Registration number: 13120229

Maine Trader Maritime Limited

Financial Statements

for the Year Ended 31 December 2022

Maine Trader Maritime Limited

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Maine Trader Maritime Limited

Company Information

Directors	G.N. Georgiou
Registered office	13-14 Hobart Place London SW1W 0HH
Auditor	BDO LLP 55 Baker Street London UK

Maine Trader Maritime Limited

Strategic Report for the Year Ended 31 December 2022

The director presents his strategic report for the year ended 31 December 2022.

Fair review of the business

As the novel coronavirus pandemic continued to challenge our societies during the year, there were continued positive signs, but there has been a notable softening in the containership market. However, the market stands at a healthier position than it did pre the novel coronavirus pandemic. The Company has managed to continue to fix charters for longer periods, keep idle times to a minimum and generate positive cash flows from the higher charter rates.

Management remains alert for any possible impact or implications that the completion of Brexit in 2020 may have in the future on the Company's financial position.

The ongoing war from the Russian invasion of Ukraine in 2022 and the related sanctions imposed by the European Union, the United States and other continues to have an adverse effect on the containership market in general. The impact on the Company's business with regard to crewing operations and trade patterns is continually monitored by Management in order to quickly react to any direct and immediate implications on the Company's operations.

The Company's key performance indicators during the year were as follows:

	31 December 2022 US$ 000	Period from 7 January 2021 to 31 December 2021 US$ 000
Revenue	100	7,001
Total operating days	11	334
EBITDA*	(182)	4,284

**EBITDA is defined as earnings before interest, tax, depreciation, impairment and amortisation and any other non-operating costs or income and is broadly reflective of the Company's ability to generate positive cash flows from its operations.*

Financial risk management

The Company's operations expose it to varying levels of financial risk. Liquidity risk is mitigated by a policy of fixing long-term time charters where markets permit. The policies set out by the Board are implemented by the accounting department of an associated company. See further details in Note 17.

Approved by the director on 30/11/2023. and signed on its behalf by:

N. ....

G.N. Georgiou
Director

Maine Trader Maritime Limited

Director's Report for the Year Ended 31 December 2022

The director presents his report and the financial statements for the year ended 31 December 2022.

Directors of the Company

The directors during the financial year and up to the signing of this report were as follows:

E. Kouligkas (resigned 17 January 2023)

G.N. Georgiou

Principal activity

The principal activity of the Company is the operation and ownership of a vessel. The directors intend to liquidate the Company.

Basis other than going concern

During the year, the vessel held for sale was disposed of for a total price of US$54,000,000, resulting to a gain on disposal of vessel of US$40,443,000, to be recognized at the statement of comprehensive income (Note 10). The directors intend to liquidate the Company. The directors do not consider the Company to be a going concern and accordingly these financial statements have been prepared on a basis other than going concern.

No adjustments were required to the financial statements as a result of preparing them on a basis other than that of a going concern.

Results and dividends

The profit for the year ended 31 December 2022 for the Company was US$40,002,000 (2021: US$3,446,000). The directors declared and paid a dividend of US$43,000,000 (2021: US$nil).

Important adjusting and non-adjusting events after the reporting period

There have been no significant events subsequent to the reporting date which are outside the Company's normal trading activities, other than those included in Note 20.

Disclosure of information to the auditor

At the time when this report is approved the directors have confirmed that:

(a) so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
(b) he have taken all steps that ought to have done as directors, including making appropriate enquiries of the Company's auditor for that purpose, in order to be aware of information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

Approved by the director on 30/11/2023 and signed on its behalf by:

N. ....

G.N. Georgiou
Director

Maine Trader Maritime Limited

Statement of Director's Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under Company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As disclosed in Note 2 to the financial statements, the director does not believe the Company to be a going concern and in consequence these financial statements have not been prepared on that basis.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Directors of Maine Trader Maritime Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Maine Trader Maritime Limited ("The Company") for the year ended 31 December 2022, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of preparation

We draw attention to Note 2 to the financial statements which explains that the directors intend to liquidate the Company and therefore do not consider the Company to be a going concern. Accordingly, the financial statements have been prepared on a basis other than that of going concern as described in Note 2. Our opinion is not modified in respect of this matter.

