



# Global Risk Management

Holding

Annual Report 2018/19

A/S Global Risk Management Ltd. Holding  
Strandvejen 7, DK-5500 Middelfart, Denmark  
VAT no. 79332216

A handwritten signature in blue ink, appearing to read 'Keld Rosenbæk Demant'.

**Keld Rosenbæk Demant**  
The Annual Report was presented  
and adopted at the Annual General  
Meeting of the Company on 26 June 2019

## Table of Contents

<b>MANAGEMENT'S REVIEW .....</b>	<b>1</b>
<b>COMPANY FACTS .....</b>	<b>1</b>
<b>FINANCIAL HIGHLIGHTS OF THE COMPANY .....</b>	<b>2</b>
<b>REVIEW .....</b>	<b>3</b>
<b>FINANCIAL STATEMENTS .....</b>	<b>6</b>
<b>INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME .....</b>	<b>6</b>
<b>BALANCE SHEET .....</b>	<b>7</b>
<b>STATEMENT OF CHANGES IN EQUITY.....</b>	<b>9</b>
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>10</b>
<b>MANAGEMENT'S STATEMENT.....</b>	<b>25</b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>26</b>



## Management's Review

### Company Facts

#### *The Company*

A/S Global Risk Management Ltd. Holding  
Strandvejen 7  
DK-5500 Middelfart

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Facsimile: +45 8838 0009  
E-mail: [hedging@global-riskmanagement.com](mailto:hedging@global-riskmanagement.com)  
VAT No: 79 33 22 16

Financial year: 1 May - 30 April  
Municipality of reg. office: Middelfart

#### *Board of Directors*

Keld Rosenbæk Demant, Chairman of the Board  
Michael Krabbe, Board Member  
Hans Erik Christensen, Board Member

#### *Executive Management*

Hans Erik Christensen, CEO

#### *Management Team*

Niels Hyldegaard Kristensen, Chief Financial Officer  
Morten Rudebeck Henriksen, Sales Director

#### *Auditors*

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle



## Management's Review

### Financial Highlights of the Company

Key figures and financial ratios have been prepared according to the same method as preceding years. As of the financial year 2017/18, the MIFID related activities of A/S Global Risk Management Ltd. Holding was transferred to the newly established sister company A/S Global Risk Management Ltd. Fondsmæglerselskab and the Singapore Branch was changed into a Singapore based subsidiary. Thus, the key figures and financial ratios for 2017/18 and onwards does not include the transferred activities. The key figures and financial ratios for 2016/17 and preceding years have not been adjusted.

As of the financial year 2016/17, the Company applied IFRS for recognising and measuring financial instruments. This resulted in reclassification of amounts. Ratios for the year 2014/15 and earlier have not been adjusted.

Seen over a five year period, the development of the Company is described by the following financial highlights.

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>
<b>Profit/loss</b>					
Net gain on derivatives and financial instruments	8,146	4,842	20,373	15,710	13,469
Profit before financial income and expenses	2,882	2,186	11,388	7,690	6,613
Net financials	-1,126	-119	640	-837	-451
Net profit for the year	2,508	12,759	9,667	5,498	4,917
<b>Balance sheet</b>					
Balance sheet total	126,631	88,223	71,009	60,319	78,691
Investments in tangible and intangible assets	-1,264	-2,700	-2,812	-4,604	-4,000
Equity	12,753	10,245	29,404	19,737	18,240
<b>Ratios (%)</b>					
Profit margin	35.4%	45.1%	55.9%	48.9%	49.1%
Return on equity	21.8%	64.4%	39.3%	29.0%	27.7%
Liquidity ratio	0.97	0.94	1.65	1.47	1.30
Solvency ratio	10.1%	11.6%	41.4%	32.7%	23.2%

For definitions, please refer to the accounting policies.





## Management's Review

### Review

### Activities

The activities of the Company comprise the offering of fixed-price contracts in respect of physical deliveries of fuel and bunker oil and treasury services within fuel price risk management for group related entities.

The Company is represented by own offices in Denmark and a subsidiary in Singapore.

### Developments in the Year

For the financial year 2018/19 A/S Global Risk Management Ltd. Holding achieved a gross profit of TUSD 8,146. Results for the year before tax from continued operations showed a profit of TUSD 2,888 and a net profit for the year from continued operations of TUSD 2,508. Equity amounted to TUSD 12,753 at the end of the year. The result for the year is viewed as satisfactory.

