

**MONJASA A/S**  
Strevelinsvej 34  
7000 Fredericia  
Business Registration No  
26480531

**Annual report 2018**

The Annual General Meeting adopted the annual report on 28.05.2019

**Chairman of the General Meeting**

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Name: Rasmus Ravnholdt Knudsen

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## Entity details

### Entity

MONJASA A/S  
Strevelinsvej 34  
7000 Fredericia

Central Business Registration No (CVR): 26480531

Registered in: Fredericia

Financial year: 01.01.2018 - 31.12.2018

### Board of Directors

Anders Østergaard, chairman  
Svend Stenberg Mølholt  
Rasmus Ravnholdt Knudsen

### Executive Board

Svend Stenberg Mølholt

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 København S

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of MONJASA A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Fredericia, 28.05.2019

### Executive Board

Svend Stenberg Mølholt

### Board of Directors

Anders Østergaard  
chairman

Svend Stenberg Mølholt

Rasmus Ravnholdt Knudsen

# Independent auditor's report

## To the shareholder of MONJASA A/S

### Opinion

We have audited the financial statements of MONJASA A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## Independent auditor's report

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.05.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Lars Siggaard Hansen  
State Authorised Public Accountant  
Identification No (MNE) mne32208

Kåre Valtersdorf  
State Authorised Public Accountant  
Identification No (MNE) mne34490

## Management commentary

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	642.269	457.250	434.324	700.185	1.805.765
Gross profit/loss	6.524	2.044	8	27.126	15.837
Operating profit/loss	(3.792)	(7.917)	(12.977)	15.480	2.227
Net financials	(5.075)	(910)	(3.364)	(2.686)	(3.463)
Profit/loss for the year	(6.915)	(6.359)	(13.293)	7.627	(6.455)
Total assets	134.285	84.053	83.036	101.213	192.170
Investments in property, plant and equipment	450	21	344	640	2.876
Equity	27.098	12.013	18.372	51.665	44.038
<b>Ratios</b>					
Gross margin (%)	1,0	0,4	0,0	3,9	0,9
Return on equity (%)	(35,4)	(41,9)	(38,0)	15,9	(13,4)
Equity ratio (%)	20,2	14,3	22,1	51,0	22,9
Profit margin (%)	(0,6)	(1,7)	(3,0)	2,2	0,1

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Profit margin (%)	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$	The entity's operating profitability



## Management commentary

### Primary activities

The main activity of the Company comprises sale, purchase and transportation of fuel and gas oil for the marine industry. Monjasa focuses on providing value-added services such as in-depth product knowledge, geographical knowledge, granting of fuel credit and issuing technical and commercial advice.

### Development in activities and finances

Monjasa operations (EBIT) reached USD -4m in 2018 (2017: USD -8 million), which is unsatisfactory in absolute terms, but a positive development compared to 2017. The net result after tax for 2018 amounts to USD -7m and at 31 December 2018 equity amounts to USD 27m. Though increased trading volumes was realised in 2018, the net result was affected by the continued slowdown in the global maritime shipping markets and strong competition in some of the main markets. Management considers the net result achieved unsatisfactory.

### Profit/loss for the year in relation to expected developments

Total revenue from the bunker oil activity increased in 2018, as a result of a higher average oil price and increased volume sold. However, as anticipated, competition remained strong in some of the main markets affecting the net result of the year.

As such, the achieved result of the year is in line with expectations.

### Uncertainty relating to recognition and measurement

Trade receivables are recognised at amortised cost less provisions for bad and doubtful debts. Majority of receivables in the balance sheet are insured.

Management assesses that there are no further items in the financial statement which are subject to uncertainty that may have significant impact on results, and therefore, on the true and fair view.

### Unusual circumstances affecting recognition and measurement

The Company's financial position at 31 December 2018 as well as the results of the Company's operations for the financial year 2018 are not affected by any unusual circumstances.

### Outlook

Management expects continued competitive markets leading up to the 2020 marine fuel transition towards more environmentally sound products. At the same time, Management sees these uncertainties playing in Monjasa's favor as 2017 and 2018 have been years of transition, building the foundation that is needed for 2020. Therefore, while general market conditions and the world economy continue to negatively impact the general markets, Monjasa A/S sees a window of opportunity to improve across all financial parameters in 2019.