Independent Auditor's Report to the Directors of Maine Trader Maritime Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- our understanding of the Company and the industry in which it operates;
- discussion with management and those charged with governance also consider legal counsel, etc;
- obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations; and
- we considered the significant laws and regulations to be to be as the Companies Act 2006, income tax, payroll tax and sales tax.
- the Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety, anti-bribery, maritime law, employment law and certain aspects of relevant applicable legislation in the countries where the Company operates.

Independent Auditor's Report to the Directors of Maine Trader Maritime Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Non-compliance with laws and regulations (continued)

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation;
- involvement of tax specialists in the audit; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Company's policies and procedures relating to:

  o detecting and responding to the risks of fraud; and
  o internal controls established to mitigate risks related to fraud.

- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Auditor's responsibilities for the audit of the financial statements (continued)

Fraud (continued)

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- assessing significant estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditor's Report to the Directors of Maine Trader Maritime Limited (continued)

DocuSigned by:
Michael Simms
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....
Michael Simms (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
London
UK

Date: 01 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Maine Trader Maritime Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	31 December 2022 US$ 000	Period from 7 January 2021 to 31 December 2021 US$ 000
Revenue	2, 4	100	7,001
Direct costs	4	(2)	(353)
Gross profit	4	98	6,648
Other operating income		17	-
Operating expenses:			
Vessel running costs		(274)	(2,296)
Depreciation and amortisation	9	-	(317)
Administrative expenses		(23)	(68)
		(297)	(2,681)
Gain on disposal of non-current asset	10	40,443	-
Operating profit	5	40,261	3,967
Finance costs	7	(259)	(523)
Exchange gains		-	2
Profit before taxation		40,002	3,446
Taxation	8	-	-
Profit after taxation		40,002	3,446
Total comprehensive income for the year/period		40,002	3,446

The Company has no items of other comprehensive income for the year/period.

The notes on pages 17 to 38 form an integral part of these financial statements.

Maine Trader Maritime Limited

(Registration number: 13120229)
Statement of Financial Position as at 31 December 2022

	Note	2022 US$ 000	2021 US$ 000
Assets			
Current assets			
Inventories	11	-	103
Trade and other receivables	12	453	669
Cash and cash equivalents	13	1	735
		454	1,507
Vessel held for sale	10	-	12,531
Total assets		454	14,038
Equity and liabilities			
Current liabilities			
Trade and other payables	14	6	3,783
Bank loan	15	-	6,809
		6	10,592
Equity			
Share capital*	18	-	-
Accumulated surplus		448	3,446
Total equity		448	3,446
Total equity and liabilities		454	14,038

*Total share capital is US$1.

Approved by the director on 30/11/2023

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G.N. Georgiou
Director

The notes on pages 17 to 38 form an integral part of these financial statements.

Maine Trader Maritime Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital US$ 000	Accumulated surplus US$ 000	Total US$ 000
At date of incorporation	-	-	-
Total comprehensive income	-	3,446	3,446
At 31 December 2021	-	3,446	3,446

	Share capital* US$ 000	Accumulated surplus US$ 000	Total US$ 000
At 1 January 2022	-	3,446	3,446
Total comprehensive income	-	40,002	40,002
Dividends (Note 19)	-	(43,000)	(43,000)
At 31 December 2022	-	448	448

*Total share capital is US$1

The notes on pages 17 to 38 form an integral part of these financial statements.

