

Østerberg Holding ApS

CVR no. 21 21 04 98

**Annual report for the period
1 October 2016 – 30 September 2017**



The Annual General Meeting
adopted the annual report at,
Kerteminde, the 13 / 3 2018.

A handwritten signature in blue ink, appearing to be 'B. S. S. S.', written in a cursive style.

Chair of the meeting

Contents

	Page
Statements	
Management statement	3
Independent Auditor's report on the financial statement	4
Commentaries	
Company details	7
Group company overview	8
Financial highlights	9
Managements commentary	10
Annual accounts	
Group income statement 1 October– 30 September	17
Group balance sheet at 30 September	18
Group equity statement at 30 September	20
Group cash flow statement 1 October - 30 September	21
Notes for the Group accounts	22
Parent income statement 1 October– 30 September	28
Parent balance sheet at 30 September	29
Parent equity statement at 30 September	31
Notes for Parent accounts	32
Accounting policies	35

Management statement

The executive Management have today considered and approved the annual report of Østerberg Holding ApS for the financial year 1 October 2016 – 30 September 2017.

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


In my opinion the financial statements give a true and fair view of the Group and the Company's financial position at 30 September 2017 and of the Group and Company's financial performance and cash flow for the financial year 1 October 2016 - 30 September 2017.

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

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

Kerteminde, 13/3 2018.

Executive Management



Niels Østerberg

Independent Auditor's report

To the Shareholders of Østerberg Holding ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2017 and of the results of the Company's operations and cash flows for the financial year 1 October 2016 - 30 September 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Østerberg Holding ApS for the financial year 1 October 2016 - 30 September 2017, which comprise income statements, balance sheets, statements of changes in equity, cash flow statements and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

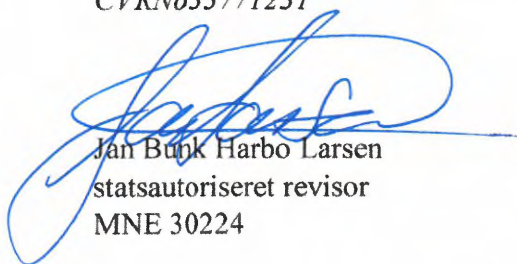
As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

Trekantområdet, 13/3 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVRNo33771231



Jan Bunk Harbo Larsen
statsautoriseret revisor
MNE 30224

Company details

The Company

Østerberg Holding ApS
Planen 1
DK-5300 Kerteminde
Denmark

CVR-no. 21 21 04 98
Financial Year: 1 October– 30 September
Municipality: Kerteminde, Denmark

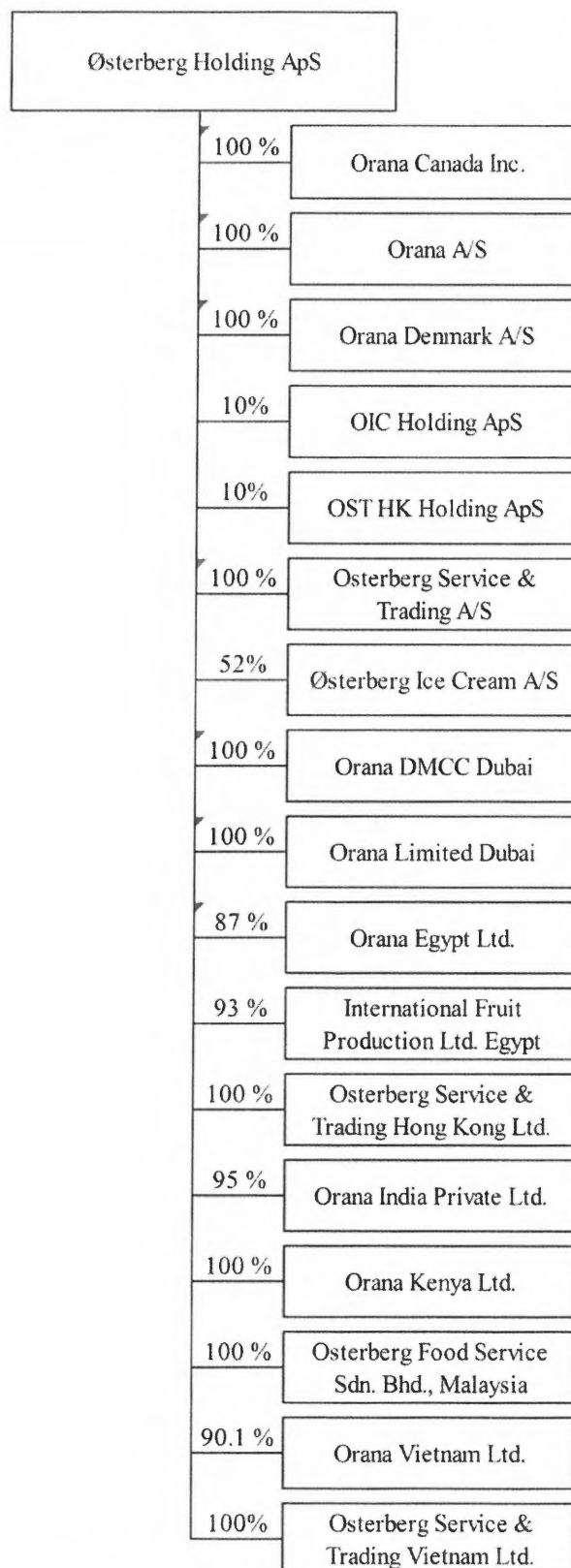
Executive Management

Niels Østerberg

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle
Denmark

Group Company Overview



Financial highlights for the Group

The development in the Groups can be described by financial highlights as follows:

	2016-2017 USD '000	2015-2016 USD '000	2014-2015 USD '000	2013-2014 USD '000	2012-2013 USD '000
Key figures					
Income statement					
Turnover	40.337	41.172	40.640	35.082	35.289
Gross profit	9.935	9.525	9.761	7.866	7.622
Operating profit	1.733	2.133	2.237	1.029	2.157
Profit before financials	1.412	1.922	2.135	1.057	*2.103
Net financials	-1.140	-458	-402	-511	-804
Profit for the year	173	1.045	1.182	344	*921
Balance:					
Total assets	29.814	26.847	25.954	24.420	18.374
Equity	5.990	6.106	5.491	4.365	3.541
Group cash flow					
Cash flow from:					
- operation activities	-1.094	1.097	831	-2.267	1.288
- investment activities	-2.020	-892	-2.613	-1.588	-1.942
Of which investment in Tangible assets	-1.999	-879	-2.603	-1.337	-1.882
- financing activities	-711	-526	9	2.807	-325
Changes in cash for the year	-3.825	-321	-1.773	-1.048	-979
Average no. employees					
	333	319	286	248	202
Key figure ratios					
Gross margin	24,6	23,1	24,0	22,4	21,6
Operating margin	3,5	4,7	5,3	3,0	6,0
Return on assets	4,7	7,2	8,2	4,3	11,4
Equity ratio	20,1	22,7	21,2	17,9	19,3
Return on equity	2,9	18,0	24,0	8,7	31,4

*Adjusted figures for compensation received in Egypt in 2012/13 which related to financial year 2009/10. Profit before financials inclusive the compensation was T.USD 2.394 and profit for the year inclusive the compensation was T.USD 1.251.

Managements commentary

The Financial Statement for Østerberg Holding ApS for 2016/2017 has been prepared in accordance with the provision of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The financial statements are prepared using the same accounting policies as last year.

Main activity

The Group's main activity is innovation, sales and production of fruit based semi-manufactures and Food Service products. The processing is done at the group companies and as co-packing at producers located close to the main markets. Sales are mainly at the markets in the Middle East, Asia, Africa and Europe.

The Group's strategy is to grow organically, and through various alliances to exploit local market knowledge and thereby increase the Group's overall growth.

Business Development in the year

The profit of the financial year 2016/2017 is not satisfactory and is below our expectations.

Consolidated revenue decreased by 0.8 million USD compared to last year, corresponding to a decrease of 2.0%. The gross profit percentage increased from 23.1% to 24.6% due to a change in the product mix. Net profit decreased by 0.9 million USD compared to 2015/16.

The earnings in 2016/17 are especially influenced by

- A devaluation with 50% in Egypt in November 2016
- lower activities in all our markets in the Middle East
- stagnation in our activities in Asia
- 6 months delay in installing a new filling line in Denmark

After year-end, no special factors that significantly influence the financial statement have occurred.

Business Concept, Objectives and Outlook for the coming year

The Group's business concept is to develop, produce and sell tailor made fruit based semi-manufactures and Food Service products to the global market. The company is also involved in processing of fresh fruit.

The Group aims to be among the most innovative and proactive provider of fruit based semi-manufactures and fruit based food service products by developing and produce high quality products in line with demand in individual markets.

There are positive expectations for the financial year 2017/18. We expect increase in sales of 5 – 10 percentage and a net profit of 0.5 – 1.5 million USD as we expect that some of the efforts made and expense paid in 2016/17 will turn into profit in 2017/18.

Business risk and other risks

The business risk is spread and lowered in the Group as a part of the Group strategy being close to the customers and near to the raw materials. Further to this the risk is also spread on product categories.

However, the Group is exposed to fluctuations in the prices of fruit based raw material.

Intellectual capital resources

Derived from the Group's business concept it is essential that the company's employees maintain and develop their knowledge resources. This is both in regards to sales, development and production.

It is therefore important for the company to attract and retain the most qualified employees.

External Environment

Through continuous optimization of processes the Group ensures the least possible strain on the environment, including work on lowering energy consumption per unit produced and to reduce waste.

The Group companies comply with group policies and local statutory and regulatory requirements in regards to both external environment and work environment.

Development

The Group wants to remain among the leaders in its field. The Group expects that the activities within fruit based raw materials will be further enhanced and strengthened in the coming years. In addition, the Group expects a significant growth in the Food Service Sector.

Report on Corporate Social Responsibility as per Section 99 a of the Danish Financial Statements

The Orana Group is committed to sustainability in all business activities and aims to apply highest ethical standards in order to ensure the long-term success of the Orana Group and its stakeholders. In support of this goal, the Orana Group and its subsidiaries have subscribed to the UN Global Compact. In addition, Orana A/S is a membership company to the Global Compact Network Denmark.

