
Trithorn Bulk A/S

Nyhavn 47, DK-1051 København K

Annual Report for 2024

CVR No. 37 90 45 89

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 18/3 2025

Renè Breyen-Mikkelsen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Trithorn Bulk A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

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

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

Copenhagen, 18 March 2025

Executive Board

Renè Breyen-Mikkelsen
Executive Officer

Board of Directors

Marc Lyngaae Slinger
Chairman

Peter Alexis Georg Jein

Renè Breyen-Mikkelsen

Bjarne Tvilde

Uffe Eckardt Hansen

Independent Auditor's report

To the shareholder of Trithorn Bulk A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Trithorn Bulk A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's report

Odense M, 18 March 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam

State Authorised Public Accountant

mne27768

Claus Damhave

State Authorised Public Accountant

mne34166

Company information

The Company	Trithorn Bulk A/S Nyhavn 47 DK-1051 København K CVR No: 37 90 45 89 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Marc Lyngaae Slinger, chairman Peter Alexis Georg Jein Renè Breyen-Mikkelsen Bjarne Tvilde Uffe Eckardt Hansen
Executive Board	Renè Breyen-Mikkelsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M

Financial Highlights

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

	Group				
	2024	2023	2022	2021	2020
	TUSD	TUSD	TUSD	TUSD	TUSD
Key figures					
Profit/loss					
Revenue	149,408	150,675	269,649	254,079	179,794
Gross profit	8,701	5,444	20,891	26,677	9,776
Profit/loss of primary operations	5,593	2,541	15,948	21,739	6,455
Profit/loss of financial income and expenses	300	587	-824	342	66
Net profit/loss for the year	4,761	2,542	12,685	17,415	5,098
Balance sheet					
Balance sheet total	20,842	25,261	37,359	41,003	19,504
Equity	12,207	13,290	19,523	22,229	4,720
Cash flows					
Cash flows from:					
- operating activities	5,545	-194	19,693	11,992	7,163
- financing activities	-6,000	-9,000	-15,000	-2,000	-4,923
Change in cash and cash equivalents for the year	-455	-9,194	4,693	9,992	2,240
Number of employees	16	18	18	16	13
Ratios					
Gross margin	5.8%	3.6%	7.7%	10.5%	5.4%
Profit margin	3.7%	1.7%	5.9%	8.6%	3.6%
Return on assets	26.8%	10.1%	42.7%	53.0%	33.1%
Solvency ratio	58.6%	52.6%	52.3%	54.2%	24.2%
Return on equity	37.3%	15.5%	60.8%	129.2%	99.5%

For definitions, see under accounting policies.

Management's review

Key activities

Trithorn Bulk A/S is an international operator of modern/eco dry bulk carriers within the Handysize and Supramax segments. Trithorn Bulk A/S is operating worldwide but with a focus on the Atlantic basin. The company is operating in the spot market as well as the contract market with a preference towards short term contracts.

Development in the year

The income statement of the Group for 2024 shows a profit of TUSD 4,761, and at 31 December 2024 the balance sheet of the Group shows a positive equity of TUSD 12,207.

The company operated in a global economy with modest growth, where the battle against inflation saw significant progress. Global trade volumes recovered, despite risk from rising protectionism and proposed tariffs. Dry bulk shipping had a dynamic year characterised by market resilience, strategic route adjustment due to geopolitical tensions and environmental factors such as the Red Sea disruptions and Panama Canal constraints. Overall, a robust financial performance in a year faced by significant market challenges including geopolitical tensions, policy uncertainties and structural issues in key economies.

The company continues to maintain and develop its global presence through its subsidiaries and branches.

The past year and follow-up on development expectations from last year

2024 was another profitable year for Trithorn Bulk, which it has been since the inception in 2016. The result is within the range expected by management as per outlook in the Annual Report for 2023.

Operating risks

The company's operational risks primarily relate to the vessels operated and cargo carried. The company is insured against potential environmental accidents as well as following IMO and underwrites recommendations when it comes to risk of piracy.

Our IT platform is continuously monitored, and best practices applied for security. External recurrent backups are in place together with recovery plans, which can be restored with minimum data loss and minimum operational downtime.

Market risks

Dry bulk shipping is historically a cyclical and volatile market reacting fast to changes in - and expectations off - current and future macro-economic factors and global supply and demand for dry bulk commodities. The fluctuating time charter hire rates, voyage charter freight rates and bunker prices can have significant impact on the company's earnings potential, position and volume. The physical bunker positions are hedged by using derivatives such as bunker swaps.

Trithorn Bulk manages its physical and paper portfolio in an integrated risk management system that combines both realized and unrealized position and value. This evaluates and facilitates daily commercial decision making and ensures that positions taken are based on calculated risk.

Foreign exchange risks

Trithorn Bulk predominantly operates with USD cash flow as freight and hire revenue are mainly in USD as well as hire and bunker cost. Foreign currency exposure is partly hedged using FX swaps especially concerning our global subsidiaries and branches.

