Cheminova A/S

Thyborønvej 78
7673 Harboøre

CVR no. 12 76 00 43

Annual report 2017

The annual report was presented and approved at the Company's annual general meeting on

29 May 2018

chairman

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 Cheminova A/S for the financial year 1 January – 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

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

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

Lemvig, 29 May 2018
Executive Board:

Marc Hullebroeck	Jakob Lyngsø Andersen Executive director	Patrick Charles Day Executive director

Board of Directors:

Mark Douglas Chairman	Gilberto Antoniazzi Deputy Chariman	Andrew David Sandifer
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KPMG

Independent auditor's report

To the shareholders of Cheminova A/S

Opinion

We have audited the financial statements of Cheminova A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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 financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements 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 financial statements.

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

— identify and assess the risks of material misstatement of the 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.

KPMG

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the 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 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 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 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, 29 May 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Beck
State Authorised
Public Accountant
MNE no. 32169

David Olafsson
State Authorised
Public Accountant
MNE no. 19737

Management's review

Company details

Cheminova A/S
Thyborønvej 78
7673 Harboøre

Telephone:	96 90 96 90
Fax:	96 90 96 91
Website:	www.fmc.com
E-mail:	info@cheminova.com

CVR no.:	12 76 00 43
Established:	1 January 1989
Registered office:	Lemvig
Financial year:	1 January – 31 December

Board of Directors

Mark Douglas, Chairman
Gilberto Antoniazzi, Deputy Chariman
Andrew David Sandifer
Marc Hullebroeck
William Francis Chester
Jakob Lyngsø Andersen
Jens Christian Rønn Iversen
Jørn Sand Tofting
Kapil Kumar Saini

Executive Board

Marc Hullebroeck
Jakob Lyngsø Andersen, Executive director
Patrick Charles Day, Executive director

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Management's review

Financial highlights

DKKm	2017	2016	2015	2014	2013
Key figures					
Revenue	3,484	3,025	4,066	3,386	3,313
Ordinary operating profit/loss	372	259	224	583	605
Operating profit/loss	379	267	276	613	615
Profit/loss from financial income and expenses	-17	106	233	-58	-50
Profit before tax	250	372	434	193	273
Total assets	6,056	5,008	5,745	6,001	4,693
Equity	2,631	2,476	2,173	2,267	2,102
Investment in property, plant and equipment	56	23	71	69	34
Ratios					
Gross margin	24.51%	20.02%	21.64%	61.37%	59.64%
Operating margin	10.88%	8.83%	6.79%	18.10%	18.56%
Return on invested capital	5.23%	5.09%	4.79%	11.72%	13.11%
Current ratio	128.19%	162.00%	122.00%	181.00%	159.00%
Return on equity	6.07%	12.99%	19.55%	8.83%	13.30%
Solvency ratio	48.32%	52.06%	37.82%	37.78%	44.79%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". 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 $$\frac{\text{Operating profit/loss * 100}}{\text{Invested capital incl. goodwill}}$$

Current ratio $$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$$

Return on equity $$\frac{\text{Net profit/loss for the year x 100}}{\text{Average equity}}$$

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

Principal activities

Cheminova A/S is a business developing, producing and marketing crop protection products. All activities are carried out with due consideration for the environment and incompliance with sustainability standards.

Cheminova A/S realized revenue of DKKm 3,484 in 2017 and has 660 employees.

Cheminova A/S and its entire group were acquired in 2015 by FMC Corporation which is based in Philadelphia, USA. FMC is a publicly traded company engaged in a global business of developing, producing and marketing crop protection products, while also being a global company within production of lithium and food ingredients. The Cheminova A/S integration into FMC's crop protection product business was completed in 2016.

Cheminova A/S experienced a satisfactory year with operating profit of DKKm 155 which was down compared with 2016. This was driven by a DKKm 111 impairment recorded in 2017 against an investment in its Argentinian subsidiary. 2016 also saw material 'once-off' gains associated with disposal of various investment in subsidiary holdings.

Uncertainty regarding recognition and measurement

The preparation of the annual report requires management to make assumptions and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

In the financial statements for 2017, the following assumptions and uncertainties are worth noting as they have significantly impacted the recognition of assets and liabilities in the financial statements:

Impairment test for development projects

Development projects in progress are tested for impairment at least once a year. The development projects are progressing in line with expectations. Looking at the individual development projects, the management has estimated the need for impairment and believes that the carrying amounts of the individual development projects will be recovered. The current value for development projects in progress is DKKm 378.

