Monjasa A/S
Strevelinsvej 34
7000 Fredericia
Business Registration No
26480531

Annual report 2017

The Annual General Meeting adopted the annual report on 29.05.2018

Chairman of the General Meeting

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Name: Kenneth Henriks

Contents

Entity details

Entity
Monjasa A/S
Strevelinsvej 34
7000 Fredericia

Central Business Registration No (CVR): 26480531
Registered in: Fredericia
Financial year: 01.01.2017 - 31.12.2017

Board of Directors
Anders Østergaard, chairman
Kenneth Henriks
Svend Stenberg Mølholt

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 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 29.05.2018

Executive Board

Svend Stenberg Mølholt

Board of Directors

Anders Østergaard chairman	Kenneth Henriks	Svend Stenberg Mølholt

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 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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, 29.05.2018

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

	2017 USD'000	2016 USD'000	2015 USD'000	2014 USD'000	2013 USD'000
Financial highlights					
Key figures					
Revenue	457,250	434,324	700,185	1,805,765	1,553,150
Gross profit/loss	2,044	8	27,126	15,837	20,574
Operating profit/loss	(7,917)	(12,977)	15,480	2,227	10,972
Net financials	(910)	(3,364)	(2,686)	(3,463)	(1,749)
Profit/loss for the year	(6,359)	(13,293)	7,627	(6,455)	8,788
Total assets	84,053	83,036	101,213	192,170	224,420
Investments in property, plant and equipment	21	344	640	2,876	1,475
Equity	12,013	18,372	51,665	44,038	52,470
Ratios					
Gross margin (%)	0,4	0,0	3,9	0,9	1,3
Return on equity (%)	(41,9)	(38,0)	15,9	(13,4)	16,7
Equity ratio (%)	14,3	22,1	51,0	22,9	23,4
Profit margin (%)	(1,7)	(3,0)	2,2	0,1	0,7

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

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.
Profit margin (%)	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$	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 the granting of fuel credit and issuing technical and commercial advice.

Development in activities and finances

Monjasa operations (EBIT) reached USD -8 million in 2017 (2016: USD -13 million), which is unsatisfactory. The net result after tax for 2017 amounts to USD -6 million and at 31 December 2017 equity amounts to USD 12m. The net result was affected by higher oil prices, lower trading volumes, the continued slowdown in the global maritime shipping markets, and strong competition in some of the core markets. Management considers the net result achieved very unsatisfactory.

Profit/loss for the year in relation to expected developments

Total revenue from the bunker oil activity increased in 2017, as a result of a higher average oil price while demand stayed at a low level and competition remained strong in some of the main markets.

Other external expenses and staff expenses have decreased compared to the previous year due to continued sharpening of focus on the core business.

Uncertainty relating to recognition and measurement

Trade receivables are recognised at amortised cost less provisions for bad and doubtful debts. The receivables in the balance sheet are not insured in full.

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 2017 as well as the results of the Company’s operations for the financial year 2017 are not affected by any unusual circumstances.

Outlook

Management foresees a continued highly competitive global bunker market putting margins under pressure and an overall increasingly income-challenged maritime shipping industry. General market conditions may therefore also in 2018 negatively impact the operating result.

Based on continued cost focus from 2017 and the general market development, the net result in 2018 for the Company is expected to be at a level similar to 2017.

The expectations to the 2018 financial performance is naturally subject to uncertainty and in particular with respect to the development in global shipping markets and oil prices.

Management commentary

Capital resources

Increased focus on cash management and lower activity led to reduced working capital requirement and therefore the cash flow was satisfactory during 2017. The borrowing base scheme was finally unwound by March 2017. The Group continuously pursues diversifying the sources of financing to maintain a financing that is competitive and supportive of the further commercial development.

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 Group's main business activities.

It is assessed that there are no sizeable uncovered risks in respect of the Group's operations. The Group likewise holds adequate insurances against potential exposures, which could occur to the Group 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. The Group continuously hedges minimum 75% and usually more than 95% of its oil price exposure.

Financial risks

Bunker oil

USD is the primary currency applied in the bunkering and tanker activities and there is no translation risks related to exchange rates in the financial statements.

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 Group's debt is primarily based on variable interest rates. Therefore, the interest rate has an influence on the Group's results. Management reassesses financing options on a concurrent basis based on the interest rate development.

