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CVR no. 20 22 26 70

**ALBA SHIPPING & TRADING A/S**

**VINKEL ALLE 1, 9000 AALBORG**

**ANNUAL REPORT**

**1 OCTOBER 2020 - 30 SEPTEMBER 2021**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 13 January 2022**

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**Jørgen Olesen**

**CVR NO. 36 94 56 72**

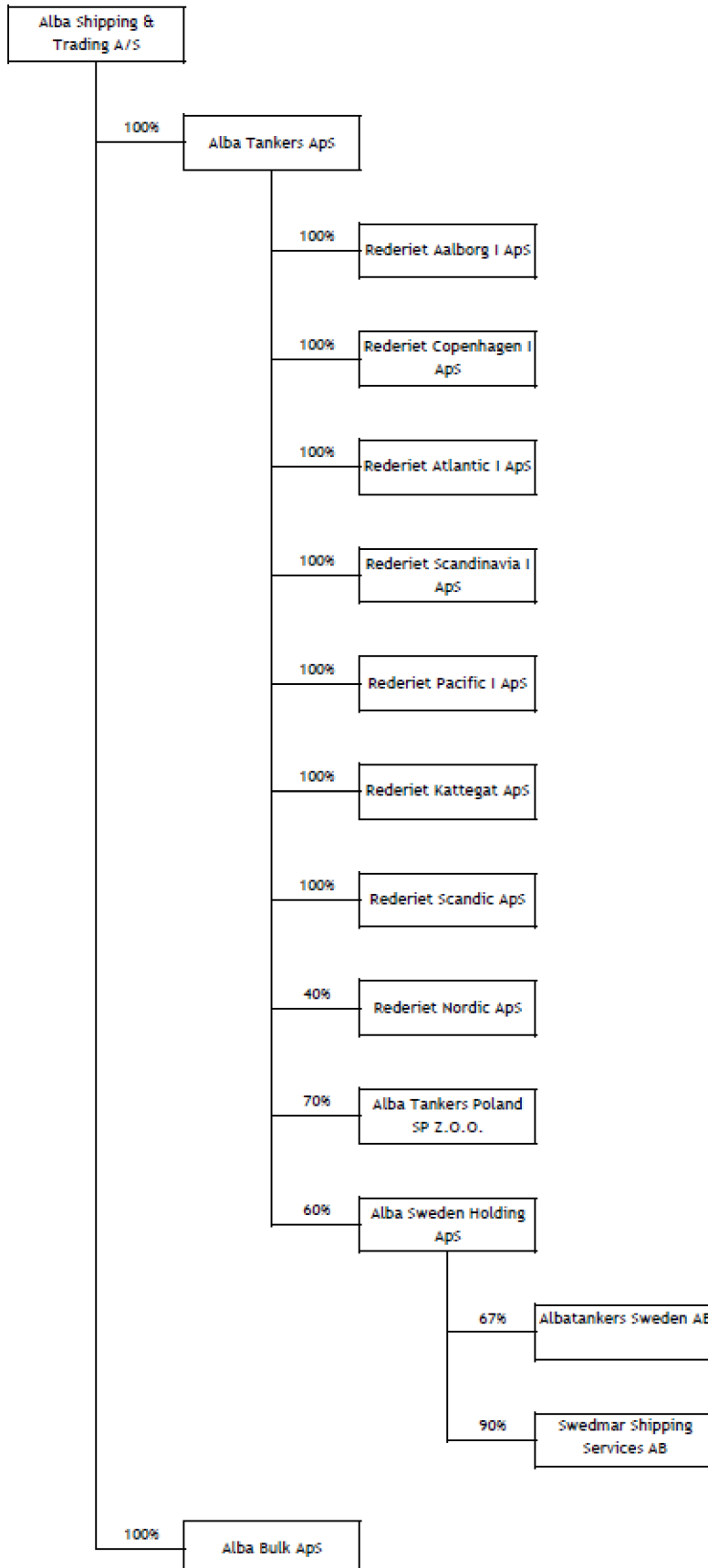
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**COMPANY DETAILS**

