrapping etc.

Environmental policies
It is the Group policy to do the outmost to reduce environmental pollution and to avoid environmental hazards. This is expressed through detailed policies covering areas such as safety, environment, staff training, and energy efficiency, which together form the policies covering the environmental impact and mitigation of environmental risks.

On an operational level the policy is adhered to by training and education of employees as well as the working culture of the Group, where employees take responsibility to operate the vessels with the least possible impact to the climate and environment, including commitment to operate the vessels in a safely manner and commitment to seek new and less polluting solutions when performing repairs and upgrades to the vessels.

Sustainability reporting (continued)

Environmental policies (continued)
As yet the group has only acquired second hand vessels and only disposed of two vessels, but due considerations are given for each single acquisition in respect of potentials for more environmental friendly solutions as part of the upgrades and repairs performed prior to the vessel entering the market. The Group has initiated a process to consider new-buildings over the coming years, and even though there is no expressed policy regarding this, due considerations will be given to solutions that will help reduce pollution and fuel emissions, both through ship design and technical solutions. Due to the rapid development in this area a key element in future ship design is to be ready for potential changes in future emission restrictions, fuel and power.

Environmental measures
The Group continuously measures and logs fuel consumption, efficiency and emissions as a basis for future targets for consumption and efficiency. The group also measures and logs spills.

The Group has logged the following data for owned vessels:

	2021/22	2020/21	2019/20	2018/19	2017/18
EEOI[1]	47.66	47.63	54.48	67.89	85.04
CO_2 emission (TN)	51,588	46,100	31,057	26,187	34,410
SOx emission (MT)	40.40	25.35	28.26	14.82	17.37
NOx emission (MT)	843.89	797.81	498.80	429.43	483.84
Bunkers consumption (MT)	16.129	14.379	9,719	8,197	9,832
Total distance sailed (NM)	281.782	238.520	167,739	162,294	172,506
Deadweight all told (MT) at 30 September	68.315	59.359	47,829	24,999	24,999
Number of vessels at 30 September	9	8	7	5	5
Spills	0	0	0	0	0

[1]EEOI = Energy Efficiency Operational Indicator

Social and human rights

Social and human rights risk
The risks associated with social and human rights mainly comprise risk of failure to comply with employee working rights, employee safety and the use of child labor at suppliers.

Social and human right policies
The Group has adopted a number of detailed policies to ensure social and human rights, including safety policy, training policy, and competence and awareness training. In addition, the culture of the Group is to treat each employee with decency and respect, regardless of gender, political or religious conviction.

Safety at sea is a number one priority for the seafarers and the Group takes all necessary actions to prevent casualties or fatalities on board.

As part of the safety policies, the group has also implemented a drug and alcohol policy, with a zerotolerance policy for embarked seafarers.

Recruitment and employment is governed by local labor legislation and all seafarers are employed on terms equal to conventions agreed by the relevant Danish Maritime associations. All employees receive proper training, instruction and education to perform the dedicated tasks. Records of working and rest hours are maintained for all seafarers to ensure compliance with legislation. Employees are recruited based on qualifications, regardless of gender, nationality, religion or political conviction.

It is an aim to retain employees for as long as possible, and to maintain a high retention rate among officers on board the vessels.

MANAGEMENT COMMENTARY

Sustainability reporting (continued)

Social and human rights policies (continued)
The Group distances itself from the use of child labor, whether this is within the Group or at suppliers, customers or subcontractors. This is mitigated through the use of local suppliers where the Group has experience and knowledge of the supplier. The Group will resent from using suppliers whom take advantage of child labor.

Social and human rights measures
The group has not experienced any instances of violating behavior during 2021/22.

The group has not experienced any instances of violation of the drug and alcohol policy during 2021/22.

The group has not experienced any incidents of using child labor during 2021/22, whether within the group or at suppliers, customers or subcontractors.

The Group has logged the following data regarding employees:

	2021/22	2020/21	2019/20	2018/19	2017/18
Seafares:					
Lost time injury	0	0	0	0	0
Retention rate - officers	89%	97%	99%	99%	99%
Retention rate - crew members	75%	96%	93%	98%	95%
Male seafarers at 30/9	227	205	169	122	110
Female seafarers at 30/9	4	1	0	0	0
EU seafarers at 30/9	183	193	163	121	109
Non-EU seafarers at 30/9	48	13	6	1	1
Shore staff:					
Male shore staff at 30/9	14	12	12	10	9
Female shore staff at 30/9	9	6	6	6	5
EU shore staff at 30/9	23	18	18	16	14
Non-EU shore staff at 30/9	0	0	0	0	0

Compliance and Governance

Compliance and Governance risks
Risk of non-compliance is associated with risk of corruption, bribery or whitewash but is also linked to non-compliance with legal or ethical responsibilities. Such risks may include but is not limited to overruling of internal controls related to contracts and purchasing.