Development in activities and financial position

Revenue
The reported revenue increased by DKKm 459 to DKKm 3,484 which was up 15% year on year This was due to increased product and portfolio demand in 2017. The Company continues to see benefits from its focused efforts on higher gross margin products.

Gross profit
Gross profit increased to DKKm 854 (DKKm 605) and the gross margin increased to 24% in 2017 (21%). This was a result of a continued focus on higher margin product lines and improvements in manufacturing cost management.

Cost and operating results
The focus on development and registration activities continued in 2017. Development costs amounted to DKKm 193 or 5.5% of revenue (DKKm 159 or 5.2% of revenue). The development costs relate to the ongoing activities which FMC performs for new product research and development in its laboratory in Denmark aswel as ongoing product registration, regulatory and defence costs.

EBIT amounted to DKKm 379 (DKKm 267) corresponding to an EBIT margin of 10.9% (8.8%).

Management's review

Operating review

Financial items and results for the period
Financial costs increased to DKKm 160 (DKKm 112) driven by impairment of investment in subsidiary in amount of DKKm 111.

Financial income decreased to DKKm 32 (DKKm 217). 2016 also saw material 'once-off' gains associated with disposal of various investment in subsidiary holdings.

Profit before tax decreased to DKKm 250 (DKKm 373). Based on an effective tax rate in 2017 of 37.9% (18.8%), net profits for the year totalled DKKm 155 (DKKm 302). Overall the results were in line with the outlook provided in the 2016 Financial Statements.

Events after the balance sheet date

On 1st February 2018, Cheminova A/S sold several products in their European Herbicide product line to Nufarm. This divestment resulted in sales proceeds of DKKm 508.

No other significant events occurred after December 31, 2017, until the day of the signing of the Annual Report 2017.

Outlook

Sales are expected to grow in 2018, with the same level of gross margin and continued focus on cost. We expect that the overall results for 2018 to be broadly in line with the results for 2017. All in all, the result is expected to equal to the budget of 2018.

Particular risks

The business is sensitive to changes in market risks such as global economic changes, including developments in agriculture, climate change and global crop prices as well as price.

Operating risks

The industry entails potentially significant unwanted risks relating to the environment, health, safety, regulation and legislation. An important element in the group's risk management activities is compliance with statutory and ethical requirements, standards and rules.

We try to limit the risks, for example by obtaining recognized environmental and energy management certificates for the factory in Denmark and by educating and training our people with a view to improving attitudes and behaviour in relation to health and safety and the working environment. Read more on fmcsustainability.com

Also, we aim to ensure that the insurance program reflects the risks associated with the group's activities. According to FMC Corporation insurance policy, the financial risk associated with major claims must be transferred to an insurance company, which implies elements as deductibles and self-financing. The level of self-financing is adjusted over time, depending on the financial situation and on the products and prices offered in the global insurance market at any given point in time.

Financial risks

Earnings of Cheminova A/S and balance sheet are exposed to a number of financial risks, with foreign exchange risks and tax factors being the primary risks. The group's finance policy lays down the guidelines for the management of financial risks and also contains a description of approved financial instruments and risk limits.

Management's review

Operating review

Corporate social responsibility

Cheminova A/S is governed by the policies of the parent company FMC Corporation regarding CSR. The group level policies include policies of CSR, climate changes, environment, and human rights. Cheminova A/S does not have separate CSR policies and therefore, Cheminova A/S does not follow up on the outcome of the FMC CSR policies. An independent report on the social responsibility of Cheminova A/S is not prepared.

For further information, we refer to the CSR policies of FMC the statutory requirements for social responsibility, in regards to 99a is disclosed in FMC Sustainability Report 2017. The FMC CSR policies are accessible in the following link:
http://fmcsustainability.com/explore-our-resources/

Goals and policies for the underrepresented gender

Our employees are the organization's most important resource. Without them we could not take advantage of the group's core competences and would not be able to maintain and develop the business.

HR focuses on supporting a performance culture while ensuring that the group can attract, develop and maintain qualified employees in key positions globally. The work of the HR function also focuses on diversity and the possibilities this offers, for example in relation to ensuring a dynamic environment for employees and the right balance between continuity and renewal.

