

2016/17

# ANNUAL REPORT

CVR NO. 35 86 80 62

Approved at the Company's annual general meeting 16 November 2017

Chairman:

  
Johannes Burger

**INGLEBY FARMS & FORESTS APS**

SLOTSGADE 1A • 4600 KØGE • DENMARK



INGLEBY FARMS & FORESTS APS - ANNUAL REPORT 2016/17 - 1. EDITION

CC BY-NC-SA © 2017



Ingleby Farms & Forests ApS

Ingleby Publications are licensed under a Creative Commons Attribution-Non-Commercial-Share-Alike (CC BY-NC-SA) License. This means you are free to copy, distribute, display, and make derivative works, but you are not allowed to use our materials for commercial purpose and all derivative works must be licensed under the same terms. For further information, please visit the Creative Commons web page: <http://creativecommons.org/licenses/>

Photographers: Andrea Sanz, Andrei Govoreanu, Andrew Nixon, Angus McPherson, Edvins Zelvis, Frederik Von Magnussen, Gabriel Hess, Gabriel Miron, Gary R. Smith, Hans Cogne, Hans Henrik Koefoed, Iben Bjerre Østergaard, Jeremy Williams, Mark Miers, Mark Pearman, Mauricio Davidovich, Mette Bøgeløv Erichsen, Mette Duedahl Høyer, Pablo Ferreyros, Rafael Leguísamo, Robin Begg, Sebastian Neag, Steen Knarberg, Stephen Creese, Øjvind E. Krabbe

Editor and layout: Mette Bøgeløv Erichsen

[www.inglebyfarms.com](http://www.inglebyfarms.com)

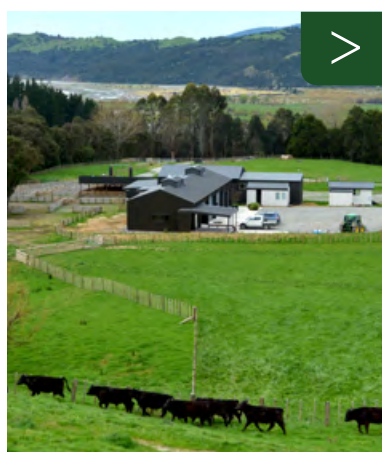
Front page photo: Blueberries, Peru. Photographer: Robin Begg

# TABLE OF CONTENTS



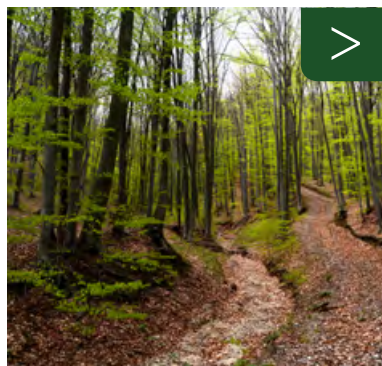
## General Information

Key figures	5
Growing a vision	6
Production overview	8
The Ingleby world	10



## Management's Review

The Chairman's Statement	14
Highlights of the year 2016/17	16
Chief Executive's Review	18
› Americas	20
› Australasia	26
› Europe	32
Board of Directors	38
Executive Group	40



## Corporate Social Responsibility

CSR Report	44
› Growing food	46
› Climate & Resource use	52
› Environment	56
› Labour, Gender & Human Rights	64
› Anti-corruption	68



## Financial Statements

Financial Highlights	73
Management's Statement	74
Independent Auditors' Report	76
Accounting Policies	78
Income Statement	83
Balance Sheet - Assets	84
Balance Sheet - Equities & Liabilities	85
Cash Flow Statement	86
Notes to the Financial Statements	87
Group Structure	96
Company Details	98

# INGLEBY FARMS & FORESTS

Ingleby Farms & Forests ApS is a world leader in sustainable farming. We are long-term owners of land, managing pasture, arable and mixed farms in 9 countries across 4 continents. We apply a sustainable approach in the daily management of all our land.

Since Ingleby was founded in 1998, our never-failing vision of being leading sustainable farmers worldwide has continuously driven the positive development of our farms. Our goal is to produce sound, healthy food on thriving and living farms.

We love the land and are committed to the intelligent management of the earth's resources. We want to grow more with less. We substitute input with knowledge. We work hard to grow our crops and rear our livestock, while actively promoting biodiversity, fertile soils, animal welfare and greener energy sources.

In Ingleby, we know that "we can't be green if we are in the red." But we are farmers not land speculators. We are not out to make fast returns by taking short-cuts or mining our farms.

Turning a farm or a forest into the very best can take a generation. Our long-term approach to farming works because we do not farm to quit, we farm with a 150-year perspective. However, none of our goals can be reached without the enthusiasm of our teams worldwide.

Our approach to sustainable farming attracts high-quality and skilled colleagues. It gives us respect and legitimacy in our communities. And it makes our work more complex and interesting.

We hope to be an inspiration to other farmers. That is also why we have made our internal operational manual, which we sometimes call the Ingleby Green Bible, open access on our website. This manual contains the core of Ingleby's farming practices, and by making it open access, we hold ourselves responsible to the world.





# 2016/17 KEY FIGURES



Note: In May 2017, we acquired Dobeles Agro in Latvia totalling 4,829 hectares. These hectares are included in the total land area. However, they are not included in our production area and data, as we had no production on the land in the financial year.

# GROWING A VISION

Ingleby was founded with the long-term vision of proving that it is possible to build a profitable farming company, while acting in an ethically and environmentally sound manner.

In 1998, we bought our first farm in the USA, and over the next years we expanded with mixed arable and livestock farms in New Zealand, Australia and Argentina to diversify over regions and productions.

In 2007, we decided to invest in Europe. We chose Romania due to its history as being a former grain basket of Europe. One year later, we bought natural regeneration beech and oak forests in Romania as a long-term, stable and sustainable source of income.

To expand our livestock production in Latin America, we decided to invest in Uruguay. Within a couple of years, Uruguay became the largest Ingleby country hectare-wise.

In 2012, we bought our first farm in Peru. The stable, subtropical climate where our farms are located, is ideal for growing horticulture crops.

In 2013 and 2014, we expanded into Lithuania and Latvia, respectively, to further diversify our production over regions and climates.

Today, we manage more than 100,000 hectares, of which 34,000 are protected habitats. We are committed to producing high-quality products while building soils, saving water and protecting nature.





“ Our vision is to be leading, sustainable farmers worldwide, where we farm to feed the world, but also to protect and enhance the environment for future generations. ”





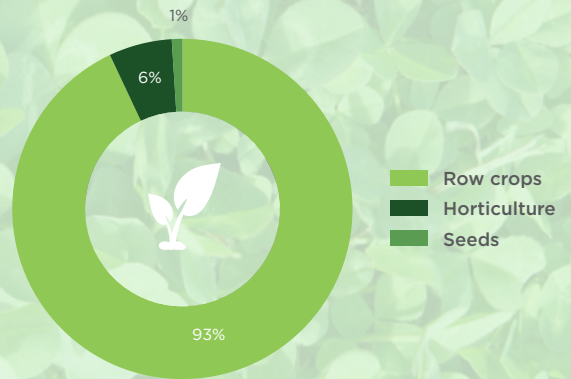
# PRODUCTION OVERVIEW

## Our crops

Our main row crops are wheat, corn, barley and soya. Other row crops include canola, sorghum, sunflower and rye as well as beans, fodder crops, potatoes and peas.

Our seed production includes carrot, clover, oat and grass seeds.

We produce a wide range of horticulture crops. These currently include avocados, blueberries, broccoli, table grapes, onions and pistachio nuts. We also test potential horticulture crops such as stevia, organic bananas, kiwifruit, and cacao.

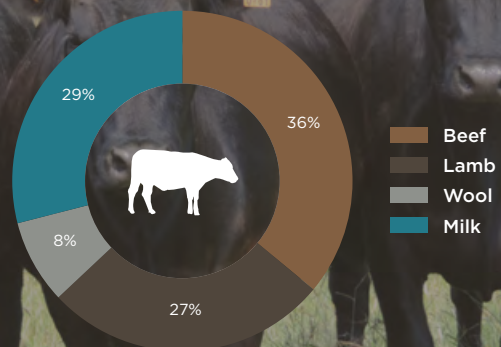


## Our livestock

We raise more than 135,000 sheep, 25,000 cattle and 3,600 dairy cows. All our livestock are grass-fed on pastures.

Our main sheep herds are crossbreeds of Perendale, Romney and Finnsheep.

Our main beef cattle herds are Aberdeen Angus, a hardy and light breed with good fertility and growth rates. Our dairy cows are Holstein Friesian, which is the world's highest-producing dairy breed.

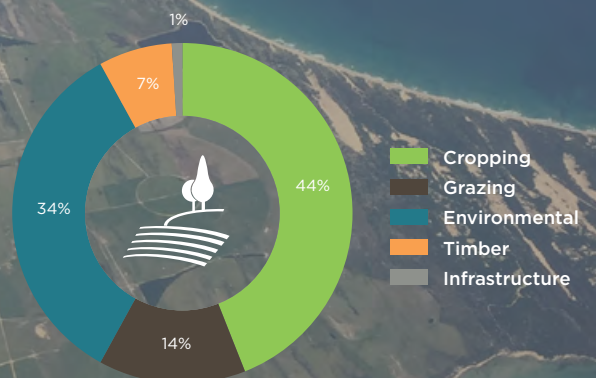


## Our hectares

As of 30 June 2017, Ingleby totals 100,535 hectares worldwide.

We have 33,985 hectares in protected habitats, including 18,786 hectares of natural grasslands in Uruguay and Argentina. The remaining areas are our legally protected habitats as well as non-farmable land such as gullies, ponds, wetlands, woodlands, mountains and other geological formations.

The 7,261 hectares classified as timber are our commercial forests in Romania. These consist mostly of beech and oak.





	Argentina	Peru	Uruguay	USA	New Zealand	Tasmania	Victoria	Western Australia	Latvia	Lithuania	Romania
<b>ROW CROPS</b>											
Barley	●		●				●	●	●	●	●
Canola	●						●	●	●	●	
Corn	●		●								●
Fodder crops	●		●		●	●	●	●			
Green peas						●					
Lucerne						●					●
Peas	●		●						●	●	●
Poppies						●					
Potatoes						●					
Rye									●	●	
Sorghum	●		●								●
Soya	●		●								●
Sugar beets										●	
Sunflower	●										●
Wheat	●		●				●	●	●	●	●
<b>SEEDS</b>											
Carrot seeds						●					
Clover seeds						●			●	●	●
Grass seeds			●			●			●		●
Oat seeds			●								
<b>HORTICULTURE</b>											
Avocados		●									
Blueberries		●									●
Broccoli						●					
Onions						●					
Stevia		●									
Pistachios				●							
Table grapes		●									
<b>LIVESTOCK</b>											
Beef - Aberdeen Angus grass-fed	●		●		●	●					
Lamb - grass-fed					●	●	●				
Milk						●					
Wool					●	●	●				

# THE INGLEBY WORLD



## LATVIA

6,745 ha

### PRODUCTION

Grains, Oil seeds,  
Grass seeds



## PERU

1,977 ha

### PRODUCTION

Table grapes,  
Avocados,  
Blueberries,  
Stevia



## USA

1,789 ha

### PRODUCTION

Pistachios



## URUGUAY

27,217 ha

### PRODUCTION

Aberdeen Angus  
cattle  
Grains, Oil seeds



## ARGENTINA

12,536 ha

### PRODUCTION

Grains, Oil seeds  
Aberdeen Angus cattle

**39** FARMS  
AND 3  
FORESTS  
WORLDWIDE

As of 30 June 2017, Ingleby manages 100,535 hectares worldwide; 81,519 hectares of farmland and 7,261 hectares of production forests.



### LITHUANIA

2,823 ha

#### PRODUCTION

Grains, Oil seeds,  
Grass seeds



### ROMANIA

19,369 ha

#### PRODUCTION

Grains, Oil seeds,  
Grass seeds, Beans  
Blueberries  
Timber



### NEW ZEALAND

6,735 ha

#### PRODUCTION

Sheep, Aberdeen  
Angus cattle



### AUSTRALIA

21,344 ha

#### PRODUCTION

Grains, oil seeds, Beans,  
Potatoes, Onions, Peas, Grasses,  
White clover seeds, Carrot seeds  
Sheep, Aberdeen Angus cattle,  
Milk







# MANAGEMENT'S REVIEW



Cattle at Katoa Station, New Zealand. Photographer: Øjvind E. Krabbe

# THE CHAIRMAN'S STATEMENT



Truels Damsgaard

Ingleby is a diversified company, both geographically and product wise, and although still in our teens, we are already proving to be quite resilient to weather storms and the cyclic agricultural markets.

Low commodity prices and extreme weather have characterised 2016/17; yet we manage to deliver a satisfactory financial result, considering we also expense substantial means for the future development of the company.

The second half of the financial year, especially, delivered results above expectations due to higher yields and better prices for our horticulture crops.

Over the last few years, the Board has decided to diversify the production. While this is proving to be a wise decision, it is also a large investment as well as a demanding job to build up the skills for complex production methods, IT and financial infrastructure, and not least, the right market strategy. Hence, continued investments in not only farms, plants and infrastructure, but also a highly skilled organisation are essential.

Most of our production will be exported from the country of origin to final market quite far away. This is meaningful due to the comparative advantages of producing where the climate, soils and other conditions are optimal.

However, it also requires reasonably free access to the world markets without trade barriers to the benefit of both producers and consumers. As such, we hope that common sense will reign against implementing protectionist policies.

Once again, the Board acknowledges the strong teamwork of the Ingleby organisation worldwide. Next to performing very well, you are delivering a strong basis for making steady progress in the future.

A handwritten signature in black ink, appearing to read 'T. Damsgaard', with a long horizontal flourish extending to the right.

Truels Damsgaard  
Chairman





Karen Gálvez Huancas with Red Globe table grapes, Peru. Photographer: Robin Begg



# HIGHLIGHTS OF THE YEAR

## 2016/17

Despite a year with volatile weather and low commodity prices, we have had many positive developments. Here are some of the highlights from 2016/17.



### Top exporter

After being shortlisted and nominated for the final, ADEX, the association of Peruvian exporters, chose Ingleby Peru as the top exporting enterprise of Peru in 2017 in the category of Exporting Entrepreneurship. This is accomplished within the first four years of starting up our farming operations in Peru and acknowledges our Peruvian team's hard work.

### Pistachio processing

In 2016/17, we began the construction of a pistachio processing plant on our farm Burrell Ranch, California, USA.

The plant has capacity for 6,000 tonnes and ensures vital hulling, drying and storage capacity under high environmental standards. The construction is almost complete, and we expect to process our first pistachios in September 2017.







## Avocados

Despite the extreme rainfall, we obtained an extraordinary avocado harvest in Peru. The yield exceeded our budgets by 80%.



We had a substantial increase in our crop productivity this year. Our total crop yield was 24% higher than our last five-year average, with Romania and Uruguay in particular producing record yields.

Record crop production



## Certified seed

We have doubled our certified grass seed production in Romania. Our grass seed cleaning line is fully functioning and we can produce, clean and bag seeds into any specification requested.

## Dobele Agro

In May 2017, we acquired the farm Dobele Agro in Latvia. The farm neighbours our existing farm Graudi, located south west of the city Jelgava, and is one hour drive from Riga. With this acquisition, we have built an efficient farm hub in the Baltics.



# CHIEF EXECUTIVE'S REVIEW



Hans Henrik Koefoed

Our dedication to agricultural management with true traceability and sustainability spurs strong interest from B2B buyers. We are moving towards our goal of becoming the preferred supplier to our chosen customers.

In 2016/17, we substantially increased our productivity with a total crop yield 24% higher than our last five-year average. This is a result of the continued improvement of our soils' fertility, and our work to incorporate more diversified crop rotations and focused crop nutrient management.

Given the unstable markets and increasingly volatile weather conditions worldwide, in particular heavy rainfall on most of our farms, we consider the revenue of US\$ 115.6 million and the operating profit of US\$ 10.7 million to be satisfactory.

We have benefited from high avocado yields and prices in Peru, increased demand for non-GMO soya from Uruguay and record winter crop yields in Romania. However, we have also had disappointing yields and prices in our Californian pistachio production. Farm gate commodity prices continued their decline for the fifth consecutive year, but our higher yields and improved production efficiency have, to a large extent, compensated for this.