<b>Company</b>	Alba Shipping & Trading A/S Vinkel Alle 1 9000 Aalborg  CVR No.: 36 94 56 72 Established: 30 June 2015 Registered Office: Aalborg Financial Year: 1 October 2020 - 30 September 2021
<b>Board of Directors</b>	Rene Lindholt Høyer, chairman Henrik Klindt Petersen Ervind Olesen Stig Anders Lindqvist
<b>Executive Board</b>	Jørgen Olesen Henrik Holst Pedersen
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C

## GROUP STRUCTURE



## BOARD OF DIRECTORS STATEMENT AND 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 2020 - 30 September 2021.

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 2021 and of the results of Group's and the Company's operations and cash flows for the financial year 1 October 2020 - 30 September 2021.

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.

Aalborg, 13 January 2022

Executive Board

\_\_\_\_\_  
Jørgen Olesen

\_\_\_\_\_  
Henrik Holst Pedersen

Board of Directors

\_\_\_\_\_  
Rene Lindholt Høyer  
Chairman

\_\_\_\_\_  
Henrik Klindt Petersen

\_\_\_\_\_  
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 2020 - 30 September 2021, 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 2021 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 2020 - 30 September 2021 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, 13 January 2022

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Mikkel Aalykke  
State Authorised Public Accountant  
MNE no. mne41307



**FINANCIAL HIGHLIGHTS OF THE GROUP**

	2020/21 USD '000	2019/20 USD '000	2018/19 USD '000	2017/18 USD '000	2016/17 USD '000
<b>Income statement</b>					
Gross profit/loss.....	21,713	17,929	13,834	13,125	12,736
Operating profit/loss.....	4,003	4,715	3,466	3,201	3,972
Financial income and expenses, net.....	-1,122	-1,049	-949	-1,020	-946
Profit/loss for the year.....	2,499	3,308	2,424	2,038	2,988
<b>Balance sheet</b>					
Total assets.....	57,443	49,550	38,871	32,198	35,321
Equity.....	23,672	21,776	17,424	16,224	14,531
<b>Cash flows</b>					
Investment in tangible fixed assets.....	-12,289	-11,668	-9,685	-1,129	-728
<b>Key ratios</b>					
Solvency ratio incl. minorities.....	41.2	43.9	44.8	50.3	41.1
Return on equity.....	11.0	16.9	14.4	13.3	22.7

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

Solvency ratio incl. minorities:

$$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity:

$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

## 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 tankers. The group also operates 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 2020/21 the group added 1 secondhand chemical tanker, M/T Scandic, to the fleet in december 2020. The vessel was taken over at Karstensens shipyard in Skagen and after a short docking period the vessel started trading mid December 2020.

The group owns 8 chemical tankers. In addition the group currently operates 15 chemical tankers on commercial management and 6 vessels and barges on technical management.

The Group started to see an impact from Covid-19 in the first quarter of the financial year as cargo volumes began to decline, impacting both cargo rates and vessel utilization. Additionally, the group experienced an increased impact from Covid-19 in terms of travel restrictions, especially with an impact to crew changes, as these became more difficult to plan and execute resulting in increased costs. Increased costs due to Covid-19 restrictions etc. amounts to approximately USD ('000) 830.

The Group had planned periodical dry dockings for 4 vessels during the financial year, but due to the market situation, the group decided to push forward 1 additional dry docking, so that the financial year saw 5 dry dockings in total. Obviously, such number of dry dockings have a significant impact to both profits and cash flow management.

Despite of the challenging market, cost increases due to Covid-19, and dry dockings for 5 vessels during the financial year, the Group delivers a profit for the year of USD ('000) 2,499. Due to the impact from Covid-19 this is significantly less than expected, but given the circumstances during the year, management considers the result for the year satisfactory.

### Profit/loss for the year compared to future expectations

As a consequence of Covid-19 impacts to the market and Covid-19 restrictions in general, the result of the operations and the financial position of the group have not met the expectations stated in prior year's annual report.

