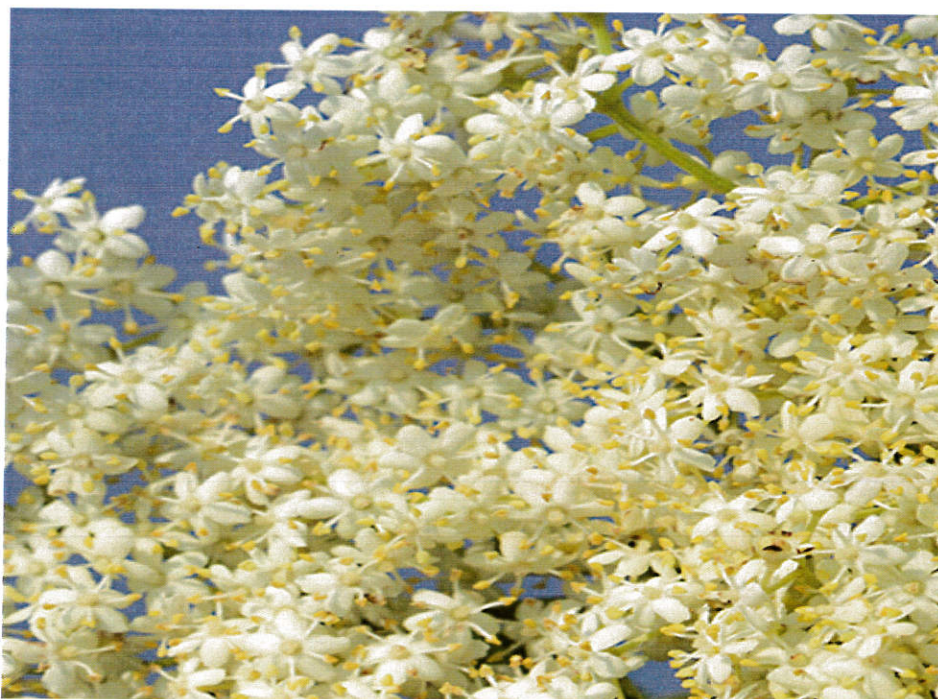


# Østerberg Holding ApS

Planen 1  
5300 Kerteminde  
Denmark

CVR no. 21 21 04 98

Annual report for the period  
1 October 2015 – 30 September 2016



The Annual General Meeting  
adopted the annual report at,  
Kerteminde, the 22<sup>nd</sup> February 2017.

**Chair of the meeting**

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## **Management statement**

The Board of Directors and the Executive Management have today considered and approved the annual report of Østerberg Holding ApS for the financial year 1 October 2015 – 30 September 2016.

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

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

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

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

Kerteminde, 22<sup>nd</sup> February 2017.

**Executive Management**



Niels Østerberg

# **Independent Auditor's report on the financial statements**

To the Shareholders of Østerberg Holding ApS

## **Report on Group Financial Statements and Parent Company Financial Statements**

We have audited the Group Financial Statements and the Parent Company Financial Statements of Østerberg Holding ApS for the financial year 1 October 2015 to 30 September 2016, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes for both the Group and the Parent Company. The Group Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

## **Management's Responsibility for the Group Financial Statements and the Parent Company 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 Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the Group Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Group Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Group Financial Statements and the Parent Company Financial Statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Group Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Group Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

### **Opinion**

In our opinion, the Group Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Company at 30 September 2016 and of the results of the Group and Company operations as well as the cash flows for the financial year 1 October 2015 – 30 September 2016 in accordance with the Danish Financial Statements Act.

### **Statement on Management's commentary**

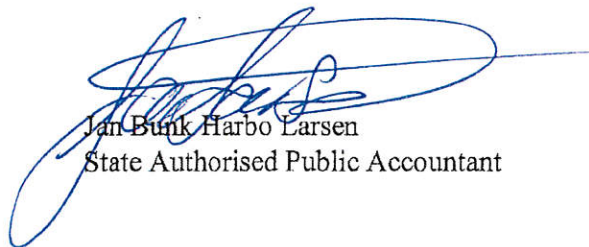
We have read Management's commentary in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Group Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's commentary is consistent with the Group Financial Statements and the Parent Company Financial Statements.