Gross profit is obtained by trading fixed price contracts in respect of physical deliveries of fuel and bunker oil and through the sale and purchase of hedging products with group-related entities who need to secure their budgets against fluctuations in fuel prices. The risks associated with the sale of fixed price contracts and purchase and sale of hedging products is continuously monitored and hedged back-to-back or by correlated contracts assisted by the use of advanced risk assessment methodologies. Both purchased and own-developed systems are used to manage risks.

Losses of TUSD 668 have been recognized during this financial year due to unsuccessful legal proceedings related to two clients . The losses have been recognized in full this year as no preceding provisions for losses have been made.

#### *Uncertainty related to recognition and measurement*

For information on insecurities on measurement please refer to note 11.

### Financial Risks

#### *Foreign Exchange Risks*

The Company hedges against commercial foreign exchange exposure on a current basis and moreover assesses the need to hedge against foreign exchange exposure of future cash flows. Hedging mainly takes place by means of forward exchange contracts. Future expected cash flows are hedged for a maximum period of the first succeeding 12 months.

#### *Credit Risks*

The Company is exposed to credit risk relating to its clients, and all clients and other business partners are credit rated regularly in accordance with the Company's policy for assuming credit risks.



## Management's Review

### *Interest Rate Risks*

The Company's interest-bearing debts are mainly based on variable interest rates, and therefore earnings are affected by any changes in the level of interest. The Company monitors and assesses on a current basis the financial consequences of interest rate changes and makes full or partial hedging of the interest rate risk.

### *Oil Price Risks*

The Company hedges against all commercial oil price risks deriving from the activity of providing clients and group-related entities with different hedging solutions. In order to optimise the utilisation of trade flow the Company may, from time to time, choose to assume a basis risk by entering into opposite positions not perfectly correlated. Any assumed basis risk is continuously quantified, monitored and managed by the use of Value-At-Risk models and stop-loss-limits.

## Corporate Social Responsibility

(cf. Section 99 a of the Danish Financial Statements Act)

The Company's policies for corporate social responsibility are disclosed in the Financial Statement of A/S United Shipping & Trading Company for 2018/19.

A/S Global Risk Management Ltd. Holding conducts its business based on a Code of Conduct which sets high standards within the following areas:

- Health and safety
- Staff development
- Equal opportunity
- Environment
- Competition and anti-corruption

## Report on Gender Composition in Management

(cf. Section 99 b in the Danish Financial Statements Act)

### *Targets for the Underrepresented Gender on the Board of Directors*

Currently the Board of Directors in A/S Global Risk Management Ltd. Holding consists of three members of which zero is female. In 2018/19 all members of the board were re-elected and therefore no increase in female members of the board was achieved. It is our ambition to have one female member among the members of the Board of Directors elected on the general assembly no later than 2020.

### *Policy for the Underrepresented Gender at Other Management Levels*

The Company's policies for the underrepresented gender at other management levels are disclosed in the Financial Statement of A/S United Shipping & Trading Company for 2018/19.



## Management's Review

### Expectations for the Year Ahead

The Company's activity level and earnings are affected by a number of external factors such as the developments in the global freight market, the oil price development as well as the general structure of the oil market.

For the year 2019/20 Management expects a net result on the same level as this year. The gross profit is expected higher, however with the Company developing according to strategic initiatives and expanding the number of employees the cost base is also expected to increase. The profit before tax is expected to be at a level of 2.6 to 3,1 million USD.

## Financial Statements

### Income Statement and Statement of Comprehensive Income

1 MAY - 30 APRIL

<i>USD '000</i>	<b>Note</b>	<b>2018/19</b>	<b>2017/18</b>
Net turnover		4,506	5,114
Cost of goods sold		-3,944	-4,307
Net trading income		7,584	4,035
<b>Net gain on derivatives and financial instruments</b>	<b>1</b>	<b>8,146</b>	<b>4,842</b>
Other operating income		1,529	716
Other external expenses		-2,302	-735
<b>Gross profit</b>		<b>7,373</b>	<b>4,823</b>
Staff expenses	2	-2,921	-2,143
Depreciation		-902	-495
Impairments and losses	3	-668	-
<b>Profit before financial income and expenses</b>		<b>2,882</b>	<b>2,186</b>
Result from investments in subsidiaries		1,132	390
Financial income	4	645	418
Financial expenses	5	-1,771	-537
<b>Profit before tax</b>		<b>2,888</b>	<b>2,456</b>
Corporation Tax	6	-381	-451
<b>Net profit for continued activities</b>		<b>2,508</b>	<b>2,006</b>
Net profit for the year of discontinued activities		-	10,753
<b>Net profit for the year</b>		<b>2,508</b>	<b>12,759</b>



