Cargill Nordic A/S

Vandtårnsvej 62 B
2860 Søborg

CVR no. 11 92 10 19

Annual report 2017/18

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Cargill Nordic A/S for the financial year 1 June 2017 – 31 May 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 May 2018 and of the results of the Group's and the Parent Company's operations for the financial year 1 June 2017 – 31 May 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Gladsaxe, 30 October 2018
Executive Board:

Jørgen Østergaard Larsen

Board of Directors:

Tom Henning Karlsson Chairman	Ralf Møller Larsen	Jørgen Østergaard Larsen

Independent auditor's report

To the shareholder of Cargill Nordic A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Cargill Nordic A/S for the financial year 1 June 2017 – 31 May 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 May 2018 and of the results of the Group's and the Parent Company's operations for the financial year 1 June 2017 – 31 May 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated 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 that 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.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these consolidated financial statements and parent company financial statements.

Independent auditor's report

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

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

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 30 October 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

Management's review

Company details

Cargill Nordic A/S
Vandtårnsvej 62 B
2860 Søborg

CVR no.:	11 92 10 19
Established:	6 October 1914
Registered office:	Gladsaxe
Financial year:	1 June – 31 May

Board of Directors

Tom Henning Karlsson, Chairman
Ralf Møller Larsen
Jørgen Østergaard Larsen

Executive Board

Jørgen Østergaard Larsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 30 October 2018.

Management's review

Financial highlights for the Group

EUR'000	2017/18	2016/17	2015/2016	2014/2015	2013/2014
Key figures					
Revenue	194,812	193,465	184,071	174,990	195,386
Ordinary operating profit/loss	7,141	7,513	3,094	3,008	2,444
Profit/loss from financial income and expenses	0	0	-25	-569	-162
Profit/loss for the year	1,874	3,026	3,366	2,661	4,161
Fixed assets	3,049	3,819	3,593	3,452	4,399
Current assets	64,375	53,511	58,074	48,803	47,716
Total assets	67,424	57,330	61,667	52,225	50,115
Contributed capital	3,894	3,899	3,899	3,893	3,893
Equity	48,489	46,772	43,730	40,255	37,657
Current liabilities other than provisions	18,935	10,558	17,937	12,000	12,458
Cash flows from operating activities	-1,587	-1,912	-1,340	-1,255	-2,957
Cash flows from investing activities	1,489	1,240	1,126	2,070	2,688
Cash flows from financing activities	0	0	0	0	0
Total cash flows	-98	-672	-214	815	-269
Ratios					
Gross margin	4.8%	5.1%	4.9%	4.2%	3.8%
Operating margin	1.3%	1.3%	1.7%	1.7%	1.6%
Return on invested capital	9.3%	6.2%	7.4%	8.5%	10.1%
Return on equity	8.5%	5.1%	8.0%	6.8%	5.5%
Solvency ratio	75.2%	81.5%	70.9%	77.0%	75.1%
Average number of full-time employees	16	16	24	31	32

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Ratios". The financial ratios have been calculated as follows:

Gross margin $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$

Operating margin $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Return on invested capital $\frac{\text{Operating profit/loss * 100}}{\text{Average invested capital}}$

Return on equity $\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

Solvency ratio $\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

The Group's principal activities

The Group's principal activities consist of importing and marketing maize, wheat and potato-based starch and sweets products. Sale mainly takes place on the Nordic markets. The principal buyers of the products are the paper and food ingredient industries as well as the feed and protein industries.

Profit/loss for the year

The Company's total sales volume increased by 2.2% compared to the previous year primarily due to favorable market conditions on the market segment for feed and proteins. This together with reasonable selling price levels cause an overall revenue increase by 5.1% compared to last year. The overall operating profit ended at EUR 1,749 thousand which is a decrease of 41.5% compared to the previous year, as an result of the newly implemented Business Model.

The earnings from the Company's joint venture, Cargill-AKV I/S, ended 20.0% above previous year realized in a market with favorable sales conditions and stable to increasing selling price levels and came in at EUR 1,485 thousand compared to EUR 1,237 thousand last year.

Events after the balance sheet date

No events have occured after the balance sheet date that may affect the assessment of this annual report.

Outlook

The company expects a profit for the financial year 2018/2019 in line with the profit for 2017/2018.

General risks

The Company is obligated to cover any solvency problems in Cerestar Scandinavia's pension fund as a result of the uncontrollable dynamic financial market conditions.

The Company has, through the joint-venture Cargill-AKV I/S, entered into a pro rata loan liability of 50% for a loan totalling DKK 165 millions.