Trekantområdet, 22<sup>nd</sup> February 2017.

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR-no. 33 77 12 31*



Jan Bunk Harbo Larsen

State Authorised Public Accountant

## 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

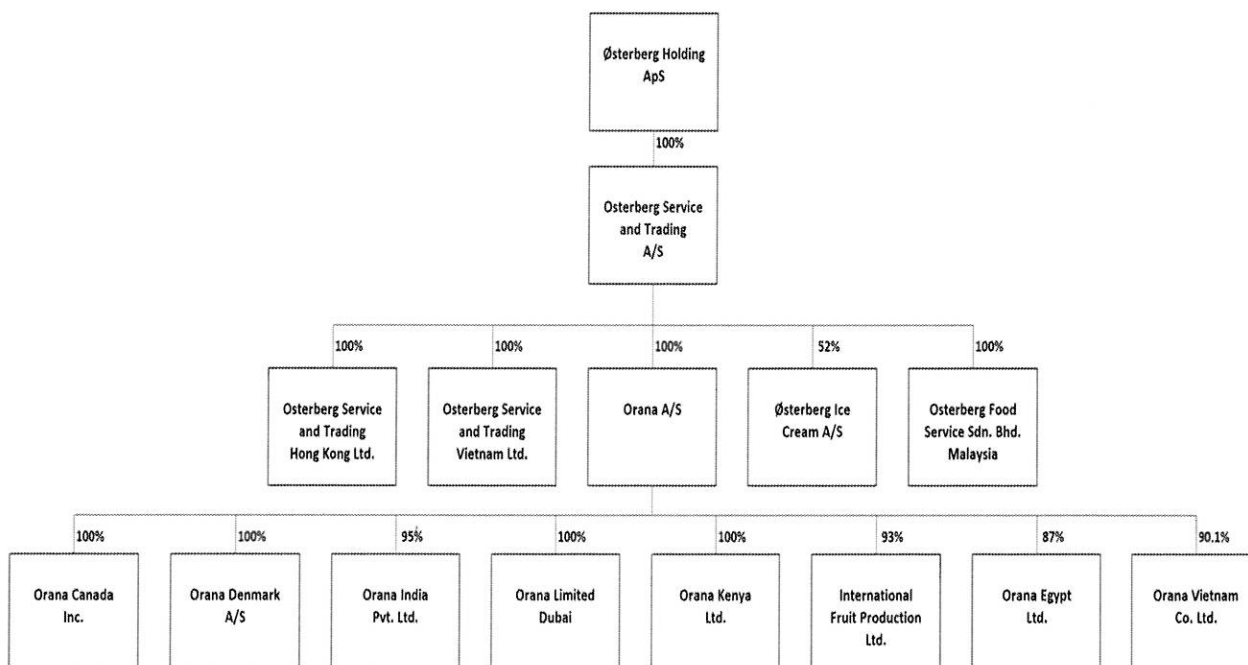
### Executive Management

Niels Østerberg

### Auditor

PricewaterhouseCoopers  
 Statsautoriseret Revisionspartnerselskab  
 Herredsvej 32  
 DK-7100 Vejle  
 Denmark

