Østerberg Holding ApS

Planen 1, DK-5300 Kerteminde

Annual Report for 1 October 2018 - 30 September 2019

CVR No 21 21 04 98

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 20/12 2019

Niels Olaf Østerberg
Chairman of the General Meeting

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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Østerberg Holding ApS for the financial year 1 October 2018 - 30 September 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018/19.

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

Rynkeby, 20 December 2019

Executive Board

Niels Olaf Østerberg
Managing Director

Independent Auditor's Report

To the Shareholder of Østerberg Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 October 2018 - 30 September 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Østerberg Holding ApS for the financial year 1 October 2018 - 30 September 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group'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 Group's and 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 Group and 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.

- 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.

Trekantområdet, 19 December 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Company Information

The Company	Østerberg Holding ApS Planen 1 DK-5300 Kerteminde CVR No: 21 21 04 98 Financial period: 1 October - 30 September Municipality of reg. office: Kerteminde
Executive Board	Niels Olaf Østerberg
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle
Group Management	Ms. Mette Ring O'Donnell, Group Director, Food Service Mr. Navdeep Rajpal, Group Production Director Ms. Sia Oskarson, Group Director, Fruit Based Raw Materials Ms. Shalini Yadav, Group Head of Finance

Group Chart

Østerberg Holding ApS

100%	Orana Canada Inc.
100%	Orana A/S
100%	Orana Denmark A/S
10%	OIC Holding ApS
66,7%	Moonberg Organic Farms Ltd.
10%	OST HK Holding ApS
100%	Osterberg Service & Trading A/S
5,2%	Østerberg Ice Cream A/S
100%	Orana DMCC Dubai
100%	Orana Limited Dubai
96,8%	Orana Egypt Ltd.
98,8%	International Fruit Production Ltd. Egypt
10%	Osterberg Service & Trading Hong Kong Ltd.
95%	Orana India Private Ltd.
100%	Orana Kenya Ltd.
100%	Osterberg Food Service Sdn. Bhd., Malaysia
95%	Orana Vietnam Ltd.
100%	Osterberg Service & Trading Vietnam Ltd.

Financial Highlights

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

	Group				
	2018/19	2017/18	2016/17	2015/16	2014/15
	T.USD	T.USD	T.USD	T.USD	T.USD
Key figures					
Profit/loss					
Revenue	51.318	46.910	40.337	41.172	40.640
Gross profit/loss	12.771	12.525	9.935	9.525	9.761
Operating profit/loss	2.371	2.057	1.733	2.133	2.237
Profit/loss before financial income and expenses	2.357	2.540	1.413	1.922	2.135
Net financials	-855	-1.434	-1.127	-458	-402
Net profit/loss for the year	1.033	899	187	1.045	1.182
Balance sheet					
Balance sheet total	30.595	30.775	29.812	26.847	25.954
Equity	6.597	6.232	5.991	6.106	5.491
Cash flows					
Cash flows from:					
- operating activities	1.323	2.411	-1.415	1.097	831
- investing activities	-897	-789	-2.020	-892	-2.613
including investment in property, plant and equipment	-877	-659	-1.999	-879	-2.603
- financing activities	26	-1.430	3.823	-526	9
Change in cash and cash equivalents for the year	452	192	388	-321	-1.773
Number of employees	415	332	333	319	286
Ratios					
Gross margin	24,9%	26,7%	24,6%	23,1%	24,0%
Profit margin	4,6%	5,4%	3,5%	4,7%	5,3%
Return on assets	7,7%	8,3%	4,7%	7,2%	8,2%
Solvency ratio	21,6%	20,3%	20,1%	22,7%	21,2%
Return on equity	16,1%	14,7%	3,1%	18,0%	21,8%

For definitions, see under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of Østerberg Holding ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Business Model

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.

Development in the year

The income statement of the Group for 2018/19 shows a profit of T.USD 1,033, and at 30 September 2019 the balance sheet of the Group shows equity of T.USD 6,597.

The profit of the financial year 2018/2019 is satisfactory and is within our expectations as expressed in last years annual report.

Consolidated revenue increased by USD 4,4 million compared to last year, corresponding to an increase of 9,4%. The gross. profit percentage decreased from 26.7% to 24,8% due to change in product mix. Net profit increased by USD 0.1 million compared to 2017/18.

The earnings in 2018/19 are especially influenced by a general increase in all major markets and within all business units.

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.

Management's Review

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 growth in copacking as well as the Food Service activities.

Business Concept and Objectives

The Group's business concept is to develop, produce and sell tailor made fruit based semimanufactures 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 semimanufactures and fruit based food service products by developing and produce high quality products in line with demand in individual markets.

Targets and expectations for the year ahead

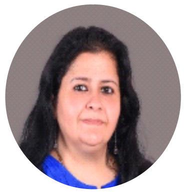
There is positive expectations for the financial year 2019/20. We expect the growth in sales and net profit to be in line with what we have achieved this year as compared to last year.

Management's Review

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

"The Østerberg Holding Group is committed to sustainability in all business activities and aims to apply highest ethical standards in order to strengthen the long-term success of the Østerberg Holding Group and its stakeholders. We have in 2018/19 and will continue in 2019/20 to intensify our work on CSR, Sustainability and SDGs for the entire Østerberg Holding Group."

