ANNUAL REPORT

Danish Agro

“Danish Agro was founded in 1901 and is currently owned by 10,000 Danish farmers. We strongly believe in being a part of the Danish cooperative movement, and we continue to run our business according to the original cooperative principles. That’s why we maintain focus on ensuring maximum value growth for the farmers we work with.

CONTENTS

ABOUT DANISH AGRO

Since its foundation in 1901, Danish Agro has focused on being the best possible partner for farmers. Our reason for being is to create maximum value growth for the farmers we work with.

We continue to do so today via six divisions and around 100 subsidiaries in 16 countries, able to support farmers with the products and services they need on a modern farm.

We also create value by following and processing farm produce all the way from farm to table.

Danish Agro has a declared objective of growth. Growth is the means by which we have been able to maintain a healthy business in a tough industry. It ensures that we can continue to be a competitive partner to farming in the long run.

Danish Agro reflects the agricultural industry. As farms become fewer, bigger and more specialised, the need to react by providing what farmers want changes. That makes heavier demands on specialisation within Danish Agro.

The prerequisite for continued growth is financial health for the business. That's something we are not prepared to compromise. We have an objective of being in the middle of the ten biggest agribusiness companies in Europe. That will ensure relative strength with regard to our suppliers, and means we can maintain our international competitiveness.

We believe it is our job to be able to help farmers create the best conditions for creating profit and value growth.

The success of the farming industry means success for us.

Ingredients

Crops

Fertiliser

Plant protection

Seed

COMPETITIVE PRICES

Danish Agro's size means that we can deal with large international suppliers on our own terms. That ensures competitive prices.

KNOW-HOW AND SPECIALISATION

Danish Agro is in contact with thousands of farmers in many different countries every single day. That helps us to accumulate the know-how and specialist skills required to best be able to service the same farmers.

MORE HIGH QUALITY PRODUCTS

The industries and products we are involved in are related to the needs of the farmer. The more products we can offer to farmers, the better partner we become for them.

Henning Haahr
Group CEO

Jørgen Hesselbjerg Mikkelsen
Chairman of the Supervisory Board of Directors

HEALTHY RESULTS IN A TOUGH INDUSTRY

2017 was a highly successful year for the Danish Agro Group. We have become a stronger partner for those farmers we work with.

Success for the modern farmer depends on know-how and quality products at competitive prices able to create value for the farm. The whole of Danish Agro's strategy is based on supplying such factors. Our reason for being is to create value for farmers.

That's why we are highly satisfied with being able to strengthen our position in 2017 as an efficient partner to farmers, consolidating our international position and achieving a level of profit that fully lived up to our expectations and objectives.

VALUE FOR FARMERS

Growth and development are essential for Danish Agro to continue being an effective partner for farming.

We shall always seek to ensure that we have high quality products at competitive prices in stock.

Our strategy is clear. We will retain our relative international size in relation to our competitors and suppliers, whilst ensuring that we effectively fulfil the needs of a modern, professional farmer. That's the best way for us to help farmers.

Danish Agro succeeded in becoming an even more attractive partner for farmers in 2017, thanks to a range of structural measures.

DISTRIBUTION OF PROFIT

Danish Agro's roots in the cooperative movement stretch right back to 1901, when Stevns Andel was founded with the objective of buying, trading and selling farm products as efficiently as possible. The same objective applies today to the way we do business. That's why the Supervisory Board is also delighted to be able to recommend the allocation of Eur 4.2 million in dividends to members.

EUR
4.2
million

The entire group focused on rationalisation and utilising synergies, so that our processes and organisational structure live up to the demands of our customers. Danish Agro adjusted its branch structure in Denmark, for example, to allow more branches to be open in the spring and during harvest, when activities are at their peak. Farmers use direct delivery of goods via online ordering from our customer portal more and more. By fine-tuning our branch structure, we can concentrate our resources in key large units.

And we have further consolidated our international position. We acquired agribusiness specialists Eepee in Finland via our subsidiary Hankkija Oy, strengthening our position as a partner for farmers in western Finland. VärmLant AB was acquired in Sweden by Swedish Agro, which can now extend its range of products and services to more Swedish farmers as a result.

Our agribusiness companies in Estonia, Latvia and Lithuania have once again delivered strong profits. We made a number of structural investments in all three countries during 2017, designed to yield advantages to us and our customers in years to come. We opened a new head office in Estonia, bringing together agribusiness and machinery trading at the same address. That's going to improve collaboration internally, and with our customers.