## Group Company Overview for Østerberg Holding ApS



## Financial highlights for the Group

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

	2015-2016 USD '000	2014-2015 USD '000	2013-2014 USD '000	2012-2013 USD '000	2011-2012 USD '000
<b>Key figures</b>					
<b>Income statement</b>					
Turnover	41.172	40.640	35.082	35.289	29.337
Gross profit	9.525	9.761	7.866	7.622	7.308
Operating profit	2.133	2.237	1.029	2.157	1.670
Profit before financials	1.922	2.135	1.057	*2.103	1.543
Net financials	-458	-402	-511	-804	-466
Profit for the year	979	1.186	352	*862	669
<b>Balance:</b>					
Total assets	26.847	25.954	24.420	18.374	16.657
Equity	5.474	5.002	3.871	3.132	2.328
<b>Group cash flow</b>					
Cash flow from:					
- operation activities	1.097	831	-2.267	1.288	741
- investment activities	-892	-2.613	-1.588	-1.942	-2.066
Of which investment in Tangible assets	-879	-2.603	-1.337	-1.882	-2.017
- financing activities	-526	9	2.807	-325	772
Changes in cash for the year	-321	-1.773	-1.048	-979	-553
<b>Average no. employ- ees</b>	319	286	248	202	165
<b>Key figure ratios</b>					
Gross margin	23,1	24,0	22,4	21,6	24,9
Operating margin	4,7	5,3	3,0	6,0	5,3
Return on assets	7,2	8,2	4,3	11,4	9,3
Equity ratio	20,4	19,3	15,9	17,0	14,0
Return on equity	18,7	26,7	10,1	31,6	32,8

Conversion from DKK to USD have been done by using the average of the exchange rate beginning of year and end of year.

\*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 2015/2016 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 with addition of CSR policy as the company has grown from a medium-sized class C company to report as a large class C company.

The reporting currency has been changed from DKK to USD in order to reflect the activities in the company and as most of the transactions in the company are in USD.

### **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 Orana Denmark A/S (Danish Fruit Production A/S), Orana Vietnam Ltd. and International Fruit Production Ltd. (Egypt) and as co-packing at producers located close to the main markets. Sales are mainly at the markets in the Middle East, Asia, Europe and Africa.

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 2015/2016 is not satisfactory and is below our expectations.

Consolidated revenue increased by 0.5 million USD compared to last year, corresponding to an increase of 1.3%. The gross profit percentage decreased from 24.0% to 23.1% due to a change in the product mix. Net profit decreased by 0.2 million USD compared to 2014/15.

Especially the markets in Africa and India have been difficult in 2015/16. In general sales in Africa have been affected by bad markets conditions which also have had impact on the production facility and sales in Egypt. In addition the markets in Middle East are influenced by the decreasing oil price.

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 best providers 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 2016/17. We expect increase in sales and net profit as we expect that some of the expense and losses we have had in 2015/16 will turn into profit in 2016/17. Raw material prices are expected to fluctuate as in previous years.

## **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.

However the Group is exposed to fluctuations in the prices of fruit based raw material and in order to minimize this risk the Group signs annual purchase contracts for the fruits where the quantity used is significant.

The Group has disposed so that the Group wherever possible is neutral to the fluctuations in the exchange rates for various currencies.

## **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 well-trained 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.

## **Statutory report on corporate social responsibility**

The 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 Group and its stakeholders. In support of this goal, the Group and all subsidiaries have subscribed to the UN Global Compact.

In 2007, the Group launched its first CSR policy and Code of Conduct. These specify minimum standards for the Group inclusive of all subsidiaries and for all suppliers and are based on the UN Global Compact principles for:

- 1) Social Practices
- 2) Work Place Health and Safety
- 3) Environment
- 4) Management System

## **Policies**

### Social Practices

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

The 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 Group has implemented Danish style working hours in its subsidiaries in Vietnam and in Egypt.

For all our sites, the 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 Group provides a workplace free of harassment and discrimination. The Group always hires and promotes based on qualifications only.

## Work Place Health and Safety

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

The 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 Group sites are complying with all applicable Group and local environmental regulations. All required environmental permits and licenses are obtained and their reporting requirements followed.

All Group sites have systems in place to ensure the safe handling of waste and wastewater discharges.

## Management Systems

All Group sites identify and comply with applicable laws, regulations and standards hereunder quality, safety and environmental standards.

The Group has a zero-policy for corruption and extortion and embezzlement are prohibited. The Group is conducting its business with fair competition and in compliance with all applicable anti-trust laws. Group staff is not allowed to accept any gifts or entertainment and is also not allowed to accept or give kickbacks. All relationships with customers and suppliers are based entirely on sound business decisions and fair dealings.

