COMPANY ANNOUNCEMENT

The following is a company announcement issued by AST Group p.l.c. (the "Company") bearing company registration number C 66811, in terms of the rules of Prospects MTF, a market regulated as a multi-lateral trading facility and operated by the Malta Stock Exchange.

QUOTE

Approval and Publication of Audited Financial Statements

The Company hereby announces that during the meeting of its Board of Directors held on Wednesday, 10th June 2020, the Directors considered and approved the Company's Audited Financial Statements for the financial year ended 31st December 2019. Copies of the Company's Audited Financial Statements for the financial year ended 31st December 2019 are attached to this announcement and are also available for viewing and download on the following link on the Company's website: https://astgroupplc.com/news/category/financial-reports/.

The Board of Directors recommended to the Annual General Meeting of the Company that no dividend be declared.

Furthermore, the Board of Directors note that a material variance resulted between the 2019 projections that were published in Section 8 and Annex A of the Company Admission Document issued on 4 December 2017 (Original Projections), and the actual results registered for the financial year ending 31 December 2019. The Original Projections indicated a profit before tax of €470k for the year ending 31 December 2019. However, the Company generated a loss before tax of €301k during these twelve months. Such loss principally sterns from the negative loss incurred in the shipping companies (AST Shipping Limited, Damask Chartering Limited and Damask Shipping Management Company Limited) which amounted to €382k, given that the animal feed business (through Damask Investment Limited) generated profits of €74k. The loss incurred on the shipping companies was due to the general lowering of freight rates that impacted the industry following a downward trend in shipping activity.

The Company further announces that the Board of Directors resolved that the aforesaid Audited Financial Statements be submitted to the shareholders of the Company at the Annual General Meeting scheduled to take place on 25th June 2020 for the purpose of considering, and if deemed fit, passing the resolutions set out hereunder.

ORDINARY RESOLUTIONS

1. To consider and approve the Company's Annual Report and Audited Financial statements for the financial year ended 31St December 2019.
2. To re-appoint Horwath Malta as auditors of the Company and to authorise the Directors to fix their remuneration.
3. To appoint the Directors in accordance with the Articles of Association of the Company.

UNQUOTE

Dr. Katia Cachia
Company Secretary
11th June 2020

AST GROUP P.L.C

C 66811

ANNUAL REPORT

AND CONSOLIDATED FINANCIAL ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2019

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report of AST Group p.l.c. (the Company) and the Group of which it is the parent for the year ended 31 December 2019. The Group comprises the Company and its branches and subsidiaries as disclosed in note 8 to the financial statements.

Principal Activities

AST Group p.l.c. was incorporated as a private limited liability company on 22 September 2014 as AST Group Limited and was, on 14 October 2017, converted to a public limited liability company. Until 2017, the principal activity of the Group was to trade in animal feed. In 2018, the Group expanded its operations by acquiring a multipurpose vessel to vertically integrate its animal feed operations and provide ship management and chartering services.

Performance Review

During the year under review the Group's objective remained focused on trading in animal feed and provision of chartering and shipping services. During the year under review the Group generated revenue amounting to € 15,660,331 (2018: € 15,414,596) and incurred a loss before tax of € 301,360 (2018: profit before tax of € 349,932). Despite the fact that revenue during the current year was slightly higher than that reported in previous year, the Group reported a loss before tax due to lower margins and higher administratve costs. Such loss stems from the negative loss incurred in the Shipping Companies amounting to € 382,064 and a minimal profit reported in the Company and related branches trading in animal feed amounting to € 74,321.

The total comprehensive income for the year after accounting for taxation amounted to € 12,727 (2018: profit after tax of € 225,824). Such comprehensive income is the result of the revaluation of the motor vessel carried out during the year under review, amounting to Eur 353,853..

The Company generated finance income amounting to € 146,060 (2018: € 100,746). During the year the Company received gross dividends from subsidiary amounting to € 53,876 (2018:- € 127,972). Interest expense on bond amounted to € 100,925 (2018: € 92,515). The Company's profit before taxation amounted to € 32,569 (2018: € 98,585). After accounting for taxation, the profit for the year amounted to € 16,619 (2018: € 53,795).

Position review

The Group's asset base amounted to € 6,967,629 as at 31 December 2019 (2018: € 5,371,102), consisting principally of property plant and equipment, inventory and trade and other receivables. The increase in receivables as well as the prior year adjustment as disclosed in note 25 of the financial statements are the primary factors contribution towards the increase in the Gorup's asset base. The Group's total liabilities amounted to € 5,261,876 (2018: € 3,678,076), such increase is due to increase in trade payables.

As at 31 December 2019 the Group is reporting a positive working capital of € 1,705,753 compared to €1,693,026 as at 31 December 2018.

The Company's asset base amounted to € 2,192,595 as at 31 December 2019 (2018: € 2,132,771).

Non-current assets relate to loans due from subsidiary companies amounting to € 1,812,063. Included in current portion of loans receivables are current portion of loans due from subsidiaries amounting to € 126,368 (2018: € 100,746).

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

Future Developments

The directors expect the present level of activity to improve in the foreseeable future.

Reserves

The results for the year are set in the Consolidated Statement of Comprehensive Income on page 16.

The Board of Directors does not propose the payment of a dividend. Retained profits carried forward at the reporting period amounted to € 447,407 (2018: € 788,533) for the Group and € 216,087 (2018: € 199,468) for the Company.

DIRECTORS' REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

Financial Risk Management

The Group's activities expose it to a variety of financial risks, including credit risk and liquidity risk. These are further analysed in Note 26 to these financial statements.

