20230608046699

ÅRSREDOVISNING

för

GAC Sweden AB

Org.nr. 556556-3029

Styrelsen och verkställande direktören får härmed avlämna årsredovisning för räkenskapsåret 2022-01-01 - 2022-12-31

Innehåll	Sida
- förvaltningsberättelse	2
- resultaträkning	4
- balansräkning	5
- noter	7
- underskrifter	9

Undertecknad styrelseledamot i GAC Sweden AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 20e Mars 2023 . Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Göteborg: 20/3 - 2023

.....

Johan Ehn

20230413303363

ÅRSREDOVISNING

för

GAC Sweden AB

Org.nr. 556556-3029

Styrelsen och verkställande direktören får härmed avlämna årsredovisning för räkenskapsåret 2022-01-01 - 2022-12-31

Innehåll	Sida
- förvaltningsberättelse	2
- resultaträkning	4
- balansräkning	5
- noter	7
- underskrifter	9

GAC Sweden AB
Org.nr. 556556-3029

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i svenska kronor, SEK.

Verksamheten

Allmänt om verksamheten
Företaget bedriver skeppsmäkleri, fartygsklarering och administrativa tjänster till den maritima näringen i Svenska hamnar. Bolaget utför även logistiktjänster nationella och internationella med inriktning på sjö, flyg, land och projekttransporter.
Företagets säte är Göteborg

Väsentliga händelser under räkenskapsåret
Verksamheten påverkas i hög grad av konjunkturutvecklingen och svensk industris konkurrenskraft på världsmarknaden, men även europeiska bolag och främst rederiers situation har en stark påverkan. Verksamheten är mycket konkurrensutsatt och marknaden är mer eller mindre konstant eller svagt växande inom logistiken. Då verksamheten är internationell kan oförutsägbara omvärldsfaktorer och valutafluktuationer ha stor påverkan på bolagets verksamhet och lönsamhet.

GAC Sweden har under året förvärvat två verksamheter. I Malmö skeppsmäklaren/Fartygsagenten Hasting Shipservices AB samt ett inkråmsövertagande av Norra Skeppningsgruppen i Oxelösund. Detta kommer att öka antalet anlöp med ca 600 anlöp vilket borde medföra en ökning på ca 25% i antal jobb under 2023 jmf med 2022. Inför 2023 tror vi generellt på en viss minskning inom shipping. Främst inom Kryssning där antalet anlöp minskat dramatiskt pga kriget i Ukraina. Kriget sätter även sina spår i ändrade flöden som kan vara svåra att förutse. Främst inom energisidan. Vi ser en potential inom vissa segment som tex vindkraft till havs. Hur mycket det kan tillföra redan 2023 är svårt att uppskatta. Vi i tror också på en ökning inom speditionsverksamheten då några av våra viktigaste kunder planerar att öka sina exportvolymer under 2023.

Bolagets strategi är fortsatt att genom bibehållen operationell kvalité, ökad nyförsäljning och fortsatt expansion öka omsättningen för alla verksamhetsgrenar under 2023. Vi har inga planerade projekt för 2023 men tror och hoppas att några av våra nyckelkunder kommer att ha ett normalt år eller tom något bättre vilket borde borga för bättre lönsamhet än 2022 och i paritet med 2021.

Flerårsöversikt

Beloppen i Flerårsöversikt visas i Tkr

	2022	2021	2020	2019
Nettoomsättning	38 027	32 692	26 707	57 619
Resultat efter finansiella poster	-351	667	-2 154	4 153
Soliditet (%)	4	5	5	12

Definitioner av nyckeltal, se noter

Omsättningen under 2022 har under året ökat men ligger något under budget.
- GAC Sweden har förvärvat två bolag Hastings Shipservices AB och Norra skeppningsgruppen.
- Kryssningssäsongen var tillbaka och vi har haft fler anlöp än något tidigare år
- Vi har haft en bra tillväxt i både tank och torrlast segmentet
- Resultatet är negativt pga att vår generellt lönsammaste kund hade ett betydligt sämre år än väntat. Kunden har haft ett bra år men tjänsterna vi erbjuder har inte efterfrågats som vi hoppats. Vi tror därför starkt på 2023.

Förändringar i eget kapital

	Aktiekapital	Reserv-fond	Fritt eget kapital
Belopp vid årets ingång	100 000	20 000	3 046 115
Årets resultat			-351 359
Belopp vid årets utgång	100 000	20 000	2 694 756

20230413033364

GAC Sweden AB
Org.nr. 556556-3029

Resultatdisposition

Medel att disponera:	
Balanserat resultat	3 046 115
Årets resultat	-351 359
	2 694 756
Förslag till disposition:	
Balanseras i ny räkning	2 694 756
	2 694 756

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

GAC Sweden AB
Org.nr. 556556-3029

RESULTATRÄKNING

	Not	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Rörelseintäkter, lagerförändringar m.m.			
Nettoomsättning		38 026 532	32 692 287
Produktionskostnader		-14 419 004	-9 611 459
Övriga rörelseintäkter		2 130 179	1 983 459
Summa rörelseintäkter, lagerförändringar m.m.		25 737 707	25 064 287
Rörelsekostnader			
Övriga externa kostnader		-8 111 580	-6 269 650
Personalkostnader	2	-16 927 809	-17 157 974
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-1 008 668	-963 857
Summa rörelsekostnader		-26 048 057	-24 391 481
Rörelseresultat		-310 350	672 806
Finansiella poster			
Resultat från övriga finansiella anläggningstillgångar		45	0
Räntekostnader och liknande resultatposter	3	-41 054	-6 088
Summa finansiella poster		-41 009	-6 088
Resultat efter finansiella poster		-351 359	666 718
Resultat före skatt		-351 359	666 718
Årets resultat		**-351 359**	**666 718**

20230413033365

GAC Sweden AB
Org.nr. 556556-3029

BALANSRÄKNING

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	4	3 094 008	3 049 861
Summa immateriella anläggningstillgångar		3 094 008	3 049 861
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	5	8 482	17 150
Summa materiella anläggningstillgångar		8 482	17 150
Finansiella anläggningstillgångar			
Andelar i koncernföretag	6	2 500 000	0
Summa finansiella anläggningstillgångar		2 500 000	0
Summa anläggningstillgångar		5 602 490	3 067 011
Omsättningstillgångar			
Varulager m.m.			
Pågående arbete för annans räkning	7	48 856	161 234
Summa varulager		48 856	161 234
Kortfristiga fordringar			
Kundfordringar		20 543 332	22 130 878
Fordringar hos koncernföretag		2 692 045	2 336 215
Övriga fordringar		29 028 378	8 847 596
Förutbetalda kostnader och upplupna intäkter		2 582 414	2 477 074
Summa kortfristiga fordringar		54 846 169	35 791 763
Kassa och bank			
Kassa och bank		15 037 990	26 398 817
Summa kassa och bank		15 037 990	26 398 817
Summa omsättningstillgångar		69 933 015	62 351 814
SUMMA TILLGÅNGAR		**75 535 505**	**65 418 825**

GAC Sweden AB
Org.nr. 556556-3029

BALANSRÄKNING

	Not	2022-12-31	2021-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		100 000	100 000
Reservfond		20 000	20 000
Summa bundet eget kapital		120 000	120 000
Fritt eget kapital			
Balanserat resultat		3 046 115	2 379 397
Årets resultat		-351 359	666 718
Summa fritt eget kapital		2 694 756	3 046 115
Summa eget kapital		2 814 756	3 166 115
Kortfristiga skulder			
Förskott från kunder		19 605 222	2 823 323
Pågående arbete för annans räkning	7	63 444	62 186
Leverantörsskulder		44 558 840	52 511 038
Skulder till koncernföretag		1 974 346	88 542
Övriga skulder		2 523 666	2 821 163
Upplupna kostnader och förutbetalda intäkter		3 995 231	3 946 458
Summa kortfristiga skulder		72 720 749	62 252 710
SUMMA EGET KAPITAL OCH SKULDER		**75 535 505**	**65 418 825**

NOTER

Not 1 Redovisnings- och värderingsprinciper

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd (BFNAR 2016:10) om årsredovisning i mindre företag.

Immateriella anläggningstillgångar
Tillämpade avskrivningstider:

	Antal år
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	5

Materiella anläggningstillgångar
Tillämpade avskrivningstider:

	Antal år
Byggnader och mark	
Inventarier, verktyg och installationer	5

Tjänste- och entreprenaduppdrag
Företagets intäkter från uppdrag till fast pris redovisas enligt alternativregeln.

Noter till resultaträkningen

Not 2 Medelantal anställda

	2022	2021
Medelantal anställda		
Medelantalet anställda bygger på av bolaget betalda närvarotimmar relaterade till en normal arbetstid.		
Medelantal anställda har varit	21,00	22,00

Not 3 Räntekostnader och liknande resultatposter

	2022	2021
Räntekostnader och liknande resultatposter som avser skulder till koncernföretag	-41 054	-6 088

Noter till balansräkningen

Not 4 Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	5 000 000	4 750 000
Inköp	1 044 147	250 000
Utgående anskaffningsvärden	6 044 147	5 000 000
Ingående avskrivningar	-1 950 139	-995 833
Årets avskrivningar	-1 000 000	-954 306
Utgående avskrivningar	-2 950 139	-1 950 139
Redovisat värde	3 094 008	3 049 861

NOTER

Not 5	Inventarier, verktyg och installationer	2022-12-31	2021-12-31
	Ingående anskaffningsvärden	381 265	381 265
	Utgående anskaffningsvärden	381 265	381 265
	Ingående avskrivningar	-364 115	-354 563
	Årets avskrivningar	-8 668	-9 552
	Utgående avskrivningar	-372 783	-364 115
	Redovisat värde	8 482	17 150

Not 6	Andelar i koncernföretag			2022-12-31	2021-12-31
	Företag		Antal /Kapital-	Redovisat	Redovisat
	Organisationsnummer	Säte	andel %	värde	värde
	Hasting Ship Services AB 559039-1255	Malmö	100	2 500 000	0
				2 500 000	0
	Hasting Ship Services AB				
	Inköp			2 500 000	0
	Utgående anskaffningsvärden			2 500 000	0
	Redovisat värde			2 500 000	0

Not 7	Pågående arbeten för annans räkning	2022-12-31	2021-12-31
	Aktiverade nedlagda utgifte r(tillgång)	48 856	161 234
		48 856	161 234

Not 8	Pågående arbete för annans räkning	2022-12-31	2021-12-31
	Fakturerat belopp (skulder)	63 444	62 186
		63 444	62 186

Övriga noter

Not 9	Ställda säkerheter	2022-12-31	2021-12-31
	Andra ställda säkerheter	296 000	296 000

Not 10 Koncernförhållanden

Bolaget är dotterbolag till G.A.C Holding BV org nr18033954 med säte i Eersel, Nederländerna.

Moderbolaget i den största koncernen där GAC Sweden AB är dotterbolag och koncernredovisning upprättas är Gulf Agency Company ltd med säte i Liechtenstein.
Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning.

Not 11 Definition av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning

20230413033367

GAC Sweden AB
Org.nr. 556556-3029

Göteborg

Johan Ehn
Styrelseledamot
Verkställande direktör
2023-03-02

Thomas Okbo
Styrelseledamot
Ordförande
2023-03-02

Bengt Ekstrand
Styrelseledamot
2023-03-02

Vår revisionsberättelse har lämnats den 2/3 - 2023

KPMG AB

Jan Malm
Auktoriserad revisor

20230413003368

Revisionsberättelse

Till bolagsstämman i GAC Sweden AB, org. nr 556556-3029

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för GAC Sweden AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av GAC Sweden ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till GAC Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

20230413033359

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för GAC Sweden AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till GAC Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.
Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Göteborg 2023-03-02

KPMG AB

Jan Malm
Auktoriserad revisor

20230608023333

Gulf Agency Company Limited Vaduz and its subsidiaries

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of the Shareholder

31 December 2022

Gulf Agency Company Limited Vaduz and its subsidiaries

Contents

	Page
Management report	1
Statutory auditors' report	2-3
Consolidated statement of profit or loss and other comprehensive income	4
Consolidated statement of financial position	5-6
Consolidated statement of cash flows	7-8
Consolidated statement of changes in equity	9-10
Notes to the consolidated financial statements	11-50
Supplementary information	51

Management report

The management (on behalf of the Board of Directors) submit their report and the audited consolidated financial statements as at and for the year ended 31 December 2022.

20230608023334

Principal activities

Gulf Agency Company Limited ("the Company") and its subsidiaries, associates, and joint ventures ("the Group") are involved in providing shipping, logistics and marine services in multiple locations worldwide. The Company also operates a branch in the United Arab Emirates. During the year, the Board of Directors of the Company resolved to close its branch in Lebanon. The Company is a wholly owned subsidiary of Stablehold Foundation ("the Holding Entity"), a Foundation incorporated in Vaduz, Liechtenstein.