We gained access to the deep water port of Klaipeda in Lithuania via strategic partnership, and built considerable new warehousing capacity there. That gives us more options for import and export, and we can handle larger volumes at a more competitive price.

Our agribusiness company Polish Agro enjoyed a good year in Poland, significantly improving profit. Our subsidiary Hungaria Agro completed a change in management at the top, and devised a new strategy for the future in Hungary.

“The Danish Agro group's vision is to be the preferred and most important partner for agriculture in Scandinavia and the Baltic Region, to create maximum growth in value for individual farmers.

In Germany, a new management team was installed at Ceravis AG in 2017, and is now in full swing with the execution of a turnaround plan. We can already see considerable progress, but 2017 had its problems and we expect the same for 2018.

Vilomix also expanded its activities in Poland, where premix and vitamin specialists Blattin Polska was acquired. In our food division, the DanHatch group and a Belgian partner acquired French hatchery group Goasduff.

The Danish Agro group has also improved its position within machinery sales. Machinery is a major item in a farmer's budget, and we believe that we have a lot to offer in the structural development process the industry is going through.

We have sufficient muscle to deal with the manufacturers on an equal footing, ensuring competitive prices as a result. Meanwhile, we are focusing on building an efficient structure together with dealers and partners, whilst retaining expertise and know-how in the industry. Furthermore, we can bring synergies and know-how to bear across the nine countries where we now have machinery sales outlets. All to the benefit of the farmers we deal with.

The acquisition of distribution company LMB Danmark A/S (renamed as Danish Agro Machinery A/S), six machinery sales outlets in Denmark and investment in Konekesko in Estonia, Latvia and Lithuania puts Danish Agro in a strong position on the Scandinavian and Baltic markets. We also continue to focus on the development and build-up of our activities in Norway and Sweden. We are proud of the fact that we have expanded and improved our position on the agricultural machinery market so quickly, whilst still making healthy profits in the machinery division.

NEW FACES AT THE TOP

2017 was also the year that the Group CEO for the last 30 years, Christian Junker, stepped down. Christian has been a key figure in the massive expansion the Danish Agro group has been through. Over the last five years, Henning Haahr and Christian have worked closely together, jointly defining future strategy.

Which direction the Danish Agro group will move in has been well plotted, and in his new position as Group CEO, Henning will also create value for farmers through a strong international position, financial responsibility, know-how and specialisation.

A LOOK AT 2018

In recent years, Danish Agro has grown into a major international group, able to create value daily for its owners. We therefore believe it only natural to ask ourselves the question of whether the group has the right democratic structure. A structure that supports the company's development in the direction its members want it to go.

After constructive dialogue with the members in 2017, the Supervisory Board proposes introducing a delegate assembly at the general assembly in 2018. This will provide broader democratic representation.

We could thereby better retain consideration for production branches, forms of production and geography within our governing body, whilst farming moves towards larger and more specialised farms.

In purely commercial terms, we stand at the start of 2018 with everything in place to become an even stronger partner for our customers and owners.

Some of the markets we operate in have problems, which reflect on the conditions farmers operate under. That's why we will constantly focus on continuous rationalisation, cut-backs and cost-cutting. Meanwhile, we will continue to develop new products and services able to create benefits from synergy and growth for farmers.

The success of the farming industry means success for us.

A STRONG PARTNER

We are one of the leaders in our field, including beyond the borders of Denmark, and everything we do is to be the best possible partner for farmers, who need products, services and personnel of the highest quality.