The 2016/17 results include operating losses related to the continued build-up of our farms and production in Peru, Lithuania and Latvia, as well as the blueberry production in Romania. Those total US\$ 6.1 million.

In May 2017, we acquired the 4,829 hectare farm Dobeles Agro in Latvia. Dobeles Agro is located

on the fertile flats around Jelgava and close to our existing farm, Graudi. With this acquisition we have built an efficient farm hub of 9,569 hectares in the Baltics.

Based on our marketing efforts and with exports exceeding US\$ 10 million in 2016/17, Ingleby Peru was in July 2017 awarded the ADEX Asociación de Exportadores award for top achievement in exports. This was accomplished within the first four years of starting up our farming operation in Peru and acknowledges our Peruvian team's hard work.

In 2016/17, we have continued our growth in high value crops such as seeds, berries, fruits and nuts, and further developments are underway as we seek to enter profitable niches. Within the next four years, this segment will deliver more than 60% of our earnings.

In 2017/18, we are budgeting on a revenue of US\$ 116.7 million and an operating profit of US\$ 9.6 million, based on continued low farm commodity prices and the build-up of our farms in Peru and Latvia.

A handwritten signature in black ink that reads "Hans Henrik Koefoed". The signature is fluid and cursive.

Hans Henrik Koefoed  
Chief Executive Officer



## Catering to our customers

During 2016/17, we increased our marketing and sales efforts, which included employing more sales people, mainly in Peru where we have our largest horticultural production.

We have successfully introduced Ingleby to the fresh fruit industry. We are now trading with leading companies in Europe, USA and Asia.

We have successfully undertaken various quality, environmental and ethical audits. We passed specific due diligences performed on us by our buyers who are looking for responsible, sustainable companies with traceable produce. Walmart and Tesco have awarded us the highest standards in their reviews of our systems and production.



Teresa Chaname Quevedo harvesting avocados, Peru. Photographer: Robin Begg

# AMERICAS

## Argentina

2016/17 brought long needed improvements to the agricultural business environment in Argentina in terms of reduced export taxes.

In general, the weather has been volatile throughout the year, with too much rain in the north and too little in the south during the summer, though too much during the autumn.

Our strategy of crop diversification has led us into profitable seed production. Our farm teams have also realised the long-term benefits of implementing cover crops in the rotations.

We have initiated a 260-hectare irrigation project on our farm Don Aurelio. Irrigation will provide more stable yields and the opportunity to enter profitable production contracts.



## Uruguay

We have had excellent results for our non-GM soya and soya for seed production. We have also increased our production of fescue and lotus seeds with good results.

We have completed the irrigation project on San Fernando. We now have 23% of our arable land in Uruguay under irrigation.

Our purebred Aberdeen Angus herd is thriving. We currently have 5,000 mothers, and we plan on increasing the herd to 6,000 mothers.

We have achieved a record cattle pregnancy rate of 85%, which is 12% higher than the national average in Uruguay. Our goal is to reach over 88%.

We have achieved the antibiotic-free certification for all our farms in Uruguay. We are proud to add this to our existing natural beef certification of hormone-free animals, and open range grazing that applies to all our livestock.



## Peru

We are recovering from the worst El Niño event in 90 years. From January to March 2017, we received more than 1,100 mm of rain (the annual average is 90 mm). Fortunately, our substantial proactive investment in river flood protection and drainage canals protected us from most flood damage.

We have acquired 519 hectares of neighbouring land in Olmos. We are postponing the development of the land for 1 year to allow us to focus on existing production.

In 2016/17, we harvested 1,600 tonnes of table grapes that were sold to Europe, USA and Asia. Our table grape yields were below our expectations, but most table grape producers had low yields and our plants are very young.

Our avocado harvest exceeded the budget by 80%. Our avocados are of good quality and are well received by all our buyers.

In 2016/17, our exports exceeded US\$ 10 million, and we are now trading with leading companies

in Europe, USA and Asia. All this was achieved within four years of entering Peru. Our team's hard work was recognised by ADEX, the association of Peruvian exporters, that in July 2017 awarded Ingleby Peru the title of "top exporting enterprise of Peru in 2017" in the category of Exporting Entrepreneurship.

We have obtained social, ethical and environmental certifications such as GLOBAL G.A.P and Tesco Nurture, and soon we will also be Rainforest Alliance certified.



Avocado plantation, Peru



Full water reservoir, USA

## USA

In pistachio production, there is a cycle of alternate bearing, i.e. between large harvests (on-year) and sparse harvests (off-year). 2016/17 was an on-year, but our yield was lower than previous on-years. Also, following many years of high prices for pistachios, these are now under pressure.

The abundant surface water supply from the mountains has enabled us to rest all our wells and filled our water reservoirs, which has also benefitted the farm's wildlife.

We have completed the construction of our solar power plant. It is producing 2.3 million kWh per year, which in off-years will offset our energy consumption.

In 2016/17 we began constructing a 6,000-tonne pistachio processing plant. This plant will ensure vital hulling, drying and processing capacity under high environmental standards. The construction is almost complete and will be tested during the 2017 harvest. We expect the plant to be fully ready for the on-year harvest in 2018.

# Aberdeen Angus

In Ingleby Argentina and Uruguay, we seek to improve our Aberdeen Angus cattle, from the modern large frame to a more robust, sturdier and smaller animal. We do this by selecting original bloodlines such as the original Scottish Aberdeen Angus. It had to endure winters with little food and fatten on summer grass, as they were driven to market.

The Aberdeen Angus genetics we are now breeding allow for easy fleshing, marbling on grass and lower maintenance requirements when grazing on native

grasses. This is due to the breed's ability to efficiently convert large amounts of grass into meat without any substantial supplement feeding. This allows us to build a solid and consistent product.

Our cattle genetics are beginning to look unique in Uruguay and Argentina, and their marketing as sustainable, quality livestock genetics, rather than just kilos of meat is consolidating and firmly on the horizon. This will be particularly valuable if we manage to unify our Ingleby Aberdeen Angus genetics worldwide.







### ABERDEEN ANGUS HISTORY

The Aberdeen Angus breed dates back to the 12th century in north east Scotland. The breed was recognised for being rustic, hornless and possessing remarkable productive attributes.

It was formally recognised as a breed in 1835 in the UK.



### BREED CHARACTERISTICS

Today, the breed is recognised worldwide for the following characteristics:

- > Easy calving
- > Great maternal attributes
- > Easy to handle and docile nature
- > Good growth rate with good conversion and fleshing ability
- > Premium quality product

This cow is  
Eulmina Marty.

She is in Scotland and Ingleby has bought four embryos from her and Jipsey Earl. Jipsey Earl is the most successful bull in British history.

They are both original  
Aberdeen Angus  
bloodlines.



OF  
THE  
YEAR





This year, our star crop has been the avocados, with phenomenal yields exceeding our budgets by 80%. In total, we produced 4,491 tonnes of avocados in 2016/17, compared to 287 tonnes in 2015/16.

The unusual weather in Peru and high rainfall this year delayed the harvest and favoured the size of our avocados; 86% of our exported Hass avocados were medium size or larger.

Our avocados are of excellent quality and have been well received by all our buyers in the UK, Europe, USA and Asia. The total discard rate at destination was 2%.

We exported 74% of the harvest, while the rest was sold locally in Peru.

The health and vigour of our plants has attracted much local interest, especially our combination of selected Hass buds and Israeli rootstock. We have therefore decided to develop nursery plants of this type of avocado tree for the local market. They are already in high demand.

Our main avocado variety is Hass, but we also have a smaller production of Pinkerton.

Our avocado trees are, on average, two-and-a-half-years old, and we expect them to reach full maturity between 2019 and 2020.

Since 2016, our avocado production has been GLOBAL G.A.P certified and in 2017 we achieved the Tesco Nurture (GOLD Standard).

# AUSTRALASIA

## New Zealand

New Zealand had a tough climatic year with a cold spring, early summer drought in December and January and heavy rain in March and April. However, despite the adverse weather we have managed well.

We made the decision to change our livestock strategy from trading/fattening to more breeding, since breeding is more stable and less affected by the volatile trading market.

Beef prices are firm, while lamb prices have gone through the roof. The wool market has collapsed entirely. We were fortunate to have signed supply contracts at favourable prices for our summer wool, but going forward we are only shearing for animal welfare reasons.

We have been growing more fodder beets for grazing, with impressive results.

We have completed some long-standing houses and farm building constructions.



Fodder beets, New Zealand



## Victoria

In Victoria, our production of 10,000 lambs saved our result this year, as the strong lamb prices compensated for the drop in grain prices. We aim to increase our lamb production by 20%, without compromising our cropping activities.



Sheep grazing at Mt Elephant, Victoria



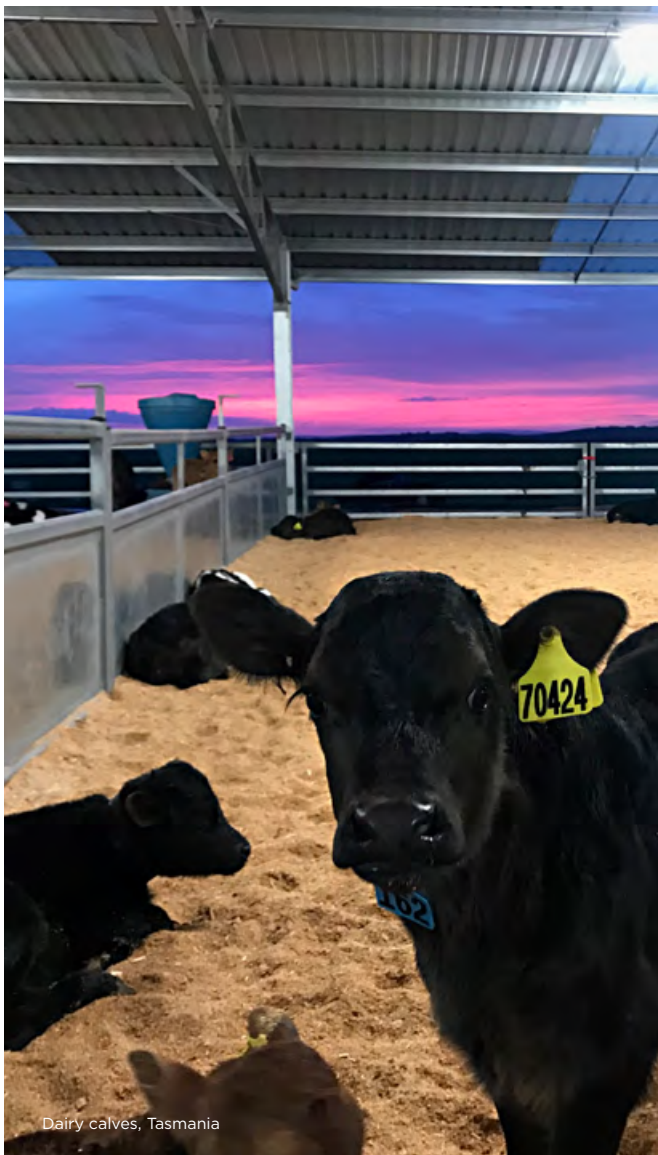
## Western Australia

In Western Australia, our expected record harvest was reduced by an unusually late frost during grain flowering in September 2016.

We have fenced off areas with native vegetation and planted salt bush on waterlogged and slightly saline areas. This is beneficial for reclamation and grazing.



Salt bush, Western Australia



Dairy calves, Tasmania

## Tasmania

From June to September 2016, we had extraordinarily high rainfall in Tasmania. This had a negative effect on the dairy production since our cows are on open range all year.

We have converted our dairy production into spring calving (July - September). The transition throughout this year has been longer than expected and has impacted our production, but we can now forward to improved performance resulting from lower cost of production.

We have also decided that we will rear all male calves. We have therefore built a third calf shed to ensure optimal animal welfare for the new born calves. In general, we have had a low calf mortality rate this year, and also a significant decrease in respiratory diseases.

Our continued improvement of pastures and soil fertility has, and will, continue to improve feed productivity and quality. This will benefit our future production and allow for decreased feed costs once the transition to spring calving is complete.

We had an exceptional year for lambs in Tasmania, with 20% increase in conception after moving all lambs to the finishing farms and allowing breeding farms to focus on the ewes. The demand for Tasmanian lamb is increasing, and last year Ingleby supplied 10,000 of the 60,000 lambs sold to supermarkets.



# DAIRY CALVES



Male calves, Clovelly Dairy, Tasmania. Photographer: Hans Henrik Koefoed

This year was significant for our farm Clovelly Dairy in Tasmania, as the farm switched from a year-round calving system to spring calving. We also decided to raise all male calves for beef production.

The spring calving system ensures better cost control and will lower our cost of production. The system fits better with our pasture growth curves so our feed costs will be lower, while our feed utilisation will be higher, and we avoid the high cost of winter feed.

We should also see significant savings in labour costs by having periods of intense work, where

the whole farm team can pull together and focus on one area more efficiently.

Going forward, Clovelly Dairy will welcome over 3,500 calves from July to September. This means 50-100 new calves born every day during a 12-week period. To cope with this, we have constructed a third calf-rearing shed and will employ more seasonal labour.

The price of changing from the year-round system has been a drop in our milk production in 2016/17. We had a large number of cows that were not in synchrony with the spring calving pattern, so many were milking outside their most productive periods during the transition.





A variety of native grasses, Uruguay



Dairy calf, Clovelly Dairy, Tasmania



New calf-rearing shed, Clovelly Dairy, Tasmania

All of our dairy cows are now synchronised, and we expect a more productive and efficient dairy operation in 2017/18.

The decision to raise male calves was born more out of ethical concerns than economic reasons. Male calves are traditionally considered a by-product in dairy production, and less than 1% of dairy farms in Australia raise all calves born.

By raising male calves, we ensure that our dairy operation is not wasteful and the

added beef production is in line with our vision of feeding the world. However, at the same time, the financial aspect is important and we are working hard to get that right. We have to look at it with a more holistic approach; it is an integrated operation so we have to make the entire operation profitable.

There is definitely interest from the dairy industry in what we are doing. We anticipate a strong interest in the outcomes of what we are trying to achieve, especially if we can prove it can be done in a sustainable manner.



# Fencing for the future

Western Australia is unique for its ancient and eroded landscapes, biodiversity hotspots, and red soil, to name a few examples.

The fragile nature of the soil and vegetation has meant that the landscape and native flora have suffered from grazing livestock and large-scale land clearing for agriculture.

On Ingleby's farm in Western Australia, our farm team have spent seven years protecting and fencing isolated pockets of bush for long-term conservation and natural regeneration. Up to 20% of the farm now consists of fenced-off remnant, native vegetation.