### 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-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. In light of the Covid-19 situation there is also an increased focus on avoiding the virus on board, so extensive testing is performed before each crew change.

#### *Market risks*

The Group operates in the 3-15,000 DWT oil and chemical tankers market, primarily in Western Europe. The primary operations are to provide infrastructure logistics to customers, which is linked to consumer consumption of liquid fuel products. 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.

## MANAGEMENT COMMENTARY

### Special risks (continued)

#### *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 expenses and shore-based costs are denominated in local currencies such as DKK, EUR, SEK etc. The company is exposed to currency fluctuations towards USD and during 2020/21 the Group hedged a significant part of this exposure. As at 30 September 2021 the Group has taken a decision not to hedge the exchange risk exposures, but the Group continuously monitors development in the USD rate and will 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 is cash intensive and the Group has significant loan facilities which carry interest. Loans are primarily denominated in USD and carry interest based on USD LIBOR. 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 financed on long term agreements with Danish Ship Finance and Svenska Skeppshypotekskassen. The loan agreements with Danish Ship Finance have certain financial covenants which have all been met during 2020/21. For the acquisition of M/T Scandic, the Group also obtained additional financing from the shareholders.

The Group budget for 2021/22 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 2021/22 in line with the realized profit for 2020/21. The expectation is based on a slow recovery in the market as countries around the world start opening up after the Covid-19 lock downs. Timing and speed of market recovery will have a significant impact to expected profits.

## 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 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 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 utmost 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.

## MANAGEMENT COMMENTARY

### Sustainability reporting (continued)

#### *Environmental policies (continued)*

As yet the group has only acquired second hand vessels and only disposed of one vessel, 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:

	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
EEOI <sup>1</sup>	47.63	54.48	67.89	85.04
CO <sub>2</sub> emission (TN)	46,100	31,057	26,187	34,410
SOx emission (MT)	25.35	28.26	14.82	17.37
NOx emission (MT)	797.81	498.80	429.43	483.84
Bunkers consumption (MT)	14.379	9,719	8,197	9,832
Total distance sailed (NM)	238.520	167,739	162,294	172,506
Deadweight all told (MT) at 30 September	59.359	47,829	24,999	24,999
Number of vessels at 30 September	8	7	5	5
Spills	0	0	0	0

<sup>1</sup>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 zero tolerance 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. For all seafarers records of working and rest hours are maintained to ensure compliance with legislation. Employees are recruited based on qualifications, regardless of gender, 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 2020/21.

The group has not experienced any instances of violation of the drug and alcohol policy during 2020/21.

The group has not experienced any incidents of using child labor during 2020/21, whether within the group or at suppliers, customers or subcontractors.

The Group has logged the following data regarding employees:

	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
<i><u>Seafares:</u></i>				
Lost time injury	0	0	0	0
Retention rate - officers	97%	99%	99%	99%
Retention rate - crew members	96%	93%	98%	95%
Male seafarers at 30/9	205	169	122	110
Female seafarers at 30/9	1	0	0	0
EU seafarers at 30/9	193	163	121	109
Non-EU seafarers at 30/9	13	6	1	1
<i><u>Shore staff:</u></i>				
Male shore staff at 30/9	12	12	10	9
Female shore staff at 30/9	6	6	6	5
EU shore staff at 30/9	18	18	16	14
Non-EU shore staff at 30/9	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 2020/21, and has not received any whistleblower notifications.