Basis of preparation of accounts

The accompanying audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and comply with Liechtenstein law.

The management has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these consolidated financial statements as at and for the year ended 31 December 2022.

Results

The Group has reported a net profit for the year ended 31 December 2022 after tax of USD 74.7 million *(2021: USD 36.1 million)*.

Risk management

The qualitative and quantitative information on the Group's approach to financial risk management and capital management is included in note 29 to these consolidated financial statements.

Proposed dividend

Subsequent to year end, on 13 February 2023, the Directors of the Company proposed a dividend of USD 21.5 million (USD 1,869.6 per share) for the year 2022. Furthermore, a dividend of USD 11.85 million (USD 1,030.4 per share) was approved and paid in 2022 based on the approval from the Shareholder in the Annual General meeting held on 25 May 2022.

Business outlook

The performance of the Group continued to remain strong in 2022. The outlook for 2023, however, appears to be more restrained. We expect that inflation and continuing uncertainty, driven by global issues, will have a dampening effect on the results of the Group. The Group will continue to focus its business efforts on ship agency (along with husbandry) and niche logistics. Also, the focus of the Group remains to retain and recruit talent along with progressing on its sustainability and information technology (IT) digitalization related initiatives.

Related Parties

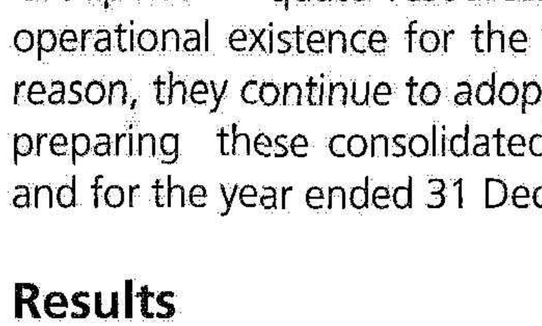
The consolidated financial statements disclose related party transactions and balances in note 24. All transactions are carried out as per agreed terms and as part of the Group's normal course of business, in compliance with applicable laws and regulations.

Directors

The directors of the Company during the year were as follows:

Björn Engblom;
Lars Säfverström;
Bengt Ekstrand;
Andrew Leach;
Mikael Leijonberg; and
Suzanne Keicher.

By order of the Board



Director

14 April 2023

Date

KPMG (Liechtenstein) AG
Aeulestrasse 2
LI-9490 Vaduz
+41 58 249 70 40
kpmg.li

Statutory Auditor's Report to the General Meeting of

Gulf Agency Company Limited, Vaduz

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements (pages 4 to 50) of Gulf Agency Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and the additional requirements pursuant to Article 17a of the Ordinance on the Liechtenstein Persons and Companies Act (PGR-VO).

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We are independent of the Group in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is 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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Liechtenstein law and 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 consolidated financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements or, 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.

© 2022 KPMG (Liechtenstein) AG, a Liechtenstein corporation, is a subsidiary of KPMG Holding AG, which is a member of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

EXPERTsuisse Certified Company

202306080233

- 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.

- Conclude on the appropriateness of the Board of 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 the Board of Directors or the Audit Committee 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.

Report on Other Legal and Regulatory Requirements

Further confirmations pursuant to Article 196 PGR
The accompanying consolidated management report (page 1) has been prepared in accordance with the applicable legal requirements, is consistent with the consolidated financial statements and, in our opinion, based on the knowledge obtained in the audit of the consolidated financial statements and our understanding of the Group and its environment does not contain any material misstatements.

We further confirm that the consolidated financial statements comply with Liechtenstein law and the articles of incorporation. We recommend that the consolidated financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Hans Vils
Chartered Accountant
Auditor in Charge

Julia Kuoni
Swiss Certified Accountant

Vaduz, 14 April 2023

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

In thousands of USD	Note	2022	2021
Revenue	4	**519,787**	471,925
Cost of sales	5	**(262,513)**	(251,920)
Other income	6	**11,171**	13,433
Service revenue earned from related parties	24(b)	**17,194**	14,413
Reversal of impairment losses on long term receivables from related parties	24(c)	**190**	34
Personnel expenses	7	**(147,501)**	(140,270)
Selling, administrative and general expenses		**(47,692)**	(48,108)
Impairment loss on trade receivables, net	29(a)	**(2,293)**	(2,048)
Impairment loss on goodwill	13	**(799)**	-
Depreciation and amortisation	11,12,13	**(17,815)**	(21,605)
Operating profit		**69,729**	35,854
Finance income	8(a)	**2,208**	2,669
Finance expenses	8(b)	**(5,184)**	(2,734)
Share of profit of equity-accounted investees, net of tax	14	**17,277**	9,038
Profit before tax		**84,030**	44,827
Income tax expense	9	**(9,368)**	(8,743)
Profit for the year		**74,662**	36,084
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Actuarial (loss) / gain on defined benefit pension plans		**(15)**	509
Change in deferred tax on defined benefit pension plan assets		**22**	(53)
Items that are or may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges, net		**89**	222
Currency translation differences - foreign operations		**(7,238)**	(2,146)
Total other comprehensive income		**(7,142)**	(1,468)
Total comprehensive income for the year		**67,520**	34,616
Profit for the year attributable to:			
Shareholders of the Company		**66,127**	29,694
Non-controlling interest	20	**8,535**	6,390
Profit for the year		**74,662**	36,084
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**59,824**	28,671
Non-controlling interest		**7,696**	5,945
Total comprehensive income for the year		**67,520**	34,616

The notes on pages 11 to 50 form an integral part of these consolidated financial statements.

The statutory auditors' report is set out on pages 2 to 3.

Consolidated statement of financial position

As at

In thousands of USD	Note	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property and equipment	11	**81,187**	86,029
Right-of-use assets	12	**19,281**	20,127
Intangible assets and goodwill	13	**8,184**	10,011
Equity-accounted investees	14	**41,597**	39,771
Deferred tax assets	16	**4,050**	2,629
Defined benefit plan assets - net		**464**	626
Trade and other receivables - non current	17	**10,178**	15,124
Total non-current assets		**164,941**	174,317
Current assets			
Inventories		**1,361**	818
Trade and other receivables - current	17	**254,502**	260,046
Cash in hand and at bank	18	**188,000**	144,916
Work in progress - Net	23	**15,150**	-
Non-current assets held for sale	10	**18,653**	18,786
Total current assets		**477,666**	424,566
Total assets		**642,607**	598,883

20230608023336

Consolidated statement of financial position *(continued)*

As at

In thousands of USD	Note	31 December 2022	31 December 2021
Equity and liabilities			
Equity			
Share capital	19(a)	**460**	460
Reserves	19(b)	**(18,256)**	(14,215)
Retained earnings		**271,666**	217,439
Equity attributable to owner of the Company		**253,870**	203,684
Non-controlling interest	20	**17,301**	14,512
Total equity		**271,171**	218,196
Liabilities			
Non-current liabilities			
Deferred tax liabilities	16	**98**	10
Post-employment benefits	15	**10,949**	10,102
Defined benefit plan liabilities - net		**376**	500
Bank borrowings - non-current	21	**2,991**	8,667
Trade and other payables - non-current	22	**862**	802
Lease liabilities - non-current	25	**12,547**	11,469
Total non-current liabilities		**27,823**	31,550
Current liabilities			
Income tax payable	9(c)	**8,117**	6,971
Bank borrowings - current	21	**22,312**	31,915
Trade and other payables - current	22	**305,235**	286,393
Advances from customers-net	23	**-**	14,435
Lease liabilities - current	25	**7,949**	9,423
Total current liabilities		**343,613**	349,137
Total liabilities		**371,436**	380,687
Total shareholders' equity and liabilities		**642,607**	598,883

The notes on pages 11 to 50 form an integral part of these consolidated financial statements.

To the best of our knowledge, the consolidated financial statements present fairly, in all material respects, the consolidated financial position, results of operation and cash flows of the Group, as of, and for the year ended 31 December 2022.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on 14 April 2023 and were signed on their behalf by:

Director

Director

The statutory auditors' report is set out on pages 2 to 3.

Consolidated statement of cash flows

For the year ended 31 December

In thousands of USD	Note	2022	2021
Cash flows from operating activities			
Profit for the year after tax		**74,662**	36,084
Adjustments for:			
Depreciation and amortisation	11,12,13	**17,815**	21,605
Provision for post-employment benefits - net of actuarial gains or losses	15(a)	**2,278**	1,193
Finance expense	8(b)	**5,184**	2,734
Finance income	8(a)	**(2,208)**	(908)
Share of profit of equity-accounted investees	14	**(17,277)**	(9,038)
Gain on disposal of property and equipment - net		**(994)**	(507)
Income tax expense	9	**9,368**	8,743
Writeback of impairment losses on long term receivables	24(c)	**(190)**	(34)
Amortisation of transaction cost on loan	21	**125**	79
Expense on defined contribution plan		**30**	50
Gain on disposal of equity-accounted investees and subsidiaries	6	**(3,775)**	-
Impairment of goodwill	13	**799**	-
		85,817	60,001
Change in trade and other receivables		**4,475**	(75,761)
Change in inventories		**(543)**	(132)
Change in advance from customers, net		**(30,521)**	(22,235)
Change in trade and other payables		**23,136**	67,750
Cash generated from operating activities		**82,364**	29,623
Post-employment benefits paid	15(a)	**(1,131)**	(1,209)
Withdrawal from / (contribution) to retirement plan assets - net		**8**	(106)
Income tax paid	9(c)	**(9,760)**	(4,533)
Net cash generated from operating activities		**71,481**	23,775
Cash flows from investing activities			
Investments in equity-accounted investees	14	**(1,053)**	(358)
Disposal of equity-accounted investees	14	**11,768**	143
Dividends received from equity-accounted investees	14	**6,536**	6,623
Interest received		**2,129**	1,048
Purchase of intangible assets		**(89)**	(262)
Purchase of property and equipment	11	**(6,979)**	(9,890)
Proceeds from disposal of property and equipment		**2,378**	635
Proceeds from disposal of non-current assets held for sale	10	**1,048**	-
Net movement non-current trade and other receivables		**1,763**	(1,567)
Proceeds from disposal of a subsidiary		**200**	-
Net cash from / (used in) investing activities		**17,701**	(3,628)
Cash flows from financing activities			
Payments of dividends to non-controlling interest		**(4,918)**	(4,129)
Bank borrowings availed	21	**-**	12,294
Bank borrowings repaid	21	**(12,117)**	(5,889)
Net movement non-current trade and other payables		**60**	106
Interest paid		**(3,153)**	(1,881)
Dividends paid to the shareholder of the Company		**(11,850)**	(6,700)
Payment of lease liabilities	25	**(8,765)**	(11,437)
Net cash used in financing activities		**(40,743)**	(17,636)

20230608023337

Consolidated statement of cash flows *(continued)*

For the year ended 31 December

In thousands of USD	Note	2022	2021
Net increase in cash and cash equivalents		**48,439**	2,511
Cash and cash equivalents at beginning of the year		**139,643**	138,218
Effect of exchange rate fluctuations on cash held		**(2,176)**	(1,086)
Cash and cash equivalents at end of the year	18	**185,906**	139,643

The notes on pages 11 to 50 form an integral part of these consolidated financial statements.

The statutory auditors' report is set out on pages 2 to 3.

Consolidated statement of changes in equity

For the year ended 31 December 2022

		Attributable to equity shareholders of the Company									
			Reserves								
In thousands of USD	Note	Share capital	Legal reserve	General & special reserve	Hedging reserve	Currency translation reserve	Capital reserve	Retained Earnings	Total	Non-controlling interest	Total
Balance as at 1 January 2022		460	1,377	1,273	(144)	(17,026)	305	217,439	203,684	14,512	218,196
Comprehensive income for the year											
Profit for the year		-	-	-	-	-	-	66,127	66,127	8,535	74,662
Other comprehensive income/(loss) for the year											
Currency translation difference		-	-	-	-	(6,422)	-	-	(6,422)	(816)	(7,238)
Change in fair value of cash flow hedges, net		-	-	-	89	-	-	-	89	-	89
Actuarial gain on defined benefit pension plans		-	-	-	-	-	-	19	19	(34)	(15)
Change in deferred tax on defined benefit pension plan assets		-	-	-	-	-	-	11	11	11	22
Total comprehensive income for the year		-	-	-	89	(6,422)	-	66,157	59,824	7,696	67,520
Transactions with owners of the Company:											
Dividends paid during the year		-	-	-	-	-	-	(11,850)	(11,850)	(4,918)	(16,768)
Total transactions with owners of the Company		-	-	-	-	-	-	(11,850)	(11,850)	(4,918)	(16,768)
Other equity movements:											
Transfer to legal reserve		-	80	-	-	-	-	(80)	-	-	-
Reclassification of foreign currency differences on sale / liquidation of subsidiary and associates		-	-	-	-	2,212	-	-	2,212	-	2,212
Other movements		-	-	-	-	-	-	-	-	11	11
Total other equity movements		-	80	-	-	2,212	-	(80)	2,212	11	2,223
Balance as at 31 December 2022		460	1,457	1,273	(55)	(21,236)	305	271,666	253,870	17,301	271,171

Subsequent to year end, on 13 February 2023, the Directors of the Company have proposed a dividend of USD 21.5 million (USD 1,869.6 per share) for the year 2022. Furthermore, a dividend of USD 11.85 million (USD 1,030.4 per share)) was paid in 2022 based on the approval from the Shareholder in the Annual General meeting held on 25 May 2022.

