

AST GROUP P.L.C.

*Annual Report
and
Consolidated Financial Statements
31 December 2022*

Company Registration Number C 66811

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The directors present the annual report together with the audited financial statements of the Group for the year ended 31 December 2022. The Group comprises the Company and its branches and subsidiaries as disclosed in Note 17 to the financial statements.

Principal Activities

The Group's business is principally derived from trading of animal feed food products such as roasted guar meal korma, fish meal, Distiller's dried grains with soluble ("DDGS") and HiPro Sunflower meal, corn, soya meal, feed wheat and barley. As the Group carries out end-to-end supply chain management, from sourcing raw materials for high nutrient animal feed to the delivery of animal feed to producers, it was the Group's intention to vertically integrate the animal feed operations and expand into the logistics business, by transporting the Group's animal feed on vessels owned by the Group or time-chartered vessels from third parties. For this reason, the Group acquired a vessel in 2018 to carry its own cargo (M/V AST Malta), time-chartered various vessels from third parties, or chartered third-party vessels for a specific voyage, to continue growing its fleet whilst expanding its animal feed operations and complementing both business lines given that the vessels provide security of supply to the Group's animal feed customers. Despite this, the Group continually assesses whether it is more feasible to transport cargo with containers rather than by vessel.

Performance Review

As the Group expanded its operations, combined with the onset of the pandemic and the Russian-Ukraine conflict, the Group encountered various transportation and logistical issues, combined with significant spikes in freight charges. As a result, the Group chartered M/V Forester on a one-year time-charter, from September 2021 (which was renewed for a further year) and M/V Admiral De Ribas between April to July 2022, M/V OCMIS Adventure between September 2022 and November 2022 and M/V Blue Tune between November 2022 and January 2023. All three vessels were then used to distribute animal feed, which change in strategy allowed the Group to expand its animal feed business in terms of volume and generate higher margins. Furthermore, it gave the Group added control over its value chain. As a result, during the year under review the Group's objectives remained focused on trading in animal feed and provision of chartering and shipping services. During the year under review the Group generated revenue amounting to €45,021,839 (2021: €29,659,846) and generated a profit before taxation of €520,451 (2021: €466,135).

The total comprehensive income for the year after accounting for taxation amounted to €1,101,516 (2021: €2,170,935). At year end, the Group has revalued its motor vessel which increased the M/V AST Malta by €722,847 (2021: €1,706,066). The motor vessel was valued at €4,000,000 by an independent valuer on 31 December 2022, on an open market existing use basis that reflects recent transactions for similar vessels.

The Company generated finance income from loans granted to its subsidiary companies amounting to €137,717 (2021: €144,964). During the year, no dividends were received by the parent from its subsidiaries. Interest expense on bond amounted to €100,925 (2021: €100,925). The Company's profit before taxation amounted to €61,454 (2021: Loss of €10,494). After accounting for taxation, the profit for the year amounted to €52,839 (2021: €21,822) after accounting for other income.

Position Review

The Group's asset base amounted to €9,506,226 as at 31 December 2022 (2021: €7,417,235), consisting principally of property, plant and equipment, inventories and trade and other receivables.

The Group's total liabilities amounted to €5,147,673 as at 31 December 2022 (2021: €4,160,198).

At 31 December 2022, the Group reported a positive working capital of €4,358,553 compared to €3,257,037 at 31 December 2021.

Position Review (continued)

The Company's asset base amounted to €2,893,787 as at 31 December 2022 (2021: €2,364,601).

Non-current assets relate to loans due from subsidiary companies amounting to €1,263,608 (2021: €1,517,795). Included in current portion of loan receivables are current portion of loans due from subsidiaries amounting to €973,020 (2021: €581,117).

The Company's main liabilities are made up of €1,835,000 5.5% unsecured bonds 2028.

Dividends and Reserves

The accumulated losses of the Group at the end of the year amounted to €18,068 (2021: €196,737) and the retained earnings of the Company amounted to €34,114 (2021: €181,275). The Board of Directors does not recommend the distribution of a dividend and proposes to transfer the profit for the year to reserves.

Financial Risk Management

The Group's activities expose it to a variety of financial risks, including credit risk and liquidity risk. Financial risks are explained in detail in Note 30 in these financial statements.

Events Subsequent to the Balance Sheet Date

The directors assessed subsequent events from 1 January 2023 through 28 April 2023, the date these financial statements were approved. Through such assessment, the directors have determined that events subsequent to balance sheet date occurred as reported in note 31 to these financial statements

Future Developments

As set out in further detail in the Prospectus dated 20 April 2023, AST Group p.l.c. is in the process of raising €8.5 million 6.25% Secured Bond 2033. Through the proceeds, the Group shall redeem the existing €1,835,000 Prospects MTF Bond and acquire a vessel/s (the New Vessel/s) to expand its fleet whilst expanding its animal feed operations and complementing both business lines given that the Vessels will provide security of supply to the Group's animal feed customers. The Group is currently monitoring the market.

The New Vessel/s will be acquired to support the volume increase in the existing trade routes. The Group aims to focus its investment decisions on the acquisition of a multipurpose vessel with the following characteristics:

- not more than 26-year-old vessel/s
- Vessel size between 3000 –7000 dead weight tonnage
- Preferably European built
- Multipurpose vessel (with or without cranes equipped)
- Certified by a classification society

Directors

Mr. Giuseppe Muscat (Executive Director and Chairman)
Dr Kristian Balzan (Independent, Non-Executive Director)
Mr. William Wait (Independent, Non-Executive Director)
Mr. Austin Demajo (Independent, Non-Executive Director) (appointed on 29 March 2023)

Directors (continued)

The Board meets on a regular basis to discuss performance, position and other matters. The Company's Articles of Association do not require any of the directors to retire.

Statement of Directors' Responsibilities

The Maltese Companies Act, (Cap 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial period and of the profit or loss of the Company and the Group for that period.

In preparing the financial statements, the directors are required to: -

- ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable in the circumstances;
- adopt the going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business as a going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and the Group and to enable the directors to ensure that the financial statements have been properly prepared in accordance with the Maltese Companies Act, (Cap 386). The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

As at the date of making of this report, the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- Each director has taken all steps that he ought to have taken as director in order to make himself aware of any information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Additional disclosures

Going Concern

After making enquiries and taking into consideration future plans as explained in Note 2, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operating existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing financial statements.

Principal risks and uncertainties associated with the Company

The Company's main objective is that of a finance company. Given that the Company does not carry out any trading activities, it is economically dependent on the business prospects of its subsidiaries. As a matter of fact, the Company is dependent on the receipt of income from subsidiaries, Damask Investment Limited and AST Shipping Limited in relation to Bond proceeds which it has advanced in the form of a loan. The Group's operations with respect to animal feed are concentrated in the Mediterranean region and as such it is highly susceptible to consumer demand which may have a negative impact on the Group's business. The Group's dependencies on a small number of suppliers and customers poses a risk due to competitions within the industry. A fall in demand on animal feed could affect negatively on the Group's operations, earnings and financial position. With respect to the shipping industry, this is subject to external risk factors, that may not be within the Group's control. Example of external risk factors in the shipping industry include susceptibility to local and global competition, increase in fuel prices, changes in laws and regulations effecting directly the Group or increase in operating costs. The shipping industry is highly competitive and volatile in nature.

Management and the board of directors remain confident that the Company will remain operating as a going concern and will continue to honour liabilities as and when they fall due.

A detailed review of the risk management policies adopted by the Group is included in Note 30 to these financial statements.

Share Capital Structure

The Company's authorised and issued share capital is €250,000 divided into 250,000 Ordinary Shares of €1 each. During the year under review, the Company has increased its share capital through capitalisation of retained earnings, from 50,000 Ordinary Shares of €1 each to 250,000 Ordinary Shares of €1 each.