## MANAGEMENT COMMENTARY

### **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.

**INCOME STATEMENT 1 OCTOBER - 30 SEPTEMBER**

	Note	Group		Parent Company	
		2020/21 USD	2019/20 USD	2020/21 USD	2019/20 USD
<b>GROSS PROFIT</b> .....	1	<b>21,713,090</b>	<b>17,064,983</b>	<b>-18,931</b>	<b>-18,893</b>
Staff costs.....	1, 2	-12,875,270	-8,924,378	-70,222	-63,320
Depreciation, amortisation and impairment.....		-4,834,544	-3,425,483	0	0
<b>OPERATING PROFIT</b> .....		<b>4,003,276</b>	<b>4,715,122</b>	<b>-89,153</b>	<b>-82,213</b>
Result of equity investments in group enterprises and associates.....	3	0	0	1,946,605	3,085,667
Other financial income.....	4	271,762	130,238	117,666	132,459
Other financial expenses.....		-1,393,427	-1,179,011	-69,304	-76,615
<b>PROFIT BEFORE TAX</b> .....		<b>2,881,611</b>	<b>3,666,349</b>	<b>1,905,814</b>	<b>3,059,298</b>
Tax on profit/loss for the year.....	5	-383,079	-358,841	8,973	2,943
<b>PROFIT FOR THE YEAR</b> .....	6	<b>2,498,532</b>	<b>3,307,508</b>	<b>1,914,787</b>	<b>3,062,241</b>



## BALANCE SHEET AT 30 SEPTEMBER

ASSETS	Note	Group		Parent Company	
		2021 USD	2020 USD	2021 USD	2020 USD
Land and buildings.....		200,542	204,623	0	0
Other plant, fixtures and equipment.....		164,239	39,952	0	0
Ships.....		46,997,017	39,662,759	0	0
<b>Tangible fixed assets.....</b>	<b>7</b>	<b>47,361,798</b>	<b>39,907,334</b>	<b>0</b>	<b>0</b>
Equity investments in group enterprises.....		0	0	18,261,910	17,393,349
Rent deposit and other receivables.....		19,473	16,363	0	0
<b>Fixed assets investments.....</b>	<b>8</b>	<b>19,473</b>	<b>16,363</b>	<b>18,261,910</b>	<b>17,393,349</b>
<b>FIXED ASSETS.....</b>		<b>47,381,271</b>	<b>39,923,697</b>	<b>18,261,910</b>	<b>17,393,349</b>
Raw materials and consumables... <b>Inventories.....</b>		<b>564,676</b>	<b>140,771</b>	<b>0</b>	<b>0</b>
Trade receivables.....		2,559,876	1,695,814	0	0
Receivables from group enterprises.....		0	0	4,214,154	3,205,925
Receivables from owners and management.....		428,252	512,348	428,252	512,348
Hedging instruments.....	9	0	41,748	0	0
Other receivables.....		1,307,473	318,290	0	0
Joint tax contribution receivable..		0	0	111,651	205,619
Prepayments and accrued income..	10	666,227	515,713	1,638	1,535
<b>Receivables.....</b>		<b>4,961,828</b>	<b>3,083,913</b>	<b>4,755,695</b>	<b>3,925,427</b>
<b>Cash and cash equivalents.....</b>		<b>4,535,692</b>	<b>6,401,308</b>	<b>549</b>	<b>0</b>
<b>CURRENT ASSETS.....</b>		<b>10,062,196</b>	<b>9,625,992</b>	<b>4,756,244</b>	<b>3,925,427</b>
<b>ASSETS.....</b>		<b>57,443,467</b>	<b>49,549,689</b>	<b>23,018,154</b>	<b>21,318,776</b>