The notes on pages 11 to 50 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity *(continued)*

For the year ended 31 December 2022

In thousands of USD	Note	Attributable to equity shareholders of the Company									
		Share capital	Reserves					Retained Earnings	Total	Non-controlling interest	Total
			Legal reserve	General & special reserve	Hedging reserve	Currency translation reserve	Capital reserve				
Balance as at 1 January 2021		460	1,354	1,273	(366)	(15,501)	305	194,188	181,713	12,708	194,421
Comprehensive income for the year											
Profit for the year		-	-	-	-	-	-	29,694	29,694	6,390	36,084
Other comprehensive income/(loss) for the year											
Currency translation difference		-	-	-	-	(1,525)	-	-	(1,525)	(621)	(2,146)
Change in fair value of cash flow hedges, net		-	-	-	222	-	-	-	222	-	222
Actuarial loss on defined benefit pension plans		-	-	-	-	-	-	307	307	202	509
Change in deferred tax on defined benefit pension plan assets		-	-	-	-	-	-	(27)	(27)	(26)	(53)
Total comprehensive income for the year		-	-	-	222	(1,525)	-	29,974	28,671	5,945	34,616
Transactions with owners of the Company:											
Dividends paid during the year		-	-	-	-	-	-	(6,700)	(6,700)	(4,129)	(10,829)
Total transactions with owners of the Company		-	-	-	-	-	-	(6,700)	(6,700)	(4,129)	(10,829)
Other equity movements											
Transfer to legal reserve		-	23	-	-	-	-	(23)	-	-	-
Other movements		-	-	-	-	-	-	-	-	(12)	(12)
Total other equity movements		-	23	-	-	-	-	(23)	-	(12)	(12)
Balance as at 31 December 2021		460	1,377	1,273	(144)	(17,026)	305	217,439	203,684	14,512	218,196

The notes on pages 11 to 50 form an integral part of these consolidated financial statements.

20230608023339

Notes to the Consolidated financial statements

1 Status and principal activities

Gulf Agency Company Limited, ("the Company") is incorporated in Vaduz, Liechtenstein. The Company also operates a branch in the United Arab Emirates ("the UAE"). During the year, the Board of Directors of the Company resolved to close its branch in Lebanon. The Company is a wholly owned subsidiary of Stablehold Foundation ("the Holding Entity"), a Foundation incorporated in Vaduz, Liechtenstein. The registered address of the Company is Aeulestrasse 5, FL-9490 Vaduz, Principality of Liechtenstein. The Company and its subsidiaries are collectively referred to as "the Group".

The Company invests in and lends to its various subsidiaries, joint ventures, associates and other related parties. The subsidiaries, joint ventures and associates of the Company are involved in providing shipping, logistics and marine services in multiple locations worldwide.

These consolidated financial statements present the financial position, results of operations and cash flows of the Group and its investment in associates and joint ventures. The significant subsidiaries, joint ventures and associates are listed in notes 14 and 28.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and comply with Liechtenstein law.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for derivative financial instruments that are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in US Dollars ("USD"), rounded off to the nearest thousand, which is the Group's functional currency.

(d) Use of estimates and judgement

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are discussed in the respective notes below:

Accounting estimate	Note Ref.
Provision for income taxes and deferred tax assets	9
Estimated useful life, residual value and impairment losses on property and equipment	11
Lease term and incremental borrowing rate	12
Impairment testing for goodwill	13
Impairment losses on trade receivables including related party balances (current)	17
Impairment losses on loans to related parties (non-current)	24(c)(iv)

(e) Impact of uncertain times on these consolidated financial statements

The businesses of the Company's subsidiaries, associates and joint ventures are likely to be impacted in these uncertain times. External events mainly around geopolitical events such as the Ukraine-Russia conflict and inflation are a few of the major global issues driving global economic uncertainty today. This evolving uncertainty creates a variety of issues and risks, including changes in consumer demand, disrupted supply chains, staff shortages, increased market volatility and changes to the way entities operate. The management of the subsidiaries, associates and joint ventures, including the Board of Directors of the Company, continue to monitor and respond to liquidity and funding needs that may arise, due to the above uncertainties, through a plan that reflects current economic scenarios.

The Board of Directors of the Company believe that, as at 31 December 2022, liquidity position of the Group remains strong, operations of its subsidiaries, associates and joint ventures have normalized and its existing cash and cash equivalents along with fixed deposits will be sufficient to satisfy its working capital needs, capital expenditures and other liquidity requirements as they fall due in the foreseeable future.

3 Significant accounting policies

The following accounting policies, which comply with IFRSs, have been applied consistently in dealing with items which are considered material in relation to these consolidated financial statements.

3 Significant accounting policies *(continued)*

Set out below is an index of the significant accounting policies, the details of which are available in the note references that follow:

Policy name	Note Ref.
Basis of consolidation	3(a)
Financial Instruments	3(b)
Impairment	3(c)
Inventories	3(d)
Revenue	4
Finance income, finance expense and foreign currency transactions	8
Income tax expense	9
Non-current assets held for sale	10
Property and equipment	11
Right-of-use assets and lease liabilities	12
Intangible assets and goodwill	13
Equity accounted investees	14
Post-employment benefits	15
Provisions	22
Income from related parties	24(b)

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Change in ownership interests in subsidiaries without loss of control

Changes in the Group's interests in subsidiaries that do not results in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The difference between the fair value of any consideration paid and the relevant share acquired in the carrying value of net assets of the subsidiary is recorded in equity under retained earnings.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisition and transfer of entities under common control

Business combinations arising from transfer of interests in entities that are under the common control of the Shareholders that control the Holding Entity are accounted for using book values of the acquired entities on the date of acquisition of interest in these entities. The components of equity of the acquired entities are added to the same components within equity and any gain / loss arising is recognized directly in equity. Non-controlling interests in the acquired entities, on the date of acquisition, are separately disclosed in these consolidated financial statements.

Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to the functional currency at average foreign exchange rates which approximates the foreign exchange rates ruling at the dates of the transactions. All foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries of the Group are recognised directly in equity under currency translation reserve. Refer note 29(d) for foreign exchange rates.

(b) Financial instruments

Financial assets and financial liabilities – recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

20230608023340

3 Significant accounting policies *(continued)*

(b) Financial instruments *(continued)*

Financial assets – Classification

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") - debt investment, fair value through other comprehensive income ("FVOCI") - equity investment or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both 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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

(i) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

(ii) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Financial assets at amortised cost consist of trade and other receivables (excluding VAT and prepayments) and cash at banks.

(iii) Debt instruments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses are accumulated in OCI are reclassified to profit and loss.

(iv) Equity instrument at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets – Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights 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 enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3 Significant accounting policies *(continued)*

(b) Financial instruments *(continued)*

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized 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 expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. Financial liabilities comprise of trade and other payables, bank borrowings and lease liabilities.

Financial liabilities – Derecognition

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 liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

(c) Impairment

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

The Group recognizes loss allowances for expected credit loss ("ECL") on its external and related party receivables which are disclosed as party of trade and other receivables in the consolidated statement of financial position.

The Group applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded.
- Under Stage 2, where there has been a significant increase in credit risk since initial recognition, but the financial instruments are not considered as credit impaired, an amount equal to the default probability-weighted lifetime ECL will be recorded.
- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments are classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable, reliable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to the respective credit risk.

Measurement of ECL

The key inputs into the measurement of ECL are Probability of default ("PD"), Loss given default ("LGD") and Exposure at default ("EAD"). These parameters are generally derived from statistical models and other historical data. They are adjusted to reflect forward-looking information. Additionally, the Group has an elaborate review process to adjust ECL for factors not available in the model.

20230608023 41

Notes to the Consolidated financial statements *(continued)*

3 Significant accounting policies *(continued)*

(c) Impairment *(continued)*

Financial assets *(continued)*

Measurement of ECL (continued)

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon.
- EAD – The exposure at default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date.
- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL's are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For financial assets at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Write-off

Loans are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in the consolidated statement of profit or loss.

(d) Inventories

Inventories comprise of consumables and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to sell. Cost is determined by the first in first out method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

(e) New standards and interpretations issued but not yet effective

Certain new standards and amendments are effective for annual periods beginning on 1 January 2022; however, they have no material impact on these consolidated financial statements:

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Annual improvements to IFRS Standards 2018-2020
- Property, plant and equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3.

A number of new standards and amendments are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (1 January 2023)
- Disclosure of Accounting policies (Amendment to IAS 1 and IFRS Practice Statement 2) (1 January 2023)
- Definition of Accounting estimates (Amendments to IAS 8) (1 January 2023)
- Deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (1 January 2023).

4 Revenue

Accounting policy

The Group recognises revenue from sale of goods and rendering of services based on a five-step model as set out in IFRS 15:

- Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2 - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 - Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Shipping agency

Revenue from shipping services is recognised at a point in time, on a net basis, where the Group acts as an agent rather than a principal in a transaction between the service provider and the end customer.

Logistics

Logistics services mainly comprises of revenue earned from warehousing (storage services) and transportation handling (freight related services). For warehousing, revenue is recognised over time, as the customers simultaneously receives and consumes the benefits provided by the Group as agreed with the customers. Revenue from provision of freight services is recognised on the satisfactory completion of performance obligations, over-time, as per the agreed terms and conditions in the contract. Revenue and cost of sales for logistics services are recognized on a gross basis to fairly present the substance of the transaction, as the Group acts as a principal as per the requirement of IFRS 15.

Marine services

Revenue from charter hire of marine vessels is recognized in profit or loss on a straight-line basis over the term of the charter agreement. Any rebates or commissions given in the ordinary course of business are deducted from gross revenue and the net revenue is presented in the consolidated statement of profit or loss.

In thousands of USD	Note	**2022**	2021
Shipping agency - net		**167,951**	143,044
Logistics		**332,012**	313,824
Marine services		**19,824**	15,057
		519,787	471,925

5 Cost of sales

In thousands of USD	Note	**2022**	2021
Logistics		**(256,542)**	(245,182)
Marine		**(5,971)**	(6,738)
		(262,513)	(251,920)

20230608023342

6 Other income

In thousands of USD	Note	2022	2021
Bad debts recovered		**328**	8,375
Gain on disposal of equity accounted investees	14(c)(ii,iii,iv)	**3,633**	-
Gain on disposal of a subsidiary	28	**142**	-
Gain on disposal of property and equipment		**994**	507
Other income		**6,074**	4,551
		11,171	13,433

7 Personnel expenses

In thousands of USD	Note	2022	2021
Salaries		**(110,916)**	(107,701)
Post employment including end of service & other benefits		**(36,585)**	(32,569)
		(147,501)	(140,270)

8 Finance income and finance expenses

Accounting policy

Finance income

Finance income comprises interest income on loans to related parties, fixed deposits with banks and net foreign exchange gain. Interest income is recognized as it accrues in the profit or loss, using the effective interest method.

Finance expenses

Finance expenses comprise interest on bank borrowings, financing arrangement fees, interest on lease liabilities and net foreign exchange loss that are recognized in the profit or loss on an accrual basis.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to be ready for its intended use or sale. The capitalization of borrowing costs commences from the date when expenditure relating to a qualifying asset is first incurred and ceases when the qualifying asset is ready for its intended use. Borrowing costs relating to the period after acquisition, construction or production are expensed in profit or loss.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into functional currency at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the foreign exchange rates ruling at reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into functional currency at the foreign exchange rates ruling on the date of the transaction. Realised and unrealised exchange gains and losses are recognised in profit or loss.

(a) Finance income

In thousands of USD	Note	2022	2021
Interest income from fixed deposits		**2,090**	801
Interest income on loans to related parties	24(b)	**118**	107
Foreign exchange gain, net		**-**	1,761
		2,208	2,669

8 Finance income and finance expenses *(continued)*

(b) Finance expense

In thousands of USD	Note	2022	2021
Interest expense on bank borrowings		**(2,033)**	(1,768)
Interest on lease liabilities		**(1,158)**	(966)
Foreign exchange loss, net		**(1,993)**	-
		(5,184)	(2,734)
Net finance expense		**(2,976)**	(65)

9 Income tax expense

Accounting policy

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous year.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax liability 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 assets are recognized for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 realized; such reductions are reversed when the probability of future taxable profits improves.