Statement of Cash Flows for the Year Ended 31 December 2022

	Note	31 December 2022 US$ 000	Period from 7 January 2021 to 31 December 2021 US$ 000
Cash flows (used in)/from operating activities			
Profit before taxation		40,002	3,446
Depreciation and amortisation	9	-	317
Net gain on disposal of vessel held for sale	10	(40,443)	-
Finance costs	7	259	523
Other non-cash income		(17)	-
		(199)	4,286
Changes to working capital:			
Decrease/(increase) in inventories	11	103	(103)
Decrease/(increase) in trade and other receivables	12	216	(669)
(Decrease)/increase in trade and other payables	14	(3,898)	3,783
Net cash (outflows)/inflows (used in)/from operating activities		(3,778)	7,297
Cash flows from/(used in) investing activities			
Dry-dock additions	9	-	(1,100)
Vessel additions	9	-	(11,748)
Net proceeds from sale of vessel held for sale	10	52,974	-
Net cash inflows/(outflows) from/(used in) investing activities		52,974	(12,848)
Cash flows (used in)/from financing activities			
Drawdown of bank loan	15	-	8,250
Repayment of bank loan	15	(6,916)	(1,334)
Dividends paid	19	(43,000)	-
Loan arrangement fees	15	-	(145)
Interest paid		(14)	(485)
Net cash (outflows)/inflows (used in)/from financing activities		(49,930)	6,286
Net (decrease)/increase in cash and cash equivalents		(734)	735
Cash and cash equivalents at 1 January/date of incorporation		735	-
Cash and cash equivalents at 31 December	13	1	735

The notes on pages 17 to 38 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital, incorporated on 7 January 2021 and domiciled in the United Kingdom.

The address of its registered office is:
13-14 Hobart Place
London
SW1W 0HH
United Kingdom

During the year, the Company's share is disposed and transferred to Orchard Marine Limited, the immediate parent company and a company incorporated in the British Virgin Islands. The intermediate parent company is Orchard Marine Holdings Limited, a company incorporated in the British Virgin Islands, which is controlled equally under a joint venture agreement by two shareholders and therefore there is no ultimate controlling party.

The principal activity of the entity is the operation and ownership of a vessel. The directors intend to liquidate the Company.

2 Accounting policies

Statement of compliance

The Company's financial statements have been prepared in accordance with UK adopted international accounting standards.

Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards and under historical cost accounting rules.

The preparation of financial statements in conformity with UK adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies (refer to Note 3).

2 Accounting policies (continued)

Basis other than going concern

During the year, the vessel held for sale was disposed of for a total price of US$54,000,000, resulting to a gain on disposal of vessel of US$40,443,000, to be recognized at the statement of comprehensive income (Note 10). The directors intend to liquidate the Company. The directors do not consider the Company to be a going concern and accordingly these financial statements have been prepared on a basis other than going concern.

No adjustments were required to the financial statements as a result of preparing them on a basis other than that of a going concern.

Recent accounting pronouncements

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

• the incremental costs of fulfilling that contract- e.g. direct labour and material; and
• an allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Company does not have any onerous contracts.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

2 Accounting policies (continued)

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 & IAS 41)

- IFRS 1: Subsidiary as a First-time Adopter (FTA);
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities; and
- IAS 41: Taxation in Fair Value Measurements.

References to Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

New standards not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).

The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application.

Foreign currencies

The functional and presentational currency is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the reporting date. Revenue, costs and non-monetary assets and liabilities are translated at the exchange rates ruling at the dates of transactions. Foreign exchange gains and losses are included in the statement of comprehensive income.

2 Accounting policies (continued)

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Revenue and direct costs

The Company generates its revenues from time charter agreements, which contain a lease, as they meet the criteria of a lease under IFRS 16 - Leases. These charters refer to the leasing out of the Company's vessel to charterers for a specified period of time and may include options for the charterers to extend the lease term.