Niels Østerberg, Director of the Østerberg Holding Group



Niels Østerberg	Sia Oskarson	Mette Ring O'Donnell	Navdeep Rajpal	Shalini Yadav
Director	Group Director	Group Director	Group Director	Group Head of
	Fruit Based Raw	Food Service	Production	Finance

The Østerberg Holding Group ensures that all social, ethical and environmental requirements we pose to ourselves, customers, suppliers and co-operation partners are followed. In support of this, the Østerberg Holding Group implemented a Supplier Code of Conduct in 2007 and since then all Østerberg Holding Group production companies have subscribed to the UN Global Compact. Both specify minimum standards expected of Østerberg Holding and its suppliers and are based on principles for:

Human Rights – Labour – Environment – Anti-Corruption

In the Østerberg Holding Group, all staff is committed to keeping these principles. The Østerberg Holding Group further requires its suppliers to explicitly acknowledge and adhere to the principles embodied in the Code of Conduct to ensure that their own suppliers also will comply with these principles. Commitment is also confirmed through supplier audits and questionnaires.

Betina Moldt Rasmussen,

Group CSR Manager

UN's Global Goals (SDGs)

In the Østerberg Holding Group, we have been actively working on the SDGs since 2016. CSR, Sustainability and SDGs are management driven in the Østerberg Holding Group as we – as a company – want to ensure that our company is contributing to a sustainable future for everyone. Our goal is to minimize our footprint and ultimately to have a neutral footprint in the world.

As a global company we are working with a shared set of values and principles for good and ethical business conduct. We see the SDGs as a business driver to support our vision to be a sustainable value-based company and at the same time creating value to the company.

In September 2015, the 193 Member States of the United Nations adopted Agenda 2030 with 17 Sustainable Development Goals (SDGs). The aim of the SDG's is to solve and/or minimize the world's biggest problems by 2030.

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Management's Review

For this reason, the Østerberg Holding Group started participating in a 2 year project starting in 2018 called "From Global Goals to Local Business". This project is facilitated by the Confederation of Danish Industries. The aim of the project is for the 21 participating companies to integrate the UN Sustainable Development Goals (SDGs) into the company's strategy to ensure a sustainable development.

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

SDG 8: Decent Work and Economic Growth

Østerberg Holding is currently having production and innovation centers in Denmark, Egypt, India and Vietnam. Furthermore, Østerberg Holding is having sales offices in the same countries plus in Canada, China, Kenya, Malaysia, Sri Lanka and the UAE. At all sites, Østerberg Holding is providing employment and decent work for its staff irrespective of nationality, gender and religion. The Østerberg Holding 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 and are able to negotiate collectively. These establishments support economic growth through the purchase of raw

SDG 5: Gender Equality

In the Østerberg Holding Group, we are working specifically to create good working conditions and offer 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 Østerberg Holding also after getting married and having children.

SDG 12: Responsible Consumption and Production

Østerberg Holding is promoting better food quality and food safety and has a strong focus on resource and energy efficiency via continuous improvement on energy consumption per produced ton and via the safe handling, recycling and management of waste and wastewater discharges. Our target is to reduce the non-renewable energy consumption (electricity, water and oil) by 50% per produced unit in 2030 compared to what we used

All 3 SDG's are in line with the historical values and beliefs of Østerberg Holding as we believe that we by offering decent working conditions, securing equality, and by promoting responsible consumption and production can ensure happy, loyal and well trained staff and a continuous focus on resource and energy efficiency which will result in higher productivity and ultimately a higher profit.

Management's Review

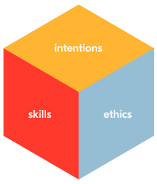
We will continue working on the SDGs and our aim is also to extend our scope by also working on the following SDGs:

Other relevant activities:

The Østerberg Holding Group and its subsidiaries subscribe to the UN Global Compact and Østerberg Holding ApS is a member of the Global Compact Network Denmark. Both these memberships were a natural step after launching the Østerberg Holding CSR policy and Code of Conduct in 2007.

The Østerberg Holding CSR policy and Code of Conduct have been updated several times. The current version specifies minimum standards for the Østerberg Holding Group inclusive of all subsidiaries and for all suppliers and are based on the UN Global Compact principles for:

Human Rights



Social Practices

Health and Safety

Environment

Management System

Anti-Corruption

Non-financial risks
Environmental and climate related risks linked to Østerberg Holding Group's business activities are considered to be low and are effectively managed through close monitoring of production across all sites. In addition, the by-products from production is non-toxic and biodegradable, further reducing the risk of negative impacts on the surroundings. In terms of respect for human rights and employee conditions, the most significant risk relates to unsafe working conditions, which is effectively mitigated through the Group's code of conduct that ensures decent working hours and safety measures are implemented at all sites. Finally, risks relating to corruption and bribery is considered low because of the Groups Code of Conduct and type of interactions with authorities.

Management's Review

Policies

1. Human Rights

The Østerberg Holding Group supports and respects internationally declared human rights and ensure against contribution to the violation of human rights. The Østerberg Holding Group expects that all business partners, including suppliers, also do not contribute to the violation of human rights.

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

2. Social Practices

Policies have been implemented at all sites against forced labour and child labour. Policies for wages, benefits and working hours, freedom of association and non-discrimination are also implemented.

The Østerberg Holding 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 Østerberg Holding Group has implemented Danish style working hours at all sites. This means short lunch breaks instead of siestas so that the staff will be able to go home to their families earlier instead of later.