Events Subsequent to the Statement of Financial Position Date

The directors assessed subsequent events from 1 January 2020 through 10 June 2020, the date these financial statements were approved. Through such assessment, the directors have determined that events subsequent to balance sheet date occurred as reported in note 28 to these financial statements.

Board of directors

The directors of the Company during the year were:

Mr Giuseppe Muscat - (Non Executive Director and Chairman)

Dr Kristian Balzan - Appointed on 04 March 2019 (Independent, Non Executive Director)

Dr Luca Vella – Resigned on 04 March 2019

Mr William Wait - (Independent, Non-Executive Director)

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

Statement of Directors' Responsibilities

The Companies Act, Cap 386 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the profit and loss of the Group and the Company of that year. In preparing these financial statements, the directors are required to:

• adopt the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business;
• select suitable accounting policies and then apply them consistently;
• make judgements and estimates that are reasonable and prudent;
• account for income and charges relating to the accounting period on the accruals basis;
• value separately the components of asset and liability items;
• report comparative figures corresponding to those of the preceding accounting period; and
• ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group and the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

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

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and

- Each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

DIRECTORS' REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Directors' Responsibilites (continued)

Going concern

After making enquiries as noted in note 1, and in the light of the current financial position, the existing banking facilities and other funding arrangements, the directors confirm, that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties associated with the Company

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

A detailed review of the risk management policies adopted by the Company is included in Note 26 to these Financial Statements.

Share Capital Structure

The Company's authorised and issued share capital is €50,000 divided into 50,000 Ordinary Shares of €1 each. Each Ordinary Share is entitled to one vote. The Ordinary Shares in the Company shall rank pari passu for all intents and purposes at law. There are currently no different classes of Ordinary Shares in the Company and accordingly all Ordinary Shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital.

Holdings in excess of 5% of Share Capital

AFTL Group AG holds 49,999 shares in the Company, equivalent 99.999% of its total issued share capital. There are no arrangements in place as at 31 December 2019, the operation of which may at a subsequent date result in a change in control of the Company.

Appointment and removal of directors

Appointment of directors shall be made at the Annual General Meeting of the Company.
The directors shall hold office for a period of one year and are eligible for re-election. An election of the directors shall take place every year at the Annual General Meeting of the Company.

Powers of the Directors

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

Directors' Interests

As at 31 December 2019, all directors have no beneficial interest in the share capital of the Company.

DIRECTORS' REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

Contracts with Board Members and Employees

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

Auditors

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

Pursuant to Prospects Rule 4.11.12, the Directors confirm that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2019, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and

- the annual report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that the Group and the Company face.

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

Dr. Kristian Balzan
Director
10 June 2020

Mr. Giuseppe Muscat
Director
10 June 2020

Corporate Governance – Statement of Compliance
31 December 2019

The Code adopted by the Company

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

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

General

Good corporate governance is the responsibility of the Board as a whole and has been, and remains a priority for the Company. In deciding on the most appropriate manner in which to implement the Code, the Board took cognizance tf5cfxrof the Company's size, nature and operations, and formulated the view that the adoption of certain mechanisms and structures which may be suitable for companies with extensive operations may not be appropriate for the Company. The limitations of size and scope of operations inevitably impact on the structures required to implement the Code, without however diluting the effectiveness thereof.

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

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

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

Compliance with the Code

Principle 1: The Board

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

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

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

Corporate Governance – Statement of Compliance – (continued)
31 December 2019

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

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

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

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

Principle 3: Composition of the Board

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

The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors. As at 31 December 2019, the Board is made up as follows:

Mr. Giuseppe Muscat — Non-Executive Director and Chairman

Mr. William Wait — Independent, Non-Executive Director

Dr. Kristian Balzan — Independent, Non-Executive Director

Company Secretary:

Dr Katia Cachia

Principle 4: The Responsibilities of the Board

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

Principle 5: Board Meetings

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

The Board meets as often as frequently required in line with the nature and demands of the business of the Company. Directors attend meetings on a frequent and regular basis and dedicate the necessary time and attention to their duties as Directors of the Company. The Board met formally 7 times during the year 2019. The following Directors attended Board meetings as follows:

Mr. Giuseppe Muscat — Non-Executive Director and Chairman - 6 times

Mr. William Wait — Independent, Non-Executive Director – 7 times

Dr. Luca Vella – Independent, Non-Executive Director (resigned on 04 March 2019) – 0 times

Dr Kristian Balzan – Independent, Non-Executive Director (appointed on 4 March 2019) – 6 times

Principle 6: Information and Professional Development

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

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

Principle 8: Committees

Internal Control

The Board is responsible for the internal control system of the Company and for reviewing its effectiveness. The internal control system is designed to achieve business objectives and to manage the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses and fraud.

Systems and procedures are in place to control, monitor, report and assess risks and their financial implications. Management accounts and strategic plans are prepared on a regular basis and are presented to the Board to monitor the performance of the Company on an on-going basis.

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

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

Audit Committee

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

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

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

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

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

Corporate Governance – Statement of Compliance – (continued)
31 December 2019

Principle 8: Committees (continued)

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

The Audit Committee will always be composed of not fewer than three members. The quorum for the transaction of business at a meeting of the Audit Committee will be the majority of members appointed at the Committee, present in person. The Committee shall be chaired by an independent, non-executive director and the Chairperson of the Board shall not be the Chairperson of the Audit Committee. The Audit Committee is presently composed of:

- Mr. William Wait (Chairman of the Audit Committee)
- Dr Kristian Balzan
- Mr Giuseppe Muscat

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

The Audit Committee met 5 times during the year under review.