The proportion of women at both Danish management level and on the Board of Directors must reflect the proportion of women in the Danish organization, which is approx. 22%. The target is that in 2020 this percentage is reflected in the board of directors meaning 2 members in the board of directors should be women. At present, Cheminova' s Board of directors consists of eight members none of which are females elected by the general meeting. The Danish management includes three members, all being male. The target is not reached in 2017 due to lack of female candidates for the board and other management levels. It is a common challenge for the board and other management levels, the lack of female candidates.

To increase the share of women in all management levels to an interval between 40-60 % there will be paid attention to increase the number of female managers partly through increased attention to manager and leadership development of women in the FMC Corporation and partly by increasing attention to the gender share in future employment situations. The key attention to increase the share of female executives will take place by considering professional skills and required expertise in all employments We hope that by showing that FMC is a diverse employer and wants to attract a balanced work force that this and our initiatives will help make FMC more attractive for female candidates to apply for management and other board roles.

Market and sales

The commercial integration of Cheminova delivered important benefits in 2017. We continued to expand our direct market access in Europe with our own direct operations in Poland, Hungary, Czech Republic and Slovakia, where we delivered sales synergies and higher volumes.

Management's review

Operating review

The focus has been in portfolio rationalization and selling products which achieve higher gross margin. This has allowed us to sell proprietary products at better prices and terms, even in a challenging year for crop chemicals.

We are committed to providing unique, differentiated products to our customers by acquiring and further developing technologies as well as investing in innovation to extend product life cycles.

Net interest-bearing debt and Cash reserves

Cheminova A/S has been included in the global cash-pool setup with FMC Corporation.

Risk management

Efficient risk management contributes to ensuring robust operations, controlled growth and stable financial results.

Cheminova A/S is applying the central-led risk management principles from FMC Corporation. The aim is to identifying financial as well as non-financial risks as early as possible with a view to ensuring the timely handling of such risks.

The group's risks can generally be divided into four categories which are outlined below.

Long-term strategic risks

In connection with the strategy process, the management performs an evaluation of the opportunities for and limitations to the future sustainable development of the business. This evaluation is based on reports on, for example, trends in the industry and the regions supplemented by sensitivity analyses and risk descriptions.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2017	2016
Revenue	2	3,483,913	3,024,594
Production costs	3, 4	-2,629,911	-2,419,009
Gross profit		854,002	605,585
Distribution costs	3, 4	-83,796	-103,555
Administrative expenses	3, 4	-204,379	-83,880
Research and development costs	3, 4	-193,376	-159,285
Other operating income	5	6,306	8,097
Operating profit		378,757	266,962
Financial income	6	31,737	217,715
Financial expenses	7	-160,382	-112,355
Profit before tax		250,112	372,322
Tax on profit/loss for the year	8	-95,007	-70,016
Profit for the year		155,105	302,306

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets	10		
Sales and registration rights etc.		86,450	122,262
Finished development projects		263,194	303,786
Know-how		0	88
Software		1,719	0
Goodwill		1,967	5,316
Intangible assets under development		378,992	356,239
		732,322	787,691
Property, plant and equipment	11		
Land and buildings		89,204	70,773
Technical plant and machinery		97,767	123,119
Fixtures and fittings, tools and equipment		5,994	13,004
Plant under construction		26,607	37,329
		219,572	244,225
Investments			
Equity investments in group entities	12	634,866	677,878
Receivables from group entities		598,307	251,522
		1,233,173	929,400
Total fixed assets		2,185,067	1,961,316
Current assets			
Inventories			
Raw materials and consumables		291,702	284,536
Work in progress		531,870	296,287
Finished goods and goods for resale		135,647	64,832
		959,219	645,655
Receivables			
Trade receivables		292,002	229,911
Receivables from group entities		2,516,630	2,096,642
Other receivables		90,483	57,626
Prepayments		6,316	10,362
		2,905,431	2,394,541
Cash at bank and in hand		6,467	6,361
Total current assets		3,871,117	3,046,557
TOTAL ASSETS		6,056,184	5,007,873

