2017

Monjasa Holding A/S
Annual Report

MONJASA

The Monjasa Holding A/S Annual Report

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MONJASA HOLDING A/S

The Monjasa Group is a global partner in the oil and shipping industries. Our core business includes reselling and physical supply of marine fuels, oil terminal operations, and shipowning activities on a global level.

COMPANY INFORMATION

The Company
Monjasa Holding A/S
Strevelinsvej 34
DK-7000 Fredericia

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F: +45 70 260 233
E: holding@monjasa.com
W: www.monjasa.com

Central Business Registration No: 33150709

Financial period
1 January - 31 December

Municipality of reg. office
Fredericia

Board of directors
Christian Merrild (Chairman)
Anders Østergaard
Tage Bundgaard
Flemming Ipsen

Executive Management
Anders Østergaard
Kenneth Henriks
Svend Stenberg Mølholt

Auditors
Deloitte
Statsautoriseret
Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Overview

Highlights 2017 at a glance

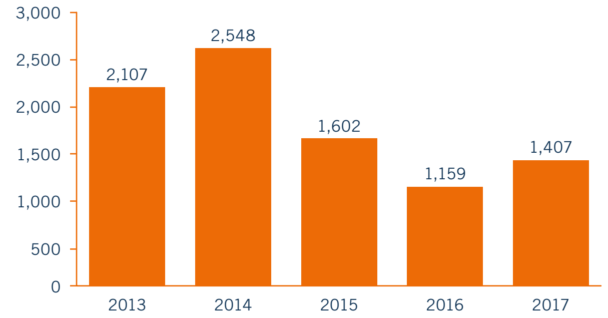
2017 was a good year for the Monjasa Group. Delivering on our priorities of improving efficiency by lowering costs and further concentrating on our core business. The net profit of USD 7m represents a remarkable turnaround when compared to our 2016 financial accounts.

We recorded total operations (EBIT) of USD 7m, which is a significant achievement in a continuously challenging global shipping environment.

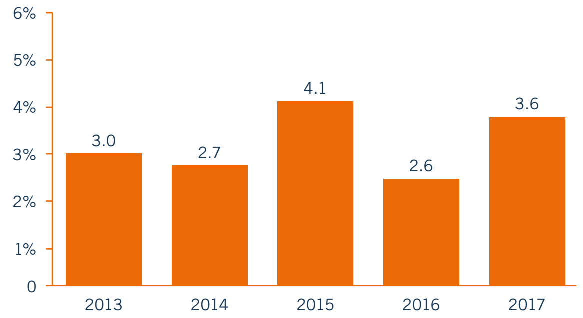
Total revenue grew from USD 1.2bn to USD 1.4bn due to a 19% increase in 2017 oil prices despite a slightly lower total supply volume of 3.5m mts (3.8m).

On the back of the improved performance, the Group's consolidated equity amounts to USD 124m (USD 114m).

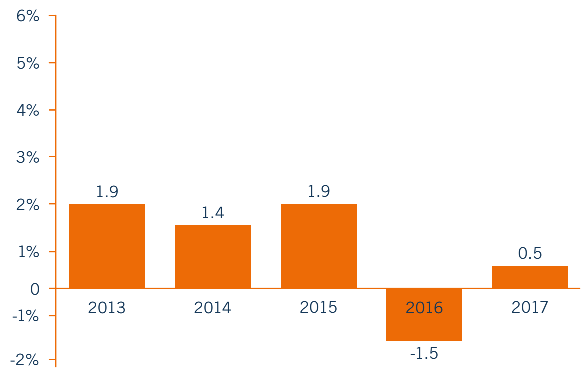
Revenue in USD million



Gross margin



Profit margin



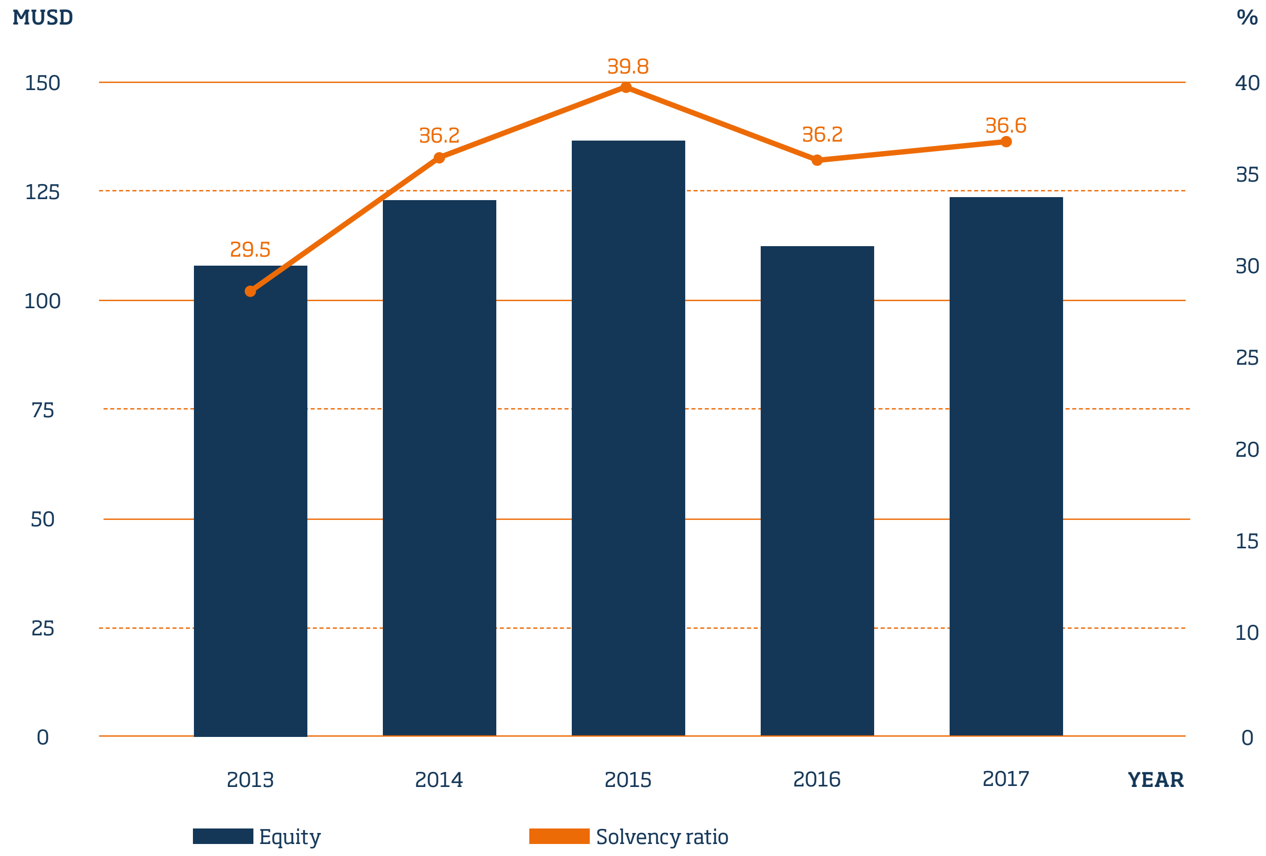
Supply volume

Metric tonnes (mts)

3.5 million

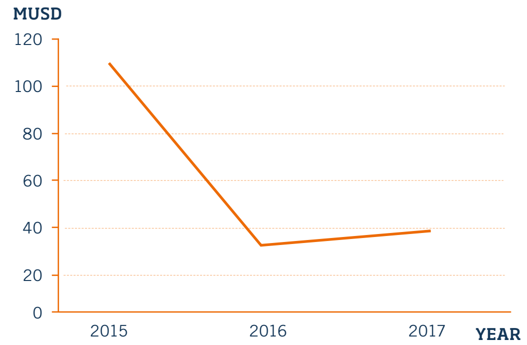
Total supply volume decreased from 3.8m mts to 3.5m mts of oil products.

Group equity and solvency ratio

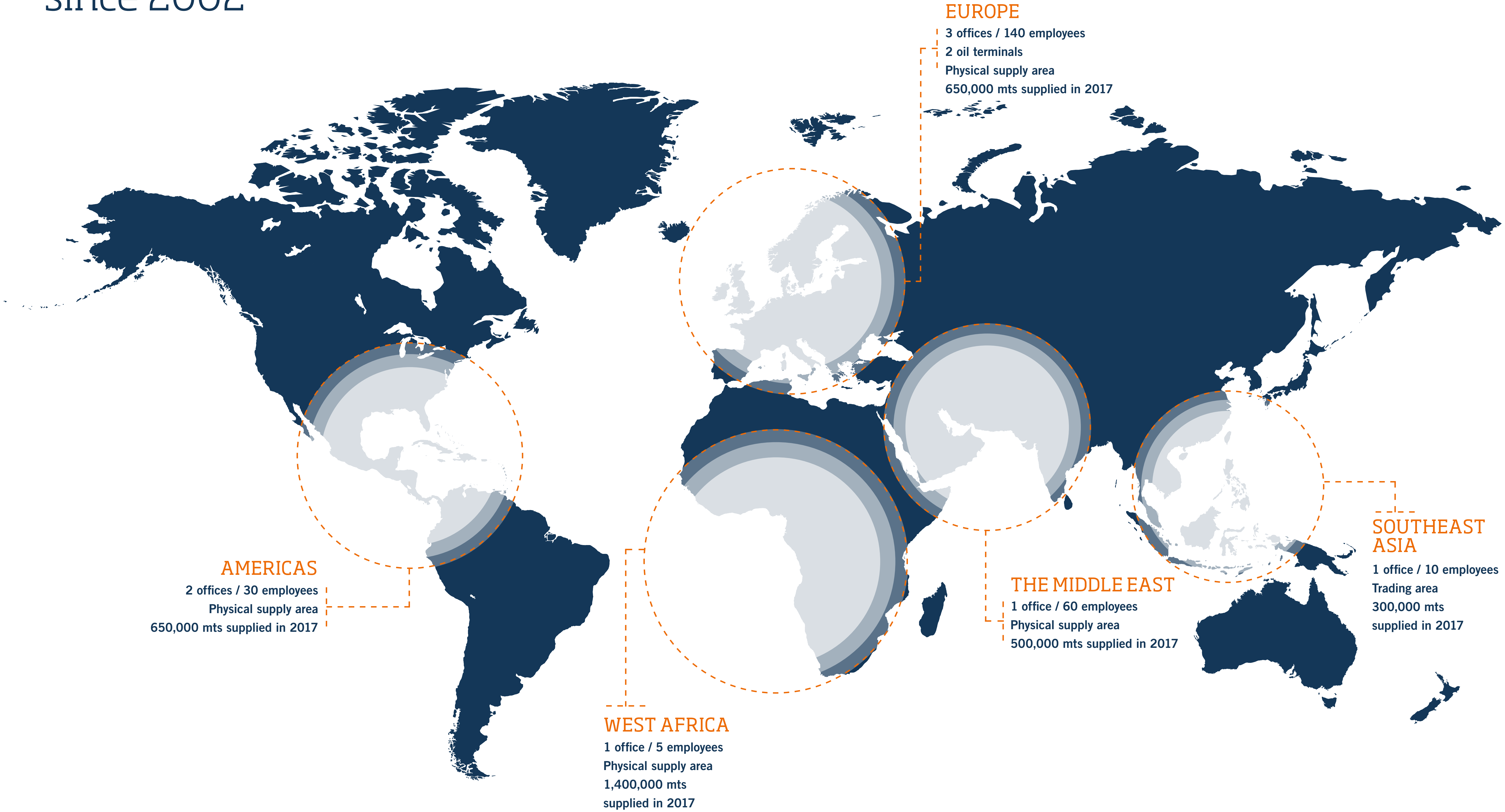


Working capital

Improved working capital sustained through strong discipline.