KEY PERFORMANCE INDICATORS

KEY FIGURES (million EUR)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
INCOME STATEMENT										
Net turnover	4,220	4,235	3,822	3,240	3,373	2,362	2,125	1,791	400	465
Gross profit	607	587	546	482	440	324	308	292	75	81
Costs	-455	-435	-403	-358	-328	-225	-217	-216	-57	-61
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**152**	**152**	**143**	**123**	**112**	**99**	**91**	**76**	**18**	**21**
Depreciation and amortisation	-64	-63	-52	-44	-40	-27	-25	-21	-7	-6
Earnings before interest and taxes (EBIT)	**88**	**89**	**91**	**80**	**72**	**72**	**67**	**55**	**11**	**14**
Profit from investments in group enterprises	4	8	8	8	13	3	-1	1	5	4
Financial items, net	-10	-13	-18	-14	-17	-16	-17	-22	-5	-7
Earnings before tax (EBT)	**82**	**84**	**81**	**74**	**67**	**60**	**49**	**34**	**11**	**10**
Tax	-16	-12	-16	-14	-12	-7	-5	10	-1	-1
Group profit	**67**	**72**	**65**	**60**	**55**	**53**	**44**	**44**	**10**	**10**
Minority interests	-25	-24	-25	-24	-23	-19	-12	-10	0	0
Net profit for the year	**42**	**48**	**41**	**36**	**32**	**33**	**32**	**34**	**10**	**10**
BALANCE SHEET										
Intangible fixed assets	116	122	115	102	98	68	65	60	1	1
Tangible fixed assets	714	726	662	494	476	375	356	353	160	166
Financial fixed assets	184	130	119	79	69	66	54	28	55	40
Fixed assets	**1,014**	**978**	**896**	**675**	**642**	**509**	**475**	**442**	**216**	**208**
Inventories	615	537	586	422	375	351	264	242	65	84
Sales receivables	380	368	310	239	232	183	121	126	30	34
Other current assets	90	84	59	73	67	55	52	55	17	17
Current assets	**1,086**	**989**	**955**	**735**	**673**	**589**	**437**	**424**	**112**	**135**
Assets	**2,100**	**1,967**	**1,850**	**1,410**	**1,315**	**1,098**	**912**	**865**	**328**	**342**
Equity	369	325	282	239	218	178	151	125	74	70
Minority interests	288	268	273	186	158	100	56	44	0	0
Consolidated equity	**657**	**593**	**555**	**425**	**376**	**278**	**207**	**169**	**74**	**70**
Provisions	13	10	11	6	4	16	5	12	4	6
Long-term liabilities	471	558	604	347	324	430	368	277	142	147
Short-term liabilities	959	806	680	631	611	374	332	407	107	118
Liabilities	**2,100**	**1,967**	**1,850**	**1,410**	**1,315**	**1,098**	**912**	**865**	**328**	**342**
CASH FLOW STATEMENT										
Effect on liquidity from operations	140	179	63	61	214	-2	62	65	52	5
Effect on cash flow from investments	-104	-106	-272	-59	-115	-21	-53	3	-10	-13
of which: investment in tangible fixed assets	-31	-37	-109	-32	-54	-38	-20	7	4	-5
Effect on cash flow from financing	-97	-92	352	6	-142	69	56	-26	-6	24
Effect on cash flow for the year	**-62**	**-19**	**143**	**7**	**-43**	**45**	**65**	**42**	**35**	**16**
KEY PERFORMANCE INDICATORS										
Gross margin	14.4%	13.9 %	14.3 %	14.9 %	13.1 %	13.7 %	14.5 %	16.3 %	18.7 %	17.4 %
EBITDA margin	3.6 %	3.6 %	3.7 %	3.8 %	3.3 %	4.2 %	4.3 %	4.2 %	4.5 %	4.4 %
EBIT margin	2.1 %	2.1 %	2.4 %	2.5 %	2.1 %	3.0 %	3.1 %	3.1 %	2.8 %	3.0 %
Interest cover	15.5	11.5	8.0	9.1	6.4	6.3	5.4	3.4	3.4	2.8
EBT margin	2.0 %	2.0 %	2.1 %	2.3 %	2.0 %	2.5 %	2.3 %	1.9 %	2.7 %	2.2 %
Return on equity before tax	13.9 %	15.1 %	19.0 %	19.6 %	24.2 %	28.8 %	28.8 %	46.0 %	15.2 %	16.6 %
Solvency ratio	31.3 %	30.1 %	30.0 %	30.2 %	28.6 %	25.3 %	22.7 %	19.6 %	22.7 %	20.6 %
Average number of employees	4,363	4,346	3,928	3,264	3,134	1,695	1,586	1,436	394	419

FINANCIAL RESULTS

2017 was a good and successful year for the Danish Agro group, which met all its financial targets. Pre-tax profit for the year was Eur 82 million, in line with the previous year.

The group's executive board is highly satisfied with the profit made and improved financial KPIs.

Turnover in 2017 was Eur 4.2 billion, in line with the previous year. A late harvest and trends in commodity prices meant a fall in agribusiness turnover, compensated by increased activity within the machinery sales division.