Each Ordinary Share is entitled to one vote. The Ordinary Share in the Company shall rank *pari passu* for all intents and purposes at law. There are currently no different classes of Ordinary Shares in the Company and accordingly all Ordinary Shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital.

Holdings in excess of 5% of Share Capital

AFTL Group AG holds 249,999 shares in the Company, equivalent to 99.999% of its total issued share capital. There are no arrangements in place as at 31 December 2022, the operation of which may at a subsequent date result in a change in control of the Company.

Appointment and removal of directors

Appointment of directors shall be made at the Annual General Meeting of the Company.

In terms of the Articles of Association, the directors shall hold office for a period of one year and are eligible for re-election. An election of the directors shall take place every year at the Annual General Meeting of the Company.

Powers of the Directors

By virtue of the provision of the Articles of Association of the Issuer, the directors are empowered to transact all business which is not by the Articles expressly reversed for the shareholders in the general meeting.

Directors' Interests

As at 31 December 2022, all directors do not have a beneficial interest in the share capital of the Company.

Contracts with Board Members and Employees

The Company does not have service contracts with any of its Board Members. All directors may be removed from their posts of director by ordinary resolution of the shareholders in a general meeting.

Material Contracts

The Company entered into a loan agreement with its subsidiaries Damask Investment Limited and AST Shipping Limited for the transfer of funds received from the Bond issue. Details of such contract is set out in Note 18 to the financial statements.

Auditors

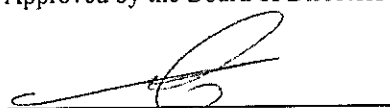
The auditors, Horwath Malta, have expressed their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the annual general meeting.

Statement by the Directors on the Financial Statements and Other Information included in the Annual Report

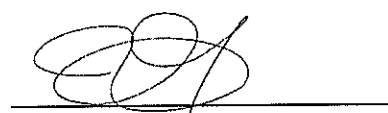
In pursuant to Prospects MTF Rule 4.11.12, the directors declare that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position and financial performance of the Company and the Group and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Companies Act (Cap. 386); and
- this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board of Directors and signed on its behalf by:



Dr Kristian Balzan
Director



Mr Giuseppe Muscat
Director

Registered Address:

31,32,33
Third Floor
Kingsway Palace,
Republic Street
Valletta VLT 1115
Malta

28 April 2023

The Code adopted by the Company

The Prospects MTF Rules issued by the Malta Stock Exchange (the "Rules") require qualifying companies admitted to Prospects MTF to include a Corporate Governance Statement (the "Statement") explaining its compliance with the provisions of the Code (as hereunder defined), in their Annual Financial Report. This should provide amongst others, an explanation of the extent of adherence to and non-compliance with the Code of Principles of Good Corporate Governance (the "Code").

The Board of Directors of AST Group p.l.c. (the "Company") acknowledges that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended in the Code is in the best interests of the Company, its shareholders and other stakeholders. The Board considers compliance with the Code to be an integral part of operations so as to ensure transparency and responsible corporate governance which will in turn yield a positive reputation for the Company. Effective measures have been taken to ensure compliance to these principles and for the implementation of the Code as detailed hereunder.

General

Good corporate governance is the responsibility of the Board as a whole and has been, and remains a priority for the Company. In deciding on the most appropriate manner in which to implement the Code, the Board took cognizance of the Company's size, nature and operations, and formulated the view that the adoption of certain mechanisms and structures which may be suitable for companies with extensive operations may not be appropriate for the Company. The limitations of size and scope of operations inevitably impact on the structures required to implement the Code, without however diluting the effectiveness thereof.

The Board considers that, the Company save as indicated herein in the section entitled Non-Compliance with the Code, has been in compliance with the Code throughout the financial year under review.

This Statement shall now set out the structures and processes in place within the Company and how these effectively achieve the goals set out in the Code for the financial year under review. For this purpose, this Statement will make reference to the pertinent principles of the Code and then set out the manner in which the Board considers that these have been adhered to, and in the Non-Compliance with the Code Section, the Board then indicates and explains the instances where it has been departed from or where it has not applied the provisions of this Code, as allowed by the same Code.

For the avoidance of doubt, reference in this Statement to compliance with the principles of the Code means compliance with the Code's main principles.

Compliance with the Code**Principle 1: The Board**

The Board sets the strategy of the Company and retains direct responsibility for appraising and monitoring the Company's financial statements and its annual report. The duties of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Company so as to protect the interests of Bondholders, amongst other stakeholders.

The Directors report that for the financial year under review, the Directors have provided the necessary leadership in the overall direction of the Company and have performed their responsibilities for the efficient and smooth running of the Company with honesty, competence and integrity. Both on an individual level and collectively, the Directors possess the necessary skills and experience to make an effective contribution to the leadership and decision-making processes of the Company as reflected by the Company's strategy and policies. All the members of the Board are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of the Company. The Board is accountable for its performance and that of its delegates to shareholders and other relevant stakeholders.

Compliance with the Code (continued)

Principle 1: The Board (continued)

The Company has a structure whereby although the Chief Executive Officer is not a member of the Board, he is invited to all board meetings in order to enable the Board to have direct information about the Company's performance and business activities.

Principle 2: The Company's Chairperson and Chief Executive Officer

The functions of the Chairman and the CEO of the Company are segregated and are occupied by different individuals.

The Chairman is responsible for leadership of the Board and for setting its agenda. The Chairman ensures that the Board's discussions on any issue put before it are addressed with adequate depth, that the opinions of all the Directors are taken into account, and that all the Board's decisions are supported by adequate and timely information. The Chairman also ensures that the CEO develops a strategy for subsequent approval by the Board.

Mr Emmanouil Kalamaras is the Chief Executive Officer and responsible for the day to day running of the business.

Principle 3: Composition of the Board

The Board is composed of one (1) executive director and three (3) non-executive Directors. The maximum permitted in terms of the Company's Memorandum of Association is seven (7). The three non-executive Directors are independent from the Company. The Board is responsible for the overall long-term strategy of the Group and general policies of the Company and its subsidiaries (the Company, Damask Investment Limited, DS Shipping Ltd, AST Shipping Limited and DS Chartering Ltd collectively the "Group") of monitoring the Company's systems of control and financial reporting and communicating effectively with the market as and when necessary.

The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors. As at 31 December 2022, the Board is made up as follows:

Mr. Giuseppe Muscat — Executive Director and Chairman

Mr. William Wait — Independent, Non-Executive Director

Dr. Kristian Balzan — Independent, Non-Executive Director

Mr. Austin Demajo - Independent, Non-Executive Director (appointed on 29 March 2023)

Company Secretary:

Dr Katia Cachia

Compliance with the Code (continued)

Principle 4: The Responsibilities of the Board

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the Company, assumes responsibility for the Company's and Group's strategy and decisions with respect to the issue, servicing and redemption of its bonds in issue, and for monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, and all relevant laws and regulations. The Board is also responsible for ensuring that the Company establishes and operates effective internal control and management information systems and that it communicates effectively with the market.

Principle 5: Board Meetings

Directors meet regularly to review the financial performance and the overall strategy of the Company. Board members are notified of meetings by the Company Secretary with the issue of an agenda, which is circulated in advance of the meeting. Minutes are prepared during the Board meetings recording inter alia attendance, and resolutions taken at the meeting. The Chairman ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all Directors every opportunity to contribute to relevant issues on the agenda. The agenda for the meeting seeks to achieve a balance between long-term strategic and short-term performance issues.