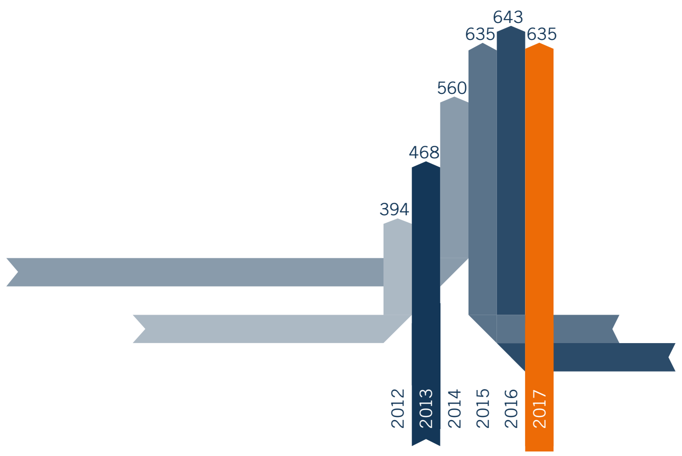
Global shipping partner since 2002



Our workforce

In 2017, we experienced a slight decrease in total number of employees on land and on board our vessels at sea.

Our multicultural organisation now counts 40 different nationalities, an average age of 35 years, and a male/female gender ratio of 68:32 among our office staff.



Realised losses

<0.1%

Loss on debtors in 2017 compared to revenue, through intensive focus on collecting overdue debt.

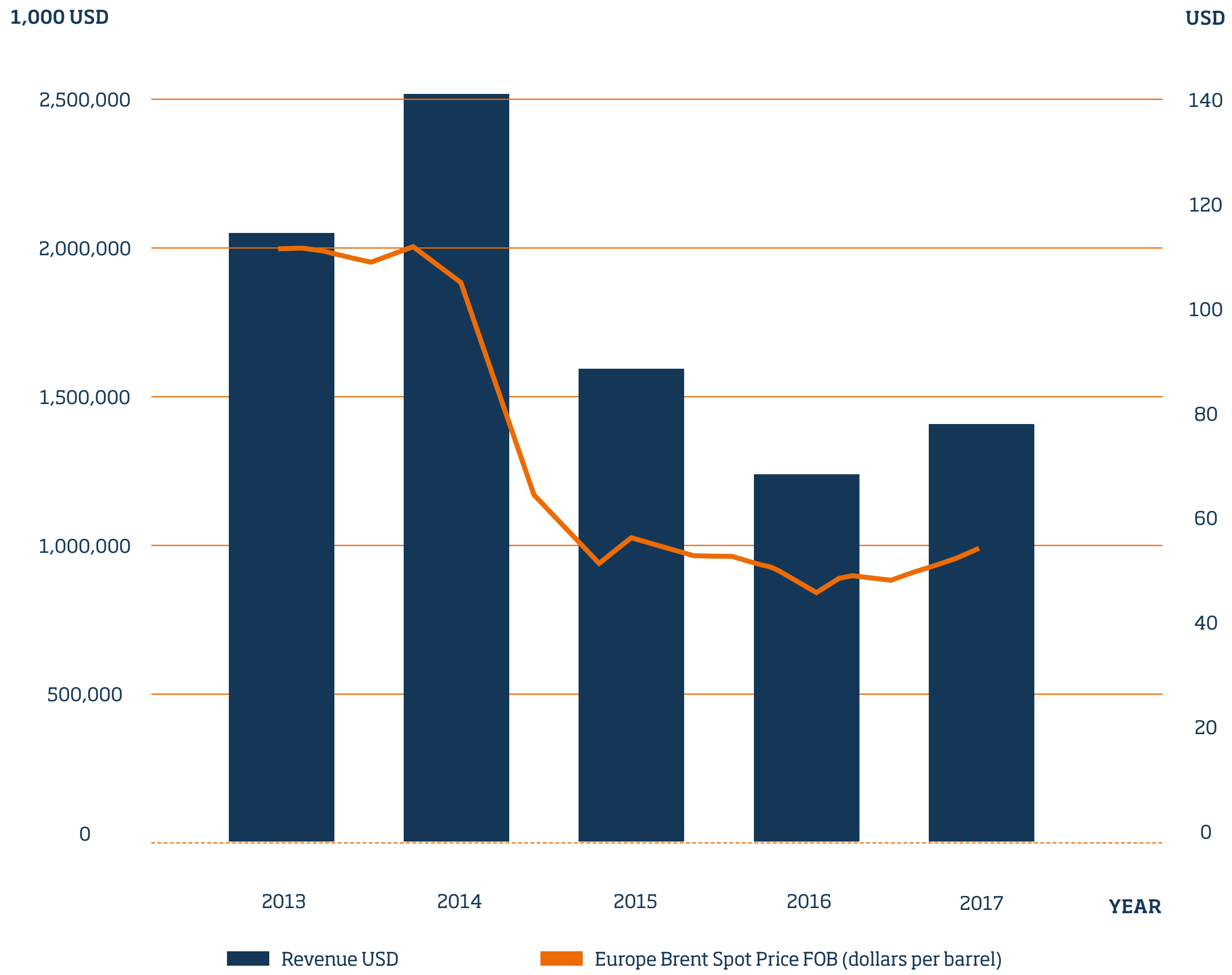
Did you know...

Monjasa serviced customers from **107** different countries?

Monjasa reached a maximum of **90** supply operations in one day?

Monjasa supplied bunkers in **561** ports worldwide?

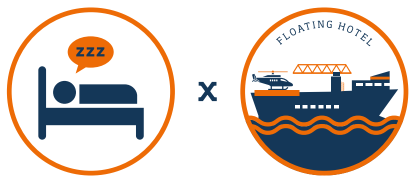
Revenue/oil price development



Increasing oil price levels affect total revenue
An increase in average oil price levels from USD 44 to USD 54 coupled with a slightly lower total supply volume affect total revenue of the year.

Source: EIA

59,544
Overnight stays at C-bed Floating Hotels in 2017



Letter from the Chairman of the Board

2017 was in many ways a positive year for the Monjasa Group. We experienced improved profitability in our operations and we continued making progress in implementing various financial initiatives. Together, this led the return to a positive result of the year on the back of an unsatisfactory 2016.

Christian Merrild
Chairman of the Board

Highly disciplined efforts across the Group, ranging from improved relations with customers and suppliers, closely monitored cost structures and optimisation of external financing of our physical supply operations contributed to a positive development. Also, the composition of our global organisation was adjusted to meet the agility levels required for a modern oil and shipping company.

MILESTONES

The continuously challenged global shipping community left margins on global sales of marine fuel under pressure throughout the year. Cost management and ensuring optimisation of human resources across all business units have thus been focal points during 2017. Increased contribution ratios across Monjasa's organisation and significantly improved utilisation of our tanker fleet have been instrumental in achieving our goals.

Concurrently, we have upheld Monjasa's leading position on quality and compliance management. The bunker industry is growing increasingly complex and years of commitment to this agenda has left Monjasa in a favourable position among peers to navigate new shipping regulations. Our customers' demand for documented quality operations is rising and we are determined to stay ahead of the curve, as compliance-based workflows is increasingly turning into an important competitive resource for the future.

In the Americas, we experienced a very positive development in the Panama Canal through an extended physical operation. Further, in the US and in Singapore, our reselling activities - both in terms of supply volumes and margins went above expectations.

In Denmark, it was decided to expand service offerings from our existing Copenhagen office. Thus, in August it was announced that Mikkel Kannegaard joined Monjasa Europe as new General Manager in the Danish capital to lead developments.

On 20 November 2017, a unanimous panel in the Danish High Court definitively acquitted former Director Jan Jacobsen and Group subsidiary Monjasa A/S of all accusations of over-invoicing a customer in an old legal case dating back to 2010.

Financially, the start of 2017 marked the successful phase-out of Monjasa's borrowing base credit facility in collaboration with the lenders. In November and December, we were pleased to agree new and more flexible credit facilities with existing banking partners further bolstering the development of our bunker trading activities.

2017

CHANGE OF OWNERSHIP

2017 was also the year when former Director and co-founder of Monjasa, Jan Jacobsen, decided to divest his company shares to Monjasa Group CEO and co-founder, Anders Østergaard. Consequently, following 15 years of co-ownership, Anders Østergaard became the sole owner of Monjasa Holding A/S.

It is with regret that we part ways with Jan Jacobsen and as Chairman, I would like to take this opportunity to thank Jan on behalf of everyone in the Board of Directors. Our collaboration was best characterised by positivity, mutual respect and striking the right balance between Board responsibilities and the fact that Jan was also co-owner. We all sincerely wish Jan the very best on his future endeavours.

Looking to the future, the Board of Directors remains unified and focused on further establishing Monjasa as a responsible and modern business partner in oil and shipping.

Highly disciplined efforts across the Group, ranging from improved relations with customers and suppliers, closely monitored cost structures and optimisation of external financing of our physical supply operations contributed to a positive development.

EXPECTATIONS FOR 2018

Continuing overcapacity of tonnage and limited growth in world trade is a likely scenario in 2018 affecting all maritime service providers, including bunker companies like Monjasa, negatively. However, with our proven ability to modernise and adjust our global business activities to the shipping markets, the Board expects a positive result of the year.

A PLEASURE WORKING WITH ALL OF YOU

I would like to express my sincere appreciation to all - land and sea based - employees. Together, we have come a long way these past few years in shaping Monjasa for the future. This process demands a lot from the entire organisation, and we are pleased to witness the positive and ambitious atmosphere across our business units.

Christian Merrild - Chairman of the Board

Our fleet of bunker tankers

As of 31 December 2017, our fleet of modern bunker tankers numbers 20 and has an average age of ten years. All of them are double hull and offer a specially trained crew.

Northern Europe	Americas	West Africa	The Middle East
2	3	12	3

2017

Monjasa issues customer satisfaction surveys upon each supply in the **Panama Canal**.

Leading physical supplier in Panama

Strong collaboration with the large international cargo companies has put Monjasa in an attractive market position.

We have been servicing customers in the Panama Canal since 2011 and established a physical presence for operations and bunker trading in Panama City in 2015. And, since the grand opening of the new locks one year later, we have experienced a positive development in the local bunker market.

Improved sourcing pattern and quality focus

There are several physical bunker suppliers in the Panama Canal, however, as one of the few ISO-certified bunker companies operating here, Monjasa sets the bar high when it comes to quality, not least the one delivered by our sourcing partners. We are thus pleased to see a development where two-three cargo trading houses have entered the local market as it brings new opportunities for our company and differentiates us in this market.

Another way to deliver on our promise of quality is our implementation of Monjasa's existing customer satisfaction programme in the Panama Canal upon each supply operation. This is a pioneering approach in this market and we take the feedback we receive seriously. This new initiative also assists the overall development of the Panama Canal being perceived as a reliable and increasingly regulated marine fuel hub.

Monjasa managed four barges in the Panama Canal - three in Balboa and one in Cristóbal - and delivered an average of 35,000 mts of oil products monthly during 2017.