The charterer pays a specified daily rate to the Company as the owner for the use of the vessel, as well as covers the direct costs linked to the operation of the vessel, such as port dues, canal tolls and fuel consumption, unless these are paid to the account of the immediate parent, in which case such are classified as direct costs in the statement of comprehensive income. Further, the Company pays commissions over the daily hire rate to the charterers and the brokers, as applicable and in accordance with the relevant agreements, as well as to a management company, which are also recognised as direct costs. Contract revenue is recognised on a straight-line basis over the non-cancellable period of the charters, on the basis that this accurately reflects the manner in which the service is rendered. Charter revenue is receivable in accordance with the terms of each charter, but it is generally payable by the charterer on receipt of the invoices issued every 15 days, in advance.

Under a time-charter, the daily hire rate includes a lease and a non-lease component. The lease component is linked to the right of use of the vessel by the charterer. The non-lease component, also known as the service element of the charter, relates to the operating expenses of the vessels incurred by the Company, such as crew expenses, commissions, repair, spares, insurance costs, etc. These are treated as one performance obligation, as they are rendered and recognised over the same time. Both components are implicit in the time charter agreements and are not negotiated separately. The allocation of the daily hire rate, as the transaction price, is primarily done by calculating the service element based on the average daily operating cost per type of vessel, while the lease component is considered to be the residual value of the total transaction price.

Contract assets and accrued income are recognised when income has been earned but not yet received. Contract liabilities and deferred lease revenue are recognised either upon collection of the hire or when the invoice is due, whichever is earlier.

Income tax

Current tax is provided for at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Company operates within the U.K tonnage tax regime, under which ship owning and operating activities are taxed based on the net tonnage of vessels operated.

2 Accounting policies (continued)

Vessels

Vessels are stated at cost less accumulated depreciation and impairment losses (refer to Impairment of assets accounting policy). Charges for depreciation are calculated on a straight-line basis to write-down the carrying value of the vessels over their expected useful life, being 25 years from build date, to an estimated residual value based on prevailing scrap rates at each statement of financial position date. Depreciation commences when the vessel is ready for its intended use.

On disposal of the vessel, the asset is derecognised from the statement of financial position and the associated gain or loss on disposal, being the difference between the proceeds received and the carrying amount, is recognised in profit or loss.

Dry-docking and special survey costs

Dry-docking and special survey costs are capitalised and written off over the estimated period to the next dry-docking or special survey. Unamortised costs are written off to the statement of comprehensive income on disposal of the vessel.

Vessel held for sale

A vessel is classified as held for sale if its carrying amount will be recovered through a sale transaction and a sale is highly probable.

Impairment of assets

Assets subject to depreciation or amortisation and vessels under construction are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income whenever the carrying value of an asset or a cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows of an asset or a CGU are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

Fair value is assessed by the directors and reflects the underlying economic value of the assets in normal market conditions, with a willing buyer and seller and assumes adequate time for sale.

Inventories

Inventories comprise of bunkers and lubricants on board vessels. Inventories are recognised at the lower of cost and net realisable value on a first-in, first-out basis.

2 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less appropriate allowances for credit losses over the lifetime of the financial asset. The Company reviews the ageing of receivables regularly.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and deposits maturing within three months of the date of deposit.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

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

Financial instruments

Initial recognition

Financial assets and liabilities are initially recognised on the statement of financial position at fair value when the Company has become party to the contractual provisions of the instruments. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

2 Accounting policies (continued)

Classification and measurement

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The Company's financial assets other than marketable securities and derivative financial instruments are categorised as financial assets held at amortised cost. Such assets are subsequently carried at amortised cost using the effective interest method, if the time value of money may have a significant impact on their value, less allowances for any expected lifetime credit losses. Marketable securities are measured at fair value through profit or loss. The Company has no financial assets classified as FVTOCI.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost including lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

2 Accounting policies (continued)

Impairment of financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company assesses at the reporting date whether there is objective evidence that there has been an increase in the credit risk of its financial assets. The Company uses criteria such as significant financial difficulty of the counterparty, the disappearance of an active market for that financial asset because of financial difficulties and breaches of contract as objective evidence.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Company's financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period to the amortised cost of a financial liability.