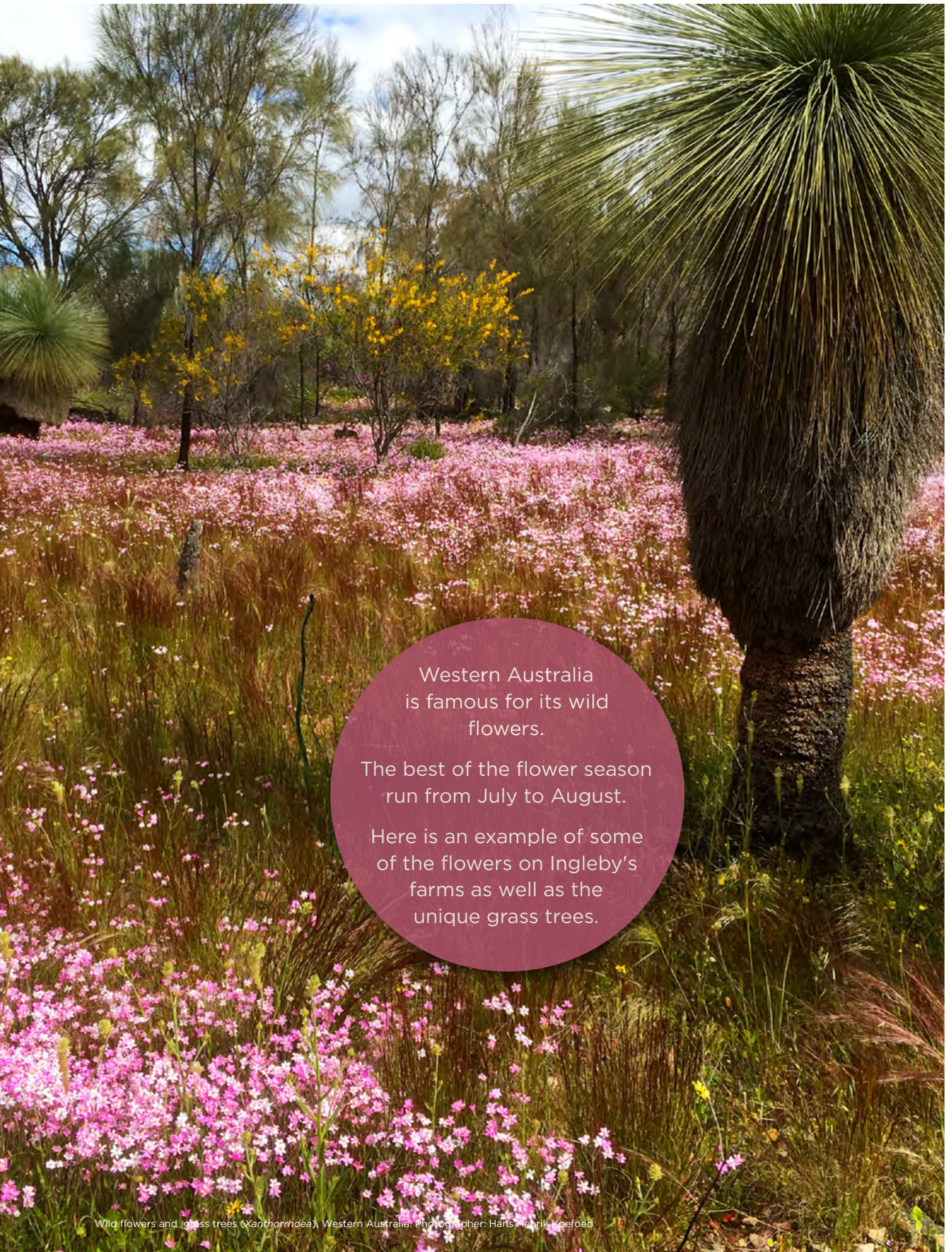
Fencing prevents livestock grazing the understory and it also makes other environmental risks - such as fires - easier to manage. In certain places, particularly the creek lines, there are many introduced grasses, and fencing allows controlled grazing on these areas.

Over seven years, the team has built more than 100 kilometres of fences. The most important areas are now fenced off, but the project will always be ongoing.

In the areas we have fenced, we are already seeing wildflowers and small bushes regenerating, though it might be another 10 - 20 years until we see significant recovery of the understory. Some of it may never recover, but the most important thing is to conserve what remains as an initial step.







Western Australia is famous for its wild flowers.

The best of the flower season run from July to August.

Here is an example of some of the flowers on Ingleby's farms as well as the unique grass trees.

Wild flowers and grass trees (*Xanthorrhoea*), Western Australia. Photographer: Hans Henrik Koefoed



# EUROPE

## Latvia

We had high rainfall during our 2016 harvest. This affected both yield and quality and resulted in a financial loss for 2016/17.

In May 2017, we acquired the 4,829-hectare farm Dobeles Agro. The farm has some of the best land in Latvia and is located next to our existing farm holdings. We are building an efficient farm hub in the Baltics.



## Lithuania

This is our third year in Lithuania and we are seeing the benefits of our clean-up work, with improved soils, drainage, water canals, weed control, roads and infrastructure.

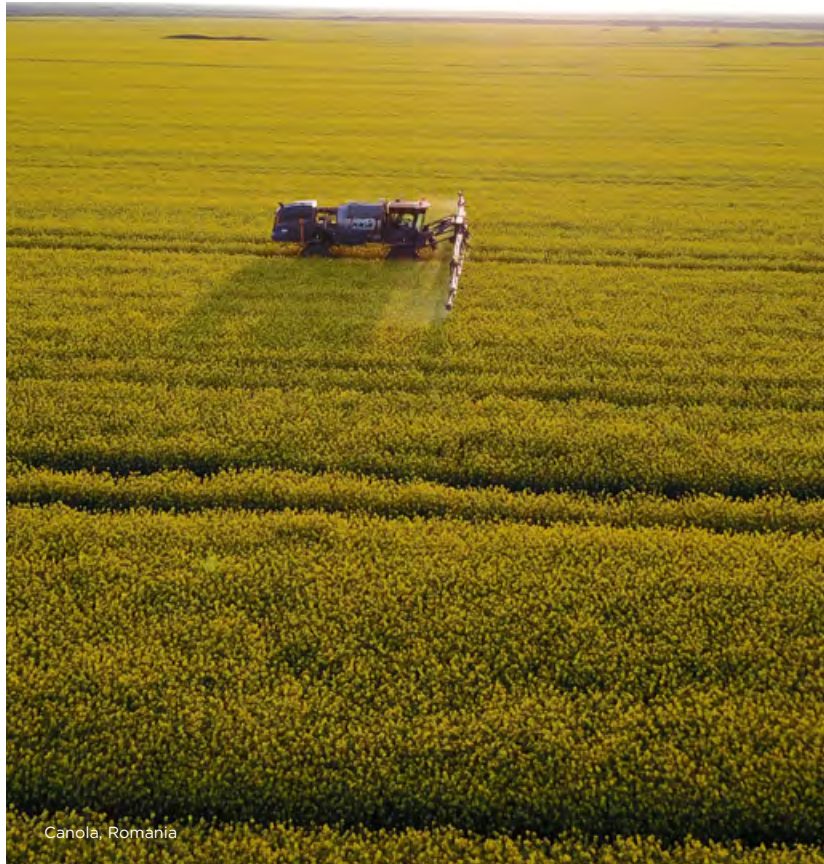
We completed the construction of a 2,000 m<sup>2</sup> storage building, silo storage for 18,000 tonnes of grain, as well as cleaning and drying facilities. All were been put into good use during the extremely wet weather conditions throughout the 2017 harvest.

We have drained 160 hectares of productive farmland; the final stage of a 600 hectare, EU subsidised drainage project.

We have planted 105 hectares of sugar beets. We plan to expand this production to 500 hectares in 2017/18.

New farm buildings,  
Lithuania





Canola, Romania

## Romania Farms

We have harvested our winter crops of grass seed, canola and wheat with record yields.

In 2016/17, we doubled our profitable certified grass seed production of Italian and Westerwoldian ryegrasses. Our grass seed cleaning line is fully functioning and, via our international partners, we ship certified grass seed directly to end-B2B-customers.

Our soil structure has improved tremendously after applying more than 100,000 tonnes of lime over the last five years.

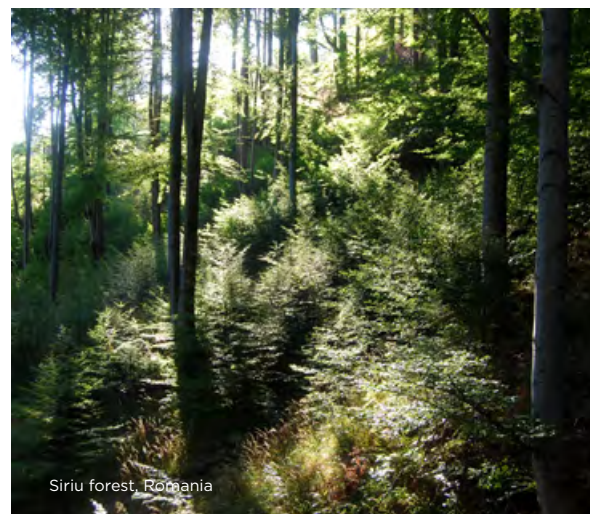
We are in the middle of developing the planned 200-hectare blueberry plantation. We aim to have 100 hectares planted by 31 December 2017 and all 200 hectares planted by December 2019.

## Romania Forests

We are still focusing on thinning and improving the quality of our forests. In 2016/17, we harvested 30% in main cuttings and 70% in thinnings.

The demand for wood is increasing and timber prices, particularly oak, have improved by more than 30%.

In November 2016, we decided to protect two areas in Siriu forests of 226 and 58 hectares respectively. We have since taken these areas out of production, and left them to develop into future natural forests



Siriu forest, Romania





Top: Harvesting wheat, Romania. Photographer: Frederik Von Magnussen. Bottom: Harvested wheat, Romania. Photographer: Andrei Govoreanu



# RECORD YIELDS!

In Romania, our winter crop harvest of canola and wheat exceeded all our expectations this year. Our yields were 97% higher for canola compared to earlier years, and 27% higher for wheat compared to the last 5-year average.

The good results are based on a combination of factors.



## IMPROVED SOILS

Since we bought our first farm in Romania in 2007, we have constantly focused on improving the soils. Our soils have a high level of clay and some deep compaction.

To improve the soil structure, we have added more than 11 tonnes of lime per hectare over the years.

We have also changed our tillage system to deep cultivation every third year. We work the soil with single tines to a depth of 40-45 cm to break up soil compaction, increase the water capacity, and improve the soil structure. This allows our plants to develop a deeper root zone, making them more resistant to drought and increasing their yield potential.



## GOOD MANAGEMENT

Our management team carried out all tasks, from soil preparation and seeding to optimal fertilisation and crop protection in good timing, and with special attention to details.

We seeded our winter crops from late-August to mid-October 2016. Despite the challenging weather with high rainfall during that period, our team got the timing just right.

We also improved our fertiliser plan according to soil and leaf analyses, keeping in mind sustainable fertiliser balances.



## NEW CROP VARIETIES

We constantly test new crop varieties. This year, we planted about 60% of our hectares in wheat with two new varieties based on successful trials in 2016.



## BENEFICIAL WEATHER

Of course, the optimal weather was a major factor behind our record yields. After the rainy autumn, a cold dry winter allowed for good root growth. This was followed by a wet cold spring that gave our crops good and steady growth without any heat stress. Finally, a dry and hot summer allowed us to harvest in good conditions without losses.



BEEES,  
BUMBLEBEEES &  
**BLUEBERRIES**





To ensure our blueberry plants are pollinated during the vital flowering season from April to May, we have established our own beehives.

We want to increase our bee population and our plan is to expand up to 1,000 hives.

After the bees have finished pollinating the blueberry plants, we move the hives to other areas on our farm to help pollinate crops such as canola and sunflower.

Around our blueberry fields, we have planted live fences of Hawthorn (*Crataegus monogyna*). Besides helping to keep deer out of our fields, hawthorn flowers are a good source of nectar for pollinators, and the fruit provides food for all sorts of wildlife throughout the winter.

A growing population of wild bumblebees is also helping to pollinate our blueberries. This is good news, because bumblebees are better pollinators than bees. They have easier access to the pollen in the blueberry flowers and they begin pollinating at lower temperatures.

So both bees and bumblebees are helping us to improve both our yields and the quality of our blueberries.

---

We have been growing blueberries in Romania since 2010.

We currently grow six varieties of blueberries, chosen to best suit the Romanian climate and our soils, allowing us to produce large and tasty berries of high quality.

Our blueberries are all hand-picked and delivered fresh to markets in Europe.

Since 2016, our blueberry production has been GLOBAL G.A.P certified.

# BOARD OF DIRECTORS



**TRUELS DAMSGAARD**  
**Chairman**

Truels was appointed to the Ingleby Board in 2014 and became Chairman in July 2016. Truels is also a member of the Ingleby Audit Committee.



**WILLIAM H. CAMP**  
**Vice-Chairman**

William was appointed to the Ingleby Board in 2014 and became Vice-Chairman in November 2016. William is also a member of the Ingleby Audit Committee.



**JOHANNES BURGER**  
**Non-Executive Director**

Johannes was appointed to the Ingleby Board in 2007. He is also a member of the Ingleby Audit Committee.



**LISBET RAUSING**  
**Non-Executive Director**

Lisbet was appointed to the Ingleby Board in 2014. She is also a member of the Ingleby Environmental Committee.



**DAVID BLANCHARD**  
**Non-Executive Director**

David was appointed to the Ingleby Board in 2014.



**ROBERT T. WISEMAN**  
**Non-Executive Director**

Robert was appointed to the Ingleby Board in 2014.



**GWYN V. BURR**  
**Non-Executive Director**

Gwyn was appointed to the Ingleby Board in 2016. She is also a member of the Ingleby Market Committee.



**HANS HENRIK KOEFOED**  
**Chief Executive Director**

Hans Henrik was appointed CEO in 2005 and was, at the same time, appointed to the Ingleby Board. He is a member of the Ingleby Audit Committee and Chairs the Ingleby Environmental and Market Committees.





*We are proud of our farms and forests, and we look forward to working together in the long term as we strive for farming and forestry excellence.*

Pistachio plantation, USA. Photographer: Gary R. Smith



# EXECUTIVE GROUP



**HANS HENRIK KOEFOED**  
**Chief Executive Officer**  
Joined Ingleby in 2005



**KLAUS BØJE NIELSEN**  
**Chief Financial Officer**  
Joined Ingleby in 2008



**BENT ROSGAARD**  
**Chief Information Officer**  
Joined Ingleby in 2007



**METTE DUEDAHL HØYER**  
**Chief Production & Sustainability Officer**  
Joined Ingleby in 2009



**METTE B. ERICHSEN**  
**Chief Communications Officer**  
Joined Ingleby in 2009



**ØJVIND E. KRABBE**  
**Chief of HR & Business Development**  
Joined Ingleby in 2011



**KARINA NYVANG RITTER**  
**Chief Accounting Officer**  
Joined Ingleby in 2014





**ROBIN BEGG**  
**Ingleby Latin America**  
 Joined Ingleby in 2004



**PABLO FERREYROS**  
**Ingleby Peru**  
 Joined Ingleby in 2012



**RAFAEL LEGUÍSAMO**  
**Ingleby Uruguay**  
 Joined Ingleby in 2009



**GARY R. SMITH**  
**Ingleby USA**  
 Joined Ingleby in 1998



**STEPHEN CREESE**  
**Ingleby Tasmania & Victoria**  
 Joined Ingleby in 2001



**ANDREW NIXON**  
**Ingleby Western Australia**  
 Joined Ingleby in 2004



**PETER NIXON**  
**Ingleby Western Australia**  
 Joined Ingleby in 2004



**JEREMY WILLIAMS**  
**Ingleby New Zealand**  
 Joined Ingleby in 2006



**RASMUS JUUL  
 CHRISTOFFERSEN**  
**Ingleby Baltics**  
 Joined Ingleby in 2016

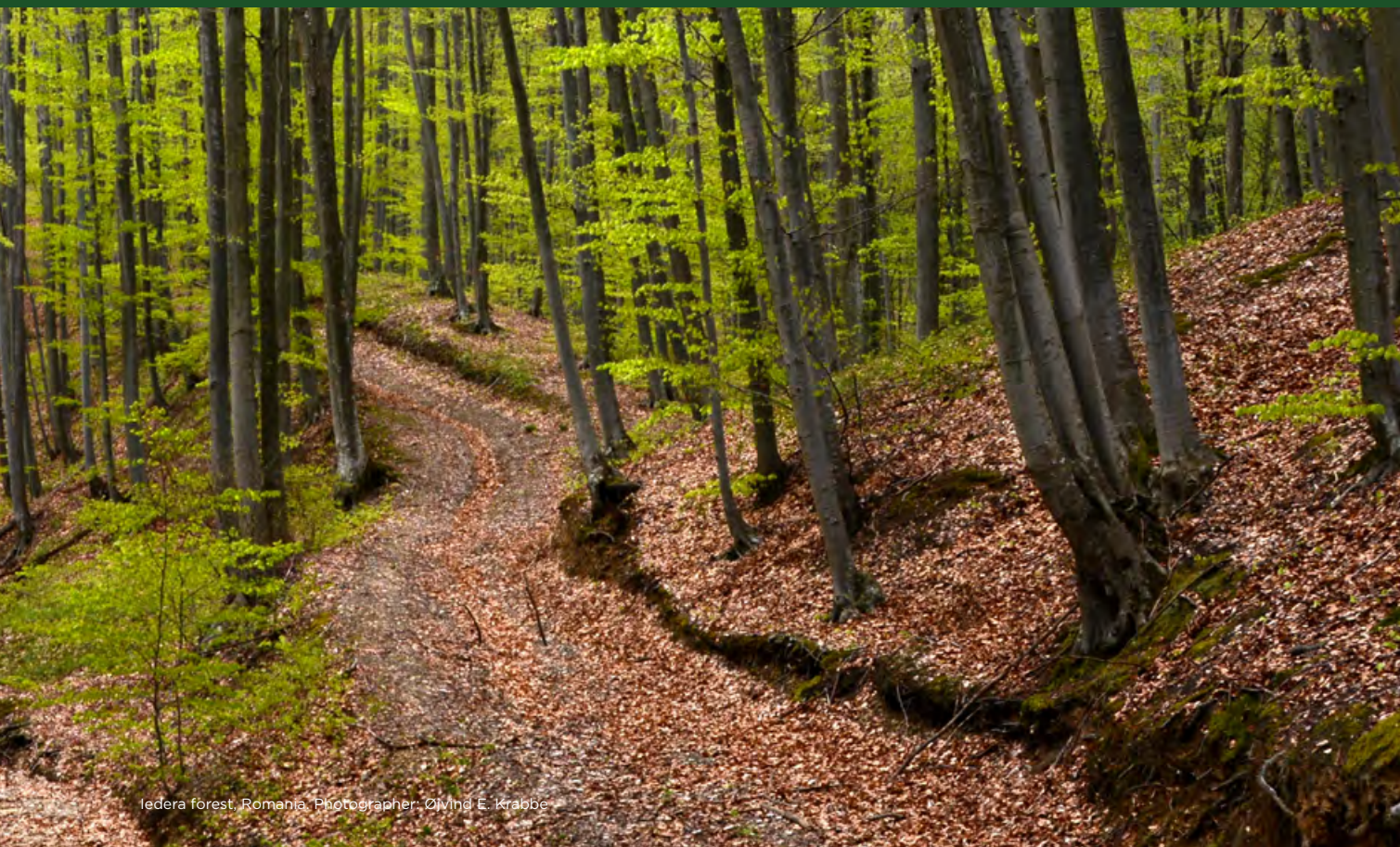


**ANDREI PAVEL**  
**Ingleby Romania**  
 Joined Ingleby in 2012





# CORPORATE SOCIAL RESPONSIBILITY



Iedera forest, Romania. Photographer: Øivind E. Krabbe

# CSR REPORT



Mette Duedahl Høyer

Our main approach is to work with nature, not against it. We believe it is the only way to be long-term farmers.