New oil major vetted floating storage

In December 2017, Monjasa took delivery of the largest ever vessel in our fleet.

Monjasa chartered a 2010-built D-Class Product Tanker from SKS Tankers Holding and the 119,000-DWT vessel now forms part of Monjasa's operations covering the West African continent, comprising 15 tankers delivering roughly 1.5m mts of marine fuels yearly.

Several advanced technical features and the ability to load, discharge, and blend multiple grades of cargo simultaneously, made this vessel an interesting option for both Monjasa and our partners operating in this region. For this purpose, we see her as an excellent solution for current and future trading requirements, not least considering the IMO's Global Sulphur Cap on fuel products which will be effective as of 1 January 2020.

Introducing this modern vessel enables us to accelerate collaboration with oil majors operating in the region. This will have a positive impact on our business and keep us delivering on our promise of advancing global trade for the benefit of both customers and communities.

Future-proofing West Africa operation
It is a pioneering move to apply an SKS oil tanker as a floating storage and the aim is to strengthen the backbone of our overall West Africa logistics and offer more flexibility for our customers taking bunkers here.

To ensure safe and flexible cargo handling, the vessel comes with six double-valve segregations and is equipped with Framo deep-well cargo pumps for each individual tank.

As most members of our fleet, the new oil tanker joins on time charter terms.

Further vessel specifications:
- Flag: NIS
- LOA: 250m
- BEAM: 45m

2017

The **119,000 DWT SKS Darent** loading fuel oil and gas oil in the Port of Antwerp, Belgium.

Image courtesy of SKS Tankers.

2017

Managing Director for RelateIT, **Simon Berthelsen.** RelateIT assisted on upgrading the Group's ERP to NAV2017.

Future-proofing our business

Having a smooth and secure IT system is a prerequisite for the global business performance of Monjasa and for securing our customer data towards today's cybercrime threats.

Our own in-house IT company, RelateIT assisted on updating our Group ERP solution to NAV 2017, as well as supporting the system and organisation going forward to make sure that Monjasa continuously is at the forefront of developments.

In-house IT consultants

The Monjasa Group further expanded its ERP and IT company by merging it with a partner and announcing the joint company under the name of RelateIT. RelateIT specialises in delivering ERP solutions and IT infrastructure for external customers as well as Monjasa.

Having this direct access to IT specialists who know our business inside-out, secures stability in our IT systems, and future-proofs Monjasa towards digital developments.

Protecting customer data

Having modern IT systems is no longer enough, and in addition Monjasa therefore has compulsory IT security training for all employees in the Group. We have a strong focus on educating our employees on how to better protect our customer data e.g. by raising awareness of the ever-changing cyber threats and for everyone to be suspicious of unexpected or odd-looking incoming e-mails.

We are confident about Monjasa's IT systems, and that we have the right setup to accommodate the challenges and high-pace developments of the future.

Facts about RelateIT:

- Founded in 2012
- Two offices in Denmark
- 50 employees

Taking a stance on ethics and anti-corruption

While we have accelerated building trust and digital compliance workflows into Monjasa's operating model for the past few years, we are also considering other means to build robustness in our setup.

Thus, today our focus also includes risks that are not as easily hard-coded as sanctions, particularly bribery and corruption. "We can't solve everything with just systems and policies. In the end it also comes down to behaviour, incentives, and culture. Building these is harder than putting systems in place, but the change they bring is more durable," says our Head of Compliance, Victor Garcia-Bragado.

Contributing to an industry free of corruption

The industry needs to come together in collective action to overcome ethics challenges, and at Monjasa we have thus broadened our focus towards the industry and not just ourselves when it comes to changing behaviour.

Taking an active role in both the Maritime Anti-Corruption Network (MACN) and the International Bunker Industry Association (IBIA) is the first step towards helping determine industry guidelines.

As an active member of the MACN, Monjasa participated in a panel at the Dubai conference in April 2017. "After a few years of facing challenges and finding out what compliance and ethics mean for us, we feel we can now contribute to an industry free of corruption," says Victor.

With members in more than 80 countries, IBIA is the voice of the global bunker industry and its representative at the International Maritime Organisation (IMO). In 2017, Monjasa also became an active member of the IBIA Ethics Working Group.

2017

The Monjasa Group Executive Management (from the left): Group CEO, Anders Østergaard, Group CFO, Kenneth Henriks and Group COO, Svend Stenberg Mølholt.

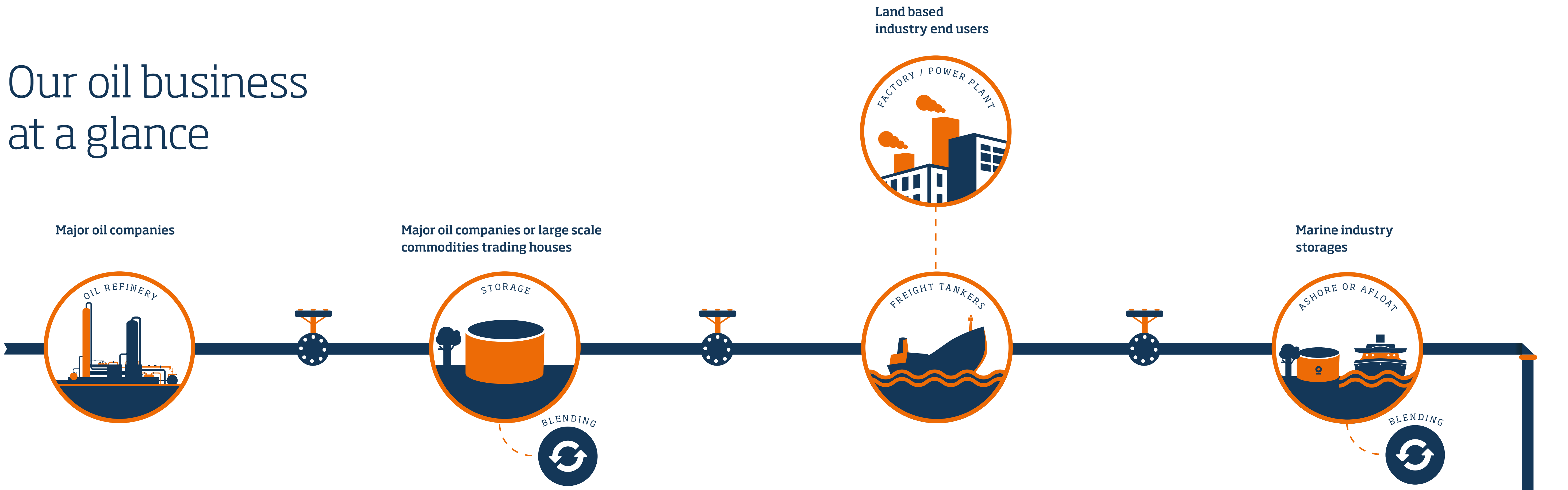
Executive Management

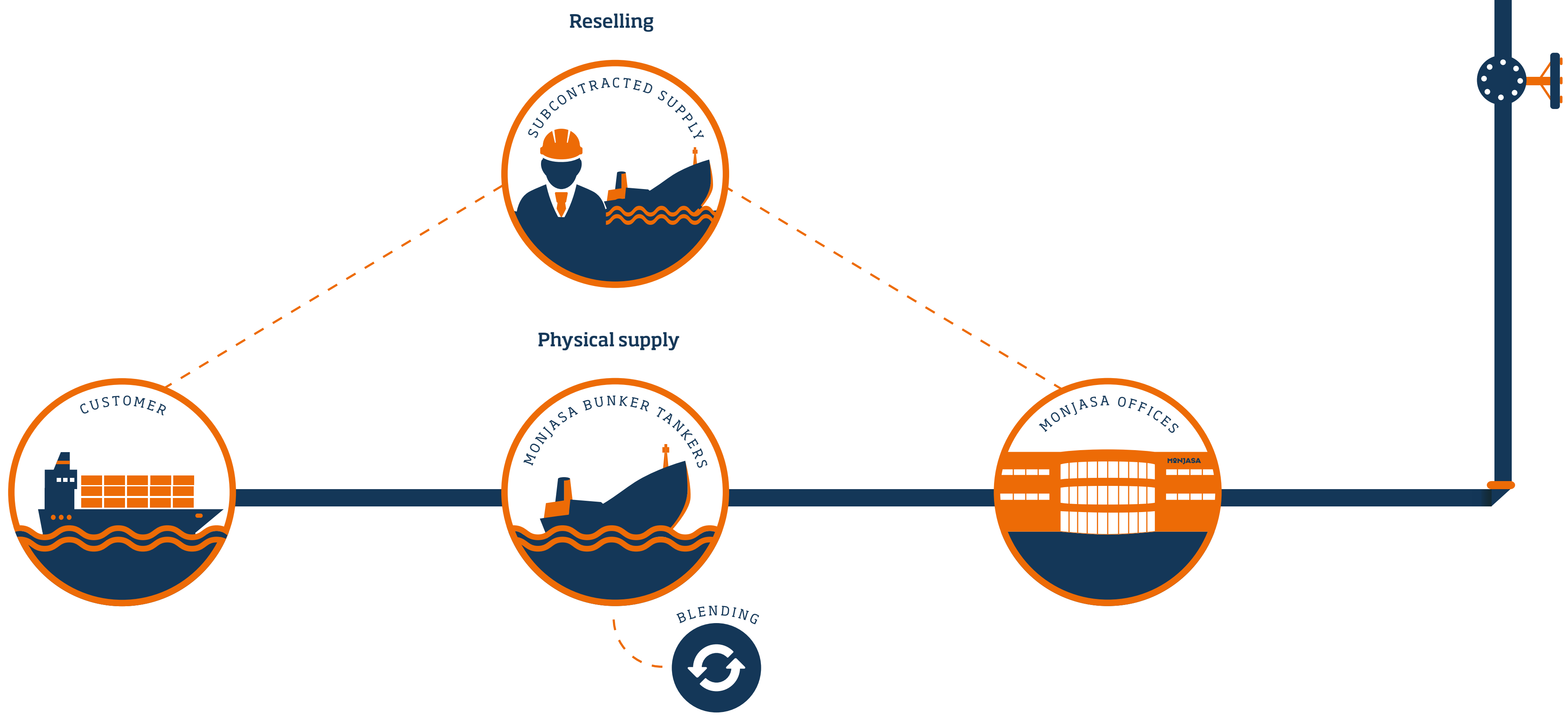
Monjasa Holding A/S has a two-tier management structure consisting of the Board of Directors and Executive Management.

The Board of Directors supervises the overall performance of the company, its management, and organisation. With the Executive Management team, it also sets out the company strategy.

The Executive Management has the responsibility of driving the company's daily business according to its corporate purpose and regularly report to the Board of Directors.

Our oil business at a glance





Sourcing, shipping, and supply
The Monjasa Group is a global partner in the oil and shipping industry. Our core business includes reselling and physical supply of marine fuels, oil terminal operations, and shipowning activities on a global level.

Our main business platform continues to include worldwide reselling activities and physical supply in West Africa, Europe, Americas, and the Middle East.

Reselling activity
In our reselling activities, we arrange the buying, selling, and distribution of marine fuels for our customers by using our extensive network of suppliers and subcontractors.

Physical supply
As physical supplier, we use our own trucks, oil terminals, and bunker tankers to handle and physically deliver the desired product to our customers. Our physical operations take place in various international ports or as ship-to-ship bunkering operations at sea.