Compliance policies
The Group has a zero tolerance policy towards corruption, bribery and whitewash and strives to fully comply with all legal and ethical responsibilities.

At the operational level non-compliance is mitigated by a corporate culture with a high level of integrity, led by management and exercised throughout the organization; oversight by management, and implemented controls throughout the operations. In order to ensure legal compliance the group employees well educated staff and takes external advice where the Group does not have the relevant resources in-house.

The group has implemented a whistleblower option where crew and shore staff can report issues in relation to climate and environment, social and human rights, and compliance.

Compliance measures
The group has not experienced any incidents of non-compliance during 2021/22, and has not received any whistleblower notifications.

Policy for the underrepresented gender
The group is currently not required to develop a policy for the underrepresented gender at the board level or executive directors level.

Currently, the group's board of directors consists of 100% men, and all executive directors within the group are men. Both board members and executive directors are selected based on qualifications, regardless of gender, nationality, religion or political orientation.

Data ethics
The group does not have a single expressed data ethics policy, but has a number of politics and internal guidance concerning IT security, use of data, use of social media, and processing of personal data which together form the policies and ethical principles under which the group collects, stores and uses data.

The group collects and uses data in a number of areas. This is both related to operation of tanker vessels where technical and facts data are collected and stored, but also in relation to managing the business financially, including data in relation to employees, customers and vendors.

We use a variety of systems and technologies for processing data. All decisions regarding collection and processing of data involves human oversight. The group does not use artificial intelligence for collection of data.

All processing of data are undertaken with due consideration of ethical issues, the general data protection act, and under a principle of transparency. The group does not process unnecessary data, data politics and guidance are easily accessible and understandable, and all individuals have the possibility to gain insight into which data are being processed.

Data politics and ethics are implemented in the group through awareness, guidance and training of employees. Management are responsible for issuing relevant guidance and policies.

The group also uses external vendors to process and store data. Vendors are selected on the basis of thorough evaluation of security and the ability to process data in accordance with relevant legislation and on the basis of high ethical standards that meet the group. Executive management is always involved in decisions to select new vendors.

INCOME STATEMENT 1 OCTOBER - 30 SEPTEMBER

	Note	Group		Parent Company	
		2021/22 USD	2020/21 USD	2021/22 USD	2020/21 USD
GROSS PROFIT	1	**34,185,805**	**21,713,090**	**-62,287**	**-18,931**
Staff costs	1, 2	-13,772,573	-12,875,270	-82,019	-70,222
Depreciation, amortisation and impairment		-5,473,198	-4,834,544	0	0
OPERATING PROFIT		**14,940,034**	**4,003,276**	**-144,306**	**-89,153**
Result of equity investments in group enterprises and associates	3	0	0	10,864,704	1,946,605
Other financial income	4	448,658	271,762	88,426	117,666
Other financial expenses		-1,701,692	-1,393,427	-132,683	-69,304
PROFIT BEFORE TAX		**13,687,000**	**2,881,611**	**10,676,141**	**1,905,814**
Tax on profit/loss for the year	5	-596,549	-383,079	32,687	8,973
PROFIT FOR THE YEAR	6	**13,090,451**	**2,498,532**	**10,708,828**	**1,914,787**