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity	14		
Contributed capital		300,000	300,000
Reserve for development costs		78,393	46,259
Retained earnings		2,252,513	2,129,542
Total equity		2,630,906	2,475,801
Provisions			
Provisions for deferred tax	15	35,955	5,821
Other provisions	16	369,400	350,973
Total provisions		405,355	356,794
Liabilities other than provisions			
Non-current liabilities other than provisions	17		
Payables to group entities		1,746,270	1,385,301
		1,746,270	1,385,301
Current liabilities other than provisions			
Trade payables		596,732	356,539
Payables to group entities		405,623	204,739
Other payables		266,508	228,699
Deferred income		4,790	0
		1,273,653	789,977
Total liabilities other than provisions		3,019,923	2,175,278
TOTAL EQUITY AND LIABILITIES		6,056,184	5,007,873

Financial statements 1 January – 31 December

Statement of changes in equity

	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2016	300,000	0	1,873,495	0	2,173,495
Transfered to development costs reserve	0	46,259	-46,259	0	0
Transferred over the profit appropriation	0	0	302,306	0	302,306
Equity at 1 January 2017	300,000	46,259	2,129,542	0	2,475,801
Transfered to development costs reserve	0	32,134	-32,134	0	0
Transferred over the profit appropriation	0	0	155,105	0	155,105
Equity at 31 December 2017	300,000	78,393	2,252,513	0	2,630,906

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Cheminova A/S for 2017 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 financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Cheminova A/S and group entities are included in the consolidated financial statements of FMC Corporation, 2929 Walnut Street, Philadelphia, PA 19104, USA (listed on New York Stock Exchange).

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of FMC Corporation, 2929 Walnut Street, Philadelphia, PA 19104, USA (listed on New York Stock Exchange).

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.

Significant accounting estimates

In preparing the annual report, management necessarily makes estimates and assumptions, which form the basis of the presentation, recognition and measurement of the reported assets and liabilities as at the balance sheet date as well as the income and expenses reported for the financial period.

The estimates made by management are based on historical experience and on a number of other assumptions and factors, which are deemed to be reasonable in the circumstances. The result of this process forms the basis of the assessment of the income and expenses reported, which do not appear from other material.

The estimates made and the underlying assumptions are reassessed on a regular basis. Changes to accounting estimates are recognized in the financial period, in which the change is made, and in future financial periods if the change affects both the period, in which the change is made and subsequent financial periods.

The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise, which may lead to the actual results deviating from such estimates.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is recognized in the income statement, when goods are delivered, and risk has passed.

Government grants

Government grants comprise development and financing grants, investment grants etc. Grants are recognized, when there is reasonable certainty that they will be received.

Grants for the purchase of assets and development projects are offset against the cost of the asset. Grants to cover costs incurred are offset against the costs incurred.

Production costs

Produktion cost comprises the consumption of raw materials, including delivery costs, repairs and maintenance, wages and salaries, and other costs of sales as well as depreciation and amortization. In addition any direct support costs including analytics, HR and IT to the plant is considered as production costs. Write-down for inventories and write-down in connection with anticipated bad debt losses are also included.

Distribution costs

Distributions costs include costs incurred in connection with marketing and sales, including wages and salaries, rent, advertising, freight, customs duties as well as depreciation, amortization, impairment losses and writedowns, bad debts and amortization of borrowing costs.

Administrative expenses

Administrative costs comprise salaries for administrative staff and management plus other office costs, including depreciation, amortization and impairment losses and writedowns, IT operations and canteen costs.

Bonus schemes

The company grants bonus schemes to certain employees. The bonus schemes are debt schemes. The bonus calculated is expensed on a straight-line basis over the vesting period, based on employee vesting and on the FMC group's earnings and value creation. Bonus is provided for under other payables.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Assets held under finance leases are recognized in the balance sheet at the lower of fair value and the present value of the minimum lease payments. The individual lease payment is determined on conclusion of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized directly in the income statement.

Operating lease payments are recognized as expenses on a straight-line basis over the term of the relevant lease.

Other operating income

Other operating income comprises income of a secondary nature in relation to the companies' main objectives, including, among other things, the disposal of non-current assets and royalties.

Research and development costs

Development and registration costs include wages and salaries and any other costs, which relate to the company's development projects, including depreciation, amortization, impairment losses and write-downs. These costs also include costs incurred in respect of development projects, where such costs do not fulfil the capitalization requirements. Also included are costs incurred on an ongoing basis in connection with the maintenance of registration rights in respect of the company's products.