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 realized simultaneously.

Accounting estimate

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax claims based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

9 Income tax expense *(continued)*

In thousands of USD	Note	2022	2021
Current tax expense	(a)	**(10,906)**	(8,100)
Deferred tax credit / (charge)	(b)	**1,538**	(643)
Income tax expense (net)		**(9,368)**	(8,743)

(a) Current tax expense

In thousands of USD	Note	2022	2021
Income tax expenses from operations		**10,827**	8,130
Utilization of unrecognised tax losses for prior years		**-**	(39)
Other adjustments for prior years		**79**	9
		10,906	8,100

(b) Deferred tax charge

In thousands of USD	Note	2022	2021
Origination and reversal of temporary differences	16	**(1,537)**	606
(Recognition) / De-recognition of previously recognised tax losses	16	**(1)**	37
		(1,538)	643

(c) Movement in income tax payable

In thousands of USD	Note	2022	2021
Balance at 1 January		**6,971**	3,404
Add: Income tax recognized in profit or loss		**9,368**	8,743
Less: Income tax paid during the year		**(9,760)**	(4,533)
Change in deferred taxes	(b)	**1,538**	(643)
Balance at 31 December		**8,117**	6,971

(d) Reconciliation of effective tax rate

In thousands of USD	Note	2022	2021
Profit before income tax		**84,030**	44,827
Income tax using the Company's domestic tax rates		**10,504**	5,603
Effect of tax rates in foreign jurisdictions		**6,146**	5,844
Non-deductible expenses		**1,244**	3,144
Current year losses for which no deferred tax asset is recognised		**(75)**	(52)
Effect of change in tax rates		**(32)**	(51)
Adjustment for non taxable income		**(5,220)**	(5,459)
Effect of unrecognized tax losses and temporary differences		**6**	(176)
De-recognition of previously recognised tax losses		**1,950**	620
(Over) / under provision of tax in prior periods		**(668)**	419
Utilisation of previously unrecognised tax losses		**(4,493)**	(1,155)
Minimum annual income tax, Vaduz		**6**	6
Total income tax recognised in the current year		**9,368**	8,743
Effective tax rate		**11%**	20%

20230608023343

9 Income tax expense *(continued)*

There is a significant decline in the effective tax rate in the current year as compared to the previous year, on account of deferred tax asset being recorded on unutilized losses and a net effect of currency devaluation, arising on certain subsidiaries.

(e) Tax expense excludes the Group's share of the tax expense of equity-accounted investees of USD 2.2 million *(2021: 1.5 million)*, which has been included in share of profit of equity-accounted investees, net of tax.

10 Non-current assets held for sale

Accounting policy

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

In thousands of USD	Note	2022	2021
Property and equipment			
Vessels at cost		**24,315**	25,261
Less : Accumulated depreciation		**(5,662)**	(6,475)
Non-current assets held for sale		**18,653**	18,786

In the previous year, management committed to a plan to sell six vessels which are a part of the Group's marine division fleet. Accordingly, these vessels were presented as held for sale as at 31 December 2021. During the current year, two vessels with a carrying value of USD 0.1 million were sold resulting in a gain on disposal of USD 1.0 million (also refer note 6), which has been recorded under other income in the profit or loss. Efforts to sell the remaining vessels are actively on-going and it is highly probably that the sale will be completed in Q2 of 2023. At 31 December 2022, these assets were stated at lower of its carrying amount and fair value less costs to sell.

11 Property and equipment

Accounting policy

Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of production overheads.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and is recognized net within other income in profit or loss.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure (i.e. costs for dry-docking) is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. The cost of day-to-day servicing of property and equipment is recognized in the profit or loss.

20230508023344

11 Property and equipment *(continued)*

Accounting policy *(continued)*

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Assets	Life (years)
Buildings	15 – 50
Operating fleet of vessels:	
New crew/supply vessels barges and tugs	25 – 30
New anchor handling tugs	25
Second-hand vessels	4 – 5
Dry dock costs	3 – 5
Remote operated vehicles (hull cleaning equipment)	10
Machinery & equipment	3 – 10
Motor vehicles	3 – 5
Furniture, fixtures and office equipment	3 – 10

The Group's estimate of useful life of a new vessel acquired or built is 25 - 30 years from the date of its construction. From time to time, the Group acquires older assets which have already exceeded the Group's useful life policy, in which case the Group depreciates such assets based on management's best estimate of the remaining useful life, which is typically over a period of 4 - 5 years.

Depreciation on additions is calculated on a pro- rata basis from the month of addition and on disposals up to and including the month of disposal of the asset.

The depreciation method, useful lives and residual value of property and equipment are reassessed annually and altered if circumstances change significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

Capital work-in-progress

Marine vessels during construction are carried at cost as capital work-in-progress and are transferred to property and equipment upon completion of construction, which is usually the date when the vessels are commissioned. No depreciation is charged during the construction period.

Accounting estimate

(a) Estimated useful life and residual value

Management of the Group assigns useful lives to the items of property and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives differing from the initial estimates. Management has reviewed, in the current year, and determined that no adjustment is necessary to the useful lives of the property and equipment.

(b) Impairment losses on property and equipment

Management assesses impairment loss on assets whenever there are indicators of impairment. In assessing impairment of assets based on value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

Notes to the Consolidated financial statements *(continued)*

11 Property and equipment *(continued)*

In thousands of USD	Note	Land and building	Vessels and dry docking cost	Machinery and equipment	Motor vehicles	Furniture's, fixtures and office equipment	Capital work in progress	Total
Cost								
At 1 January 2021		21,247	136,887	1,563	7,862	23,905	22,864	214,328
Additions		1,554	1,892	520	651	1,228	4,045	9,890
Transfer		2	5,941	-	-	10	(5,953)	-
Disposals		(240)	-	-	(697)	(799)	-	(1,736)
Currency translation adjustment		(764)	(32)	(4)	(151)	(584)	1	(1,534)
Classified as asset held for sale		-	(25,261)	-	-	-	-	(25,261)
At 31 December 2021		21,799	119,427	2,079	7,665	23,760	20,957	195,687
At 1 January 2022		**21,799**	**119,427**	**2,079**	**7,665**	**23,760**	**20,957**	**195,687**
Additions		**144**	**1,031**	**416**	**722**	**1,456**	**3,210**	**6,979**
Transfer		**-**	**3,773**	**-**	**-**	**-**	**(3,773)**	**-**
Disposals / write-off		**(5,782)**	**(5,063)**	**(57)**	**(1,211)**	**(2,634)**	**-**	**(14,747)**
Currency translation adjustment		**(934)**	**(321)**	**(12)**	**(216)**	**(893)**	**1**	**(2,375)**
At 31 December 2022		**15,227**	**118,847**	**2,426**	**6,960**	**21,689**	**20,395**	**185,544**
Accumulated depreciation								
At 1 January 2021		14,219	67,279	811	5,411	20,723	-	108,443
Charge for the year		555	7,096	272	939	1,470	-	10,332
On disposals		(196)	-	-	(609)	(803)	-	(1,608)
Currency translation adjustment		(379)	(26)	(3)	(110)	(516)	-	(1,034)
Classified as asset held for sale		-	(6,475)	-	-	-	-	(6,475)
At 31 December 2021		14,199	67,874	1,080	5,631	20,874	-	109,658
At 1 January 2022		**14,199**	**67,874**	**1,080**	**5,631**	**20,874**	**-**	**109,658**
Charge for the year		**450**	**5,532**	**394**	**883**	**1,402**	**-**	**8,661**
On disposals / write-off		**(4,925)**	**(4,981)**	**(58)**	**(742)**	**(1,640)**	**-**	**(12,346)**
Currency translation adjustment		**(440)**	**(226)**	**(11)**	**(163)**	**(776)**	**-**	**(1,616)**
At 31 December 2022		**9,284**	**68,199**	**1,405**	**5,609**	**19,860**	**-**	**104,357**
Net book value								
At 31 December 2022		**5,943**	**50,648**	**1,021**	**1,351**	**1,829**	**20,395**	**81,187**
At 31 December 2021		7,600	51,553	999	2,034	2,886	20,957	86,029

202306080234S

11 Property and equipment *(continued)*

(a) The Group acquired land and buildings amounting to USD 6.5 million, with a net book value of USD 1.7 million as at 31 December 2022 *(2021: USD 2.8 million)*, under a sale-and-leaseback agreement. The lease is for a term of twenty-five years starting from 6 March 2008 and has the purchase option to acquire the property on expiry of the lease (also refer note 21(c)).

(b) A subsidiary of the Group, owns land and buildings for staff housing purposes amounting to USD 1.5 million, with a net book value of USD 1.3 million as at 31 December 2022 *(2021: USD 1.5 million)*.

(c) Certain vessels owned by the Group with a net book value of USD 23.7 million *(2021: USD 36.7 million)* are mortgaged as security against bank borrowings by the Group (refer note 21(a)(iv)).

(d) Capital work in progress at 31 December 2022 includes USD 20.8 million *(2021: USD 18.8 million)* in respect of a vessel (NB-016) being constructed by a subsidiary of the Group, at its shipyard in the UAE. Given the period of its construction, this vessel has been tested for impairment by management by comparing its carrying value plus the estimated cost to complete construction with an assessment of the future cash flows of a new Anchor Handling Tug Supply vessel with similar specifications. Management has calculated the value in use of the vessel under construction by estimating the future cash flows expected to be generated from the vessel (incorporating reasonable growth projections and inflationary adjustments) and discounting it to present value. To arrive at the estimated daily charter rates and utilization as part of the value in use workings, management has appointed a third-party consultant. The key assumptions used in the value in use calculation are as follows:

	2022	2021
Discount rate	17%	16%
Estimated additional cost to complete construction of the vessel	USD 3 million to be incurred during 2023 and 2024 of which USD 0.7 million is committed as at the reporting date.	USD 4.3 million to be incurred during 2022 of which USD 2.3 million is committed as at the reporting date.
Estimated construction completion date of the vessel	31 December 2023	31 December 2022
Estimated start date of operations	1 July 2024	1 January 2023
Estimated useful life	25 years from 1 July 2024 until 30 June 2049	25 years from 1 January 2023 until 31 December 2047
Utilization	85% on an average per year	85% on an average per year
Estimated daily charter hire rates (West Africa)	Estimated daily charter hire for the first year of operation (i.e., 2024) is USD 25,202 gradually increasing to USD 25,595 in 2035, after which it is assumed to increase at a nominal rate of 3% till the end of the useful life.	Estimated daily charter hire for the first year is USD 17,960 gradually increasing to USD 23,222 in 2035, after which it is assumed to increase at a nominal rate of 3% till the end of the useful life.
Estimated daily operating cost	USD 4,560 in 2024 (Thereafter increased by 3% year-on-year)	USD 4,560 in 2023 (Thereafter increased by 3% year-on-year)

Based on the above, management has assessed that the recoverable amount of the vessel under construction is higher than the carrying amount as at the reporting date. Accordingly, no impairment provision is recognised for the year ended 31 December 2022. Also, the Board of Directors has reviewed the progress of the construction (including the physical condition) of NB-016 along with the value in use calculation. It is noted that the Group has the intention to complete construction as per the timeline mentioned above and has sufficient resources to do so. During the current year, management has updated the completion plan and based on facts and circumstances, has revised the estimated start date of operations of the vessel from 1 January 2023 to 1 July 2024.

(e) As at 31 December 2022, impairment indicators were identified for certain vessels. Management considers each vessel as an individual CGU. Accordingly, an impairment testing was done by management for each individual CGU. The recoverable amount of each CGU was determined based on the income approach, calculated using cash flow projections based on the financial budgets approved by management covering a 1-year period and assuming appropriate growth till the end of the useful life of the CGU. Furthermore, it takes into consideration a long-term view, until the useful life of each CGU, which is considered appropriate in relation to the industry and the useful life of the CGU, i.e., generally for a period of 25 years. Accordingly, no impairment is required to be recorded as at the reporting date.

(f) Sensitivity to changes in assumptions (capital work in progress) - The calculation of value in use of the CGU, is sensitive mainly to the daily charter higher rates, year of completion and utilization and therefore a sensitivity was performed. Any significant adverse change in these assumptions would result in a significantly lower recoverable amount.

Notes to the Consolidated financial statements *(continued)*

12 Right of use assets

Accounting policy

At 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.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes 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 and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease 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 lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

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 interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest 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, if the Group changes its assessment of whether it will exercise an extension or a termination option or if there is a revised in substance fixed lease payment. 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 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 and lease liabilities as separate line items in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of- use assets and lease liabilities for leases of low- value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. The Group leases out its marine equipment classified under property and equipment. The Group has classified these leases as operating leases.