Credit risks

Credit and Compliance risk is mitigated using a mixture of credit risk agencies, compliance screening companies and counterparties fixture history and industry references.

Management's review

Liquidity risks

The company continually monitors the cash balance and future cash flow and ensures that adequate liquidity is always available not only to meet current obligations but also to allow engagement in new commercial opportunities.

Targets and expectations for the year ahead

Trithorn Bulk expects a profitable year with the adaptable business model in volatile market conditions. Investments in operating systems and risk management measures will continue in 2025. The result for 2025 is expected to be between USD'000 2,000-6,000.

Branches abroad

The Company has a branch in Norway, subsidiaries in Switzerland, Chile and Cyprus, and business partnerships in Greece and the USA.

Uncertainty relating to recognition and measurement

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

Unusual events

The financial position at 31 December 2024 of the Group and the results of the activities and cash flows of the Group for the financial year for 2024 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		TUSD	TUSD	TUSD	TUSD
Revenue		149,408	150,675	149,408	150,675
Other external expenses		-140,707	-145,231	-142,497	-147,535
Gross profit		8,701	5,444	6,911	3,140
Staff expenses	1	-3,108	-2,903	-1,409	-715
Profit/loss before financial income and expenses		5,593	2,541	5,502	2,425
Income from investments in subsidiaries		0	0	81	98
Financial income	2	606	643	601	643
Financial expenses	3	-306	-56	-303	-53
Profit/loss before tax		5,893	3,128	5,881	3,113
Tax on profit/loss for the year	4	-1,132	-586	-1,120	-571
Net profit/loss for the year	5	4,761	2,542	4,761	2,542

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TUSD	TUSD	TUSD	TUSD
Investments in subsidiaries	6	0	0	553	472
Fixed asset investments		0	0	553	472
Fixed assets		0	0	553	472
Finished goods and goods for resale		1,580	4,459	1,580	4,459
Inventories		1,580	4,459	1,580	4,459
Trade receivables		2,225	3,740	2,225	3,740
Receivables from group enterprises		0	427	0	427
Other receivables	7	33	23	31	21
Corporation tax		1	1	0	0
Corporation tax receivable from group enterprises		14	0	14	0
Prepayments	8	4,067	3,234	4,067	3,220
Receivables		6,340	7,425	6,337	7,408
Cash at bank and in hand		12,922	13,377	12,764	13,222
Current assets		20,842	25,261	20,681	25,089
Assets		20,842	25,261	21,234	25,561

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TUSD	TUSD	TUSD	TUSD
Share capital		96	96	96	96
Reserve for net revaluation under the equity method		0	0	514	434
Reserve for hedging transactions		86	-70	86	-70
Retained earnings		7,525	7,264	7,011	6,830
Proposed dividend for the year		4,500	6,000	4,500	6,000
Equity		12,207	13,290	12,207	13,290
Other provisions	10	142	89	142	89
Provisions		142	89	142	89
Trade payables		3,245	4,669	3,240	4,647
Payables to group enterprises		0	0	468	364
Corporation tax		5	617	0	617
Other payables	7	2,864	1,016	2,798	974
Deferred income	11	2,379	5,580	2,379	5,580
Short-term debt		8,493	11,882	8,885	12,182
Debt		8,493	11,882	8,885	12,182
Liabilities and equity		20,842	25,261	21,234	25,561
Contingent assets, liabilities and other financial obligations	14				
Related parties	15				
Subsequent events	16				
Accounting Policies	17				

Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TUSD	TUSD	TUSD	TUSD	TUSD
Equity at 1 January	96	-70	7,264	6,000	13,290
Ordinary dividend paid	0	0	0	-6,000	-6,000
Fair value adjustment of hedging instruments, beginning of year	0	91	0	0	91
Fair value adjustment of hedging instruments, end of year	0	109	0	0	109
Tax on adjustment of hedging instruments for the year	0	-44	0	0	-44
Net profit/loss for the year	0	0	261	4,500	4,761
Equity at 31 December	96	86	7,525	4,500	12,207

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD
Equity at 1 January	96	433	-70	6,831	6,000	13,290
Ordinary dividend paid	0	0	0	0	-6,000	-6,000
Fair value adjustment of hedging instruments, beginning of year	0	0	91	0	0	91
Fair value adjustment of hedging instruments, end of year	0	0	109	0	0	109
Tax on adjustment of hedging instruments for the year	0	0	-44	0	0	-44
Net profit/loss for the year	0	81	0	180	4,500	4,761
Equity at 31 December	96	514	86	7,011	4,500	12,207