This is our Corporate Social Responsibility Report in accordance with Section 99a of the Danish Financial Statements Act.

Feeding the world sustainably requires that we protect the natural resources that are essential for producing food now and in the future. For Ingleby, this means that we take pride in building up our soil, as we believe soil is as vital as air and water.

Under natural conditions there are always plants covering the soil. Occasionally, the soil may be disturbed by animals, birds, or by other causes, but nature never leaves the soil of an entire field bare. The job of aerating the soil is done from underneath by insects and earthworms.

At Ingleby, we try to mimic nature by touching the soil as little as possible – we use conservation tillage methods and minimise ploughing. Where we can, we seed our crops directly in the stubble of the previous crop. Because less machinery has rolled over the soil, it is then also less compacted.

We use a range of nature-based solutions to conserve water and keep our rivers clean. For example, we establish vegetation buffer zones along riverbanks and lakes, use terracing along hill slopes, and keep grass waterways in low areas of our cropland. In this way, we slow down the velocity of water after rainfall and at the same time protect our soils and waters by reducing sedimentation and erosion.

We work to diversify our food systems by adopting diverse crop rotations, leaving crop

residues on the soil, or by growing cover crops to keep soils covered and protected, whilst maintaining moisture. We plant trees, manage our livestock to avoid overgrazing, and integrate animal and plant production where possible. These methods foster biodiversity, build soil fertility and organic matter, reduce weeds, and provide habitats, as well as contribute to carbon sequestration and cooling of the planet. And we create greater resilience on our farms to the impacts of climate change.

Let there be no doubt: Farming is a business, and it is a business we all rely on for affordable, safe and nutritious food. It is also, however, a business that affects, and is affected by, nature and its resources. On our farms we try to solve complex environmental challenges through innovative and practical solutions, working with nature, not against it. At the same time, we are also looking to enable or scale what is working, so our farms can succeed as sustainable businesses for generations to come.

All the work starts at ground level, one farm at a time.

Mette Duedahl Høyer  
Chief Production & Sustainability Officer



## What we measure, we manage

Since 2010/11, we have produced internal sustainability reports for all our countries. We monitor and record our water quality, vegetation cover, biodiversity, accidents and near misses, animal health and welfare, and soil quality in terms of organic matter content, nutrient stocks, depth and structure.

We record our inputs such as fertilisers, chemicals, veterinary medicines, and so on, as well as how efficiently we use these inputs. And, of course, we measure our harvests and yields.

We quantify these indicators so that we can produce traceable, wholesome food. But more profoundly, we do it to create evidence-based feedback between how we farm, and how our farms thrive.

## Engaging with the UN Sustainable Development Goals

As farmers, we believe we have a role to play in solving some of the world's global challenges. We want to take part in making the United Nations Sustainable Development Goals (SDGs) work.

The SDGs represent an ambitious agenda over the next 15 years. After reviewing our activities in the context of the SDGs, we identified two of the 17 goals that we most directly support through our farming, and where we can have the widest, most positive impact.

These goals are:

- > Goal 2 - end hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
- > Goal 15 - protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

First of all, we produce healthy, nutritious food. Every year, we can feed more people from each hectare of our arable land than the year before. Over the last seven years, our average crop yields increased by 4% annually.

Secondly, we aim for a balanced production where we grow food, while at the same time protect and enhance our soils, biodiversity and the environment. We work every day to show that farming and forestry can be efficient, sustainable and environmentally responsible.

We manage our Romanian multi-species forests in a sustainable way through natural regeneration, sensible thinnings and avoiding clear cuts. On our farms, we promote natural revegetation of native species on degraded or less productive lands to provide habitats, assist biodiversity and to create shade and shelter.

We always respect of our teams and the communities, where we are involved. We create good and safe jobs, with equal opportunities.

And we are here for the long term, always pursuing a 150 year perspective.

# GROWING FOOD

We believe that good farming can both feed the world and protect the environment. To keep up with the growing human population, we must produce more food worldwide over the next 50 years.

## Feeding the world

We support the United Nations Sustainable Development Goal number 2 to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture. We aim to achieve this by feeding the growing population by developing increasingly efficient and environmentally sustainable farming practices.

Over a 10-year-spectrum, we want to increase our yields by 1% per year.

We have by far achieved this goal. Over the years, we have a 4% increase in yields per year on average. In 2016/17, we reached a 24% yield increase compared to the last 5-year average.

We do this by improving our soils and balancing our nutrient management, using crop rotations and by intensifying through double cropping where possible.

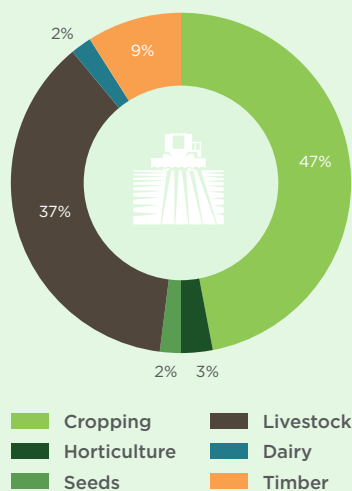
Our total crop production reached 299,445 tonnes in 2016/17, equalling 5.5 tonnes per cropping hectare.

Our total livestock production reached 4,696 tonnes in 2016/17, equal to 144 kg per hectare. This includes 1,680 tonnes of beef (CWT), 1,275 tonnes of lamb, 393 tonnes of wool, and 1,348 tonnes of milk solids (or 17.3 million litres).

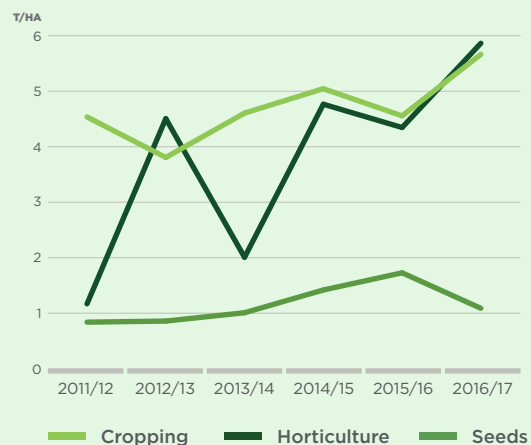
Our share of the world food production totals 674,000 million calories. This can feed more than 739,000 people for a year based on an estimated daily calorie need of 2,500 per person, provided our products represent the recommended carbohydrates, protein and fats needed.

Calculated by hectares, we can feed one person for one year on 0.11 hectares of land.

PRODUCTION AREA 2016/17



CROP YIELDS







Sheep grazing on Katoa Station, New Zealand. Photographer: Øyvind E. Krabbe

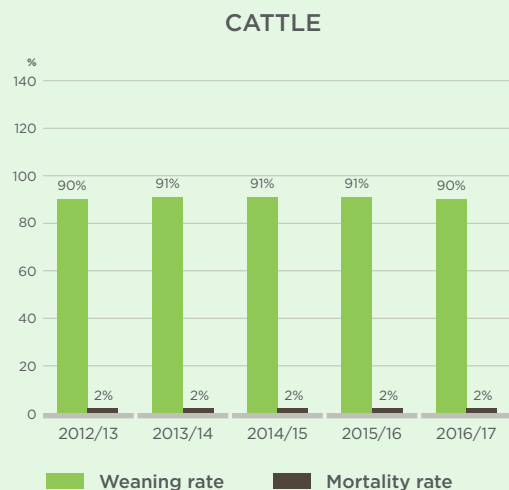
## Rearing healthy animals

We care for our animals' health and comfort in how they are fed, housed, kept occupied, medicated, handled and transported. Ingleby livestock are free range and we will not venture into intensive livestock farming.

We aim for balanced breeding that supports the health, feed efficiency, and welfare of our animals.

We use weaning and mortality rates as key indicators of animal welfare. We aim for a weaning efficiency of 88% for calving and 135% for lambing by 2018/19. For our dairy cows, we include other factors, such as body condition score and disease incidence in the herd.

We monitor our use of pharmaceuticals to ensure healthy, balanced livestock production systems according to the mantra: as little treatment as possible, but as much as necessary.



# SOIL

- our most important asset!

We define and monitor our soil's quality in relation to its ability to support crop and pasture growth. We assume that by improving soil properties that contribute to improved plant production, we also contribute to the other environmental services that soils provide.

To measure how our soils are developing, we take Reference Soil Samples every five years.

Samples are taken from representative areas of the farms and we analyse for all key soil properties that determine soil quality.

We combine these results with those from our crop nutrient balances and leaf nutrient analyses to track how our farming practices affect soil quality.





## Growing crops and soils

Good soils, together with our human resources, are our most important assets. As long-term landowners, our goal is to improve the quality of our soil every year. However, this is a very slow process, and not easily demonstrated in an annual CSR report.

We measure our soil fertility status in five-year intervals. It is our long-term goal to improve the topsoil layer by 2 mm a year, so you can say that Ingleby grows both crops and soils. By 2030, we aim to achieve an improvement of 30 mm.



## How we improve our soils

We improve our soils by leaving sufficient crop residues on the ground, using cover crops and minimum tillage, maintaining healthy crop rotations, and adding compost and livestock manures where available and cost effective. We also contour plough, add nutrients to avoid depletion, use non-chemical weed controls, satellite-guided input applications and tractor-wheel path tracking.

We accept that in diversifying our crop rotations, we produce fewer calories with a potentially lower income, provided these crop rotations are more advantageous for our farming system and soil health over the long term.



## Yearly soil benchmarks

In our sustainability reports, we have our yearly benchmarks, which tell us if we are supporting our soil quality in a positive way. We monitor:

- > Nutrient balance for N, P, and K (primary macronutrients)
- > Nutrient use efficiency for the primary macronutrients

In addition to the above, we also monitor a number of other parameters that are either influenced by soil quality, or that affect soil quality over the longer term.

This is benchmarked against our 5-year reference soil samples. We take these at deeper soil depths than our routine soil samples used for crop management decisions and can therefore measure more soil properties. Any changes of soil properties at these sites provide us with valuable information for coming generations to learn how our farms developed over time.

Soil profile, Romania. Photographer: Iben Bjerre Østergaard



# Crop diversity

Cover crops and increased diversity in our crop rotations help address the challenge of maintaining organic matter and associated favourable physical properties in our soils, as well as address the ongoing problem of increasing weed and insect resistance to the most cost-effective and widely used pesticides.



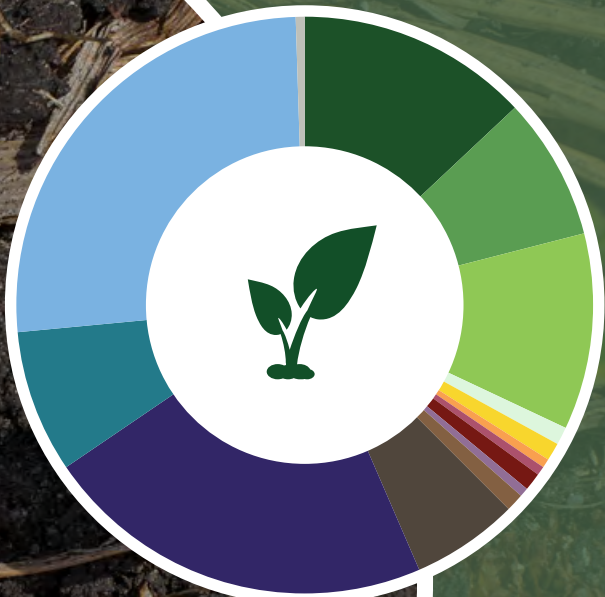
We constantly seek to improve our farming systems and diversify our crop rotations. We increasingly use cover crops on our farms to protect soil health and quality, increase soil organic matter and avoid the build-up of herbicide resistant weeds.

Over time, cover crops and increasing diversity should give us economic returns in the form of higher yields and smaller nitrogen fertiliser input requirements. We should also see either lower herbicide costs or more effective weed control (and higher yields) with same herbicide costs.

In Argentina, we diversify our crop rotations and use cover crops between main crops.







**ROW CROP DIVERSITY 2016/17**

- Barley
- Canola
- Corn
- Faba beans
- Fodder crops
- Green peas
- Lucerne
- Peas
- Potatoes
- Rye
- Sorghum
- Soya
- Sunflower
- Wheat
- Other

In Uruguay, we incorporate pastures for cattle in the crop rotation on the less fertile areas of our farms. This benefits our livestock production as well as our soils and the productivity of the land.

In Uruguay, Latvia, Lithuania and Romania, we are increasing our grass seed production, which improves our soils and crop rotations as well as further diversifying our crop income.

Also in Romania, cover crops and nitrogen-fixing legumes like faba beans and soya are now an integrated part of our crop rotation. Furthermore, we are preparing to convert our least productive crop areas to livestock production.

Soya planted after corn, Uruguay. Photographer: Hans Cogne





# CLIMATE & RESOURCE USE

Agriculture is dependent on the weather, and changes in climate could make it more difficult to grow crops and raise animals in the way we are currently doing. It is therefore vital we are able to adapt.

Agriculture produces and releases significant amounts of greenhouse gases that contribute to climate change. Farmers also have a direct effect on climate change if altering land cover, which can change the Earth's ability to absorb or reflect heat and light.

The primary use of water in the world is for food production, accounting for at least 70% of all fresh water withdrawals. Currently, only 17% of all global cropland is irrigated, but this accounts for 40% of the total value of global crop production.

## Goals & Actions

We are aware of the effect climate change can have on us as farmers, and the effect we have on greenhouse gas emissions. We therefore follow a principle of cautious consumption of energy, fertilisers, water and other inputs, and we use application methods that avoid negative environmental consequences.

As a trend over a 10-year spectrum, we want to improve our energy efficiency by 2% per year, and fertiliser and water use efficiency by 1% per year.

We also aim for increasing efficiency in using the fertilisers added. The higher the uptake of fertiliser in our crops, the less fertiliser is lost that can cause build-up of nitrates or eutrophication in the aqueous environment. At the same time, this reduces the amount of unused nitrogen that volatilises in the form of nitrous oxide, N<sub>2</sub>O, a powerful greenhouse gas.

We maintain fertile and well-structured soils with optimum amounts of air, water, nutrients and biological activities.

We use water efficiently and cleanly. Our goal is to produce more 'crop per drop', to avoid unnecessary water-use and to recycle water where possible. For this reason, we invest in state of the art irrigation systems that are highly efficient and help conserve water.

On each farm we monitor weather conditions on a daily basis, building a long-term weather database to help deal with changing and highly variable climates.