The Company's financial liabilities include trade and other payables.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

2 Accounting policies (continued)

Derecognition of financial liabilities (continued)

Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, the directors have made the following accounting judgements and key assumptions concerning the future and other sources of estimation uncertainty, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

The Company has made provisions for partially completed contracts at the reporting date. Management believe that provisions made are adequate but as these estimates are based upon information available at the reporting date they are subject to change as further information becomes available.

The time charter revenues of the Company's shipping operations contain both lease revenue and revenue from contracts with customers. The Company uses judgement in determining the amount of revenue classified as lease revenue and the amount classified as revenue from contracts with customers based on observable bareboat charter rates, the level of operating costs incurred by the vessel and the level of operating costs that would be expected based on industry benchmarks.

Asset impairment testing

The Company reviews its non-current assets for impairment at each reporting date. If events or circumstances indicate that the carrying value may not be recoverable, the value is adjusted to the recoverable amount, which is the higher of fair value less costs to sell and estimated value in use (refer to Impairment of assets accounting policy). The fair value of vessels at each balance sheet date are determined by the directors based upon independent broker valuations. The methodologies used by the independent brokers included discounted cash flows, direct capitalisation and a sales comparison approach. Any impairment is recognised in the statement of comprehensive income.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Residual values and estimated remaining lives

The carrying value of vessels is depreciated over their expected useful life of 25 years from the date of build to an estimated residual value. Changes in the remaining useful life of the vessels and the residual value, determined based on year end scrap rates, would result in an adjustment to the current and future rate of depreciation through the statement of comprehensive income.

Loss allowances

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rate. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation. In particular, at each reporting date, management performs an assessment of the collectability of open trade receivables on an individual basis. Such assessment is performed by taking into consideration the Company's history of write-offs, the balance and nature of uncollected trade receivables that are deemed past due as per the terms and conditions of the contracts with its customers, as well as the credit risk characteristics of and its relationships with its customers. In addition, actual recoverability is factored in by assessing the payment patterns evidenced subsequent to the reporting date. Accordingly, management determines the appropriate provision for doubtful receivables using a provision matrix and a pre-determined set of ageing categories (refer to the Financial risk review Note 17 - Credit risk) at the end of each reporting period. Where the balance is not deemed recoverable in its entirety, it is written off to statement of comprehensive income in the period of review.

Management believe that the impact of COVID-19, for the year ended 31 December 2022, has materially decreased compared to the year ended 31 December 2021. As such, the Company has assumed a lower risk of default in relation to balances that remain outstanding for a period longer than 30 days.

4 Gross profit

	31 December 2022 US$ 000	Period from 7 January 2021 to 31 December 2021 US$ 000
Contract revenue	28	2,419
Lease revenue	72	4,582
Total revenue	100	7,001
Direct costs	(2)	(353)
Gross profit	98	6,648

4 Gross profit (continued)

The balance of direct costs during the period is summarized at the below table:

	31 December 2022 US$ 000	Period from 7 January 2021 to 31 December 2021 US$ 000
Brokerage commissions	2	350
Voyage costs	-	3
	2	353

Voyage costs consist of bunkers consumed during offhire.

5 Operating profit

Arrived at after charging/(crediting):

	31 December 2022 US$ 000	Period from 7 January 2021 to 31 December 2021 US$ 000
Depreciation and amortisation	-	317
Consumption of inventories	(19)	270
Crew costs	116	990
Insurance premiums	10	261
Repairs and maintenance	85	63
Management fees	31	226

During 2022, the audit fees of US$11,000 (2021: US$11,000) and non-audit fees relating to tax compliance of US$2,000 (2021: US$2,000) allocated to the Company, were borne by the immediate parent company.

6 Operating leases

The Company leases out its vessel to independent, third party charterers. The Company has classified this lease as an operating lease, because it does not transfer substantially all the risks and rewards of ownership of the vessel to the lessee. Rental income of US$100,000 (period from 17 October 2019 to 31 December 2021: US$7,001,000) generated from the operating lease is shown in the statement of comprehensive income and does not include variable lease payments dependent on an index or rate.