Refinancing risks

Management adjusts the financial resources concurrently to facilitate future growth and provide for the challenges of a volatile oil price marked. Management continuously monitors developments and pursue diversified and adequate financing to support future business development activities.

Credit risks

Granting credit to counterparts represents a high risk in the oil and shipping industry. Group Management therefore maintains a strong focus on the policies towards approval of trading partners and granting of credit

Management commentary

lines to these. The Monjasa Group 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 and credit rating models, which are being regularly updated to fit the state of the industry at all times.
No change in 2017 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 increasingly spends 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 2017, the Company experienced zero environmental incidents during any operation. We acknowledge that we have a responsibility towards the global environment and climate challenges. Monjasa Holding A/S on behalf of the Company and Group signed a commitment with Buckingham Palace towards the prevention of illegal trade of wildlife in 2016. The Company now has a Zero Tolerance Policy in the respect of this commitment.

The Group and 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.

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.

Management commentary

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 2017, which was the same as in 2016. The female representation of managers decreased slightly from 21% in 2016 to 16% in 2017. 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.

In line with current legislation to counteract the gender imbalance in boardrooms, Monjasa A/S aims to introduce at least one female to the board by 2020. By the end of 2017, this goal has not been reached.

The gender composition in the Board of Directors did not change in 2017 as all members were re-elected at the general assembly, hence no new members were elected. 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 2017

	Notes	2017 USD'000	2016 USD'000
Revenue	1	457,250	434,324
Other operating income		2,365	3,621
Cost of sales		(451,064)	(426,807)
Other external expenses		(6,507)	(11,130)
Gross profit/loss		**2,044**	**8**
Staff costs	2	(8,666)	(11,780)
Depreciation, amortisation and impairment losses	3	(1,295)	(1,205)
Operating profit/loss		**(7,917)**	**(12,977)**
Other financial income	4	2,407	6,665
Other financial expenses	5	(3,317)	(10,029)
Profit/loss before tax		**(8,827)**	**(16,341)**
Tax on profit/loss for the year	6	2,468	3,048
Profit/loss for the year	7	**(6,359)**	**(13,293)**

Balance sheet at 31.12.2017

	Notes	2017 USD'000	2016 USD'000
Acquired licences		2,716	1,937
Intangible assets	8	**2,716**	**1,937**
Land and buildings		1,175	1,195
Other fixtures and fittings, tools and equipment		724	1,227
Leasehold improvements		130	238
Property, plant and equipment	9	**2,029**	**2,660**
Other investments		243	243
Deposits		1,225	1,119
Fixed asset investments	10	**1,468**	**1,362**
Fixed assets		**6,213**	**5,959**
Raw materials and consumables		9,828	13,054
Inventories		**9,828**	**13,054**
Trade receivables		55,223	47,432
Receivables from group enterprises		3,751	5,375
Deferred tax	11	1,701	0
Other receivables		825	2,741
Income tax receivable		2,772	2,707
Prepayments	12	283	261
Receivables		**64,555**	**58,516**
Cash		**3,457**	**5,507**
Current assets		**77,840**	**77,077**
Assets		**84,053**	**83,036**

Balance sheet at 31.12.2017

	Notes	2017 USD'000	2016 USD'000
Contributed capital	13	68	68
Retained earnings		11,945	18,304
Equity		**12,013**	**18,372**
Deferred tax	11	0	134
Provisions		**0**	**134**
Bank loans		4,102	12,830
Finance lease liabilities		0	29
Trade payables		22,093	17,245
Payables to group enterprises		44,428	31,563
Other payables		1,417	2,863
Current liabilities other than provisions		**72,040**	**64,530**
Liabilities other than provisions		**72,040**	**64,530**
Equity and liabilities		**84,053**	**83,036**
Financial instruments	14		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

Statement of changes in equity for 2017

	Contributed capital USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	68	18,304	18,372
Profit/loss for the year	0	(6,359)	(6,359)
Equity end of year	**68**	**11,945**	**12,013**

Notes

1. Revenue

The Company’s activities are perceived as one segment.

	2017 USD'000	2016 USD'000
2. Staff costs		
Wages and salaries	8,022	11,086
Pension costs	543	585
Other social security costs	101	109
	8,666	**11,780**
Average number of employees	**88**	**110**

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.