## Financial Statements

### Balance Sheet

#### Assets

<i>USD '000</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Goodwill		-	-
Software		5,714	5,425
<b>Intangible assets</b>	<b>8</b>	<b>5,714</b>	<b>5,425</b>
Furniture, IT and leasehold improvements		119	46
<b>Tangible assets</b>	<b>9</b>	<b>119</b>	<b>46</b>
Investments in subsidiaries	10	11,522	10,390
Deposits	9	23	62
<b>Fixed asset investments</b>		<b>11,545</b>	<b>10,452</b>
<b>Fixed assets</b>		<b>17,378</b>	<b>15,922</b>
Trade receivables		34	1,966
Receivables from group enterprises		412	2,505
Receivables from group enterprises, special-term deposits		8,146	8,496
Derivatives and financial instruments	11	100,319	58,816
Other receivables		-	128
Prepayments	12	124	114
<b>Receivables</b>		<b>109,035</b>	<b>72,025</b>
<b>Cash at bank and in hand</b>		<b>218</b>	<b>276</b>
<b>Current assets</b>		<b>109,253</b>	<b>72,301</b>
<b>Total assets</b>		<b>126,631</b>	<b>88,223</b>





## Financial Statements

### Balance Sheet

#### *Liabilities and Equity*

<i>USD '000</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Equity</b>			
Share capital		5,000	5,000
Retained earnings		596	-104
Reserve for development costs		5,635	4,959
Reserve for result from subsidiaries		1,522	390
<b>Total equity</b>	<b>13</b>	<b>12,753</b>	<b>10,245</b>
<b>Provisions</b>			
Deferred tax	<b>14</b>	<b>1,258</b>	<b>1,194</b>
<b>Total provisions</b>		<b>1,258</b>	<b>1,194</b>
<b>Short term debt</b>			
Credit institutions		292	608
Trade payables		114	33
Payables to group enterprises		33,434	4,367
Payables to group enterprises, special term loans		240	1,453
Corporation tax		317	133
Derivatives and financial instruments	<b>11</b>	<b>75,842</b>	<b>69,093</b>
Other payables		2,381	1,097
<b>Short-term debt</b>		<b>112,620</b>	<b>76,784</b>
<b>Debt</b>		<b>112,620</b>	<b>76,784</b>
<b>Total liabilities and equity</b>		<b>126,631</b>	<b>88,223</b>
Security and contingent liabilities	<b>15</b>		
Related parties	<b>16</b>		
Subsequent events	<b>17</b>		
Fee to auditors appointed at the general meeting	<b>18</b>		
Accounting policies	<b>19</b>		



## Financial Statements

### Statement of Changes in Equity

**2018/19:**

<i>USD '000</i>	Share capital	Share premium	Retained earnings	Reserve for development costs	Reserve for net value adjustment - equity method	Total
Equity at 1 May	5,000	-	104	4,959	390	10,245
Net profit for the year	-	-	2,508	-	-	2,508
Capitalised development costs	-	-	676	676	-	-
Result from subsidiary	-	-	-1,132	-	1,132	-
<b>Equity at 30 April</b>	<b>5,000</b>	<b>-</b>	<b>596</b>	<b>5,635</b>	<b>1,522</b>	<b>12,753</b>

**2017/18:**

<i>USD '000</i>	Share capital	Share premium	Retained earnings	Reserve for development costs	Reserve for net value adjustment - equity method	Total
Equity at 1 May	891	-	25,780	2,733	-	29,404
Net profit for the year	-	-	12,759	-	-	12,759
Capitalised development costs	-	-	-2,226	2,226	-	0
Result from subsidiary	-	-	390	-	390	0
Capital addition	4,109	891	-	-	-	5,000
Share premium transferred to retained earnings	-	891	891	-	-	0
Payment extraordinary dividend	-	-	-36,918	-	-	-36,918
<b>Equity at 30 April</b>	<b>5,000</b>	<b>0</b>	<b>104</b>	<b>4,959</b>	<b>390</b>	<b>10,245</b>



## Notes to the Financial Statements

### 1 Segment information

The Company's activities are regarded one segment and are not disclosed with reference to section 96 (1) of the Danish Financial Statements Act.