The risks associated with rights that the Company retains in the underlying asset are not considered to be substantial. The Company minimises the risks it retains in the underlying asset by ensuring its leasing contracts include standard clauses that protect against excess wear and tear and other damages that may be incurred over the lease term.

Following the sale of its vessel held for sale in January 2022, the Company has no future undiscounted lease rentals to be received as of 31 December 2022 and 2021.

7 Finance costs

	31 December 2022 US$ 000	Period from 7 January 2021 to 31 December 2021 US$ 000
Interest payable on bank loan	14	485
Amortisation of deferred finance fees	107	38
Other finance costs	138	-
Total finance costs	259	523

8 Income tax

The Company is engaged in shipping activities and has entered the U.K. tonnage tax regime, under which its ship owning and operating activities are taxed based on the net tonnage of vessels operated. Any income and profits outside the tonnage tax regime are taxed under the normal U.K. Corporation Tax rules at 19% (2021: 19%).

8 Income tax (continued)

Current tax

A reconciliation of the expected tax charge to the actual tax charge is as follows:

	31 December 2022 US$ 000	Period from 7 January 2021 to 31 December 2021 US$ 000
Profit before taxation	40,002	3,446
Tax charge at applicable rates	7,600	655
Effect of U.K. tonnage tax regime	(7,600)	(655)
Total current tax charge	-	-

9 Vessel

	Vessel US$ 000	Dry-docking US$ 000	Total US$ 000
Cost			
Additions	11,748	1,100	12,848
Transfer to vessel held for sale	(11,748)	(1,100)	(12,848)
At 31 December 2021	-	-	-
At 31 December 2022	-	-	-
Accumulated depreciation and amortisation			
Charge for the period	(178)	(139)	(317)
Transfer to vessel held for sale	178	139	317
At 31 December 2021	-	-	-
At 31 December 2022	-	-	-
Net book value			
At 31 December 2022	-	-	-
At 31 December 2021	-	-	-

10 Vessel held for sale

	2022 US$ 000	2021 US$ 000
At 1 January/date of incorporation	-	-
Transfer from vessel	-	12,531
At 31 December	-	12,531

The vessel held for sale is mortgaged as a security for the bank loan (Note 15). The vessel held for sale was disposed of in during the year for a total price of US$54,000,000, resulting to a gain on disposal of vessel of US$40,443,000, to be recognized at the statement of comprehensive income.

11 Inventories

	2022 US$ 000	2021 US$ 000
Lubricants	-	102
Other	-	1
	-	103

The cost of inventories recognised as an expense in the year amounted to US$nil (2021: US$270,000), of which US$nil (2021: US$3,000) consists of bunkers and (2021: US$267,000) consists of lubricants consumed.

12 Trade and other receivables

	2022 US$ 000	2021 US$ 000
Trade receivables from contracts with customers	-	119
Lease receivables and other trade receivables	-	214
Prepayments	-	14
Amounts due from associated companies	358	320
Amounts due from immediate parent company	95	-
Other receivables	-	2
	453	669

12 Trade and other receivables (continued)

The amounts due from the immediate parent company associated companies are unsecured, interest-free and repayable on demand.

The following table summarises the movements in trade receivables from contracts with customers for the year ended 31 December 2022 and period ended 31 December 2021:

	2022 Contract receivables US$ 000	2021 Contract receivables US$ 000
At 1 January/ date of incorporation	119	-
Excess of revenue recognised over cash received	(119)	119
At 31 December	-	119

13 Cash and cash equivalents

	2022 US$ 000	2021 US$ 000
Cash and cash equivalents	1	735

Cash and cash equivalents include US$1,000 (2021: US$269,000) of cash at bank, US$nil (2021: US$216,000) of cash held by ship managers and [US$nil] (2021: US$250,000) of restricted cash in compliance with the bank loan covenants.