To classify each lease, the Group makes an overall assessment of whether the lease transfers, substantially, all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract.

20230608023346

Notes to the Consolidated financial statements *(continued)*

12 Right of use assets *(continued)*

Accounting policy *(continued)*

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Accounting estimate

(a) Lease term

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Group applies the definition of a contract to determine the period for which the contract is enforceable. A lease is no longer enforceable when the Group (lessee) and the lessor, both, have the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

In determining the lease term where the enforceability of the option solely rests with the Group, the management considers all facts and circumstances that create an economic incentive to exercise the option. Extension/renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended.

The following factors are most relevant:

- If there are significant penalties (contractual) to terminate (or not extend), the Group is typically reasonably certain to extend.
- If the lease improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend.
- Group also considers other factors including current market conditions, historical impairments on related CGUs, business plans etc.

(b) Incremental borrowing rate

Generally, the Group uses its incremental borrowing rate as the discount rate. It is the rate the Group would have to pay on the commencement date of the lease for a loan of similar term, and similar security, to obtain an asset of similar value to the right-of use asset in a similar economic environment.

In thousands of USD

	Land & Buildings	Machinery & equipment	Motor vehicles	Total
Cost				
At 1 January 2021	41,556	630	2,872	45,058
Additions	7,572	41	481	8,094
Remeasurements	(549)	3	(35)	(581)
Currency translation adjustment	(635)	(35)	(153)	(823)
At 31 December 2021	47,944	639	3,165	51,748
At 1 January 2022	**47,944**	**639**	**3,165**	**51,748**
Additions	**6,325**	**452**	**321**	**7,098**
Remeasurement	**700**	**-**	**163**	**863**
Currency translation adjustment	**(580)**	**(2)**	**(237)**	**(819)**
At 31 December 2022	**54,389**	**1,089**	**3,412**	**58,890**
Accumulated depreciation				
At 1 January 2021	19,362	335	1,649	21,346
Charge for the year	9,884	182	766	10,832
Currency translation adjustment	(296)	(22)	(239)	(557)
At 31 December 2021	28,950	495	2,176	31,621
At 1 January 2022	**28,950**	**495**	**2,176**	**31,621**
Charge for the year	**8,181**	**110**	**497**	**8,788**
Currency translation adjustment	**(642)**	**8**	**(166)**	**(800)**
At 31 December 2022	**36,489**	**613**	**2,507**	**39,609**
Net book value				
At 31 December 2022	**17,900**	**476**	**905**	**19,281**
At 31 December 2021	18,994	144	989	20,127

Notes to the Consolidated financial statements *(continued)*

13 Intangible assets and goodwill

Accounting policy

Goodwill

Goodwill arises on acquisition of subsidiaries, associates, and joint ventures. It represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities of the acquiree at the date of acquisition. In an acquisition, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised immediately in profit or loss. Subsequent to initial measurement, goodwill is measured at cost less accumulated impairment losses and is tested for impairment on an annual basis.

Computer software

Costs that are directly associated with certain identifiable and unique software products that are controlled by the Group and do not form an integral part of the computer hardware, are recognised as an intangible asset, if it is probable that the economic benefits exceeding the costs will be generated from this beyond one year. Such assets are amortised using the straight-line method over their useful lives, not exceeding a period of 5 years.

Others

Other intangible assets acquired by the Group which has a definite life are stated at cost less accumulated amortisation and impairment losses, if any. Other intangible assets which have an indefinite life are stated at cost less accumulated impairment losses, if any. Intangible assets with indefinite useful life are tested for impairment on an annual basis.

Accounting estimate Impairment testing for goodwill

The impairment test is based on the "value in use" calculation. These calculations have used cash flow projections based on actual operating results and future expected performance. Cash flow projections beyond five years have been extrapolated using a growth rate depending on the subsidiary for which the projections have been made. This growth rate is considered appropriate considering the nature of the industry and the general growth in economic activity being witnessed in the location/region where these entities operate. The cash flows are then discounted using an appropriate discount rate.

This includes intangible assets amounting to USD 0.5 million *(2021: USD 0.8 million)* and goodwill amounting to USD 7.7 million *(2021: USD 9.2 million)* as at the reporting date. Amortisation expense amounting to USD 0.3 million has been recorded during the year ended 31 December 2022 *(2021: USD 0.4 million)* in relation to the intangible assets.

The movement in goodwill during the year is as follows:

In thousands of USD	**Opening 2021**	**Impairment**	**Foreign currency translation reserve**	**Closing 2022**
GAC Logistics (UK) Limited	1,374	(511)	(155)	**708**
GAC Shipping (USA), Inc.	2,147	-	-	**2,147**
GAC Norway AS	1,052	-	(110)	**942**
GAC Services UK Ltd	4,355	-	(487)	**3,868**
Seascope Navigation Ltd, Cyprus	283	(288)	5	**-**
	9,211	(799)	(747)	**7,665**

For impairment testing, goodwill acquired on acquisition of subsidiaries has been allocated to cash generating units. An impairment loss is only recognised if the recoverable amount of the cash generating unit to which goodwill has been allocated is less than its carrying amount. The recoverable amount of the cash generating unit is the higher of its fair value less costs to sell and value in use. A discount rate of 10.5% *(2021: 9%)* has been applied on the estimated cash flow projections of the acquired subsidiaries over a period of 10 years in arriving at the value in use. Terminal value beyond the 10 years period is assumed to be Nil.

The calculation for value in use was based on the key assumption that operating income for 2023 is based on budgets approved by management, increasing thereafter on an average in the range of 2-3% per annum for the years 2024 to 2032. Growth was projected by considering the average growth levels experienced in prior years.

20230608023 47

14 Equity Accounted investees

Accounting policy

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Losses exceeding equity interest in investments in joint ventures and associates

The Group's share of losses of joint ventures and associates exceeding the cost of investments have been recognised in the profit or loss to the extent that the Group has an obligation, legal or constructive, to cover such losses or has provided loans to the joint ventures or associate that, in substance, forms part of the Group's net investment.

In thousands of USD	Note	2022	2021
Investment in joint ventures	(b)	**21,502**	12,659
Investment in associates	(c)	**20,095**	27,112
		41,597	39,771

In thousands of USD	Note	2022	2021
Share of profit from joint ventures	(b)	**8,546**	3,364
Share of profit from associates	(c)	**8,731**	5,674
		17,277	9,038

(a) Movement in joint ventures and associates during the year

The movement of investments in joint ventures during the year was as follows:

In thousands of USD	Note	2022	2021
Balance at 1 January		**12,659**	11,552
Share of results		**8,546**	3,364
Additional investment on account of conversion of loan	(i)	**-**	817
New investment during the year		**1,053**	-
Dividends during the year		**(535)**	(2,789)
Currency translation effect		**(221)**	(285)
Balance at 31 December		**21,502**	12,659

(i) In the previous year, the Board of Directors resolved to convert a loan balance of USD 0.8 million to investment. Also refer note 24(c)(iv).

The movement of investments in associates during the year was as follows:

In thousands of USD	Note	2022	2021
Balance at 1 January		**27,112**	25,983
(Decrease) / Increase in investments - net		**(5,718)**	215
Share of results		**8,731**	5,674
Share of deficit		**46**	182
Dividends during the year		**(6,001)**	(3,834)
Currency translation effect		**(4,075)**	(1,108)
Balance at 31 December		**20,095**	27,112

14 Equity Accounted investees *(continued)*

(b) Joint ventures

The following table summarises the share of equity of joint ventures:

In thousands of USD	Note	Place of incorporation	Effective ownership percentage	Total equity	Net results for the year	Total deficit	Share of equity	Share of profit / (losses)	Share of deficit
				2022					
Gulf Agency Company (Qatar) W.L.L.		Qatar	50.00%	**25,172**	**8,738**	**-**	**12,586**	**4,369**	**-**
GAC Laser International Logistics (Pty) Ltd	(i)	South Africa	50.00%	**6,244**	**1,332**	**-**	**3,122**	**666**	**-**
GAC Training and Service Solutions Ltd.	(i)	Ireland	50.00%	**698**	**124**	**-**	**349**	**62**	**-**
PT Andhika GAC	(i)	Indonesia	50.00%	**796**	**834**	**-**	**398**	**417**	**-**
GAC Marine Logistics GmbH		Germany	50.00%	**110**	**32**	**-**	**55**	**16**	**-**
Modern Freight Co. LLC	(i)	U.A.E.	49.00%	**1,267**	**(627)**	**-**	**621**	**(307)**	**-**
Arabian Gulf Shipping Co.	(i)	Saudi Arabia	50.00%	**8,742**	**3,620**	**-**	**4,371**	**3,323**	**-**
Sub-total (A)				**43,029**	**14,053**	**-**	**21,502**	**8,546**	**-**
				2021					
Gulf Agency Company (Qatar) W.L.L.		Qatar	50.00%	16,432	6,880	-	8,216	3,440	-
GAC Laser International Logistics (Pty) Ltd	(i)	South Africa	50.00%	5,524	702	-	2,762	351	-
GAC Training and Service Solutions Ltd.	(i)	Ireland	50.00%	610	(36)	-	305	(18)	-
PT Andhika GAC	(i)	Indonesia	50.00%	812	590	-	406	295	-
GAC Marine Logistics GmbH		Germany	50.00%	84	14	-	42	7	-
Modern Freight Co. LLC	(i)	U.A.E.	49.00%	1,894	(1,451)	-	928	(711)	-
Sub-total (A)				25,356	6,699	-	12,659	3,364	-

(i) The ownership interest in these joint ventures is held directly through subsidiaries or sub-subsidiaries.

Notes to the Consolidated financial statements *(continued)*

14 Equity Accounted investees *(continued)*

(c) Associates

The following table summarises the share of equity of associates:

				2022					
In thousands of USD	Note	Place of incorporation	Effective ownership percentage	Total equity	Net results for the year	Total deficit	Share of equity	Share of profit / (losses)	Share of deficit
Gulf Agency Company (Bahrain) W.L.L.	(i)	Bahrain	49.00%	13,163	5,229	-	6,450	2,562	-
Gulf Agency Company (Oman) L.L.C.	(i)	Oman	49.00%	3,816	2,929	-	1,870	1,435	-
Gulf Agency Company (Jordan) W.L.L.		Jordan	40.00%	970	230	-	388	92	-
Gulf Agency Denizcilik Anonim Sirketi		Turkey	49.00%	-	(294)	(668)	-	(144)	(327)
GAC (Poland) Ltd	(i)	Poland	50.00%	749	512	-	374	256	-
Gulf Agency Company (Thailand) Ltd		Thailand	49.00%	1,327	610	-	650	299	-
PT GAC Samudera Logistics	(iii)	Indonesia	50.00%	-	98	-	-	49	-
GAC Pakistan (Private) Ltd		Pakistan	40.00%	633	445	-	253	178	-
Interocean Cargo Services (Pvt) Ltd		Pakistan	40.00%	608	283	-	243	113	-
Slask Logistics Pakistan (Pvt) Ltd		Pakistan	40.00%	30	-	-	12	-	-
Al-Hamd Int'l Container Terminal (Pvt) Ltd	(ii)	Pakistan	19.12%	-	-	-	-	-	-
GAC Marine Services (Pvt) Ltd (consolidated)	(i)	Sri Lanka	50.00%	4,904	712	-	2,452	356	-
Shipping Agency House (Private) Limited	(i)	Sri Lanka	50.00%	3,271	156	-	1,130	54	-
Chinsay AB, Stockholm (consolidated)	(iv)	Sweden	25.19%	-	-	-	-	-	-
STOC Shipping Invest AB (consolidated)		Sweden	22.22%	5,198	3,402	-	1,155	756	-
Cosco Shipping Lines Egypt (S.A.E.)	(i)	Egypt	24.50%	1,290	1,657	-	316	406	-
GAC Thoresen Logistics Ltd		Thailand	49.00%	4,155	518	-	2,036	254	-
Gulf Agency Company (Ras Al Khaimah) L.L.C.	(i)	U.A.E.	49.00%	369	1,455	-	181	713	-
Kuwait Transcontinental Shipping Co. WLL	(i)	Kuwait	44.00%	3,245	695	-	1,428	306	-
McLarens Shipping Ltd	(i)	Sri Lanka	50.00%	754	1,200	-	377	600	-
United Marine Agencies (Private) Limited	(i)	Pakistan	40.00%	1,950	1,115	-	780	446	-
				46,432	20,952	(668)	20,095	8,731	(327)