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

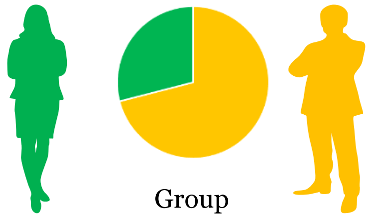
The Østerberg Holding Group is providing a work place free of discrimination and harassment by always hiring and promoting based on qualifications and objective criteria eliminating discrimination on the basis of gender, age, nationality, ethnicity, race, colour, creed, caste, language, mental or physical disability, organization membership, health status, marital status, sexual orientation, social or political characteristics, etc. In the Østerberg Holding Group management and in the Board of Directors of the Østerberg Holding Group subsidiaries, both men and women are represented and in addition many nationalities including Danish, Indian, Sri Lankan, Vietnamese. The Østerberg Holding Group ensures that its training programmes are culturally respectful and appropriate. No cases of discrimination were reported in the Østerberg Holding Group in 2018/19. Currently our grievance mechanism is to inform the labour union representative and/or local management in the event of a case but we are working on moving this mechanism to an external lawyer's office instead.

Management's Review

Share of the underrepresented gender

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

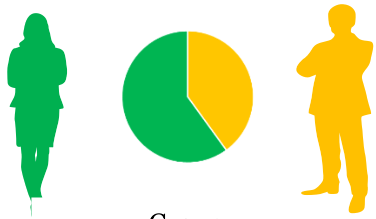
The Board of Directors consists of 2 women (29%) and 5 men (71%). The goal has been to have at least 30% women in the Board by 2020, however as 29% women is very close to the target, the goal is considered achieved.



Group Board of Directors

In the Østerberg Holding Group Management, the genders represented are divided with 60% women and 40% 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.



Group Management

3. Work Place Health and Safety

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

The Østerberg Holding 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.

Management's Review

4. Environment

All Østerberg Holding Group sites comply with local environmental regulations. Licenses are obtained and the reporting requirements followed. The Østerberg Holding Group is aiming to maintain the same high environmental standard irrespective of country of operation.

All Østerberg Holding Group sites are working on continuous improvement of environmental performance.

All Østerberg Holding 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.

The Østerberg Holding Group strategy is to have decentralized productions close to the fruits and the customers, and by that strategy aiming at minimizing its carbon foot print.

For carbon foot printing, we initiated Scope 1 and Scope 2 measuring as of 1st October 2018. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are from sources not owned or controlled by the company. It is under Scope 3 where the Østerberg Holding Group is making a difference by having decentralized productions. By establishing carbon foot print measuring, Scope 1 and 2 and aiming at introducing Scope 3 we will now be able to assess our impact in all areas and will be able to better establish initiatives to address opportunities for improvement. This work is now ongoing and will continue throughout next financial years.

Finally, the Østerberg Holding Group is aiming to implement ISO 14001 (environmental management) at all sites by 2022.

5. Management Systems

All Østerberg Holding Group sites identify and comply with applicable laws, regulations and Østerberg Holding CSR Policy and Code of Conduct.

The Østerberg Holding 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 Østerberg Holding 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 Østerberg Holding 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, Kosher, etc.

Management's Review

6. Anti-Corruption and Bribery

The Østerberg Holding Group has a zero-policy for corruption, extortion and embezzlement. The Østerberg Holding Group is conducting its business with fair competition and in compliance with all applicable anti-trust laws. Østerberg Holding 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 Østerberg Holding Group has not had any breaches to its Code of Conduct in 2018/19 related to corruption, extortion and embezzlement. We are continuously working on improving and identifying gaps in our governance compliance programme.

7. Supplier Audits

The Østerberg Holding Group works systematically with risk assessment and supplier management. Our Code of Conduct for Suppliers defines the Østerberg Holding Group's CSR requirements. All suppliers are required to sign the Code. The Østerberg Holding 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 Østerberg Holding Group sites are buying its raw materials from approved suppliers only.

The Østerberg Holding Group will continue to support the UN Global Compact and Global Compact Network Denmark and will continue to integrate the ten UN Global Compact principles in its business strategy, CSR policy, Code of Conduct and daily activities.