In 2007, the Orana Group launched its first CSR policy and Code of Conduct. Since then, the policy and Code of Conduct has been updated several times. The current version specifies minimum standards for the Orana Group inclusive of all subsidiaries and for all suppliers and are based on the UN Global Compact principles for:

1. Human Rights
2. Social Practices
3. Work Place Health and Safety
4. Environment
5. Management System
6. Anti-Corruption

Policies

Human Rights

All Orana Group sites support and respect the protection of internationally declared human rights and ensure that they do not contribute to the violation of human rights. The Orana Group expects that all business partners, including suppliers, also do not contribute to the violation of human rights.

The Orana Group's commitment to respect human rights is integrated and communicated to all sites through its corporate values and its Code of Conduct and CSR policy. Moreover, all Orana Group's sites are signatories of the UN Global Compact. All Orana Group sites are continuously working on improving its governance and actions towards human rights.

Social Practices

Policies have been implemented against forced labour and child labour. Moreover, policies are implemented for wages, benefits and working hours, freedom of association and non-discrimination.

The Orana Group has zero tolerance for use of forced labour and child labour.

In regards to wages and benefits, we are paying all staff according to applicable wage laws, including minimum wages, overtime hours and mandated benefits.

As to working hours, the Orana Group has implemented Danish style working hours in its subsidiaries.

For all our sites, the Orana Group encourage its staff to participate in or form a labour union so that staff is able to communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment.

The Orana Group provides a workplace free of harassment and discrimination. The Orana Group is providing a work place free of discrimination by always hiring and promoting based on qualifications and objective criteria only so that no discrimination will be made on the basis of gender, age, nationality, ethnicity, race, colour, creed, caste, language, mental or physical disability, organization membership, health status, marital status, sexual orientation, social or political characteristics, etc. In the Orana Group management and in the Board of Directors of the Orana Group subsidiaries, both men and women are represented and in addition many nationalities including Danish, Indian, Sri Lankan, Vietnamese. Moreover, the Orana Group ensures that its training programs are culturally respectful and appropriate. No cases of discrimination were reported in the Orana Group in 2016/17.

Work Place Health and Safety

The Orana Group ensures that all staff is provided safe, suitable and sanitary work facilities as per ILO convention Article 120.

The Orana Group is further protecting its staff against processes, substances and techniques which are unhealthy, toxic or harmful. All relevant staff are provided with protective equipment and training necessary to safely perform the functions of their positions.

Environment

All Orana Group sites comply with local environmental regulations. All required environmental permits and licenses are obtained and their reporting requirements followed. The Orana Group is aiming to maintain the same high environmental standard irrespective of country of operation.

All Orana Group sites are aiming for continuous improvement of environmental performance.

All Orana Group sites have systems in place to ensure the safe handling of waste and wastewater discharges. Waste water from our plants is rich in organic material mainly carbohydrates. The waste water also contains proteins and minerals and is non-toxic and biodegradable in nature. Accordingly treated for good environment acceptable levels and still being rich in constituents good for irrigation, etc.

Management Systems

All Orana Group sites identify and comply with applicable laws, regulations and standards here-under quality, safety and environmental standards.

The Orana Group is divided into different geographical teams. Each team is having a General Manager and will operate as an independent separate company. The General Manager is hired by a Board of Directors, which is either a separate legal entity with a board of directors in its own right or an advisory board because the team is a division under the Orana Group. In addition to this, a business unit structure has been introduced on top of the geographical structure. Each of these business units are managed by a Business Unit Director who is in charge of activities in this unit, irrespective of geographic location.

In terms of quality systems, all Orana Group sites are certified ISO 9001:2015 (management system) and ISO 22000:2005 and/or FSSC 22000 (food safety system). The sites further have the certifications required locally as per the requirements of their markets such as Organic, Halal, Halal Mui, etc.

Anti-Corruption

The Orana Group has a zero-policy for corruption and extortion and embezzlement are prohibited. The Orana Group is conducting its business with fair competition and in compliance with all applicable anti-trust laws. Orana Group staff is not allowed to accept any gifts or entertainment and is also not allowed to accept or give kickbacks. For sites located in countries prone to corruption, when deemed necessary, staff are encouraged to go to meetings with the authorities 2 persons at a time in order to discourage corruption. All relationships with customers and suppliers are based entirely on sound business decisions and fair dealings. The Orana Group has not had any breaches to its Code of Conduct in 2016/17 related to corruption. We are continuously working on improving and identifying gaps in our compliance program.

Supplier Audits

The Orana Group works systematically with risk assessment and supplier management. Our Code of Conduct for Suppliers defines the Orana Group's CSR requirements hereunder Human Rights. All suppliers are required to sign the Code. The Orana Group has implemented a supplier risk assessment model for identifying which suppliers pose the highest risk and regular supplier audits are performed for both high risk and lower risk suppliers in order to verify compliance. In case of any non-compliance, the non-compliance is addressed with the supplier. All Orana Group sites are buying its raw materials from approved suppliers only.