The Board meets as frequently required in line with the nature and demands of the business of the Company. Directors attend meetings on a frequent and regular basis and dedicate the necessary time and attention to their duties as Directors of the Company. The Board met formally 3 times during the year 2022. The following Directors attended Board meetings as follows:

Mr. Giuseppe Muscat — Executive Director and Chairman – 3 times
Mr. William Wait — Independent, Non-Executive Director - 3 times
Dr Kristian Balzan – Independent, Non-Executive Director – 3 times

Principle 6: Information and Professional Development

Each Director is made aware of the Company's on-going obligations in terms of the Companies Act (Cap. 386 of the Laws of Malta) (the "Act") and the Rules. Directors have access to the advice and services of (i) the Company Secretary, who is responsible for ensuring adherence to Board procedures as well as good information flows within the Board and the Audit Committee; and (ii) the Corporate Advisor, who is responsible to ensure adherence to the Company's continuing obligations as laid down in the Rules.

Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Company's expense.

Principle 8: Committees

Internal Control

The Board is responsible for the internal control system of the Company and for reviewing its effectiveness. The internal control system is designed to achieve business objectives and to manage the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses and fraud. Systems and procedures are in place to control, monitor, report and assess risks and their financial implications. Management accounts and strategic plans are prepared on a regular basis and are presented to the Board to monitor the performance of the Company on an on-going basis.

Compliance with the Code (continued)

Principle 8: Committees (continued)

Internal Control (continued)

During the financial year under review the Company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Company.

Other key features of the system of internal controls adopted by the Company in respect of its own internal control as well as the control of the other companies forming part of the Group are as follows:

Audit Committee

The primary objective of the Audit Committee consists of supporting the Board in their responsibilities in dealing with issues of risks, control and governance and associated assurance; and in reviewing the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the external audit and acts to facilitate communication between the Board, management and the external auditors. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of Directors. Although the Audit Committee is set up at the level of the Company its main tasks are also related to the activities of the Group.

The Board set formal terms of engagement and terms of reference of the Audit Committee that establish its composition, role and function, the parameter of its remit and the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the respective board and is directly responsible and accountable to the respective board.

The Board reserves the right to change the Committee's terms of reference from time to time with the prior notification of the Exchange.

The Audit Committee has the role to deal with and advise the Board on;

- its monitoring responsibility over the financial reporting processes, financial policies, internal control structures and audit of the annual and consolidated financial statements;
- the monitoring of the performance of the subsidiary entities' borrowing funds (Damask Investment Limited and AST Shipping Limited) from the Company;
- maintaining communication on such matters between the Board, management and independent auditors;
- facilitating the independence of the external audit process and addressing issues arising from the audit process and;
- preserving the Company's assets by understanding the Company's risk environment and determining how to deal with those risks.

The Audit Committee also has the role and function of considering and evaluating the arm's length nature of proposed transactions to be entered into by the Company and a related party.

The Audit Committee will always be composed of not fewer than three members. The quorum for the transaction of business at a meeting of the Audit Committee will be the majority of members appointed at the Committee, present in person.

Compliance with the Code (continued)

Principle 8: Committees (continued)

Audit Committee (continued)

The Committee shall be chaired by an independent, non-executive director and the Chairperson of the Board shall not be the Chairperson of the Audit Committee. The Audit Committee is presently composed of:

- Mr William Wait (Chairman of the Audit Committee)
- Dr Kristian Balzan
- Mr Giuseppe Muscat (resigned on 30 March 2023)
- Mr. Austin Demajo (appointed on 29 March 2023)

The Audit Committee is chaired by Mr. William Wait, whilst Dr Kristian Balzan and Mr Austin Demajo act as members. In compliance with the Prospects MTF Rules, Mr. William Wait is an independent, non- executive director and a qualified accountant, who the Board considers as independent and competent in accounting and auditing.

The Audit Committee met 4 times during the year under review.

As stipulated in the terms of reference of the Audit Committee, the Chairman shall have a casting vote in the case of deadlock. However, where the Chairperson is him/herself conflicted, the consideration of the relevant matter (in respect of which an interest has been declared) shall be chaired by another independent nonexecutive director or member (as the case maybe), who shall also have a casting vote.

The Directors believe that the current set-up is sufficient to enable the Company to fulfil the objective of the Rules' terms of reference in this regard.

Principle 9: Relations with bondholders and the market

Pursuant to the Company's statutory obligations in terms of the Act, the Annual Report and Financial Statements, the election of Directors and approval of Directors' fees, the appointment of the auditors and the authorisation of the Directors to set the auditors' fees, and other special business, are proposed and approved at the Company's Annual General Meeting.

With respect to the Company's bondholders and the market in general, during the financial year under review, the Company made a number of announcement in line with its continuing obligations in terms of the Rules.

Principle 11: Conflicts of Interest

Directors should always act in the best interest of the Company and its shareholders and investors. Any actual, potential or perceived conflict of interest must be immediately declared by a Director to the other members of the Board and to the Audit Committee who decides on whether such a conflict exists. The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Directors are informed and reminded of their obligations on dealing in securities of the Company within the parameters of law and subsidiary legislation and Prospects MTF Rules. During the financial year under review, any private interests or duties unrelated to the Company were disclosed by the directors and it has been ensured that these do not place any of them in conflict with any interests in, or duties towards, the Company.

Compliance with the Code (continued)

Principle 12: Corporate Social Responsibility

The Company seeks to adhere to sound Principles of Corporate Social Responsibility in its management practices, and is committed to enhance the quality of life of all stakeholders of the Company and the Group.

The Board is mindful of the environment and its responsibility within the community in which it operates.

In carrying on its business the Group is fully aware of and at the forefront in preserving the environment and continuously reviews its policies aimed at respecting the environment and encouraging social responsibility and accountability.

Non-compliance with the Code

Principle 7: Evaluation of the Board's Performance

The Code recommends that "the board should appoint a committee chaired by a non-executive Director in order to carry out a performance evaluation of its role." The Board does not consider it necessary to appoint a committee to carry out performance evaluation of its role, as the Board's performance is always under the scrutiny of the shareholders of the Company.

Principle 8A: Remuneration Committee

The Code recommends that "the board should establish a remuneration policy for Directors and senior executives. It should also set up formal and transparent procedures for developing such a policy and for establishing the remuneration packages of individual Directors." In view of the size and type of operation of the Company, the Board does not believe that the Company requires a remuneration committee, and the Board itself carries out the functions of the remuneration committee specified in, and in accordance with, Principle Eight A of the Code, given that the remuneration of the Directors is not performance-related.

The maximum annual aggregate emoluments that may be paid to the Directors is, pursuant to the Company's Memorandum and Articles of Association, approved by the shareholders in general meeting.

The fee payable to directors is not a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

None of the directors is employed or has a service contract with the Company.

Total fees of € 11,358 was paid to directors during the year under review.

Principle 8B: Nomination Committee

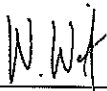
The Code recommends that "there should be a formal and transparent procedure for the appointment of new directors to the board. The procedure shall ensure, inter alia, adequate information on the personal and professional qualifications of the candidates." In view of the size and type of operation of the Company, the Board does not believe that the Company requires a nomination committee. Reference is also made to the information provided under the subheading 'Principle Three' above, which provides for a formal and transparent procedure for the appointment of new Directors to the Board.

Compliance with the Code (continued)

Principle 10: Institutional Shareholders

The Company does not have any institutional shareholders.