Management's Review

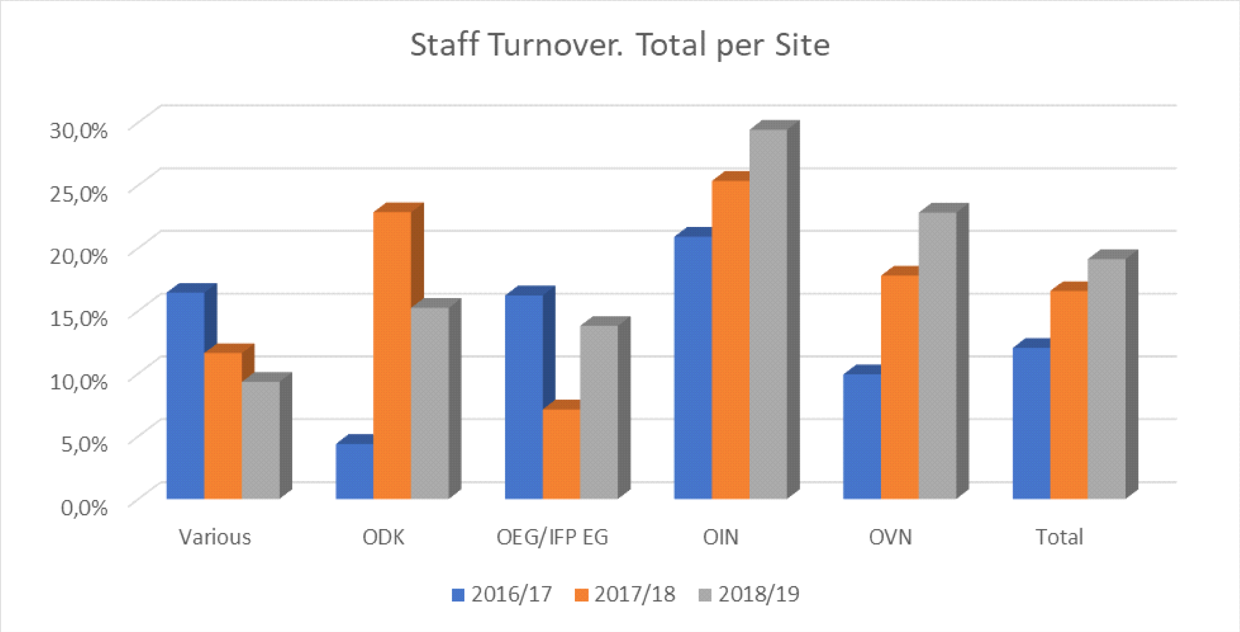
Key Figures

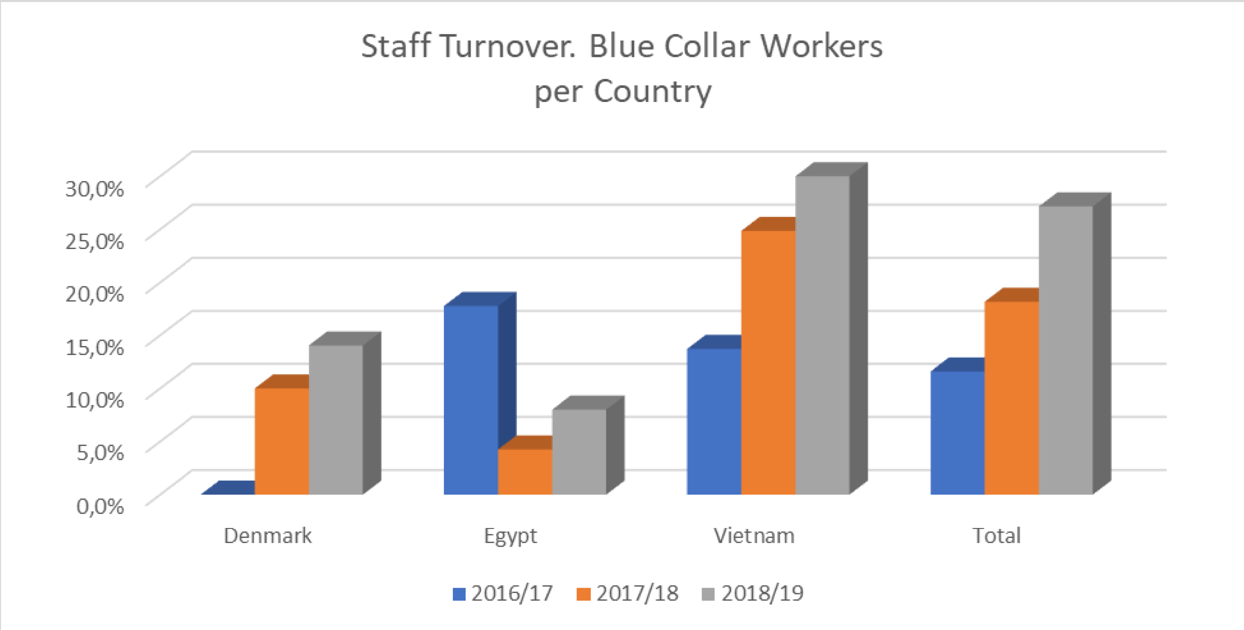
All Østerberg Holding Group sites are monitoring and setting targets as follows:

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

Results achieved during 2018/19 for staff turnover and accidents are as follows:

Staff Turnover per site:

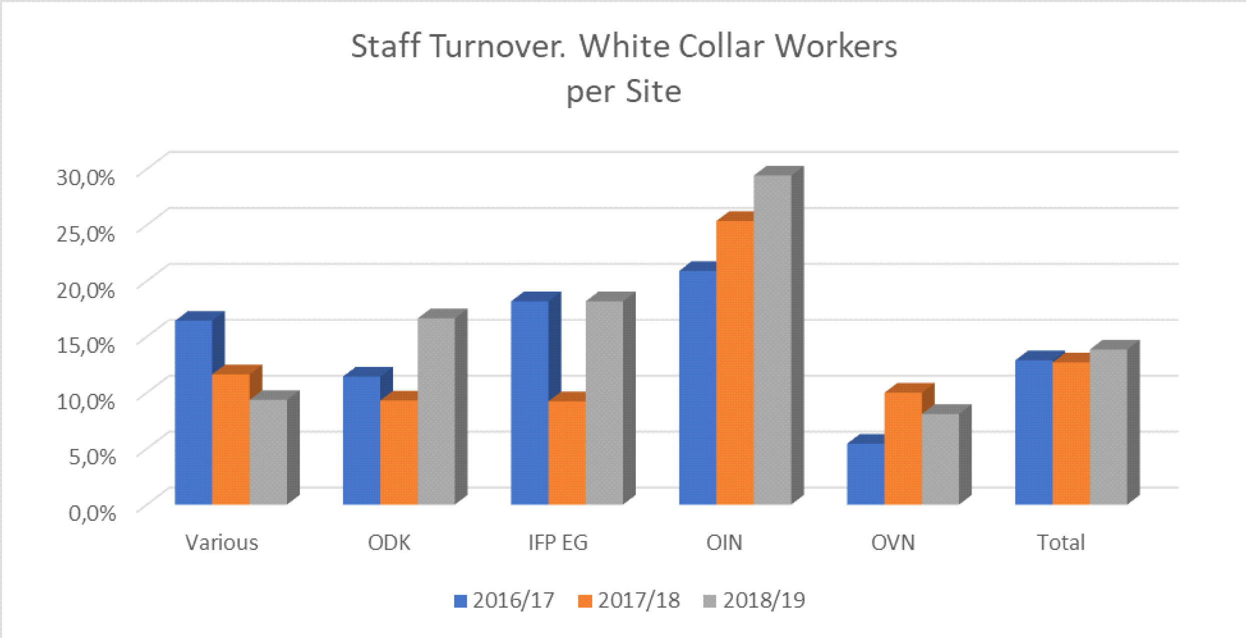




Management's Review

From the above it can be seen that staff turnover of blue collar workers was high in Egypt in 2016/17 but has improved over the last 2 years.