BALANCE SHEET AT 30 SEPTEMBER

ASSETS	Note	Group 2022 USD	Group 2021 USD	Parent Company 2022 USD	Parent Company 2021 USD
Land and buildings		195,706	200,542	0	0
Other plant, fixtures and equipment		177,442	164,239	0	0
Ships		51,069,680	46,997,017	0	0
Tangible fixed assets	7	**51,442,828**	**47,361,798**	**0**	**0**
Equity investments in group enterprises		0	0	29,724,301	18,261,910
Rent deposit and other receivables		39,182	19,473	0	0
Fixed assets investments	8	**39,182**	**19,473**	**29,724,301**	**18,261,910**
FIXED ASSETS		**51,482,010**	**47,381,271**	**29,724,301**	**18,261,910**
Raw materials and consumables		914,883	564,676	0	0
Inventories		**914,883**	**564,676**	**0**	**0**
Trade receivables		5,230,361	2,559,876	0	0
Receivables from group enterprises		0	0	1,757,380	4,214,154
Receivables from owners and management		371,671	428,252	371,671	428,252
Deferred tax assets	9	121,964	0	0	0
Hedging instruments	10	439,554	0	0	0
Other receivables		262,984	1,307,473	0	0
Joint tax contribution receivable		0	0	188,725	111,651
Prepayments and accrued income	11	1,169,170	666,227	1,362	1,638
Receivables		**7,595,704**	**4,961,828**	**2,319,138**	**4,755,695**
Cash and cash equivalents		**10,498,513**	**4,535,692**	**964**	**549**
CURRENT ASSETS		**19,009,100**	**10,062,196**	**2,320,102**	**4,756,244**
ASSETS		**70,491,110**	**57,443,467**	**32,044,403**	**23,018,154**

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BALANCE SHEET AT 30 SEPTEMBER

		Group		Parent Company	
EQUITY AND LIABILITIES	**Note**	**2022** USD	**2021** USD	**2022** USD	**2021** USD
Share capital	12	738,169	738,169	738,169	738,169
Reserve for revaluation		786,368	1,323,009	0	0
Reserve for net revaluation according to equity value method		0	0	27,509,407	18,247,016
Fair value reserve, hedging		762,679	144,911	0	0
Retained earnings		26,095,725	18,370,337	135,365	1,591,241
Proposed dividend		3,500,000	0	3,500,000	0
Minority shareholders		5,093,391	3,095,261	0	0
EQUITY		**36,976,332**	**23,671,687**	**31,882,941**	**20,576,426**
Provision for deferred tax	13	87,406	111,287	0	0
PROVISIONS		**87,406**	**111,287**	**0**	**0**
Bank loan		15,869,101	17,481,096	1,923	1,998,674
Corporation tax		381,421	211,462	73,617	70,192
Other loans		0	1,104,375	0	0
Non-current liabilities	14	**16,250,522**	**18,796,933**	**75,540**	**2,068,866**
Bank loan		3,488,147	4,291,261	0	0
Bank debt		5,101,757	12,363	0	0
Other loans		0	1,459,467	0	0
Trade payables		4,445,690	3,674,463	0	0
Payables to group enterprises		0	0	15,323	0
Corporation tax		70,544	77,084	0	0
Hedging instruments	10	0	183,883	0	0
Other liabilities		3,129,811	5,119,272	70,599	372,862
Accruals and deferred income	15	940,901	45,767	0	0
Current liabilities		**17,176,850**	**14,863,560**	**85,922**	**372,862**
LIABILITIES		**33,427,372**	**33,660,493**	**161,462**	**2,441,728**
EQUITY AND LIABILITIES		**70,491,110**	**57,443,467**	**32,044,403**	**23,018,154**

Contingencies etc.	16
Charges and securities	17
Related parties	18

EQUITY

	Group					
	Share capital	Other reserves	Retained earnings	Proposed dividend	Minority shareholders	Total
Equity at 1 October 2021	738,169	1,467,920	18,370,337	0	3,095,261	23,671,687
Prosposed distribution of profit, note 6			7,208,830	3,500,000	2,381,621	13,090,451
Transactions with owners						
Dividend paid					-358,163	-358,163
Allocations						
Foreign exchange adjustments			-20,083		-25,328	-45,411
Transfers						
Transfers to/from other items		-536,641	536,641			0
Net adjustment of hedging instruments						
Value adjustments in the year		617,768				617,768
Equity at 30 September 2022	**738,169**	**1,549,047**	**26,095,725**	**3,500,000**	**5,093,391**	**36,976,332**

	Group		
	Reserve for revaluation	Fair value reserve, hedging	Total
Equity at 1 October 2021	1,323,009	144,911	1,467,920
Transfers			
Transfers to/from other items	-536,641		-536,641
Net adjustment of hedging instruments			
Value adjustments in the year		617,768	617,768
Equity at 30 September 2022	**786,368**	**762,679**	**1,549,047**