Financial income and expenses

Financial income and expenses comprise interest, capital gains and losses on securities and write-downs concerning securities, payables and foreign currency transactions, amortization of financial liabilities, including financial lease obligations as well as supplementary payments and refunds under the tax prepayment scheme etc. Realized and unrealized gains and losses on derivative financial instruments which cannot be classified as hedging agreements are also included. Interest income and expenses are accrued based on the principal amount and the effective interest rate.

Tax on profit/loss for the year

Cheminova A/S is jointly taxed with its Danish sister company FMC A/S. Current income tax is distributed among the jointly taxed Danish companies in proportion to their taxable incomes.

Current tax payable is based on the taxable profit/loss for the year. The company's current tax liability is calculated using tax rates that have been enacted at the balance sheet date. Tax for the year, comprising the expected current tax for the year and deferred tax for the year, is recognized in the income statement with the portion attributable to the net profit/loss for the year and in other comprehensive income with the portion attributable to items recognized in other comprehensive income.

Current tax is recognized in the balance sheet under receivables, where excess on-account tax has been paid and under payables, where the on-account tax paid does not cover the current tax.

Deferred tax is measured using the balance sheet liability method on all temporary differences between carrying amount and tax base of assets and liabilities. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that tax losses allowed for carryforward can be offset against tax profits. Such assets and liabilities are not

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed on the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset, when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Balance sheet

Intangible assets

Goodwill

Goodwill arise from the acquisition of sales rights representing the excess of cost over the company's interest in the fair value of the assets.

Goodwill on sales rights is amortized over the estimated useful life which is calculated on the basis of the management's experience within the individual areas of activity. The amortization period cannot exceed 10 years.

For the purpose of impairment testing, goodwill is compared to the latest forecast and business plan for the particular sales right. Goodwill is tested for impairment annually, or more frequently when there is an indication that the sales right may be impaired. If the recoverable amount of the cash-generating sales right is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the sales right and then to the other assets of the sales right.

Internally generated intangible assets – development and registration costs

Expenditure on research activities is recognized in the income statement in the period in which it is incurred.

An internally generated intangible asset arising from the Company's attainment of sales and registration rights is recognized only if all of the conditions specified in the Danish Fiancial Statements Act are met. Expenditure in respect of development projects is recognized if certain criteria are fulfilled under intangible assets and is measured at cost less accumulated amortization and impairment. Internal interest rate (3.0%) is included in the cost. Capitalization is usually subject to it being deemed to be sufficiently certain that future earnings will cover the development costs. Moreover, capitalisation assumes that all required public registration and authority approvals can be expected to be obtained and that the development costs can be reliably measured. Interests for borrowing costs have been included in the cost price of constructed assets. Recognition is based on an effective interest rate of 3.0% (3.0%), corresponding to the Group's weighted average borrowing costs in respect of general borrowing. No specific loans have been arranged for the construction or development of assets.

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1 Accounting policies (continued)

Internally generated intangible assets are amortized on a straight-line basis over their useful lives. The amortisation period is usually 5 - 10 years, however not exceeding 10 years, depending on the future expected revenue and profit flow. Where no internally generated intangible asset can be recognized, development costs are recognized in the income statement in the period in which they are incurred.

Acquired sales and registration rights, know-how and software

These intangible assets are measured at cost less accumulated amortization and impairment losses. The assets are amortized in accordance with the straight-line method over their expected useful lives, such lives being 3-10 years.

Property, plant and equipment

Land and buildings, technical plant and machinery, and other fixtures and fittings, tools and equipment are carried at cost less accumulated depreciation and impairment losses. Land is not depreciated. Assets in the course of construction for production, rental or administrative purposes are carried at cost, less any impairment losses.

Cost comprises the purchase price, costs directly related to the purchase and costs of preparing the asset up until such time as the asset is ready for use. The cost of own production of non-current assets includes direct and indirect expenses incurred in respect of wages and salaries, consumption of materials as well as subsuppliers and borrowing costs relating to the period of construction.