Chief Financial Officer's review

2017 was a good year for the Monjasa Group. Delivering on our priorities of improving efficiency by lowering costs and further concentrating on our core business. The net profit of USD 7m represents a remarkable turnaround when compared to our 2016 financial accounts.

Over time, all companies, regardless of size, face operating risks of various kinds. Ranging from cybercrime, data security to supply chain disruption, etc. And when risks are inevitable, the organisation's resilience means everything.

In the light of 2017 representing yet another challenging year in global shipping, I am particularly satisfied with our Group performance. During the year we moved closer to our business and improved the profitability of our operations. At the same time, we carried out a strong across-the-board efficiency programme, improving our underlying financial resilience as a direct result.

SUPPLYING THE RIGHT TONNES OF FUEL

Market wise, the Group saw a modest decrease of 8% across our reselling and physical supply activities. With lower activity levels in our core markets, the total volume of supplied oil products reached 3.5m (3.8m) metric tonnes. The reduction is a consequence of our conscious choice of servicing the right supplier and customer base. A sustainable future business depends heavily on finding and developing mutual and respectful synergies. We are thus comfortable knowing that the relations with suppliers and customers that we have today increasingly build on thorough understanding and appreciation of each other's business models.

BY THE NUMBERS

The overall financial performance of the Group was satisfactory.

Total revenue increased from USD 1.2bn to USD 1.4bn due to a 19% increase in 2017 oil prices despite the slightly lower total supply volume.

Group operations (EBIT) was USD 7m (-17m) while the result of the year amounted USD 7m (USD -26m). Concurrently, the return on equity of 6% (-20%) is satisfactory.

On the back of the improved performance, the Group's consolidated equity amounts to USD 124m (USD 114m). Also, by exercising classic cash management discipline, trade related working capital across the Group sustained the previous year's improvement despite the oil price increase.

OPERATING CASH FLOW AND SOLVENCY RATIO

We have demonstrated continued disciplined optimisation of our operating cash flow, and I am pleased to see that our Group, despite the challenging markets, has sustained positive operating cashflow also in 2017, exceeding USD 100m for 2016 and 2017 combined. Along with the Group's strong solvency ratio of 36.6 (36.2) this allows for us to continue optimising our Group and remain an attractive business partner across offices and markets.

CONTINUOUSLY CHALLENGING MARKETS AHEAD

The global shipping market outlook remains uncertain for 2018, however, following the positive business developments in 2017 and the overall improved Group finances, we expect a positive result of the year.

Kenneth Henriks - Group CFO

Key figures 2017

36.6%

Solvency ratio reflecting solid financial position

-8%

Total supply volume decrease

Development in consolidated Group equity in mUSD

2017

Kenneth Henriks,
Group Chief Financial Officer.

Supplying 3.5 million tonnes of quality fuel

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of Monjasa Holding A/S for the financial year 1 January 2017 – 31 December 2017.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the parent's financial position at 31 December 2017 and of the results of the Group's and parent's operations and the Group's cash flows for the financial year 1 January 2017 – 31 December 2017.

Furthermore, in our opinion, Management's review contains a fair presentation of the development in the operations and financial circumstances, of the result for the year and of the overall financial position of the Group and the parent, as well as a true and fair description of the most significant risks and elements of uncertainty faced by the Group and the parent.

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

Fredericia, 5 April 2018

Executive Management

Anders Østergaard

Kenneth Henriks

Svend Stenberg Mølholt

Christian Merrild
Chairman

Anders Østergaard

Flemming Ipsen

Tage Bundgaard

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MONJASA HOLDING A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Monjasa Holding 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, for the Group as well as the parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows 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 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the entity or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the parent'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 consolidated financial statements and the parent 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 Group's and the parent'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 consolidated financial statements and the parent 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 Group and the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

INDEPENDENT AUDITOR'S REPORT

Statement on the management review
Management is responsible for the management review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management review and, in doing so, consider whether the management review is materially inconsistent with the consolidated financial statements and the parent 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 review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management review is in accordance with the consolidated financial statements and the parent 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 review.

Copenhagen, 5 April 2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Siggaard Hansen	Kåre Valtersdorf
State-Authorised	State-Authorised
Public Accountant	Public Accountant
MNE no mne32208	MNE no mne34490

Group chart

- **Monjasa Holding A/S** – Denmark
  - **Downstream Holding A/S** – Denmark
    - Monjasa DMCC – UAE
    - Monjasa Chartering DMCC – UAE
    - Monjasa Chartering DMCC II – UAE
    - Montec Ship Management DMCC – UAE
    - Monjasa Marine LLC – UAE
    - Monjasa SARLU – Congo
    - Monjasa LDA – Angola
    - Biamark (PTY) Ltd – Namibia
      - Monjasa (PTY) Ltd – Namibia
    - Monjasa A/S – Denmark
    - Relateit A/S – Denmark
    - Monjasa Ltd – Cyprus
    - Monjasa Ltd – UK
    - Monjasa Inc – United States
    - Monjasa Pte Ltd – Singapore
    - Monjasa PTY, S.A. – Panama
    - Monjasa M.H.Q. S.A. – Panama
    - Monjasa S.A. – Panama
      - Monjasa S.A. de C.V. – Mexico
  - **Midstream Holding A/S** – Denmark
    - Monjasa Trading DMCC – UAE
  - **Logistics Holding A/S** – Denmark
    - Monjasa Chartering ApS – Denmark
    - Monjasa Nordics ApS – Denmark
    - Energizer Shipping ApS – Denmark
    - African Leader Shipping ApS – Denmark
    - Skaw Provider Shipping ApS – Denmark
    - African Chaser Shipping ApS – Denmark
    - African Sprinter Shipping ApS – Denmark
  - **C-bed Holding B.V.** – The Netherlands
    - C-bed Chartering B.V. – The Netherlands
    - C-bed B.V. – The Netherlands
    - C-bed II B.V. – The Netherlands
    - C-bed III B.V. – The Netherlands
    - C-bed IV B.V. – The Netherlands
    - C-bed A/S – Denmark

2017

Our oil terminal in Skagen, Denmark.

FIVE-YEAR FINANCIAL HIGHLIGHTS

Seen over a five-year period, the development of the Group is described by the following financial highlights:

Group

Key figures	2017	2016	2015	2014	2013
	USD '000	USD '000	USD '000	USD '000	USD '000
Income statement					
Revenue	**1,407,332**	**1,158,652**	**1,601,930**	**2,548,369**	**2,107,335**
Gross profit	51,316	30,007	66,045	67,793	62,803
Profit/loss before financial income and expenses	6,531	-17,355	29,565	35,220	39,640
Net financials	-2,657	-12,218	-1,301	-5,233	-2,690
Net profit/loss for the year	**6,767**	**-25,825**	**23,684**	**22,385**	**34,391**
Balance sheet					
Balance sheet total	339,034	312,179	363,446	344,370	365,364
Equity	124,035	112,997	144,130	124,464	107,814
Cash flow from:					
- operating activities	17,165	82,971	74,471	-9,857	-1,028
- investing activities	-3,963	-28,800	-27,418	-15,697	-14,112
- investment in tangible assets	-3,164	-27,808	-37,410	-18,943	-13,452
- financing activities	-24,311	-72,155	-2,258	23,755	12,984
Change in cash and cash equivalents for the year	**-14,273**	**-17,984**	**44,795**	**-1,799**	**-2,156**
Average number of employees	635	643	635	560	468
Ratios					
Gross margin	3.6%	2.6%	4.1%	2.7%	3.0%
Profit margin	0.5%	-1.5%	1.9%	1.4%	1.9%
Return of assets	1.9%	-5.6%	8.2%	10.2%	10.8%
Equity ratio (Solvency)	36.6%	36.2%	39.8%	36.2%	29.5%
Return on equity	5.7%	-20.1%	17.9%	19.3%	38.3%

REVIEW

1.0 MAIN ACTIVITY

The main activity of the Monjasa Group (the Group) comprises sale, purchase, and transportation of oil products primarily for the maritime industry and chartering of accommodation vessels to the offshore wind sector. Supporting activities relate to the operation of vessels and associated activities.

2.0 DEVELOPMENT IN THE YEAR

Group operations (EBIT) reached USD 6.5m in 2017 (2016: USD -17.4m), which is satisfactory.

The net result after tax for 2017 amounts to USD 6.8m which is in line with expectations set in the annual report 2016 (USD 5-10m). At 31 December 2017 equity amounts to USD 124m. The Group's net result is above 2016-level (USD -26m). 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 Group's core markets.

Management considers the net result achieved satisfactory.

Concurrently, the return on equity of 5.7% (2016: -20.1%) is satisfactory.

3.0 THE MONJASA GROUP

The Monjasa Group consists of several separate legal entities, each with their own management and decision-making authority.

The Monjasa Group has an independent Board of Directors, who sets out guidelines for management and the administration through the Group strategy. The implementation process and day-to-day management is carried out independently by each Group entity.

Overall, the business areas are divided into three main activities: bunker oil trading, tanker operation, and offshore wind.

The bunker oil activity comprises worldwide trading and transport of oil products primarily for the maritime sector, as well as physical supply of marine fuel at various in-port and offshore locations. Monjasa focuses on providing value-added services such as global geographical coverage, granting of trade credit, issuing of technical and commercial advice, as well as offering a one-shop-brand worldwide underlined by the statement "we are Monjasa in every port".

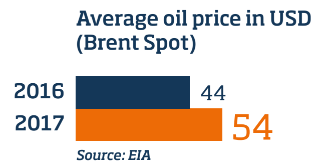
The tanker vessel activity contains several single shipowning companies and is linked to the bunker oil operations within the Group. Thereby, at all times securing all tanker vessels' employment within the Group's physical supply and transport activities.

The offshore wind activity consists of owning and chartering out ASVs (Accommodation and Support Vessels) for the offshore wind turbine industry and other offshore energy activities.

3.1 Bunker oil activity
In 2017, the Group consolidated its core business and continued to improve the overall global coverage and organisational structure. The Group has physical operations in West Africa, the Middle East, Europe and from 2017 also in the Americas (Panama).

The tanker fleet was stable in 2017 at 20 vessels (2016: 20 vessels). 18 of the tanker vessels are operated on time or bareboat charter agreements. Two of the tanker vessels are owned by the Group.

The Group's oil inventory holdings at year-end 2017 amounted to USD 50m (2016: USD 54m).



The bunker oil inventories experience a high turnover ratio, effectively corresponding to the time it takes to transport the bunker oil from a main storage to the clients' vessels, ranging typically from a few hours up to a few days. 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. In 2017, the Group saw a decrease in sales measured in metric tonnes of 8% compared to 2016 (from 3.8m mts in 2016 to 3.5m mts in 2017).

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

However, the Management foresees a continued highly competitive global bunker market due to the low oil price levels and an overall increasingly income-challenged maritime shipping industry. General market conditions may therefore also in 2018 negatively impact the operating result.

3.2 Tanker vessel activity
In 2017, the tanker vessel activity consisted of single shipowning companies, and companies chartering vessels from external shipowners, catering to the transport requirements for the bunkering activities within the Group.

Tanker vessels are not acquired for commercial competition on the spot market. The Group's full ownership of certain tanker vessels is considered an essential part of being able to uphold a steady and reliable physical supply service even in volatile freight markets. Hence, the Group prioritises to be light on vessel ownership and to charter vessels whenever possible.