For Vietnam the trend for blue collar workers has been increasing the last few years. This is a general tendency in Vietnam where blue collar workers typically are less loyal. In order to ensure a more positive trend in the future and to create the loyalty with the staff, we have end of 2018/19 increased minimum salaries for blue collar workers to ensure that we are approx. 20% above national average.



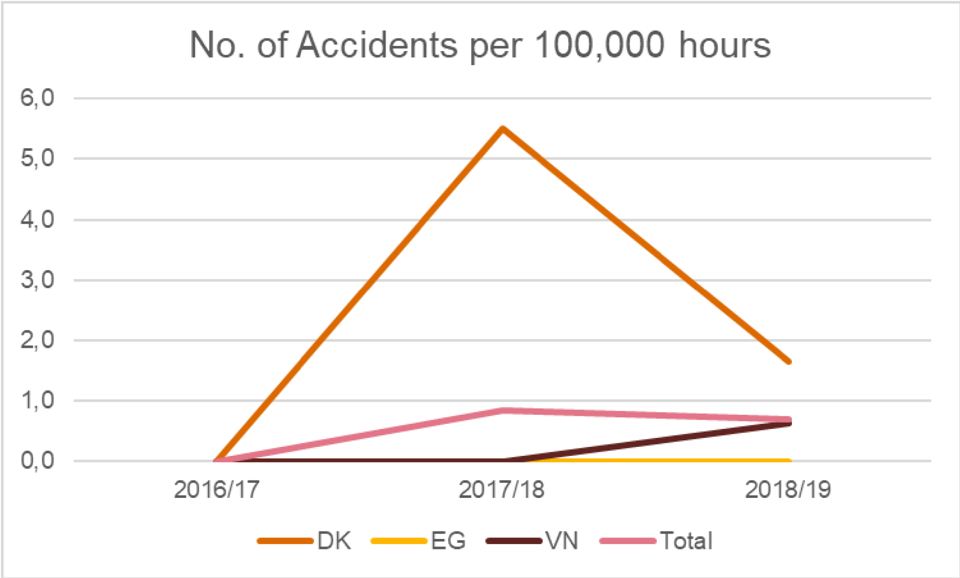
For the white collar workers, the resignation % is highest in India where the tendency over the last 3 years also has been increasing. This has mainly been due to several changes in management that has effected the staff. New management is in place and it is expected that the trend will be turned around.

Management's Review

Accidents

Accidents are defined as any unintended event that occurs in the course of work that leads to an injury where the employee involved with be absent from work for 5 consecutive days due to the injury.

Below we have calculated how many accidents have occurred per site per 100,000 hours worked:



In Denmark, no accidents were recorded in 2016/17. In 2017/18, 5.5 accidents per 100,000 hours were recorded. This was reduced to 1.7 accidents in 2018/19. In Egypt, no accidents have been recorded in any of the reporting years. In Vietnam, no accidents were recorded in 2016/17 and 2017/18 but 0.6 accidents per 100,000 hours were recorded in 2018/19. For all sites, all accidents are being reported to the relevant authorities and corrective actions and necessary control measures are taken inclusive of training of staff to avoid similar accidents again.

Management's Review

Energy consumption per ton produced:

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

The base data measurement started from year 2016-17 and all the delta comparisons are with current year vs base year and current year vs last year. All measurements are now aligned for produced volumes and we have now excluded volumes for any traded figures which were earlier part of measurement. Also all the consumptions are now based on entire site inclusive of production, offices, warehouses, etc.

Østerberg Holding Group

Energy consumptions	2016-17	2017-18	2018-19	Delta Base Year	Delta % Base Year	Delta LY	Delta % LY
Electricity kWh/ton	306	280	235	-71	-23,2%	-45	-16.2%
Gas / Diesel in mJ / ton	1,648	1,353	1,191	-457	-27,7%	-162	-12.0%
Water m³ /ton	5.7	4.7	4.7	-1.0	-17.9%	-0.01	-0.3%
Waste water m³ / ton	3.1	3.3	3.2	+0,1	+3,2%	-0.12	-3.6%

Site Wise

Energy consumptions	DK						
	2016-17	2017-18	2018-19	Delta Base year	Delta % Base Year	Delta LY	Delta % LY
Electricity kWh/ton	212	190	173	-39	-18.4%	-16.9	-8.9%
Gas / Diesel in mJ / ton	2,486	1,986	1,664	-822	-33.0%	-322	-16.2%
Water m3 /ton	5.2	4.1	4.2	-1	-19.2%	+0.2	+3.9%
Waste water m3 / ton	3.3	3.9	3.6	+0.3	+9.0%	-0.3	-7.9%

There is a negative development for water compared to last year. This is due to the water meter installed at the main waterworks which was discovered defected in 2018 and was changed in the summer of 2018 after 8 months of defectiveness. The data for 2017/18 is therefore not fully reliable. The metrics of 4.1 m3/ton was expected to be higher.

The negative development for wastewater measurements compared to base year is due to the addition of an extra production line in 2018/19 with low usage of water in the product and less waste water in cleanings.