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

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

Principle 9: Relations with bondholders and the market

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

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

Principle 11: Conflicts of Interest

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

Principle 12: Corporate Social Responsibility

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

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

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

Corporate Governance – Statement of Compliance – (continued)
31 December 2019

Non-compliance with the Code

Principle 7: Evaluation of the Board's Performance

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

Principle 8A: Remuneration Committee

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

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

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

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

Total fees of € 11,726 was paid to directors during the year under review.

Principle 8B: Nomination Committee

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

Principle 10: Institutional Shareholders

The company does not have any institutional investors. Signed on behalf of the Board of Directors on 10 June 2020 by:

Mr. William Wait

Director and Chairman of the

Audit Committee

Mr. Giuseppe Muscat

Director

Dr. Kristian Balzan

Director

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of AST Group plc

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and stand-alone parent Company financial statements of AST Group plc (together the financial statements), set out on pages 15 to 37, which comprise the consolidated and parent company statements of financial position as at 31 December 2019, and the consolidated and parent company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and stand-alone financial statements give a true and fair view of the financial position of the group and the parent company, as at 31 December 2019 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters (continued)

Recoverability of group balances

Loans receivable include funds advanced to subsidiary companies amounting to €1,938,432 as at 31 December 2019, and which carry an agreed rate of interest of 8% per annum.

The recoverability of these loans is assessed at the end of each financial year.

The loans are the principal asset of the Company and as such are considered to be material.

How the scope of our audit responded to the risk

We have reviewed the loan agreements and agreed the terms to the loan balances included in these financial statements. We have assessed the financial soundness of the subsidiary companies by making reference to its latest audited financial statements.

Findings

We concur with management's view that the intercompany loan is recoverable.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report. Our opinion on the financial statements does not cover this information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

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

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern. In particular it is difficult to evaluate all of the potential implications that COVID19 will have on the Group's trade, customers and suppliers, and the disruption to its business and the overall economy.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Report on Other Legal and Regulatory Requirements (continued)

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

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

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

In our opinion, the Statement of Compliance set out on pages 5 to 9 has been properly prepared in accordance with the requirements of the Prospect Rules issued by the Malta Stock Exchange.

Other matters on which we are required to report by exception

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

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

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

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Provvida
Karm Zerafa Street
Birkirkara BKR1713
Malta

10 June 2020

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

Assets	Note	Group 2019 €	As Restated Group 2018 €	Company 2019 €	Company 2018 €
Non-current Assets					
Property, plant and equipment	5	1,837,662	1,705,409	-	-
Right-of-use-asset	6	47,992	-	-	
Deferred tax assets	7	26,821	6,810	-	-
Investment in subsidiary	8	-	-	939	939
Loans Receivables	9	-	-	1,812,063	1,812,063
		1,912,475	1,712,219	1,813,002	1,813,002
Current Assets					
Inventories	10	1,219,070	701,204	-	-
Loans receivables	9	-	-	126,368	100,746
Trade and other receivables	11	3,097,347	2,480,273	251,963	211,467
Cash and cash equivalents	12	738,737	477,407	1,262	7,557
		5,055,154	3,658,883	379,593	319,769
Total Assets		6,967,629	5,371,102	2,192,595	2,132,771
Equity and Liabilities					
Equity					
Share capital	15	50,000	50,000	50,000	50,000
Retained earnings		447,407	788,533	216,087	199,468
General purpose reserve	16	312,044	312,044	-	-
Revaluation Reserve		353,853	-	-	-
Other reserves		160,204	160,204	-	-
Capital Contribution Reserve	17	382,245	382,245	-	-
		1,705,753	1,693,026	266,087	249,468
Non-Current liabilities					
Borrowings	14	1,743,977	1,732,675	1,788,845	1,783,135
Lease Liabilities	6	34,804	-	-	-
Other Non-Current Liabilities		5,361	-	-	-
Deferred tax liability	8.1	22,096	9,019	-	-
		1,806,238	1,741,694	1,788,845	1,783,135
Current liabilities					
Trade and other payables	13	3,312,116	1,820,109	125,589	100,168
Lease Liabilities	6	16,083	-	-	-
Current tax payables		127,439	116,273	12,074	-
		3,455,638	1,936,382	137,663	100,168
Total liabilities		5,261,876	3,678,076	1,926,508	1,883,303
Total Equity and Liabilities		6,967,629	5,371,102	2,192,595	2,132,771

The accounting policies and explanatory notes on pages 19 to 37 form an integral part of these financial statements.

The financial statements on pages 15 to 37 have been authorised for issue by the board of Directors on 10 June 2020 and were signed on its behalf by:

Dr. Kristian Balzan
Director

Mr. Giuseppe Muscat
Director

STATEMENT OF COMPREHENSIVE INCOME
For the year ending 31 December 2019

	Notes	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Revenue	18	15,660,331	15,414,596	53,876	127,972
Cost of sales	20	(15,159,588)	(14,446,413)	-	-
Gross Profit		500,743	968,184	53,876	127,972
Other income	19	3,850	-	-	-
Selling and distribution expenses	20	(74,616)	(92,862)	-	-
Administration expenses	20	(505,732)	(353,896)	(63,070)	(37,618)
Other Charges	21	(8,891)	-	-	-
Operating (Loss) / Profit		(84,646)	521,426	(9,194)	90,355
Net Finance income / (costs)	22	(216,714)	(171,494)	41,763	8,231
(Loss) / Profit Before Tax		(301,360)	349,933	32,569	98,585
Taxation	23	(39,766)	(124,108)	(15,950)	(44,790)
(Loss) / Profit After Tax		(341,126)	225,824	16,619	53,795
Other Comprehensive Income					
Items that will not be re-classified to profit or loss					
Revaluation of Property, Plant and Equipment		353,853	-	-	-
Total Comprehensive Income for the Year		12,727	225,824	16,619	53,795