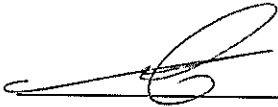
Signed on behalf of the Board of Directors on 28 April 2023 by:



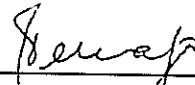
Mr. William Wait
Director and Chairman of the
Audit Committee



Mr. Giuseppe Muscat
Director



Dr. Kristian Balzan
Director



Mr Austin Demajo
Director

INDEPENDENT AUDITOR'S REPORTTo the Shareholders of AST Group plc

Report on the Audit of the Financial Statements**Opinion**

We have audited the consolidated and stand-alone parent Company financial statements of AST Group plc (together the financial statements), set out on pages 18 to 53, which comprise the consolidated and parent company statements of financial position as at 31 December 2022, and the consolidated and parent company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and stand-alone financial statements give a true and fair view of the financial position of the group and the parent company, as at 31 December 2022 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of the Directors and Those Charge with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine 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, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 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 in accordance with ISAs, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Responsibilities of the Directors and Those Charge with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine 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, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 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 in accordance with ISAs, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting 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 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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Prospect Rules issued by the Malta Stock Exchange require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

Report on Other Legal and Regulatory Requirements (continued)

The Prospect Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 6 to 12 has been properly prepared in accordance with the requirements of the Prospect Rules issued by the Malta Stock Exchange.

Other matters on which we are required to report by exception

Under Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.



John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Provvda
Karm Zerafa Street
Birkirkara BKR1713
Malta

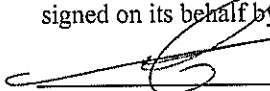
28 April 2023

	Notes	The Group 2022 €	2021 €	The Company 2022 €	2021 €
Revenue	6	45,021,839	29,659,846	-	-
Cost of sales	7	(43,510,538)	(28,270,103)	-	-
Gross profit		1,511,301	1,389,743	-	-
Selling and distribution expenses	7	(206,427)	(167,102)	-	-
Administrative expenses	7	(724,562)	(564,916)	(77,673)	(54,533)
Other income	9	264,068	10,395	103,832	-
Other charges	10	(12,626)	(32,539)	-	-
Operating profit		831,754	635,581	26,159	(54,533)
Finance income	11	39,097	-	137,717	144,964
Finance costs	12	(350,400)	(189,446)	(102,422)	(100,925)
Profit before tax	13	520,451	446,135	61,454	(10,494)
Income taxation	14	(141,782)	18,734	(8,615)	(11,328)
PROFIT FOR THE YEAR		378,669	464,869	52,839	(21,822)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment		722,847	1,706,066	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,101,516	2,170,935	52,839	(21,822)

The accounting policies and explanatory notes on page 23 to 53 form an integral part of these financial statements.

	Notes	The Group 2022 €	2021 €	The Company 2022 €	2021 €
ASSETS					
Non-Current Assets					
Property, plant and equipment	15	4,016,294	3,771,262	-	-
Right-of-use asset	16	26,986	15,433	14,971	-
Investment in subsidiaries	17	-	-	939	939
Loans receivable	18	-	-	1,263,608	1,517,795
Sinking fund	26	300,000	-	300,000	-
Deferred tax asset	19	69,261	158,012	-	-
		<u>4,412,541</u>	<u>3,944,707</u>	<u>1,579,518</u>	<u>1,518,734</u>
Current Assets					
Inventories	20	1,088,328	1,571,935	-	-
Loans receivable	18	-	-	973,020	581,117
Trade and other receivables	21	2,885,548	1,279,192	340,112	264,297
Cash and cash equivalents		1,119,809	621,401	1,137	455
		<u>5,093,685</u>	<u>3,472,528</u>	<u>1,314,269</u>	<u>845,869</u>
Total Assets		<u>9,506,226</u>	<u>7,417,235</u>	<u>2,893,787</u>	<u>2,364,603</u>
EQUITY AND LIABILITIES					
Equity					
Called up issued share capital	22	250,000	50,000	250,000	50,000
General reserve	23	312,044	312,044	-	-
Other reserve		160,204	160,204	-	-
Capital contribution	24	382,245	382,245	-	-
Revaluation reserve		3,272,128	2,549,281	-	-
Accumulated losses	25	(18,068)	(196,737)	34,114	181,275
		<u>4,358,553</u>	<u>3,257,037</u>	<u>284,114</u>	<u>231,275</u>
Non-Current Liabilities					
Borrowings	26	1,799,607	1,792,657	1,805,975	1,800,265
Lease liabilities	15	10,309	17,532	-	-
Other liabilities	27	63,858	158,971	-	-
		<u>1,873,774</u>	<u>1,969,160</u>	<u>1,805,975</u>	<u>1,800,265</u>
Current Liabilities					
Trade and other payables	28	3,186,944	2,032,219	756,116	298,465
Lease liabilities	15	19,136	3,027	15,565	-
Other liabilities	27	9,830	-	-	-
Current tax payable		57,989	155,792	32,017	34,598
		<u>3,273,899</u>	<u>2,191,038</u>	<u>803,698</u>	<u>333,063</u>
Total Equity and Liabilities		<u>9,506,226</u>	<u>7,417,235</u>	<u>2,893,787</u>	<u>2,364,603</u>

The financial statements on pages 18 to 53 were approved by the Board of Directors on 28 April 2023 and were signed on its behalf by:


Dr Kristian Balzan
Director


Mr. Giuseppe Muscat
Director

AST GROUP P.L.C

Statement of Changes in Equity
For the year ended 31 December 2022

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The Group

	Share Capital	General Reserve	Other Reserve	Capital Contribution	Revaluation reserve	Accumulated losses	Total
	€	€	€	€	€	€	€
Balance at 1 January 2021	50,000	312,044	160,204	382,245	843,215	(661,606)	1,086,102
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	464,869	464,869
Other comprehensive income for the year	-	-	-	-	1,706,066	-	1,706,066
Total comprehensive income for the year	-	-	-	-	1,706,066	464,869	2,170,935
Balance at 31 December 2021	50,000	312,044	160,204	382,245	2,549,281	(196,737)	3,257,037
Balance at 1 January 2022	50,000	312,044	160,204	382,245	2,549,281	(196,737)	3,257,037
Transactions with owner							
Capitalisation of retained earnings	200,000	-	-	-	-	(200,000)	-
Total comprehensive loss for the year							
Profit for the year	-	-	-	-	-	378,669	378,669
Other comprehensive income for the year	-	-	-	-	722,847	-	722,847
Total comprehensive income for the year	-	-	-	-	722,847	378,669	1,101,516
Balance at 31 December 2022	250,000	312,044	160,204	382,245	3,272,128	(18,068)	4,358,553

AST GROUP P.L.C

Statement of Changes in Equity
For the year ended 31 December 2022

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The Company

	Share Capital	Retained Earnings	Total
	€	€	€
Balance at 1 January 2021	50,000	203,097	253,097
Total comprehensive income for the year			
Loss for the year	-	(21,822)	(21,822)
Total comprehensive income for the year			
	-	(21,822)	(21,822)
Balance at 31 December 2021	50,000	181,275	231,275
Balance at 1 January 2022	50,000	181,275	231,275
Transactions with owners			
Capitalisation of retained earnings	200,000	(200,000)	-
Total comprehensive profit for the year			
Profit for the year	-	52,839	52,839
Total comprehensive profit for the year			
	-	52,839	52,839
Balance at 31 December 2022	250,000	34,114	284,114