EQUITY

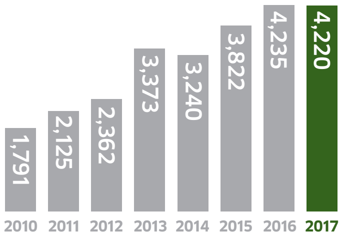
Consolidated equity rose by Eur 64 million from Eur 593 million to Eur 657 million. Group equity has risen by Eur 379 million over the last five years This is in line with the Danish Agro group's focus on strong key figures, which are essential to create value for the owners.

SOLVENCY RATIO

An increase in the group's solvency ratio to 31.3% is deemed to be positive, in the light of acquisitions in Germany, Sweden and within the machinery division made in recent years.

The criterion for group growth has always been healthy financial KPIs. Between the years of 2010 and 2017 the group more than doubled in size, whilst succeeding in boosting the solvency ratio from 19.6% to 31.3%. We consider that to be very positive.

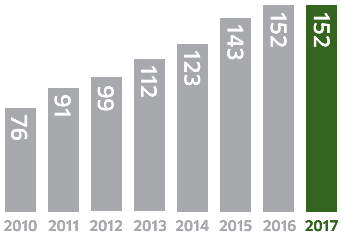
The group's target is to reach a solvency ratio of around 35%.



EUR **4.2** BILLION

CONSOLIDATED TURNOVER

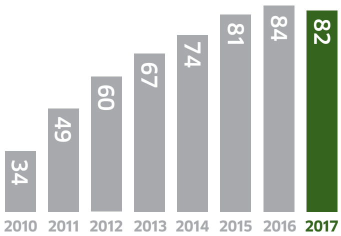
The total turnover for all group companies.



EUR **152** MILLION

EBITDA

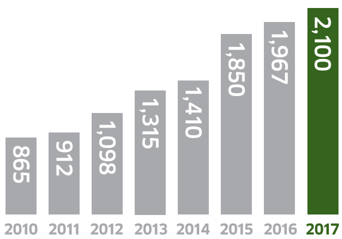
Consolidated profit before depreciation/amortisation.



EUR **82** MILLION

EBT

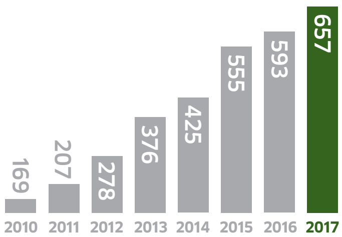
Consolidated profit before tax.



EUR **2.1** BILLION

BALANCE SHEET

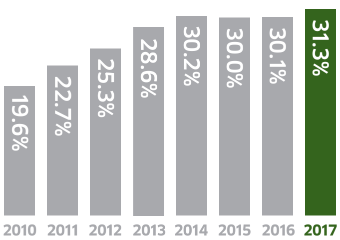
The consolidated balance sheet.



EUR **657** MILLION

EQUITY

Consolidated equity including minority interests.



31.3%

SOLVENCY RATIO

The solvency ratio describes the amount of the group's assets that are financed by equity.

FINANCIAL TARGETS 2018

The Danish Agro group sets high financial targets for 2018. Our existing business will of course be our primary focus, and we will seek to utilize every synergy possible from existing activities to ensure overall market strength is improved.

Within our agribusiness markets at home and abroad, we will focus on ensuring that we remain a competitive partner for farmers.

We will be more efficient, utilizing more synergies between our companies and offering expertise and service that farmers need. These are the foundations on which our objective of increasing market share on the markets where we are active is built. We will closely follow the structural development taking place, and will be able to make minor acquisitions if they are in line with our strategy. We expect continued costs from restructuring on the German agribusiness market.

Machinery sales have become a large and important business for the Danish Agro group. Our focus in 2018 will be to ensure progress in our financial results whilst building an efficient structure. This applies to Sweden in particular, where we expect setup and startup costs for the machinery business before it is fully established.

The long-term goal of the group is to make our premix and vitamin sales into a global business. We will therefore also be analysing opportunities for future growth on the international markets in 2018.

The companies of the group's Food Activities division are putting our internationalisation strategy into practice. Focus in 2018 will be on the integration and utilization of synergies within our existing business, including integration of acquired activities. Focus will also be placed on efficiency within operations.

EUR **4.4** BILLION

CONSOLIDATED TURNOVER

Consolidated turnover will be contingent on commodity prices and harvest yields.

EUR **80** MILLION

EBT

Consolidated profit before minority interests and tax.

67 MILLION

DEPRECIATION AND AMORTISATION

Depreciation on fixed assets.