Finally, the Group routinely carries through audit of suppliers in order to evaluate the quality of raw materials supplied and to verify compliance with its Supplier Code of Conduct.

## **Key Figures**

All Group sites are measuring as follows:

- 1) Absence of staff from work
- 2) Accidents and near-accidents
- 3) Energy consumption
- 4) Wastewater and waste management

Results achieved during 2015/16 are as follows:

Absence of staff has generally developed positively to lower absence.

Accidents and near accidents are being registered and corrective actions are being implemented.

For energy consumption, the site in Denmark has decreased its consumption of electricity and oil/gas per produced ton whereas there is a minor increase in consumption of water per ton. For Egypt, the consumption of electricity is increasing per ton produced, however consumption of oil/gas and water are decreasing. For Vietnam consumption of electricity and water per ton produced has increased whereas consumption of oil/gas has decreased.

In regard to wastewater and waste management, we are seeing a decrease per ton produced in Denmark, Egypt and a minor increase in Vietnam.

Both consumption of energy and wastewater / waste management is being treated on Management Review meetings at all sites where quality goals have been identified and where evaluation and follow-up on results is being done.

### **Share of the underrepresented sex**

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

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

In connection with Denmark hosting the 4<sup>th</sup> Global Confederation of United Nation's Women Deliver in May 2016, the Confederation of Danish Industries presented the photo exhibition "Women Empower Business" where Orana was one of eight companies showcasing how a work-life balance can be achieved.

## Group income statement

### 1 October - 30 September

	Note	2015-2016 T.USD	2014-2015 T.USD
<b>Turnover</b>	1	41.172	40.640
Production costs		(31.646)	(30.879)
<b>Gross profit</b>		<b>9.525</b>	<b>9.761</b>
Sales - and distribution costs		(2.900)	(2.933)
Laboratory costs		(939)	(970)
Administration costs		(3.554)	(3.622)
<b>Operating profit</b>		<b>2.133</b>	<b>2.237</b>
Other income		4	148
Other expenses		(216)	(251)
<b>Profit before financials</b>		<b>1.922</b>	<b>2.135</b>
Financial income	2	522	514
Financial expenses	3	(980)	(916)
<b>Profit before tax</b>		<b>1.464</b>	<b>1.732</b>
Tax for the year	4	(419)	(551)
<b>Profit before minorities</b>		<b>1.045</b>	<b>1.182</b>
Minority interests		(65)	5
<b>Profit for the year</b>		<b>979</b>	<b>1.186</b>

## Group balance sheet at 30 September

### Assets

	<u>Note</u>	<u>2016 T.USD</u>	<u>2015 T.USD</u>
Marketing rights		20	10
<b>Intangible fixed assets</b>	5	<b>20</b>	<b>10</b>
Leasehold improvements		86	104
Land and buildings		4.031	3.914
Plant and machinery		4.322	4.358
Fixtures and fittings		1.177	736
Construction in progress		116	675
<b>Tangible fixed assets</b>	6	<b>9.734</b>	<b>9.788</b>
<b>Fixed assets</b>		<b>9.754</b>	<b>9.798</b>
<b>Inventories</b>	7	<b>7.406</b>	<b>6.667</b>
Trade receivables		6.938	6.978
Other receivables		1.621	2.042
Deferred tax asset	9	171	2
Prepayments		228	235
<b>Receivables</b>		<b>8.959</b>	<b>9.257</b>
Current assets investment		5	7
<b>Current assets</b>		<b>5</b>	<b>7</b>
<b>Cash</b>		<b>723</b>	<b>226</b>
<b>Total current assets</b>		<b>17.093</b>	<b>16.156</b>
<b>Total assets</b>		<b>26.847</b>	<b>25.954</b>