Management's Review

Energy consumptions	EG						
	2016-17	2017-18	2018-19	Delta Base Year	Delta % Base Year	Delta LY	Delta % LY
Electricity kWh/ton	1,081	953	866	-215	-19.9%	-86	-9.0%
Gas / Diesel in mJ / ton	1,824	1,255	1,299	-525	-28.7%	+44	+3.5%
Water m3 /ton	18.9	12.0	12.1	-6.9	-35.9%	+0.1	+0.5%
Waste water m3 / ton	NA	NA	NA	NA	NA	NA	NA

Diesel increase last year compared to base year is due to leakage in underground diesel pipeline which was rectified. Water consumption increased last year as compared to base year due to higher number of batches produced. Number of batches increased approx. 22% but not in proportion volume increase and as a result more CIP/hot water rinsing was done.

Energy consumptions	VN						
	2016-17	2017-18	2018-19	Delta Base Year	Delta % Base Year	Delta LY	Delta % LY
Electricity kWh/ton	272	258	210	-62	-22.8%	-48	18.6%
Gas / Diesel in mJ / ton	876	782	789	-87	-9.9%	+7	+0.9%
Water m3 /ton	4.1	4.1	4.2	+0.1	+2.4%	+0.1	+2.4%
Waste water m3 / ton	2.9	2.8	2.9	0.0	0.0%	+0.1	+3.5%

Water and wastewater consumption was high last year compared to base year due to increase in volume of one product requiring double processing and more CIPs/hot water rinsing. It is for the same reason that diesel increased as more steam was needed to produce this product with double processing per ton compared to other products.

Subsequent events

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

Income Statement 1 October - 30 September

	Note	Group		Parent	
		2018/19	2017/18	2018/19	2017/18
		T.USD	T.USD	T.USD	T.USD
Revenue	1	**51.318**	**46.910**	**0**	**0**
Cost of sales	2	-38.547	-34.385	0	0
Gross profit/loss		**12.771**	**12.525**	**0**	**0**
Distribution expenses	2	-4.253	-4.670	0	0
Development expenditure	2	-545	-1.154	0	0
Administrative expenses	2	-5.602	-4.644	-24	-46
Operating profit/loss		**2.371**	**2.057**	**-24**	**-46**
Other operating income		573	852	0	0
Other operating expenses		-587	-369	0	0
Profit/loss before financial income and expenses		**2.357**	**2.540**	**-24**	**-46**
Income from investments in subsidiaries		0	0	1.059	815
Financial income	3	230	371	17	17
Financial expenses	4	-1.085	-1.805	-4	-3
Profit/loss before tax		**1.502**	**1.106**	**1.048**	**783**
Tax on profit/loss for the year	5	-469	-207	3	0
Net profit/loss for the year		**1.033**	**899**	**1.051**	**783**

Balance Sheet 30 September

Assets

		Group		Parent	
	Note	2018/19	2017/18	2018/19	2017/18
		T.USD	T.USD	T.USD	T.USD
Acquired licenses		21	26	0	0
Acquired other similar rights		95	119	0	0
Intangible assets	6	**116**	**145**	**0**	**0**
Land and buildings		3.469	3.694	0	0
Plant and machinery		5.621	5.495	0	0
Other fixtures and fittings, tools and equipment		677	937	0	0
Leasehold improvements		77	86	0	0
Property, plant and equipment in pro-gress		29	51	0	0
Property, plant and equipment	7	**9.873**	**10.263**	**0**	**0**
Investments in subsidiaries	8	0	0	6.845	5.864
Fixed asset investments		**0**	**0**	**6.845**	**5.864**
Fixed assets		**9.989**	**10.408**	**6.845**	**5.864**
Inventories	9	**8.320**	**8.675**	**0**	**0**
Trade receivables		7.289	7.423	0	0
Receivables from group enterprises		0	0	271	270
Other receivables		1.563	2.474	0	0
Deferred tax asset	12	963	738	3	0
Corporation tax		626	170	43	116
Prepayments	10	813	307	0	0
Receivables		**11.254**	**11.112**	**317**	**386**
Cash at bank and in hand		**1.032**	**580**	**1**	**0**
Currents assets		**20.606**	**20.367**	**318**	**386**
Assets		**30.595**	**30.775**	**7.163**	**6.250**

Balance Sheet 30 September

Liabilities and equity

	Note	Group 2018/19 T.USD	Group 2017/18 T.USD	Parent 2018/19 T.USD	Parent 2017/18 T.USD
Share capital		20	20	20	20
Reserve for net revaluation under the equity method		0	0	6.619	4.938
Retained earnings		6.674	5.722	55	784
Proposed dividend for the year		20	20	20	20
Equity attributable to shareholders of the Parent Company		**6.714**	**5.762**	**6.714**	**5.762**
Minority interests		-117	470	0	0
Equity		**6.597**	**6.232**	**6.714**	**5.762**
Provision for deferred tax	12	99	0	0	0
Provisions		**99**	**0**	**0**	**0**
Mortgage loans		5.403	3.314	0	0
Lease obligations		799	1.229	0	0
Other payables		1.054	495	0	0
Long-term debt	13	**7.256**	**5.038**	**0**	**0**
Mortgage loans	13	314	478	0	0
Credit institutions		8.591	10.969	0	0
Lease obligations	13	727	206	0	0
Trade payables		4.053	5.927	3	6
Payables to group enterprises		0	0	362	402
Payables to associates		126	0	0	0
Payables to owners and Management		130	383	84	80
Corporation tax		537	0	0	0
Other payables	13	2.147	1.232	0	0
Deferred income	14	18	310	0	0
Short-term debt		**16.643**	**19.505**	**449**	**488**
Debt		**23.899**	**24.543**	**449**	**488**
Liabilities and equity		**30.595**	**30.775**	**7.163**	**6.250**

