

Ingleby Denmark 1 A/S

Slotsgade 1A, 4600 Køge

CVR no. 28 15 63 67

Annual report 2015/16

The annual report has been presented and approved at the Company's annual general meeting

On Wednesday 16/11 2016

Klaus Bøje Nielsen
Klaus Bøje Nielsen

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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 Ingleby Denmark 1 A/S for the financial year 1 July 2015 – 30 June 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of the results of the Company's operations for the financial year 1 July 2015 – 30 June 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Køge, 16 November 2016
Executive Board:



Hans Henrik Koefoed

Board of Directors:



Johannes Burger
Chairman



Hans Henrik Koefoed



Klaus Bøje Nielsen

Independent auditors' report

To the shareholders of Ingleby Denmark 1 A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Ingleby Denmark 1 A/S for the financial year 1 July – 30 June 2016, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of the results of its operations for the financial year 1 July 2015 – 30 June 2016 in accordance with the Danish Financial Statements Act.

Independent auditors' report


Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Odense, 16 November 2016

Ernst & Young

Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Lars Koch-Pedersen
State Authorised
Public Accountant

Management's review

Company details

Ingleby Denmark 1 A/S
Slotsgade 1A
Vallø
4600 Køge

Telephone: +45 55 31 35 60
Registration No.: 28 15 63 67
Established: 15 November 2004
Registered office: Stevns
Financial year: 1 July - 30 June

Board of Directors

Johannes Burger (Chairman)
Hans Henrik Koefoed
Klaus Bøje Nielsen

Executive Board

Hans Henrik Koefoed

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Englandsgade 25
DK-5000 Odense C

Annual general meeting

The annual general meeting is to be held on 16 November 2016 at the company's address.

Management's review

Operating review

Principal activities of the Company

The objective of the company is to act as holding company for investments in farms, including foreign farms as well as management services to farms and other related activities.

Development in activities and financial position

The result for the year 2015/16 shows a loss in the amount of USD 1,370 thousand against a profit in the amount of USD 9,208 thousand in 2014/15.

Management does not consider the Company's financial performance in the year satisfactory.

During the year, the company invested further in farming activities primarily in Peru, Uruguay, Latvia, Lithuania and Romania.

Post balance sheet events

There have been no post balance sheet events considerably affecting the evaluation of the annual report.

Expectations

In 2016/17, the group will make additional agricultural investments.

Regarding the financial year 2016/17 the Company's management expects a result between USD 5,000,000 and USD 10,000,000.

Financial statements for the period 1 July 2015 – 30 June 2016

Accounting policies

The annual report of Ingleby Denmark 1A/S for 2015/16 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

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

Consolidated financial statement

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements for Ingleby Denmark 1 A/S and its group entities are part of the consolidated financial statements for Ingleby Farms & Forests ApS, Denmark, CVR no. 35 86 80 62.

Reporting currency

The financial statements are presented in USD, as the entity' and the Group's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6.7066 (2014/2015: 6.6953).

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 at the date of payment are recognized in the income statement as interest income or expense and similar items.

Receivables and 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 at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as interest income or expense and similar items.

Income statement

Revenue

Revenue from the sale of services are recognized in the income statement provided that delivery has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

Financial statements for the period 1 July 2015 – 30 June 2016

Accounting policies

Other operating income

Other operating income comprises items secondary to the activities of the enterprises.

Other external costs

Other operating expenses include the costs of distribution, sales, marketing, administration, facilities, bad debt, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other staff costs to the company's employees.

Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Interest income and expenses and similar items

Interest income and expenses and similar items comprise interest income and expenses, market gains and losses in respect of payables and transactions denominated in foreign currencies.

Tax on profit/loss from ordinary activities

The company is covered by the Danish rules on compulsory joint taxation of the Ingleby Group's Danish entities.

Ingleby Farms & Forests ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. 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.

Financial statements for the period 1 July 2015 – 30 June 2016

Accounting policies

Balance sheet

Intangible assets

Intangible assets consist of IT-software, including licenses and are measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the expected economical lives of the assets. The expected depreciation period do not exceed 5 years.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

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

Where individual components of an item of equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	5-10 years
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Gains and losses on the disposal of equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of assets

The carrying amount of investments in subsidiaries 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 expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements for the period 1 July 2015 – 30 June 2016

Accounting policies

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under "Other provisions".

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Ingleby Farms & Forests A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the purchase method is applied, see Consolidated financial statements above.

Receivables

Receivables are measured at the nominal value less write-down for bad debt losses based on an individual assessment.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Financial statements for the period 1 July 2015 – 30 June 2016

Accounting policies

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend 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.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation; 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Liabilities are measured at net realisable value.