Depreciation of the assets commences when the assets are ready for their intended use. Depreciation is based on cost less the expected residual value after the end of their useful lives. Depreciation is charged using the straight-line method over the expected useful lives, which are:

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Depreciation of the assets commences when the assets are ready for their intended use. Depreciation is based on cost less the expected residual value after the end of their useful lives. Depreciation is charged using the straight-line method over the expected useful lives, which are:

Office and laboratory buildings, residentialand tenement buildings and garages	15-45 years
Production and factory buildings androad systems	15-45 years
Technical plant and machinery	4-15 years
Fixtures and fittings, tools and equipment	2-10 years

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets at the time of the sale and is recognized in the income statement as other operating income or other operating costs, respectively.

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Notes

1 Accounting policies (continued)

Equity investments in group entities

Equity investments in subsidiaries are recognized and measured in accordance with the cost method. Write-down is made to lower of cost and recoverable amount. This means that the investments are measured at the cost price at the acquisition, adjusted for additional capital increases. Received dividends are recorded as profit and do not effect the investment value.

Impairment of fixed assets

At each balance sheet date, the company reviews the carrying amounts of its property, plant and equipment, intangible assets and equity investments in subsidiaries and associates to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of the asset is the higher of fair value less selling costs and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generatin unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment is recognized as an expense in the income statement.

Where the impairment is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset in prior years. A reversal of impairment is recognized as income in the income statement.

Inventories

Inventories are stated at the lower of cost calculated according to the FIFO method and net realizable value. Cost comprises direct materials, direct labor costs and the share of indirect production overheads that has been incurred in bringing the inventories to their present location and condition. Indirect production overheads include the share of capacity costs directly related to own production of goods and work in progress. Indirect production overheads include indirect materials and wages and salaries as well as maintenance and depreciation of the plant, factory buildings and equipment used in the production process as well as costs relating to production administration and management.

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

Receivables

Receivables comprise trade receivables and other receivables. Receivables are included in the category loans and receivables which are financial assets with fixed or identifiable payments which are not listed in an active market and which are not derivative financial instruments.

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1 Accounting policies (continued)

Receivables are measured at amortized cost and are initially recognized at fair value. Write-down is carried out to cover expected bad debts on the basis of individual assessments of the risk of loss.

Prepayments

Prepayments under assets comprise costs incurred in respect of future financial years. Prepayments are measured at cost.

Equity

Dividends

Dividend is recognized as a liability at the time of adoption by the general meeting. The expected dividend payment for the year is disclosed as a separate item under equity.

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established.

The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Provisions

Provisions are recognized, when the Company, following a past event, has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the Company of economic benefits. Provisions are measured as the best estimate of the expenses necessary to discharge the liabilities as at the balance sheet date. Provisions expected to fall due more than one year from the balance sheet date are measured at present value.

Future obligations related the environment costs following past events are measured at present value.

Payables

Interest-bearing loans are recognized initially at fair value, net of direct loan costs. Subsequent measurements are made at amortized cost. Finance costs, including premiums payable on settlement or redemption and direct costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that the loans are not settled in the period in which they arise.

Trade payables

Trade payables are non-interest-bearing and are measured on initial recognition at fair value. Subsequent measurements are made at amortized cost.

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Notes

1 Accounting policies (continued)

Derivative financial instruments and foreign currency hedging

The company's activities expose is primarily to the financial risks of changes in exchange rates and interest rates. The company uses, among other things, forward exchange contracts and interest rate swap contracts to hedge these exposures.

Derivative financial statements are measured at cost on initial recognition. Subsequent measurements are made at fair value.

Changes in the fair values of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity, and the ineffective portion is recognized immediately in the income statement. If the hedging of a cash flow from a firm commitment or forecast transaction results in the recognition of an asset or a liability, amounts are transferred from equity and recognized in the cost of the asset or liability. Where the forecast transaction results in income or expenses, amounts are transferred to the income statement. The transfer is affected in the period in which the hedged transaction is completed

Changes in the fair values of derivative financial instruments classified as and satisfying the criteria for hedging of the fair value of a recognized asset or a recognized liability, are recognized in the income statement together with the changes in value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement as they arise.