Sustainable Development Goals (SDGs)

In September 2015, the 193 Member States of the United Nations adopted Agenda 2030 with 17 Sustainable Development Goals (SDGs). In the Orana Group, we have been working with these goals as part of our CSR strategy. We focus on 3 of the SDGs where we believe that we can contribute the most through our core business.

The following 3 SDGs are the prioritized SDGs which the Orana Group is working on:



Goal 8: Decent Work and Economic Growth

Through the establishment of production and innovation centers in Egypt, India and Vietnam and sales offices in the same countries plus in Kenya and Malaysia, Orana is providing employment and decent work for its staff in the developing part of the world. The Orana Group has policies implemented for forced labour, child labour, wages, benefits, working hours, freedom of association and non-discrimination. We also encourage our staff to participate in or form a labour union so that all staff are able to communicate openly. Through these establishments, the Orana Group is further able to promote sustainable economic growth through the purchase of raw materials and services locally.



Goal 5: Gender Equality

In the Orana Group, we are working specifically to ensure good working conditions and opportunities for all of our staff hereunder our many female employees. We have further implemented measures allowing our staff to achieve a work life balance, hereby ensuring that female employees will stay with Orana also after getting married and having kids.



Goal 12: Responsible Consumption and Production

Orana is promoting better food quality by ensuring high food safety and high productivity. Moreover the Orana Group has a focus on resource and energy efficiency via objectives on energy consumption per produced ton and via the safe handling, recycling and management of waste and wastewater discharges.

Key Figures

All Orana Group sites are measuring as follows:

1. Staff turnover
2. Accidents
3. Energy consumption
4. Wastewater

Results achieved during 2016/17 for staff turnover and accidents are as follows:

	2014/15	2015/16	2016/17
Staff Turnover	13.7%	17.2%	13.8%
Accidents	0	0	1

For energy consumption per ton produced, we are measuring as follows:

1. Electricity. Kwh/ton
2. Oil / gas. l/ton
3. Water. l/ton
4. Waste water. m3/ton

In the process of measuring the consumption figures, it became clear that it makes no sense to compare consumption figures per ton per site as there is a big difference in figures per site. The reason for this difference is that each site are having different production lines with different output machines and tonnage produced. Therefore next step will be to analyze further on the consumption figures so that we can report on consumption per production line.

There is furthermore a focus in all sites on human rights and ensuring that none of our sites contribute to the violation of human rights. Additionally, measures have been put in place to counteract all types of corruption including extortion and bribery.

Share of the underrepresented gender

The Group follows the Danish Business Authority's recommendation about the underrepresented gender.

The Board of Directors currently consists of 80% men and 20% woman. All members were reelected at the yearly Annual General Meeting. The goal is to have at least 30% women in the Board in 2020 and the goal is therefore partially met.

In the Group's management the genders represented are divided with 55% women and 45% men and the target is considered met.

In general the Group hires the most qualified candidates to vacant positions without considerations about the gender of the candidate. The Group's goal is that on management level the two genders shall be equally represented and the goal is considered achieved.

Next Step

Over the course of the next financial year, our intention is to further incorporate the above SDGs into our CSR strategy hereunder also involving our staff more actively in the SDGs.

Moreover, our goal is also to prepare a strategy for how to extend our scope by also working on the following two SDGs:



At a later stage our aim is also to work on:



Group income statement
1 October - 30 September

	Note	2016-2017 T.USD	2015-2016 T.USD
Turnover	1	40.337	41.172
Production costs		(30.402)	(31.647)
Gross profit		9.935	9.525
Sales - and distribution costs		(3.055)	(2.899)
Laboratory costs		(1.031)	(939)
Administration costs		(4.116)	(3.554)
Operating profit		1.733	2.133
Other income		81	4
Other expenses		(401)	(215)
Profit before financials		1.412	1.922
Financial income	2	606	522
Financial expenses	3	(1.745)	(980)
Profit before tax		273	1.464
Tax for the year	4	(99)	(419)
Profit for the year		173	1.045
Proposed distribution of profit	8		

Group balance sheet at 30 September

Assets

	Note	2017 T.USD	2016 T.USD
Marketing rights		36	20
Intangible fixed assets	5	36	20
Leasehold improvements		72	86
Land and buildings		3.851	4.031
Plant and machinery		4.053	4.322
Fixtures and fittings		1.031	1.179
Construction in progress		1.717	116
Tangible fixed assets	6	10.724	9.734
Fixed assets		10.760	9.754
Inventories	7	8.032	7.406
Trade receivables		8.251	6.938
Other receivables		1.738	1.621
Deferred tax asset	9	384	171
Prepayments		261	229
Receivables		10.634	8.959
Current assets investment		5	5
Current assets		5	5
Cash		383	723
Total current assets		19.054	17.093
Total assets		29.814	26.847

Group balance sheet at 30 September

Liabilities

	Note	2017 T.USD	2016 T.USD
Contributed capital		20	20
Retained earnings		5.205	5.435
Proposed dividend		20	20
Parent Equity		5.245	5.475
Minority interests		746	631
Total Equity		5.990	6.106
Credit institutions	10	4.123	3.834
Liabilities to IFU	11	453	1.191
Corporate tax		0	143
Long-term liabilities		4.576	5.168
Other credit institutions		12.175	8.692
Credit institutions	10	1.285	1.526
Trade payables		3.530	3.439
Payables to shareholder		426	396
Corporate tax		263	289
Other payables		1.529	1.231
Short-term liabilities		19.249	15.573
Total liabilities other than deferred		23.824	20.741
Total liabilities		29.814	26.847
Contingencies and other financial liabilities	12		
Other notes	13-16		
Accounting policies	17		

