

**Majland A/S
Central Business Registration No
29626901
Simmelbrovej 44
7260 Sønder Omme

Annual report 2015/16**

The Annual General Meeting adopted the annual report on 08.09.2016

Chairman of the General Meeting

Name: Jes Bjerregaard

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Entity details

Entity

Majland A/S
Simmelbrovej 44
7260 Sønder Omme

Central Business Registration No: 29626901

Registered in: Sønder Omme, Denmark

Financial year: 01.07.2015 - 30.06.2016

Board of Directors

Steffen Kjeld Thomsen, chairman

Jan Gunnar Åkesson

Hans Rafn

Jes Bjerregaard

Peder Larsen Østbjerg

Søren Overgaard Laursen

Executive Board

Hans Lehrskov Schultz, managing director

Jacob Majland Lauridsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Majland A/S for the financial year 01.07.2015 - 30.06.2016.

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 Entity's financial position at 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016.

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.

Sønder Omme, 08.09.2016

Executive Board

Hans Lehrskov Schultz
managing director

Jacob Majland Lauridsen

Board of Directors

Steffen Kjeld Thomsen
chairman

Jan Gunnar Åkesson

Hans Rafn

Jes Bjerregaard

Peder Larsen Østbjerg

Søren Overgaard Laursen

Independent auditor's reports

To the owners of Majland A/S

Report on the financial statements

We have audited the financial statements of Majland A/S for the financial year 01.07.2015 - 30.06.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of 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 Entity'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 the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Kolding, 08.09.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Suzette Nielsen

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

Majland A/S ("the Company") operates a nursery producing Nordmann fir plants and to lesser extent other fir species. The nursery is the leading supplier of Nordmann fir plants in Europe.

The Company has approximately 233 hectares of land, used for the production of Nordmann fir.

Development in activities and finances

In the financial year the Company has primarily sold seedlings from its own production at the nursery in Denmark. This has a big impact on the Company's competitiveness in regards of quality and delivery performance.

The result before tax and minority interest for the financial year 2015/16 amounts to DKK -4,1 million compared to DKK -1,3 million for the same period last year.

The Company's total assets amount to DKK 172 million - of which the value of the plants is DKK 49,4 million and DKK 47 million is production facilities. The Company's equity at financial year-end was DKK 28 million, including deferred tax, corresponding to a solvency ratio of 16,2%.

Management considers the financial result unsatisfying.

The Company's bank has provided the necessary credit facilities to cover next year's liquidity needs according to the Company's long-term financial plan.

Outlook

In the coming years, a continued stable and controlled expansion of the Company's business volume will be pursued. Focus will be on the continued strengthening of the Company's market position.

Management expects a positive financial result for next year.

The Company's production of plants will stabilize at the current levels. Focus will be on quality and plants with a high yield potential along with safety, traceability and efficiency in the subsequent production process at European Christmas tree growers, which are the Company's primary customers.

Documentation and certifications will help to strengthen the Company's leading position in Europe. The Company has been certified under Global GAP and BSCI since 2010. In addition, a substantial portion of the Company's seed supply has been certified under ISO 9001 and IQ SR 10 since 2012. IQ SR 10 follows the guidelines of the not yet certifiable ISO 26000 on CSR and the environment.

Management commentary

BSCI (Business Social Compliance Initiative) is an initiative of the Foreign Trade Association (FTA) whose members actively take part to develop and implement a system for improved working conditions in the global supply chain. The BSCI sets out values and principles within fair remunerations, health and safety and other areas of labor protection.

Global GAP is a worldwide standard to assure Global Good Agricultural Practice aiming for safe, sustainable agriculture worldwide.

The market

The market for Nordmann fir plants is stable in terms of production volumes. The Company is one of the biggest producers in the European market and the market is characterized by many small foreign and Danish producers.

The strategy

The Company's strategy remains unchanged. Main focus is to continue production of Nordmann fir plants in modern and effective facilities in Denmark.

The Company acts independently in relation to European Christmas tree producers, but cooperates within innovation, administration and other areas with the other companies in Green Team Group A/S.