The Company has a credit risk relating to trade receivables and counterpart risks relating to trading contracts concluded. These risks are covered in the best possible way by means of intra-group approaches.

Apart from this, the Company has no particular risks other than usual business risks within its line of principal activities.

Currency risks

The Company primarily has unhedged net receivables and bank deposits in foreign currencies, mainly denominated in euro.

Management's review

Operating review

Corporate social responsibility

Currently, Cargill Nordic A/S has not implemented any specific CSR policies, including policies related to climate, human rights and environmental impacts, however, the Company is obliged to adhere to the Cargill Group CSR policies.

Target and policy for increasing the share of women in the Board of Directors and Management of Cargill Nordic A/S

The Company has less than 50 employees, and is exempted for preparing a policy for the underrepresented gender at other levels of Management.

In 2015, the Board of Directors has determined a target for the share of female members of the Board stating that 1 out of three members should be female in 2019. In 2017/18, the target was not achieved and the Board of Directors still consists of 3 male members. Considering the continuity of the Board, the Company aims to achieve the target in 2019.

Due to the unique Cargill Group board structure where the board members are employees of other group entities, it has been a challenge to mark progress in regards to our own underrepresented gender target for the Board. However, we remain committed to achieve the set target that one out of three members should be female in 2019.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Income statement

		Group		Parent Company	
EUR'000	Note	2017/18	2016/17	2017/18	2016/17
Revenue	2	194,812	193,465	194,812	193,465
Cost of sales		-185,494	-185,046	-186,426	-185,883
Gross profit		9,318	8,416	8,386	7,582
Other external costs		-4,667	-3,495	-5,516	-4,178
Staff costs	3	-2,140	-2,321	-1,346	-1,651
Depreciation, amortisation and impairment		-21	-14	-11	-4
Operating profit		2,490	2,589	1,513	1,749
Income from investments in subsidiares	4	0	0	765	669
Income from investments in associates	4	740	1,485	740	1,485
Financial expenses	5	-831	-228	-813	-225
Profit before tax		2,399	3,846	2,205	3,678
Tax on profit/loss for the year	6	-525	-820	-330	-652
Share of profit for the year	7	1,874	3,026	1,875	3,026

Consolidated financial statements and parent company financial statements 1 June – 31 May

Balance sheet

		Group		Parent Company	
EUR'000	Note	2017/18	2016/17	2017/18	2016/17
ASSETS					
Fixed assets					
Property, plant and equipment	8				
Plant and machinery		0	0	0	0
Leasehold improvements		21	42	11	23
		21	42	11	23
Investments	4				
Equity investments in group entities		0	0	4,526	3,761
Investments in associates		3,013	3,762	3,013	3,762
Deposits		15	15	15	15
		3,028	3,777	7,554	7,538
Total fixed assets		3,049	3,819	7,565	7,561
Current assets					
Inventories					
Goods for resale		1,391	1,452	1,391	1,452
		1,391	1,452	1,391	1,452
Receivables					
Trade receivables		25,631	23,295	25,631	23,295
Receivables from group entities		37,064	28,226	32,596	25,203
Other receivables		122	102	68	61
Deferred tax asset	9	80	85	80	85
Corporation tax		13	108	13	108
Prepayments		7	78	0	34
		62,917	51,894	58,388	48,786
Cash at bank and in hand		67	165	63	154
Total current assets		64,375	53,511	59,842	50,392
TOTAL ASSETS		67,424	57,330	67,407	57,953

Consolidated financial statements and parent company financial statements 1 June – 31 May

Balance sheet

		Group		Parent Company	
EUR'000	Note	2017/18	2016/17	2017/18	2016/17
EQUITY AND LIABILITIES					
Equity					
Contributed capital	10	3,894	3,899	3,894	3,899
Reserve for net revaluation under equity method		2,342	3,091	6,860	6,844
Retained earnings		42,253	39,782	37,735	36,028
Total equity		48,489	46,772	48,489	46,771
Liabilities					
Current liabilities					
Trade payables		2,694	2,258	2,657	2,252
Payables to group entities		13,979	4,966	14,174	5,870
Corporation tax		71	826	50	659
Other payables		2,191	2,508	2,037	2,401
		18,935	10,558	18,918	11,182
Total liabilities		18,935	10,558	18,918	11,182
TOTAL EQUITY AND LIABILITIES		67,424	57,330	67,407	57,953

Consolidated financial statements and parent company financial statements 1 June – 31 May