	Note	The Group		The Company	
		2022 €	2021 €	2022 €	2021 €
Operating Activities					
Profit/ (Loss) for the year before taxation		520,451	446,135	61,454	(10,494)
<i>Adjustment for:</i>					
Depreciation on property, plant and equipment		479,594	318,978	-	-
Depreciation on right-of-use asset		17,314	16,280	14,971	-
Amortisation of bond issue costs		6,950	37,378	5,710	5,710
Finance income		(38,914)	-	(137,717)	(144,964)
Finance costs		350,400	142,551	102,422	100,925
		1,335,795	961,322	46,840	(48,823)
<i>Working capital changes:</i>					
Decrease / (increase) in inventories		403,670	(364,745)	-	-
(Increase) / decrease in trade and other receivables		(1,397,819)	253,190	(700)	6,152
Decrease in trade and other payables		1,147,744	(10,031)	2,682	(3,521)
Cash generated from/ (used in) Operating Activities		1,489,390	839,736	48,822	(46,192)
Interest paid		(349,619)	(136,410)	(101,641)	(98,546)
Interest received		38,914	-	-	19,305
Taxation paid		(154,316)	(35,999)	(11,196)	-
Net Cash generated from/ (used in) Operating Activities		1,024,369	667,327	(64,015)	(125,433)
Investing Activities					
Acquisition of property, plant and equipment		(1,779)	(251,682)	-	-
Net Cash used in Investing Activities		(1,779)	(251,682)	-	-
Financing Activities					
Net advances to subsidiary		-	-	380,571	122,300
Net advances to parent		(12,400)	(15,700)	-	-
Net advances to ultimate beneficial owner		(192,686)	(105,842)	-	-
Movement in sinking fund		(300,000)	-	(300,000)	-
Payment for lease obligations to third parties		(19,096)	(6,989)	(15,874)	-
Net Cash (used in)/ generated from Financing Activities		(524,182)	(128,531)	64,697	122,300
Movement in Cash and Cash Equivalents		498,408	287,114	682	(3,133)
Cash and cash equivalents at beginning of year		621,401	334,287	455	3,588
Cash and Cash Equivalents at End of Year	29	1,119,809	621,401	1,137	455

1. General Information

AST Group p.l.c (the “Company”) is a limited liability company domiciled and incorporated in Malta.

2. Basis of Preparation

Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with International Reporting Financial Standards as adopted by the EU (EU IFRSs) and the requirements of the Maltese Companies Act (Cap. 386).

International Financial Reporting Standard 10, Consolidated Financial Statements, requires a parent company to prepare consolidated financial statements in which it consolidates its investments in subsidiaries. The consolidated financial statements of the company for the year ended 31 December 2022, comprise the company and its subsidiaries, Damask Investment Limited, AST Shipping Limited, DS Shipping Limited and DS Chartering Ltd (together referred to as the “group”).

Basis of measurement

The financial statements are prepared on the historical cost.

Functional and presentation currency

The financial statements are presented in euro, which is the Group and the Company’s functional currency.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS, as adopted by the EU, requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies (refer to Note 5 – Critical accounting estimates and judgements).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Preparation of consolidated financial statements

International Financial Reporting Standard 10, Consolidated Financial Statements, requires a parent company to prepare consolidated financial statements in which it consolidates its investments in subsidiaries. The consolidated financial statements of the company for the year ended 31 December 2022, comprise the company and its subsidiaries, Damask Investment Limited, AST Shipping Limited, Damask Shipping and Management Limited and Damask Chartering Limited (together referred to as the “group”).

2. Basis of Preparation (continued)

Preparation of consolidated financial statements (continued)

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, that is at cost less impairment. Cost includes directly attributable costs of the investments. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between net disposal proceeds and the carrying amount is charged or credited to profit or loss.

3. Changes in Accounting Policies and Disclosures

There were no new standards, amendments and interpretation to existing standards that have been published and are mandatory for the accounting periods beginning 1 January 2022 or later periods, that have an effect on the group's and parent company's financial statements.

4. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

Revenue recognition

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods to the customer, excluding amounts collected on behalf of third party (for example value added taxes); the transaction price. The Group includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

4. Significant Accounting Policies (continued)

Revenue recognition (continued)

Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify; each party's rights and the payment terms for the goods to be transferred, the contract has a commercial substance (that is the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect consideration to which it will be entitled to exchange goods that will be transferred to the customer and when specific criteria have been met for the Group's contract with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimate of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods contain one or more performance obligations (that is, distinct promises to provide a good) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good that is promised to a customer is distinct if the customer can benefit from the good, either on its own or together with other resources that are readily available to the customer (that is the good is capable of being distinct) and the Group's promise to transfer the good to the customer is separately identifiable from other promises in the contract (that is, the good is distinct in the context of the contract).

- Sale of goods

Sale of goods are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised good to the customer, which is usually when the goods are delivered to the customer, the risk of obsolescence and loss have been transferred to the customer and customer has accepted the goods.

4. Significant Accounting Policies (continued)

Revenue recognition (continued)

- Rendering of services

Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

Borrowing costs

Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. Significant Accounting Policies (continued)

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Vessel – 10 years
- Dry-docking and special survey costs – 2.5 – 5 years
- Improvements to premises – 10 years
- Furniture and fittings – 10 years
- Computer Software – 5 years
- Office equipment – 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Impairment losses are recognised as an expense in the profit or loss.

4. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Revaluation of property, plant and equipment

Motor vessel held for use in the production or supply of services are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of motor vessel is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount on the revaluation of such motor vessel is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Impairment of non-financial assets

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Leases

Group as a lessee

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS16.

4. Significant Accounting Policies (continued)

Leases (continued)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, if this cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as a discount rate. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate and lease payments in an optional renewal period that the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets within 'Property, plant and equipment' and lease liabilities within 'Non-current liabilities' and 'Current liabilities' in the statement of financial position.

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL.

In the period presented the Company does not have and financial assets categorised at FVTPL and FVOCI, and all financial assets are measured at amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset and;
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit and loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within administrative expenses.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised costs

A financial asset is measured at amortised cost if it meets both the following conditions:

- it is held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, loans and receivable and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit and loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely SPPI are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets at fair value through profit and loss (continued)

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

As already noted above, the Group held no financial assets at fair value through profit or loss.

Financial assets at fair value through other comprehensive income

A financial asset is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- its is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

As already noted above, the Group held no financial assets at FVOCI.

Assessment whether contractual cashflows are SPPI

For the purpose of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

ii. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

5. Significant Accounting Policies (continued)

Financial instruments (continued)

ii. Financial liabilities (continued)

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For all other financial assets that are subject to impairment under IFRS9, the company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit impaired on initial recognition is classified in Stage 1.

4. Significant Accounting Policies (continued)

Impairment (continued)

Financial assets in Stage 1, have their expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that results from default events possible within the next 12 months, or until contractual maturity if shorter. If the Group identified a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and its expected loss is measured on a lifetime basis, that is up until contractual maturity. If the Group determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and the expected credit loss is measured on a lifetime credit loss basis.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Trade and other receivables

Trade receivables comprise amounts due from customer for goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operation cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, i.e. expected credit loss allowance.

The Group holds trade and other receivables with the objective to collect contractual cash flows and measures them subsequently at amortised cost using the effective interest method. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within the 'administrative expenses'. When a receivable is uncollectable, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss.

