

DSV Frø Danmark A/S
Central Business Registration No
35411399
Energivej 3
7500 Holstebro

Annual report 2015/16

The Annual General Meeting adopted the annual report on 18.11.2016

Chairman of the General Meeting

Name: Jens Holstborg

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Entity details

Entity

DSV Frø Danmark A/S

Energivej 3

7500 Holstebro

Central Business Registration No: 35411399

Registered in: Holstebro

Financial year: 01.07.2015 - 30.06.2016

Phone: 97420533

Fax: 97420174

Internet: www.dsv-froe.dk

Board of Directors

Axel E. Kaske, Chairman

Johannes P. M. Angenendt

Burkhard Middendorf

Executive Board

Jens Holstborg, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Vestervangsvej 6

8800 Viborg

Statement by Management on the annual report

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

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2016 and of the results of its operations and cash flows for the financial year 01.07.2015 - 30.06.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Holstebro, 27.09.2016

Executive Board

Jens Holstborg
Chief Executive Officer

Board of Directors

Axel E. Kaske
Chairman

Johannes P. M. Angenendt

Burkhard Middendorf

Independent auditor's reports

To the owners of DSV Frø Danmark A/S

Report on the financial statements

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

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Our audit has not resulted in any qualification.

Opinion

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

Independent auditor's reports

Statement on the management commentary

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

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

Viborg, 27.09.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Kenneth Biirsdahl
State Authorised Public Accountant

Jacob Tækker Nørgaard
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Revenue	198.719	176.443	172.556	159.922	175.319
Gross profit/loss	30.207	30.403	29.777	27.792	38.403
Operating profit/loss	6.578	7.293	6.145	4.249	13.416
Net financials	(2.425)	(2.589)	(3.533)	(3.435)	(4.772)
Profit/loss for the year	3.287	3.573	1.849	1.048	6.665
Total assets	115.037	115.776	135.417	126.389	160.096
Investments in property, plant and equipment	7.981	1.272	767	342	712
Equity	64.990	60.946	56.687	54.583	54.068
Ratios					
Gross margin (%)	15,2	17,2	17,3	17,4	21,9
Net margin (%)	1,7	2,0	1,1	0,7	3,8
Return on equity (%)	5,2	6,1	3,3	1,9	13,6
Solvency ratio (%)	56,5	52,6	41,9	43,2	33,8

In 2013/14, the measurement of inventories was changed at cost calculated under the FIFO method to measurement at cost using weighted average prices. The key financial figures have not changed for FY 2012/13 and 2011/12.

Management commentary

Primary activities

The Company's primary activity is wholesaling and retailing of seed, primarily processed from Danish grown seed as well as minor import.

Development in activities and finances

Profit for the year amounts to DKK 3,287k, which is considered satisfactory and in line with the expected for the financial year.

Uncertainty relating to recognition and measurement

There is no uncertainties related to recognition and measurement af assets an liabilities.

Outlook

A profit is expected for the financial year 2016/17 at the same level as in 2015/16.

Events after the balance sheet date

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

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Derivative financial instruments

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

Accounting policies

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

Income statement

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

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

Other external expenses

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

Staff costs

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

Amortisation, depreciation and impairment losses

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

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

Balance sheet

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	5 years

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment of depreciation and impairment losses, or under other operating income if selling price exceeds original cost.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

Inventories

Inventories are measured at the purchase price, using the weighted average price method using and net realisable value.

Accounting policies

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

Other provisions

Other provisions comprise anticipated costs of non-recourse commitments etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse commitments comprise commitments to remedy defects and deficiencies.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable

Accounting policies

amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Income tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with purchase, development, improvement and sale, etc of property, plant and equipment.

Cash flows from financing activities comprise instalments on interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.

Accounting policies

Return on equity (%)

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

The Entity's return on capital invested in the Entity by the owners.

Solvency ratio (%)

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

The financial strength of the Entity.

Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Revenue		198.719.485	176.443.358
Other operating income		1.343.646	1.288.257
Cost of sales		(148.542.211)	(133.357.710)
Other external expenses		<u>(21.313.541)</u>	<u>(13.971.014)</u>
Gross profit/loss		30.207.379	30.402.891
Staff costs	1	(20.585.696)	(19.450.956)
Depreciation, amortisation and impairment losses		<u>(3.044.068)</u>	<u>(3.658.697)</u>
Operating profit/loss		6.577.615	7.293.238
Other financial income		102.705	316.325
Other financial expenses		<u>(2.528.204)</u>	<u>(2.905.626)</u>
Profit/loss from ordinary activities before tax		4.152.116	4.703.937
Tax on profit/loss from ordinary activities	2	<u>(865.045)</u>	<u>(1.130.786)</u>
Profit/loss for the year		<u>3.287.071</u>	<u>3.573.151</u>
Proposed distribution of profit/loss			
Retained earnings		<u>3.287.071</u>	<u>3.573.151</u>
		3.287.071	3.573.151

Balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Land and buildings		46.481.987	47.728.800
Plant and machinery		6.122.657	6.557.256
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment in progress		6.574.933	0
Property, plant and equipment	3	<u>59.179.577</u>	<u>54.286.056</u>
Other investments		21.055	24.645
Fixed asset investments	4	<u>21.055</u>	<u>24.645</u>
Fixed assets		<u>59.200.632</u>	<u>54.310.701</u>
Manufactured goods and goods for resale		43.255.774	45.250.898
Inventories		<u>43.255.774</u>	<u>45.250.898</u>
Trade receivables		5.487.321	4.215.979
Receivables from group enterprises		2.474.436	10.194.003
Other short-term receivables		1.410.666	1.341.454
Prepayments	5	0	329.000
Receivables		<u>9.372.423</u>	<u>16.080.436</u>
Cash		<u>3.208.179</u>	<u>133.750</u>
Current assets		<u>55.836.376</u>	<u>61.465.084</u>
Assets		<u>115.037.008</u>	<u>115.775.785</u>

Balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital	6	500.000	500.000
Retained earnings		64.490.299	60.445.719
Equity		64.990.299	60.945.719
Provisions for deferred tax	7	4.736.600	5.024.300
Other provisions	8	3.475.000	0
Provisions		8.211.600	5.024.300
Mortgage debts		26.759.262	28.881.416
Non-current liabilities other than provisions	9	26.759.262	28.881.416
Current portion of long-term liabilities other than provisions	9	2.031.563	2.011.825
Bank loans		0	6.827.502
Trade payables		2.550.878	1.604.415
Income tax payable		1.457.292	541.197
Other payables		9.036.114	9.939.411
Current liabilities other than provisions		15.075.847	20.924.350
Liabilities other than provisions		41.835.109	49.805.766
Equity and liabilities		115.037.008	115.775.785
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Assets charged and collateral	13		
Related parties with control	14		
Ownership	15		

Statement of changes in equity for 2015/16

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	500.000	60.445.719	60.945.719
Other adjustments	0	757.509	757.509
Profit/loss for the year	0	3.287.071	3.287.071
Equity end of year	500.000	64.490.299	64.990.299

Cash flow statement 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Operating profit/loss		6.577.615	7.293.238
Amortisation, depreciation and impairment losses		3.087.568	3.675.197
Other provisions		3.475.000	0
Working capital changes	10	9.771.373	14.221.943
Cash flow from ordinary operating activities		22.911.556	25.190.378
Financial income received		102.750	316.325
Financial income paid		(2.528.204)	(2.905.626)
Income taxes refunded/(paid)		(504.256)	(1.477.981)
Cash flows from operating activities		19.981.846	21.123.096
Acquisition etc of property, plant and equipment		(7.981.089)	(1.271.551)
Cash flows from investing activities		(7.981.089)	(1.271.551)
Instalments on loans etc		(2.102.416)	(2.416.167)
Cash flows from financing activities		(2.102.416)	(2.416.167)
Increase/decrease in cash and cash equivalents		9.898.341	17.435.378
Cash and cash equivalents beginning of year		(6.669.107)	(24.104.485)
Cash and cash equivalents end of year		3.229.234	(6.669.107)
Cash and cash equivalents at year-end are composed of:			
Cash		3.208.179	133.750
Securities		21.055	24.645
Short-term debt to banks		0	(6.827.502)
Cash and cash equivalents end of year		3.229.234	(6.669.107)

Notes

	2015/16 DKK	2014/15 DKK
1. Staff costs		
Wages and salaries	18.658.131	17.602.710
Pension costs	1.602.920	1.523.013
Other social security costs	91.016	87.449
Other staff costs	233.629	237.784
	20.585.696	19.450.956
 Average number of employees	 42	 41

Remuneration of the Executive Board is not disclosed in accordance with The Danish Financial Statement Act § 98b paragraph. The board of directors are paid by the parent company.