EQUITY

	Parent Company				
	Share capital	Reserve for net revaluation according to equity value	Retained profit	Proposed dividend	Total
Equity at 1 October 2021	738,169	18,247,017	1,591,241	0	20,576,427
Prospoosed distribution of profit, note 6		10,864,704	-3,655,876	3,500,000	10,708,828
Allocation to reserve					
Foreign exchange adjustments		-20,082			-20,082
Value adjustments of equity		617,768			617,768
Transfers					
Received/declared dividend		-2,200,000	2,200,000		0
Equity at 30 September 2022	**738,169**	**27,509,407**	**135,365**	**3,500,000**	**31,882,941**

CASH FLOW STATEMENT 1 OCTOBER - 30 SEPTEMBER

	Group	
	2021/22 USD	2020/21 USD
Profit/loss for the year	13,090,451	2,498,532
Depreciation and amortisation, reversed	5,473,198	4,834,544
Reversed realization gains	-368,616	0
Tax on profit/loss, reversed	596,549	383,079
Other adjustments	-77,185	0
Corporation tax paid	-484,196	-647,705
Change in inventories	-350,207	-423,905
Change in receivables (ex tax)	-2,072,358	-1,877,915
Change in current liabilities (ex bank and tax)	-344,596	1,851,739
Other cash flows from operating activities	435,836	149,125
CASH FLOWS FROM OPERATING ACTIVITY	**15,898,876**	**6,767,494**
Purchase of tangible fixed asstets	-12,405,982	-12,289,008
Sale of tangible fixed asstets	3,242,782	0
Purchase of financial assets	-36,071	-3,110
Sale of financial assets	16,363	0
Other cash flows from investing activities	222,566	0
CASH FLOWS FROM INVESTING ACTIVITY	**-8,960,342**	**-12,292,118**
Proceeds from long-term borrowing	15,794,853	8,112,765
Repayments of loans	-21,329,877	-3,744,267
Change in bank debt	4,917,474	-10,823
Dividends paid in the financial year	-358,163	-698,667
CASH FLOWS FROM FINANCING ACTIVITY	**-975,713**	**3,659,008**
CHANGE IN CASH AND CASH EQUIVALENTS	**5,962,821**	**-1,865,616**
Cash and cash equivalents at 1. oktober	4,535,692	6,401,308
CASH AND CASH EQUIVALENTS AT 30. SEPTEMBER	**10,498,513**	**4,535,692**
Cash and cash equivalents at 30 September comprise:		
Cash and cash equivalents	10,498,513	4,535,692
CASH AND CASH EQUIVALENTS	**10,498,513**	**4,535,692**

NOTES

Note

Special items 1

Increased costs due to Covid-19 restrictions etc. amounts to approximately USD ('000) 830 for 2020/21.

	Group		Parent Company		Note
	2021/22 USD	2020/21 USD	2021/22 USD	2020/21 USD	
Staff costs					2
Average number of employees	253	221	2	2	
Wages and salaries	12,638,966	11,692,072	82,019	70,222	
Pensions	611,971	666,836	0	0	
Social security costs	457,431	434,728	0	0	
Other staff costs	64,205	81,634	0	0	
	13,772,573	**12,875,270**	**82,019**	**70,222**	
Remuneration of Executive Board	616,744	696,371	0	0	
Remuneration of Board of Directors	62,400	62,400	62,400	62,400	
	679,144	**758,771**	**62,400**	**62,400**	
Result of equity investments in group enterprises and associates					3
Income from investments in subsidiaries	0	0	10,864,704	1,946,605	
	0	**0**	**10,864,704**	**1,946,605**	
Other financial income					4
Group enterprises	0	0	76,000	60,957	
Other interest income	448,658	271,762	12,426	56,709	
	448,658	**271,762**	**88,426**	**117,666**	
Tax on profit/loss for the year					5
Calculated tax on taxable income of the year	584,856	353,378	-32,687	-8,974	
Adjustment of tax in previous years	0	29,701	0	1	
Adjustment of deferred tax	11,693	0	0	0	
	596,549	**383,079**	**-32,687**	**-8,973**	

NOTES

	Group 2021/22 USD	Group 2020/21 USD	Parent Company 2021/22 USD	Parent Company 2020/21 USD	Note
Proposed distribution of profit					6
Proposed dividend for the year.......	3,500,000	0	3,500,000	0	
Allocation to reserve for net revaluation according to equity value method............................	0	0	10,864,704	1,946,605	
Retained earnings.......................	7,208,830	1,914,781	-3,655,876	-31,818	
Minority interests share of subsidiaries results.....................	2,381,621	583,751	0	0	
	13,090,451	**2,498,532**	**10,708,828**	**1,914,787**	