## Group balance sheet at 30 September

### Liabilities

	Note	2016 T.USD	2015 T.USD
Contributed capital		20	20
Retained earnings		5.435	4.963
Proposed dividend		20	19
<b>Equity</b>	8	<b>5.474</b>	<b>5.002</b>
<b>Minority interests</b>		<b>631</b>	<b>489</b>
Deferred tax	9	0	0
<b>Deferred liabilities</b>		<b>0</b>	<b>0</b>
Credit institutions	10	3.834	4.542
Liabilities to IFU	11	1.191	1.074
Corporate tax		143	263
<b>Long-term liabilities</b>		<b>5.168</b>	<b>5.879</b>
Other credit institutions		8.692	7.875
Credit institutions	10	1.526	1.442
Trade payables		3.439	3.353
Payables to shareholder		396	371
Corporate tax		289	78
Other payables		1.230	1.465
<b>Short-term liabilities</b>		<b>15.574</b>	<b>14.584</b>
<b>Total liabilities other than deferred</b>		<b>20.742</b>	<b>20.463</b>
<b>Total liabilities</b>		<b>26.847</b>	<b>25.954</b>
Contingencies and other financial liabilities	12		
Other notes	13-16		

## Group cash flow statement for 1 October - 30 September

	<u>Note</u>	<u>2015-2016</u> T.USD	<u>2014-2015</u> T.USD
Net profit for the year		979	1.186
Other adjustments	9	1.210	1.406
Changes in working capital	10	(302)	(971)
<b>Cash flow from operations before financial items and tax</b>		<b>1.888</b>	<b>1.622</b>
Financial income		522	527
Financial expenses		(980)	(929)
<b>Cash flow from operations before tax</b>		<b>1.430</b>	<b>1.219</b>
Corporate tax		(333)	(388)
<b>Cash flow from operating activities</b>		<b>1.097</b>	<b>831</b>
Investment in intangible assets		(13)	0
Investment in tangible assets		(879)	(2.613)
<b>Cash flow from investment activities</b>		<b>(892)</b>	<b>(2.613)</b>
Paid dividend		(19)	(19)
Financing from debt		0	913
Liabilities to IFU		117	102
Repayment of debt		(625)	(987)
<b>Cash flow from financing activities</b>		<b>(526)</b>	<b>9</b>
<b>Change in cash</b>		<b>(321)</b>	<b>(1.773)</b>
Cash 1 October		(7.648)	(5.875)
<b>Cash 30 September</b>		<b>(7.969)</b>	<b>(7.648)</b>



## Notes to group account

	<u>2015-2016</u> T.USD	<u>2014-2015</u> T.USD
<b>1 Turnover</b>		
Turnover by geographic markets are as follow:		
Denmark	3.275	3.240
Export	<u>37.897</u>	<u>37.400</u>
	<u><b>41.172</b></u>	<u><b>40.640</b></u>
<b>2 Financial income</b>		
Financial income is specified as follows:		
Foreign exchange gains	511	482
Other financial income	<u>11</u>	<u>32</u>
	<u><b>522</b></u>	<u><b>514</b></u>
<b>3 Financial expenses</b>		
Financial expenses is specified as follows:		
Foreign exchange losses	200	135
Other financial expenses	<u>780</u>	<u>781</u>
	<u><b>980</b></u>	<u><b>916</b></u>

## Notes to group account

	2015-2016 T.USD	2014-2015 T.USD
	<u>          </u>	<u>          </u>
<b>4 Corporate tax</b>		
Expensed corporate tax is specified as follows:		
Tax for the year	402	548
Change in deferred tax for the year	-118	-32
Adjustment relating to previous years	135	35
	<u>419</u>	<u>551</u>
Corporate tax on operating profit is explained as follows:		
Calculated 22.0 % tax on profit before taxes	322	407
Adjustment of deferred tax beginning of year	-52	-7
Tax adjustment relating to previous years	135	35
Tax effect of:		
Non- deductible costs	23	26
Change in interest derivatives	-17	3
None-capitalized losses in foreign companies	154	154
Differences in tax rates in foreign companies	-145	-67
	<u>419</u>	<u>551</u>
<b>Corporate taxes paid during the year</b>	<u>333</u>	<u>412</u>