Balance Sheet 30 September

Liabilities and equity

	Note
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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	T.USD	T.USD	T.USD	T.USD	T.USD	T.USD	T.USD
Equity at 1 October	20	0	5.722	20	5.762	470	6.232
Net effect from merger and acquisition under the uniting of interests method	0	0	0	0	0	10	10
Adjusted equity at 1 October	20	0	5.722	20	5.762	480	6.242
Exchange adjustments	0	0	-79	0	-79	-78	-157
Ordinary dividend paid	0	0	0	-20	-20	-265	-285
Net profit/loss for the year	0	0	1.031	20	1.051	-254	797
Equity at 30 September	**20**	**0**	**6.674**	**20**	**6.714**	**-117**	**6.597**

Statement of Changes in Equity

Parent

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	T.USD	T.USD	T.USD	T.USD	T.USD	T.USD	T.USD
Equity at 1 October	20	4.938	784	20	5.762	0	5.762
Ordinary dividend paid	0	0	0	-20	-20	0	-20
Exchange adjustments relating to foreign entities	0	-79	0	0	-79	0	-79
Net profit/loss for the year	0	1.760	-729	20	1.051	0	1.051
Equity at 30 September	**20**	**6.619**	**55**	**20**	**6.714**	**0**	**6.714**

Cash Flow Statement 1 October - 30 September

	Note	Group 2018/19 T.USD	Group 2017/18 T.USD
Net profit/loss for the year		1.033	899
Adjustments	15	2.214	2.597
Change in working capital	16	-486	1.347
Cash flows from operating activities before financial income and expenses		**2.761**	**4.843**
Financial income		230	371
Financial expenses		-1.086	-1.805
Cash flows from ordinary activities		**1.905**	**3.409**
Corporation tax paid		-582	-998
Cash flows from operating activities		**1.323**	**2.411**
Purchase of intangible assets		0	-130
Purchase of property, plant and equipment		-877	-659
Business acquisition		-20	0
Cash flows from investing activities		**-897**	**-789**
Repayment of mortgage loans		0	-1.000
Repayment of loans from credit institutions		-2.379	-386
Raising of lease obligations		91	0
Raising of mortgage loans, net		1.925	0
Raising of other long-term debt		559	0
Minority interests		0	-24
Dividend paid		-170	-20
Cash flows from financing activities		**26**	**-1.430**
Change in cash and cash equivalents		**452**	**192**
Cash and cash equivalents at 1 October		580	388
Cash and cash equivalents at 30 September		**1.032**	**580**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1.032	580
Cash and cash equivalents at 30 September		**1.032**	**580**

Notes to the Financial Statements

1 Revenue

No segment information is specified in the annual report. The information has been omitted, as the information may give rise significant damage to the company, cf. Section 96 (1) of the Danish Financial Statements Act.

The Executive Board is of the opinion that the company's activities are of such a nature that current and potential competing companies via the segment information will gain a competitive advantage over the company.

2 Staff

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	T.USD	T.USD	T.USD	T.USD
Wages and Salaries	8.332	7.679	0	0
Pensions	594	599	0	0
Other social security expenses	139	247	0	0
	9.065	**8.525**	**0**	**0**
Wages and Salaries, pensions and other social security expenses are recognised in the following items:				
Cost of sales	4.107	3.271	0	0
Distribution expenses	2.094	2.227	0	0
Development expenditure	483	614	0	0
Administrative expenses	2.381	2.413	0	0
	9.065	**8.525**	**0**	**0**
Average number of employees	**415**	**332**	**0**	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	T.USD	T.USD	T.USD	T.USD
3 Financial income				
Interest received from group enterprises	0	0	17	17
Other financial income	109	367	0	0
Exchange gains	121	4	0	0
	230	**371**	**17**	**17**
4 Financial expenses				
Other financial expenses	899	954	4	3
Exchange loss	186	851	0	0
	1.085	**1.805**	**4**	**3**
5 Tax on profit/loss for the year				
Current tax for the year	635	401	0	0
Deferred tax for the year	-126	-240	-3	0
Adjustment of tax concerning previous years	-2	46	0	0
Adjustment of deferred tax concerning previous years	-38	0	0	0
	469	**207**	**-3**	**0**

Notes to the Financial Statements

6 Intangible assets

Group

	Acquired licenses	Acquired other similar rights
	T.USD	T.USD
Cost at 1 October	43	123
Cost at 30 September	43	123
Impairment losses and amortisation at 1 October	16	10
Amortisation for the year	6	18
Impairment losses and amortisation at 30 September	22	28
Carrying amount at 30 September	**21**	**95**

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Property, plant and equipment in progress	Total
	T.USD	T.USD	T.USD	T.USD	T.USD	T.USD
Cost at 1 October	5.220	9.406	2.083	189	50	16.948
Exchange adjustment	-176	65	0	9	0	-102
Additions for the year	45	670	143	0	29	887
Disposals for the year	0	0	-16	0	-50	-66
Cost at 30 September	5.089	10.141	2.210	198	29	17.667
Impairment losses and depreciation at 1 October	1.430	3.853	1.336	92	0	6.711
Exchange adjustment	-8	12	0	17	0	21
Depreciation for the year	198	655	199	12	0	1.064
Reversal of impairment and depreciation of sold assets	0	0	-2	0	0	-2
Impairment losses and depreciation at 30 September	1.620	4.520	1.533	121	0	7.794
Carrying amount at 30 September	**3.469**	**5.621**	**677**	**77**	**29**	**9.873**
Including assets under finance leases amounting to	0	1.335	0	0	0	1.335