**BALANCE SHEET AT 30 SEPTEMBER**

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2021 USD	2020 USD	2021 USD	2020 USD
Share capital.....	11	738,169	738,169	738,169	738,169
Reserve for revaluation.....		1,323,009	1,467,586	0	0
Reserve for net revaluation according to equity value method .		0	0	18,247,016	16,178,454
Fair value reserve, hedging.....		144,911	0	0	0
Retained earnings.....		18,370,337	16,333,927	1,591,241	1,623,059
Proposed dividend.....		0	500,000	0	500,000
Minority shareholders.....		3,095,261	2,736,424	0	0
<b>EQUITY.....</b>		<b>23,671,687</b>	<b>21,776,106</b>	<b>20,576,426</b>	<b>19,039,682</b>
Provision for deferred tax.....	12	111,287	108,241	0	0
<b>PROVISIONS.....</b>		<b>111,287</b>	<b>108,241</b>	<b>0</b>	<b>0</b>
Bank loan.....		17,481,096	16,992,445	1,998,674	2,000,000
Corporation tax.....		211,462	170,765	70,192	21,534
Other loans.....		1,104,375	0	0	0
<b>Long-term liabilities.....</b>	13	<b>18,796,933</b>	<b>17,163,210</b>	<b>2,068,866</b>	<b>2,021,534</b>
Bank loan.....		4,291,261	3,130,650	0	11,532
Bank debt.....		12,363	23,186	0	403
Other loans.....		1,459,467	0	0	0
Trade payables.....		3,674,464	2,752,902	0	0
Corporation tax.....		77,084	195,002	0	158,505
Joint tax contribution payable.....		0	0	0	16,220
Hedging instruments.....	9	183,883	403,292	0	0
Other liabilities.....		5,119,271	3,688,463	372,862	70,900
Accruals and deferred income.....	14	45,767	308,637	0	0
<b>Current liabilities.....</b>		<b>14,863,560</b>	<b>10,502,132</b>	<b>372,862</b>	<b>257,560</b>
<b>LIABILITIES.....</b>		<b>33,660,493</b>	<b>27,665,342</b>	<b>2,441,728</b>	<b>2,279,094</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>57,443,467</b>	<b>49,549,689</b>	<b>23,018,154</b>	<b>21,318,776</b>
Contingencies etc.	15				
Charges and securities	16				
Related parties	17				

**EQUITY**

	<b>Group</b>					
	Share capital	Other reserves	Retained earnings	Proposed dividend	Minority shareholders	Total
Equity at 1 October 2020.....	738,169	1,467,586	16,333,926	500,000	2,736,425	21,776,106
Proposed distribution of profit, note 6.....			1,914,781		583,751	2,498,532
<b>Transactions with owners</b>						
Dividend paid.....				-500,000	-198,667	-698,667
<b>Allocations</b>						
Foreign exchange adjustments.....			-55,697		-26,248	-81,945
<b>Transfers</b>						
Transfers to/from other items.....		-144,577	144,577			0
<b>Net adjustment of hedging instruments</b>						
Value adjustments in the year.....		177,661				177,661
Realised in the year.....		-32,750	32,750			0
<b>Equity at 30 September 2021.....</b>	<b>738,169</b>	<b>1,467,920</b>	<b>18,370,337</b>	<b>0</b>	<b>3,095,261</b>	<b>23,671,687</b>

	<b>Group</b>		
	Reserve for revaluation	Fair value reserve, hedging	Total
Equity at 1 October 2020.....	1,467,586	0	1,467,586
<b>Transfers</b>			
Transfers to/from other items.....	-144,577		-144,577
<b>Net adjustment of hedging instruments</b>			
Value adjustments in the year.....		177,661	177,661
Realised in the year.....		-32,750	-32,750
<b>Equity at 30 September 2021.....</b>	<b>1,323,009</b>	<b>144,911</b>	<b>1,467,920</b>

## EQUITY

	<b>Parent Company</b>				
	Share capital	Reserve for net revaluation according to equity value	Retained profit	Proposed dividend	Total
Equity at 1 October 2020.....	738,169	16,178,454	1,623,059	500,000	19,039,682
Proposed distribution of profit, note 6...		1,946,605	-31,818		1,914,787
<b>Transactions with owners</b>					
Dividend paid.....				-500,000	-500,000
<b>Allocation to reserve</b>					
Foreign exchange adjustments.....		-31,095			-31,095
Value adjustments of equity.....		153,052			153,052
<b>Equity at 30 September 2021.....</b>	<b>738,169</b>	<b>18,247,016</b>	<b>1,591,241</b>	<b>0</b>	<b>20,576,426</b>