14 Equity Accounted investees *(continued)*

(c) Associates *(continued)*

In thousands of USD	Note	Place of incorporation	Effective ownership percentage	2021 Total equity	Net results for the year	Total deficit	Share of equity	Share of profit / (losses)	Share of deficit
Gulf Agency Company (Bahrain) W.L.L.		Bahrain	49.00%	12,176	4,390	-	5,966	2,151	-
Gulf Agency Company (Oman) L.L.C.		Oman	49.00%	2,790	1,120	-	1,367	549	-
Modern Properties Ltd		BVI	49.00%	-	-	-	-	-	-
Gulf Agency Company (Jordan) W.L.L.		Jordan	40.00%	883	3	-	353	1	-
Gulf Agency Denizcilik Anonim Sirketi		Turkey	49.00%	-	(692)	(574)	-	(339)	(281)
GAC (Poland) Ltd	(i)	Poland	50.00%	867	550	-	433	275	-
Gulf Agency Company (Thailand) Ltd		Thailand	49.00%	802	282	-	393	138	-
PT GAC Samudera Logistics	(i)	Indonesia	50.00%	9,068	196	-	4,534	98	-
GAC Pakistan (Private) Ltd		Pakistan	40.00%	635	365	-	254	146	-
Interocean Cargo Services (Pvt) Ltd		Pakistan	40.00%	453	18	-	181	7	-
Slask Logistics Pakistan (Pvt) Ltd		Pakistan	40.00%	38	-	-	15	-	-
Al-Hamd Int'l Container Terminal (Pvt) Ltd	(ii)	Pakistan	19.12%	1,290	(68)	-	247	(13)	-
GAC Marine Services (Pvt) Ltd (Consolidated)	(i)	Sri Lanka	50.00%	8,860	1,338	-	4,430	669	-
Shipping Agency House (Private) Limited	(i)	Sri Lanka	50.00%	5,677	336	-	1,961	116	-
Chinsay AB, Stockholm (consolidated)	(i)	Sweden	25.19%	637	(1,556)	-	160	(391)	-
STOC Shipping Invest AB (consolidated)		Sweden	22.22%	5,495	387	-	1,221	86	-
Cosco Shipping Lines Egypt (S.A.E.)	(i)	Egypt	24.50%	1,310	1,298	-	321	318	-
GAC Thoresen Logistics Ltd		Thailand	49.00%	3,763	188	-	1,844	92	-
Gulf Agency Company (Ras Al Khaimah) L.L.C.	(i)	U.A.E.	49.00%	276	714	-	135	350	-
Kuwait Transcontinental Shipping Co. WLL	(i)	Kuwait	44.00%	3,277	700	-	1,442	308	-
McLarens Shipping Ltd	(i)	Sri Lanka	50.00%	2,288	1,676	-	1,144	838	-
United Marine Agencies (Private) Limited	(i)	Pakistan	40.00%	1,778	688	-	711	275	-
				62,363	11,933	(574)	27,112	5,674	(281)

(i) The ownership interest in these associates are held indirectly through subsidiaries or sub-subsidiaries.

20230508023349

14 Equity Accounted investees *(continued)*

(c) Associates *(continued)*

(ii) This entity was considered an associate although the direct ownership by the Company was less than 20%, due to significant influence exercised by the Company over the entity's financial and operating policies because Interocean Cargo Services (Pvt) Ltd, Karachi, which is an associate of the Company, held 12% in it. The investment in Al-Hamd Int'l Container Terminal (Pvt) Ltd has been sold in the current year for a consideration amounting to USD 0.4 million, thereby resulting in a net loss on sale amounting to USD 0.4 million (which includes the related foreign currency translation reserve released to profit or loss) which has been included within other income in the consolidated statement of profit or loss and other comprehensive income. Also refer note 6.

(iii) The investment in PT GAC Samudera Logistics has been sold in the current year for a consideration amounting to USD 9.5 million, thereby resulting in a net gain on sale amounting to USD 4.1 million (which includes the related foreign currency translation reserve released to profit or loss) which has been included within other income in the consolidated statement of profit or loss and other comprehensive income. Also refer note 6.

(iv) The investment in Chinsay AB has been sold in the current year for a consideration amounting to USD 1 million, thereby resulting in a net loss on sale amounting to USD 0.1 million (which includes the related foreign currency translation reserve released to profit or loss) which has been included within other income in the consolidated statement of profit or loss and other comprehensive income. Also refer note 6.

Share of deficit is shown in the consolidated statement of financial position (within trade and other payables) as:

In thousands of USD	Note	2022	2021
Provision for losses in relation to associates and joint ventures	22	**(327)**	(281)
		(327)	(281)

15 Post-employment benefits

Accounting policy

Defined benefit plan

The Group's net obligation in respect of the defined benefit pension plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current year and prior periods. The pension costs are assessed using the projected unit credit method whereby the cost of providing pensions is charged to the profit or loss so as to spread the regular cost over the service lives of employees. The pension obligation is measured at present value of the estimated future cash flows using interest rates on government securities that have terms to maturity approximating the terms of the related liability.

The Group recognises all actuarial gains and losses arising from defined plans directly in other comprehensive income immediately.

Employees' end of service benefits

The Company's net obligation in respect of long- term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period they arise.

(a) Obligations for employee's terminal benefits – unfunded:

In thousands of USD	Note	2022	2021
Balance at 1 January		**10,102**	10,256
Provision made during the year		**2,323**	1,521
Actuarial gain during the year		**(45)**	(328)
Payments made during the year		**(1,131)**	(1,209)
Currency translation differences		**(300)**	(138)
Balance at 31 December		**10,949**	10,102

15 Post-employment benefits *(continued)*

The above balance includes an amount of USD 2.2 million *(2021: USD 2.1 million)* in relation to defined benefit plans operated by subsidiaries in Nigeria and India.

16 Deferred tax assets and liabilities

Accounting policy

Refer to policy for income tax under note 9.

In thousands of USD	Note	2022	2021
Deferred tax assets		**4,050**	2,629
Deferred tax liabilities		**(98)**	(10)
Deferred tax assets (net)		**3,952**	2,619

Movement in deferred tax assets and liabilities:

			Taxable/deductible temporary difference				
In thousands of USD	Note	Unutilised tax losses	Depreciation	Provisions	Others	Total	Grand Total
At 1 January 2022		**1,560**	**1,485**	**(853)**	**427**	**1,059**	**2,619**
Recognised in profit or loss	9(b)	**2,170**	**3**	**328**	**(964)**	**(633)**	**1,537**
Recognition of previously unrecognised tax losses and differences	9(b)	**-**	**1**	**-**	**-**	**1**	**1**
Currency translation differences		**(11)**	**(140)**	**(29)**	**(25)**	**(194)**	**(205)**
At 31 December 2022		**3,719**	**1,349**	**(554)**	**(562)**	**233**	**3,952**
At 1 January 2021		1,630	1,535	(294)	516	1,757	3,387
Recognised in profit or loss	9(b)	20	7	(562)	(71)	(626)	(606)
De-recognition of previously unrecognised tax losses and differences	9(b)	(40)	-	1	2	3	(37)
Currency translation differences		(50)	(57)	2	(20)	(75)	(125)
At 31 December 2021		1,560	1,485	(853)	427	1,059	2,619

17 Trade and other receivables

Refer to accounting policy for financial instruments under note 3 (b)

Accounting estimate - Impairment losses on trade receivables including related party balances (current)

The Group uses an allowance matrix to measure the ECLs of receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast Gross Domestic Product. The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment.

20230608023S0

17 Trade and other receivables *(continued)*

Accounting estimate - Impairment losses on trade receivables including related party balances (current) *(continued)*

Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

In thousands of USD	Note	2022	2021
Trade receivables		**201,732**	213,831
Less: Provision for doubtful debts	29(a)	**(10,329)**	(11,297)
		191,403	202,534
Due from related parties	24(c)(i,iv)	**23,654**	22,856
Accrued income		**13,203**	15,405
Prepayments		**6,795**	7,026
Fixed deposits (with original maturity of more than three months)	(a)	**10,116**	6,964
Other receivables		**19,509**	20,385
		264,680	275,170
Non-current	24(c)(iv)	**10,178**	15,124
Current		**254,502**	260,046
		264,680	275,170

(a) Fixed deposits carry interest at normal commercial rates.

18 Cash and cash equivalents

In thousands of USD	Note	2022	2021
Cash in hand		**2,002**	4,935
Current accounts with banks	(a)	**134,741**	128,325
Fixed deposits with banks	17(a)	**51,257**	11,656
Cash in hand and at bank		**188,000**	144,916
Less: Bank overdraft	21	**(2,094)**	(5,273)
		185,906	139,643

(a) This includes restricted cash of USD 1.8 million *(2021: USD 3.0 million)* as at the reporting date. Refer note 21(a)(vi).

19 Share capital and reserves

(a) Share capital

In thousands of USD	Note	2022	2021
Issued and fully paid up:			
11,500 registered shares of CHF 100 each		**460**	460

The share capital of CHF 1,150,000 has been translated to USD at the historical rate. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

19 Share capital and reserves *(continued)*

(b) Reserves

(i) Legal reserve

The non-distributable legal reserve of USD 1.5 million *(2021: USD 1.4 million)* is created for the Company and other group entities in accordance with local regulations.

(ii) General and special reserve

In accordance with the applicable laws of the relevant jurisdiction, there are no restrictions to distribution of profit out of the general and special reserve.

(iii) Hedging reserve

The Group entered into interest rate swap contracts in order to hedge its exposure to interest rate risks arising from variable interest rate bank borrowings. The interest rate caps and interest rate swaps used by the Group are considered effective cash flow hedges.

(iv) Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising on the translation of the financial statements of foreign operations to the functional currency.

(v) Capital reserve

Capital reserve represents the pre-acquisition reserves acquired through the Holding Entity. In accordance with the accounting policy followed by the Group in accounting for common control transactions, the various components of the equity have been transferred to retained earnings, with the exception of share capital which was transferred to capital reserve.

Notes to the Consolidated financial statements *(continued)*

20 Non-controlling interest ("NCI")

The following table summarises the information in relation to each of the Group's subsidiaries that has significant NCI:

In thousands of USD

31 December 2022	Gulf Agency Company (Egypt) Ltd	GAC Shipping S.A.	GAC Shipping (India) Pvt Ltd	GAC Philippines, Inc.	Gulf Agency Co. (Cyprus) Limited	UMA Marine Agencies Limited	GAC Norway AS	Other individually immaterial subsidiaries	Total
NCI percentage	**40.00%**	**43.75%**	**49.00%**	**49.00%**	**43.75%**	**43.75%**	**20.00%**		
Balance sheet information:									
Non-current assets	6,204	2,376	889	1,273	1,362	108	1,837		14,049
Current assets	161,295	20,490	19,068	4,935	1,413	2,612	18,891		228,704
Non-current liabilities	(1,326)	(5,396)	(393)	(402)	(10)	-	-		(7,527)
Current liabilities	(153,248)	(9,040)	(16,327)	(3,017)	(1,021)	(1,045)	(17,468)		(201,166)
Net assets (100%)	12,925	8,430	3,237	2,789	1,744	1,675	3,260		34,060
Carrying amount of NCI	5,170	3,688	1,586	1,366	763	733	652	3,343	17,301
Income statement information:									
Revenue	25,435	10,624	8,291	4,859	1,041	2,467	12,421		65,138
Profit	9,349	3,961	837	1,998	114	1,021	2,235		19,515
OCI	(166)	(526)	(384)	(298)	(53)	(56)	(254)		(1,737)
Total comprehensive income	9,183	3,435	453	1,700	61	965	1,981		17,778
Profit allocated to NCI	3,740	1,733	410	979	50	447	447	729	8,535
OCI allocated to NCI	(66)	(230)	(188)	(146)	(23)	(25)	(51)	(110)	(839)

20 Non-controlling interest ("NCI") *(continued)*

In thousands of USD

31 December 2021	Gulf Agency Company (Egypt) Ltd	GAC Shipping S.A.	GAC Shipping (India) Pvt Ltd	GAC Philippines, Inc.	Gulf Agency Co. (Cyprus) Limited	UMA Marine Agencies Limited	GAC Norway AS	Other individually immaterial subsidiaries	Total
NCI percentage	40.00%	43.75%	49.00%	49.00%	43.75%	43.75%	20.00%		
Balance sheet information:									
Non-current assets	4,128	3,611	1,075	1,063	1,619	204	2,566		14,266
Current assets	120,741	19,260	20,106	5,419	1,367	1,672	15,376		183,941
Non-current liabilities	-	(5,993)	(342)	(419)	(22)	(46)	1,057		(5,765)
Current liabilities	(116,297)	(9,335)	(17,000)	(3,608)	(1,188)	(1,067)	(16,889)		(165,384)
Net assets (100%)	8,572	7,543	3,839	2,455	1,776	763	2,110		27,058
Carrying amount of NCI	3,429	3,300	1,881	1,203	777	334	422	3,166	14,512
Income statement information:									
Revenue	18,082	10,915	7,922	4,046	1,044	1,238	10,855		54,102
Profit	4,452	5,891	917	1,527	42	367	1,199		14,396
OCI	(27)	(510)	(157)	(2)	(160)	(50)	(60)		(966)
Total comprehensive income	4,425	5,381	760	1,525	(118)	317	1,139		13,430
Profit allocated to NCI	1,781	2,577	449	748	19	161	240	415	6,390
OCI allocated to NCI	(11)	(223)	(77)	(1)	(70)	(22)	(12)	(29)	(445)

21 Bank borrowings

In thousands of USD	Note	2022	2021
Term loans		**23,303**	35,528
Less: unamortized transaction cost on loan		**(94)**	(219)
		23,209	35,309
Less: Long term portion		**(2,991)**	(8,667)
Current portion of loans		**20,218**	26,642
Bank overdraft	18	**2,094**	5,273
Total current portion of bank borrowings		**22,312**	31,915

Current portion of short term loans includes an amount of USD 14.8 million *(2021: USD 21.2 million)* and the remaining balance of USD 5.4 million *(2021: USD 5.4 million)* relates to current portion of long-term loans.