In 2014, the Danish tax authorities introduced a new interpretation of existing law, which in effect prevents Monjasa from using the previously adopted tonnage tax regime. The Group does not agree with the opinion of the Danish tax authorities, and therefore the Group has disputed their opinion awaiting a court ruling expectedly in 2018. Consequently, the Group has provided corporate taxes payable and deferred tax for the Danish activities based on the statutory Danish tax rate.

By year-end 2017, two tankers are fully owned by the Group ("African Leader" and "African Chaser"). Further, combined lease and purchasing agreements exist for two additional tankers ("Skaw Provider" and "African Sprinter"). These ships will be taken over no later than 2019 and 2020 respectively.

3.3. Offshore wind activity
Revenue and EBIT in 2017 from the offshore wind activity were above levels in 2016.

In 2017, the offshore wind activity contained three Dutch single shipowning companies C-bed B.V., C-bed II B.V., and C-bed IV B.V.

The primary activity of all C-bed companies remains chartering of ASVs to operators and energy companies within offshore wind and related industries.

4.0. TARGETS AND EXPECTATIONS FOR 2018

4.1. Bunker oil activity
In 2018, the bunker oil activity is expected to be at the same level as in 2017 and the Management expects modest increases in levels of sales measured in metric tonnes.

4.2. Tanker vessel activity
The business is expected to remain stable and revenue and net result are expected to be at the same levels as in 2017.

The focus of this activity remains to service the Group's bunker oil activity.

4.3. Offshore wind activity
C-bed expects to remain a market leader within offshore wind in the years to come. As a result of the new market demand for vessels, we continue the renewal of the fleet. Two older vessels have been sold by early 2018.

Revenue and net result are expected to be below the level seen in 2017.

4.4 Overall
Based on the continued cost focus from 2017 and commercial development we have seen in the beginning of 2018, the net result for the Monjasa Group is expected to be at a level similar to 2017.

The expectations to the 2018 financial performance are naturally subject to uncertainty and in particular with respect to the development in global shipping markets, the world economy, exchange rates, oil prices, and rate levels.

5.0. CAPITAL RESOURCES

Continuous focus on cash management enabled maintained low working capital requirement and therefore the cash flow was satisfactory during 2017, with positive cashflow from operations of USD 23m.

The borrowing base scheme was finally unwound by March 2017.

With an equity ratio of 36.6%, Management considers the Group to be in a strong financial position ready to exploit the opportunities available in the global markets.

The significant working capital improvement achieved in 2016 and 2017 enabled the re-payment of the previous borrowing base facility. The Group continuously pursues diversifying the sources of financing and will continue these efforts beyond what was accomplished during 2017 to maintain a financing that is competitive and supportive of the further commercial development.

6.0. OPERATING AND FINANCIAL RISKS

6.1. Operating risks

6.1.1. 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.

6.1.2. Offshore wind
The offshore wind industry is characterised by a few large market players and relatively few, large energy companies. Therefore, it may be difficult to obtain sufficient spread of client risk. On the other hand, these customers are typically financially solid, and thus the risk is to a higher degree reflected by the relative strength between customer and supplier, than by the customers' ability to pay. As the wind industry is generally favoured by state grants, the industry is to some extent exposed to potential political intervention.

6.1.3. Hijacking
The safety of personnel is the premise for all our precautions. The Group operates both owned and chartered vessels in West Africa where hijacking is a risk factor. In order to minimise the risk of personal injury, as well as operating losses due to assault, the Group has implemented an anti-piracy strategy, which includes an extensive description of how the crew and the officers should act in case of hijacking and/or piracy.

The strategy comprises measures to be taken both during and after a possible assault, and it includes practical security initiatives on board each vessel.

6.1.4. 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.

6.2 Financial risks

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

6.2.2. Offshore wind
This activity is primarily settled in EUR or DKK. Management expects EUR and DKK to remain predominant currencies and the activity hence holds limited exchange rate risks.

6.2.3. 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 a.o. the interest rate development.

6.2.4. 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 pursues diversified and adequate financing to support future business development activities.

6.2.5. Credit risks
Granting credit to counterparts represents a 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 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 on loss on debtors compared to previous years.

7.0 STRATEGY AND CORPORATE PURPOSE

7.1 Strategy
The Group strategy originates from the fundamental desire to provide excellent service on the long term. Hence, quality in our performance comes before fixed targets for future growth and expansion. The shareholder wants excellence to propel the Group forward, and through laying every brick with care to further develop a leading position as energy provider.

Emerging and hard-to-reach markets remain a strategic priority for the future development of the Group. In such more remote markets, the Group holds profound knowledge, and through extended physical operations, we are confident to grow our global market shares in the future.

The ability to continue following our strategy largely depends on our ability to retain, attract, and develop the right human resources in our organisation. As an instrument to enhance this, the Group has increased training and development activities and established its own academy. Thereby, we strive to further benefit from our organisation's unique abilities in adapting to change according to market demands.

Within offshore wind, C-bed already takes up a market leading position. Our aspiration is to fully benefit from our first-mover advantage and together with our main clients adjust our vessels and services to the shifting demand within the offshore wind and potentially new business areas.

The strategy of the Group is best described by the four core values, Respect, Ambition, Curiosity, and Smile & joy:

- **Respect**

We seek to gain global recognition as a professional Group by being capable of solving the most challenging tasks posed to us. Mutual respect is entrenched in our corporate culture. We respect our business partners, our fellow colleagues, and our professional tasks.

- **Ambition**

We must never lean back and be satisfied with the status quo. Our corporate culture is characterised by our constant strive for improvement - to do the job better than others - and to do the job better than we did the last time.

- **Curiosity**

As a Group of companies and individuals, we are curious about our business environment. By constantly acquiring new and in-depth knowledge, we enhance the collaboration with clients and vendors alike.

- **Smile & Joy**

It must be fun to work! We take our work seriously and pride ourselves as professionals. It is equally important that we make room for smiles and mutual encouragement both internally and towards our business partners. We believe that exercising positive spirit and willingness to help are invaluable parts of our work culture, and in this respect, we deeply believe in 'what you give is what you get'. Success in this respect would be achieved when employees regard Monjasa more like a challenging hobby rather than hard work.

7.2. Corporate purpose
Monjasa's corporate purpose provides an overall direction, under which strategies are allowed to emerge in a deliberate and emergent manner.

Monjasa's unique value offering is based on strong people skills and original business solutions. Our employees, culture, and heritage brought us to where we are today and will bring us to where we will be tomorrow. As we continue to consolidate our business, recruit new talent, and face new challenges, our corporate purpose will guide us in the decisions and actions we take every day.

Monjasa means personal business
Monjasa's role in the oil and shipping industries remains to inspire our business partners and become first choice by challenging status quo with our original solutions.

By living our values, respect, ambition, curiosity, and smile & joy, we are building strong personal relations and engaging in networks in every port.

Thereby, we are unlocking niche market access and advancing global trade for the benefit of both customers and communities.

The above corporate purpose inspires our staff and management as it expresses Monjasa's way of approaching business and how to impact the lives of customers, employees, communities, and whomever Monjasa engages with.

8.0. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

It is the aim of the Group to live up to its corporate purpose and values in all that we do, reflecting positively on our social responsibility. It is essential that considerations for both social and environmental factors be incorporated into our organisational governance; the Group's key focus areas include the following:

- Safety, Health, Environment, and Climate
- Transparency and Ethics
- Diversity, Working Environment, Equality, and Human Rights
- Social Responsibility

8.1. SAFETY, HEALTH, ENVIRONMENT AND CLIMATE

Monjasa has a strong commitment to providing a safe working environment for all our employees, whilst also ensuring the safety of those who work with us. Protection to the environment and climate is also at the top of our risk management framework and we take all reasonable precautions to ensure our business activities cause minimal impact to these. Compliance with all relevant legislative requirements globally is of utmost importance.

Monjasa has a formal Health, Safety, Environment, and Quality (HSEQ) management system. We are proud of the fact that since 2014, Monjasa has held accreditation for ISO 9001, ISO 14001 and OHSAS 18001 across all our offices and operations in Europe, the Americas, the Middle East & Africa, and Southeast Asia and ISO 50001 in C-bed across all operations.

Occupational Health and Safety Management (OHSAS 18001:2007)
In 2017, we upgraded our ISO 9001 Quality and ISO 14001 Environment certificates to the most recent revision for each accreditation requirements by the International Organisation of Standardisation (ISO) and it is our aim to upgrade our OHSAS 18001 accreditation to the newly developed ISO 45001 for Health and Safety management in 2018 once released by the ISO.

We researched and mapped the natural hazards for the sometimes-challenged geographical locations, where we conduct our business. To mention a few, the natural emergency preparedness procedures which were identified include hurricanes, earthquakes, extreme heat, and flu & pandemic in addition to many other potential incidents and vulnerabilities that may result in disaster and/or disruption to our employees' lives or the delivery of a quality service through our supply chain.

The Monjasa Academy conducted 39 unique training and competency development activities in 2017 with a total of 2,316 hours spent on training across the Group. For example, employees globally participated in a mandatory IT Security e-module to learn how to deal with cybercrime. Personnel at Skaw Terminal went through First Aid and Fire Marshal training to tackle health and safety situations that may arise.

HEALTH, SAFETY, ENVIRONMENT, AND QUALITY RECOGNITION FROM INDUSTRY STAKEHOLDERS

In October 2017, Monjasa was recognised for its continuous efforts towards safety and security, making it to the finalist stage of the Maritime Standard Awards.

In September 2017, Monjasa was recognised for its efforts in Safety and Quality, making it to the finalist stage of Seatrade's Maritime Awards. In December 2016, Monjasa won Lloyd's List Seafarer of the Year Award as an acknowledgement for the companies highly trained crews response to an offshore emergency during passage of the Mozambique Channel.

Environmental Management (ISO 14001:2015)
In 2017, the Group delivered 3.5m mts of marine fuel and experienced zero environmental incidents on any vessel/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 Group signed a commitment with Buckingham Palace towards the prevention of illegal trade of wildlife in 2016. The Group now has a Zero Tolerance Policy in the respect of this commitment and has an objective plan for its implementation in 2017. In 2017, we visited a Shipping university in the Americas to share our knowledge and raise awareness on this issue, we plan to continue raising awareness during 2018.

Energy Management (ISO 50001:2011)
We are contributing to green energy production by providing offshore accommodation vessels for those constructing offshore wind farms. This facilitation reduces transportation and fuel consumption on a day-to-day basis having a positive impact on the environment.

In 2017, we conducted two awareness campaigns on our C-bed vessels to help raise awareness on different ways to reduce energy use for our clients and crew. In Q2 of 2017, ISO 50001:2011 training was provided to key personnel involved in energy management to increase the level of competency and to ensure all objectives set by Monjasa and C-bed are achieved.

8.2. TRANSPARENCY AND ETHICS

Transparency and Ethics are inseparable from Monjasa's value of respect and we strive to put this in practice in every part of our business.

Monjasa aims to eliminate all forms of bribery or corruption, we do not engage in bunker fraud, and we comply with all relevant legislation, particularly on trade restrictions and competition.

Monjasa addresses compliance risks through systematic monitoring, through the establishment of policies & procedures, through the implementation of controls, and through ongoing training of relevant staff across the Group. Our compliance framework is revised continuously to ensure that our commitment to ethics and integrity remains up to date with regulatory developments and with an ever-stricter business environment.