## Notes to group account

	2016 T.USD	2015 T.USD
<b>5 Intangible assets</b>		
Investments and write-downs and depreciation on intangible assets		
Marketing rights specified as follows:		
Opening balance cost	10	0
Additions during the year	13	10
Disposals during the year	0	0
Closing balance cost	<u>23</u>	<u>10</u>
Opening balance depreciation	0	0
Depreciation during the year	2	0
Closing balance depreciation	<u>3</u>	<u>0</u>
<b>Carrying amount at 30 September</b>	<u>20</u>	<u>10</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	4.634	159	2.006	6.602	719	14.120
Opening adjustments/transfers	0	0	1	0	0	1
Additions during the year	446	0	486	550	189	1.670
Disposals during the year	0	0	0	-22	-792	-813
Closing balance cost	<u>5.080</u>	<u>159</u>	<u>2.493</u>	<u>7.130</u>	<u>116</u>	<u>14.978</u>
Opening balance depreciation	929	55	1.069	2.246	0	4.298
Depreciation during the year	120	18	247	562	0	947
Closing balance depreciation	<u>1.049</u>	<u>73</u>	<u>1.316</u>	<u>2.807</u>	<u>0</u>	<u>5.245</u>
<b>Carrying amount at 30 September</b>	<u>4.031</u>	<u>86</u>	<u>1.177</u>	<u>4.323</u>	<u>116</u>	<u>9.734</u>
Carrying amount of financial leased assets				<u>228</u>		

## Notes to group account

	2016 T.USD	2015 T.USD
<b>7 Inventories</b>		
Inventories can be specified as follows:		
Raw materials	4.862	4.416
Work in progress	274	191
Finished goods	2.270	2.060
	<b>7.406</b>	<b>6.667</b>

## 8 Equity

Transactions in equity are specified as follows:

(T.USD)	Contributed capital	Retained earnings	Proposed dividend	Total
Equity 1 October	20	4.963	19	5.002
Other equity movements	0	-347	0	-347
Paid dividend	0	0	-19	-19
Exchange rate adjustments relating to independent foreign entities	0	-78	0	-78
Profit for the year	0	960	20	979
Net fair value adjustments	0	-63	0	-63
<b>Equity 30 September</b>	<b>20</b>	<b>5.435</b>	<b>20</b>	<b>5.474</b>

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

## Notes to group account

	2016 T.USD	2015 T.USD
<b>9 Deferred tax</b>		
Transactions in deferred tax are specified as follows:		
Deferred tax 1 October	-2	37
Adjustments beginning of year	-52	-7
Deferred tax during the year	-118	-32
<b>Deferred tax 30 September</b>	<b>-171</b>	<b>-2</b>
Deferred tax are specified as follows:		
Tangible assets	130	89
Inventories	18	32
Trade receivables	-3	-3
Tax value of loan costs	17	-2
Prepayments	3	36
Tax value of losses carried forward	-24	3
Not specified for subsidiaries	-311	-156
	<b>-171</b>	<b>-2</b>
<b>10 Credit institutions</b>		
Payments, due after 5 years	737	1.404
Payments, due after 1 year and within 5 years	3.097	3.138
Long-term liabilities	<b>3.834</b>	<b>4.542</b>
Payments, due within 1 year	1.526	1.442
	<b>5.360</b>	<b>5.984</b>
<b>11 Liabilities to IFU</b>		
Payments, due after 1 year and within 5 years	1.191	1.074
<b>Long-term liabilities</b>	<b>1.191</b>	<b>1.074</b>

## Notes to group account

### 12 Contingencies and other financial liabilities

	2016 T.USD	2015 T.USD
<b>Contingencies:</b>		
<b>Rental and lease agreements:</b>		
The company has signed lease-agreements where the remaining leases commitment amounts to	<u>246</u>	<u>205</u>
The company has signed rental commitments with 12-month period of irrevocability for a total of	<u>516</u>	<u>594</u>
<b>Collateral security:</b>		
The following assets are pledged as security for credit institutions		
Land and buildings with a carrying amount of	<u>2.321</u>	<u>2.203</u>
Plant and machinery with a carrying amount of	<u>3.331</u>	<u>2.755</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. 20.000 lien on assets, accounts receivable and inventories.