The movement of term loans during the year was as follows:

In thousands of USD	Note	2022	2021
Balance at 1 January		**35,528**	29,470
Loans obtained during the year		**-**	12,294
Loans repaid during the year		**(12,117)**	(5,889)
Currency translation difference		**(108)**	(347)
Balance at 31 December		**23,303**	35,528

The Group has obtained the following loans:

In thousands of USD	Note	Interest rate	Year of maturity	Loan outstanding as at 31 December 2022	Loan outstanding as at 31 December 2021
Long-term loan up to USD 26 million	(a)	3 Month Libor + 4%	2023	**5,124**	10,240
Short-term bank financing	(b)	Various	2023	**14,804**	21,116
Lease financing of EUR 5.7 million	(c)	Implicit rate of 2.97%	2032	**2,966**	3,457
Various vehicle loans and others	(d)	Various	Various	**409**	715
				23,303	35,528

(a) On 18 December 2018, the Group entered into a long-term, interest-bearing loan agreement with a lender bank for a loan up to USD 26 million to refinance an existing loan of a related party which was used to finance 19 vessels owned by International World Shipping Agencies S.A. ("IWSA"), a subsidiary. The critical terms of the bank facility in respect of loan security are as follows:

(i) Loan to Value ("LTV") not to fall below 65%;
(ii) Irrevocable and limited corporate guarantee from the Company ("the Guarantor") amounting to USD 5.1 million *(2021: USD 10.2 million)*;
(iii) Subordination of shareholders loan and current account balances from the Company in favour of the bank;
(iv) First degree registered mortgage over the vessels owned by IWSA (refer note 11(c));
(v) Hypothecation agreement for vessels signed by a related party in favour of the bank on pari- passu basis;
(vi) Creation of a debt service reserve account for an amount equivalent to 10% of the facility amount but no less that USD 1.8 million within six months from date of drawdown (refer note 18(a));
(vii) Cross corporate guarantees up to the value of the vessels owned by IWSA; and
(viii) Always maintain Vessel desktop valuation less than 12 months old.

On 20 December 2018, the Group had entered into an interest rate swap for part of the loan amount, with repayment and termination coinciding with the loan tenure. This interest rate swap is designated as effective cash flow hedge and the movements in fair value are taken to equity. (Also refer note 30).

20230608023352

21 Bank borrowings *(continued)*

The Group is required to comply with certain financial covenants, in relation to the above bank loan. As at 31 December 2022 and 2021, the Group was in compliance of these financial covenants.

(b) Short-term financing mainly represents outstanding invoices for certain customers (i.e. trade receivables), that are discounted with a bank with recourse. These are discounted at an agreed rate based on the tenure of the credit period which generally does not exceed six months.

(c) The finance lease obligation is in respect of a property (office premises) in Greece, with net book value of USD 2.9 million, obtained on a sale and lease back basis. At the end of the lease period, the subsidiary has the purchase option to acquire the property (refer note 11(a)). The loan is repayable in 25 annual instalments starting from 6 March 2008 until 6 March 2032.

Lease liabilities payable are as follows:

	Future minimum lease payments		Interest		PV of minimum lease payments	
In thousands of USD	**2022**	2021	**2022**	2021	**2022**	2021
Less than one year	**355**	376	**(53)**	(62)	**302**	314
Between one year and five years	**1,418**	1,503	**(153)**	(187)	**1,265**	1,316
More than 5 years	**1,455**	1,917	**(56)**	(90)	**1,399**	1,827
	3,228	3,796	**(262)**	(339)	**2,966**	3,457

(d) This relates to mortgages of respective vehicles with net book value of USD 0.1 million. The loan is repayable under various repayment terms.

22 Trade and other payables

Accounting policy

Refer to accounting policy for financial instruments under note 3 (b).

Provisions

A provision is recognised in the consolidated statement of financial position where the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

In thousands of USD	Note	**2022**	2021
Trade payables		**259,172**	248,576
Due to related parties	24(c)(ii)	**8,219**	6,084
Accrued expenses and deferred income		**23,238**	18,580
Provision for losses in relation to associates and joint ventures	14	**327**	281
Other payables		**15,141**	13,674
		306,097	287,195
Non-current		**862**	802
Current		**305,235**	286,393
		306,097	287,195

23 Work in progress / (advances from customers) – net

In thousands of USD	Note	2022	2021
Work-in-progress	(a)	**340,319**	258,659
Less: Advances from customers, gross	(b)	**(325,169)**	(273,094)
Work in progress / (Advances from customers) - net		**15,150**	(14,435)

(a) Work-in-progress mainly represents payments made / expenses incurred on behalf of the customers mainly in relation to port services obtained from various third-party suppliers which are recharged / invoiced to customers on completion of the job.

(b) Advances from customers consists of amounts received from various third-party customers in advance of performing the services. These advances are then utilized to pay third party suppliers for the provision of services as instructed by the customers. The advances from customers have been netted off against the work-in-progress balance, as at the reporting date, as the Group has a legally enforceable right to offset such amounts.

24 Related parties

The Group, in the ordinary course of business, enters into transactions with other business enterprises that fall within the definition of related parties in International Accounting Standard No 24. These transactions mainly comprise interest income / expense on loans to / from related parties, management fees and service revenue earned from related parties in the normal course of business, at agreed rates, terms and conditions. In addition to the Holding Entity, key management personnel, subsidiaries, associates and joint ventures of the Company, the subsidiary of the Holding Entity, United Shipping Agencies Establishment ("USA") is also considered a related party. The Group shares management, key personnel and policy making processes with its subsidiaries, associates, joint ventures, other related parties and USA referred to as "the GAC Group".

The significant transactions with related parties are given below, other than those already disclosed elsewhere in these consolidated financial statements.

(a) Transactions with key management personnel are as follows:

(i) Out of the six directors serving on the Board of the Company, four are employees of the Group. The Group Executive compensation for these four employees for serving as Board of Directors for the year ended 31 December 2022 amounted to USD 1.2 million *(2021: USD 1.2 million)*. Also, consultancy fees amounting to USD 0.15 million *(2021: USD 0.15 million)* has been paid to a Director who is not an employee of the Group.

(ii) Compensation to key management personnel are as follows:

In thousands of USD	Note	2022	2021
Salaries and other short term employee benefits		**8,663**	7,368
Post-employment benefits (defined contribution plan)		**554**	577

(b) Significant transactions during the year with related parties

Income from related parties

Accounting policy

Service revenue earned from related parties

These are derived from associates, joint venture entities and other related parties in exchange for services and resources provided by the Group in respect of Quality Health Safety Security and Environment (QHSSE), Corporate Communication and Marketing (Commercial), Information Technology (IT), Legal and Compliance, Corporate Secretary & Insurance (CCSI), Oil and Gas services (Energy), Group Corporate Academy (GCA) and regional support. Service revenue earned from related parties are recognised at a point in time and are based on the substance of respective agreements mutually agreed and executed with the related parties.

Management fees

Management fees is recognised at a point in time when the services are rendered based on the substance of respective agreements executed with the related parties.

24 Related parties *(continued)*

(b) Significant transactions during the year with related parties *(continued)*

Income from related parties *(continued)*

In thousands of USD	Note	2022	2021
Service revenue and management fee earned from related parties		**17,194**	14,413
Interest income on loans to related parties - net	8(a)	**118**	107

(c) Related party balances

(i) Due from related parties (current)

In thousands of USD	Note	2022	2021
Joint ventures		**4,109**	2,099
Associates		**5,468**	4,168
Other related parties		**3,899**	3,465
Total		**13,476**	9,732

(ii) Due to related parties (current)

In thousands of USD	Note	2022	2021
Joint ventures		**3,116**	958
Associates		**4,744**	4,215
United Shipping Agencies Establishment		**-**	72
Other related parties		**359**	839
Total		**8,219**	6,084

(iii) Current account with key management personnel

The above balance includes a balance payable to one of the key management personnel amounting to USD 0.8 million *(2021: receivable of USD 2.7 million)*. In the previous year, the receivable balance was interest bearing at an agreed rate.

(iv) Due from related parties (non-current)

Refer to accounting policy for financial instruments under note 3 (b).

Accounting estimate - Loans to related parties (non-current)

The Group's ECL calculations are outputs of a model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- the Group's internal credit grading model, which assigns PDs to the individual grades;
- the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- the segmentation of financial assets when their ECL is assessed on a collective basis;
- development of ECL models, including the various formulas and the choice of inputs;
- determination of associations between macroeconomic scenarios and economic inputs and the effect on PDs, EADs and LGDs; and selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Notes to the Consolidated financial statements *(continued)*

24 Related parties *(continued)*

(c) Related party balances *(continued)*

(iv) Due from related parties (non-current) *(continued)*

		2022			2021		
In thousands of USD	**Note**	**At Cost**	**Impairment provision**	**Net**	At Cost	Impairment losses	Net
Joint ventures							
GAC Marine Logistics GmbH		**58**	**(1)**	**57**	71	-	71
Gulf Agency Co. (Qatar) W.L.L.		**-**	**-**	**-**	1,373	-	1,373
Modern Freight Company LLC		**839**	**-**	**839**	338	(45)	293
		897	**(1)**	**896**	1,782	(45)	1,737
Associates							
GAC Thoresen Logistics Ltd		**2,210**	**(14)**	**2,196**	2,960	(159)	2,801
Middle East Properties One Limited		**-**	**-**	**-**	1,500	-	1,500
		2,210	**(14)**	**2,196**	4,460	(159)	4,301
Other related parties							
Gulf Agency Company (Dubai) LLC		**7,086**	**-**	**7,086**	7,086	-	7,086
Gulf Agency Company (Yemen) Ltd		**5**	**(5)**	**-**	5	(5)	-
		7,091	**(5)**	**7,086**	7,091	(5)	7,086
Total		**10,198**	**(20)**	**10,178**	13,333	(209)	13,124
Movement in cost and impairment provision is as follows:							
Balance at 1 January		**13,333**	**(209)**	**13,124**	12,583	(243)	12,340
(Decrease) / Increase of receivables - net		**(1,762)**	**(1)**	**(1,763)**	1,567	-	1,567
Conversion of loan to investment	14(a)	**-**	**-**	**-**	(817)	-	(817)
Write-back of impairment losses		**-**	**190**	**190**	-	34	34
Reclassified as short term		**(1,373)**	**-**	**(1,373)**	-	-	-
Balance at 31 December		**10,198**	**(20)**	**10,178**	13,333	(209)	13,124

All the above loans to related parties carry interest at normal commercial rates and have varying repayment dates.

25 Lease liabilities

Accounting policy

Refer to accounting policy under note 12.

In thousands of USD	Note	2022	2021
At 1 January		**20,892**	24,749
Additions during the year		**7,098**	8,094
Remeasurement		**863**	(581)
Payment of lease liabilities		**(8,765)**	(11,437)
Interest expense on lease liabilities		**1,158**	966
Currency translation difference		**(750)**	(899)
Balance as at 31 December		**20,496**	20,892
Less: lease liabilities - current		**(7,949)**	(9,423)
Lease liabilities - non-current		**12,547**	11,469

Lease liabilities are as follows:

	Future minimum lease payments		Interest		PV of minimum lease payments	
In thousands of USD	**2022**	2021	**2022**	2021	**2022**	2021
Less than one year	**8,438**	10,191	**489**	768	**7,949**	9,423
Between one year and five years	**12,358**	10,732	**1,085**	1,765	**11,273**	8,967
More than 5 years	**1,487**	2,785	**213**	283	**1,274**	2,502
	22,283	23,708	**1,787**	2,816	**20,496**	20,892

The imputed finance cost on the lease liabilities was based on the Group's incremental borrowing rates ranging from 1.11% to 9%.