	2015/16 DKK	2014/15 DKK
2. Tax on ordinary profit/loss for the year		
Current tax	1.449.902	1.007.166
Change in deferred tax for the year	(555.262)	466.187
Adjustment relating to previous years	(29.595)	0
Effect of changed tax rates	0	(342.567)
	865.045	1.130.786

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
3. Property, plant and equipment				
Cost beginning of year	75.035.484	54.039.632	293.798	0
Additions	0	1.406.156	0	6.574.933
Cost end of year	75.035.484	55.445.788	293.798	6.574.933
 Depreciation and impairment losses beginning of the year	 (27.306.684)	 (47.482.376)	 (293.798)	 0
Depreciation for the year	(1.246.813)	(1.840.755)	0	0
Depreciation and impair- ment losses end of the year	(28.553.497)	(49.323.131)	(293.798)	0
 Carrying amount end of year	 46.481.987	 6.122.657	 0	 6.574.933

Notes

	Other in- vestments DKK
4. Fixed asset investments	
Cost beginning of year	34.400
Cost end of year	34.400
Revaluations beginning of year	(9.755)
Fair value adjustments	(3.590)
Revaluations end of year	(13.345)
Carrying amount end of year	21.055

5. Prepayments

Prepayments consist of prepaid expenses relating to the next financial year.

	Number	Par value DKK	Nominal value DKK
6. Contributed capital			
Ordinary shares	500	1.000,00	500.000
	500		500.000
7. Deferred tax		2015/16 DKK	2014/15 DKK
Property, plant and equipment		6.178.200	5.713.300
Inventories		(595.300)	(346.500)
Provisions		(846.300)	0
Other taxable temporary differences		0	(342.500)
		4.736.600	5.024.300

Notes

8. Other provisions

Other provisions consists of provisions for non-recourse commitments etc.

	Instalments within 12 months 2014/15 DKK	Instalments within 12 months 2015/16 DKK	Instalments beyond 12 months 2015/16 DKK	Outstanding after 5 years 2015/16 DKK
9. Long-term liabilities other than provisions				
Mortgage debts	2.011.825	2.031.563	26.759.262	18.644.240
	2.011.825	2.031.563	26.759.262	18.644.240
			2015/16 DKK	2014/15 DKK
10. Change in working capital				
Increase/decrease in inventories			1.995.124	(3.664.781)
Increase/decrease in receivables			6.708.013	20.982.910
Increase/decrease in trade payables etc			1.068.236	(3.096.186)
			9.771.373	14.221.943
			2015/16 DKK	2014/15 DKK
11. Unrecognised rental and lease commitments				
Commitments under rental agreements or leases until expiry			604.495	348.399

Notes

12. Contingent liabilities

The Company has granted a floating charge in favour of Jyske Bank A/S for a total amount of DKK 25,000 k. The floating charge comprises unsecured claims and inventories. Carrying amount thereof amounts to DKK 51,217,351 as of 30.06.2016 and DKK 59,660,880 as of 30.06.2015.

When Hunsballe Holding A/S (formerly Hunsballe Frø A/S), was demerged at 1. August 2013, all assets and liabilities, including all existing contracts, permissions and approvals related to the operating activity, were transferred to DSV Frø Danmark A/S. The companies included in the demerger are jointly and severally liable for the obligations existing at the time of the publication at the demerger plan.

13. Assets charged and collateral

Bank debt is secured by a deposited letter of indemnity for property of a nominal value of DKK 30,000 k. Carrying amount of mortgaged properties and machinery amounts to DKK 21,773,434 as of 30.06.2016 and DKK 22,577,839 as of 30.06.2015.

Mortgage debt is secured by way of a charge on properties. This charge also comprises the plant and machinery deemed part of the property. Carrying amount of property and production plant provided as security amounts to DKK 49,608,599 as of 30.06.2016 and DKK 51,385,605 as of 30.06.2015

14. Related parties with control

Related parties with a controlling interest in DSV Frø Danmark A/S:

Deutsche Saatveredelung AG, Germany.

The Company's Board of Directors and Executive Board.

Other related parties with whom DSV Frø Danmark A/S has had transactions in 2015/16:

DSV zaden Nederland B.V. (former Euro Grass B.V.), the Netherlands.

DSV Polska Sp. Z o.o., Poland.

DSV United Kingdom Ltd., England.

Transactions between related parties and DSV Frø Danmark A/S in 2015/16:

Purchase and sale of seed, licence rights, intercompany loans and administrative fees.

All related party transactions have been conducted on an arm's length basis.

Notes

15. Ownership

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

Deutsche Saatveredelung AG, Germany.