Cash flow statement 1 January - 31 December

	Note	Group	
		2024	2023
		TUSD	TUSD
Result of the year		4,761	2,542
Adjustments	12	832	-1
Change in working capital	13	1,454	-3,334
Cash flow from operations before financial items		7,047	-793
Financial income		606	643
Financial expenses		-306	-56
Cash flows from ordinary activities		7,347	-206
Corporation tax paid		-1,802	12
Cash flows from operating activities		5,545	-194
Dividend paid		-6,000	-9,000
Cash flows from financing activities		-6,000	-9,000
Change in cash and cash equivalents		-455	-9,194
Cash and cash equivalents at 1 January		13,377	22,571
Cash and cash equivalents at 31 December		12,922	13,377
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		12,922	13,377
Cash and cash equivalents at 31 December		12,922	13,377

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
1. Staff expenses				
Wages and salaries	3,008	2,710	1,309	608
Pensions	68	140	68	70
Other social security expenses	31	45	31	36
Other staff expenses	1	8	1	1
	3,108	2,903	1,409	715
 Including remuneration to the Executive Board and Board of Directors	 692	 690	 252	 252
 Average number of employees	 16	 18	 4	 5

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
2. Financial income				
Other financial income	519	625	514	625
Exchange gains	87	18	87	18
	606	643	601	643

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
3. Financial expenses				
Other financial expenses	66	56	63	53
Exchange loss	240	0	240	0
	306	56	303	53

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
4. Income tax expense				
Current tax for the year	1,203	694	1,191	679
Deferred tax for the year	0	44	0	44
Adjustment of tax concerning previous years	-27	-90	-27	-90
	1,176	648	1,164	633
thus distributed:				
Income tax expense	1,132	586	1,120	571
Tax on equity movements	44	62	44	62
	1,176	648	1,164	633

	Parent company	
	2024	2023
	TUSD	TUSD
5. Profit allocation		
Proposed dividend for the year	4,500	6,000
Reserve for net revaluation under the equity method	81	98
Retained earnings	180	-3,556
	4,761	2,542

Notes to the Financial Statements

6. Investments in subsidiaries

	Parent company	
	2024	2023
	TUSD	TUSD
Cost at 1 January	38	38
Cost at 31 December	38	38
Value adjustments at 1 January	434	336
Net profit/loss for the year	81	98
Value adjustments at 31 December	515	434
Carrying amount at 31 December	553	472

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Trithorn Bulk Chile SpA	Santiago, Chile	CLP 12.961k	100%
Trithorn Bulk Switzerland Sàrl	Bulle, Switzerland	CHF 20k	100%
Trithorn Bulk Ltd	Larnaka, Cyprus	EUR 1k	100%

7. Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
Assets	109	0	109	0
Liabilities	0	91	0	91

Forward exchange contracts have been concluded to hedge future cost of bunker at a fixed price. At the balance sheet date, the fair value of the forward exchange contracts amounts to USD 109k

8. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, time-charter hire.

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
9. Deferred tax asset				
Deferred tax asset at 1 January	0	44	0	44
Amounts recognised in the income statement for the year	0	-44	0	-44
Deferred tax asset at 31 December	0	0	0	0

Deferred tax asset consists of temporary differences between carrying amount and tax value on trade receivables.

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
10. Other provisions				
Provision for future loss on voyages	142	89	142	89
	142	89	142	89

The provisions are expected to mature within 1 year.

11. Deferred income

Deferred income consists of ongoing voyages at 31. December.

12. Cash flow statement - Adjustments

	Group	
	2024	2023
	TUSD	TUSD
Financial income	-606	-643
Financial expenses	306	56
Tax on profit/loss for the year	1,132	586
	832	-1

Notes to the Financial Statements

	Group	
	2024	2023
	TUSD	TUSD
13. Cash flow statement - Change in working capital		
Change in inventories	2,879	-3,060
Change in receivables	1,099	5,921
Change in other provisions	53	-1,026
Change in trade payables, etc	-2,777	-5,455
Fair value adjustments of hedging instruments	200	286
	1,454	-3,334

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
14. Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	11,878	10,363	11,878	10,363
Between 1 and 5 years	720	0	720	0
	12,598	10,363	12,598	10,363

Other contingent liabilities

The Company has entered an agreement on lease of premises. The agreement can be terminated with 6 month notice. The total liability amounts to USD 20,2k, which are due within one year.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of TriKap A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

15. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
TriKap A/S	Ultimate Parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

There have been no such transactions.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
TriKap A/S	Copenhagen

16. Subsequent events

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

Notes to the Financial Statements

17. Accounting policies

The Annual Report of Trithorn Bulk A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in TUSD.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

Basis of consolidation

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

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

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

Leases

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

Translation policies

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

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

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

Notes to the Financial Statements

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Other external expenses

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

Staff expenses

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

Notes to the Financial Statements

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance sheet

Investments in subsidiaries

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

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

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

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

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning time charter hire, insurance premiums and subscriptions.

Notes to the Financial Statements

Equity

Dividend

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

Provisions

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

Deferred tax assets and liabilities

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

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial liabilities

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

Deferred income

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

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

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

Cash flows from operating activities

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

Notes to the Financial Statements

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

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

Financial Highlights

Explanation of financial ratios

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