Statement of changes in equity

	Group			
EUR'000	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 June 2016	3,899	2,846	36,985	43,730
Exchange adjustment	0	0	-16	-16
Transferred over the profit appropriation	0	245	2,780	3,025
Equity at 1 June 2017	3,899	3,091	39,782	46,772
Exchange adjustment	-5	0	-152	-157
Transferred over the profit appropriation	0	740	1,134	1,874
Distributed dividends from investments in associates	0	-1,489	1,489	0
Equity at 31 May 2018	3,894	2,342	42,253	48,489

	Parent Company			
EUR'000	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 June 2016	3,899	5,930	33,901	43,730
Exchange adjustment	0	0	-16	-16
Transferred over the profit appropriation	0	914	2,120	3,034
Equity at 1 June 2017	3,899	6,844	36,028	46,771
Exchange adjustment	-5	0	-152	-157
Transferred over the profit appropriation	0	1,505	370	1,875
Distributed dividends from investments in associates	0	-1,489	1,489	0
Equity at 31 May 2018	3,894	6,860	37,735	48,489

Consolidated financial statements and parent company financial statements 1 June – 31 May

Cash flow statement

		Group	
EUR'000	Note	2017/18	2016/17
Profit for the year		1,874	3,026
Depreciation, amortisation and impairment losses		21	11
Other adjustments	14	525	820
Cash flows from operations before changes in working capital		2,420	3,857
Changes in working capital	15	-2,232	-4,549
Cash flows from ordinary activities		188	-692
Interest expense		-831	-228
Corporation tax paid		-944	-992
Cash flows from operating activities		-1,587	-1,912
Acquisition of property, plant and equipment		0	-55
Change in deposits		0	55
Dividends received		1,489	1,240
Cash flows from investing activities		1,489	1,240
Cash flows for the year		-98	-672
Cash and cash equivalents at the beginning of the year		165	837
Cash and cash equivalents at year end		67	165

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies

The annual report of Cargill Nordic A/S for 2017/18 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company and subsidiaries which directly or indirectly holds more than 50% of the votes or in some other way exercises control. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Euro at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of product sold

Cost of products sold is recognised in the income statement if delivery has taken place. The cost of products sold comprises the cost of goods for resale stated at cost, including freight, used to generate revenue.

Other external costs

Other external costs comprises costs for sales, supply chain, marketing, administration, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Income from equity investments in group entities and associates

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses.

The proportionate share of the individual associates' profit/loss after tax is recognised in the Group's and the Parent Company's income statements after elimination of a proportionate share of intra-group gains/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Leasehold improvements	3-5 years
Plant and machinery	10-15 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Equity investments in group entities and associates

Equity investments in group entities and associates are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities and associates with negative net asset values are measured at EUR 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities and associates is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 **Accounting policies (continued)**

Cash flow statement

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

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

Assets in the segment comprise assets used directly in revenue-generating activities.

Segment liabilities comprise liabilities derived from the operations of the segment, including trade payables and other payables.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

		Group		Parent Company	
	EUR'000	2017/18	2016/17	2017/18	2016/17
2	**Segment information**				
	Industrial	66,971	61,526	66,971	61,526
	Food	41,877	51,486	41,877	51,486
	Feed	85,964	80,453	85,964	80,453
		194,812	193,465	194,812	193,465

The revenue is derived from customers in the Nordic market.

3	**Staff costs**				
	Wages and salaries	1,498	1,459	914	921
	Pensions	547	862	337	730
	Other social security costs	95	0	95	0
		2,140	2,321	1,346	1,651
	Average number of full-time employees	16	16	10	10

Pursuant to section 98 8(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors has not been disclosed.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

4 Investments

	Group
EUR'000	Investments in associates
Cost at 1 June 2017	671
Cost at 31 May 2018	671
Revaluations at 1 June 2017	3,091
Net profit/loss for the year	740
Dividends to the Parent Company	-1,489
Revaluations 31 May 2018	2,342
Carrying amount at 31 May 2018	3,013

	Parent Company	
EUR'000	Equity investments in group entities	Investments in associates
Cost at 1 June 2017	8	671
Cost at 31 May 2018	8	671
Revaluations at 1 June 2017	3,753	3,091
Net profit/loss for the year	765	740
Dividends to the Parent Company	0	-1,489
Revaluations 31 May 2018	4,518	2,342
Carrying amount at 31 May 2018	4,526	3,013

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			EUR'000	EUR'000
Cargill Nordic Oy	Finland	100%	4,526	765
			4,526	765
Associates:				
Cargill-AKV I/S	Denmark	50%	6,026	1,480
			6,026	1,480