In 2017, we have continued building up Anti-Bribery and Anti-Corruption framework through office-specific guidelines, and through the implementation of controls over business promotion and hospitality expenses in our offices in Panama and Denmark. We continue to improve these systems and expect to roll out group-wide controls during 2018. ABAC training continues to be a requirement upon onboarding and will become a mandatory yearly requirement in 2018.

In November 2017, Monjasa launched an external Whistleblowing line, available for all our employees to confidentially report concerns. This line is handled by law firm Holst Advokater, which ensures that potential complaints are always taken seriously and investigated independently.

2017 was also a pivotal year for our efforts in promoting transparency and ethics in the bunkering and maritime industries. We have continued to engage actively with the Maritime Anti-Corruption Network (MACN), attending the conferences in Dubai and in London whilst working closely with the rest of MACN members. During 2017, MACN has continued to develop its strong platform to better understand the challenges and has executed on its strategy, which focuses on capacity building in the maritime industry, driving global collective initiatives against corruption, and building partnerships to improve integrity. Monjasa has also joined IBIA's Ethics Working Group in December 2017, and we expect to play a key role in addressing the ethics concerns affecting the bunkering industry throughout 2018.

Data protection
Transparency will be extending to the field of data protection with the start of implementation of the EU General Data Protection Regulation (GDPR) in May 2018. During 2017 we laid the groundwork to make sure that Monjasa complies with all relevant GDPR requirements. Monjasa is not a data-intensive company, but we are taking the chance to review how we process the data of our employees, customers, and partners.

Overall, our tools to address transparency and ethics have become increasingly sophisticated during 2017, and we are well in line with industry standards wherever we are not surpassing them. Compliance risks are one of the most serious challenges we face as a global business and we believe our commitment to compliance, transparency, and ethics sets us apart from our competition.

Quality Management (ISO 9001:2015)
Customer feedback is important to us. It provides Monjasa a platform for managing and improving our overall business. Furthermore, these measurements are key to retaining our ISO 9001 Quality Management certification. We strive to ensure that our customers are happy, and should any deviations occur, appropriate action is taken. Monjasa began issuing customer satisfaction surveys on the physical operations in the UAE, West Africa and Europe in 2015. The customer satisfaction surveys which were completed during 2017, show that we have attained a customer satisfaction rate of 98.86%.

In 2017, we began issuing our pre-qualification questionnaire (PQQ) to ensure an adequate level of HSEQ, compliance, and CSR efforts are being met by business partners conducting outsourced work on our behalf (B2B supplies). In 2018, we aim to achieve a 100% questionnaire return rate from B2B suppliers being used across the Group.

8.3. DIVERSITY, WORKING ENVIRONMENT, EQUALITY, AND HUMAN RIGHTS

8.3.1 Diversity
Monjasa is a diverse workplace and employees are encouraged to express themselves freely. The Group has a global workforce of 40 nationalities; there is opportunity to work together, exchanging ideas, and aiming for continual improvement, which creates mutual benefit for all employees.

In 2017, the Monjasa Academy encouraged diversity and cross-cultural understanding by facilitating insights® team workshops. The aim of such workshops is to gain understanding of various profiles to improve team communication as well as inter-cultural understanding.

8.3.2 Working environment
We place a great emphasis on offering the best possible working conditions across the Group. This includes a safe and healthy environment, which in turn has a positive impact on employees both physically and mentally. When it comes to the Health and Safety of employees, we ensure consistency across the Group; this means that we ensure that Danish working environment legislation, which is considered among the world's most protective, is applied for working conditions in all offices as a minimum.

Monjasa's working environment is diverse; the Group has offices, vessels, and oil terminals operating globally. The risks associated with our business vary given the geographical location of each office and/or operational facility. Each working environment has been reassessed during 2017 for its risks; this includes those, which may result in man-made workplace emergency situations and natural emergency situations.

Monjasa has active working environment committees across the Group involving a local representative and the HSEQ department. They take monthly meetings to identify areas for improvement in the local working environment.

In 2017, we conducted Employee Engagement Surveys (EES) across the Group. The EES encourages employees to provide their honest opinion in a confidential manner. This means that only the third-party vendor facilitating the EES can see the results by the responder. The 2017 EES results were better than expected, with an average of 8.6 out of 10 for overall job satisfaction compared to 8.2 out of 10 in 2016. We were able to conclude that Monjasa's key strengths are the working environment, ample learning opportunities and satisfaction with immediate managers.

8.3.3. Equal rights
Reflecting the structure of society includes representation of both genders in the global organisation of the Group, which is a natural priority to Management. Balance is a key element in all long-term performances, hence, the Group provides equal access to career opportunities for both genders. In other words, we always prioritise talent and performance above gender.

8.3.4. Human rights
The Universal Declaration of Human Rights, adopted by the UN General Assembly, forms part of Monjasa's pre-qualification questionnaire which is completed by all new and existing business B2B suppliers.

No violations of human rights among suppliers or other business partners were reported to Group Management during 2017.

Monjasa applies anti-discrimination and anti-harassment guidelines at a Group level. These guidelines are included in the 'Monjasa Employee Handbook', which is handed out to all employees and is available on the Group's intranet.

8.4. SOCIAL RESPONSIBILITY

Social responsibility has been a part of the Monjasa Group DNA since the company's inception in 2002. The main purpose is to engage with passionate people and projects that lead to social or cultural developments in the communities where Monjasa has its core markets.

In 2017, Monjasa has engaged in various non-profit making projects – particularly focusing on children and young people. An example of such projects includes FANT (Football for A New Tomorrow), a Danish humanitarian organisation establishing and running ten amateur football clubs for youngsters in the West African country of Sierra Leone. FANT's purpose is to promote human rights, democracy and social development through its association activities. In addition to this, Monjasa supports various social developments, including local sports and performing arts activities in Denmark for the benefit of young people and the community as a whole.

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

The Group 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 dipped from 36% in 2016 to 32% in 2017. The addition of RelateIT Vest A/S to the Monjasa Group has contributed significantly to this decrease as the IT consultancy industry is presently more male-dominated. The female representation of managers in the Monjasa group increased slightly from 18% in 2016 to 19% 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 aims to introduce at least one female to the board by 2020, which will result in 20% female representation.

The gender composition in the Board of Directors did not change in 2017 as all the 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 Holding will ensure that the under-represented gender is included on the list of candidates.

By the end of 2017, this goal has not been reached. In order to mitigate any form of unconscious bias in the recruitment and promotion processes, the HR department intends to spread awareness in these areas during manager training courses and relevant dialogue with managers. Such messages will also be incorporated in performance management/review framework to be developed over the next two years.

9.0. MANAGEMENT SYSTEM CERTIFICATIONS

Monjasa 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 Monjasa'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 Group is thereby reducing the overall risk profile. Monjasa's counterparts can thereby rely on doing business with a Group that systematically manages all risks associated to our worldwide activities.

10.0. INTELLECTUAL CAPITAL RESOURCES

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

11.0. UNCERTAINTY RELATING TO RECOGNITION AND MEASUREMENT

Entities within the Group are currently involved in ongoing legal matters and claims handling. None of these cases, however, have the potential to materially affect our overall financial conditions, results of operations, and cash flow.

11.1. Trade receivables
Trade receivables are recognised at amortised cost less provisions for bad and doubtful debts. Provisions are made for assessed probable losses as well as on a general level. The receivables in the balance sheet are not insured in full and residual risk hence exists.

11.2. Receivables from associates
The Group has recognised a receivable from an associate of USD 8.9 million. Uncertainty exists regarding timing of the receivable due to local restrictions on transferring cash out of the jurisdiction.

11.3. Valuation of vessels
In 2017, the fleet of Group owned vessels has been assessed for possible impairment. There has been identified a need to write-down two of the vessels by a total of USD 2.3 million. The assessment made for one of our vessels, is based on Management's best estimate of the future income, which is based on certain assumptions about the ability to secure contracts during the useful lifetime of the vessels for a utilisation percentage in line with the realised utilisation percentage for 2017 and exceeding the currently contracted rate, however in line with rates obtained previously.

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

12.0. UNUSUAL CIRCUMSTANCES

The Group's financial position at 31 December 2017 as well as the results of the Group's operations and cash flows for the financial year 2017 are not affected by any unusual circumstances.

13.0. INVESTMENTS IN SUBSIDIARIES

Solvency is maintained at an adequate level in all subsidiaries and therefore no additional capital injunction was required in 2017.

14.0. SUBSEQUENT EVENTS

14.1 Changes in the business
Early 2018, the Group has sold one tanker vessel and two ASVs in the normal course of business.

14.2. Capital resources
No material changes in the capital resources of the Group have occurred during 2018.

Monjasa means personal business

Learn more about our corporate purpose at monjasa.com

FINANCIAL STATEMENT

INCOME STATEMENT

	Note	Group 2017	Group 2016	Parent company 2017	Parent company 2016
		USD '000	USD '000	USD '000	USD '000
Revenue	1	1,407,332	1,158,652	0	0
Other operating income and expenses		-865	55	1,551	2,148
Cost of sales		-1,335,240	-1,102,302	0	0
Other external expenses		-19,911	-26,398	-4,143	-3,894
Gross profit/loss		**51,316**	**30,007**	**-2,592**	**-1,746**
Staff expenses	2	-32,694	-37,046	-1,889	-4,167
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment	3	-12,091	-10,316	-126	-155
Profit/loss before financial income and expenses		**6,531**	**-17,355**	**-4,607**	**-6,068**
Income from investments in subsidiaries after tax	4	0	0	12,716	-19,554
Financial income	5	2,334	23,234	21	0
Financial expenses	6	-4,991	-35,452	-1,210	-1,233
Profit/loss before tax		**3,874**	**-29,573**	**6,920**	**-26,855**
Tax on profit/loss for the year	7	2,893	3,748	752	1,030
Net profit/loss for the year	**8**	**6,767**	**-25,825**	**7,672**	**-25,825**

FINANCIAL STATEMENT

BALANCE SHEET
ASSETS

	Note	Group 2017	Group 2016	Parent company 2017	Parent company 2016
		USD '000	USD '000	USD '000	USD '000
Goodwill		3,136	327	0	0
Software and licences		2,830	2,033	0	0
Intangible assets	9	**5,966**	**2,360**	**0**	**0**
Land and buildings		4,858	5,108	0	0
Ships		67,041	70,445	0	0
Other fixtures and fittings, tools and equipment		3,224	4,602	208	379
Leasehold improvements		431	502	0	0
Tangible fixed assets	10	**75,554**	**80,657**	**208**	**379**
Investments in subsidiaries	11	0	0	120,982	115,995
Investments in associates	12	0	0	0	0
Receivables from associates		0	0	0	0
Other investments	13	243	246	0	0
Deposits	13	1,974	1,822	0	0
Fixed assets investments		**2,217**	**2,068**	**120,982**	**115,995**
Fixed assets		**83,737**	**85,085**	**121,190**	**116,374**
Inventories		**51,119**	**54,246**	**0**	**0**