Tangible fixed assets 7

	Group: Land and buildings	Group: Other plant, fixtures and equipment	Group: Ships
Cost at 1 October 2021.............................	222,812	265,467	59,825,541
Additions...	0	102,333	12,326,062
Disposals...	0	0	-4,484,179
Cost at 30 September 2022.......................	**222,812**	**367,800**	**67,667,424**
Revaluation at 1 October 2021.....................	0	0	2,226,616
Revaluation of assets sold..........................	0	0	-933,480
Revaluation at 30 September 2022.............	**0**	**0**	**1,293,136**
Depreciation and impairment losses at 1 October 2021..	22,270	101,228	15,055,141
Reversal of depreciation of assets disposed of..	0	0	-2,543,493
Depreciation for the year...........................	4,836	89,130	5,379,232
Depreciation and impairment losses at 30 September 2022....................................	**27,106**	**190,358**	**17,890,880**
Carrying amount at 30 September 2022........	**195,706**	**177,442**	**51,069,680**
Value of recognised assets, excluding revaluation under § 41 (1)..........................			50,283,312
Finance lease assets................................			153,839

Fixed assets investments 8

	Group: Rent deposit and other receivables
Cost at 1 October 2021...	19,474
Additions...	36,071
Disposals...	-16,363
Cost at 30 September 2022..	**39,182**
Carrying amount at 30 September 2022...	**39,182**

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Fixed asset investments (continued) 8

	Parent Company
	Equity investments in group enterprises
Cost at 1 October 2021	14,895
Cost at 30 September 2022	**14,895**
Revaluation at 1 October 2021	18,247,016
Exchange adjustment	-20,082
Profit/loss for the year	10,864,704
Equity movements	617,768
Revaluation at 30 September 2022	**29,709,406**
Carrying amount at 30 September 2022	**29,724,301**

Investments in subsidiaries

Name and registered office	Ownership
Alba Tankers Aalborg ApS, Nørresundby	100 %
- Rederiet Aalborg I ApS, Nørresundby	100 %
- Rederiet Copenhagen I ApS, Nørresundby	100 %
- Rederiet Atlantic I ApS, Nørresundby	100 %
- Rederiet Scandinavia I ApS, Nørresundby	100 %
- Rederiet Pacific I ApS, Nørresundby	100 %
- Rederiet Kattegat ApS, Nørresundby	100 %
- Rederiet Scandic ApS, Nørresundby	100 %
- Rederiet Nordic ApS, Nørresundby	40 %
- Rederiet Biscay ApS, Nørresundby	100 %
- Alba Tankers Poland SP Z.O.O., Swinoujscie, Poland	70 %
- Alba Sweden Holding ApS, Nørresundby	60 %
- Swedmar Shipping Services AB, Göteborg, Sweden	54 %
- Albatankers Sweden AB, Göteborg, Sweden	40,08 %
Alba Bulk ApS, Nørresundby	100 %
OWAT ApS, Nørresundby	100 %
- Rederiet O.W. Baltic A/S, Nørresundby	100 %
- Amirtol S.A., Montevideo, Uruguay	100 %

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Note

Deferred tax assets 9

Provision for deferred tax comprise deferred tax on temporary differences between recognized profits and taxable income due to tax positions taken in foreign subsidiaries.

	Group		Parent Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Deferred tax of the year, income statement	-11,693	0	0	0
Deferred tax, consolidation	133,657	0	0	0
Provision for deferred tax 30 September 2022	**121,964**	**0**	**0**	**0**

The Group's deferred tax asset is recognized in the balance sheet at USD ('000) 122. The tax asset relates to temporary differences between the carrying amount and tax value of the ship O.W. Baltic. The tax asset is recognized on the basis of an expected sale of the ship within a time frame of up to 5 years, in which case the tax asset is expected to be fully utilized.

Derivative financial instruments 10

The Group has entered an interest rate swap to secure loans with a variable interest rate. The hedge has a fair market value of USD ('000) 440 at 30 September 2022 which has been recognized in other assets and directly to equity.

The interest rate swap has secured a fixed interest at 1.19% for approximately 46% of the Group's loan with variable interest. The interest rate swap expires January 2025.

The fair market value has been calculated on the basis of predicted future interest payments, discounted on the basis of an interest curve for the underlying USD SOFR rate. The fair market value includes an adjustment for own credit risk based on a high credit risk assessment.