	2017 USD'000	2016 USD'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	682	506
Depreciation of property, plant and equipment	613	726
Profit/loss from sale of intangible assets and property, plant and equipment	0	(27)
	1,295	**1,205**

	2017 USD'000	2016 USD'000
4. Other financial income		
Financial income arising from group enterprises	64	121
Other interest income	249	552
Exchange rate adjustments	1,203	0
Other financial income	891	5,992
	2,407	**6,665**

Notes

	2017 USD'000	2016 USD'000
5. Other financial expenses		
Financial expenses from group enterprises	1,050	391
Other interest expenses	363	475
Exchange rate adjustments	531	469
Other financial expenses	1,373	8,694
	3,317	**10,029**

	2017 USD'000	2016 USD'000
6. Tax on profit/loss for the year		
Current tax	(2,772)	(2,459)
Change in deferred tax	304	(1,575)
Adjustment concerning previous years	0	986
	(2,468)	**(3,048)**

	2017 USD'000	2016 USD'000
7. Proposed distribution of profit/loss		
Retained earnings	(6,359)	(13,293)
	(6,359)	**(13,293)**

	Acquired licences USD'000
8. Intangible assets	
Cost beginning of year	3,568
Additions	1,461
Cost end of year	**5,029**
Amortisation and impairment losses beginning of year	(1,631)
Amortisation for the year	(682)
Amortisation and impairment losses end of year	**(2,313)**
Carrying amount end of year	**2,716**

The residual value is estimated to USD 0.

Notes

	Land and buildings USD'000	Other fixtures and fittings, tools and equipment USD'000	Leasehold improve-ments USD'000
9. Property, plant and equipment			
Cost beginning of year	1,395	4,280	936
Additions	0	21	0
Disposals	0	(425)	(19)
Cost end of year	**1,395**	**3,876**	**917**
Depreciation and impairment losses beginning of year	(200)	(3,053)	(698)
Depreciation for the year	(20)	(485)	(108)
Reversal regarding disposals	0	386	19
Depreciation and impairment losses end of year	**(220)**	**(3,152)**	**(787)**
Carrying amount end of year	**1,175**	**724**	**130**

The residual value is estimated to USD 0.

	Other investments USD'000	Deposits USD'000
10. Fixed asset investments		
Cost beginning of year	243	1,119
Additions	0	106
Cost end of year	**243**	**1,225**
Carrying amount end of year	**243**	**1,225**

Notes

	2017 USD'000
11. Deferred tax	
Changes during the year	
Beginning of year	(134)
Recognised in the income statement	(304)
Regulation from prior year	2,139
End of year	**1,701**

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 subsquent financial years as freight, insurance etc.

	Number	Par value USD'000	Nominal value USD'000
13. Contributed capital			
Shares	578,431	0,12	68
	578,431		**68**

The share capital is registered as DKK 578.431.
There has not been changes to the contributed capital in the last 5 years.

14. Financial instruments

Net volumes	Net value M tonnes	2017 USD’000
Derivatives maturing within 0-3 months	(13.700)	140
Derivatives maturing within 3-12 months	0	(88)
	(13.700)	**52**

Notes

	2017 USD'000	2016 USD'000
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**16,838**	**12,348**
Liabilities under rental agreements or leases with group enterprises until expiry	**3,093**	**1,472**

16. 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 2017 (2016: USD 0m).

The Company's factoring facility has security in specific receivables, which at 31 December 2017 amounts to USD 48m.

17. 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 2017 amounts to USD 28m (2016: USD 135m).

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

18. Related parties with controlling interest
Controlling interest

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

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

Other related parties

Anders Østergaard, Chairman of the Supervisory Board

Kenneth Henriks, member of the Supervisory Board

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

Endeavour Invest ApS and related companies

19. 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.

Notes

20. 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.

The functional and presentation currecy is USD with the applied exchange rate for 2017: 6,21 (2016: 7,05)

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 are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

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

Accounting policies

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).

Balance sheet
Intellectual property rights etc
Software is measured at cost less any accumulated amortisation and impairment losses or at a lower recoverable amout.

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:

Accounting policies

Software	5 years

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.

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.

Accounting policies

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.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

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.