## CASH FLOW STATEMENT 1 OCTOBER - 30 SEPTEMBER

	Group	
	2020/21 USD	2019/20 USD
Profit/loss for the year.....	2,498,532	3,307,508
Depreciation and amortisation, reversed.....	4,834,544	3,425,483
Tax on profit/loss, reversed.....	383,079	358,841
Corporation tax paid.....	-647,705	-73,590
Change in inventories.....	-423,905	-78,197
Change in receivables (ex tax).....	-1,877,915	-582,212
Change in current liabilities (ex bank and tax).....	1,851,739	3,782,544
Other cash flows from operating activities.....	149,125	177,200
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>6,767,494</b>	<b>10,317,577</b>
Purchase of property, plant and equipment.....	-12,289,008	-11,668,018
Purchase of financial assets.....	-3,110	0
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>-12,292,118</b>	<b>-11,668,018</b>
Proceeds from long-term borrowing.....	8,112,765	5,600,000
Repayments of loans.....	-3,744,267	-3,743,266
Dividends paid in the financial year.....	-698,667	-1,057,361
Capital contribution.....	0	2,321,612
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>3,669,831</b>	<b>3,120,985</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>-1,854,793</b>	<b>1,770,544</b>
Cash and cash equivalents at 1. oktober.....	6,378,122	4,607,578
<b>CASH AND CASH EQUIVALENTS AT 30. SEPTEMBER.....</b>	<b>4,523,329</b>	<b>6,378,122</b>
Cash and cash equivalents at 30 September comprise:		
Cash and cash equivalents.....	4,535,692	6,401,308
Bank debt.....	-12,363	-23,186
<b>CASH AND CASH EQUIVALENTS, NET DEBT.....</b>	<b>4,523,329</b>	<b>6,378,122</b>

## NOTES

Note

**Special items**

1

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

	<u>Group</u>		<u>Parent Company</u>		
	2020/21 USD	2019/20 USD	2020/21 USD	2019/20 USD	
<b>Staff costs</b>					<b>2</b>
Average number of employees	221	159	2	2	
Wages and salaries.....	11,741,026	8,351,100	70,222	63,320	
Pensions.....	666,836	489,594	0	0	
Social security costs.....	434,728	279,798	0	0	
Other staff costs.....	81,634	81,515	0	0	
Capitalised staff costs.....	-48,954	-277,629	0	0	
	<b>12,875,270</b>	<b>8,924,378</b>	<b>70,222</b>	<b>63,320</b>	
Remuneration of Executive Board....	696,371	625,351	0	0	
Remuneration of board of directors.	62,400	62,400	62,400	62,400	
	<b>758,771</b>	<b>687,751</b>	<b>62,400</b>	<b>62,400</b>	
<b>Result of equity investments in group enterprises and associates</b>					<b>3</b>
Result of equity investments in group enterprises.....	0	0	1,946,605	3,085,667	
	<b>0</b>	<b>0</b>	<b>1,946,605</b>	<b>3,085,667</b>	
<b>Other financial income</b>					<b>4</b>
Group enterprises.....	0	0	60,957	73,555	
Other interest income.....	271,762	130,238	56,709	58,904	
	<b>271,762</b>	<b>130,238</b>	<b>117,666</b>	<b>132,459</b>	
<b>Tax on profit/loss for the year</b>					<b>5</b>
Calculated tax on taxable income of the year.....	353,378	179,096	-8,974	-3,014	
Adjustment of tax in previous years.	29,701	128,044	1	71	
Adjustment of deferred tax.....	0	51,701	0	0	
	<b>383,079</b>	<b>358,841</b>	<b>-8,973</b>	<b>-2,943</b>	

## NOTES

	Group		Parent Company		Note
	2020/21 USD	2019/20 USD	2020/21 USD	2019/20 USD	
<b>Proposed distribution of profit</b>					<b>6</b>
Proposed dividend for the year.....	0	500,000	0	500,000	
Allocation to reserve for net revaluation according to equity value method.....	0	0	1,946,605	3,085,667	
Retained earnings.....	1,914,781	2,411,660	-31,818	-523,426	
Minority interests share of subsidiaries results.....	583,751	395,848	0	0	
	<b>2,498,532</b>	<b>3,307,508</b>	<b>1,914,787</b>	<b>3,062,241</b>	