The hedging instuments impact the Equity as follows:

	Group
	Interest rate swap
Fair value at 30 September 2022 (assets)	439,555
Value adjustment in the year recognised in the Income Statement	0
Value adjustment in the year recognised in Equity	617,768

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Note

Prepayments and accrued income 11

Prepayments include prepaid expenses, including insurance etc. relating to the following financial year.

	2022 USD	2021 USD	Note
Share capital			12
Allocation of share capital:			
Shares, 5,000,000 units in the denomination of 1 DKK (total share capital DKK 5,000,000 at the exchange rate 6.7735).......	738,169	738,169	
	738,169	**738,169**	

Provision for deferred tax 13

Provision for deferred tax comprise deferred tax on temporary differences between recognized profits and taxable income due to tax positions taken in foreign subsidiaries.

	Group		Parent Company	
	2022 USD	**2021** USD	**2022** USD	**2021** USD
Deferred tax, beginning of year......	111,287	108,241	0	0
Deferred tax of the year, equity.....	-23,881	3,046	0	0
Provision for deferred tax 30 September 2022.......................	**87,406**	**111,287**	**0**	**0**

Long-term liabilities 14

	Group			
	30/9 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	30/9 2021 total liabilities
Bank loan..	19,538,974	3,669,873	700,000	21,772,357
Corporation tax..................................	381,421	0	0	211,462
Other loans.......................................	0	0	0	2,101,216
	19,920,395	**3,669,873**	**700,000**	**24,085,035**

	Parent Company			
	30/9 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	30/9 2021 total liabilities
Bank loan..	1,923	0	0	1,998,674
Corporation tax..................................	73,617	0	0	70,192
	75,540	**0**	**0**	**2,068,866**

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Note

Accruals and deferred income **15**

Accruals and deferred include payments received regarding income in subsequent years.

Contingencies etc. **16**

The company is jointly and severally liable for affiliates' facilities with NIBC Bank N.V.

The company is jointly and severally liable for Alba Tankers Aalborg ApS' facilities with Nykredit Bank A/S.

The company is jointly liable for 40% of Rederiet Nordic ApS´ facility with Svenska Skeppshypotekskassan. At 30 September 2022 the loan balance is USD('000) 4,200.

Rederiet O.W. Baltic A/S and Amirtol S.A. were previously part of the OW Bunker group where the vessel O.W. Baltic operated as a bunker vessel in Uruguay for several years under a bareboat charter with Amirtol S.A. Other affiliates in the OW Bunker Group traded bunkers with a local company in Uruguay, and chartered Rederiet O.W. Baltic A/S and Amirtol S.A. to transport the traded bunkers. The counterpart has assessed that a claim can be raised against Rederiet O.W. Baltic A/S and Amirtol S.A. for losses incurred as a consequence of trading with affiliates in the OW Bunker Group. The claim amounts to USD 4m. The management of Rederiet O.W. Baltic A/S and Amirtol S.A. dispute the claim but the counterpart has been able to obtain an embargo on the vessels activities. The embargo, however, was partly lifted late 2021 where the vessel was allowed to trade outside Uruguayan territorial waters. There still is a risk that the embargo is succeeded by an arrest.

As management believes Rederiet O.W. Baltic A/S and Amirtol S.A. cannot be held responsible for losses incurred as a consequence of trading with a 3rd party, even though this is a former affiliate, the claim has not been recognized in the financial statements.

Contractual obligations

The group has entered leases with annual rent of USD ('000) 112 and commitments for the termination periods of USD('000) 229.

The group has entered leasing contracts with annual lease payments of USD('000) 79 with a remaining leasing period of up to 32 months at 30 September 2022, and a remaining leasing commitment of USD('000) 177.

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to USD ('000) 73 at the balance sheet date.

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Charges and securities 17

As collateral for facilities with NIBC Bank N.V. the group has issued 3 indemnity letters of each nom 19 million USD with 1st priority security in 3 vessels with a total book value of USD 20.9 million.

As collateral for a facility with Svenska Skeppshypotekskassan the group has issued an indemnity letter of 6.44 million USD with 1st priority security in 1 vessel with a total book value of USD(‘000) 7,937.

As collateral for facilities with Nykredit Bank A/S the group has issued 3 indemnity letters of each nom 6 million DKK with 1st priority security in 3 vessels with a book value of USD 10.9 million.