44 MILLION

INVESTMENT

Ordinary investment in tangible fixed assets.

EUR **2.1-2.3** BILLION

BALANCE SHEET

Consolidated balance sheet, as at 31.12.2018

32-33%

SOLVENCY RATIO

Solvency ratio as at 31.12.2018

EUR **711** MILLION

EQUITY

Consolidated equity as at 31.12.2018 including minority interests.

<6.0

LEVERAGE

Leverage is interest-bearing debt divided by profit before amortisation/depreciation.

RISK MANAGEMENT

Risk management is a large and daily focus area for the Danish Agro group. With production and sales operations in many markets, the group is naturally exposed to a number of business-related risks.

These are primarily related to volatile market prices, but also financial risks in currency and interest rates. Effective risk management ensures that the group can analyse and deal with the risks it faces.

SPECIAL RISKS

A consistent approach to risk will ensure that we manage our assets most effectively. Large, frequent and highly unpredictable price fluctuations on crops, fertiliser, ingredients and exchange rates are the subject of our consistent attitude towards managing price-related risk.

We therefore have a group policy in place for managing that risk in the event of price fluctuations on crops and feed ingredients designed to ensure the right balance in our risk-taking, countering the negative consequences of such fluctuations.

All risk management is centralised, with fixed procedures for definitions and processes. We collect data from group subsidiaries on a weekly basis that is implemented in an overall report on the group’s position for crops and ingredients.

An overview of the risk profile as a whole is provided that ensures we can take the necessary precautions when the group buys and sells on the international markets.

These procedures were further strengthened in 2017, when the Supervisory Board adopted new parameters for risk management of long/short positions, which define the maximum long/short positions the management deals with on a daily basis. These are also the parameters applied when such positions are reviewed and presented at board meetings. Our structured and centralised approach to risk management is coordinated across the group.

The Danish Agro group currently consists of about 100 companies, and has agribusiness activities in most Scandinavian and Baltic markets.

We handle thousands of tons of crops and ingredients every single day, meaning heavy responsibility towards our owners to minimise commercial risk. The group's systems and processes for risk management will be further enhanced in 2018.

CURRENCY RISKS

The group's currency policy is aimed at avoiding open currency positions from buying and selling in currencies other than DKK and Euro. When currency risk cannot be covered by arranging buy/sell transactions in the same currency, risk is hedged via forward exchange contracts.

INTEREST RATE RISKS

The group's interest rate policy is aimed at ensuring a reasonable relationship between the service life of its assets and financing the same using fixed or variable interest rates. The group continuously ensures an acceptable breakdown between fixed and variable interest. We do so by borrowing at fixed interest or using interest hedging products.

CAPITAL RESERVES

The industry's structure means significant fluctuations in liquidity through the year. The group therefore periodically maintains a large capital reserve in the form of unused credit facilities with a number of major Danish and international banks. The group continuously monitors financial counterpart risk and estimates the longevity of all credit facilities.

EXECUTIVE BOARD AND GROUP EXECUTIVE BOARD

The Group Executive Board consists of directors from group divisions. It acts as the overall governing body for the group as a whole.