2 Segment information

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

DKK'000	2017	2016
Region		
Europe	3,181,119	1,959,471
Latin America	130,738	674,357
North America	48,902	211,672
Other	123,154	179,094
	3,483,913	3,024,594
HIFO		
Insecticides	799,716	1,066,353
Herbicides	1,149,435	780,637
Fungicides	538,281	728,710
Other	996,481	448,894
	3,483,913	3,024,594

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DKK'000	2017	2016

3 Staff costs

Staff costs

Wages and salaries	304,659	314,288
Pensions	24,583	24,387
Other social security costs	26,290	11,175
Other staff costs	30,964	22,269
	386,496	372,119
Average number of full-time employees	660	638

Remuneration of Executive Board

Remuneration	10,247	6,966
Retirement benefit contributions	709	309
Bonus	4,671	539
Others	2,462	844
	18,089	8,658

4 Depreciation, amortisation, impairment losses and write-downs

Production costs	73,775	54,549
Selling and distribution costs	35,812	43,660
Administrative costs	9,984	32,584
Research and development costs etc.	44,097	46,406
	163,668	177,199

5 Other operating income

Other income	6,306	8,097

6 Financial income

Interest income from group entities	31,737	40,005
Other financial income	0	7,180
Foreign exchange gains	0	23,618
Divestment of financial assest	0	146,912
	31,737	217,715

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DKK'000		2017	2016
7	**Financial expenses**		
	Interest expense to group entities	11,210	38,431
	Impairment losses on financial assets	111,469	0
	Other financial costs	15,817	16,704
	Foreign exchange losses	21,886	57,220
		160,382	112,355

The company's activities exposure is primarily to the financial risks of changes in exchange rates and interest rates. The exposure is handled by FMC Corporation where the expense/income of the hedging activities then is transferred to Cheminova A/S.

DKK'000		2017	2016
8	**Tax on profit/loss for the year**		
	Current tax for the year	54,764	26,292
	Adjustment of deferred tax for the year	28,935	23,298
	Tax provisions related to foreign activities	18,604	24,224
	Adjustment of deferred tax related to foreign activities	-1,199	0
	Adjustment relating to previous years	-7,517	-3,798
	Withholding tax not refundable	1,420	0
		95,007	70,016
9	**Proposed profit appropriation**		
	Retained earnings	155,105	302,306

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10 Intangible assets

DKK'000	Sales and registration rights etc.	Finished development projects	Know-how	Software	Goodwill	Intangible assets under development	Total
Cost at 1 January 2017	628,633	477,048	239,421	219,090	37,210	413,756	2,015,158
Additions for the year	0	0	0	0	2,000	33,062	35,062
Disposals for the year	0	0	0	0	0	-10,309	-10,309
Cost at 31 December 2017	628,633	477,048	239,421	219,090	39,210	436,509	2,039,911
Amortisation and impairment losses at 1 January 2017	-506,371	-173,262	-239,333	-219,090	-31,894	-57,517	-1,227,467
Reversal of amortisation	0	0	0	2,849	0	0	2,849
Amortisation for the year	-35,812	-40,592	-88	-1,130	-5,349	0	-82,971
Amortisation and impairment losses at 31 December 2017	-542,183	-213,854	-239,421	-217,371	-37,243	-57,517	-1,307,589
Carrying amount at 31 December 2017	86,450	263,194	0	1,719	1,967	378,992	732,322

Completed development projects relate to development and test of crop protection products. The project is amortised over 5 - 10 years due to character and use og the assets.

Development projects in progress comprise crop protection products. The projects is expected to be completed in 2017 -2018 where considerable economic benefits are expected.

Goodwill is amortised over 7 years.

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11 Property, plant and equipment

DKK'000	Land and buildings	Technical plant and machinery	Fixtures and fittings, tools and equipment	Plant under construction	Total
Cost at 1 January 2017	483,959	2,268,416	166,168	37,329	2,955,872
Additions for the year	0	0	0	56,044	56,044
Transfers for the year	32,265	34,501	0	-66,766	0
Cost at 31 December 2017	516,224	2,302,917	166,168	26,607	3,011,916
Depreciation and impairment losses at 1 January 2017	-413,186	-2,145,297	-153,164	0	-2,711,647
Depreciation for the year	-13,834	-59,853	-7,010	0	-80,697
Depreciation and impairment losses at 31 December 2017	-427,020	-2,205,150	-160,174	0	-2,792,344
Carrying amount at 31 December 2017	89,204	97,767	5,994	26,607	219,572

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12 Equity investments in group entities

DKK'000	2017	2016
Cost at 1 January 2017	677,878	699,713
Disposals for the year	0	-87,839
Capital increase	68,457	66,004
Cost at 31 December 2017	746,335	677,878
Revaluations at 1 January 2017	0	0
Revaluations for the year, net	-111,469	0
Revaluations 31 December 2017	-111,469	0
Carrying amount at 31 December 2017	634,866	677,878