14 Trade and other payables

	2022 US$ 000	2021 US$ 000
Trade payables	1	76
Accrued expenses	-	137
Amounts due to immediate parent company	-	3,553
Other payables	5	17
	6	3,783

The amounts due to the immediate parent company are unsecured, interest-free and repayable on demand.

15 Bank loan

The bank loan outstanding at 31 December 2022 and 2021 is as follows:

	Bank loan US$ 000	Arrangement fees US$ 000	Total US$ 000
At date of incorporation	-	-	-
Movements arising from financing cash flows			
Drawdown of facility	8,250	-	8,250
Repayment of facility	(1,334)	-	(1,334)
Loan arrangement fees	-	(145)	(145)
Non-cash and other movements			
Amortisation of loan arrangement fees	-	38	38
At 31 December 2021	6,916	(107)	6,809
Current portion	6,916	(107)	6,809
Non-current portion	-	-	-
	6,916	(107)	6,809

	Bank loan US$ 000	Arrangement fees US$ 000	Total US$ 000
At date of incorporation	6,916	(107)	6,809
Movements arising from financing cash flows			
Repayment of facility	(6,916)	-	(6,916)
Non-cash and other movements			
Amortisation of loan arrangement fees	-	107	107
At 31 December 2022	-	-	-
Current portion	-	-	-
Non-current portion	-	-	-
	-	-	-

16 Financial instruments

Financial assets

The following tables provide an analysis of financial instruments that are measured at amortised cost and there are no financial instruments subsequently recognised at fair value.

At amortised cost:

	Carrying value		Fair value	
	2022 US$ 000	2021 US$ 000	2022 US$ 000	2021 US$ 000
Cash and cash equivalents	1	735	1	735
Trade and other receivables	453	655	453	655
	454	1,390	454	1,390

The carrying values of trade and other receivables approximate their fair values because of the short term maturity of these instruments.

The carrying value of cash and cash equivalents, which are highly liquid, is a reasonable estimate of fair value.

Financial liabilities

At amortised cost:

	Carrying value		Fair value	
	2022 US$ 000	2021 US$ 000	2022 US$ 000	2021 US$ 000
Trade and other payables	6	3,783	6	3,783
Bank loan	-	6,916	-	6,916
	6	10,699	6	10,699

The carrying values of trade and other payables approximate their fair values because of the short term maturity of these instruments.

17 Financial risk review

The Company's key financial risks arising from its operating activities and its financial instruments are:

- credit risk;
- liquidity risk; and
- market risk (including interest rate risk and currency risk).

The key management of the Company have overall responsibility for the establishment and oversight of the risk management framework.

Credit risk

The Company services the shipping industry as it leases its vessel to third party charterers. The shipping industry is cyclical, economically sensitive and highly competitive. A key determinant of the Company's success is the financial strength of its counterparties and their ability to react to and cope with the environment in which they operate.

If a lessee experiences financial difficulties this may result in default or the early termination of the lease. The directors mitigate this risk by only leasing to reputable companies and conducting comprehensive credit reviews of counterparties both prior to and during the course of a lease.

The credit risk on liquid funds is limited because the significant counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

At 31 December 2022 and 2021, the balance of trade receivables from contracts with customers and of lease and other trade receivables was US$nil and US$333,000, respectively.

At 31 December 2022, concentration of credit risk exists to the extent that 100% (2021: 48%) of trade and other receivables are due from the immediate parent company associated companies.

Credit risk exists to the extent that US$453,000 (2021: US$320,000) receivable from the immediate parent company associated companies is unable to be recovered in full. However, this risk is not considered to be substantial as at 31 December 2022.