We aim for green sources of energy, and use renewable energy sources according to their regional suitability and aesthetic qualities.

We monitor our energy use to help us progress into production systems that are more efficient and environmentally sound.

We calculate CO<sub>2</sub> emissions based on our energy used: electricity, diesel, gasoline, propane and natural gas. We also include emissions from agricultural inputs such as fertilisers and pesticides. We do not yet include biological sources, such as emissions from livestock, or carbon sinks such as sequestration in our forests, plantations and natural grasses.





## Outcome

### Fertiliser and pesticide use

Ingleby's use of inorganic fertiliser has increased over time due to increasing hectares, and because we are intensifying some of our crop production systems plus adding more high-value crops.

Our total fertiliser use is approximately 64 kg of nitrogen per production hectare. Our nitrogen use efficiency has reached 43 kg of crop produce per kg of nitrogen used.

### Water use

We irrigate 14% of our arable area, or 6,219 hectares. Irrigation contributes to higher and more stable yields, allows us to have more than one crop per year, and increases our fertiliser-use efficiency.

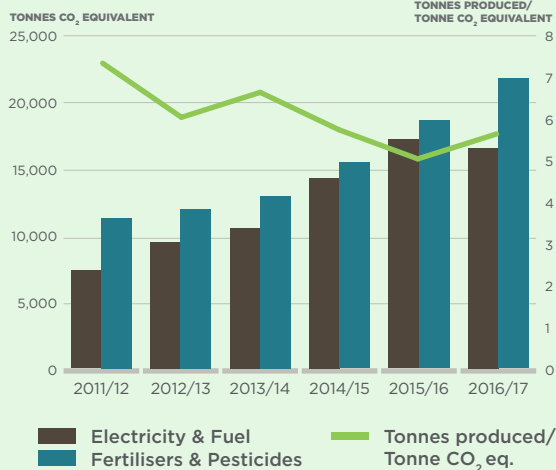
### Energy use

In 2016/17 we used 178,385 GJ and emitted 38,438 tonnes of CO<sub>2</sub> equivalents in total across all our farms. This equates to 2.0 GJ (0.4 tonnes CO<sub>2</sub>) used per hectare, and also a production of 1.3 tonnes of output per GJ (6.1 tonnes produced per tonne of CO<sub>2</sub>).

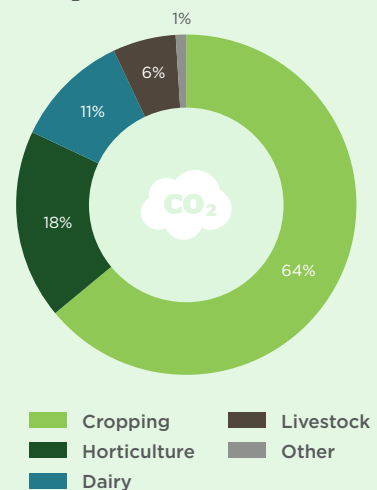
On average our energy efficiency has been decreasing by 6% per year. This is because of soil improvements, major construction and development, increased irrigation activity and the costs of drying grain. However, due to higher yields in 2016/17, energy efficiency has improved this year and is a priority area for the future.

Approximately 11% of the electricity we use is derived from renewable sources.

### GREENHOUSE GAS EMISSION



### TONNES CO<sub>2</sub> EQ. BY PRODUCTION 2016/17





# A new normal climate

Climate change is no longer a problem of the future, we are in the middle of it. Researchers have made great advances in weather science and predicting weather patterns, but there is still much to understand and a lot of limitations to the weather forecast models. An average climatic year exists only in the statistics.

Some of the most damaging impacts of climate change relate to increased year-to-year climate variability: droughts, storms, flooding, etc. The most pressing

question to us as farmers is how we deal with this variability?

We need to adapt and improve our water and drainage infrastructure and develop more robust, diversified crop rotations.

In general, farmers are frowned upon when we complain about the weather. But it is important to keep in mind that just a few weeks of prolonged drought or rain can easily mean hundreds of thousands of dollars lost.





## HOW DOES INGLEBY POSITION ITSELF TOWARDS A NEW NORMAL CLIMATE?



Diversification and the ability to adapt is vital. We will most likely see radical changes in the crops we grow and our production patterns.



Our in-house world production knowledge gives us several options to change productions from one hub to another, even over countries.



Protecting our soils by using “cooling” cover crops is crucial. Our soils should always be covered by some sort of green crop.



# ENVIRONMENT

A living farm landscape is crucial to every aspect of agriculture, including soil and water quality, crop and animal health. While we are efficient farmers, we are also stewards of vast tracts of land.

## Goals & Actions

We aim for varied landscapes. Our goal is that 10% of each farm's area is in natural habitats by 2018/19. We have also decided to allocate 1% of each farm's area to water habitats by 2018/19.

We protect and encourage native, diverse, threatened, and ecologically important species as well as their habitats and ecosystems. We actively promote biodiversity on non-agricultural land. We never clear forests for farming purposes.

We take initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies.

We also monitor birds as indicators of biodiversity. Evidence suggests that birds are useful indicators of species richness and a network of sites selected as important for birds will capture a general biodiversity status. Changes in bird populations provide a useful indication of broader environmental change.

We protect our farm waters from fertilisers, chemicals, sediment and animal waste by creating unfarmed buffer strips.

We encourage tree planting, primarily native species in the open landscape. We also plant gardens, hedges, headlands, alley trees, copses and orchards. When planting, we promote native plant species that pollinators feed on to achieve a continuous supply of feed. Recently we have started to encourage natural revegetation.



Native biodiversity plantings, New Zealand



Volcanic plain, Victoria, Australia





Rewilding habitat, Argentina. Photographer: Hans Henrik Koefoed

## Outcome

### Habitats and ecosystems

We have reached our goal for 10% in natural habitat at a world level, but not on farm level. We constantly work to achieve this.

We currently protect 34%, or 33,985 hectares of our land as conservation easements or nature reserves. Some of this land cannot be farmed, such as geological formations, steep slopes and gullies. But most, we deliberately protect from farming such as wetlands, river and lake borders, wild grasslands, wildwoods and native bush. Local conservationists help us care for these set-asides.

Included in our environmental hectares are 17,275 hectares of natural grasslands in Uruguay and 1,511 hectares in Argentina. We protect these natural grasslands from applied lime or fertilisers, and we do not plant grass seeds or plough. Cattle grazing the land is an integral part of its conservation.

Over the years, we have planted more than 1.2 million trees on our farms.

We have identified 16 Vulnerable and 12 Endangered species on our farms as well as the Critically Endangered Golden Sun Moth (*Synemon plana*).

We have also identified the endangered vegetation community the Temperate Grasslands of the Victorian Volcanic Plain.

### Water bodies

So far, 2.2% of our total land area is in water bodies, defined as rivers, streams, springs, ponds, artificial canals and ditches, as well as artificial water reservoirs. We construct ponds and wetlands to reach our goal on a farm level.

### Formal protection areas

We distinguish between Ingleby protected areas and formal protections. Formal protections are those with a land title covenant on the area, whereas Ingleby protected means we internally decide to map and protect an area.

In New Zealand, we legally protect 849 hectares of temperate, virgin native bush under an Open Space Covenant with the Queen Elizabeth II Trust (QEII). QEII covenants protect areas in perpetuity.

In Romania, 418 hectares of our forests in Romania are under Protection Class 2A, which defines areas where only thinning is permitted. Another 427 hectares are under the NATURA 2000 scheme, where logging is permitted, but we take special precautions for flora and fauna. A further 2,831 hectares are defined as a "silent area" where hunting is prohibited.

In Tasmania, we protect 21 hectares under the Nature Conservation Act 2002, primarily to protect the endangered Shiny Grasreef (*Xanthorrhoea bracteata*). We have also placed a land title covenant on 40 hectares of endangered natural coastal vegetation.





Aberdeen Angus cattle grazing on natural grasslands, Uruguay. Photographer: Hans Henrik Koefoed

Ingleby protects large areas of natural grasslands in Uruguay (17,275 hectares) and in Argentina (1,511 hectares). Our grasslands belong to the Rio de la Plata Grasslands; a main complex of grassland ecosystems in South America, with outstanding biodiversity.

Thousands of species of vascular plants, including more than 550 types of grass, are described across these areas. There are also about 450-500 bird species and nearly one hundred mammal species, including the Pampas deer (*Ozotoceros bezoarticus*), the most threatened mammal species of the region.

Over the centuries, these grasslands have become important areas of beef and grain production.

The native grasslands have a low, but stable forage production but are increasingly being fertilised or replaced with improved high productivity grass species, cropping or even forestry. This has led to great losses of grassland habitat, at least in its pristine form.

Ingleby has decided not to change the land use of our native grasslands. We do not fertilise or introduce improved forage species, regardless of the potential to increase productivity.



# INGLEBY **NATURAL** GRASSLANDS



We want to protect the precious areas of natural grasslands in Argentina and Uruguay, even though this means we can only sustain very low productivity of one cow per two hectares, as an average over the year.



A variety of native grasses, Uruguay

The native grasslands of Argentina and Uruguay need careful management to ensure a diverse multi-species composition of flora. We therefore give alternating areas a spring rest from grazing during flowering and seeding. This way, different species can recover and regenerate to sustain and protect these precious grasslands.



Natural grasslands, Uruguay



# Bird monitoring

Monitoring birdlife captures a picture of the richness of species across our farms, while changes in bird populations can provide a good sense of broader environmental change.

Chestnut Seedeater (*Sporophila cinnamomea*), Uruguay. Photographer: Mark Pearman

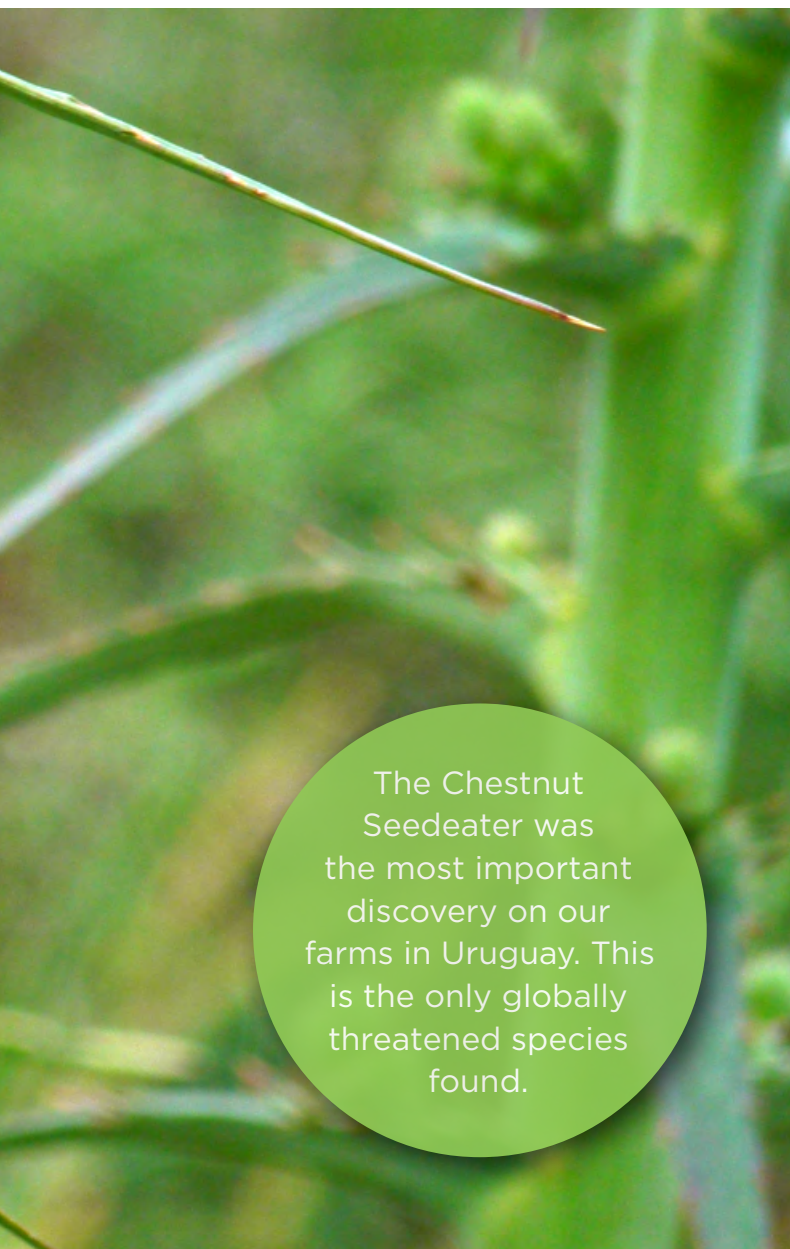
	2012	2013	2014	2015	2016	2017	Total species <sup>1</sup>
<b>BIRD MONITORING - SPECIES COUNT</b>							
Romania	93	91	96	117	96	102	152
Peru	-	-	74	-	-	-	74
Latvia	-	-	-	56	49	43	83
Lithuania	-	-	-	59	39	44	77
Uruguay	-	-	-	-	157 <sup>2</sup>	136 <sup>3</sup>	194
Argentina	-	-	-	-	-	102	138

1. Total number of different species observed over the years

2. La Rinconada farm numbers

3. Doña Maria farm numbers





The Chestnut Seedeater was the most important discovery on our farms in Uruguay. This is the only globally threatened species found.

## Birds on our farms in Uruguay

In 2016 and 2017, we have been monitoring birds on two farms in Uruguay.

In Doña Maria, a farm consisting mainly of natural grasslands, we recorded 136 species. Of these, 131 species are breeding, these represent 41% of the known breeding bird species in Uruguay.

We also monitored birds in La Rinconada to assess the impact of our new irrigation activity on biodiversity. Here, we recorded 157 bird species.

Both farms' bird counts included 17 species of Tyrant-flycatchers (*Tyrannidae*), and 14 of Tanagers (*Thraupidae*). At Doña Maria we also recorded 11 species of Ovenbirds (*Seiurus aurocapilla*), and at La Rinconada, a further 14 species of ducks and swans (*Anatidae*).

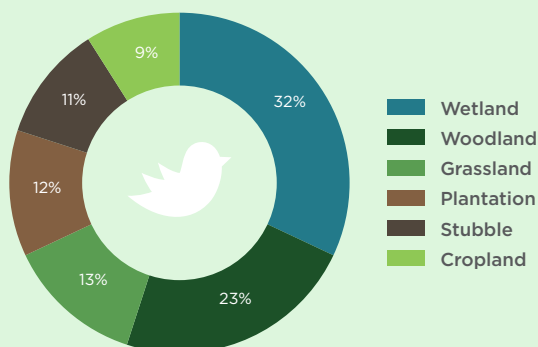
Our most important discovery was the globally threatened Chestnut Seedeater (*Sporophila cinnamomea*). We also observed the Dark-throated Seedeaters (*Sporophila ruficollis*), one of Uruguay's 19 Near Threatened birds.

Birds on farms are useful indicators of biodiversity. Over time, we can look for trends in the number of bird species and correlate these with other factors, such as weather conditions, new crops and other changes in the environment.

Only by comparing data from several years it is possible to detect changes in bird species and numbers over time.

Nevertheless, data shows how important diverse habitats are when it comes to strengthening local bird populations. This highlights how just a few simple measures can help convert farmlands into suitable habitats for birds, without significant reductions in production.

SPECIES RICHNESS BY HABITATS



This graph shows data from La Rinconada, in Uruguay. It indicates that everywhere we create or improve water ponds and reservoirs, it has a positive impact on biodiversity.

All over the world, we find higher bird diversity near wetlands, such as marshes and lakes.

# Puketiti Long-tailed bats



Our pastoral farm in New Zealand, Puketiti Station, is unique for its environmental, cultural and geological features, particularly its many limestone caves.

The most spectacular of these is the Grand Canyon Cave, a spacious 350 metre-long tunnel leading deep into a steep ridge. This cave, which was set aside under a Conservation Covenant in 1998, is also significant because of the colony of endangered Long-tailed bats (*Chalinolobus tuberculata*) that roost there. Long-tailed bats are one of three bat species endemic to New Zealand – the country's only native land mammals.