## Management commentary

### Capital resources

Fluctuation in oil prices and increased activity in all business areas resulted in a higher working capital end 2018. This was mitigated by increased cash flow from new bank facilities and strategic supplier partnerships gained during the year.

With an equity ratio of 20.6%, Management considers the Company to be in a strong financial position, ready to exploit the opportunities available in selected markets.

### Particular risks

#### Operating risks

##### Bunker oil

The Board of Directors, and the Monjasa Compliance department are acting independently from the operational Group functions. Thereby, they continuously review and manage any developments in the overall operating risks associated to the Company's main business activities.

It is assessed that there are no sizeable uncovered risks in respect of the Company's operations. The Company likewise holds adequate insurances against potential exposures, which could occur to the Company bunker oil operations.

##### Market risks

The bunker oil activity is only marginally affected by the risk of fluctuations in oil prices, as the oil products are either purchased and sold simultaneously, or otherwise hedged against fluctuations.

### Financial risks

##### Bunker oil

The financial risk from fluctuations in oil prices is either naturally hedged by selling and purchasing happening simultaneously, or otherwise hedged against fluctuations. Monjasa considers oil price volatility a risk to be managed and an Oil Price Risk Management Policy is in place, which sets out the Company's commitment to efficiently hedge any oil price exposure.

##### Interest rate risks

Operating within the oil and shipping industry often involves extensive capital requirements, which results in financing requirements for companies with high growth. The Company's debt is primarily based on variable interest rates. Therefore, the interest rate has an influence on the Company's results. Management reassesses financing options on a concurrent basis based on a.o. the interest rate development.

## Management commentary

### Credit risks

Granting credit to counterparts represents a high risk in the oil and shipping industries. The Management therefore maintains a strong focus on the policies towards approval of trading partners and granting of credit lines to these. The Company has a separate Credit department, which evaluates all new and existing trading partners in accordance with the credit policy. This includes use of client credit insurance, an updated credit rating model, access to extensive internal and external data sources and advanced Business Intelligence monitoring tools. Models and tools are being regularly updated to fit the state of the industry at all times.

No change in 2018 to the expectations to loss on debtors compared to previous years.

### Intellectual capital resources

Development in the Company leads to an increasing need for competent employees and a flexible organisation. Therefore, the Company spends increased resources towards attracting new talented employees and on retaining and training current ones. The Company operates a flat organisational structure characterised by close and open dialogue between Management and employees.

### Environmental performance

In 2018, the Company experienced zero environmental incidents during any operation. We acknowledge that we have a responsibility towards the global environment and climate challenges.

The Monjasa Group and the Company maintains ISO 9001, ISO 14001 and OHSAS 18001 certifications through a dedicated HSEQ Department.

#### ISO 9001: 2015 Quality Management

The purpose of this certification is to ensure we take appropriate action to ensure all features of the service we offer meet the needs and expectations of our customers.

#### ISO 14001: 2015 Environmental Management

The purpose of this certification is to ensure we manage and minimise the impact and harmful effects our business activities pose on the environment.

#### OHSAS 18001: 2007 Occupational Health and Safety Management

The purpose of this certification is to ensure sound management of health and safety risks posed on employees, whilst also ensuring the safety of those who work with us.

For all business partners, this means demonstration and assurance of the Company's constant focus on client satisfaction, reduction of environmental risks and optimising the working environment.

## Management commentary

By continuous monitoring, evaluation and documentation of our entire value chain, the Company can thereby rely on doing business with a Company that systematically manages all risks associated to our worldwide activities.

### **Statutory report on corporate social responsibility**

With reference to the Monjasa Holding A/S' consolidated statement for corporate social responsibility according to Danish Financial Statements Act section 99a sub-clause 6.

### **Statutory report on the underrepresented gender**

This section constitutes Monjasa's statement of compliance with the Danish Financial Statements Act, section 99 (b).

Monjasa is committed to providing equal opportunities at the workplace – we recruit and promote employees based solely on merit rather than focusing on gender equality. We take pride in having a more proportionate gender distribution in the organisation compared to the industry average.

The female composition of employees in the organisation was 41% in 2018, which was the same as in 2017. The female representation of managers increased significantly from 17% in 2017 to 32% in 2018. While we are aware that the gender composition at manager levels is disproportionate relative to our overall employee gender ratio, we remain steadfast in our view that the most competent and suitable candidates have been selected for the job.