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 2016 amount to T.USD 938.

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 loan of T.USD 1.570 for International Fruit Production where the outstanding debt per 30/9 2016 amount to T.USD 589.

As security for International Fruit Production balance with The Investment Fund for Developing Countries (IFU) the group company has given demand guarantee of any outstanding, which may arise in connection with the of IFU provided loan of T.USD 1.000 for International Fruit Production where the outstanding debt per 30/9 2016 amount to T.USD 750.

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

	2015-2016 T.USD	2014-2015 T.USD
<b>13 Staff costs</b>		
Staff costs amount to:		
Wages and salaries	6.441	5.981
Pension contribution	564	533
Other social security expenses	320	315
	<b>7.325</b>	<b>6.830</b>
and are expensed as follows:		
Production costs	2.376	2.245
Sales- and distribution costs	1.835	1.697
Laboratory costs	667	706
Administration costs	2.446	2.182
	<b>7.325</b>	<b>6.830</b>
Salaries and remuneration to:		
Executive Management and Board of Directors	<b>641</b>	<b>530</b>
Average number of employees	<b>319</b>	<b>286</b>
<b>14 Fee to auditors elected at the Annual General Meeting</b>		
Audit fee	54	51
Other fees	22	12
	<b>76</b>	<b>63</b>
<b>15 Other adjustments (cash flow)</b>		
Depreciation and amortisation of intangible and tangible assets	947	833
Financial income	-522	-527
Financial expenses	980	929
Opening- and exchange rate adjustments	-1	-2
Other adjustments	-193	172
	<b>1.210</b>	<b>1.406</b>
<b>16 Change in working capital (cash flow)</b>		
Change in inventories	-739	1.086
Change in receivables	468	-1.701
Prepaid tax and withholding tax abroad (tax receivables)	94	-29
Change in trade payables and other liabilities	-125	-327
	<b>-302</b>	<b>-971</b>

## Parent income statement

### 1 October - 30 September

	Note	2015-2016 T.USD	2014-2015 T.USD
Administration costs	1	-4	-4
<b>Operating profit</b>		<b>-4</b>	<b>-4</b>
Income from investments in group enterprises	4	974	1.181
Financial income	2	16	13
Financial expenses	2	-3	-3
<b>Profit before tax</b>		<b>983</b>	<b>1.188</b>
Tax for the year	3	-3	-2
<b>Profit for the year</b>		<b>979</b>	<b>1.186</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend	20	19
Transferred to reserve for net revaluation under the equity method	959	1.166
Retained earnings	1	1
	<b>979</b>	<b>1.186</b>



## Parent balance sheet at 30 September

### Assets

	Note	2016 T.USD	2015 T.USD
		<u>          </u>	<u>          </u>
Investments in group enterprises	4	5.517	5.046
<b>Fixed asset investments</b>		<u>5.517</u>	<u>5.046</u>
<b>Fixed assets</b>		<u>5.517</u>	<u>5.046</u>
Receivables from group enterprises	2	231	215
Receivables Tax		43	8
<b>Receivables</b>		<u>273</u>	<u>223</u>
<b>Current assets</b>		<u>273</u>	<u>223</u>
<b>Total assets</b>		<u>5.791</u>	<u>5.269</u>

## Parent balance sheet at 30 September

### Liabilities

	Note	2016 T.USD	2015 T.USD
Contributed capital		20	20
Reserve for net revaluation under the equity method		5.427	4.956
Retained earnings		8	7
Proposed dividend		20	19
<b>Equity</b>	<b>5</b>	<b>5.474</b>	<b>5.002</b>
Corporate tax		0	0
Payables to shareholder	2	54	51
Payables to group enterprises		260	214
Other payables		3	3
<b>Short-term liabilities</b>		<b>317</b>	<b>267</b>
<b>Total liabilities other than deferred</b>		<b>317</b>	<b>267</b>
<b>Total liabilities</b>		<b>5.791</b>	<b>5.269</b>
Other notes	6-8		
Contigent liabilities	9		