## Tangible fixed assets

	Group			Note
	Land and buildings	Other plant, fixtures and equipment	Ships	
Cost at 1 October 2020.....	222,812	108,398	48,584,677	
Additions.....	0	157,069	12,131,939	
Disposals.....	0	0	-891,075	
<b>Cost at 30 September 2021.....</b>	<b>222,812</b>	<b>265,467</b>	<b>59,825,541</b>	
Revaluation at 1 October 2020.....	0	0	2,226,616	
<b>Revaluation at 30 September 2021.....</b>	<b>0</b>	<b>0</b>	<b>2,226,616</b>	
Depreciation and impairment losses at 1 October 2020.....	18,189	68,446	11,148,534	
Reversal of depreciation of assets disposed of..	0	0	-891,075	
Depreciation for the year.....	4,081	32,782	4,797,681	
<b>Depreciation and impairment losses at 30 September 2021.....</b>	<b>22,270</b>	<b>101,228</b>	<b>15,055,140</b>	
<b>Carrying amount at 30 September 2021.....</b>	<b>200,542</b>	<b>164,239</b>	<b>46,997,017</b>	
Interest expenses recognised as part of cost of assets.....			11,166	
Value of recognised assets, excluding revaluation under § 41 (1).....			45,673,086	

## Fixed assets investments

	Group	Note
	Rent deposit and other receivables	
Cost at 1 October 2020.....	16,363	
Additions.....	3,110	
<b>Cost at 30 September 2021.....</b>	<b>19,473</b>	
<b>Carrying amount at 30 September 2021.....</b>	<b>19,473</b>	

## NOTES

Note

## Fixed asset investments (continued)

8

	<u>Parent Company</u>
	Equity investments in group enterprises
Cost at 1 October 2020.....	14,895
Cost at 30 September 2021.....	14,895
Revaluation at 1 October 2020.....	17,378,453
Exchange adjustment.....	-31,095
Dividend.....	-1,200,000
Profit/loss for the year.....	1,946,605
Equity movements.....	153,052
Revaluation at 30 September 2021.....	18,247,015
Carrying amount at 30 September 2021.....	18,261,910

## Investments in subsidiaries

Name and registered office	Ownership
Alba Tankers Aalborg ApS, Aalborg.....	100 %
- Rederiet Aalborg I ApS, Aalborg.....	100 %
- Rederiet Copenhagen I ApS, Aalborg.....	100 %
- Rederiet Atlantic I ApS, Aalborg.....	100 %
- Rederiet Scandinavia I ApS, Aalborg.....	100 %
- Rederiet Pacific I ApS, Aalborg.....	100 %
- Rederiet Kattegat ApS, Aalborg.....	100 %
- Rederiet Scandic ApS, Aalborg.....	100 %
- Rederiet Nordic ApS, Aalborg.....	40 %
- Alba Tankers Poland SP Z.O.O., Swinoujscie, Polen.....	70 %
- Alba Sweden Holding ApS, Aalborg.....	60 %
- Swedmar Shipping Services AB, Göteborg, Sverige.....	54 %
- Albatankers Sweden AB, Göteborg, Sverige.....	40,08 %
Alba Bulk ApS, Aalborg.....	100 %