Group Equity statement

Transactions in equity are specified as follows:

(T.USD)	Contributed capital	Retained earnings	Proposed dividend	Parent Equity	Minority interests	Total Equity
Equity 1 October	20	5.435	20	5.475	631	6.106
Other equity movements	0	24	0	24	0	24
Paid dividend	0	0	-20	-20	0	-20
Exchange rate adjustments relating to independent foreign entities	0	-3	0	-3	0	-3
Profit for the year	0	39	20	59	115	173
Net fair value adjustments	0	-290	0	-290	0	-290
Equity 30 September	20	5.205	20	5.245	746	5.990

The contributed capital consists of 133,333 shares with a nominal value of DKK 1.000.
No shares carry special rights.

Group cash flow statement for 1 October - 30 September

	Note	2016-2017 T.USD	2015-2016 T.USD
Net profit for the year		59	979
Other adjustments	9	2.115	1.212
Changes in working capital	10	(1.606)	(302)
Cash flow from operations before financial items and tax		568	1.889
Financial income		606	522
Financial expenses		(1.745)	(980)
Cash flow from operations before tax		(572)	1.431
Corporate tax		(522)	(333)
Cash flow from operating activities		(1.094)	1.098
Investment in intangible assets		(21)	(13)
Investment in tangible assets		(1.999)	(879)
Cash flow from investment activities		(2.020)	(892)
Paid dividend		(20)	(19)
Financing from debt		0	0
Liabilities to IFU		(738)	117
Repayment of debt		47	(624)
Cash flow from financing activities		(711)	(526)
Change in cash		(3.824)	(320)
Cash 1 October		(7.969)	(7.648)
Cash 30 September		(11.793)	(7.969)

Notes to group account

	<u>2016-2017</u> T.USD	<u>2015-2016</u> T.USD
1 Turnover		
Turnover by geographic markets are as follow:		
Denmark	4.649	3.275
Export	35.688	37.897
	<u>40.337</u>	<u>41.172</u>
2 Financial income		
Financial income is specified as follows:		
Foreign exchange gains	439	511
Other financial income	180	11
	<u>619</u>	<u>522</u>
3 Financial expenses		
Financial expenses is specified as follows:		
Foreign exchange losses	922	200
Other financial expenses	824	780
	<u>1.746</u>	<u>980</u>

Notes to group account

	2016-2017 T.USD	2015-2016 T.USD
	<u> </u>	<u> </u>
4 Corporate tax		
Expensed corporate tax is specified as follows:		
Tax for the year	317	402
Change in deferred tax for the year	-216	-118
Adjustment relating to previous years	-2	135
	<u>99</u>	<u>419</u>
Corporate tax on operating profit is explained as follows:		
Calculated 22.0 % tax on profit before taxes	60	322
Adjustment of deferred tax beginning of year	3	-52
Tax adjustment relating to previous years	-2	135
Tax effect of:		
Non- deductible costs	1	23
Change in interest derivatives	14	-17
None-capitalized losses in foreign companies	56	154
Differences in tax rates in foreign companies	-35	-146
	<u>96</u>	<u>419</u>
Corporate taxes paid during the year	<u>522</u>	<u>333</u>

Notes to group account

	2017 T.USD	2016 T.USD
5 Intangible assets		
Investments and write-downs and depreciation on intangible assets		
Marketing rights specified as follows:		
Opening balance cost	23	0
Additions during the year	21	23
Disposals during the year	0	0
Closing balance cost	<u>44</u>	<u>23</u>
Opening balance depreciation	3	0
Depreciation during the year	5	3
Closing balance depreciation	<u>8</u>	<u>3</u>
Carrying amount at 30 September	<u>36</u>	<u>20</u>

6 Tangible assets

Investments and write-downs and depreciation on tangible assets specified as follows:

	Land and buildings	Leasehold improve- ments	Fixtures and fittings	Plant and machinery	Construction in progress	Total
Opening balance cost	5.149	159	2.408	7.110	141	14.968
Opening adjustments/transfers	0	0	18	210	0	228
Exchange rate adjustments	0	6	0	4	0	10
Additions during the year	71	0	276	75	1.744	2.166
Disposals during the year	0	0	-28	-23	-168	-219
Closing balance cost	<u>5.220</u>	<u>165</u>	<u>2.674</u>	<u>7.377</u>	<u>1.717</u>	<u>17.153</u>
Opening balance depreciation	1.081	73	1.244	2.623	0	5.020
Opening adjustments/transfers	97	0	59	233	0	390
Exchange rate adjustments	0	1	0	1	0	2
Depreciation during the year	192	18	356	476	0	1.042
Reversed depreciation relating to disposals	0	0	-15	-9	0	-24
Closing balance depreciation	<u>1.369</u>	<u>92</u>	<u>1.644</u>	<u>3.324</u>	<u>0</u>	<u>6.429</u>
Carrying amount at 30 September	<u>3.851</u>	<u>72</u>	<u>1.031</u>	<u>4.053</u>	<u>1.717</u>	<u>10.724</u>
Carrying amount of financial leased assets				<u>372</u>		