The gender composition in the Board of Directors did not change in 2018, as the substituted member was replaced by a male member merely based on qualifications. In an effort to achieve the 2020 gender composition of 20% female representation, Monjasa A/S will ensure that the under-represented gender is included on the list of candidates.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2018

	<u>Notes</u>	<u>2018 USD'000</u>	<u>2017 USD'000</u>
Revenue	1	642.269	457.250
Other operating income		2.630	2.365
Cost of sales		(631.973)	(451.064)
Other external expenses		<u>(6.402)</u>	<u>(6.507)</u>
<b>Gross profit/loss</b>		<b>6.524</b>	<b>2.044</b>
Staff costs	2	(8.896)	(8.666)
Depreciation, amortisation and impairment losses	3	<u>(1.420)</u>	<u>(1.295)</u>
<b>Operating profit/loss</b>		<b>(3.792)</b>	<b>(7.917)</b>
Other financial income	4	1.720	2.407
Other financial expenses	5	<u>(6.795)</u>	<u>(3.317)</u>
<b>Profit/loss before tax</b>		<b>(8.867)</b>	<b>(8.827)</b>
Tax on profit/loss for the year	6	<u>1.952</u>	<u>2.468</u>
<b>Profit/loss for the year</b>	7	<u><b>(6.915)</b></u>	<u><b>(6.359)</b></u>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD'000</u>	<u>2017 USD'000</u>
Acquired licences		2.772	2.716
<b>Intangible assets</b>	8	<u>2.772</u>	<u>2.716</u>
Land and buildings		1.155	1.175
Other fixtures and fittings, tools and equipment		651	724
Leasehold improvements		161	130
<b>Property, plant and equipment</b>	9	<u>1.967</u>	<u>2.029</u>
Other investments		243	243
Deposits		1.185	1.225
<b>Fixed asset investments</b>	10	<u>1.428</u>	<u>1.468</u>
<b>Fixed assets</b>		<u>6.167</u>	<u>6.213</u>
Raw materials and consumables		22.395	9.828
<b>Inventories</b>		<u>22.395</u>	<u>9.828</u>
Trade receivables		61.821	55.223
Receivables from group enterprises		11.026	3.751
Deferred tax	11	5.368	1.701
Other receivables		16.804	825
Income tax receivable		0	2.772
Prepayments	12	588	283
<b>Receivables</b>		<u>95.607</u>	<u>64.555</u>
<b>Cash</b>		<u>10.116</u>	<u>3.457</u>
<b>Current assets</b>		<u>128.118</u>	<u>77.840</u>
<b>Assets</b>		<u>134.285</u>	<u>84.053</u>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD'000</u>	<u>2017 USD'000</u>
Contributed capital	13	68	68
Retained earnings		<u>27.030</u>	<u>11.945</u>
<b>Equity</b>		<b><u>27.098</u></b>	<b><u>12.013</u></b>
Bank loans		25.582	4.102
Trade payables		37.973	22.093
Payables to group enterprises		30.585	44.428
Other payables		12.975	1.417
Deferred income	14	<u>72</u>	<u>0</u>
<b>Current liabilities other than provisions</b>		<b><u>107.187</u></b>	<b><u>72.040</u></b>
<b>Liabilities other than provisions</b>		<b><u>107.187</u></b>	<b><u>72.040</u></b>
<b>Equity and liabilities</b>		<b><u>134.285</u></b>	<b><u>84.053</u></b>
Financial instruments	15		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Transactions with related parties	20		
Group relations	21		

## Statement of changes in equity for 2018

	<b>Contributed capital USD'000</b>	<b>Retained earnings USD'000</b>	<b>Total USD'000</b>
Equity beginning of year	68	11.945	12.013
Group contributions etc	0	22.000	22.000
Profit/loss for the year	0	(6.915)	(6.915)
<b>Equity end of year</b>	<b>68</b>	<b>27.030</b>	<b>27.098</b>



## Notes

### 1. Revenue

The Company's activities are perceived as one segment.