Trade and other payables

Trade payables comprise obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4. Significant Accounting Policies (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

5. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

6. Revenue

Revenue, which consists mainly of the sale of animal feed and commission receivable, is stated net of discounts allowed and any indirect taxes. It comprises the following:

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Sale of animal feed	37,959,199	27,647,155	-	-
Freight services	6,994,498	1,841,855	-	-
Services	68,142	170,836	-	-
	<u>45,021,839</u>	<u>29,659,846</u>	<u>-</u>	<u>-</u>

7. Expenses by nature

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Cost of sales	40,053,806	26,650,422	-	-
Wages and salaries (Note 8)	161,668	145,656	-	-
Crew wages and expenses	576,189	402,437	-	-
Surveyour and similar fees	3,362	-	-	-
Fuel and oil	1,480,285	472,999	-	-
Port charges	443,484	40,564	-	-
Communication expenses	21,025	28,934	-	-
Insurance	188,693	149,957	9,392	7,931
Repairs and maintenance	161,850	197,219	-	-
Vessel registration tax	1,845	2,845	-	-
Selling and distribution costs	103,711	52,921	-	-
Director's fees	11,358	11,974	11,358	11,974
Key management personnel fees	138,600	-	-	-
Auditor's remuneration	17,120	11,810	2,620	2,620
Professional fees	165,307	123,445	25,518	21,852
Depreciation on property, plant and equipment	479,594	318,978	-	-
Amortisation on bond issue costs	6,950	37,378	5,710	5,710
Depreciation on right of use asset	17,314	16,280	14,971	-
Other expenses	409,366	338,302	8,104	4,446
	44,441,527	29,002,121	77,673	54,533

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2022 and 2021 relate to the following:

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Annual statutory audit	17,120	11,810	2,620	2,620
Other non-audit services	8,525	6,935	1,500	1,050
	25,645	18,745	4,120	3,670

8. Wages and salaries

Wages and salaries incurred during the year amounted to the following:

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Wages and salaries	136,689	122,436	-	-
Social security costs	24,979	23,220	-	-
	<u>161,668</u>	<u>145,656</u>	<u>-</u>	<u>-</u>

The average number of persons employed by the company during the year was as follows:

	The Group		The Company	
	2022	2021	2022	2021
	No.	No.	No.	No.
Administration	3	3	-	-
Operations	3	3	-	-
	<u>6</u>	<u>6</u>	<u>-</u>	<u>-</u>

9. Other income

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Tax refund received	103,832	-	103,832	-
Insurance claims settled	-	2,740	-	-
Difference on exchange	76,968	-	-	-
Income from waive off of covid financial aid	83,268	-	-	-
Commission income	-	6,541	-	-
Sundry income	-	1,114	-	-
	<u>264,068</u>	<u>10,395</u>	<u>103,832</u>	<u>-</u>

10. Other charges

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Difference on exchange	-	32,539	-	-
Other expenses	12,626	-	-	-
	<u>12,626</u>	<u>32,539</u>	<u>-</u>	<u>-</u>

11. Finance income

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Interest income on loan due from subsidiaries	-	-	137,717	144,964
Interest on trade balances	38,914	-	-	-
Bank interest	183	-	-	-
	<u>39,097</u>	<u>-</u>	<u>137,717</u>	<u>144,964</u>

12. Finance costs

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Interest on factoring agreement	200,443	43,795	-	-
Interest on lease liabilities	3,114	5,377	1,497	-
Bond finance cost	100,925	100,925	100,925	100,925
Bank interest and charges	45,918	39,349	-	-
	<u>350,400</u>	<u>189,446</u>	<u>102,422</u>	<u>100,925</u>

13. Profit/ (loss) before taxation

This is stated after charging / (crediting) the following:

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Annual statutory audit fee	17,120	11,810	2,620	2,620
Other non-audit services	8,525	6,935	1,500	1,050
Directors' fees	11,358	11,974	11,358	11,974
Director's remuneration	138,600	-	-	-
Amortisation on bond issue costs	6,950	37,378	5,710	5,710
Depreciation on property, plant and equipment	479,594	318,978	-	-
Depreciation on right of use asset	17,314	16,280	14,971	-
Difference on exchange	(76,968)	32,539	-	-

14. Income taxation

Income taxation recognised in profit or loss

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Current tax charge	53,031	67,913	8,615	11,328
Deferred tax charge /(credit)	88,751	(86,647)	-	-
Tax charge/ (credit)	141,782	(18,734)	8,615	11,328

14. Income taxation (continued)

The Groups's branches are subject to the tax rates applicable in the Greece, France, Spain, Cyprus and Hungary. The tax on the Group's results before tax differs from theoretical amount that would arise using the statutory tax rate of 35%:

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Profit/ (loss) before tax	<u>520,451</u>	<u>446,135</u>	<u>61,454</u>	<u>(10,494)</u>
Tax at the applicable statutory rate of 35%	182,158	156,147	21,509	(3,673)
<i>Tax effect of:</i>				
Expenses not allowable for tax purposes	49,206	47,832	23,447	15,001
Tax exempt income net of non-deductible expenses due to different regime used for the calculation of tonnage tax	(27,775)	(163,084)	-	-
Income not subject to tax	(76,705)	(37)	(36,341)	-
Adjustment to previous year deferred tax	58,897	-	-	-
Effect of different tax rate in other jurisdictions	<u>(43,999)</u>	<u>(59,592)</u>	<u>-</u>	<u>-</u>
Tax charge / (credit)	<u>141,782</u>	<u>(18,734)</u>	<u>8,615</u>	<u>11,328</u>

15. Property, plant and equipment

	Motor Vessel €	Improvements to Premises €	Office equipment €	Computer Software €	Furniture & Fittings €	Total €
At 1 January 2021						
Cost	2,604,053	6,038	8,620	4,600	57,652	2,680,963
Accumulated depreciation	(504,053)	(6,035)	(5,890)	(2,610)	(29,883)	(548,471)
Net book amount	2,100,000	3	2,730	1,990	27,769	2,132,492
Year ended 31 December 2021						
Opening net book amount	2,100,000	3	2,730	1,990	27,769	2,132,492
Additions	249,393	-	-	-	2,289	251,682
Revaluation	1,706,066	-	-	-	-	1,706,066
Depreciation expense	(305,459)	-	(2,155)	(1,990)	(9,374)	(318,978)
Closing net book amount	3,750,000	3	575	-	20,684	3,771,262
At 31 December 2021						
Cost	4,559,512	6,038	8,620	4,600	59,941	4,638,711
Accumulated depreciation	(809,512)	(6,035)	(8,045)	(4,600)	(39,257)	(867,449)
Net book amount	3,750,000	3	575	-	20,684	3,771,262
Year ended 31 December 2022						
Opening net book amount	3,750,000	3	575	-	20,684	3,771,262
Additions	-	-	-	-	1,779	1,779
Revaluation	722,847	-	-	-	-	722,847
Depreciation expense	(472,847)	-	(575)	-	(6,172)	(479,594)
Closing net book amount	4,000,000	3	-	-	16,291	4,016,294
At 31 December 2022						
Cost	5,282,359	6,038	8,620	4,600	61,720	5,363,337
Accumulated depreciation	(1,282,359)	(6,035)	(8,620)	(4,600)	(45,429)	(1,347,043)
Net book amount	4,000,000	3	-	-	16,291	4,016,294

15. Property, plant and equipment (continued)

The motor vessel is held under a security trust, under the AST Trust agreement, as a guarantee in favour of bondholders until such time that these are repaid in accordance with the Company Admission Document.

The motor vessel was revalued by an independent valuer on 31 December 2022, on an open market existing use basis that reflects recent transactions for similar vessels.

In 2018, after the vessel was purchased, it was subject to dry-docking and special survey costs which were capitalised. During the year under review, the vessel was subject to dry docking costs which were capitalised as part of the vessel's cost.

No deferred tax liability arising on the revaluation has been recognised in view of the exemption of tax on gains derived from sale or other transfer of a tonnage tax ship under the tonnage tax regime under the Merchant Shipping Act 1973 (Chap 234, Laws of Malta) and as amended by Legal Notice 224 of 2004 Merchant Shipping (Taxation and Other Matters Relating to Shipping Organisations) Regulations, 2004.

The carrying amount of the motor vessel that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation and accumulated impairment losses is €888,498 (2021: €1,106,417).