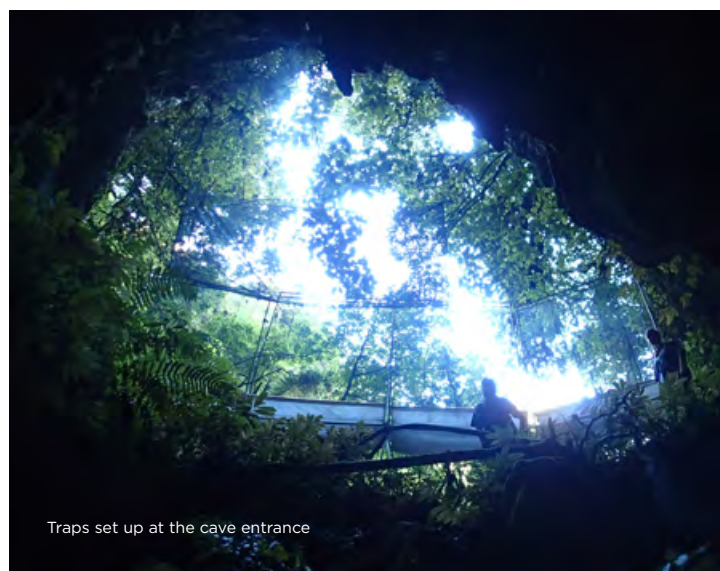
Grand Canyon Cave, together with its resident bats, is safeguarded by the local Department of Conservation (DOC) as a 32-hectare nature reserve.

The bats use the cave for roosting, though not at all times. They also have numerous roosts in small cavities in trees (under bark or epiphytes or in holes in trees) and they move roosts frequently, usually not spending more than a couple of nights in a row in any one roost.

This year DOC completed a three-year mark-recapture study on the bats to compare the population and survival estimates with an earlier study, to discover population trends.

Over the three years there have been a total of 706 captures of 531 individual long-tailed bats.

These bats can live for quite a long time, one caught last year in another area was first banded as an adult 20 years before, so the record is about 21 or 22 years, for an animal the size of a mouse!



Traps set up at the cave entrance





Cave entrance to the Grand Canyon Cave, Puketiti, New Zealand. Photographed by Mette Bøgelev Erichsen



Long-tailed bat (*Chalinolobus tuberculata*)



Marked bat



# LABOUR, GENDER & HUMAN RIGHTS

In agriculture, we operate in environments that often involve hazardous situations; handling livestock and large machinery especially pose risks. Farming therefore requires professional employees, who never compromise on health and safety, and who thrive on challenges and responsibilities.

## Goals & Actions

To ensure a good working environment, we support internationally recognised labour standards and human rights, and provide continuous training and development. We fulfil our legal obligations, offering reasonable terms on pay, pension, sick leave, holidays and notice periods.

We uphold freedom of association and the effective recognition of the right to collective bargaining. We do not use any form of forced and compulsory labour, and we do not use child labour.

We encourage family farming, with families living on our farm.

In many countries, farming is a male dominated profession. However, we are equal opportunity employers, and we strive to create equal and fair working atmospheres, welcoming to all. We oppose all forms of discrimination, and recruit employees regardless of race, gender, nationality, religion, sexual orientation or other personal diversity indicators. We monitor our gender ratio and our goal is to increase the proportion of the underrepresented gender so it reaches at least 40% by 2025. Women are currently underrepresented.

For the senior management team and the Board of Directors, it is our goal to always achieve gender diversity.

We actively search for female candidates, who want a career in farming or forestry. To ensure a robust pipeline of talent for management positions, we offer training to both female and

male employees and we encourage and support women to improve their qualifications and apply for management jobs.

We encourage our teams to acquire new skills. We monitor how much training our employees receive. Our goal is to have 2% of the annual working hours spent on training every year.

We focus on creating a working environment where safety has the highest priority. Our jobs are always changing with the seasons and we must be aware of these changing and sometimes dangerous situations. We want safe and healthy workplaces and follow up on all accidents and near misses on the farms to promote a culture of no accidents.



Holly Viney managing sheep, Tasmania





Selva Ayala Franco and Matias Baez Gomez with their children Carla, Matias and Alejo, San Ignacio, Argentina. Photographer: Robin Begg

## Outcome

As of 30 June 2017, we have 2,458 employees worldwide of more than 15 different nationalities. The majority are employed in Peru.

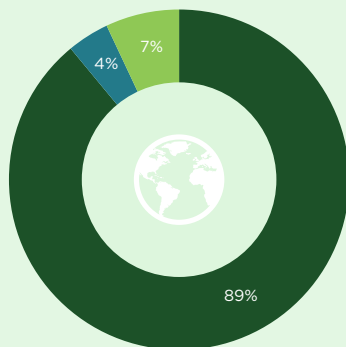
Women make up 35% of our total employees and 20% of our senior management team. Our Board of Directors includes members from both genders.

We are not complicit in any human rights abuses.

On all our farms, we are in the positive process of implementing safety procedures and providing our teams with safety training. We had an even level of near misses and a reduction in accidents by 7% compared to 2015/16.

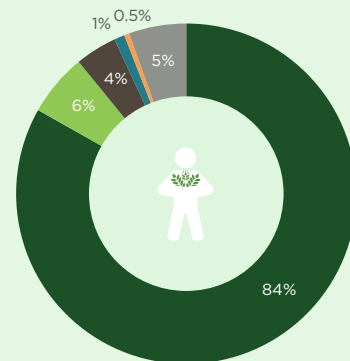
We had no fatalities in 2016/17.

EMPLOYEES BY REGION 2016/17



- Americas
- Australasia
- Europe

WORK HOURS BY PRODUCTION 2016/17



- Horticulture
- Dairy
- Cropping
- Livestock
- Timber
- Other



# Health & Safety

Providing a safe work environment for our teams is one of our most important tasks and responsibilities.

Farming is a hazardous profession. Our farm teams work with large machinery, vehicles, chemicals and livestock. They are exposed to the effects of bad weather, noise and dust. They also handle sharp equipment on uneven and sometimes slippery surfaces.

We are slowly becoming better at avoiding accidents. But we still have some work to do to get our incident rate down to world-class standards.

Instead of discussing the consequences of accidents, we want our farm teams to identify risks and take action before accidents happen. Safety is everyone's responsibility and there is always an opportunity, every day, to take an extra look at the safety situation at work.







### OUR SAFETY GOALS

Our overall goal in Ingleby is a zero-harm work culture. We want everyone to return home safe from work, every day!

Realistically, we know that this is difficult to achieve. So in 2017/18, our goal is to raise our teams' awareness about safety and reduce near misses and accidents on our farms even further.



### OUR PROGRESS

In 2016/17, we increased our focus on health and safety at all levels in the organisation and carried out safety training in all countries.

We have reduced accidents worldwide by 7%. But even one accident is one too many, and we will continue focusing on health and safety in 2017/18.



Stevia field, Peru. Photographer: Hans Cogne



# ANTI-CORRUPTION

We are committed to conducting our business with honesty and integrity, and we expect all our teams to maintain high standards.

## Goals & Actions

We strive to do business in an honest and ethical manner worldwide. We work against corruption in all its forms, including extortion and bribery.

We abide by our Ethical Policy, Anti-Money Laundering & Anti-Corruption Policy and Supplier's Code of Conduct. Together, these constitute our Code of Business Conduct.

Our Ethical Policy is based on our business values and legal compliance, and applies to all Ingleby team members, officers and directors.

We require our employees, customers, suppliers and all other business partners to comply with the expectations and standards of the Ingleby Code of Business Conduct.

We also have a Whistleblowing Policy. We encourage all team members and business partners to report any suspected breaches of our Code of Business Conduct. This includes violations of the law, suspected unethical conduct, financial and legal non-compliance or human rights abuse. We investigate all submissions thoroughly, take appropriate actions and report any breaches to the Ingleby Board of Directors. We ensure there is no retaliation against people who report whistleblowing concerns.

We operate with zero tolerance towards breaches of our Code of Business Conduct.

We monitor our compliance each year in the country sustainability reports. The continuous focus on compliance ensures that everyone knows it has high priority within Ingleby.

## Outcome

During 2016/17, we were forced to dismiss one employee, who did not comply with our Code of Business Conduct.

We have also had three whistleblowing cases that we investigated thoroughly. None proved to be valid, but they provided us with an opportunity to reconsider our financial and farming practices.





Jaguel Aleman our lead Criollo stallion on La Rinconada farm, Uruguay. Photographer: Robin Begg





Sheep at Mt Elephant, Victoria, Australia. Photographer: Hans Cogne



# FINANCIAL STATEMENTS

## 2016/17







Pablo Ferreyros with avocado fields, Olmos, Peru. Photographer: Robin Begg

“

We have benefited from high avocado yields and prices in Peru, increased demand for non-GMO soya from Uruguay and record winter crop yields in Romania. However, we have also had disappointing yields and prices in our Californian pistachio production. Farm gate commodity prices continued their decline for the fifth consecutive year, but our higher yields and improved production efficiency have, to a large extent, compensated for this.

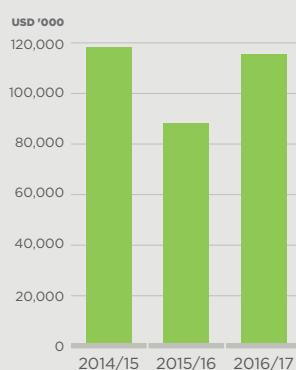
”



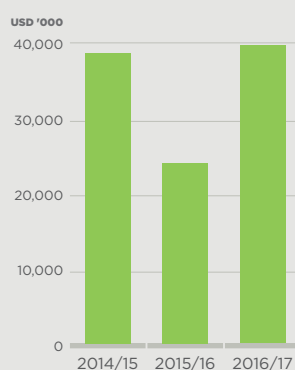
# FINANCIAL HIGHLIGHTS

Key figures - USD'000	2016/17	2015/16	2014/15
Revenue	115,585	87,923	118,289
Gross profit	39,749	24,045	38,599
Ordinary operation profit/loss	10,703	467	18,093
Profit/loss from financial income and expense	-1,892	181	279
<b>Profit/loss for the year</b>	<b>4,775</b>	<b>-5,256</b>	<b>2,194</b>
Total assets	901,334	768,079	739,809
Portion relating to investment in property, plant and equipment	682,629	595,095	570,589
<b>Equity</b>	<b>742,919</b>	<b>701,972</b>	<b>677,590</b>
Cash flows from operating activities	13,297	16,802	-11,303
Net cash flows from investing activities	-89,131	-34,409	-58,742
Cash flows from financing activities	119,333	38,122	55,000
<b>Total cash flows</b>	<b>43,499</b>	<b>20,515</b>	<b>-15,045</b>
Net profit ratio	9.26 %	0.53 %	15.30%
Gross margin	34.39 %	27.35 %	32.63%
Equity ratio	82.42 %	91.39 %	91.59%
<b>Return on equity</b>	<b>0.66 %</b>	<b>-0.76 %</b>	<b>0.32%</b>
Number of full-time employees	2,458	1,969	1,053

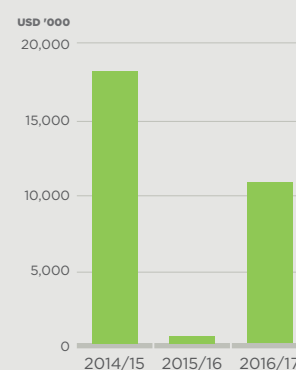
## REVENUE



## GROSS PROFIT



## OPERATING PROFIT



# MANAGEMENT'S STATEMENT

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Ingleby Farms & Forests ApS for the financial year 1 July 2016 - 30 June 2017.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2017 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 July 2016 - 30 June 2017.

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

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

Køge, Denmark, 16 November 2017

---

## Executive Board

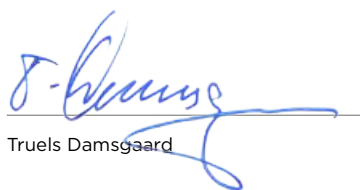


---

Hans Henrik Koefoed

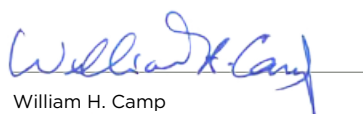
---

## Board of Directors



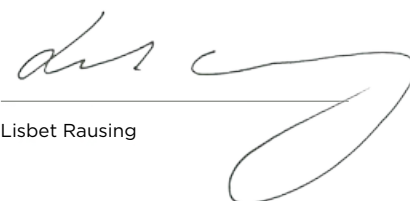
---

Truels Damsgaard



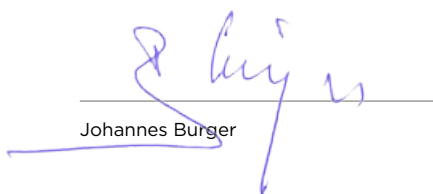
---

William H. Camp



---

Lisbet Rausing



---

Johannes Burger



---

David Blanchard



---

Robert T. Wiseman



---

Gwyn V. Burr



---

Hans Henrik Koefoed





European Hornbeam (*Sorbus torminalis*), Romania Forests. Photographer: Gabriel Miron

# INDEPENDENT AUDITORS' REPORT

To the shareholders of Ingleby Farms & Forests ApS

## Opinion

We have audited the consolidated financial statements and the parent company financial statements of Ingleby Farms & Forests ApS for the financial year 1 July 2016 – 30 June 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2017 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 July 2016 – 30 June 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 additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that

are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of these consolidated financial statements and parent company financial statements.

## Independent auditor's report

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

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



- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- > Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- > Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- > We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

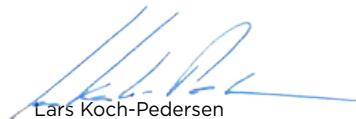
### Independent auditor's report

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Odense, 16 November 2017

### Ernst & Young

Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Lars Koch-Pedersen  
State Authorised Public Accountant

# ACCOUNTING POLICIES

The annual report of Ingleby Farms & Forests ApS for 2016/17 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Effective 1 July 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

1. Yearly reassessment of residual values of property, plant and equipment
2. Method applied to intra-group business combinations

Re 1: In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

Re 2: In connection with business combinations involving entities controlled by the Parent Company, the book value method is applied going forward, meaning that the combination is considered complete at the time of acquisition without any restatement of comparative figures. Previously, the combination was considered completed at the beginning of the financial year with restatement of comparative figures.

None of the above changes impacts on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes the accounting policies are consistent with those of last year.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are the following.

## 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 6.51599 (2015/16: 6.70658).

## Consolidated financial statements

The consolidated financial statements comprise the parent company, Ingleby Farms & Forests ApS, and subsidiaries in which Ingleby Farms & Forests ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

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

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

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Upon the acquisition of enterprises who possess farm land or forest and who do not comply with the accounting definition of an enterprise, any excess values are recognised as costs of the assets and liabilities acquired. On initial recognition, any differences between the accounting and tax values of assets and liabilities which do not relate to the acquisition of enterprises must not be recognised in the balance sheet, but are to be recognised as contingent liabilities.

## Minority interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

## 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 recognised 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 recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

## Income statement

### Revenue

Revenue from the sale of goods and services is recognised in the income statement provided that delivery and transfer of risk to the buyer 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.

### Costs of raw materials

Costs for raw materials and consumables comprise costs incurred to achieve the year's revenue.

### 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.

The Company 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

### Intangible assets

Intangible assets consist of IT-software and water rights, 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 periods do not exceed 10 years.

### Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Where individual components of an item of property, plant and 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:

Buildings	50 years
Plant and machinery	5 - 25 years
Fixtures and fittings, tools and equipment	5 - 25 years

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 impairment and depreciations of fixed assets.

### Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in the contingencies.

### Impairment of assets

The carrying amount of intangible assets and property, plant and equipment as well as 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.

### 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 plus or minus 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 "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 ApS are not recognised in the reserve for net revaluation.

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

### Inventories

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

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

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

### Inventories and stock at fair value

Biological assets are measured at fair value and comprise corn inventory, cut-down wood, straw and non-harvested land.

Fair value is the market value which the biological assets are expected to yield in a transaction between independent parties.

The fair value of cut-down wood is set at the value at which similar products were traded at the balance sheet date.

The fair value of land is computed at direct costs, such as seed, fertiliser, tractor station and crop protection (fences) and direct payroll costs, unless this value is deemed to differ from the fair value at the balance sheet date.

Value adjustments of biological assets are recognised as a change in inventories and stock at fair value in the income statement.

### 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.



### Other securities and investments

Other securities and investments are measured at fair value based on a calculated capital value. To the extent fair value cannot be computed, other securities and investments are measured at cost.

### 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.

### 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 carry forwards, 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.