The accounting policies and explanatory notes on pages 19 to 37 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

Group

	Share Capital €	Retained Earnings €	Other Reserves €	Revaluation Reserve €	General Purpose Reserve €	Capital Contribution €	Total €
Balance as at 31 December 2017	50,000	562,709	160,204	-	312,044	382,245	1,467,202
Profit for the year	-	225,824	-	-	-	-	225,824
Balance as at 31 December 2018	50,000	788,533	160,204	-	312,044	382,245	1,693,026
Loss for the year	-	(341,126)	-	-	-	-	(341,126)
Other Comprehensive Income for the year	-	-	-	353,853	-	-	353,853
Balance as at 31 December 2019	**50,000**	**447,407**	**160,204**	**353,853**	**312,044**	**382,245**	**1,705,753**

Company

	Share Capital €	Retained Earnings €	Total €
Balance as at 31 December 2017	50,000	145,673	195,673
Profit for the year	-	53,795	53,795
	50,000	199,468	249,468
Transactions with owners			
Issue of share capital	-	-	-
Balance as at 31 December 2018	50,000	199,468	249,468
Profit for the year	-	16,619	16,619
Balance as at 31 December 2019	**50,000**	**216,087**	**266,087**

STATEMENT OF CASH FLOWS
For the year ending 31 December 2019

	Notes	Group 2019 €	As Restated Group 2018 €	Company 2019 €	Company 2018 €
Cash flows from operating activities					
Operating (Loss) / Profit for the year		(301,360)	621,009	32,569	90,355
Adjustment for:					
Depreciation of plant and machinery		222,132	121,823	-	-
Amortisation of bond issue costs		11,301	10,651	5,710	5,235
Depreciation of Right-of-use-asset		21,386	-	-	
Interest Expense		175,621	179,724	100,925	92,515
Interest Receivable		-	-	(146,060)	(100,746)
Operating profit and loss before working capital changes		129,080	933,207	(6,856)	87,359
Movement in Working Capital					
Movement in inventories		(517,866)	314,240	-	-
Movement in trade and other receivables		(565,498)	(35,993)	(532)	18,680
Movement in trade and other payables		1,467,728	298,627	13,748	98,619
Cash generated from operations		513,444	1,510,081	6,360	204,658
Net finance cost		(168,632)	(171,493)	22,685	-
Income tax paid		(36,027)	(84,458)	(3,876)	-
Net cash generated from/(used in) operating activities		308,785	1,254,130	25,169	204,658
Cash flows from investing activities					
Purchase of property, plant and equipment		(532)	(1,819,786)	-	(233)
Net cash (used in)/generated from investing activities		(532)	(1,819,786)	-	(233)
Cash flows from financing activities					
Bond issuance costs		-	(127,113)	-	(131,202)
Movement from related party borrowings		-	1,064,181	-	(1,848,623)
Advances to parent company		(26,547)	-	(26,547)	-
Advances to subsidiary		-	-	(4,917)	-
Net movement in related party balances		-	(186,789)	-	(63,634)
Proceeds from Bond Issue					1,835,000
Payment for lease obligation		(20,375)	-	-	-
Net cash (used in)/generated from financing activities		(46,922)	750,279	(31,464)	(208,459)
Net increase in cash and cash equivalents		261,331	184,624	(6,295)	(4,034)
Cash and cash equivalents at the beginning of the year		477,406	292,783	7,556	11,590
Cash and cash equivalents at the end of year	12	738,737	477,407	1,261	7,556

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ending 31 December 2019

1. General Information

1.1 Basis of preparation

The consolidated financial statements and separate financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards as adopted by the European Union. The consolidated financial statements are prepared in accordance with the historical cost convention, except for property, plant and equipment that are carried at revalued amounts.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

1.2 Basis of consolidation

International Financial Reporting Standard 10, Consolidated Financial Statements, requires a parent company to prepare consolidated financial statements in which it consolidates its investments in subsidiaries. The consolidated financial statements of the company for the year ended 31 December 2019, comprise the company and its subsidiaries, Damask Investment Limited, AST Shipping Limited, Damask Shipping Management Company Limited and Damask Chartering Limited (together referred to as the "Group"). Subsidiaries are entities controlled by the Company. Control is achieved where the Company has an interest of more than one half of the voting rights or otherwise has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1.3 Functional and presentation currency

The financial statements are presented in Euro, which is the company's and group's functional and presentation currency.

1.4 Going concern

In assessing going concern, the directors have taken into account, the potential impact that the COVID19 pandemic may have on the Group. Ongoing monitoring is being made by the directors in order to continually assess the situation. The directors are assessing the support measures that are available to the Group in order to minimise the impact to the lowest level. The directors are committed to taking all necessary steps to ensure that the Group's operations continue with the lowest possible disruptions in this critical time.

Following their assessment, the directors believe that it remains appropriate to prepare these financial statements on a going concern basis.

2. Changes in Accounting Policies and Disclosures

In 2019, the Group adopted new standards and interpretations to existing standards that are mandatory for the Group for accounting periods beginning on 1 January 2019. The adoption of these revisions to the requirements of IFRSs as adopted by the EU resulted in changes in the accounting policies with respect to leases through the adoption of IFRS16 – Leases.

<u>IFRS 16: Leases</u>

IFRS16 sets out the principles for recognition, measurement, presentation, and disclosure of leases. Under IFRS 16, 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. Under the new standard, all leases result in the lessee recognising the right to use an asset at the commencement date of the lease, and if lease payments are made over time, also recognising financing. Accordingly, IFRS 16 eliminates the classification between operating and finance leases as was required with IAS 17.