Particular risks

General risks

The Company's primary operating risk is linked to the production of seedlings as well as maintaining a strong position in the markets where the products are sold.

Financial risks

Due to its operations, investments and financing, the Company is exposed to changes in exchange and interest rates. It is the Company's policy not to actively speculate in financial risks. The Company's financial management is therefore only aimed at managing existing financial risks.

Currency risk

The Company conducts active management and monitoring of the Company's currency risks in order to minimize these. The Company is continuously ensuring that assets in foreign currencies are partially hedged with debt in the same currency, so that the net foreign currency position of the Company's capital is minimized. The Company does not speculate in currency positions.

Interest rate risk

It is the Company's policy to partially hedge interest rate risk on loans. There is a regular monitoring of interest costs and risks.

Management commentary

Credit risk

The Company's policy for assuming credit exposure ensures that all major customers and other business partners are assessed on their credit on an on-going basis and the Company uses credit insurance to a significant extent.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C enterprises.

The accounting policies applied for these financial statements are consistent with those applied last year.

Referring to section 112 of the Danish Financial Statements Act, the Company has not prepared own consolidated financial statements. The Company is a subsidiary of Green Team Group A/S, Billund, Central Business Registration No 33 05 75 39 which company prepares the overall consolidated financial statements.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of raw materials and consumables, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Accounting policies

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/-loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish Group entities. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired rights regarding growing rights.

Rights acquired are measured at cost as they are not subject to impairment.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	33 years
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	8 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Accounting policies

Inventories

The fair value of Christmas Tree plants is based on expected actual selling prices for the different types and ages of plants. The calculation of fair value is based on existing, sustainable plans and assessments regarding sales and harvesting costs. Environmental restrictions and other limitations are taken into account and the calculation is performed for a production cycle that Majland A/S estimates up to 4 years. Other key assumptions in the calculation consist of percentage of harvested plants and the expected quality distribution.

Other inventory is measured at historical costs according to the FIFO method or net realisable value if this is lower. Cost of other inventory comprises cost of goods as well as costs for acquiring. Net realisable value for other inventory is calculated as sales price with a deduction of costs to complete and carry out the sale.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Accounting policies

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Gross profit		8.615.934	9.190.468
Staff costs	1	(8.611.453)	(8.682.523)
Depreciation, amortisation and impairment losses		<u>(3.201.662)</u>	<u>(2.937.517)</u>
Operating profit/loss		(3.197.181)	(2.429.572)
Income from investments in group enterprises		27.981	21.882
Other financial income	2	1.852.253	1.629.040
Other financial expenses	3	<u>(3.949.235)</u>	<u>(3.313.762)</u>
Profit/loss from ordinary activities before tax		(5.266.182)	(4.092.412)
Tax on profit/loss from ordinary activities	4	<u>1.158.560</u>	<u>1.023.082</u>
Profit/loss for the year		<u>(4.107.622)</u>	<u>(3.069.330)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(4.107.622)</u>	<u>(3.069.330)</u>
		<u>(4.107.622)</u>	<u>(3.069.330)</u>

Balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Acquired rights		157.920	157.920
Intangible assets		157.920	157.920
Land and buildings		47.309.730	47.914.948
Plant and machinery		10.280.235	11.400.796
Other fixtures and fittings, tools and equipment		0	76.270
Property, plant and equipment	5	57.589.965	59.392.014
Investments in group enterprises		105.156	77.175
Other receivables		3.968.299	3.968.299
Fixed asset investments	6	4.073.455	4.045.474
Fixed assets		61.821.340	63.595.408
Raw materials and consumables		51.179.038	49.383.884
Inventories		51.179.038	49.383.884
Trade receivables		1.704.539	1.014.725
Receivables from group enterprises		56.736.990	37.342.521
Other short-term receivables		637.622	1.051.215
Prepayments		236.128	249.318
Receivables		59.315.279	39.657.779
Cash		248	1.115.153
Current assets		110.494.565	90.156.816
Assets		172.315.905	153.752.224

Balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital		714.286	714.286
Retained earnings		<u>26.926.658</u>	<u>31.034.280</u>
Equity		<u>27.640.944</u>	<u>31.748.566</u>
Provisions for deferred tax		<u>9.719.683</u>	<u>10.878.243</u>
Provisions		<u>9.719.683</u>	<u>10.878.243</u>
Mortgage debts		28.592.600	28.805.888
Finance lease liabilities		<u>3.232.705</u>	<u>3.059.907</u>
Non-current liabilities other than provisions	7	<u>31.825.305</u>	<u>31.865.795</u>
Current portion of long-term liabilities other than provisions	7	1.167.982	1.497.991
Bank loans		52.732.167	28.778.420
Trade payables		1.644.392	3.627.376
Debt to group enterprises		44.977.942	42.983.394
Income tax payable		161.312	161.312
Other payables		<u>2.446.178</u>	<u>2.211.127</u>
Current liabilities other than provisions		<u>103.129.973</u>	<u>79.259.620</u>
Liabilities other than provisions		<u>134.955.278</u>	<u>111.125.415</u>
Equity and liabilities		<u>172.315.905</u>	<u>153.752.224</u>
Unrecognised rental and lease commitments	8		
Assets charged and collateral	9		
Related parties with control	10		

Statement of changes in equity for 2015/16

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	714.286	31.034.280	31.748.566
Profit/loss for the year	0	(4.107.622)	(4.107.622)
Equity end of year	714.286	26.926.658	27.640.944

Notes

	2015/16 DKK	2014/15 DKK
1. Staff costs		
Wages and salaries	6.806.663	6.739.423
Pension costs	1.215.803	1.365.059
Other social security costs	185.567	183.626
Other staff costs	403.420	394.415
	8.611.453	8.682.523
	2015/16 DKK	2014/15 DKK
2. Other financial income		
Financial income arising from group enterprises	1.823.812	1.255.857
Other financial income	28.441	373.183
	1.852.253	1.629.040
	2015/16 DKK	2014/15 DKK
3. Other financial expenses		
Financial expenses from group enterprises	1.826.794	1.393.228
Other financial expenses	2.122.441	1.920.534
	3.949.235	3.313.762
	2015/16 DKK	2014/15 DKK
4. Tax on ordinary profit/loss for the year		
Current tax	0	175
Change in deferred tax for the year	(1.158.560)	(840.731)
Effect of changed tax rates	0	(182.526)
	(1.158.560)	(1.023.082)
		Plant and machinery DKK
5. Property, plant and equipment		
Recognised assets not owned by entity		5.181.828

Notes

6. Fixed asset investments

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity interest %</u>
Subsidiaries:			
Christmas Seed ApS	Billund	ApS	100,00
Christmas Seed Georgia Ltd.	Georgia	Ltd	100,00

	<u>Instalments within 12 months 2014/15 DKK</u>	<u>Instalments within 12 months 2015/16 DKK</u>	<u>Instalments beyond 12 months 2015/16 DKK</u>	<u>Outstanding after 5 years 2015/16 DKK</u>
7. Long-term liabilities other than provisions				
Mortgage debts	131.803	131.430	28.592.600	23.810.156
Finance lease liabilities	1.366.188	1.036.552	3.232.705	481.031
	1.497.991	1.167.982	31.825.305	24.291.187

8. Unrecognised rental and lease commitments

The Company has concluded lease agreements on land. The leases run for up to nine years and are phased out by 2023. The total liability amounts to DKK 650k.

9. Assets charged and collateral

Debt to mortgage credit institutions is secured by way of mortgage on land and buildings, the carrying amount of which is DKK 47.915k.

Engagement with the Company's bank is secured by way of a mortgage deed registered to the mortgagor in the amount of DKK 60.000k on properties after mortgage deeds to Nykredit.

Moreover, a company pledge of DKK 15.000k has been issued covering debtors, inventories, operating fixture and equipment, operating equipment, herd, goodwill and rights. The total carrying amount of assets comprised amounts to DKK 63.372k.

10. Related parties with control

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Green Team Group A/S, Billund.

Notes