Notes to group account

	2017 T.USD	2016 T.USD
7 Inventories		
Inventories can be specified as follows:		
Raw materials	4.829	4.862
Work in progress	295	274
Finished goods	2.908	2.270
	8.032	7.406
8 Proposed distribution of profit		
Profit for the year	173	1.045
Minority interests	-115	-66
Profit after minority	59	979
9 Deferred tax		
Transactions in deferred tax are specified as follows:		
Deferred tax 1 October	-171	-2
Adjustments beginning of year	3	-51
Deferred tax during the year	-216	-118
Deferred tax 30 September	-384	-171
Deferred tax are specified as follows:		
Tangible assets	155	130
Inventories	12	18
Tax value of loan costs	-8	17
Prepayments	38	3
Tax value of losses carried forward	-310	-24
Not specified for subsidiaries	-271	-312
	-384	-171
10 Credit institutions		
Payments, due after 5 years	517	737
Payments, due after 1 year and within 5 years	3.606	3.097
Long-term liabilities	4.123	3.834
Payments, due within 1 year	1.285	1.526
	5.407	5.360
11 Liabilities to IFU		
Payments, due after 1 year and within 5 years	453	1.191
Long-term liabilities	453	1.191

Notes to group account

12 Contingencies and other financial liabilities

	2017 T.USD	2016 T.USD
Contingencies:		
Rental and lease agreements:		
The company has signed lease-agreements where the remaining leases commitment amounts to	<u>197</u>	<u>246</u>
The company has signed rental commitments with 12-month period of irrevocability for a total of	<u>466</u>	<u>516</u>
Collateral security:		
The following assets are pledged as security for credit institutions		
Land and buildings with a carrying amount of	<u>2.291</u>	<u>2.321</u>
Plant and machinery with a carrying amount of	<u>3.056</u>	<u>3.331</u>

In addition, as security for any outstanding balances with the Banks of the Company mortgage deeds totaling nom. T.DKK. 2.240 are issued, secured on the Groups land and buildings, as well as business mortgage maximized to T.DKK. 30.500 lien on assets, accounts receivable and inventories. The booked value of these assets amounts to T.USD 5.932 as per 30/9 2017.

As security for any outstanding balance that Osterberg Ice Cream A/S may have with the Bank, the parent company has given suretyship (facility T.DKK. 1.000).

As security for any outstanding balance that Osterberg Service & Trading A/S may have with the Bank, the parent company has given suretyship (facility T.DKK. 3.000).

As security for Orana Vietnam Ltd.'s balance with The Investment Fund for Developing Countries (IFU), the parent company has given suretyship for 50% of any outstanding, which may arise in connection with the of IFU provided loan of T.USD 1,500 for Orana Vietnam Ltd. where the outstanding debt per 30/9 2017 amount to T.USD 563.

As security for Orana Vietnam Ltd.'s balance with Vietinbank, the parent company has given suretyship for a facility of VND 45,000 million.

As security for International Fruit Production EG balance with The Investment Fund for Developing Countries (IFU) the group company has given suretyship for 50% of any outstanding, which may arise in connection with the of IFU provided loans of T.USD 2.570 for International Fruit Production where the outstanding debt per 30/9 2017 amount to T.USD 1.339.

The Parent company has issued a guarantee to a Co-Packer of T.USD 94.

The Group's Danish companies are jointly and severally liable for tax on consolidated taxable income. As Østerberg Holding ApS is the management company the total amount of income tax payable are shown in its Annual Report.

Notes to group account

	2016-2017 T.USD	2015-2016 T.USD
13 Staff costs		
Staff costs amount to:		
Wages and salaries	6.278	6.441
Pension contribution	791	564
Other social security expenses	241	320
	<u>7.311</u>	<u>7.325</u>
and are expensed as follows:		
Production costs	2.278	2.376
Sales- and distribution costs	1.833	1.835
Laboratory costs	756	667
Administration costs	2.357	2.447
Andre driftsudgifter	87	0
	<u>7.311</u>	<u>7.325</u>
Salaries and remuneration to:		
Executive Management and Board of Directors	<u>674</u>	<u>641</u>
Average number of employees	<u>333</u>	<u>319</u>
14 Fee to auditors elected at the Annual General Meeting		
Audit fee	61	54
Other fees	24	22
	<u>85</u>	<u>76</u>
15 Other adjustments (cash flow)		
Depreciation and amortisation of intangible and tangible assets	1.042	947
Financial income	-606	-522
Financial expenses	1.745	980
Other adjustments	-67	-193
	<u>2.115</u>	<u>1.212</u>
16 Change in working capital (cash flow)		
Change in inventories	-626	-739
Change in receivables	-1.462	468
Prepaid tax and withholding tax abroad (tax receivables)	63	94
Change in trade payables and other liabilities	420	-125
	<u>-1.606</u>	<u>-302</u>

