

## Ingleby Denmark 2 A/S

Slotsgade 1A, 4600 Køge

CVR no. 30 60 00 45

### 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 2 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 2 A/S**

### **Independent auditors' report on the financial statements**

We have audited the financial statements of Ingleby Denmark 2 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 2 A/S  
Slotsgade 1A  
Vallø  
4600 Køge

Telephone: +45 55 31 35 60

Registration No.: 30 60 00 45

Established: 1 June 2007

Registered office: Stevns

Financial year: 1 July - 30 June

### **Board of Directors**

Dr. 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 Company's principal activities consist of being a holding company for investments in agricultural companies including foreign agricultural companies and sale of management services to agricultural companies and other related business.

#### **Development in activities and financial position**

The result for the year 2015/16 shows a loss in the amount of USD 1,488 thousand against a loss in the amount of USD 1,278 thousand in 2014/15.

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

During the financial year, the company continued investing in Romanian, Uruguay and Peruvian activities. The increased investments were financed by means of capital increases.

#### **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 -500,000 and USD 500,000, which represents an improvement compared to 2015/16.

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

### **Accounting policies**

The annual report of Ingleby Denmark 2 A/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.

### **Reporting currency**

The financial statements are presented in USD, as the entity's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6.7066 (2014/15: 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**

#### **Gross loss**

With reference to section 32 of the Danish Financial Statements Act, the items 'Other external expenses' are consolidated into one item designated 'Gross loss'.

#### **Other external costs**

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to administration etc.

#### **Financial income and expenses**

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

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

### **Tax on profit/loss**

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.

### **Balance sheet**

### **Investments in subsidiaries**

#### **Income statement**

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement and after elimination of the proportionate share of intra-group profits/losses and less amortisation of goodwill.

#### **Balance sheet**

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 USD 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 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 Denmark 2 A/S are not recognised in the reserve for net revaluation.

### **Receivables**

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

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

### **Equity – dividends**

Net revaluation of investments in subsidiaries and associates 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.

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.

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.

Deferred tax is measured according to 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. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

### **Liabilities other than provisions**

Financial liabilities are measured at amortised cost.

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

### **Income statement**

USD	Note	2015/16	2014/15
<b>Gross loss</b>		-18,229	-3,714
Income from investments in group enterprises		-1,474,007	-618,758
Financial income	1	6,505	305,425
Financial expenses	2	-3,667	-663,606
<b>Loss from before tax</b>		-1,489,398	-980,653
Tax on loss from ordinary activities	3	1,676	-297,201
<b>Loss for the year</b>		-1,487,722	-1,277,854

### **Distribution of loss**

USD	2015/16	2014/15
Retained earnings	-1,487,722	-1,277,854
	-1,487,722	-1,277,854

## Balance sheet

USD	Note	2015/16	2014/15
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Investments</b>			
Investments in subsidiaries	4	105,085,535	95,891,206
<b>Total non-current assets</b>		<u>105,085,535</u>	<u>95,891,206</u>
<b>Current assets</b>			
<b>Receivables</b>			
Amounts owed by group enterprises		0	3,174,716
Corporation tax		1,676	0
Other receivables		560	0
		<u>2,236</u>	<u>3,174,716</u>
<b>Cash at bank and in hand</b>		<u>238,251</u>	<u>340,846</u>
<b>Total current assets</b>		<u>240,487</u>	<u>3,515,562</u>
<b>TOTAL ASSETS</b>		<u>105,326,022</u>	<u>99,406,768</u>

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

### Notes to the financial statements

USD	Note	2015/16	2014/15
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	5		
Share capital		84,544	83,194
Retained earnings		105,230,038	99,024,531
<b>Total equity</b>		<b>105,314,582</b>	<b>99,107,725</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		3,075	2,919
Amounts owed to group enterprises		3,146	20,200
Corporation tax		0	269,353
Other payables		5,219	6,571
		11,440	299,043
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>105,326,022</b>	<b>99,406,768</b>
 <b>Contractual obligations and contingencies, etc.</b>	6		
<b>Mortgages and collateral</b>	7		
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## **Financial statements for the period 1 July 2015 – 30 June 2016**