Lessee is required to recognise:

a) Assets and liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of low value

b) Depreciation of right of use of asset separately from interest on lease liabilities in the profit and loss.

Upon the implementation of the standard there is a choice of full retrospective application, that is, restating the comparatives, or the modified retrospective approach, that is, without restating the comparative.

The Group decided to implement IFRS16 using the modified retrospective approach. This requires the Group to recognise the cumulative effect of initial application of the standard in equity at 1 January 2019 and as such the figures for 2018 and 2019 are not comparable.

Upon adoption of IFRS16, the Group has elected not to include initial direct costs in the measurement of the right of use asset for operating leases in existence at the date of the initial application of IFRS16, that is January 2019.

The Group has also elected to measure the right of use asset at an amount equal to the lease liability adjusted for any accrued or prepaid lease payments that existed at the date of transition. As such, no adjustments to equity were required upon the adoption of IFRS16 as at 1 January 2019.

In the opinion of the directors, there are no other standards that are effective in 2019, that would be expected to have a material impact on the Group in the current or future reporting periods.

2. Changes in Accounting Policies and Disclosures (continued)

Standards, interpretations and amendments to published standards as adopted by the EU that are issued but not yet effective.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below:

Description	Effective for annual periods beginning on or before
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS1 and IAS8 Definition of Materiality	1 January 2020
Amendments to IFRS9, IAS39 and IFRS7	1 January 2020

The directors are of the opinion that the above amendments will not have any material impact on the financial statements of the Company.

Standards, interpretations and amendments to published standards issued by the International Accounting Standards Board (IASB) but not yet adopted by the EU:

The standards and interpretations that are not yet adopted by the EU up to the date of issuance of the Group's financial statements are disclosed below:
IFRS17 Insurances Contract
Amendments to IFRS3 Business Combinations

The directors do not expect that the above will have any significant impact on the financial statements of the Group in the period of application.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, except for the adoption of new and amended standards as disclosed in Note 2 Changes in Accounting Policies.

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of services and goods in the ordinary course of the Group's activities. Revenue is recognised upon delivery of products or performance of services, net of sales taxes and trade discounts. Interest income is recognised on a time proportional basis. Dividend income is recognised when the right to receive the payment is established.

3.2 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost and any difference between the proceeds net of transaction costs and the redemption value is recognised in the profit and loss over the period of the borrowings using the effective interest method.

3.3 Borrowing costs

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

3.4 Foreign Currencies

Transactions in foreign currencies during the year have been converted at the rates of exchange ruling on the date of the transaction. Assets and Liabilities denominated in foreign currencies have been translated at the rates of exchange ruling on the balance sheet date. Any gains or losses arising from these conversions are included in the profit or loss.

3.5 Current and Deferred Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

3. Significant Accounting Policies (continued)

3.5 Current and Deferred Tax (continued)

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

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

3.6 Property, plant and machinery

Items of property, plant and equipment are stated at cost less accumulated depreciation. After initial recognition, motor vessel is carried under the revaluation model. Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognised net within "Other income" in statement of comprehensive income. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

Depreciation is calculated to write off the cost or valuation of the assets on the straight line method over the expected useful lives of the assets concerned. The annual depreciation rates are:

Vessel	10 years
Dry-docking costs and special survey costs	2.5 years / 5 years
Furniture and Fittings	10 years
Office equipment	5 years
Improvement to premises	10 years

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Impairment of non-financial assets

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

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

Revaluation of Property, plant and machinery

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

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

3.7 Leases

Group as a lessee

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

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

3.7 Leases (Continued)

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

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

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

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

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

Accounting policy up to 31 December 2018
Leases are classified as finance leases whenever the term of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

3.8 Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision of the instrument. A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL. In the period presented the Group does not have and financial assets categorised at FVTPL and FVOCI, and all financial assets are measured at amortised cost.

The classification is determined by both:
- the entity's business model for managing the financial asset and;
- the contractual cashflow characteristics of the financial asset.

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

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

Financial assets at amortised costs

A financial asset is measured at amortised cost if it meets both the following conditions:
- it is held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Financial assets at fair value through profit and loss

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

3.8 Financial Instruments (continued)

Financial assets at fair value through other comprehensive income

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

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

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

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

Assessment whether contractual cashflows are SPPI

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

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

ii.Financial liabilities

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

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

Derecognition

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

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

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

Offsetting

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

Impairment

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

For trade receivables, the Group applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For all other financial assets that are subject to impairment under IFRS9, the Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial assets that is not credit impaired on initial recognition is classified in Stage 1.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

3.9 Inventories

Goods held for resale

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first out method. The cost of inventories comprises the invoiced value of goods and in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

3.10 Trade and other receivables

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

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

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

3.11 Trade and other payables

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

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

3.12 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

3.13 Cash and Cash Equivalents

Cash and cash equivalents include deposits at call with banks.