Name/legal form	Registered office	Ownership	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
Headlands Agrochemicals Ltd	Great Britain	100%	167,170	41,438
Cheminova Deutschland GmbH & Co. KG	Germany	100%	387,570	93,840
Cheminova Austria GmbH	Austria	100%	31,282	3,533
Althaler Italy S.r.l.	Italy	100%	28,637	4,846
Cheminova Agro France S.A.S.	France	100%	70,214	11,442
Cheminova S.A.	Spain	100%	79,581	-630
Cheminova Agro Italia S.r.l.	Italy	100%	72,760	11,157
Cheminova Bulgaria E O O D	Bulgaria	100%	13,516	1,677
Cheminova Hungary Ltd.	Hungary	100%	49,320	9,420
Cheminova Polska S.P. zoo.o	Poland	100%	37,494	6,927
Cheminova LLC	Russia	100%	58,315	4,249
Pytech Chemicals GmbH	Switzerland	100%	617,656	5,124
Cheminova China Ltd.	China	100%	4,886	-106
Cheminova Agro de Colombia S.A.	Colombia	100%	12,436	-4,919
Cheminova Uruguay S.A.	Uruguay	100%	114,622	5,555
Cheminova India Ltd.	India	100%	619,001	-47,198
Cheminova Taiwan Ltd.	Taiwan	100%	-3,063	8,657
Cheminova Agro de Argentina S.A.	Argentina	100%	-29,008	-31,696
			2,332,389	123,316

Information is retrieved from FMC's consolidated US GAAP result portal.

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13 Receivables from group entities

DKK'000	Receivables from group entities
Balance at 1 January 2017	251,522
Exchange adjustment	-8,952
Additions for the year	355,737
Installments	0
Balance at 31 December 2017	598,307
Receivables from group entities due after more than 5 years	264,716

14 Share capital

The contributed capital consists of 300,000 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

15 Deferred tax

Intangible assets	120,899	94,639
Property, plant and equipment	-33,392	-31,705
Provisions, other	-51,552	-57,113
	35,955	5,821

DKK'000	2017	2016

16 Provisions

Anniversary bonus	3,381	3,732
Environmental reserve	356,149	312,571
Tax provision regarding foreign jurisdictions	9,870	34,670
	369,400	350,973

The provisions are expected to be activated as follows:

0-1 years	36,740	56,632
1-5 years	93,087	81,865
>5 years	239,573	212,476
	369,400	350,973

17 Non-current liabilities other than provisions

Loans from group entities	1,135,292	1,014,547

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18 Contractual obligations, contingencies, etc.

Contingent assets

The company respects intellectual property rights such as patents, trademarks, and registration data. Own rights and the freedom to operate in relation to the rights of other companies are proactively defended. Internal processes are implemented to prevent patent infringements, and the company will concurrently defend its patent rights against other companies.

Contingent liabilities

The company's liabilities under operating leases amount to DKKm 232 of which DKKm 24 is due within 1 year, DKKm 98 between 1-5 year and DKKm 111 past 5 years. The company's office rent obligation amount to DKKm 216 covering the minimum rental for 12 years.

Joint taxation

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

19 Security provided

Mortgage deeds of DKKm 401 has been registered on land and buildings. This is to secure the mortgage debt of DKKm 0.

The Company provides security for Cheminova Deutschland GMBH&CO.KG

Bank guarantees of DKKm 32 has been provided for customers and authorities.

20 Fees to auditor appointed at the general meeting

DKK'000	2017	2016
KPMG		
Audit	750	750
Tax	0	0
Other services	75	75
	825	825

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21 Related party disclosures

Cheminova A/S' related parties comprise the following:

Control

FMC Luxembourg S.à.r.l., 6 rue Eugène Ruppert, L-2453 holds the majority of the share capital in the Company

The ultimate parent in the group is FMC Corporation.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

Consolidated financial statements

The financial statements of Cheminova A/S and group entities are included in the consolidated financial statements of FMC Corporation, 2929 Walnut Street, Philadelphia, PA 19104, USA (listed on New York Stock Exchange).

The consolidated financial statements can be downloaded at www.fmc.com.