16. Leases

Right-of-use asset – The Group

	Buildings €	Motor Vehicles €	Total €
Year ended 31 December 2021			
Opening carrying amount	30,638	1,075	31,713
Depreciation charge	(16,280)	-	(16,280)
Carrying amount at 31 December 2021	14,358	1,075	15,433
Year ended 31 December 2022			
Opening carrying amount	14,358	1,075	15,433
Additions	29,942	-	29,942
Termination of lease agreement	-	(1,075)	(1,075)
Depreciation charge	(17,314)	-	(17,314)
Carrying amount at 31 December 2022	26,986	-	26,986

16. Leases (continued)

Right-of-use asset – The Company

	Buildings €	Total €
Year ended 31 December 2021		
Opening carrying amount	-	-
Depreciation charge	-	-
	<u>-</u>	<u>-</u>
Carrying amount at 31 December 2021	<u>-</u>	<u>-</u>
Year ended 31 December 2022		
Opening carrying amount	-	-
Additions	29,942	29,942
Depreciation charge	(14,971)	(14,971)
	<u>14,971</u>	<u>14,971</u>
Carrying amount at 31 December 2022	<u>14,971</u>	<u>14,971</u>

Lease liabilities

Lease liabilities are presented in the statement of financial position of the Company as follows:

	The Group		The Company	
	2022 €	2021 €	2022 €	2021 €
Current				
Lease liabilities	<u>19,136</u>	<u>3,027</u>	<u>15,565</u>	<u>-</u>
Non-current				
Lease liabilities	<u>10,309</u>	<u>17,532</u>	<u>-</u>	<u>-</u>

16. Leases (continued)

The depreciation on right-of-use asset and the interest expense on lease liabilities are recognised in the statements of comprehensive income as follows:

	The Group	
	2022 €	2021 €
Depreciation on right-of-use assets		
Depreciation (included in administrative expenses)	<u>17,314</u>	<u>16,280</u>
Interest expense		
Interest expense on lease liabilities (included as finance costs)	<u>3,114</u>	<u>5,377</u>
	The Company	
	2022 €	2021 €
Depreciation on right-of-use assets		
Depreciation (included in administrative expenses)	<u>14,971</u>	<u>-</u>
Interest expense		
Interest expense on lease liabilities (included as finance costs)	<u>1,497</u>	<u>-</u>

At 31 December 2022, the Group does not have short-term leases or leases of low value assets.

The future minimum lease payments at 31 December 2022 were as follows:

	Not later than one year	Later than one year but not later than five years	Total
	€	€	€
The Group			
At 31 December 2022			
Lease payments	21,189	11,694	32,883
Finance charges	<u>(2,053)</u>	<u>(1,385)</u>	<u>(3,438)</u>
Net present value	<u>19,136</u>	<u>10,309</u>	<u>29,445</u>

16. Leases (continued)

The future minimum lease payments at 31 December 2022 were as follows:

	Not later than one year	Later than one year but not later than five years	Total
	€	€	€
The Company			
At 31 December 2022			
Lease payments	16,350	-	16,350
Finance charges	(785)	-	(785)
Net present value	15,565	-	15,565

17. Investment in subsidiaries

The carrying amount of the investment in subsidiary at reporting date was as follows:

	The Group 2022	2021
	€	€
At 1 January		
Cost and carrying net book amount	<u>939</u>	<u>939</u>
At 31 December		
Cost and carrying net book amount	<u>939</u>	<u>939</u>

17. Investment in subsidiaries (continued)

The carrying amount of investment in subsidiaries is equivalent to the cost of the investment. The subsidiaries as at 31 December 2022 and 31 December 2021 are shown below:

	Registered Office	Percentage of shares held	2022 €	2021 €
Damask Investment Limited	Kingsway Palace Republic Street Valletta VLT 1115 Malta	100	233	233
DS Chartering Limited	Kingsway Palace Republic Street Valletta VLT 1115 Malta	100	233	233
DS Shipping Ltd	Kingsway Palace Republic Street Valletta VLT 1115 Malta	100	240	240
AST Shipping Limited	Kingsway Palace Republic Street Valletta VLT 1115 Malta	100	233	233
			<u>939</u>	<u>939</u>

18. Loan receivables

	The Company 2022 €	2021 €
Non- current		
Loans advanced to subsidiaries	<u>1,263,608</u>	<u>1,517,795</u>
Current		
Loans advanced to subsidiaries	<u>973,020</u>	<u>581,117</u>
Total	<u>2,236,628</u>	<u>2,098,912</u>

Non-current portion of loans advanced to subsidiaries are unsecured, bear interest at 8% per annum and are repayable by 31 December 2027.

18. Loan receivables

Current portion of loans advanced to subsidiaries relates to accrued interests at year end amounting to €464,879 and capital repayment of €508,141 due on 31 December 2023. The loan is unsecured and bears interest at 8% per annum.

19. Deferred taxation

Deferred taxation is calculated on all temporary differences under the liability method, using the principal tax rate in each jurisdiction, in which the Company operates through its branches namely in: Greece, Cyprus, France, Spain and Hungary.

The movement in the deferred tax asset is as follows:

	The Company		The Company	
	2022	2021	2022	2021
	€	€	€	€
Deferred tax asset				
At beginning of the year	158,012	84,442	-	-
(Charged)/ credited to profit or loss	(88,751)	73,570	-	-
At end of year	<u>69,261</u>	<u>158,012</u>	<u>-</u>	<u>-</u>

The movement in the deferred tax liability is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Deferred tax liability				
At beginning of the year	-	(13,077)	-	-
Credited to profit or loss	-	13,077	-	-
At end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. Deferred taxation (continued)

Deferred taxation is principally composed of deferred tax assets and liabilities which are to be recovered and settled after more than twelve months. Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority. The deferred taxation balance at 31 December represents:

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Deferred tax asset				
<i>Temporary differences on:</i>				
Property, plant and equipment	(93)	(296)	-	-
Provisions	9,584	9,592	-	-
Unabsorbed capital allowances	5,900	4,991	-	-
Unabsorbed tax losses	50,692	140,612	-	-
Unutilised tax credits	3,113	3,113	-	-
Leases	65	-	-	-
	69,261	158,012	-	-

20. Inventories

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Animal feed	737,133	1,436,403	-	-
Spare	139,704	80,858	-	-
Fuel and oils	211,491	54,674	-	-
	1,088,328	1,571,935	-	-

21. Trade and other receivables

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Trade receivables	1,007,317	415,707	-	-
Amounts due from parent company	54,647	42,247	42,247	42,247
Amounts due from ultimate beneficial owner	521,085	328,399	43,063	43,063
Amounts due from subsidiaries	-	-	251,145	176,030
Indirect taxation refundable	134,461	82,245	-	-
Tax refundable	3,479	646	-	-
Prepayments and accrued income	251,614	95,584	3,657	2,957
Advance payments	859,458	294,158	-	-
Other receivables	53,487	20,206	-	-
	<u>2,885,548</u>	<u>1,279,192</u>	<u>340,112</u>	<u>264,297</u>

The Group's exposure to credit risk and impairment losses in relation to trade and other receivables is reported in Note 30 to the financial statements.

Amounts due from parent company, amounts due from ultimate beneficial owner and amounts due from subsidiaries are unsecured, interest free and are repayable within the normal operating cycle of the Company. After the year end, amounts due from ultimate beneficial owner are to be regulated by means of a loan agreement which amounts shall be repaid over the term of the €8,500,000 6.25% Secured Bonds 2033.

22. Share capital

	The Group and the Company	
	2022	2021
	€	€
Authorised		
250,000 ordinary shares of €1 each	<u>250,000</u>	<u>50,000</u>
Issued and Fully Paid Up		
250,000 ordinary shares of €1 each	<u>250,000</u>	<u>50,000</u>

23. General reserve

The general reserve is a non-distributable reserve set up to finance the branches' capital expenditure.

24. Capital contribution

Capital contribution relates to contributions from the ultimate beneficial owner, Mr. Emmanouil Kalamaras. These balances are unsecured, interest free and is repayable exclusively at the option of the Company.