Parent income statement
1 October - 30 September

	Note	2016-2017 T.USD	2015-2016 T.USD
Administration costs	1	-4	-4
Operating profit		-4	-4
Income from investments in group enterprises	4	42	974
Financial income	2	31	16
Financial expenses	2	-3	-3
Profit before tax		66	983
Tax for the year	3	-7	-4
Profit for the year		59	979
Proposed distribution of profit	5		

Parent balance sheet at 30 September

Assets

	<u>Note</u>	<u>2017 T.USD</u>	<u>2016 T.USD</u>
Investments in group enterprises	4	5.275	5.517
Fixed asset investments		<u>5.275</u>	<u>5.517</u>
Fixed assets		<u>5.275</u>	<u>5.517</u>
Receivables from group enterprises	2	265	231
Receivables Tax		31	43
Receivables		<u>297</u>	<u>274</u>
Current assets		<u>297</u>	<u>274</u>
Total assets		<u>5.572</u>	<u>5.791</u>

Parent balance sheet at 30 September

Liabilities

	Note	2017 T.USD	2016 T.USD
		<u> </u>	<u> </u>
Contributed capital		20	20
Reserve for net revaluation under the equity method		5,185	5,427
Retained earnings		21	8
Proposed dividend		20	19
Equity		<u>5,245</u>	<u>5,474</u>
Corporate tax		0	0
Payables to shareholder	2	57	54
Payables to group enterprises		267	260
Other payables		3	3
Short-term liabilities		<u>327</u>	<u>317</u>
Total liabilities other than deferred		<u>327</u>	<u>317</u>
Total liabilities		<u>5,572</u>	<u>5,791</u>
Other notes	6-8		
Contigent liabilities	9		

Parent Equity statement

Transactions in equity are specified as follows:

	Contributed capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity 1 October	20	5.427	8	19	5.474
Other equity movements	0	24	0	0	24
Paid dividend	0	0		-19	-19
Exchange rate adjustments relating to independent foreign entities	0	-3	0	0	-3
Profit for the year	0	27	12	20	59
Net fair value adjustments	0	-290	0	0	-290
Equity 30 September	20	5.185	21	20	5.245

The contributed capital consists of 133,333 shares with a nominal value of DKK 1.000.
No shares carry special rights.

Notes to parent account

1 Administration costs

There has not been any employees at the company, therefore there is no expenses for salary ect.

	2016-2017 T.USD	2015-2016 T.USD
2 Financial income and expenses		
Financial income group enterprises	17	16
Foreign exchange gains	14	0
Total financial income	<u>31</u>	<u>16</u>
Financial expenses shareholders	3	3
Total financial expenses	<u>3</u>	<u>3</u>

3 Corporate tax

Expensed corporate tax is specified as follows:

Tax for the year	5	2
Tax adjustment previous years	1	2
Total Tax	<u>7</u>	<u>4</u>

Corporate tax on operating profit is explained as follows:

Calculated 22,0 % tax on profit before taxes	14	216
Tax adjustment previous years	1	2
Tax effect of:		
Income from investments in group enterprises	-9	-214
	<u>7</u>	<u>4</u>

Corporate taxes paid during the year	<u>2</u>	<u>2</u>
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Notes to parent account

	2017 T.USD	2016 T.USD	
4 Investments in group enterprises			
Opening balance cost	76	76	
Closing balance cost	76	76	
Value adjustments per 1. oktober	5.441	4.970	
Other equity movements	24	-347	
Exchange rate adjustment	-3	-79	
Profit share	42	974	
Net fair value adjustments	-290	-62	
Proposed dividend	-15	-15	
Revaluation 30 September	5.199	5.441	
Carrying amount 30 September	5.275	5.517	
Investments in group enterprises is specified as follows:			
<u>Name</u>	<u>Home</u>	<u>Company capital</u>	<u>Owned share consolidated in the annual report</u>
Osterberg Service & Trading A/S	Kerteminde	DKK 500.000	100%

Notes to parent account

	<u>2017</u> T.USD	<u>2016</u> T.USD
5 Proposed distribution of profit		
Proposed dividend	20	20
Transferred to reserve for net revaluation under the equity method	27	959
Retained earnings	12	0
	<u>59</u>	<u>979</u>

6 Staff costs

There have not been any employees in the period.
There have not been paid salary to any board members.

7 Fee to auditors elected at the Annual General Meeting

Audit fee	3	3
Other fees	1	1
	<u>4</u>	<u>4</u>

8 Ownership - Transactions

Besides return of interest between group enterprise and payables to shareholders, in reference to note 2, there has not been completed transactions with any board members, senior executives, major shareholders, group enterprise or other related parties.

9 Contigent liabilities

The Company is jointly taxed with the other danish companies in the group and severally liable for the taxes, relating to joint taxation.

Notes

17. Accounting Policies

Basis of Preparation

The Annual Report of Østerberg Holding ApS for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Basis of consolidation

The Group Financial Statements comprise the Parent Company, Østerberg Holding ApS, 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. The Group consists of Østerberg Holding ApS, Osterberg Service & Trading A/S, OIC Holding ApS, OST HK Holding ApS, Osterberg Service & Trading Hong Kong Ltd., Osterberg Service & Trading Vietnam Ltd., Østerberg Ice Cream A/S, Osterberg Food Service Sdn. Bhd. Malaysia, Orana A/S, Orana Canada Inc., Orana Denmark A/S, Orana Vietnam Ltd., Orana India Ltd, Orana Kenya Ltd., Orana Egypt Ltd., International Fruit Production Ltd., Orana Limited Dubai and Orana DMCC Dubai.