3.14 Share Capital

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

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

4. Critical Accounting Estimates and Judgements

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

5. Property, Plant and equipment

Group	Motor Vessel €	Improvement to premises €	Office Equipment €	Furniture & Fittings €	Total €
Year ended 31 December 2018					
Opening net book value	-	-	-	7,448	7,448
Additions	1,361,381	6,035	13,220	39,693	1,420,329
Capitalised dry-docking and special survey expenses	399,457	-	-	-	399,457
Depreciation for the year	(111,844)	(3,925)	(2,350)	(3,706)	(121,825)
Closing net book amount	1,249,537	2,110	10,870	43,435	1,705,409
At 31 December 2018					
Cost or valuation	1,760,838	6,035	13,220	55,345	1,835,438
Accumulated depreciation	(111,844)	(3,925)	(2,350)	(11,910)	(130,029)
Net book amount	1,648,994	2,110	10,870	43,435	1,705,409
Year ended 31 December 2019					
Opening net book value	1,648,994	2,110	10,870	43,435	1,705,409
Additions	-	3	-	529	532
Revaluation	353,853	-	-	-	353,853
Depreciation for the year	(211,030)	(2,110)	(3,075)	(5,917)	(222,132)
Closing net book amount	1,791,817	3	7,795	38,047	1,837,662
At 31 December 2019					
Cost / revalued amount	2,114,691	6,038	13,220	55,874	2,189,823
Accumulated depreciation	(322,874)	(6,035)	(5,425)	(17,827)	(352,161)
Net book amount	1,791,817	3	7,795	38,047	1,837,662

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

The motor vessel was revalued by an independent valuer on 31 December 2019, on an open market existing use basis that reflects recent transactions for similar vessels.

In 2018, after the vessel was purchased, it was subject to dry-dock and special survey costs which were capitalised.

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

The carrying amount of the motor vessel that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation and accumulated impairment losses is € 1,498,317.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

6. Leases

Right-of-use asset

The Group has elected to present right-of-use assets and lease liabilities as separate line items in the statement of financial position.

At date of transition, 1 January 2019, the Group adopted the modified retrospective approach with no reinstatement of comparative figures. The Group has opted to measure the right-of-use asset at an amount equal to the lease liabilities adjusted for any prepaid or accrued lease payments that existed at the date of transition. The following have been recognised as right-of-use assets in the statement of financial position of the Group:

Group	Buildings	Motor Vehicles	Total
	€	€	€
At 1 January 2019			
Adjustment upon transition to IFRS 16 at 1 January 2019	63,198	6,180	69,378
Additions	-	-	-
At 31 December 2019	63,198	6,180	69,378
Accumulated Depreciation			
Depreciation on Right-of-use	16,281	5,105	21,386
At 31 December 2019	16,281	5,105	21,386
Carrying Amount			
At 31 December 2019	46,917	1,075	47,992

Lease liabilities

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The incremental borrowing rate reflects the rate of interest that the Group would incur in order to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

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

	Group 2019
	€
Current	
Lease Liabilities	16,083
Non-Current	
Lease Liabilites	34,804

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

	Group 2019
	€
Depreciation on right-of-use assets	
Depreciation (included in administrative expenses)	21,386

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

6. Leases (continued)

Lease Liabilities (continued)

	Group 2019 €
Interest Expense	
Interest Expense on lease liabilities (included as finance costs)	3,816

At 31 December 2019, the Group does not have short-term leases or leases of low value assets.

The total cash outflow in respect of leases during the year 2019 amounted to € 20,375.

The future minimum lease payments at 31 December 2019 were as follows:

	Not later than one year €	Later than one year but not later than five €	Group Total €
At 31 December 2019			
Lease Payments	18,566	37,799	56,365
Finance Charges	(2,483)	(2,995)	(5,478)
Net Present Value	16,083	34,804	50,887

7. Deferred tax asset
The movement in the deferred tax asset is as follows:-

	Group 2019 €	Group 2018 €
At the beginning of the year	6,810	11,529
Credited/(Charged) to profit or loss	20,011	(4,719)
At the end of the year	26,821	6,810

7.1 Deferred tax liability
The movement in the deferred tax liability is as follows:-

	2019 €	2018 €
At the beginning of the year	(9,019)	-
Charged to profit or loss	(13,077)	(9,019)
	(22,096)	(9,019)

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

7. Deferred tax asset (continued)

Deferred tax asset

	Group 2019 €	Group 2018 €
Temporary differences arising on:		
Property, Plant and Equipment	(298)	-
Provisions	(1,428)	-
Unabsorbed Capital Allowances	1,664	-
Unabsorbed Tax Losses	23,431	-
Unutilised Tax Credits	3,113	-
Leases	339	-
Expenses not allowable for tax purposes	-	6,810
	26,821	6,810

Deferred tax liability

	Group 2019 €	Group 2018 €
Temporary differences arising on:		
Expenses not allowable to tax	(22,096)	(9,019)

8. Investment in subsidiaries

	Company 2019 €	Company 2018 €
Cost and carrying amount as at 31 December	939	939

The carrying amount of the investment as at 31 December 2019 and 2018 is equivalent to the cost of the investment. The subsidiaries at 31 December 2019 and 2018 are shown below:

Subsidiary	Nature of business	Registered office	% of shares held 2019	% of shares held 2018
Damask Investment Limited	import and export of animal feed	Kingsway Palace, Republic street Valletta VLT 1115 Malta	100%	100%
Damask Shipping Management Limited	shipping management	Kingsway Palace, Republic street Valletta VLT 1115 Malta	100%	100%
AST Shipping Limited	ownership & management of ship/s	Kingsway Palace, Republic street Valletta VLT 1115 Malta	100%	100%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

8. Investment in subsidiaries (continued)

Subsidiary	Nature of business	Registered office	% of shares held 2019	% of shares held 2018
Damask Chartering Limited	Chartering services	Kingsway Palace, Republic street Valletta VLT 1115 Malta	100%	100%

Damask Investment Limited includes a number of branches across the European region.

9. Loans Receivable

	Company 2019 €	Company 2018 €
Non Current		
Loans advanced to subsidiaries	1,812,063	1,812,063

	Company 2019 €	Company 2018 €
Current		
Loans advanced to subsidiaries	126,368	100,746

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

Current portion of loans receivable from subsidiaries relate to interests accrued at year end.