### Deferred income

Deferred income, recognised under "Liabilities", comprises payments received concerning income in subsequent years.

## Cash flow statement

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

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

### Cash flows from operating activities

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

### Cash flows from investing activities

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

### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

### Cash and cash equivalents

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

### Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	Operating profit x 100
	Revenue
Gross margin	Gross profit x 100
	Revenue
Equity ratio	Equity at year end x 100
	Total equity and liabilities at year end
Return on equity	Profit from ordinary activities after tax x 100
	Average equity





Raul Gligor, Agonomist Engineer holding a canola plant, Romania. Photographer: Gabriel Hess



# INCOME STATEMENT

USD	Note	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
<b>Revenue</b>	1	<b>115,584,601</b>	<b>87,923,207</b>	<b>4,847,420</b>	<b>5,525,491</b>
Change in inventories and stock at fair value		4,538,082	1,303,820	0	0
Other operating income		0	1,240,235	0	0
Costs for raw materials		-67,098,824	-55,676,776	0	0
Other external costs	2	-13,275,013	-10,745,773	-2,537,131	-2,200,242
<b>Gross profit</b>		<b>39,748,846</b>	<b>24,044,713</b>	<b>2,310,289</b>	<b>3,325,249</b>
Staff costs	3	-15,922,911	-13,543,123	-2,977,986	-3,831,737
Impairment and depreciation of fixed assets		-13,123,175	-10,034,364	-84,086	-61,552
<b>Operating profit/loss</b>		<b>10,702,760</b>	<b>467,226</b>	<b>-751,783</b>	<b>-568,040</b>
Share of profit/loss in subsidiaries after tax		0	0	7,629,363	-4,811,246
Financial income	4	1,537,731	4,175,103	391,699	1,871,596
Financial expenses	5	-3,430,170	-3,994,344	-2,367,811	-1,577,667
<b>Profit/loss from ordinary activities before tax</b>		<b>8,810,321</b>	<b>647,985</b>	<b>4,901,468</b>	<b>-5,085,357</b>
Tax on profit/loss from ordinary activities	6	-4,035,401	-5,904,321	-126,548	-170,979
<b>Profit/loss for the year</b>		<b>4,774,920</b>	<b>-5,256,336</b>	<b>4,774,920</b>	<b>-5,256,336</b>
Proposed distribution of profit/loss					
Retained earnings				4,774,920	-5,256,336
				<b>4,774,920</b>	<b>-5,256,336</b>

# BALANCE SHEET - ASSETS

USD	Note	Consolidated		Parent company	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
Licences	7	1,759,585	1,848,570	276,675	48,561
<b>Non-current assets/Intangible assets</b>		<b>1,759,585</b>	<b>1,848,570</b>	<b>276,675</b>	<b>48,561</b>
Land and buildings		623,193,905	555,630,385	1,491,206	1,491,206
Plant and machinery		43,784,181	28,205,027	0	0
Fixtures and fittings, tools and equipment		15,651,127	13,995,049	336,688	244,688
<b>Property, plant and equipment</b>	8	<b>682,629,213</b>	<b>597,830,461</b>	<b>1,827,894</b>	<b>1,735,894</b>
Investments in subsidiaries	9	0	0	771,928,735	684,725,505
<b>Investments</b>		<b>0</b>	<b>0</b>	<b>771,928,735</b>	<b>684,725,505</b>
<b>Total non-current assets</b>		<b>684,388,798</b>	<b>599,679,031</b>	<b>774,033,304</b>	<b>686,509,960</b>
Raw materials and consumables		4,186,636	12,276,389	0	0
Work in progress		27,923,375	8,685,372	0	0
Finished goods and goods for resale		0	5,158,197	0	0
Inventories and stock at fair value		43,298,990	43,065,874	0	0
<b>Inventories</b>		<b>75,409,001</b>	<b>69,185,832</b>	<b>0</b>	<b>0</b>
Trade receivables		26,480,671	27,616,635	0	1,028
Amounts owed by affiliated companies		0	0	6,099,056	5,324,990
Other receivables		17,232,706	18,357,116	300,971	223,055
Corporation tax	10	2,554,897	3,546,172	32,837	16,392
Prepayments	11	1,177,273	1,196,796	0	89,465
Deferred tax asset	12	883,775	1,290,734	0	0
<b>Receivables</b>		<b>48,329,322</b>	<b>52,007,453</b>	<b>6,432,864</b>	<b>5,654,930</b>
<b>Securities and investments</b>		<b>2,268,370</b>	<b>2,241,434</b>	<b>0</b>	<b>0</b>
<b>Cash at bank and in hand</b>		<b>90,938,359</b>	<b>44,965,222</b>	<b>19,236,546</b>	<b>10,802,029</b>
<b>Total current assets</b>		<b>216,945,052</b>	<b>168,399,941</b>	<b>25,669,410</b>	<b>16,456,959</b>
<b>TOTAL ASSETS</b>		<b>901,333,850</b>	<b>768,078,972</b>	<b>799,702,714</b>	<b>702,966,919</b>



# BALANCE SHEET - EQUITY & LIABILITIES

USD	Note	Consolidated		Parent company	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
Share capital	13	25,200	24,439	25,200	24,439
Retained earnings		742,893,829	701,947,997	742,893,829	701,947,997
<b>Equity</b>	14	<b>742,919,029</b>	<b>701,972,436</b>	<b>742,919,029</b>	<b>701,972,436</b>
Deferred tax	15	41,465,291	45,927,368	11,580	11,251
<b>Provisions</b>		<b>41,465,291</b>	<b>45,927,368</b>	<b>11,580</b>	<b>11,251</b>
Long-term credit institutions	16	2,744,570	0	0	0
Long-term lease contracts	16	2,586,729	1,310,251	0	0
Long-term prepayments	17	1,103,304	0	0	0
<b>Non-current liabilities other than provisions</b>		<b>6,434,603</b>	<b>1,310,251</b>	<b>0</b>	<b>0</b>
Short-term portion of long-term lease contracts	16	1,444,206	1,520,054	0	0
Credit institutions		1,235,631	0	0	0
Trade payables		16,069,066	13,038,593	518,897	373,011
Amounts owed to affiliated companies		0	0	14,071,100	559
Corporation taxes payables	10	772,136	236,382	0	0
Other payables		90,857,978	3,681,753	42,182,108	609,662
Prepayments	17	135,910	392,135	0	0
<b>Current liabilities other than provisions</b>		<b>110,514,927</b>	<b>18,868,917</b>	<b>56,772,105</b>	<b>983,232</b>
<b>Total liabilities other than provisions</b>		<b>116,949,530</b>	<b>20,179,168</b>	<b>56,772,105</b>	<b>983,232</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>901,333,850</b>	<b>768,078,972</b>	<b>799,702,714</b>	<b>702,966,919</b>
<b>Contingent liabilities</b>	18,19				
<b>Related parties</b>	20				

# CASH FLOW STATEMENT

USD	Note	Consolidated	
		2016/17	2015/16
Profit/Loss for the year		4,774,920	-5,256,336
Adjustments for non-cash operation items	21	19,051,015	14,517,691
<b>Cash generated from operations (operating activities) before changes in working capital</b>		<b>23,825,935</b>	<b>9,261,355</b>
Changes in working capital	22	-3,245,844	10,782,904
<b>Cash generated from operations (operating activities)</b>		<b>20,580,091</b>	<b>20,044,259</b>
Interest received		71,119	139,777
Interest paid		-468,701	-404,657
Foreign exchange rate adjustments		573,418	-66,340
<b>Cash generated from operations (ordinary activities)</b>		<b>20,755,927</b>	<b>19,713,039</b>
Corporation tax paid		-7,459,165	-2,911,105
<b>Cash flows from operating activities</b>		<b>13,296,762</b>	<b>16,801,934</b>
Acquisition of property, plant and equipment		-95,607,922	-57,610,817
Disposal of property, plant and equipment		6,476,541	23,201,696
<b>Cash flows from investing activities</b>		<b>-89,131,381</b>	<b>-34,409,121</b>
Loan financing:			
Loan obligations - financial institutions		3,566,473	0
Loan obligations		86,749,057	0
Lease obligations		1,614,358	3,122,359
Long-term prepayments		1,103,304	0
Shareholders:			
Increase in share capital and share premium		26,300,000	35,000,000
<b>Cash flows from financing activities</b>		<b>119,333,192</b>	<b>38,122,359</b>
<b>Net cash flows from operating, investing and financing activities</b>		<b>43,498,573</b>	<b>20,515,172</b>
Cash at 30 June 2016 before foreign exchange rate adjustments		44,965,222	31,380,517
Foreign exchange rate adjustments on cash at 30 June 2016		2,474,564	-6,930,467
<b>Cash at 30 June 2017</b>		<b>90,938,359</b>	<b>44,965,222</b>

The cash flow statement cannot be directly derived from the other components of the consolidated and parent company financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

Note	USD	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
<b>1</b>	<b>Segment information - Geographical</b>				
	Americas	64,651,347	41,016,810	2,326,101	2,464,438
	Australasia	26,831,045	26,872,735	983,024	1,205,097
	Denmark	0	1,713	0	1,713
	Europe	24,102,209	20,031,949	1,538,295	1,854,243
	<b>Total</b>	<b>115,584,601</b>	<b>87,923,207</b>	<b>4,847,420</b>	<b>5,525,491</b>
	<b>Segment information - Activities</b>				
	Row Crops	38,992,936	34,821,440	0	0
	Horticulture	43,757,391	23,019,729	0	0
	Seed	2,931,304	1,275,038	0	0
	Livestock	15,356,675	14,991,909	0	0
	Dairy	6,481,561	5,707,215	0	0
	Timber	2,472,128	2,286,514	0	0
	Rental	1,031,476	1,042,972	53,893	91,567
	Other	4,561,130	4,778,390	4,793,527	5,433,924
	<b>Total</b>	<b>115,584,601</b>	<b>87,923,207</b>	<b>4,847,420</b>	<b>5,525,491</b>

Note	USD	Consolidated	
		2016/17	2015/16
<b>2</b>	<b>Fees paid to auditors</b>		
	EY:		
	Fee regarding statutory audit	188,008	102,680
	Tax assistance	91,684	146,335
	Other assistance	272,986	246,862
	<b>Total fees EY</b>	<b>552,678</b>	<b>495,877</b>
	KPMG:		
	Fee regarding statutory audit	251,052	423,990
	Assurance engagements	45,015	41,066
	Tax assistance	21,571	20,239
	Other assistance	92,401	114,226
	<b>Total fees KPMG</b>	<b>410,039</b>	<b>599,521</b>
	Baker Petersen Franklin:		
	Fee regarding statutory audit	53,830	56,662
	Tax assistance	130,067	138,682
	<b>Total fees Baker Petersen Franklin</b>	<b>183,897</b>	<b>195,344</b>

Note	USD	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
<b>3</b>	<b>Staff costs</b>				
	Wages and salaries	14,306,883	12,203,803	2,671,466	3,379,587
	Pensions	497,537	406,767	165,212	127,501
	Other social security costs	1,118,491	932,553	141,308	324,649
	<b>Total</b>	<b>15,922,911</b>	<b>13,543,123</b>	<b>2,977,986</b>	<b>3,831,737</b>
	Average number of full-time employees	2,458	1,969	19	17

Remuneration of the Executive Board and the Board of Directors are paid from Parent company. Both are included in staff costs and in total amounts to USD 952 thousands (2015/16: USD 1,851 thousands).

Note	USD	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
<b>4</b>	<b>Financial income</b>				
	Interest income from affiliated companies	0	0	115,144	27,409
	Foreign exchange gains	1,466,612	4,035,326	258,192	1,835,201
	Other interest income	71,119	139,777	18,363	8,986
	<b>Total</b>	<b>1,537,731</b>	<b>4,175,103</b>	<b>391,699</b>	<b>1,871,596</b>

Note	USD	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
<b>5</b>	<b>Financial expenses</b>				
	Interest expense to affiliated companies	0	0	57,287	26,702
	Foreign exchange losses	2,961,469	3,589,687	2,286,316	1,541,238
	Other financial expenses	468,701	404,657	24,208	9,727
	<b>Total</b>	<b>3,430,170</b>	<b>3,994,344</b>	<b>2,367,811</b>	<b>1,577,667</b>

Note	USD	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
<b>6</b>	<b>Tax on the profit/loss for the year</b>				
	Current tax for the year	8,513,696	4,793,206	126,548	159,728
	Adjustment of deferred tax	-4,478,295	1,111,115	0	11,251
	<b>Total</b>	<b>4,035,401</b>	<b>5,904,321</b>	<b>126,548</b>	<b>170,979</b>
	Specified as follows:				
	Tax on the profit/loss for the year	4,035,401	5,904,321	126,548	170,979
	Tax on changes in equity	0	0	0	0
	<b>Total</b>	<b>4,035,401</b>	<b>5,904,321</b>	<b>126,548</b>	<b>170,979</b>



Note	USD	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
<b>7</b>	<b>Licenses</b>				
	Cost at 1 July	2,289,074	2,170,664	57,138	0
	Foreign exchange adjustments	77,293	-73,868	1,671	0
	Additions	247,005	124,335	247,005	57,138
	Transferred	0	110,900	0	0
	Disposals	-176,186	-42,957	0	0
	<b>Cost at 30 June</b>	<b>2,437,186</b>	<b>2,289,074</b>	<b>305,814</b>	<b>57,138</b>
	Impairment and amortisation at 1 July	440,504	235,653	8,577	0
	Impairment and amortisation	231,712	227,147	19,410	8,544
	Foreign exchange adjustments	19,245	-3,007	1,152	33
	Disposals	-13,860	-19,289	0	0
	<b>Impairment and amortisation at 30 June</b>	<b>677,601</b>	<b>440,504</b>	<b>29,139</b>	<b>8,577</b>
	<b>Carrying amount at 30 June</b>	<b>1,759,585</b>	<b>1,848,570</b>	<b>276,675</b>	<b>48,561</b>
	Amortised over	5-10 years	5-10 years	5-10 years	5-10 years

Note	USD	Consolidated			
8	Property, plant and equipment	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
	Cost at 1 July 2016	568,133,146	40,020,532	16,627,225	624,780,903
	Foreign exchange adjustments	6,766,990	706,576	348,799	7,822,365
	Additions on acquisition of subsidiary	42,423,911	3,986,460	79,275	46,489,646
	Additions	25,385,135	18,502,322	4,983,814	48,871,271
	Transferred	808,763	164,316	-973,079	0
	Disposals	-2,702,628	-3,182,545	-415,182	-6,300,355
	<b>Cost at 30 June 2017</b>	<b>640,815,317</b>	<b>60,197,661</b>	<b>20,650,852</b>	<b>721,663,830</b>
	Impairment and depreciation at 1 July 2016	12,502,761	11,815,505	2,632,176	26,950,442
	Foreign exchange adjustments	301,693	346,610	125,590	773,893
	Depreciation	4,818,377	5,631,424	2,478,717	12,928,518
	Reversal of depreciation and impairment losses	0	0	0	0
	Disposals	-1,419	-1,380,059	-236,758	-1,618,236
	<b>Impairment and depreciation at 30 June 2017</b>	<b>17,621,412</b>	<b>16,413,480</b>	<b>4,999,725</b>	<b>39,034,617</b>
	<b>Carrying amount at 30 June 2017</b>	<b>623,193,905</b>	<b>43,784,181</b>	<b>15,651,127</b>	<b>682,629,213</b>
	Property, plant and equipment include finance leases with a carrying amount totalling	0	4,047,800	0	4,047,800
	Depreciated over	50 years	5-25 years	5-25 years	

		Parent company		
	Property, plant and equipment	Land and buildings	Fixtures and fittings, tools and equipment	Total
	Cost at 1 July 2016	1,491,206	296,617	1,787,823
	Foreign exchange adjustments	0	8,676	8,676
	Additions	0	152,378	152,378
	Disposals	0	0	0
	<b>Cost at 30 June 2017</b>	<b>1,491,206</b>	<b>457,671</b>	<b>1,948,877</b>
	Impairment and depreciation at 1 July 2016	0	51,929	51,929
	Foreign exchange adjustments	0	4,515	4,515
	Depreciation	0	64,539	64,539
	Disposals	0	0	0
	<b>Impairment and depreciation at 30 June 2017</b>	<b>0</b>	<b>120,983</b>	<b>120,983</b>
	<b>Carrying amount at 30 June 2017</b>	<b>1,491,206</b>	<b>336,688</b>	<b>1,827,894</b>