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

		Group		Parent Company	
	EUR'000	2017/18	2016/17	2017/18	2016/17
5	**Financial expenses**				
	Interest expense to group entities	811	257	793	254
	Other financial costs	18	3	18	3
	Exchange losses	2	-32	2	-32
		831	228	813	225
6	**Tax on profit/loss for the year**				
	Current tax for the year	506	704	314	536
	Deferred tax for the year	5	116	5	116
	Adjustment of tax concerning previous years	14	0	11	0
		525	820	330	652
7	**Proposed profit appropriation**				
	Reserve for net revaluation under equity method	740	245	1,505	914
	Retained earnings	1,134	2,781	370	2,112
		1,874	3,026	1,875	3,026

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

8 Property, plant and equipment

	Group		
EUR'000	Plant and machinery	Leasehold improvements	Total
Cost at 1 June 2017	123	63	186
Cost at 31 May 2018	123	63	186
Depreciation and impairment losses at 1 June 2017	-123	-20	-143
Depreciation for the year	0	-22	-22
Depreciation and impairment losses at 31 May 2018	-123	-42	-165
Carrying amount at 31 May 2018	0	21	21

	Parent Company		
EUR'000	Plant and machinery	Leasehold improvements	Total
Cost at 1 June 2017	123	34	157
Cost at 31 May 2018	123	34	157
Depreciation and impairment losses at 1 June 2017	-123	-11	-134
Depreciation for the year	0	-12	-12
Depreciation and impairment losses at 31 May 2018	-123	-23	-146
Carrying amount at 31 May 2018	0	11	11

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

9 Deferred tax

	Group		Parent Company	
EUR'000	2017/18	2016/17	2017/18	2016/17
Deferred tax at 1 January	85	201	85	201
Deferred tax adjustment for the year in theincome statement	-5	-116	-5	-116
	80	85	80	85
Provisions for deferred tax relate to:				
Property, plant and equipment	65	61	65	61
Current assets	-4	-4	-4	-4
Provisions	19	28	19	28
	80	85	80	85

10 Equity

The share capital consists of two shares of a nominal value of EUR 13 each, two shares of a nominal value of EUR 134,452 each, one share of a nominal value of EUR 2,689,013 and one share of a nominal value of EUR 941,164. The shares have not been divided into classes.

All shares rank equally.

11 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the Danish entities of the Cargill Group with Cargill Nordic A/S as the administrative company. The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme.

The Company is obligated to cover any unfunded pension liabilities in Cargill Nordic's pension fund. The equity in the pension fund is positive 31 may 2018 and no unfunded liability exist or is expected as at 31 May 2018. The risk of funding depends on future mortality- and disability factors and the financial performance of the pension fund which could change.

The Company has, through the joint-venture Cargill-AKV I/S, entered into a pro rata loan liability of 50% for a loan totalling DKK 165 millions.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

Operating lease obligations

The Company has entered into a lease agreement for premises with a total lease payment of EUR 54 thousand.

The Group has entered into a lease agreement for premises with a total lease payment of EUR 70 thousand.

The Company has entered into car leases at a total amount of EUR 96 thousand.

The Group has entered into car leases at a total amount of EUR 189 thousand.

12 Fees to auditor appointed at the general meeting

	Group		Parent Company	
EUR'000	2017/18	2016/17	2017/18	2016/17
Statutory audit	42	40	38	36
Tax assistance	8	7	8	7
Non-audit services	6	5	6	5
	56	52	52	48

13 Related party disclosures

Cargill Nordic A/S' related parties comprise the following:

Control

Cerestar Deutschland Holding GmbH, Cerestarstrasse 2, D-47747 Krefeld, Germany

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, related party transactions have not been disclosed in the consolidated financial statements and parent company financial statements, as they were conducted on an arm's length basis.

Membership of the Board of Directors is not remunerate separately but considered as part of senior management responsibilities thus part of their ordinary remuneration.

Consolidated financial statements

Cargill Nordic A/S is part of the consolidated financial statements of Cargill Incorporated, Minneapolis, MN-55400, Minnesota, USA.

The consolidated financial statements of Cargill Incorporated can be obtained by contacting the Company.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

		Group	
	EUR'000	2017/18	2016/17
14	**Other adjustments**		
	Tax on profit for the year	525	820
		525	820
15	**Changes in working capital**		
	Change in inventories	61	176
	Change in receivables	-10,673	3,600
	Change in trade and other payables	8,380	-8,325
		-2,232	-4,549