### 2 Staff expenses

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
Wages and salaries	2,793	2,045
Pensions	121	88
Other social security expenses	7	9
<b>Total staff expenses</b>	<b>2,921</b>	<b>2,143</b>
Average number of employees	11	10

A/S Global Risk Management Ltd. Holding and A/S Global Risk Management Ltd. Fondsmæglerselskab (CVR: 39 05 56 06) are joint employers of management and employees of A/S Global Risk Management Ltd. Holding.

The average number of employees are adjusted to reflect the current distribution of resources and time between the two companies.

With reference to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Supervisory and Executive Boards is not disclosed. There is no remuneration to the Supervisory Board.

### 3 IMPAIRMENT OF RECEIVABLES AND PROVISION FOR LOSS

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
New provisions on receivables	251	-
Losses incurred without precedent provisions	417	-
<b>Impairments and provisions recognized in the income statement</b>	<b>668</b>	<b>-</b>



## Notes to the Financial Statement

### 4 *Financial income*

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
Intercompany interest income	577	165
Other interest income	69	253
<b>Total financial income</b>	<b>645</b>	<b>418</b>

### 5 *Financial expenses*

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
Intercompany interest expenses etc	1,089	520
Other interest expenses	682	16
<b>Total financial expenses</b>	<b>1,771</b>	<b>537</b>

### 6 *Corporation tax*

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
Current tax for the year	317	-17
Adjustment of tax previous years	-1	130
Change of deferred tax	64	474
<b>Total corporation tax</b>	<b>381</b>	<b>586</b>

### 7 *Proposed distribution of profit*

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
Retained earnings	2,508	12,759
Net profit for the year	<b>2,508</b>	<b>12,759</b>
Payment of extraordinary dividend in the year	-	36,918



## Notes to the Financial Statement

### 8 Intangible assets

	Goodwill	Software
<i>USD '000</i>		
Cost at 1 May	1,811	6,365
Additions	-	1,155
Disposals	-	-
<b>Cost at 30 April</b>	<b>1,811</b>	<b>7,520</b>
Depreciation at 1 May	1,811	940
Depreciation for the year	-	865
<b>Depreciation at 30 April</b>	<b>1,811</b>	<b>1,806</b>
<b>Carrying amount at 30 April</b>	<b>-</b>	<b>5,714</b>

### 9 Furniture, IT, leasehold improvements and fixed asset investments

	Furniture, IT and leasehold improvements	Deposits
<i>USD '000</i>		
Cost at 1 May	174	62
Additions	109	7
Disposals	-	-45
<b>Cost at 30 April</b>	<b>283</b>	<b>23</b>
Depreciation at 1 May	128	-
Depreciation for the year	36	-
Reversed depreciation on sold assets	-	-
<b>Depreciation at 30 April</b>	<b>164</b>	<b>-</b>
<b>Carrying amount at 30 April</b>	<b>119</b>	<b>23</b>

Capitalised development costs are related to the development of new IT systems to improve the efficiency of trade-related and other primary processes in the value chain. The projects were initiated in 2015. Some projects were finalized and started depreciation in the preceding financial years and the remainder of projects will be finalized in 2019/20.



## Notes to the Financial Statement

### 10 Investments in Subsidiaries

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
Cost at 1 May	10,000	-
Additions	-	39,403
Sale	-	-29,403
<b>Cost at 30 April</b>	<b>10,000</b>	<b>10,000</b>
Value adjustments 1 May	390	-
This year's result in subsidiaries	1,132	390
<b>Value adjustments 30 April</b>	<b>1,522</b>	<b>390</b>
<b>Total book value of investments in subsidiaries 30 April</b>	<b>11,522</b>	<b>10,390</b>

Investment in subsidiaries are specified as follows (TUSD):