Note	USD	Parent company	
		2016/17	2015/16
<b>9</b>	<b>Investments in subsidiaries</b>		
	Cost at 1 July	745,940,147	723,192,565
	Additions during the year	69,723,828	37,525,480
	Disposals	0	-14,777,898
	<b>Cost at 30 June</b>	<b>815,663,975</b>	<b>745,940,147</b>
	Revaluations at 1 July	-61,214,642	-51,040,310
	Disposals	0	0
	Foreign exchange adjustments	9,850,039	-6,456,524
	Profit/Loss for the year	7,629,363	-4,811,246
	Capital transactions in subsidiaries	0	1,093,438
	<b>Revaluations at 30 June</b>	<b>-43,735,240</b>	<b>-61,214,642</b>
	<b>Carrying amount at 30 June</b>	<b>771,928,735</b>	<b>684,725,505</b>

Name	Registered office	Direct ownership	Direct & indirect ownerships
Ingleby Denmark 1 A/S	Denmark	100 %	100 %
Ingleby Denmark 2 A/S	Denmark	100 %	100 %
Ingleby Australia Holding Pty. Ltd.	Australia	100 %	100 %
Ingleby New Zealand LP	New Zealand	99.99 %	100 %
San Antonio y El Espejo S.A.	Argentina	99.99 %	99.99 %
Administracion Agricola S.A.	Argentina	0 %	100 %
Campo El Tigre S.A.	Argentina	0 %	100 %
Clovelly Tasmania Pty. Ltd.	Australia	0 %	100 %
Bowwood Pastoral Pty. Ltd.	Australia	0 %	100 %
Felton Pastoral WA Pty. Ltd.	Australia	0 %	100 %
Mt. Elephant Pty. Ltd.	Australia	0 %	100 %
Ingleby Latvia Agro SIA	Latvia	0 %	100 %
Ingleby Dobeles Agro SIA	Latvia	0 %	100 %
Elaco SIA	Latvia	0 %	100 %
Jaunagra SIA	Latvia	0 %	100 %
SIA JAUNBERZE AGRA	Latvia	0 %	100 %
SIA Log & S	Latvia	0 %	100 %
SIA Terraco	Latvia	0 %	100 %
Ingleby Lithuania Holding UAB	Lithuania	0 %	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 New Zealand Holding Ltd.	New Zealand	0 %	100 %
Ingleby Peru Holding S.A.C.	Peru	0 %	100 %
Plantaciones del Sol S.A.C.	Peru	0 %	100 %
Ingleby Romania S.R.L.	Romania	0 %	100 %
Campo D'Oro S.R.L.	Romania	0 %	100 %
Cinque Stelle Venete S.R.L.	Romania	0 %	100 %
Green Gate S.R.L.	Romania	0 %	100 %
Ocolul Silvic	Romania	0 %	100 %
Ingleby Uruguay S.R.L.	Uruguay	0 %	100 %
CA3 Holding S.A.	Uruguay	0 %	100 %
CAH 4 S.A.	Uruguay	0 %	100 %
Chamizal S.R.L.	Uruguay	0 %	100 %
Maria Elena Holding 2 S.A.	Uruguay	0 %	100 %
Maria Elena S.R.L.	Uruguay	0 %	100 %
ME Holding 1 S.A.	Uruguay	0 %	100 %
Brattalid Inc.	USA	0 %	100 %
Eriksson LLC	USA	0 %	100 %

Note	USD	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
<b>10</b>	<b>Corporation tax</b>				
	Corporation tax payable at 1 July	3,309,790	3,773,404	16,392	-434,826
	Acquisition of subsidiary	3,306	0	0	0
	Tax on taxable income for the year	-9,153,144	-6,243,633	-126,548	-159,728
	Corporation tax paid during the year	7,459,165	2,911,105	142,061	610,946
	Foreign exchange adjustment	163,644	2,868,914	932	0
	<b>Corporation tax at 30 June</b>	<b>1,782,761</b>	<b>3,309,790</b>	<b>32,837</b>	<b>16,392</b>
	Included in assets	2,554,897	3,546,172		
	Included in liabilities	-772,136	-236,382		
	<b>Corporation tax at 30 June</b>	<b>1,782,761</b>	<b>3,309,790</b>		

**Note USD**

**11 Prepayments**

Prepayments consists of prepaid expenses concerning subsequent financial year, hereof prepaid insurance premium, prepaid lease payment etc..

Note	USD	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
<b>12</b>	<b>Deferred tax asset</b>				
	Deferred tax at 1 July	1,290,734	1,445,344	0	0
	Adjustment prior year	0	-7,571	0	0
	Foreign exchange adjustments	17,978	62,118	0	0
	Adjustment of deferred tax	-424,937	-209,157	0	0
	<b>Deferred tax at 30 June</b>	<b>883,775</b>	<b>1,290,734</b>	<b>0</b>	<b>0</b>
	Deferred tax asset relates to:				
	Property, plant and equipment	-1,691,366	1,261,117	0	0
	Current assets	-77,175	181,620	0	0
	Provisions	25,482	210,780	0	0
	Liabilities other than provisions	650,404	250,281	0	0
	Tax loss carryforward	1,976,430	-613,064	0	0
	<b>Total</b>	<b>883,775</b>	<b>1,290,734</b>	<b>0</b>	<b>0</b>



Note	USD			
<b>13</b>	<b>Share capital</b>			
		The share capital consists of 164,200 shares of nominal DKK 1 each. No shares have been ascribed special rights. The company's share capital has increased in the following way during the last 3 years:		
		<b>30 June 2017</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	Balance at the beginning of the year	24,439	24,435	30,000
	Capital increase	44	44	60
	Foreign currency translation adjustment	717	-40	-5,625
	<b>Balance at the end of the year</b>	<b>25,200</b>	<b>24,439</b>	<b>24,435</b>

Note	USD	Consolidated		
<b>14</b>	<b>Equity</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	Balance at 1 July	24,439	701,947,997	701,972,436
	Capital increase	44	26,299,956	26,300,000
	Currency translation adjustment	717	9,870,956	9,871,673
	Retained earnings, cf. profit appropriation	0	4,774,920	4,774,920
	Other capital transactions	0	0	0
	<b>Balance at 30 June</b>	<b>25,200</b>	<b>742,893,829</b>	<b>742,919,029</b>

	Parent company		
<b>Capital and reserves</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
Balance at 1 July	24,439	701,947,997	701,972,436
Capital increase	44	26,299,956	26,300,000
Currency translation adjustments	717	9,870,956	9,871,673
Capital transactions in subsidiaries	0	0	0
Retained earnings, cf. profit appropriation	0	4,774,920	4,774,920
<b>Balance at 30 June</b>	<b>25,200</b>	<b>742,893,829</b>	<b>742,919,029</b>

Note	USD	Consolidated		Parent company	
<b>15</b>	<b>Deferred tax</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2015/16</b>
	Deferred tax at 1 July	45,927,368	45,024,776	11,251	0
	Foreign exchange adjustments	31,319	-5,030	329	0
	Adjustment of deferred tax	-4,493,396	907,622	0	11,251
	<b>Deferred tax at 30 June</b>	<b>41,465,291</b>	<b>45,927,368</b>	<b>11,580</b>	<b>11,251</b>
	Deferred tax asset relates to:				
	Property, plant and equipment	24,147,592	26,699,544	11,580	11,251
	Current assets	488,217	2,019,612	0	0
	Provisions	3,583,454	-80,610	0	0
	Liabilities other than provisions	15,587,777	17,642,439	0	0
	Tax loss carryforward	-2,341,749	-353,617	0	0
	<b>Total</b>	<b>41,465,291</b>	<b>45,927,368</b>	<b>11,580</b>	<b>11,251</b>

Note	USD	Consolidated	
<b>16</b>	<b>Mortgage credit institutions and banks</b>	<b>2016/17</b>	<b>2015/16</b>
	Credit institutions:		
	0-1 year	0	0
	1-5 years	2,744,570	0
	> 5 years	0	0
	<b>Total</b>	<b>2,744,570</b>	<b>0</b>
	Lease payments:		
	0-1 year	1,444,206	1,520,054
	1-5 years	2,586,729	1,310,251
	> 5 years	0	0
	<b>Total</b>	<b>4,030,935</b>	<b>2,830,305</b>
	Specified as follows:		
	Long-term	5,331,299	1,310,251
	Short-term portion of long-term	1,444,206	1,520,054
	<b>Total</b>	<b>6,775,505</b>	<b>2,830,305</b>

**Note USD**

**17 Prepayments, liabilities**

Prepayments under liabilities consists of received subsidies concerning subsequent financial year.

**Note**

**18 Contractual liabilities and contingencies, etc.**

**Contingent liabilities**

The parent company has signed a lease contract with a non-termination period until 30 June 2025.

The total obligation is USD 1,439 thousands.

The parent company is jointly taxed with Ingleby Denmark 1 A/S 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 0.

In connection with disposal of property a deferred tax liability amounting to USD 39,964 thousands should be recognised.

Operating lease payments for lease of land falling due within five years totalling USD 869 thousand in Latvia.

Operating lease payments for lease of machinery due within five years totalling USD 162 thousand in Lithuania and USD 1,586 thousand in Romania.

In 1998 the subsidiary Brattalid Inc., USA, entered into a development and management agreement for the development of approximately 1,700 acres of pistachio orchards. On 1 January 2008, the agreement was modified to extend the duration to 1 November 2042 and to increase the pistachio development by 1,500 additional acres. The Subsidiary is required to pay a management fee of USD 150 per acre, during years one to eight. From year nine and forward, the management fee is increased to USD 200 per acre. Beginning in year nine and continuing through the end of the period, the contractor will also receive "any surplus income" as defined in the agreement.



**Note USD****19 Mortgages and security**

Of the assets recognised as “cash at bank and in hand”, EUR 36.4 million (USD 41.5 million) are deposited in respect to purchase of shares in a subsidiary company.

In Latvia, land and buildings are provided as collateral for a local mortgage of USD 3,266 thousand.

In Romania, commitments amounting to USD 199 thousand have been issued.

**Note****20 Related parties****Ownership**

The ultimate shareholder is The Ingleby Trust, represented by:

Dr. Johannes Burger, Rötibergstrasse 2, 9442 Berneck, Switzerland

Dr. Markus Summer, Stelzagass 17, 9487 Gamprin, Principality of Liechtenstein

Geoffrey Richards, Landstrasse 33, 9491 Ruggell, Principality of Liechtenstein

The company has not had transactions covered by ÅRL § 98c,7.

<b>Note USD</b>	<b>Consolidated</b>	
	<b>2016/17</b>	<b>2015/16</b>
<b>21 Adjustment for non-cash operating items</b>		
Depreciation, amortisation and impairment	13,123,175	10,034,364
Tax on loss for the year	4,035,401	5,904,321
Gains in sold farms	0	-1,240,235
Financial income	-1,537,731	-4,175,103
Financial expenses	3,430,170	3,994,344
<b>Total</b>	<b>19,051,015</b>	<b>14,517,691</b>

<b>Note USD</b>	<b>Consolidated</b>	
	<b>2016/17</b>	<b>2015/16</b>
<b>22 Changes in working capital</b>		
Change in inventories	-5,046,283	-5,238,877
Change in receivables	2,344,641	13,780,861
Change in prepayments and trade and other payables	-544,202	2,240,920
<b>Total</b>	<b>-3,245,844</b>	<b>10,782,904</b>





Shareholder

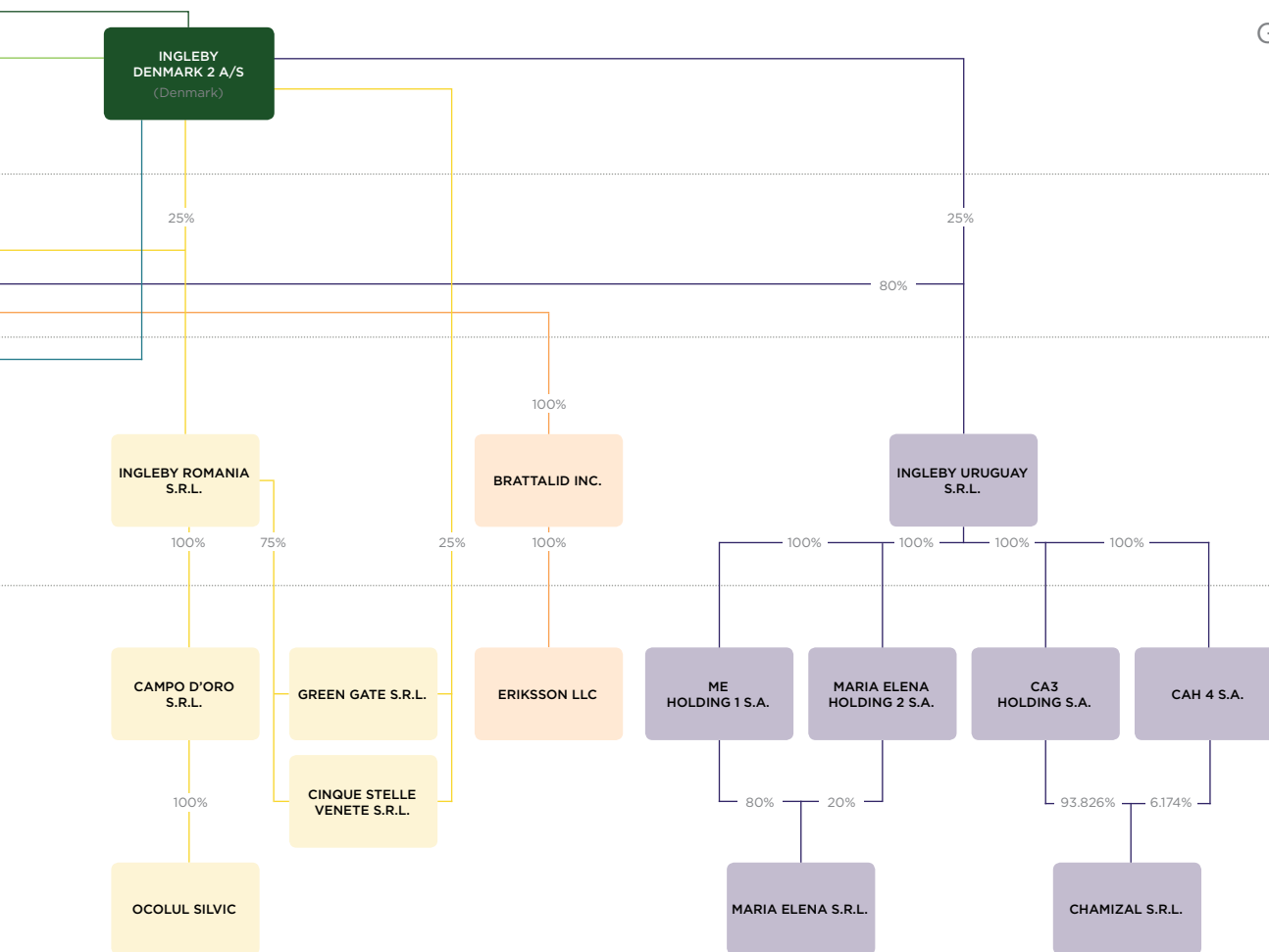
Group Parent

Group Holdings

Nominee Shareholder

Country Holdings

Operational Companies



ROMANIA

USA

URUGUAY



Aberdeen Angus cattle grazing on natural grasslands, Uruguay. Photographer: Robin Begg



# COMPANY DETAILS

## INGLEBY FARMS & FORESTS APS

Slotsgade 1A  
4600 Køge  
Denmark  
+45 55 31 35 60

Registration no.: 35868062  
Established: 30 June 1999  
Registered office: Stevns  
Financial year: 1 July - 30 June

## BOARD OF DIRECTORS

Truels Damsgaard, Chairman  
William H. Camp, Vice-Chairman  
Lisbet Rausing  
Johannes Burger  
David Blanchard  
Robert T. Wiseman  
Gwyn V. Burr  
Hans Henrik Koefoed

## EXECUTIVE BOARD

Hans Henrik Koefoed

## AUDITORS

Ernst & Young  
Godkendt Revisionspartnerselskab  
Englandsgade 25  
5000 Odense C  
Denmark

**INGLEBY FARMS & FORESTS APS**

Slotsgade 1A  
4600 Køge  
Denmark

CVR no. 35 86 80 62

[www.inglebyfarms.com](http://www.inglebyfarms.com)