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.

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized costs are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized 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 recognized 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.

Presentation currency

The presentation currency is USD. The year-end rate for USD/DKK last year at 30 September 2016 was 6,6760 and this year at 30 September 2017 the USD/DKK rate is 6,3038.

Policies re transactions in foreign currency

Transactions in foreign currencies are recorded 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 recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are recorded 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 recognized in financial income and expenses in the income statement.

The income statement of foreign subsidiaries which are legal entities are recognized at a yearly average exchange rate. Balances are translated at the exchange rate at the year-end date. Exchange differences from changing the legal entities equity beginning of year are posted direct at the equity.

Hedging

The Company uses foreign exchange and interest rate instruments to hedge future transactions. The value of these instruments is recognized in the balance sheet. The change in fair value is recognized in the equity as retained earnings.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognized 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 capitalized and recognized 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 recognized in the income statement on a straight-line basis over the lease term.

Income statement

Turnover

Revenue from the sale of goods for resale and finished goods is recognized 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.

Turnover is recognized exclusive of VAT and net of discounts relating to sales.

Production costs

Production costs comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc., as well as operation, administration, management of factories and external production costs.

Sales- and distribution costs

Sales- and distribution costs comprise costs for sales- and distribution employees, advertisement and marketing costs and depreciation of goodwill.

Laboratory costs

Laboratory costs include costs for laboratory and construction employees, laboratory equipment including supporting aids and amortization of know-how and fixtures and fittings with the part that is related to laboratory activity.

Administration costs

Administration costs comprise for Management, administrative staff, office expenses, rent of offices, depreciation, etc. Amortization of fixtures and fittings with the part that is related to administration activity.

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.

Income from investments in Group enterprises

In the profit and loss statement, the proportionate share of the net profit for the year is calculated under the items: "Income from investments in Group enterprises".

Since 2001/02, Orana A/S has co-operated with the Investment Fund for Developing Countries (IFU) on Orana Vietnam Ltd. In 2004/05, the co-operation was extended to also include Orana India Ltd., and finally Orana Egypt and International Fruit Production Egypt was included in 2006/07.

Exit Agreements between Orana A/S and IFU contain a term defining that Orana A/S after a period has to buy back IFU's shares at a predetermined price calculated as original deposited share capital plus an annual rate of return. Based on a substantive consideration, the shares are therefore considered transferred from IFU to Orana A/S.

Above listed companies are recognized as subsidiaries with the current shareholding percentage of each subsidiary.

An obligation has been calculated to IFU in the annual report on IFU's original paid in share capital plus an annual return of investment.

The annual interest rate is recorded as an interest expense.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realized and unrealized exchange adjustments, price adjustment of securities, amortization of mortgage loans.

Tax on profit/loss for the year

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

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

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries 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.

Balance sheet

Tangible fixed assets

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

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

Leasehold improvements	5 years
Land and buildings	10 - 20 years
Plant and machinery	5 - 20 years
Other fixtures and fittings, tools and equipment	3 - 5 years

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 amortization 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. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognized and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the parent company's accounting policy.

The total net revaluation of investments in subsidiaries and associates 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 and associates.

Subsidiaries and associates with a negative net asset value are recognized at USD 0 and the negative balance is deducted in receivable and second recognized as provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value. The net realizable value of inventories is calculated as the amount expected to be generated in the ordinary course of business less sales and completion costs. The net realizable value is calculated taking into account marketability, obsolescence and development in expected sales.

The cost of finished goods and work in progress includes the cost of raw materials, direct labor costs and production overheads. Indirect production costs include indirect materials and salaries, maintenance of machinery and equipment as well as workshop, warehouse and production management. And finally costs in connection with quality control.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest etc.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Dividend

Dividend distribution proposed by the Board of Directors for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes 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 realized, either by elimination in tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

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 crystallize as current

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

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Tax receivables and liabilities are offset to the extent that there is a legal right to do so and the items are expected to be settled net or simultaneously.

Financial debts

Other debts are measured at amortized cost, substantially corresponding to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing, and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flow from operating activities

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operation items, working capital changes and income taxes paid.

Cash flow from investing activities

Cash flow from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investment as well as purchase and sale of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flow from operating activities

Cash flow from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, installments on interest-bearing debt and payment of dividend.

Cash

Cash and cash equivalents comprise cash and less short-term bank debt.

The cash flow statement cannot be inferred from the published financial statements.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analyst.

The key figures are calculated as follows:

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Turnover}}$	Equity ratio	=	$\frac{\text{Equity year-end} \times 100}{\text{Balance sheet total}}$
Operating margin	=	$\frac{\text{Profit before financials} \times 100}{\text{Turnover}}$	Return on equity	=	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Return on assets	=	$\frac{\text{Profit before financials} \times 100}{\text{Balance sheet total}}$			