10. Inventories

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Animal feed	949,624	559,204	-	-
Spares	89,197	18,066	-	-
Fuels and oils	180,249	123,934	-	-
	1,219,070	701,204	-	-

11. Trade and Other Receivables

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Trade receivables	2,135,910	1,772,088	-	-
Other receivables	37,891	523,082	-	-
Prepayments/Advance Payments	444,614	-	537	-
Amounts due from subsidiaries	-	-	181,841	168,429
Amounts due from ultimate beneficial owner	138,976	81,595	43,038	43,038
Amounts due from parent company	26,547	-	26,547	-
VAT refundable	309,787	103,508	-	-
Tax refundable	3,622	-	-	-
	3,097,347	2,480,273	251,963	211,467

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

11. Trade and Other Receivables (continued)

The Group's exposure to credit risk and impairment losses in relation to trade and other receivables is reported in Note 26 to the financial statements.

Amounts due from subsidiaries, parent company and ultimate beneficial owner are unsecured, interest free and repayable within the normal operating cycle of the Group.

12. Cash and cash equivalents

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Cash in hand and at bank	738,737	477,407	1,262	7,557

13. Trade and other payables

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Trade payables	3,094,505	1,644,658	6,851	-
Other creditors	6,466	9,467	-	-
Accrued expenses	171,535	146,279	110,238	100,168
Amounts due to subsidiary	-	-	8,500	-
Indirect taxation	36,030	17,466	-	-
Social security payable	3,580	2,239	-	-
	3,312,116	1,820,109	125,589	100,168

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

14. Borrowings

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Non-current				
1,835,000 5.5% Unsecured Bonds 2028	1,743,977	1,732,675	1,788,845	1,783,135
Bonds outstanding (face value)	1,835,000	1,835,000	1,835,000	1,835,000
Gross amount of bond issue costs	(112,976)	(112,976)	(57,100)	(57,100)
Amortisation of gross amount of bond issue costs:				
Amortised bond issue costs brought forward	10,651	-	5,235	-
Amortisation charge for the year	11,302	10,651	5,710	5,235
Unamortised bond issue costs	(91,023)	(102,325)	(46,155)	(51,865)
Amortised cost and closing carrying amount	1,743,977	1,732,675	1,788,845	1,783,135

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

14. Borrowings

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

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

15. Share Capital

	2019	2018
	€	€
Authorised		
50,000 Ordinary Shares of €1 each	**50,000**	50,000
Issued		
50,000 Ordinary Shares of €1 each 100% paid up	**50,000**	50,000

16. General Purpose Reserve

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

17. Capital Contribution

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

18. Revenue

Revenue represents the amounts receivable for sale of goods and services rendered, net of any indirect taxes, as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
	€	€	€	€
Sale of goods	**13,285,373**	14,163,525	-	-
Commissions Receivable	**112,266**	-	-	-
Freight income	**2,262,692**	1,251,071	-	-
Dividend income	-	-	**53,876**	127,972
	15,660,331	15,414,596	**53,876**	127,972

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

19. Other income

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Settlement of Supplier Balances	3,545	-	-	-
Other	305	-	-	-
	3,850	-	-	-

20. Expenses by nature

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Cost of goods sold & direct costs	12,931,492	13,270,671	-	-
Salaries	99,722	85,750	-	-
Crew wages and expenses	469,154	218,076	-	-
Fuel and oil	827,254	449,580	-	-
Port charges	463,898	236,451	-	-
Marketing costs	-	5,129	-	2,667
Fees paid to key management	-	8,780	-	-
Professional fees	122,770	111,921	37,243	12,690
Rent	-	36,289	-	7,281
Communication expenses	18,212	-	-	-
Insurance	86,139	50,636	5,945	6,034
Repairs and maintenance	105,395	47,767	-	-
Vessel registration tax	1,845	1,845	-	-
Depreciation of property, plant and equipment	222,132	121,823	-	-
Depreciation Right-of-Use	21,386	-	-	-
Selling and distribution expenses	43,401	60,054	-	-
Amortisation of Bond issue costs	11,302	10,651	5,710	5,235
Audit fee	10,500	7,400	2,500	1,200
Directors' fees	11,726	-	11,726	-
Difference on exchange	25,553	99,583	(54)	-
Other expenses	268,055	70,763	-	2,511
Total cost of sales; selling and distribution expenses; administrative expenses	15,739,936	14,893,169	63,070	37,618

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

20. Expenses by Nature (Continued)

20.1 Salaries and wages analysed as follows:

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Salaries	85,054	66,015	-	-
Social security contributions	14,668	19,735	-	-
	99,722	85,750	-	-

	Group 2019	Group 2018	Company 2019	Company 2018
The average number of persons employed during the year:				
Management, operating and administration	6	7	-	-
	6	7	-	-

21. Other Charges

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Other Charges	8,891	-	-	-

22. Net Finance Cost / (Income)

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Interest income on loan balances with subsidiaries	-	-	(146,060)	(100,746)
Interest expense on factoring agreement	67,688	-	-	-
Interest expense on lease liabilities	3,816	-	-	-
Bond finance cost	100,925	92,515	100,925	92,515
Bank interest and charges	44,285	78,979	3,372	-
	216,714	171,494	(41,763)	(8,231)

23. Taxation

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Current tax expense	46,701	110,370	15,950	44,790
Deferred tax (asset) / expense *(note 7)*	(6,935)	13,738	-	-
Tax charge	39,766	124,108	15,950	44,790

The group operates in several jurisdictions. The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

23. Taxation (Continued)

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
(Loss) / Profit before tax	(301,360)	349,932	32,569	98,585
Tax at the domestic rate at 35%	(105,476)	122,476	11,399	34,505
Tax effect of:				
Expenses not allowable for tax purposes	33,476	25,357	4,551	10,285
Income subject to exemption	137,368	(13,918)	-	-
Unutilised Investment Tax Credit	(3,113)	-	-	-
Effect of different tax rates in other jurisdictions	(22,489)	(9,807)	-	-
Tax charge for the year	39,766	124,108	15,950	44,790

24. Related Party Transactions

Parties are considered to be related of one party has the ability to control the other party or exercise significant influences over the other party in making financial or operational decisions.