Financial statements for the period 1 July 2015 – 30 June 2016

Income statement

USD	Note	2015/16	2014/15
Revenue		0	5,101,639
Other external costs		76,319	-3,117,677
Gross profit		76,319	1,983,962
Staff costs	1	956	-1,892,644
Impairment and depreciation of fixed assets		0	-62,653
Profit/loss from ordinary activities before tax		77,275	28,665
Share of profit/loss in subsidiaries after tax		-1,165,919	10,233,647
Financial income	2	846,431	1,435,808
Financial expenses	3	-633,695	-1,122,602
Profit/loss from ordinary activities before tax		-875,908	10,575,518
Tax on profit/loss from ordinary activities	4	-494,457	-1,367,607
Profit/loss for the year		-1,370,365	9,207,911

Proposed distribution of profit/loss

USD	2015/16	2014/15
Retained earnings	-1,370,365	9,207,911
	-1,370,365	9,207,911

Financial statements for the period 1 July 2015 – 30 June 2016

Balance sheet

USD	Note	2015/16	2014/15
ASSETS			
Non-current assets			
Intangible assets			
Software	5	0	23,668
		0	23,668
Property, plant and equipment			
Fixtures and fittings, tools and equipment	6	0	265,911
		0	265,911
Investments			
Investments in subsidiaries	7	445,621,541	419,073,184
		445,621,541	419,073,184
Total non-current assets		445,621,541	419,362,763
Current assets			
Receivables			
Trade receivables		0	2,030
Amounts owed by affiliated companies		1,058,338	2,957,414
Corporation tax		2,873	0
Other receivables		56,014	247,013
Prepayments		0	2,762
		1,117,225	3,209,219
Cash at bank and in hand		2,809,311	2,631,471
Total current assets		3,926,536	5,840,690
TOTAL ASSETS		449,548,077	425,203,453

Financial statements for the period 1 July 2015 – 30 June 2016

Notes to the financial statements

USD	Note	2015/16	2014/15
EQUITY AND LIABILITIES			
Equity	8		
Share capital	9	87,376	85,582
Retained earnings		449,452,354	422,581,624
Total equity		449,539,730	422,667,206
Provisions			
Deferred tax		0	7,868
Total provisions		0	7,868
Current liabilities other than provisions			
Trade payables		3,129	236,873
Amounts owed to affiliated companies		0	717,196
Income taxes payables		0	1,338,627
Other payables		5,218	235,683
		8,348	2,528,379
Total liabilities other than provisions		8,348	2,528,379
TOTAL EQUITY AND LIABILITIES		449,548,077	425,203,453
Contingent liabilities	10,11		
Related parties	12		

Financial statements for the period 1 July 2015 – 30 June 2016

Notes to the financial statements

USD	2015/16	2014/15
1 Staff costs		
Wages and salaries	0	1,751,878
Pensions	0	120,817
Other social security costs	-956	19,949
	-956	1,892,644
 Average number of full-time employees	 0	 18
 2 Financial income		
Interest income from affiliated companies	43,200	472,738
Foreign exchange gains	793,225	958,375
Other interest income	10,006	4,695
	846,431	1,435,808
 3 Financial expenses		
Foreign exchange losses	623,010	1,122,491
Other interest expense	10,685	111
	633,695	1,122,602
 4 Tax on the profit/loss for the year		
Current tax for the year	502,311	1,338,627
Adjustment of deferred tax	-7,854	30,661
Effect of reduction of the corporation tax rate on deferred tax	0	-1,681
	494,457	1,367,607
 Specified as follows:		
Tax on the profit/loss for the year	494,457	1,367,607
Tax on changes in equity	0	0
	494,457	1,367,607

Financial statements for the period 1 July 2015 – 30 June 2016

Notes to the financial statements

5 Intangible assets

USD	2015/16
Cost at 1 July	42,957
Foreign exchange adjustments	0
Additions	0
Disposals	-42,957
Cost at 30 June	0
Impairment and amortisation at 1 July	19,289
Impairment losses	0
Amortisation	0
Foreign exchange adjustments	0
Reversal of amortisation/depreciation and impairment of disposals	-19,289
Impairment and amortisation at 30 June	0
Carrying amount at 30 June	0
Amortised over	5 years

6 Property, plant and equipment

USD	Fixtures and fittings, tools and equipment
Cost at 1 July 2015	392,210
Foreign exchange adjustments	0
Additions	0
Disposals	-392,210
Cost at 30 June 2016	0
Impairment and depreciation at 1 July 2015	126,299
Depreciation	0
Disposals	-126,299
Foreign exchange adjustments	0
Impairment and depreciation at 30 June 2016	0
Carrying amount at 30 June 2016	0
Depreciated over	5-10 years