26 Contingent liabilities

In thousands of USD	Note	2022	2021
Corporate Guarantees - equity accounted investees and other related parties		**57,940**	1,857
Bank guarantees		**14,527**	20,116

27 Operating lease commitments

In thousands of USD	Note	2022	2021
Less than one year		**2,185**	2,282
Between one and five years		**7,018**	7,986
Greater than five years		**5,330**	4,324
Total		**14,533**	14,592

Notes to the Consolidated financial statements *(continued)*

28 List of direct subsidiaries

The Company's interest, held directly, in the principal subsidiaries of the Company are as follows:

			2022		2021	
In thousands of USD	**Note**	**Place of incorporation**	**Effective ownership interest**	**Cost of investment**	**Effective ownership interest**	**Cost of investment**
Subsidiaries						
Agence Maritime Golf Algerie SARL		Algeria	**100.00%**	**202**	100.00%	202
Gulf Agency Company (Australia) Pty Ltd		Australia	**100.00%**	**220**	100.00%	220
GAC Marine Holdings Ltd		BVI	**100.00%**	**18,205**	100.00%	18,205
Whitelink Ltd	(d)	Cyprus	**-**	**-**	100.00%	502
Gulf Agency Company (Egypt) Ltd	(a)	Egypt	**60.00%**	**137**	60.00%	137
GAC Shipping (India) Pvt Ltd		India	**51.00%**	**727**	51.00%	727
PT GAC Samudera Freight Services		Indonesia	**95.83%**	**950**	95.00%	950
GAC Kazakhstan LLP		Kazakhstan	**100.00%**	**-**	100.00%	-
Burislee Shipping Services Ltd	(a),(b)	Kuwait	**-**	**-**	100.00%	51
Gulf Agency Company (Kuwait) Ltd	(a),(b)	Kuwait	**-**	**-**	100.00%	504
International Shipping Agency Ltd	(a),(b)	Kuwait	**-**	**-**	100.00%	509
GAC Cargo Systems (Malaysia) Sdn. Bhd (consolidated)	(a)	Malaysia	**100.00%**	**3,977**	100.00%	3,977
GAC Group (Holdings) Limited (consolidated)	(c)	U.A.E	**100.00%**	**101,241**	100.00%	101,241
Ord Brough and Collins Limited	(d)	UK	**-**	**-**	100.00%	4,169
GAC Marine S.A. and its branch in Turkmenistan	(e)	Panama	**-**	**-**	100.00%	42,360
GAC Marine Kazakhstan LLP		Kazakhstan	**100.00%**	**-**	100.00%	-
				125,659		173,754

(a) These investments are held by related parties and / or individuals for the beneficial interest of the Group.
(b) During the year, as part of the restructuring in the GAC Group, these investments were transferred at their carrying amounts to GAC Group (Holdings) Limited and accordingly it became their parent company.
(c) During the year, no short-term receivable from GAC Group (Holdings) Ltd was converted to investment *(2021: USD 22.7 million)*.
(d) These investments were liquidated during the year.
(e) The investment in GAC Marine S.A. has been sold in the current year for a consideration amounting to USD 0.2 million, thereby resulting in a gain on sale amounting to USD 0.1 million which has been included within other income in the consolidated statement of profit or loss and other comprehensive income. Also refer note 6.

29 Financial instruments

Financial risk management and capital management

The Group has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's Management is responsible for developing and monitoring the Group's risk management policies. The Senior Management reports directly to the Board of Directors.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and other receivables, related party balances and cash at bank.

Refer to notes 17 and 24(c)(iv) for information on the inputs, assumptions and techniques used for estimating impairment in relation to trade receivables and related party receivables, respectively.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

In addition to the quantitative test based on movement of PD, the Group also applies experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

Definition of default

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates.

29 Financial instruments *(continued)*

202306080236

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. Liquidity risk mainly relates to bank borrowings, trade and other payables and lease liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its financial instruments which carry variable interest on normal commercial rates. The Group has a policy of entering into interest rate cap contracts or interest rate swaps in order to reduce its exposure to interest rates fluctuations on its bank loans. The Group follows hedge accounting for all its derivatives financial instruments such as interest rate swaps.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group is mainly exposed to currency risk on its cash and cash equivalents, trade receivables, trade payables and inter-company balances and loans denominated in Euro ("EUR"), Great Britain Pound ("GBP"), and Australian Dollar ("AUD").

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to significant equity price risk as the Group does not hold investment in equity instruments.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the year. The Group is required to maintain a certain level of net tangible worth on account of its bank borrowings. Apart from this, the Group is not subject to any externally imposed capital requirements.

(a) Credit risk

The carrying amount of financial assets represents the maximum credit exposure, which was as follows, as at the reporting date:

In thousands of USD	Note	**2022**	2021
Trade and other receivables (excluding prepayments and accrued income)		**244,682**	252,739
Cash at banks		**185,998**	139,981
		430,680	392,720

The following table provides information about exposure to credit risk and ECLs for trade receivables as at 31 December:

	2022			2021		
In thousands of USD	**Gross**	**Loss rate**	**Impairment**	**Gross**	**Loss rate**	**Impairment**
Not past due	**127,103**	**1%**	**(789)**	136,967	1%	(954)
Past due 0 – 90 days	**41,871**	**3%**	**(1,113)**	48,284	2%	(936)
Past due 91 – 365 days	**21,725**	**8%**	**(1,713)**	18,528	7%	(1,322)
More than one year	**11,033**	**61%**	**(6,714)**	10,052	80%	(8,085)
Total	**201,732**		**(10,329)**	213,831		(11,297)

29 Financial instruments *(continued)*

(a) Credit risk *(continued)*

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

In thousands of USD	Note	2022	2021
Balance at 1 January		**11,297**	10,855
Impairment loss - net		**2,293**	2,048
Provision written off against trade receivables		**(3,261)**	(1,606)
Balance at 31 December	17	**10,329**	11,297

The exposure to credit risk on related party balances is monitored on an ongoing basis and these are considered recoverable by the Group's management. The Group's cash is placed with banks of repute.

(b) Liquidity risk

The following are the contractual maturities of the Company's financial liabilities at the reporting dates:

		Contractual cash flows				
In thousands of USD	**Carrying amount**	**Total**	**Less than 1 year**	**1-2 year**	**2-5 year**	**More than 5 years**
At 31 December 2022						
Non-derivative						
Trade payables	**259,172**	**259,172**	**259,172**	**-**	**-**	**-**
Bank overdraft	**2,094**	**2,094**	**2,094**	**-**	**-**	**-**
Secured bank loans	**23,438**	**23,885**	**21,012**	**355**	**1,063**	**1,455**
Other payables	**39,051**	**39,051**	**38,189**	**862**	**-**	**-**
Due to related parties	**8,219**	**8,219**	**8,219**	**-**	**-**	**-**
Derivative						
Interest rate swaps	**55**	**55**	**55**	**-**	**-**	**-**
	332,029	**332,476**	**328,741**	**1,217**	**1,063**	**1,455**
At 31 December 2021						
Non-derivative						
Trade payables	248,576	248,576	248,576	-	-	-
Bank overdraft	5,273	5,273	5,273	-	-	-
Secured bank loans	36,783	37,300	28,891	5,613	1,035	1,761
Other payables	35,115	35,115	34,313	802	-	-
Due to related parties	6,084	6,084	6,084	-	-	-
Derivative						
Interest rate swaps	144	144	88	56	-	-
	331,975	332,492	323,225	6,471	1,035	1,761

The carrying amounts of bank loans also include accrued interest.

29 Financial instruments *(continued)*

(c) Interest rate risk

20230608023357

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

In thousands of USD	Note	2022	2021
Variable rate instruments			
Financial assets			
Long term receivables from related parties		**10,193**	16,086
Fixed deposits with bank		**61,373**	18,620
		71,566	34,706
Financial liabilities			
Bank overdrafts		**2,094**	5,273
Bank loans		**23,303**	35,528
Due to related parties (deposits)		**4,122**	8,541
Interest rate swaps (notional amounts)		**(2,600)**	(5,200)
		26,919	44,142

Fair value sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2021.

	Profit or loss		Equity	
In thousands of USD	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
At 31 December 2022				
Variable rate instruments				
Financial assets	**716**	**(716)**	**716**	**(716)**
Financial liabilities (excluding interest rate swaps)	**(295)**	**295**	**(295)**	**295**
Interest rate swaps	**-**	**-**	**26**	**(26)**
At 31 December 2021				
Variable rate instruments				
Financial assets	347	(347)	347	(347)
Financial liabilities (excluding interest rate swaps)	(493)	493	(493)	493
Interest rate swaps	-	-	52	(52)

Notes to the Consolidated financial statements *(continued)*

29 Financial instruments *(continued)*

(d) Currency risk

The Group's exposure to significant foreign currencies other than USD was as follows, based on notional amounts:

In thousands of USD	AUD	EUR	NGN	SGD	NOK	GBP
31 December 2022						
Cash and cash equivalents	**142**	**8,314**	**-**	**6**	**872**	**1,796**
Trade receivables	**156**	**1,039**	**-**	**30**	**480**	**3,086**
Related parties - net	**3,056**	**4,868**	**-**	**751**	**395**	**2,289**
Trade payables	**(842)**	**(8,263)**	**-**	**(49)**	**(405)**	**(1,664)**
Net balance sheet exposure	**2,512**	**5,958**	**-**	**738**	**1,342**	**5,507**
31 December 2021						
Cash and cash equivalents	420	9,594	-	-	930	5,702
Trade receivables	220	12,485	-	-	-	1,110
Related parties - net	3,460	10,993	1,460	824	(1,296)	(2,860)
Trade payables	(651)	(11,318)	-	(176)	(451)	(718)
Net balance sheet exposure	3,449	21,754	1,460	648	(817)	3,234

Although the Group's advance from customers - net, are denominated in a currency other than USD, it is not exposed to a significant risk of currency fluctuation on these balances as the foreign exchange risk is primarily borne by the customers.

The following exchange rates applied during the year:

	Average rate		Spot rate	
	2022	2021	**2022**	2021
	USD	USD	**USD**	USD
AUD	**0.6936**	0.7508	**0.6782**	0.7271
EUR	**1.0519**	1.1826	**1.0672**	1.1371
NGN	**0.0024**	0.0025	**0.0022**	0.0024
SGD	**0.7254**	0.7442	**0.7456**	0.7417
NOK	**0.1041**	0.1163	**0.1015**	0.1134
GBP	**1.2329**	1.3753	**1.2029**	1.3545

20230508023358

29 Financial instruments *(continued)*

(e) Currency risk

Sensitivity analysis

A 10 percent strengthening of the US Dollar against the following currencies at 31 December 2022 would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

In thousands of USD	**2022**	2021
AUD	**(251)**	(345)
EUR	**(596)**	(2,175)
NGN	**-**	(146)
SGD	**(74)**	(65)
NOK	**(134)**	82
GBP	**(551)**	(323)
	(1,606)	(2,972)

(f) Fair value

The fair value of the Group's financial assets and liabilities is not materially different from their carrying amounts.

(g) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In thousands of USD	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2022				
Financial instruments	**-**	**(55)**	**-**	**(55)**
31 December 2021				
Financial instruments	-	(144)	-	(144)

30 Derivative instruments designated as cash flow hedges

Accounting policy

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging *instruments to hedge the variability in cash flows* associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

30 Derivative instruments designated as cash flow hedges *(continued)*

Accounting policy *(continued)*

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non- financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.
For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss. At the end of the reporting year, the Group held the following derivative instruments, designated as cash flow hedges in relation to floating rate interest- bearing loans and borrowings:

Instrument	Currency	Original notional amount	Commencement date	Maturity date	Fair value (negative)	
					2022	2021
Interest rate swap	USD	2,600	20 Dec 2018	20 Dec 2023	**(55)**	(144)
					(55)	(144)

31 Comparative figures

The comparative information of the previous year has been reclassified where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported profit, net assets or equity of the Group.

32 Subsequent events

There have been no significant events subsequent to 31 December 2022, up to the date of the authorization, which could have a material effect on these consolidated financial statements.

20230608023359

Supplementary information

Adjusted earnings before interest, tax, depreciation, and amortisation (adjusted EBITDA)

Management has presented the performance measures adjusted EBITDA because they monitor this performance measure at a consolidated level, and they believe that this measure is relevant to an understanding of the Group's consolidated financial performance. Adjusted EBITDA is calculated by adjusting profit for the year to exclude the impact of taxation, net finance cost, depreciation amortisation, impairment losses / reversals related to goodwill, intangible assets and property and equipment.

Adjusted EBITDA is not a defined performance measure in IFRS accounting standards. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted EBITDA to profit for the year:

In thousands of USD	**2022**	2021
Profit for the year	**74,662**	36,084
Income tax expense	**9,368**	8,743
Profit before tax	**84,030**	44,827
Adjustments for:		
- Net finance cost	**2,976**	65
- Depreciation and amortisation	**17,815**	21,605
- Impairment losses on goodwill	**799**	-
Adjusted EBITDA	**105,620**	66,497