25. Accumulated losses

This represents accumulated profits or losses. No dividends were paid out of retained earnings during the year under review.

26. Borrowings

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Non-current				
1,835,000 5.5% Unsecured Bonds 2028	<u>1,799,607</u>	<u>1,792,657</u>	<u>1,805,975</u>	<u>1,800,265</u>
 Bonds outstanding (face value)	<u>1,835,000</u>	<u>1,835,000</u>	<u>1,835,000</u>	<u>1,835,000</u>
 Gross amount of bond issue costs	(112,976)	(112,976)	(57,100)	(57,100)
 Amortisation of gross amount of bond issue costs:				
Amortised bond issue costs brought forward	70,633	33,255	22,365	16,655
Amortisation charge for the year	<u>6,950</u>	<u>37,378</u>	<u>5,710</u>	<u>5,710</u>
Unamortised bond issue costs	<u>(35,393)</u>	<u>(42,343)</u>	<u>(29,025)</u>	<u>(34,735)</u>
 Amortised cost and closing carrying amount	<u>1,799,607</u>	<u>1,792,657</u>	<u>1,805,975</u>	<u>1,800,265</u>

Interest

Interest on the 5.5% Unsecured Bonds 2028 is payable annually in arrears, on 31 January of each year.

Security

The bonds constitute the general, direct, unconditional and unsecured obligation of the Group, and shall at all times rank pari passu, without any priority or preference among themselves and with other outstanding debt of the Group, present and future. In addition, the bonds would rank after any future debts which may be secured by a cause of preference such as a pledge, privilege and/or a hypothec.

26. Borrowings

Sinking fund

On 22 April 2023, AST Group plc and GVZH Trustees Limited have entered into an Escrow Agreement for the set-up and administration of the sinking fund, in line with the Company Admission Document. The required contributions to the sinking fund as at 31 December 2022 amounted to €300,000.

27. Other liabilities

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Noncurrent				
Provision on government grants received	63,858	157,278	-	-
Other	-	1,693	-	-
	<u>63,858</u>	<u>158,971</u>	<u>-</u>	<u>-</u>
Current				
Provision on government grants received	9,830	-	-	-
	<u>73,688</u>	<u>158,971</u>	<u>-</u>	<u>-</u>

Provision on government grant received represents government grant received in Greek branch. In 2022, part of the amount was waived by the Greek government and is tax free. The remaining balance of €73,688 will be repaid in 96 interest free monthly instalments.

28. Trade and other payables

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Trade payables	2,669,912	1,101,125	707	-
Amounts due to subsidiary	-	-	639,309	183,626
Indirect taxation	161,444	751,788	-	-
FSS and social security payable	2,699	4,153	-	-
Accrued expenses	340,971	172,515	116,100	114,839
Other payables	11,918	2,638	-	-
	<u>3,186,944</u>	<u>2,032,219</u>	<u>756,116</u>	<u>298,465</u>

Amounts due to subsidiary are unsecured, interest free and are repayable within the normal operating cycle of the Company.

29. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents at the end of the year comprise the following:

	The Group		The Company	
	2022	2021	2022	2021
	€	€	€	€
Cash at bank and in hand	<u>1,119,807</u>	<u>621,401</u>	<u>1,137</u>	<u>455</u>

30. Financial risk management

At the year end, the Group's main financial assets on the statement of financial position comprised of trade and other receivables and cash held at bank and in hand. At the year end the company's main financial liabilities on the statement of financial position consisted of trade and other payables, and borrowings. At the year-end there were no off-statement of financial position financial assets or financial liabilities.

Timing of Cash Flows

The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective company's functional currency. The Company is exposed to foreign exchange risk arising primarily from the Group's sales and purchases; a part of which are denominated in the USD dollar.

Management does not consider foreign exchange risk attributable to recognised assets and liabilities arising from sales and purchase transactions to be significant since balances are settled within very short periods in accordance with the negotiated credit terms.

Credit Risk

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash at bank, trade receivables and amounts due from related companies. The carrying amounts of trade and other receivables and balances due from related companies are stated net of necessary provisions which have been prudently made against bad and doubtful debts in respect of which management reasonably believes that recoverability is doubtful.

The Group's cash at bank is placed with high quality financial institutions. Management considers the probability of default to be close to zero as the counterparties have strong capacity to meet their contractual obligation in the near term. As a result, no loss allowance has been recognised based on a 12 month expected credit losses since any impairment would be insignificant to the Group.

30. Financial risk management (continued)

Credit Risk (continued)

The Group assesses the credit quality of its customers, mainly taking into account the financial positions, past experience and other factors. Management ensures that sale of goods are effected with customers with an appropriate credit history. Management monitors on a consistent basis the performance of its trade and other receivables on a regular basis to identify expected credit losses, which are inherent in the Group's debtors, taking into account historical experience in collection of accounts receivable. The Group's trade receivables, which are not impaired financial assets, are principally debts in respect of transactions with customer for whom there is no recent history of default. Management does not expect any losses from non performance by these customers. In order to manage the credit risk, the Group has entered into factoring agreements in Greece, Spain, France and Malta to ensure that the credit exposure of the Group is reduced to a minimum. The factoring agreements entered into, are without recourse and cover the Group's credit exposure up to 80% of the receivable. Such measures reduce significantly the credit risk of the Group arising from trade and other receivables.

With respect to balances due from related companies, the Group assesses the credit quality of the related companies by taking into account the financial position, performance and other factors. In measuring expected credit losses on these balance, management determined the impairment provision independently from third party receivables. At 31 December 2022, management does not expect losses from non-performance or defaults from related companies.

Liquidity Risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

Management monitors liquidity risk by means of cash flows forecasts on the basis of expected cash flows over a twelve month period detailed by the Group's segments to ensure that no additional financing facilities are expected to be required over the coming year.

The carrying amounts of the Group's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date in the respective notes to the financial statements.

Fair Values

At 31 December 2022 and 31 December 2021, the fair values of financial assets and financial liabilities are not materially different from their carrying amounts.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives during the year ended 31 December 2022 and 31 December 2021.

31. Events subsequent to Statement of Financial Position Date

After the year end, the Group has undertaken a restructuring exercise whereby a new holding company, AST Green Shipping limited was incorporated to act as a holding company for all the companies within the AST Group carrying out the shipping operations, namely AST Shipping Limited, DS Shipping Ltd and DS Chartering Limited. On 23 March 2023, the shares in the latter companies have been transferred from AST Group plc to AST Green Shipping Limited, having company registration number C104938, which is wholly owned by AST Group plc. The pledges over the issued share capital of the AST Shipping Limited have been released on repledged by AST Green Shipping Limited, being the new pledgor.

On 20 April 2023, the Company issued a Prospectus dated 20 April 2023 relating to an offer of €8,500,000 Secured Bonds maturing in 2033. The bonds are being issued to the public in accordance with the Capital Market Rules of the Malta Financial Services Authority. The bonds are expected to be admitted to the Official List of the Malta Stock Exchange on 16 June 2023 and trading is expected to commence on 19 June 2023.

In view of the above, subject to the approval of the bondholders the €2,000,000 5.5% secured bonds 2028 of nominal value €100 per bond, issued at par by the Company pursuant to and in accordance with the terms and conditions of the company admission document dated 4 December 2017 and admitted on the Prospects MTF List of the Malta Stock Exchange for the early redemption of the AST Prospects MTF Bonds, part of the proceeds of the new bonds shall be used by the Company for the purposes of redeeming the AST Prospects MTF bonds. The AST Prospects MTF Bonds has ceased trading on the Prospects MTF List of the Malta Stock Exchange on 21 April 2023.