	<b>2018</b>	<b>2017</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>2. Staff costs</b>		
Wages and salaries	8.241	8.022
Pension costs	580	543
Other social security costs	75	101
	<b>8.896</b>	<b>8.666</b>
Average number of employees	<b>87</b>	<b>88</b>

Remuneration of management is omitted in pursuance of the Danish Financial Statements Act section 96 (b), subsection 3, as only one management person receives remuneration.

	<b>2018</b>	<b>2017</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	911	682
Depreciation of property, plant and equipment	509	613
	<b>1.420</b>	<b>1.295</b>

	<b>2018</b>	<b>2017</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>4. Other financial income</b>		
Financial income arising from group enterprises	74	64
Other interest income	276	249
Exchange rate adjustments	701	1.203
Other financial income	669	891
	<b>1.720</b>	<b>2.407</b>

	<b>2018</b>	<b>2017</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>5. Other financial expenses</b>		
Financial expenses from group enterprises	1.960	1.050
Other interest expenses	1.896	363
Exchange rate adjustments	981	531
Other financial expenses	1.958	1.373
	<b>6.795</b>	<b>3.317</b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>6. Tax on profit/loss for the year</b>		
Current tax	0	(2.772)
Change in deferred tax	<u>(1.952)</u>	<u>304</u>
	<b><u>(1.952)</u></b>	<b><u>(2.468)</u></b>

	<b>2018</b>	<b>2017</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>7. Proposed distribution of profit/loss</b>		
Retained earnings	<u>(6.915)</u>	<u>(6.359)</u>
	<b><u>(6.915)</u></b>	<b><u>(6.359)</u></b>

	<b>Acquired licences USD'000</b>
<b>8. Intangible assets</b>	
Cost beginning of year	5.029
Additions	<u>967</u>
<b>Cost end of year</b>	<b><u>5.996</u></b>
Amortisation and impairment losses beginning of year	(2.313)
Amortisation for the year	<u>(911)</u>
<b>Amortisation and impairment losses end of year</b>	<b><u>(3.224)</u></b>
<b>Carrying amount end of year</b>	<b><u>2.772</u></b>

The residual value is estimated to USD 0.

## Notes

	<b>Land and buildings USD'000</b>	<b>Other fixtures and fittings, tools and equipment USD'000</b>	<b>Leasehold improve- ments USD'000</b>
<b>9. Property, plant and equipment</b>			
Cost beginning of year	1.395	3.876	917
Additions	0	314	136
Disposals	0	(6)	0
<b>Cost end of year</b>	<b>1.395</b>	<b>4.184</b>	<b>1.053</b>
Depreciation and impairment losses beginning of year	(220)	(3.152)	(787)
Depreciation for the year	(20)	(384)	(105)
Reversal regarding disposals	0	3	0
<b>Depreciation and impairment losses end of year</b>	<b>(240)</b>	<b>(3.533)</b>	<b>(892)</b>
<b>Carrying amount end of year</b>	<b>1.155</b>	<b>651</b>	<b>161</b>

The residual value is estimated to USD 0.

	<b>Other investments USD'000</b>	<b>Deposits USD'000</b>
<b>10. Fixed asset investments</b>		
Cost beginning of year	243	1.225
Exchange rate adjustments	0	(59)
Additions	0	80
Disposals	0	(61)
<b>Cost end of year</b>	<b>243</b>	<b>1.185</b>
<b>Carrying amount end of year</b>	<b>243</b>	<b>1.185</b>

## Notes

	<b>2018</b>
	<b><u>USD'000</u></b>
<b>11. Deferred tax</b>	
<b>Changes during the year</b>	
Beginning of year	1.701
Recognised in the income statement	(1.952)
Other changes	<u>5.619</u>
<b>End of year</b>	<b><u>5.368</u></b>

Deferred tax is related to intangible assets, tangible assets and derivative financial instruments.

The deferred tax is expected to be utilised based on taxable income in the joint taxation in the foreseeable future.

### 12. Prepayments

Prepayments comprise prepaid cost relating to subsequent financial years as freight, insurance etc.

	<b>Number</b>	<b>Par value USD'000</b>	<b>Nominal value USD'000</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>13. Contributed capital</b>			
Shares	<u>578.431</u>	0,12	<u>68</u>
	<b><u>578.431</u></b>		<b><u>68</u></b>

The share capital is registered as DKK 578.431.

There has not been changes to the contributed capital in the last 5 years.