FINANCIAL STATEMENT

BALANCE SHEET
ASSETS

	Note	Group 2017	Group 2016	Parent company 2017	Parent company 2016
		USD '000	USD '000	USD '000	USD '000
Trade receivables		159,785	110,232	0	0
Receivables from group enterprises		1,915	0	866	6,614
Receivables from associates		10,582	12,371	9,474	11,227
Other receivables		4,236	4,821	292	165
Tax receivables		2,696	4,021	780	1,061
Deferred tax asset		1,960	0	888	0
Prepayments	14	3,738	8,659	0	110
Receivables		**184,912**	**140,104**	**12,300**	**19,177**
Cash at bank and in hand		**19,266**	**32,744**	**111**	**276**
Current assets		**255,297**	**227,094**	**12,411**	**19,453**
Assets		**339,034**	**312,179**	**133,601**	**135,827**

FINANCIAL STATEMENT

BALANCE SHEET
LIABILITIES AND EQUITY

	Note	Group 2017	Group 2016	Parent company 2017	Parent company 2016
		USD '000	USD '000	USD '000	USD '000
Share capital	15	85	85	85	85
Reserve for net revaluation under the equity method		0	0	104,758	101,772
Retained earnings		119,950	112,912	16,097	11,140
Proposed dividend for the year		4,000	0	4,000	0
Equity		**124,035**	**112,997**	**124,940**	**112,997**
Provision for deferred tax	16	0	2,086	0	1
Provisions		**0**	**2,086**	**0**	**1**
Credit institutions	17	3,868	10,713	0	0
Lease obligations	17	6,037	7,083	0	0
Other payables		0	0	0	0
Long-term debt		**9,905**	**17,796**	**0**	**0**

FINANCIAL STATEMENT

BALANCE SHEET LIABILITIES AND EQUITY

	Note	Group 2017	Group 2016	Parent company 2017	Parent company 2016
		USD '000	USD '000	USD '000	USD '000
Credit institutions	17	16,591	35,009	7	79
Lease obligations	17	1,053	1,811	36	70
Prepayments received from customers		163	141	0	0
Trade payables		171,800	129,927	1,014	1,932
Payables to group enterprises		6,850	0	5,571	16,774
Payables to associated enterprises		0	3,968	0	3,959
Corporation tax		297	940	0	0
Other payables	18	8,340	7,504	2,033	15
Short-term debt		**205,094**	**179,300**	**8,661**	**22,829**
Debt		**214,999**	**199,182**	**8,661**	**22,830**
Liabilities and equity		**339,034**	**312,179**	**133,601**	**135,827**

	Note
Contingent assets, security, liabilities and other financial obligations	19
Fee to auditors appointed at the general meeting	20
Related parties and ownership	21

FINANCIAL STATEMENT

STATEMENT OF CHANGES IN EQUITY

Group

	Share capital	Retained earnings	Proposed dividend for the year	Total
	USD '000	USD '000	USD '000	USD '000
Equity at 1 January 2017	85	112,912	0	112,997
Dividend paid	0	0	0	0
Exchange adjustments relating to separate foreign legal entities	0	4,271	0	4,271
Net profit/loss for the year	0	2,767	4,000	6,767
Equity at 31 December 2017	**85**	**119,950**	**4,000**	**124,035**

Parent company

	Share capital	Reserve under the equity method	Retained earnings	Proposed dividend for the year	Total
		USD '000	USD '000	USD '000	USD '000
Equity at 1 January 2017	85	101,772	11,140	0	112,997
Dividend paid	0	0	0	0	0
Dividend received from investments in subsidiaries	0	-14,000	14,000	0	0
Exchange adjustments relating to separate foreign legal entities	0	4,271	0	0	4,271
Net profit/loss for the year	0	12,715	-9,043	4,000	7,672
Equity at 31 December 2017	**85**	**104,758**	**16,097**	**4,000**	**124,940**

FINANCIAL STATEMENT

CASH FLOW STATEMENT

	Note	Group 2017	Group 2016
		USD '000	USD '000
Net profit/loss for the year		6,767	-25,825
Adjustments	22	13,221	18,792
Change in working capital	23	3,095	87,228
Cash flows from operating activities before financial income and expenses		**23,083**	**80,195**
Financial income received		4,482	30,545
Financial expenses paid		-10,628	-28,173
Cash flows from ordinary activities		**16,937**	**82,567**
Corporation tax received/paid		228	404
Cash flows from operating activities		**17,165**	**82,971**
Purchase of intangible assets		-1,518	-1,085
Purchase of property, plant and equipment		-3,215	-27,808
Sale of property, plant and equipment		1,569	93
Investment in subsidiaries		-3,963	0
Cash flows from investing activities		**-7,127**	**-28,800**
Proceeds from borrowings from credit institutions		4,102	14,179
Repayment of loans to credit institutions		-29,365	-80,521
Change in receivables from group		-1,915	0
Change in receivables from associates		1,789	0
Change in loans to group		6,850	0
Change in loans to associates		-3,968	-106
Change in lease obligations		0	0
Repayments of lease obligations		-1,804	-1,707
Dividends paid		0	-4,000
Cash flows from financing activities		**-24,311**	**-72,155**
Change in cash and cash equivalents		**-14,273**	**-17,984**
Cash and cash equivalents at 1 January		32,744	51,029
Exchange rate adjustments		795	-301
Cash and cash equivalents at 31 December		**19,266**	**32,744**

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

1 Segment information	Group Revenue
	USD '000
Business segment 2017	
Oil	1,380,784
Offshore wind	26,548
	1,407,332
Business segment 2016	
Oil	1,139,228
Offshore wind	19,424
	1,158,652

2 Staff expenses	Group 2017	Group 2016	Parent company 2017	Parent company 2016
	USD '000	USD '000	USD '000	USD '000
Wages and salaries	31,495	35,876	1,803	4,090
Pensions	889	859	84	75
Other social security expenses	310	311	2	2
	32,694	**37,046**	**1,889**	**4,167**
Including remuneration to the Executive management of:	1,629	3,706	1,629	3,706
Including remuneration to the Board of Directors of:	364	189	364	189
Average number of employees	**635**	**643**	**4**	**5**

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	Group	
	2017	**2016**
	USD '000	USD '000
Software and licenses	714	534
Goodwill	216	140
Land and buildings	250	221
Ships	8,996	7,420
Other fixtures and fittings, tools and equipment	1,697	1,802
Leasehold improvements	218	199
	12,091	**10,316**

Impairments of USD 1.3m, regarding assets held for sale, have been presented as Other operating income and expenses.

4 Income from investments in subsidiaries after tax	Parent company	
	2017	2016
	USD '000	USD '000
Share of profits of subsidiaries after tax	12,716	-19,554
	12,716	**-19,554**

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

5 Financial income	Group		Parent company	
	2017	**2016**	**2017**	**2016**
	USD '000	USD '000	USD '000	USD '000
Interest income from group enterprises	0	0	19	0
Exchange adjustments	0	0	0	0
Other financial income	2,334	23,234	2	0
	2,334	**23,234**	**21**	**0**

6 Financial expenses				
	2017	**2016**	**2017**	**2016**
	USD '000	USD '000	USD '000	USD '000
Interest expenses to group enterprises	0	0	299	366
Exchange adjustments	397	971	891	0
Other financial expenses	4,594	34,481	20	867
	4,991	**35,452**	**1,210**	**1,233**

7 Tax on profit/loss for the year				
	2017	**2016**	**2017**	**2016**
	USD '000	USD '000	USD '000	USD '000
Current tax for the year	-2,428	-3,525	-786	-1,061
Deferred tax for the year	-634	-1,156	21	-2
Adjustment of tax concerning previous years	216	933	13	33
Adjustment of deferred tax concerning previous years	-47	0	0	0
Total tax for the year	**-2,893**	**-3,748**	**-752**	**-1,030**

8 Distribution of profit	Parent company	
	2017	2016
	USD '000	USD '000
Proposed dividend for the year	4,000	0
Reserve for net revaluation under the equity method	12,715	-19,855
Retained earnings	-9,043	-5,970
	7,672	**-25,825**

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

9 Intangible assets

		Group
	Software and licenses	**Goodwill**
	USD '000	USD '000
Cost at 1 January	3,731	607
Net exchange adjustment	3	0
Additions for the year	1,518	3,025
Disposals for the year	-13	0
Cost at 31 December	**5,239**	**3,632**
Impairment losses and amortisation at 1 January	1,698	280
Net exchange adjustment	0	0
Amortisation for the year	714	216
Reversal of amortisation of disposals	-3	0
Impairment losses and amortisation at 31 December	**2,409**	**496**
Carrying amount at 31 December	**2,830**	**3,136**
Amortised over	5-8 years	5-10 years

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

10 Property, plant and equipment

				Group
	Land and buildings	**Ships**	**Other fixtures and fittings, tools and equipment**	**Leasehold improvements**
	USD '000	USD '000	USD '000	USD '000
Cost at 1 January	5,976	94,032	10,361	1,349
Investment in subsidiaries	0	0	192	0
Net exchange adjustment	0	8,444	33	14
Additions for the year	0	2,309	735	171
Disposals for the year	0	-12,105	-1,434	-80
Cost at 31 December	**5,976**	**92,680**	**9,887**	**1,454**
Impairment losses and depreciation at 1 January	868	23,587	5,759	847
Investment in subsidiaries	0	0	104	0
Net exchange adjustment	0	2,649	11	5
Impairment losses for the year	0	2,312	0	0
Depreciation for the year	250	8,049	1,697	218
Reversal of impairment and depreciation of disposals	0	-10,958	-908	-47
Impairment losses and depreciation at 31 December	**1,118**	**25,639**	**6,663**	**1,023**
Carrying amount at 31 December	**4,858**	**67,041**	**3,224**	**431**
Depreciated over	20 years	3-15 years	5 years	4-5 years
Including assets (all categories) under finance leases amounting to			10,752	

The assessment made for one of our vessels, is based on Management's best estimate of the future income, which is based on certain assumptions about the ability to secure contracts during the useful lifetime of the vessels for a utilisation percentage in line with the realised utilisation percentage for 2017 and exceeding the currently contracted rate, however in line with rates obtained previously.