### **Notes to the financial statements**

USD	2015/16	2014/15
<b>1 Financial income</b>		
Interest income, subsidiaries	1,907	108,954
Foreign exchange gains	4,598	196,471
	<u>6,505</u>	<u>305,425</u>
<b>2 Financial expenses</b>		
Foreign exchange losses	1,808	661,898
Other interest expense	1,859	1,708
	<u>3,667</u>	<u>663,606</u>
<b>3 Tax on loss from ordinary activities</b>		
Specified as follows:		
Current tax for the year	-1,676	282,270
Adjustment of deferred tax	0	14,931
	<u>-1,676</u>	<u>297,201</u>

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

### Notes to the financial statements

USD	2015/16	2014/15
<b>4 Investments in subsidiaries</b>		
Cost at 1 July	118,307,665	83,069,477
Additions during the year	11,264,137	46,322,640
Disposals	0	-5,153,083
Disposals (share premium repaid)	0	-5,931,369
Cost at 30 June	<u>129,571,802</u>	<u>118,307,665</u>
Value adjustments at 1 July	-22,416,459	-12,255,410
Foreign exchange adjustments	-535,801	-9,585,918
Profit/Loss for the year	-1,474,007	-456,084
Capital transactions in subsidiaries	-60,000	43,627
Equity method adjustment related to purchase of shares in subsidiaries	0	-162,674
Value adjustments at 30 June	<u>-24,486,267</u>	<u>-22,416,459</u>
<b>Carrying amount at 30 June</b>	<u><u>105,085,535</u></u>	<u><u>95,891,206</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	30 %	30 %
Loma Buena S.A.	Argentina	30 %	30 %
Agropecuaria Don Atillo S.A.	Argentina	30 %	30 %
Rincon del Perdido S.A.	Argentina	30 %	30 %
Administration Agricola S.A.	Argentina	30 %	30 %
Campo El Tigre S.A.	Argentina	30 %	30 %
Campo D'Oro S.R.L.	Romania	0 %	25 %
Cinque Stelle Venete S.R.L.	Romania	25 %	44 %
Cistapibe S.R.L.	Romania	25 %	44 %
Ingleby Romania S.R.L.	Romania	25 %	25 %
Green Gate S.R.L.	Romania	25 %	44 %
Ingleby Peru Holding S.A.C.	Peru	25 %	25 %
Plantaciones del Sol S.A.C.	Peru	0 %	25 %
Ingleby Uruguay SRL	Uruguay	20 %	20 %
ME Holding 1 S.A.	Uruguay	0 %	20 %
Maria Elena Holding 2 S.A.	Uruguay	0 %	20 %
Maria Elena S.R.L.	Uruguay	0 %	20 %
CA3 Holding S.A.	Uruguay	0 %	20 %
CAH 4 S.A.	Uruguay	0 %	20 %
Chamizal S.R.L.	Uruguay	0 %	20 %

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

### Notes to the financial statements

#### 5 Equity

USD	Share capital	Retained earnings	Total
Equity at 1 July	83,194	99,024,531	99,107,725
Capital increase	1,493	8,288,887	8,290,380
Foreign currency translation adjustments	-143	-535,658	-535,801
Retained earnings, cf. profit appropriation	0	-1,487,722	-1,487,722
Capital transactions in subsidiaries	0	-60,000	-60,000
<b>Equity at 30 June</b>	<b>84,544</b>	<b>105,230,038</b>	<b>105,314,582</b>

The share capital consists of 5,670 shares of nominal DKK 100 each. No shares have been ascribed special rights.

The recent 5-year changes of the share capital specified as follows:

USD	2015/16	2014/15	2013/14	2012/13	2011/2012
Share capital 1 July	83,194	100,088	92,713	90,130	102,049
Capital increase	1,493	1,792	2,387	697	512
Foreign currency translation adjustments	-143	-18,686	4,988	1.886	-12,431
<b>Share capital 30 June</b>	<b>84,544</b>	<b>83,194</b>	<b>100,088</b>	<b>92,713</b>	<b>90,130</b>
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**

#### **6 Contractual liabilities and contingencies, etc.**

##### **Contingent liabilities**

The Company is jointly taxed with Ingleby Farms & Forests ApS and Ingleby Denmark 1 A/S.

The companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties amounting to USD 1,041.

#### **7 Mortgages and collateral**

None.

#### **8 Related parties**

##### **Ownership**

The Company is 100 % owned by Ingleby Farms & Forests ApS, Køge.

The ultimate shareholder is The Ingleby Trust, att.

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