<u>Name</u>	<u>Share capital</u>	<u>Owner share</u>	<u>Equity</u>	<u>This year's result</u>
Global Risk Management Pte. Ltd. Domiciled in Singapore	10,000	100%	11,522	1,132



## Notes to the Financial Statement

### 11 Derivatives and financial instruments

USD'000	2018/19		2017/18	
	Assets	Liabilities	Assets	Liabilities
<b>Oil</b>				
Commodity swaps	253,943	-279,574	329,856	-380,970
Commodity futures	131,410	-94,608	349,007	-291,279
Fixed Price Physical	2,233	-89	1,523	-521
Commodity options	12,113	-12,170	5,760	-6,041
Forward foreign exchange contracts		-10		
Settled financial instruments	11,507	-5,667	11,738	-4,267
	411,206	-392,118	697,885	-683,078
<b>Balances qualifying for offsetting</b>				
Commodity swaps, - futures and -options	-256,471	256,471	-554,434	554,434
	154,735	-135,647	143,451	-128,644
Margin deposits	-54,416	59,805	-84,635	59,552
<b>Amounts presented in the balance sheet</b>				
	<b>100,319</b>	<b>-75,842</b>	<b>58,816</b>	<b>-69,093</b>
Amounts with right of set-off	-46,436	46,436	-38,221	38,221
Net exposure in case of default	<b>53,883</b>	<b>-29,406</b>	<b>20,596</b>	<b>-30,872</b>
Amounts presented in balance sheet from related parties	22,337	-47,375	16,110	-38,564

A/S Global Risk Management Ltd. Holding has master netting agreements with all customers and counterparties and obtains and provides collateral in excess of agreed credit limits. In the balance sheet, derivative assets and liabilities and related collateral with the same counterparty is presented net to the extent that the amounts will be settled net.





## Notes to the Financial Statement

### 11 Derivatives and financial instruments - fair value hierarchy

Fair value hierarchy - Financial instruments measured at fair value. Financial instruments measured at fair value comprise only derivatives and can be divided into three levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). To a large extent level 2 is based on observable quoted prices, however in some instances forward prices are not observable. In these situations the most liquid forward curves is used and a spread to the specific location is derived. For options theoretical pricing models with implied volatilities from Ice (option smile) are used to calculate market prices. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to calculate the fair value of an instrument are observable, the instrument is included in Level 2;

Level 3 – Inputs for the asset or liability that are primarily based on unobservable market data.

<i>USD'000</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>2018/19</b>				
<b>Financial assets</b>				
Derivatives	142,917	266,056	2,233	411,206
<b>Total</b>	<b>142,917</b>	<b>266,056</b>	<b>2,233</b>	<b>411,206</b>
<b>2018/19</b>				
<b>Financial liabilities</b>				
Derivatives	-100,275	-291,788	-55	-392,118
<b>Total</b>	<b>-100,275</b>	<b>-291,788</b>	<b>-55</b>	<b>-392,118</b>
<b>2017/18</b>				
<b>Financial assets</b>				
Derivatives	360,746	335,932	1,207	697,885
<b>Total</b>	<b>360,746</b>	<b>335,932</b>	<b>1,207</b>	<b>697,885</b>
<b>Financial liabilities</b>				
Derivatives	-295,546	-387,026	-505	-683,078
<b>Total</b>	<b>-295,546</b>	<b>-387,026</b>	<b>-505</b>	<b>-683,078</b>



## Notes to the Financial Statement

### 11 Amortisation of day 1 gains

Day 1 gains arise from contract specific margins. Management has determined that a straight line amortisation over the contract term reflect how market participants would price such instruments.

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
Deferred day 1 gains at 1 May	1,925	2,184
Added day 1 gains this year	1,807	2,218
Amortisation this year	-1,608	-2,477
<b>Deferred day 1 gains at 30 April</b>	<b>2,123</b>	<b>1,925</b>

#### **Sensitivity of level 3 instruments**

The level 3 instruments have been valued with a risk neutral approach based on historically available data for the underlying commodities. If the markets were to become inefficient and risk averse to a degree where all likely market risks were to be priced into the valuation of the level 3 instruments (i.e. at a 95% confidence interval) fair value would decrease by TUSD 1.773.

#### **Sensitivity open net exposure**

The overall risk limit set in the risk policy is defined by a maximum net open (unhedged) position in financial instruments for the Company.