In addition, the group has granted a 1st priority assignment of all insurances in relation to 7 vessels with af book value of USD 39.9 million and a 1st priority security in bank accounts with a balance of USD(‘000) 3,940 at 30 September 2022, which are free and available until event of default has occurred.

As security for facilities with NIBC Bank N.V. the group has pledged shares in Rederiet Pacific I ApS, Rederiet Kattegat ApS and Rederiet Scandic ApS.

As collateral for the group's debt to Spar Nord Bank A/S a mortgage deed of nominal EUR('000) 7.800 with security in 1 vessel with a book value of USD ('000) 1,193 has been granted.
The mortgage deed has also been pledged as security for the company OWAT ApS's debt to Spar Nord Bank A/S.

Related parties 18

The parent company's and the Group's related parties include:

Controlling interest

None of the company's shareholders have a controlling interest.

Other related parties having performed transactions with the company

The company’s related parties having a significant influence comprise subsidiaries and associates 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.

ACCOUNTING POLICIES

The Annual Report of Alba Shipping & Trading A/S for 2021/22 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises and certain provisions applying to reporting class C, large entreprise.

The figures of the annual report are presented in US dollars (USD), which is also the company's functional currency as this currency is considered the most relevant since the main part of the company's activities is settled in that currency. The exchange rate for US dollars relative to Danish kroner is 7.6287 at 30 September 2022 and 6.4220 at 1 October 2021.

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

Consolidated Financial Statements
The consolidated financial statements include the parent company Alba Shipping & Trading A/S and its subsidiaries in which Alba Shipping & Trading 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, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under 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 methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor’s opinion, built on an overall assessment of the production equipment.

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

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

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 in individual main items under equity.

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue
Net revenue comprise chartering and freight income generated by the Group's Vessel´s and is recognized in the income statement as delivery of the service according to contracts takes place. Net revenue is recognized exclusive of VAT, duties and less commisions related to the sale.

Net revenue from technical management, inspections etc. in connection with ship operating activities is recognized in the income statement over the lifetime of the contracts or as the work is performed.

Revenue is combined with costs in accordance with the Danish Financial Statements Act.

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, conflict compensations and wage refunds are included. Compensations are recognised when the income is deemed to be realisable.

Direct costs
Direct costs comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables to operate the Vessel´s, bunker fuel, port fees etc.

Other external expenses
Other external expenses include cost of sales, administration etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. The crew is paid according to the DIS scheme, except for one Vessel, where the crew is paid according to the DAS scheme.

Result of equity investments in group enterprises and associates
The proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill is recognised in the income statement of the parent company.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial leasing interest, realised and unrealised gains and losses arising from investments in financial assets, realised and unrealised gains and losses arising from debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax
The tax for the year, which consists of the current tax for the year, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

The Group's current tax on shipping activities is calculated in accordance with the provisions of the tonnage tax legislation.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets
Land and buildings, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Ships are measured at cost with addition of any revaluations and less accumulated depreciation and impairment losses.

The depreciation basis is cost plus any revaluations and less the estimated residual value after completion of the 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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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	40 years	20 %
Ships	11-19 years	10-30 %
Other plant, fixtures and equipment	3-8 years	0-30 %

Capitalised ship inspection costs are depreciated separately over 2.5 years.

Profits or losses on sale of tangible fixed assets are calculated as the difference between sales price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income or other operating expenses.

Financial non-current assets
Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries 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.

Consolidated goodwill is amortised over the expected useful life, which is determined on the basis of Management's experience within the individual lines of business. Consolidated goodwill is amortised on a straightline basis over the amortisation period, which is 5 years. The amortisation period is determined on the basis of an assessment of the acquired entity's market position and earnings profile, and the industryspecific condition.

Net revaluation of investments in subsidiaries 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.

Subsidiaries 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 deficit.

Impairment of fixed assets
The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis 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 net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

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

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

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

Prepayments and accrued income, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

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.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing 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 term of loan.

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

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

ACCOUNTING POLICIES

Derivative financial instruments
The initial recognition measures derivative financial instruments in the balance sheet at cost price and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in receivables and liabilities, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under initial cost for the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

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.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

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 time of occurrence of the receivables or payables is 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.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

Refering to section 86 Act. 4 of the Danish Financial Statements Act, the parent company has chosen not to compile cash flow statement. A cash flow statement has been compiled for the Group.

The cash flow statement shows the company'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 in hand.