Financial statements for the period 1 July 2015 – 30 June 2016

Notes to the financial statements

USD	<u>2015/16</u>	<u>2014/15</u>
7 Investments in subsidiaries		
Cost at 1 July	462,857,337	291,253,375
Additions during the year	39,347,454	179,230,008
Disposals (share premium repaid)	0	-7,626,046
Cost at 30 June	<u>502,204,791</u>	<u>462,857,337</u>
Revaluations at 1 July	-43,784,153	-30,603,037
Equity method adjustment related to disposals	0	-650,696
Foreign exchange adjustments	-1,382,617	-23,609,937
Profit/Loss for the year	-1,165,919	10,884,343
Dividend from subsidiaries	-10,000,000	
Capital transactions in subsidiaries	-250,561	195,174
Revaluations at 30 June	<u>-56,583,250</u>	<u>-43,784,153</u>
Carrying amount at 30 June	<u><u>445,621,541</u></u>	<u><u>419,073,184</u></u>

Financial statements for the period 1 July 2015 – 30 June 2016

Notes to the financial statements

Name	Registered office	Direct ownership	Direct & indirect ownership
Initabas S.A.	Argentina	70 %	70 %
Loma Buena S.A.	Argentina	70 %	70 %
Agropecuaria Don Atillo S.A.	Argentina	70 %	70 %
Rincon del Perdido S.A.	Argentina	70 %	70 %
Administration Agricola S.A.	Argentina	70 %	70 %
Campo El Tigre S.A.	Argentina	70 %	70 %
Ingleby Romania S.R.L	Romania	75 %	75 %
Campo D'Oro S.R.L	Romania	0 %	75 %
Green Gate S.R.L	Romania	0 %	56 %
Cistapibe S.R.L	Romania	0 %	56 %
Cinque Stelle Venete S.R.L	Romania	0 %	56 %
Brattalid Inc	USA	100 %	100 %
Eriksson L.L.C	USA	0 %	100 %
Ingleby Peru Holding S.A.C.	Peru	75 %	75 %
Plantaciones del Sol S.A.C.	Peru	0 %	75 %
Ingleby NZ Holding Ltd.	New Zealand	100 %	100 %
Ingleby Latvia Agro SIA	Latvia	100 %	100 %
Ingleby Lithuania Holding UAB	Lithuania	100 %	100 %
Ingleby Lithuania Agro UAB	Lithuania	0 %	100 %
Ingleby Lithuania 1 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 2 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 3 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 4 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 5 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 6 UAB	Lithuania	0 %	100 %
Ingleby Uruguay SRL	Uruguay	80 %	80 %
ME Holding 1 S.A.	Uruguay	0 %	80 %
Maria Elena Holding 2 S.A.	Uruguay	0 %	80 %
Maria Elena S.R.L.	Uruguay	0 %	80 %
CA3 Holding S.A.	Uruguay	0 %	80 %
CAH 4 S.A.	Uruguay	0 %	80 %
Chamizal S.R.L.	Uruguay	0 %	80 %

Financial statements for the period 1 July 2015 – 30 June 2016

Notes to the financial statements

8 Capital and reserves

The movements in the capital and reserves are specified as follows:

USD	Share capital	Retained earnings	Change in accounting policy	Total
Balance at 1 July	85,582	423,433,751	-852,127	422,667,206
Capital increase	1,930	29,874,124	0	29,876,054
Foreign currency translation adjustments	-136	-1,382,468	0	-1,382,604
Retained earnings, cf. profit appropriation	0	-1,370,365	0	-1,370,365
Capital transactions in subsidiaries	0	-250,561	0	-250,561
Balance at 30 June	87,376	450,304,481	-852,127	449,539,730

9 Share capital

The share capital consists of 5,860 shares of nominal DKK 100 each. No shares have been ascribed special rights.

The company's share capital has increased in the following way during the last 5 years:

USD	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Balance at the beginning of the year	85,582	101,557	93,584	90,813	102,438
Capital increase	1,930	2,987	2,938	871	854
Foreign currency translation adjustment	-136	-18,962	5,035	1,900	-12,479
Balance at the end of the year	87,376	85,582	101,557	93,584	90,813
Exchange rate DKK/USD	6.7066	6.6953	5.4452	5.7382	5.8582

The share capital is presented in USD at the exchange rate of the balance sheet date for each year.

Financial statements for the period 1 July 2015 – 30 June 2016

Notes to the financial statements

10 Contractual liabilities and contingencies, etc.

Contingent liabilities

The company is jointly taxed with Ingleby Farms & Forests ApS and Ingleby Denmark 2 A/S. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties amounting to USD 1,041.

11 Mortgages and security

None.

12 Related parties

Ownership

The Company is 100 % owned by Ingleby Farms & Forests ApS, Køge, CVR no. 35 86 80 62

The ultimate shareholder is The Ingleby Trust, represented by
Dr. Johannes Burger, Rötibergstrasse 2, CH- 9442 Berneck Switzerland
Dr. Markus Summer, Stelzagass 17, LI - 9487 Gamprin Principality of Liechtenstein
Geoffrey Richards, Landstrasse 33, 9491 Ruggell Principality of Liechtenstein