The sensitivity of the consolidated net open position is every day calculated on a 1 day Value-at-Risk basis, based on a confidence level of 95% and 500 days historical observations.

Measured on these terms Value-at-Risk was TUSD 84 for 2018/19





## Notes to the Financial Statement

### 12 *Prepayments*

Prepayments consist of prepaid expenses relating to rent, insurance premiums and subscriptions.

### 13 *Equity*

The share capital consists of 307.974 shares of DKK 100.

Conversion at historical average price USD/DKK of 6,159 equal to USD 5.000.575.

### 14 *Deferred tax*

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
Deferred tax at 1 May	1,194	720
Change of the year	64	474
<b>Deferred tax at 30 April</b>	<b>1,258</b>	<b>1,194</b>

Deferred tax relates to software and property, plant and equipment.

### 15 *Security and contingent liabilities*

<i>USD '000</i>	<b>2018/19</b>	<b>2017/18</b>
Lease obligations:		
No later than one year	113	91
Later than one year but no later than 5 years	29	-
Later than 5 years	-	-
<b>Total lease obligations</b>	<b>142</b>	<b>91</b>
Hereof Group enterprises	86	89



## Notes to the Financial Statement

### 15 *Security and contingent liabilities (continued)*

A/S Global Risk Management Ltd. is an obligor in respect of the bank loans of the group companies. As at 30 April 2019, these obligations were limited to USD 13.1 million, which is equal to A/S Global Risk Management Ltd.'s equity and intra-group liability to Bunker Holding A/S as at 30 April 2019.

In the event that these obligations in respect of the bank loans of the group companies materialize, Bunker Holding A/S will cancel any claim it may have against A/S Global Risk Management Ltd. in an amount equaling the part of the obligations which relate to A/S Global Risk Management Ltd.'s intra-group liability to Bunker Holding A/S

A/S Global Risk Management Ltd. Holding has issued a guarantee with the sister company A/S Global Risk Management Ltd. Fondsmæglerselskab as beneficiary in respect of the novation of a named client agreement and any obligations related thereto. The guarantee amount is USD 2,3 million and a guarantee amount of TUSD 467 has been called. It is assessed unlikely that the guarantee will be utilized any further.

The Danish Group enterprises are jointly and severally liable for tax on the consolidated jointly taxed income etc. The total corporation tax payable is shown in the Annual Report of Selfinvest Aps, which is the management company of the joint taxation. The Danish group enterprises are moreover jointly and severally liable for Danish withholding taxes. Any subsequent adjustments of corporation tax and withholding taxes may imply that the Company is liable for a higher amount.

### 16 *Related parties and ownership*

The company is included in the Consolidated Financial Statements of the immediate Parent Company, Bunker Holding A/S.

Controlling interest is exercised through the Company's immediate Parent Company, Bunker Holding A/S. The Company's ultimate Parent Company which prepares consolidated Financial Statements is Selfinvest Aps, in which Torben Østergaard-Nielsen, CEO, exercises control.

With reference to section 98 C(7) of the Danish Financial Statements Act, related party transaction details are not disclosed.

### 17 *Subsequent events*

No significant events affecting the assessment of the Annual Report have occurred after the balance sheet date.

### 18 *Fee to auditors appointed at the general meeting*

Fee to auditors appointed at the general meeting is stated in the Annual Report of Bunker Holding A/S.



## Notes to the Financial Statement

### 19 *Accounting Policies*

#### Basis of Preparation

The Annual Report of A/S Global Risk Management Ltd. Holding for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Annual Report for 2018/19 is presented in USD thousands.

#### Recognition and measurement

The Financial Statements have been prepared based on the historic cost principle.

Value adjustments of financial assets and liabilities measured at fair value or amortised cost, are recognised in the income statement. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Financial assets and liabilities are initially measured at fair value. Other assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.





## Notes to the Financial Statement

### 19 *Accounting Policies (continued)*

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

USD is used as the measurement currency. All other currencies are regarded as foreign currencies.

#### Presentation Currency

The Financial Statements for 2018/19 have been presented and measured in USD. At 30 April 2019 the year-end exchange rate for USD/DKK was 6.17. The comparative figures are translated at the historical year-end exchange rate which as of 30 April 2018 was USD/DKK 6.81.

#### Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the paragraph on hedge accounting.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

#### Derivatives and financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently remeasured at their fair values. Any difference between the transaction price and fair value determined when applying a valuation model, which is not solely based on observable market data is deferred and recognised over the term of the contract.

Derivative financial assets and liabilities and related collateral payable and receivable are presented net if the Company has both a current legally enforceable right to set off the recognised amounts and intends to settle net. Net amounts of positive and negative fair values of derivative financial instruments are presented in separate line items in the balance sheet.



## Notes to the Financial Statement

### 19 *Accounting Policies (continued)*

Fair value of OTC oil derivative contracts is determined on the basis of generally applied forward and option pricing models. Inputs to the models are to the extent possible determined on the basis of observable prices for the underlying products. For contracts where the most significant input is unobservable, Management estimates the input based on recent transactions, transactions with similar products etc.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

The contracts entered into as of 30 April 2019 comprise commodity derivatives.

#### *Income Statement*

##### *Net turnover*

The net turnover comprises sale of bunker fuels and is recognized as delivery takes place.

##### *Cost of goods sold*

Cost of goods sold include purchase of bunker fuels and is recognized at the time of delivery.

##### *Net gain on derivatives and financial instruments*

Net gain on derivatives and financial instruments includes fair value gains and losses net related to commodity derivatives.

##### *Other external expenses*

Other external expenses include expenses for sales, administration as well as the running of office facilities, etc.

##### *Staff expenses*

Staff expenses comprise wages and salaries as well as payroll expenses.

##### *Financial income and expenses*

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payment and repayment under the onaccount taxation scheme.

##### *Tax on profit/loss for the year*

Tax for the year consists of current tax for the year and adjustment of deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.



## Notes to the Financial Statement

### 19 Accounting Policies (continued)

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

#### Balance Sheet

##### *Intangible assets*

Intangible assets are measured at cost less accumulated amortisation calculated on a straight-line basis over the expected useful lives of the assets.

Amortisation based on cost is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Goodwill	max. 20 years
Software	3-5 years

##### *Property, plant and equipment*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets:

Fixtures and fittings, tools and equipment	3-10 years
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Depreciation period and residual value are reassessed annually.

##### *Impairment of fixed assets*

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.





## Notes to the Financial Statement

### 19 Accounting Policies (continued)

#### *Investment in subsidiaries*

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

#### *Receivables*

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

#### *Prepayments*

Prepayments comprise prepaid expenses paid in respect of expenses in subsequent years.

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

#### *Deferred tax assets and liabilities*

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.





## Notes to the Financial Statement

### 19 Accounting Policies (continued)

#### *Current tax receivables and liabilities*

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

#### *Cash flow statement*

With reference to section 86 (4) of the Danish Financial Statements Act the Cash Flow Statement is not included. The Cash Flow Statement is part of the Financial Statement from the parent company, Bunker Holding A/S.

#### Definition of financial ratios

Profit margin	=	$\frac{\text{Profit before financials} \times 100}{\text{Net gain on derivatives and financial instruments}}$
Return on equity	=	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Liquidity ratio	=	$\frac{\text{Current assets}}{\text{Short-term debt}}$
Solvency ratio	=	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$



## Management's Statement

The Executive Board and the Board of Directors have today presented and adopted the Annual Report of A/S Global Risk Management Ltd. Holding for the financial year 1 May 2017 - 30 April 2018.

The Annual Report was prepared in accordance with the Danish Financial Statements Acts.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 April 2019 and of the results of the Company's operations for 2018/19.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Middelfart, 26 June 2019

### Executive Board

Hans Erik Christensen  
CEO

### Board of Directors

Keld Rosenbæk Demant  
Chairman

Michael Krabbe

Hans Erik Christensen



## Independent Auditor's Report

To the Shareholders of A/S Global Risk Management Ltd. Holding

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 April 2019, and of the results of the Company's operations for the financial year 1 May 2018 - 30 April 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of A/S Global Risk Management Ltd. Holding for the financial year 1 May 2018 - 30 April 2019, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statements").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.



## Independent Auditor's Report

### 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 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 in preparing the Financial Statements unless Management either intends to liquidate the Company 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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




## Independent Auditor's Report

- 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Trekantomraadet, 26 June 2019

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31



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