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

11 Investments in subsidiaries

	Parent company	
	2017	2016
	USD '000	USD '000
Cost at 1 January	14,223	11,299
Additions for the year	2,000	2,924
Cost at 31 December	**16,223**	**14,223**
Revaluations at 1 January	101,772	133,935
Net exchange adjustment	4,271	-1,609
Net profit/loss for the year	12,716	-19,554
Dividends to the Parent company	-14,000	-11,000
Revaluations at 31 December	**104,759**	**101,772**
Carrying amount at 31 December	**120,982**	**115,995**

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

11 Investments in subsidiaries

Name	Place of registered office	Votes and ownership
Downstream Holding A/S	Fredericia, Denmark	100%
Monjasa A/S	Fredericia, Denmark	100%
RelateIT A/S	Odense, Denmark	100%
Monjasa Inc	Connecticut, USA	100%
Monjasa DMCC	Dubai, United Arabic Emirates	100%
Monjasa Chartering DMCC	Dubai, United Arabic Emirates	100%
Monjasa Chartering II DMCC	Dubai, United Arabic Emirates	100%
Montec Ship Management DMCC	Dubai, United Arabic Emirates	100%
Monjasa Marine LLC	Dubai, United Arabic Emirates	33%
Biamark (PTY) Ltd	Windhoek, Namibia	55%
Monjasa SARLU	Pointe-Noire, Republic of Congo	100%
Monjasa Pte Ltd	Singapore	100%
Monjasa S.A	Panama, Panama	100%
Monjasa MHQ S.A	Panama, Panama	100%
Monjasa PTY, S.A.	Panama, Panama	100%
Monjasa S.A. de C.V.	Mexico City, Mexico	100%
Monjasa LTD	Limassol, Cyprus	100%
Monjasa LTD	London, United Kingdom	100%
Midstream Holding A/S	Fredericia, Denmark	100%
Monjasa Trading DMCC	Dubai, United Arabic Emirates	100%
Logistics Holding A/S	Fredericia, Denmark	100%
African Leader Shipping ApS	Fredericia, Denmark	100%
African Chaser Shipping ApS	Fredericia, Denmark	100%
African Sprinter Shipping ApS	Fredericia, Denmark	100%
Skaw Provider Shipping ApS	Fredericia, Denmark	100%
Monjasa Chartering ApS	Fredericia, Denmark	100%
Energizer Shipping ApS	Fredericia, Denmark	100%
Monjasa Nordics ApS	Fredericia, Denmark	100%
C-bed Holding BV	Amsterdam, The Netherlands	100%
C-bed BV	Amsterdam, The Netherlands	100%
C-bed II BV	Amsterdam, The Netherlands	100%
C-bed III BV	Amsterdam, The Netherlands	100%
C-bed IV BV	Amsterdam, The Netherlands	100%
C-bed Chartering BV	Amsterdam, The Netherlands	100%
C-bed A/S	Fredericia, Denmark	100%
First Arctic A/S	Fredericia, Denmark	67%

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

12 Investments in associates

	Parent company	
	2017	**2016**
	USD '000	USD '000
Cost at 1 January	2	2
Additions for the year	0	0
Cost at 31 December	**2**	**2**
Impairment losses and amortisation at 1 January	2	2
Net exchange adjustment	0	0
Net profit/loss for the year	0	0
Revaluations at 31 December	**2**	**2**
Carrying amount at 31 December	**0**	**0**

Name	Place of registe-red office	Votes and ownership
Monjasa LDA	Angola	49%
Monjasa (PTY) Ltd	Namibia	35%

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

13 Other fixed asset investments

	Group	
	2017	**2016**
	USD '000	USD '000
Cost at 1 January	2,068	2,278
Additions for the year	259	142
Disposals during the year	-110	-352
Cost at 31 December	**2,217**	**2,068**
Carrying amount at 31 December	**2,217**	**2,068**

14 Prepayments

Prepayments consist of prepaid expenses concerning rent, chartering, insurance premiums, subscriptions, and interest.

15 Share capital

The share capital consists of 500,000 shares of a nominal value of DKK 1. No shares carry any special rights.

There has not been any changes to this composition in the last 5 years.

16 Deferred tax for the year	Group		Parent company	
	2017	2016	2017	2016
	USD '000	USD '000	USD '000	USD '000
Deferred tax primo	2,086	2,986	1	4
Change during the year	-634	-1,156	20	-3
Adjustment concerning previous years recognised in the income statement	-47	0	0	0
Adjustment concerning previous years	-3,365	256	-909	0
Total deferred tax for the year	**-1,960**	**2,086**	**-888**	**1**

Deferred tax relates to temporary differences on tangible assets and taxable losses carried forward.

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

17 Financing	Group		Parent company	
	2017	2016	2017	2016
	USD '000	USD '000	USD '000	USD '000
Credit institutions				
Between 1 and 5 years	3,868	10,713	0	0
Long-term part	**3,868**	**10,713**	**0**	**0**
Credit institutions with credit lines	8,586	19,304	6	79
Other short-term debt to credit institutions within 1 year	8,005	15,705	0	0
Short-term part	**16,591**	**35,009**	**6**	**79**
	20,459	**45,722**	**6**	**79**
Lease obligations				
Between 1 and 5 years	6,037	7,083	0	0
Long-term part	**6,037**	**7,083**	**0**	**0**
Within 1 year	1,053	1,811	36	70
Short-term part	**1,053**	**1,811**	**36**	**70**
	7,090	**8,894**	**36**	**70**

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

18 Derivative financial instruments			Group
		2017	2016
	Net volume	Net value	Net value
	M tonnes	USD '000	USD '000
Derivatives maturing within 0-3 months	-3,978	-57	321
Derivatives maturing within 3-12 months	0	-88	-1,201
	-3,978	**-145**	**-880**

19 Rental and lease agreements, contingent liabilities, security and other financial information

Group

Rental agreements and leases

The Group has assumed operating lease obligations which at 31 December 2017 amounts to USD 13.3m (2016: USD 13.4m) in the period of non-terminability of up to 84 months (2016: 96 months).

The Group has assumed charter hire obligations which at 31 December 2017 amount to USD 17.4m (2016: USD 14.8m).

Security

The Group and its subsidaries have issued guarantees towards financial institutions in respect of loans which amount to USD 28m at the balance sheet date (2016: USD 135m).

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

Parent Company

Contingent liabilities

The Parent Company has assumed joint liability for the debts and obligations of all the subsidiaries placed in The Netherlands.

Joint tax

The Monjasa Holding A/S is the management company for the Group's Danish jointly taxed companies until 30 August 2017. As from 30 August 2017 Endeavour Invest ApS is the management company for the Danish jointly, taxed companies. The management company has unlimited, joint and several liability together with the other jointly taxed companies for all corporate income taxes arising under the joint taxation scheme. From 30 August 2017 Endeavour Invest ApS has unlimited, joint and several liability for the withholding taxes payable by the companies in the joint taxation scheme. Corporate income tax payable for the Danish jointly taxed companies amounted to USD 0m at 31 December 2017 (2016: USD 0m).

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

20 Fee to auditors appointed at the general meeting		Group
	2017	**2016**
	USD '000	USD '000
Audit fee	533	578
Tax advisory services	1	9
Other assurance services	0	97
Non-audit services	145	310
	679	**994**

21 Related parties

Related parties are defined as parties with control or significant influence, including Group companies.

The Company is included in the Consolidated Financial Statement of the immediate Parent Company, Endeavour Invest Aps, Fredericia, Denmark.

Other related parties

Christian Merrild	Chairman of the Board of Directors
Tage Benedikt Bundgaard	Member of the Board of Directors
Flemming Edvard Ipsen	Member of the Board of Directors
Anders Østergaard	Chief Executive Officer and member of the Board of Directors
Kenneth Henriks	Chief Financial Officer
Svend Stenberg Mølholt	Chief Operating Officer

FINANCIAL STATEMENT

NOTES TO THE ANNUAL REPORT

22 Cash flow statement adjustments		Group
	2017	**2016**
	USD '000	USD '000
Financial income	2,334	23,234
Financial expenses	-4,991	-35,452
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-12,091	-10,316
Profit on sale of property plant and equipment	0	-6
Depreciation on current asset	-1,366	0
Tax on profit/(loss) for the year	2,893	3,748
	-13,221	**-18,792**

23 Cash flow statement - change in working capital		Group
	2017	2016
	USD '000	USD '000
Change in inventories	3,127	9,130
Change in receivables	-42,763	37,504
Change in trade payables, etc.	42,731	40,594
	3,095	**87,228**

ACCOUNTING POLICIES

BASIS OF PREPARATION
The Annual Report of Monjasa Holding A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C, unchanged from 2016.

RECOGNITION AND MEASUREMENT
The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. 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.

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.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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 the 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.

(USD in 2017: 6.21, 2016: 7.06)

BASIS OF CONSOLIDATION
The Consolidated Financial Statements comprise the parent company Monjasa Holding A/S and subsidiaries in which the parent company directly or indirectly holds more than 50% of the votes or in which the parent company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The parent company's investments in the consolidated subsidiaries are set off against the parent company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities have been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill.

Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in "Amortisation, depreciation, and impairment losses".

MINORITY INTERESTS
On statement of Group results and Group equity, the shares of results and equity of subsidiaries attributable to minority interests are recognised as separate items in the income statement and the balance sheet. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

ACCOUNTING POLICIES

On subsequent changes to minority interests, the changed share is included in results as of the date of change.

LEASES
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments, computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group. The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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.

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 the changes in the value of the hedged asset or the hedged liability.

TRANSLATION POLICIES
Transactions in foreign currencies are translated 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 that have not been settled at the balance sheet date 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. Please see the section on derivative financial instruments.

Income statements of foreign subsidiaries and associates that are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange rate adjustments arising at the translation of the opening equity and exchange rate adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

INCOME STATEMENT REVENUE
Revenue from the sale of oil and delivery of transport services is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined and payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

COST OF SALES
Expenses for cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

OTHER OPERATING INCOME AND EXPENSES
Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

OTHER EXTERNAL EXPENSES
Other external expenses comprise expenses for sale, marketing, administration, premises, bad debts, etc.

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

DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS
Depreciation, amortisation, and impairment losses comprise amortisation, depreciation, and impairment of intangible assets, property, plant, and equipment.

INCOME FROM INVESTMENTS IN SUBSIDIARIES
The items "Income from investments in subsidiaries after tax" in the income statement include the proportionate share of the profit for the year less goodwill amortisation.

FINANCIAL INCOME AND EXPENSES
Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on-account taxation scheme, and settlements of and unrealised fair value adjustments from derivatives.

The tax effect of the joint taxation with the subsidiary is allocated to Danish 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.

ACCOUNTING POLICIES

TAX ON PROFIT/LOSS FOR THE YEAR

Tax for the year consist of current tax for the year and adjustment of deferred tax for the year. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

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).

BALANCE SHEET

INTANGIBLE ASSETS GOODWILL

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas.

SOFTWARE AND LICENSES

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

Software is amortised over the remaining software period or a shorter useful life.

PROPERTY, PLANT AND EQUIPMENT

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Periodical costs for docking is amortised over the expected period remaining until next docking.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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

Land and building............ 20 years
Ships.............................. 3 - 15 years
Other fixtures and fittings,
tools and equipment .... 5 years
Leasehold improvements ... 4 - 5 years
Assets costing less than DKK 12,900 are expensed in the year of acquisition.

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.

INVESTMENTS IN SUBSIDIARIES

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

The items "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 with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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 subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the parent company to cover the negative balance of the enterprise is recognised in provisions.

OTHER INVESTMENTS

Other investments are measured at cost price.

DEPOSITS

Deposits are recognised at cost price.

INVENTORIES

Inventories are measured at the lower of cost under the weighted average method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

Tangible fixed assets are reclassified to inventory when an agreement of sale of the asset has been made, but not yet effected, and the asset is no longer in use. Depreciation of the asset continues until disposal. Any impairment recognised after being reclassified to inventory is recognised in the income statement as "Other operating income and expenses".

PREPAYMENTS

Prepayments are measured at cost and comprise prepaid

ACCOUNTING POLICIES

expenses concerning rent, insurance premiums, subscriptions and interest.

RECEIVABLES

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

DIVIDEND

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

CURRENT TAX AND 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.

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.

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, 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.

PROVISIONS

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions include, amongst others, the expected loss risk on pending court cases.

FINANCIAL DEBTS

Fixed-interest loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

OTHER DEBTS AND PAYABLES

Other debts and payables are measured at amortised cost, substantially corresponding to nominal value.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows for the year, broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the parent company, as the parent company cash flows are included in the Consolidated Cash Flow Statement.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities are calculated as the net profit/loss for the year, adjusted for changes in working capital and non-cash operating items, such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets, less short-term debt, excluding items included in cash and cash equivalents.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

EXPLANATION OF FINANCIAL RATIOS

$$\text{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

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We are Monjasa in every port

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