Notes to the Financial Statements

	Parent	
	2018/19	2017/18
	T.USD	T.USD

8 Investments in subsidiaries

	2018/19 T.USD	2017/18 T.USD
Cost at 1 October	76	76
Cost at 30 September	76	76
Value adjustments at 1 October	5.788	5.199
Exchange adjustment	-79	-237
Net profit/loss for the year	1.060	815
Fair value adjustment of hedging instruments for the year	0	11
Value adjustments at 30 September	6.769	5.788
Carrying amount at 30 September	**6.845**	**5.864**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Osterberg Service & Trading A/S	Kerteminde Denmark	TDKK 500	100%

Notes to the Financial Statements

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	T.USD	T.USD	T.USD	T.USD
9 Inventories				
Raw materials and consumables	5.257	6.809	0	0
Work in progress	310	262	0	0
Finished goods and goods for resale	2.753	1.604	0	0
	8.320	**8.675**	**0**	**0**

10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a postitive fair value.

11 Distribution of profit

	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
Proposed dividend for the year	20	20	20	20
Reserve for net revaluation under the equity method	0	0	1.760	0
Minority interests' share of net profit/loss of subsidiaries	-18	115	0	0
Retained earnings	1.031	764	-729	763
	1.033	**899**	**1.051**	**783**

12 Deferred tax asset

	Group 2018/19 T.USD	Group 2017/18 T.USD	Parent 2018/19 T.USD	Parent 2017/18 T.USD
Deferred tax asset at 1 October	738	384	0	0
Amounts recognised in the income statement for the year	126	354	3	0
Deferred tax asset at 30 September	**864**	**738**	**3**	**0**

The recognised tax asset comprises difference between accounting and tax values and tax loss carry-forwards expected to be utilised within the next three to four years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company having implemented efficiency measures which are expected to increase the Company's gross margin ratio.

13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group 2018/19 T.USD	Group 2017/18 T.USD	Parent 2018/19 T.USD	Parent 2017/18 T.USD
Mortgage loans				
After 5 years	52	0	0	0
Between 1 and 5 years	5.351	3.314	0	0
Long-term part	5.403	3.314	0	0
Within 1 year	314	478	0	0
	5.717	**3.792**	**0**	**0**
Lease obligations				
Between 1 and 5 years	799	1.229	0	0
Long-term part	799	1.229	0	0
Within 1 year	727	206	0	0
	1.526	**1.435**	**0**	**0**
Other payables				
Between 1 and 5 years	1.054	495	0	0
Long-term part	1.054	495	0	0
Other short-term payables	2.147	1.232	0	0
	3.201	**1.727**	**0**	**0**

Notes to the Financial Statements

14 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

15 Cash flow statement - adjustments

	Group	
	2018/19	2017/18
	T.USD	T.USD
Financial income	-230	-371
Financial expenses	1.085	1.805
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.088	956
Tax on profit/loss for the year	472	207
Other adjustments	-201	0
	2.214	**2.597**

16 Cash flow statement - change in working capital

Change in inventories	355	-643
Change in receivables	538	47
Change in trade payables, etc	-1.379	1.953
Fair value adjustments of hedging instruments	0	-10
	-486	**1.347**

Notes to the Financial Statements

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	T.USD	T.USD	T.USD	T.USD

17 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Mortgage deeds registered to the mortgagor, providing security on land and buildings as well as other property, plant and equipment, trade receivables, intangible assets and inventories at a total carrying amount of	10.757	11.786	0	0

Mortgage deeds registered to the mortgagor, providing security in shares in Moonberg Organic Farms Ltd

Rental and lease obligations

The company has signed lease-agreements where the remaining leases commitment amounts to	39	130	5	30
The company has signed rental commitments with 12-month period of irrevocability for a total of	315	399	0	328
Rental commitments, period of non-notice 17 months.	31	45	0	0

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Østerberg Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

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

Notes to the Financial Statements

17 Contingent assets, liabilities and other financial obligations (continued)

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

Orana A/S has issued a guarantee to sales tax authority, India for INR 59 million.

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 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 2019 amount to T.USD 802.

Orana A/S has given a letter of support to Orana India Pvt. Ltd. wherein it is stated that Orana A/S will support Orana India Pvt. Ltd. with the amount of funds which may be necessary in order for Orana India Pvt. Ltd. to continue its operations.

Osterberg Service & Trading A/S has issued a declaration of support in favor of Osterberg Service & Trading, Hong Kong Ltd., OST HK Holding ApS and Osterberg Ice Cream A / S 'other creditors.

Notes to the Financial Statements

18 Related parties

	Basis
Controlling interest	
Niels Olaf Østerberg, Planen 1, 5300 Kerteminde, Denmark	Main shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

19 Subsequent events

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

20 Fee to auditors appointed at the general meeting

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	T.USD	T.USD	T.USD	T.USD
Audit fee	27	27	3	3
Other assurance engagements	19	45	1	1
	46	**72**	**4**	**4**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Østerberg Holding ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018/19 are presented in T.USD.

Recognition and measurement

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Basis of consolidation

The Consolidated 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. 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.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. 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.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

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 alternative borrowing rate 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.

Notes to the Financial Statements

21 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Notes to the Financial Statements

21 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises 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 and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Development expenditure

Development expenditure indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Notes to the Financial Statements

21 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish group affiliated companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes to the Financial Statements

21 Accounting Policies (continued)

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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:

Land and buildings	10 - 30 years
Plant and machinery	5 - 20 years
Other fixtures and fittings, tools and equipment	3 - 5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, 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 item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Equity

Dividend

Dividend distribution proposed by Management 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 are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

21 Accounting Policies (continued)

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised 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. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

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

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$