### 14. Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

## Notes

### 15. Financial instruments

	<b>Net value</b>	<b>2018</b>
	<b>M tonnes</b>	<b>USD'000</b>
<b><u>Derivatives used for fair value hedging of inventory</u></b>		
Derivatives maturing within 0-3 months	(23)	935
Derivatives maturing within 3-12 months	0	0
<b><u>Derivatives used for fair value hedging of firm commitments</u></b>		
Derivatives maturing within 0-3 months	51	(7.503)
Derivatives maturing within 4-12 months	67	(3.547)
	<b>95</b>	<b>(10.115)</b>
<b><u>Explanatory notes for firm commitments</u></b>		
Firm commitments effectually hedge with derivatives	114	15.266
	<b>114</b>	<b>15.266</b>
	<b>2018</b>	<b>2017</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>16. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>13.386</b>	<b>16.838</b>
Liabilities under rental agreements or leases with group enterprises until expiry	<b>3.073</b>	<b>3.093</b>

### 17. Contingent liabilities

The entity participates in a joint taxation arrangement in which Endeavour Invest ApS as of 31 August 2017 serves as the administration company (Monjasa Holding A/S until 30 August 2017). According to the joint taxation provisions of the Danish Corporation Tax Act, the entity is therefore liable for income taxes etc. for the jointly taxed entities, and obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. Corporate income tax payable for the Danish jointly taxed companies amounted to USD 0m at 31 December 2018 (2017: USD 0m).

### 18. Assets charged and collateral Collateral provided for group enterprises

The Company has issued a guarantee for the debt to financial institutions of the group enterprise Downstream Holding A/S and Monjasa Holding A/S, which at 31 December 2018 amounts to USD 31m (2017: USD 28m).

The guarantees consist of the following collaterals: receivables, inventory and floating charge.

## Notes

### **19. Related parties with controlling interest** **Controlling interest**

Endeavour Invest ApS, Fredericia, Denmark, controlling shareholder (ultimate)

Monjasa Holding A/S, Fredericia, Denmark, controlling shareholder

Downstream Holding A/S, Fredericia, Denmark, immediate controlling shareholder

### **Other related parties**

Anders Østergaard, Chairman of the Supervisory Board

Rasmus Ravnholdt Knudsen, member of the Supervisory Board

Svend Stenberg Mølholt, Chief Executive Officer and member of the Supervisory Board

Endeavour Invest ApS and related companies

### **20. Transactions with related parties**

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report.

No such transactions have been conducted in the financial year.

### **21. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Endeavour Invest ApS, Fredericia

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Monjasa Holding A/S, Fredericia

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year, except for recognition of effectively hedged firm commitments.

The functional and presentation currency is USD with the applied exchange rate for 2018: 6.52 (2017: 6.21)

### Changes in accounting policies

The accounting policies applied has been changed in accordance with the changes to the Danish Financial Statements Act section 37 effective from 2020. Monjasa A/S has pre-implemented the changes to the Danish Financial Statements Act, and as such hedged firm commitments from contracts with customers of delivery of oil at a predefined volume, port, period and price are recognised at their fair value.

Reference is made to note 15 showing the fair value of firm commitments recognised at 31 December 2018 and 2017 as well as the derivatives entered into in order to effectively hedge the firm commitments.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability or a firm commitment are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability. Firm commitments are confirmed sales contracts for delivery of oil at a predefined volume, port, period and price.

### Income statement

#### Revenue

Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

## Accounting policies

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the Danish Parent company. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).



## Accounting policies

### Balance sheet

#### Intellectual property rights etc

Software is measured at cost less any accumulated amortisation and impairment losses or at a lower recoverable amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Acquired licenses	5 years
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Estimated useful lives and residual values are reassessed annually.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

Land and buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	2-8 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

## Accounting policies

### Other investments

Other investments comprise unlisted securities and deposits which are measured at cost at the balance sheet date.

### Inventories

Inventories are measured at the lower of cost using the weighted average method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

## Accounting policies

### Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

### Cash flow statement

Cash flow statement has been omitted in pursuance of the Danish Financial Statements Act section 86, subsection 4. Cash flows are included in the Consolidated Cash Flow Statement for Monjasa Holding A/S, CVR No. 33 15 07 09.