# Notes to parent account

## 1 Administration costs

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

## 2 Financial income and expenses

Financial income and expenses are connected with receivables from group companies and payables to shareholder

The interest rate has posed 5,75%-6,75% during the finansiel year

## 3 Corporate tax

Expensed corporate tax is specified as follows:

	2015-2016 T.USD	2014-2015 T.USD
Tax for the year	2	2
Tax adjustment previous years	2	0
<b>Total Tax</b>	<b>4</b>	<b>2</b>

Corporate tax on operating profit is explained as follows:

Calculated 22,0 % tax on profit before taxes	216	279
Tax adjustment previous years	2	0
Tax effect of:		
Income from investments in group enterprises	-214	-278
	<b>4</b>	<b>2</b>
<b>Corporate taxes paid during the year</b>	<b>2</b>	<b>3</b>

## Notes to parent account

	2016 T.USD	2015 T.USD	
<b>4 Investments in group enterprises</b>			
<b>Carrying amount 30 September</b>			
Opening balance cost	76	76	
Closing balance cost	76	76	
Value adjustments per 1. oktober	4.970	3.551	
Other equity movements	-347	0	
Exchange rate adjustment	-79	241	
Profit share	974	1.181	
Net fair value adjustments	-62	11	
Proposed dividend	-15	-15	
Revaluation 30 September	5.441	4.970	
<b>Carrying amount 30 September</b>	<b>5.517</b>	<b>5.046</b>	
Investments in group enterprises is specified as follows:		Owned share consolidated in the annual report	
<u>Name</u>	<u>Home</u>	<u>Company capital</u>	<u>report</u>
Osterberg Service & Trading A/S	Kerteminde	DKK 500.000	100%

## Notes to parent account

### 5 Equity

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	4.956	7	19	5.002
Other equity movements	0	-347	0	0	-347
Paid dividend	0	0		-19	-19
Exchange rate adjustments relating to independed foreign entities	0	-79	0	0	-79
Profit for the year	0	959	1	20	979
Net fair value adjustments	0	-62	0	0	-62
<b>Equity 30 September</b>	<b>20</b>	<b>5.427</b>	<b>8</b>	<b>20</b>	<b>5.474</b>

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

### 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 enterprice and payables to shareholders, in reference to note 2, there has not completed transactions with any board members, senior executives, major shareholders, group enterprise og 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.

## **Accounting policies**

### **Basis of Preparation**

The Annual Report of Østerberg Holding ApS for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

For 2015/16 the management has chosen to pre-implement the Financial Statements Act § 123 paragraph 2 regarding the consolidation method which is effective for fiscal years commencing 1 January 2016 or later according to Law no. 738 of 1 June 2015. The pre-implementation means that the Groups intercompany associations are regarded as happened at the time of the acquisition at the values stated in the financial statements based on which the comparison figures have not been changed. Other changes in the Danish Financial Statements Act, which comes into force on 1 January 2016 are not implemented in the annual report.

A few reclassifications have been made in the Annual Report. In these occasions the comparison figures have been adjusted in order to follow the new classification. The reclassification has no impact on the profit of the year nor on the equity as per 30 September 2016.

As the main part of the Groups transactions are in USD the Annual Report for 2015/16 is presented in T.USD which is a change compared to previous years which was presented in DKK. Apart from the change in the presentation currency 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, 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. and Orana Limited 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.

## **Change in presentation currency**

The presentation currency has been changed from DKK to USD. The comparative figures of the income statement have been translated into USD at the average exchange rate for USD/DKK of 6,298 for 2014/15. The comparative figures of the balance sheet have been translated into USD at the year-end rate for USD/DKK of 6,680 at 30 September 2015.

The average exchange rate for 2015/16 for USD/DKK is 6,678 and the year-end rate for USD/DKK is 6,676 at 30 September 2016.

## **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	=	$\frac{\text{Profit before financials} \times 100}{\text{Balance sheet total}}$			