The parent company of the AST Group is AST Group plc. The subsidiary companies of AST Group plc are Damask Investment Limited, AST Shipping Limited, Damask Shipping Management Limited and Damask Chartering Limited. All companies forming part of the AST Group are considered to be related parties. Trading transactions between these companies include items which are normally encountered in a group context.

AFTL Group AG is the ultimate parent of the company.

The ultimate controlling party is Mr. Emmanouil Kalamaras, who is also considered to be a related party.

Transactions with related parties
During the year, the Company and the Group entered into transactions with related parties as set out below:

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Income				
Dividend income	-	-	53,876	127,972
Expenditure				
Directors' fees	11,726	-	11,726	-
Financial Transactions				
Advances to Ultimate Parent Company	26,547	-	26,547	-

Balances with related parties
Related parties balances are disclosed in note 11, 13 and note 14 to the financial statements.

25. Prior Year Adjustment

A prior year adjustment in this year's financial statements has been made in one of the Group's subsidiary namely Damask Investment Limited for the following two instances:-

• During the year ended 31 December 2018, the above mentioned subsidiary held a factoring agreement with respect to its main receivables. This agreement was a 'without recourse' factoring agreement whereby the Company transfers all risks and rewards to the factor and as such its receivables were to be derecognised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

25. Prior Year Adjustment (Continued)

• During the year ended 31 December 2018, advance payments for stock purchases were recognised as part of inventory. These were reclassified to trade and other receivables.

Consequently, a prior year adjustment is being affected to this respect as noted below:

a) The carrying amounts of trade and other receivables as at 31 December 2018 were restated as follows:

	Group 2018 €
Carrying amount of trade and other receivables as at 31 December 2018 as previously reported	4,008,770
Prior-Year Adjustment:-	
Derecognition of trade receivables settled through factoring agreement without recourse	(1,768,854)
Reclassification of advance payments to supplier in respect of stock purchases	240,357
Carrying amount of trade and other payables as at 31 December 2018 as restated	**2,480,273**

b) The carrying amounts of borrowings as at 31 December 2018 were restated as follows:

	Group 2018 €
Carrying amount of borrowings as at 31 December 2018 as previously reported	1,768,854
Prior-Year Adjustment:-	
Derecognition of trade receivables settled through factoring agreement without recourse	(1,768,854)
Carrying amount of borrowings as at 31 December 2018 as restated	-

c) The carrying amount of inventories as at 31 December 2018 were restated as follows:

	Group 2018 €
Carrying amount of inventories as at 31 December 2018 as previously reported	941,561
Prior-Year Adjustment:-	
Reclassification of advance payments to supplier in respect of stock purchases	(240,357)
Carrying amount of inventories as at 31 December 2018 as restated	**701,204**

The adjustments had no affect on the statement of comprehensive income for the year ending 31 December 2018.

26. Financial risk management

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

Timing of Cash Flows

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ending 31 December 2019

26. Financial Risk Managament (Continued)

Foreign Exchange Risk

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

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

Credit Risk

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

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

The Group assesses the credit quality of its customers, mainly taking into account the financial positions, past experience and other factors. Management ensures that sale of goods are effected with customers with an appropriate credit history. Management monitors on a consistent basis the performance customers with an appropriate credit history. Management monitors on a consistent basis the performance of its trade and other receivables on a regular basis to identify expected credit losses, which are inherent in the Group's debtors, taking into account historical experience in collection of accounts receivable.

In order to manage the credit risk, the Group has entered into factoring agreements in both Greece and Malta to ensure that the credit exposure of the Group is reduced to a minimum. The factoring agreements entered into, are without recourse and cover the Group's credit exposure up to 80% of the receivable. Such measures reduce significantly the credit risk of the Group arising from trade and other receivables.

With respect to balances due from related companies, the Group assesses the credit quality of the related companies by taking into account the financial position, performance and other factors. In measuring expected credit losses on these balance, management determined the impairment provision independently from third party receivables. At 31 December 2019, management does not expect losses from non- performance or defaults from related companies.

Liquidity Risk

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

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

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

Fair Values

At 31 December 2019 and 31 December 2018, the fair values of financial assets and financial liabilities are not materially different from their carrying amounts.

Capital Risk Management

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

The Group manages its capital structure and makes adjustments to it, in light of economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives during the year ended 31 December 2019 and 31 December 2018.

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27. Contingent Assets and Liabilities

The Group had no contingent assets and liabilities at 31 December 2019 and 2018.

28. Events Subsequent to the Balance Sheet Date

The outbreak of COVID-19 has affected businesses at both national and worldwide level. Management is continuously assessing the impact of this pandemic both on the Group's performance and operations. Due to this being an unprecedented event, it is difficult for management to estimate of the potential impact that the pandemic may have on the Group. Management is committed to taking all necessary decisions in order to reduce the impact to the lowest levels, in this way ensuring continuity of the Group's operation with the lowest disruption possible.

29. Comparative Figures

Comparative figures have been reclassified to conform with this year's presentation of financial statements.