17 Financial risk review (continued)

	Current US$ 000	More than 30 days past due US$ 000	More than 60 days past due US$ 000	More than 90 days past due US$ 000	Total US$ 000
31 December 2022					
Gross carrying amount	-	-	-	-	-
Loss provision	-	-	-	-	-
	-	-	-	-	-
31 December 2021					
Gross carrying amount	333	-	-	-	333
Loss provision	-	-	-	-	-
	333	-	-	-	333

Given the heterogeneity and nature of the Company's trading partners, determination of the expected credit losses has been assessed on a case-by-case basis. The assessment has been made based on past trading history, usual payment periods and publicly available information about the counterparties.

At 31 December 2022, trade receivables of US$nil (2021: US$ nil) were past due but not impaired.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

17 Financial risk review (continued)

Maturity analysis for financial liabilities

The following tables set out the remaining contractual maturities of the Company's financial liabilities by type:

31 December 2022	Carrying amount US$ 000	Contractual cash flow US$ 000	Less than one year US$ 000	One to five years US$ 000	More than 5 years US$ 000
Trade and other payables	6	6	6	-	-
	6	6	6	-	-

31 December 2021	Carrying amount US$ 000	Contractual cash flow US$ 000	Less than one year US$ 000	One to five years US$ 000	More than 5 years US$ 000
Trade and other payables	3,783	3,783	3,783	-	-
Bank loan	6,916	6,929	6,929	-	-
	10,699	10,712	10,712	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instrument. The Company manages this by controlling market risk exposures within acceptable parameters, while optimising the return.

17 Financial risk review (continued)

Currency risk

As at 31 December 2022 and 2021, the Company had no significant financial assets and liabilities denominated in currencies other than United States dollars and was therefore not exposed to significant currency risk at the reporting date.

Interest rate risk

The Company's interest bearing financial assets and liabilities expose it to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The interest rate profile of the Company's financial assets and liabilities (excluding short-term receivables and payables) as at 31 December 2022 and 2021 was:

31 December 2022	Fixed rate items US$ 000	Floating rate items US$ 000	Items on which no interest is paid US$ 000	Total carrying value US$ 000
Financial assets				
Cash and cash equivalents	-	1	-	1
Total	-	1	-	1
Financial liabilities				
Bank loan	-	6,916	-	6,916
Total	-	6,916	-	6,916

31 December 2021	Fixed rate items US$ 000	Floating rate items US$ 000	Items on which no interest is paid US$ 000	Total carrying value US$ 000
Financial assets				
Cash and cash equivalents	-	735	-	735
Total	-	735	-	735
Financial liabilities				
Bank loan	-	6,916	-	6,916
Total	-	6,916	-	6,916

17 Financial risk review (continued)

Cash flow sensitivity analysis for variable interest rate instrument

The Company's bank loan is subject to movements in the floating interest rates based on LIBOR. As at 31 December 2022 should yields have increased/decreased by 50bps with all other variables remaining constant, the increase/decrease in the result for the year would have been US$nil (2021: $35,000).

Capital risk management

As disclosed in Note 2, the financial statements of the Company have been prepared on a basis other than going concern.

The capital structure of the Company consists of a bank loan of US$nil (2021: US$6,916,000), and all components of equity, aggregating to a surplus of US$448,000 (2021: US$3,446,000).

18 Share capital

	2022	2021
Authorised, issued and fully paid:	**US$**	**US$**
1 ordinary share of US$1	1	1

19 Related party transactions

In addition to the matters referred to in Notes 1, 5, 12, 14 and 17, there were the following items:

The Company was charged management fees of US$2,000 (2021: US$90,000) and commission fees of US$1,000 (2021: US$88,000) by Lomar Shipping Limited, an associated company controlled by one of the shareholders of the immediate parent company.

The directors and key management of the Company did not receive any remuneration during the financial year ended 31 December 2022 and period ended 31 December 2021, respectively.

Management declared and paid a total amount of US$43,000,000 of cash dividend in 2022 (2021: US$nil)

20 Events after the reporting period

There have been no other significant events subsequent to the reporting date which are outside the Company's normal trading activities.