## NOTES

	<u>Group</u>			
	Interest rate collar	Foreign exchange collar	Note	
<b>Derivative financial instruments</b>			<b>9</b>	
The Group has entered an interest rate collar to secure loans with a variable interest rate. The hedge has a fair market value of USD ('000) -184 at 30 September 2021. The amount has been recognized directly to equity and other debt.				
The hedging instruments impact the Equity as follows:				
Value adjustment in the year recognised in Equity.....	219,409	-41,748		
<b>Prepayments and accrued income</b>			<b>10</b>	
Prepayments include prepaid expenses, including insurance etc. relating to the following financial year.				
	<b>2021</b>	<b>2020</b>		
	USD	USD		
<b>Share capital</b>			<b>11</b>	
Allocation of share capital:				
Shares, 5,000,000 unit in the denomination of 1 DKK (total share capital DKK 5,000,000 at the exchange rate 6,7735).....				
	738,169	738,169		
	<b>738,169</b>	<b>738,169</b>		
<b>Provision for deferred tax</b>			<b>12</b>	
Provision for deferred tax comprise deferred tax on temporary differences between recognized profits and taxable income due to tax positions taken in foreign subsidiaries.				
	<u>Group</u>		<u>Parent Company</u>	
	2021	2020	2021	2020
	USD	USD	USD	USD
Deferred tax, beginning of year.....	108,241	51,849	0	0
Deferred tax of the year, income statement.....	0	51,701	0	0
Deferred tax of the year, equity .....	3,046	4,691	0	0
<b>Provision for deferred tax 30 September 2021.....</b>	<b>111,287</b>	<b>108,241</b>	<b>0</b>	<b>0</b>

## NOTES

Note

## Long-term liabilities

13

	<b>Group</b>			
	30/9 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	30/9 2020 total liabilities
Bank loan.....	21,772,357	4,291,261	4,100,000	20,123,095
Corporation tax.....	211,462	0	0	170,765
Other liabilities.....	2,101,216	996,841	0	0
	<b>24,085,035</b>	<b>5,288,102</b>	<b>4,100,000</b>	<b>20,293,860</b>
	<b>Parent Company</b>			
	30/9 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	30/9 2020 total liabilities
Bank loan.....	1,998,674	0	2,000,000	2,011,532
Corporation tax.....	70,192	0	0	21,534
	<b>2,068,866</b>	<b>0</b>	<b>2,000,000</b>	<b>2,033,066</b>

**Accruals and deferred income**

14

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

**Contingencies etc.**

15

The company is jointly and severally liable for affiliates' facilities with Danish Ship Finance.

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 2021 the loan balance is USD('000) 4,900.

**Contractual obligations**

The group has entered leases with annual rent of USD ('000) 143 and commitments for the termination periods of USD('000) 170.

The group has entered leasing contracts with annual lease payments of USD('000) 87 with a remaining leasing period of up to 33 months at 30 September 2021, and a remaining leasing commitment of USD('000) 156.

The group has entered bareboat leases with an annual rent of DKK('000) 9,600 and a commitment for the termination period of DKK('000) 2,400.

**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) 71 at the balance sheet date.

**NOTES****Note****Charges and securities****16**

As collateral for facilities with Danish Ship Finance A/S the group has issued 7 indemnity letters of each nom 18 million USD with 1st priority security in vessels with a total book value of USD 38.5 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 vessels with a total book value of USD('000) 8,505.

In addition, the group has granted a 1st priority assignment of all insurances in relation to all vessels and a 1st priority security in bank accounts with a balance of USD('000) 1,106 at 30 September 2021.

As collateral for facilities with Nykredit Bank A/S the group has issued 7 indemnity letters of each nom 17 million DKK with 2nd priority security in vessels with a book value of USD 38.5 million.

As security for facilities with Danish Ship Finance A/S the group has pledged shares in Rederiet Aalborg I ApS, Rederiet Copenhagen I ApS, Rederiet Atlantic I ApS, Rederiet Scandinavia I ApS, Rederiet Pacific I ApS, Rederiet Kattegat ApS and Rederiet Scandic ApS.

As collateral for facilities with Danish Ship Finance A/S the parent company has assigned receivables from affiliates of USD ('000) 4,214.

**Related parties****17**

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 2020/21 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 enterprise.

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 6.4220 at 30 September 2021, 6.3599 at 1 October 2020.

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 commissions 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.

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

#### 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. Repayments from public authorities are deducted from staff costs.

#### Income from equity interests in subsidiaries

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, realised and unrealised gains and losses arising from investments in financial assets, 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.....	12-19 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.

**Fixed asset investments**

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

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.

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. At 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 equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

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

## ACCOUNTING POLICIES

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity 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's has a legal or actual liability to cover the subsidiary's 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

Referring 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 bank overdraft and cash in hand.