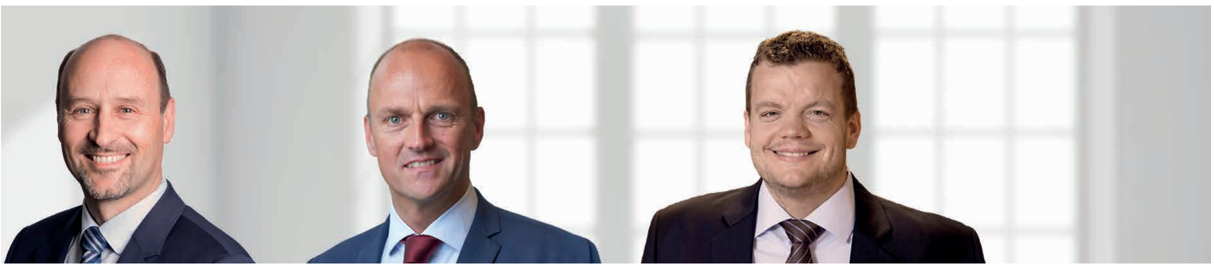
HENNING HAAHR
01/10/1970
Group CEO

HENNING FOGH
25/04/1959
Group Director
AGRIBUSINESS DENMARK

SØREN RATHCKE
18/02/1963
Group Director, CEO
AGRIBUSINESS INTERNATIONAL
AGRIBUSINESS SUPPORT

HENRIK STILUND
29/10/1970
Group Director, COO
AGRIBUSINESS INTERNATIONAL
AGRIBUSINESS SUPPORT

BRIAN HAUGE SØE
07/09/1975
Group CFO



JENS SKIFTER
06/11/1969
Group Director
AGRIBUSINESS MACHINERY

PETER TORSSELL IVERSEN
31/07/1966
Group Director
SPECIAL FEED

SØREN MØGELVANG NIELSEN
27/04/1980
Group Director
COMMUNICATION & MARKETING

DANISH AGRO'S SUPERVISORY BOARD

JØRGEN HESSELBJERG MIKKELSEN*
17.07.1954
Chairman
REGION EASTERN ZEALAND

FARM: Bakkegården, near Herfølge. Arable farmer. Member of Danish Agro's Supervisory Board since 1986.

Board member in Vilomix International Holding A/S, Dan Agro Holding A/S, DAVA International Holding A/S, Danish Agro Machinery Holding A/S and DAVA Foods Holding A/S. Member of the Chairmanship/Business Supervisory Board – Landbrug & Fødevarer and Chairman of the Board in the Alm. Brand group.

HANS BONDE HANSEN*
10/12/1965
Deputy Chairman
REGION LOLLAND/FALSTER

FARM: Holgershaab, near Nørre Alslev. Arable farmer. Member of Danish Agro's Supervisory Board since 1999.

Board member in DAVA International Holding A/S and Danish Agro Machinery Holding A/S, delegated in DLF A/S, member of the Shareholders' Committee in Jyske Bank A/S.

HEINO MØLHOLM HANSEN*
28/11/1966
Deputy Chairman
REGION SOUTHERN JUTLAND, WEST

FARM: Mariesminde, near Varde. Organic dairy farmer. Member of the board of KOF since 1999 and of Danish Agro's board since 2007. Board member in Vilomix International Holding A/S, DAVA Foods Holding A/S and Dan Agro Holding A/S. Deputy Chairman of the organic dairy Naturmælk.

MICHAEL LUNDGAARD NIELSEN
11/06/1966
REGION WESTERN ZEALAND

FARM: Bakkegård, near Korsør. Pig farmer. Member of Danish Agro's Supervisory Board since 2001.

NIELS BECK BREMS JENSEN
01/11/1982
REGION FUNEN

FARM: Ladegård, near Søndersø. Pig farmer. Member of Danish Agro's Supervisory Board since 2015.

JØRGEN DAMGAARD
06/07/1952
REGION SOUTHERN JUTLAND, EAST

FARM: Overgaard, near Hejls. Pig farmer. Member of the board of KOF since 1984 and of Danish Agro's board since 2007.

KARSTEN MADSEN
17/09/1957
Employee Representative
DRIVER AT DANISH AGRO

HOME: Kolding. Member of Danish Agro's Supervisory Board since 2011.

* Member of the Nominations Committee

SØREN STEEN SMALBRO
22/01/1965
REGION NORTHERN JUTLAND, NORTH

FARM: Tangsgård, near Hjørring. Pig and cattle farmer. Member of the board of Nordjysk Andel since 2000 and of Danish Agro's board since 2011.

Board member in Landbrugets Kulturfond og Andelsfonden, Town Councillor, Hjørring Kommune (Venstre), Chairman of Teknik – og Miljøudvalget. Shareholder Committee member of Nordenergi A.m.b.A.

LARS SVENNING BACH
29/04/1957
REGION NORTHERN JUTLAND, SOUTH

FARM: Kollerup Præstegaard, near Fjerritslev. Pig and dairy farmer. Member of the board of Nordjysk Andel since 1999 and of Danish Agro's board since 2014.

Board member in Tican A/S, LVK A/S, Nordjyllands Landbrugsskole, Lundbæk, member of the Shareholders' Committee of Nyfors A/S.

NIELS JØRGEN BØNLØKKE
10/07/1953
REGION MID-JUTLAND

FARM: Lyngbygård Gods, Brabrand, and Boelsgård A/S. Arable farmer. Member of Danish Agro's Supervisory Board since 2012.

Deputy Chairman of the Board in Nordic Seed A/S and Chairman of the Board for the Pajbjergfonden. Board member in Gartneri-, Land- og Skovbrugets Arbejdsgivere (GLS-A).

GOOD CORPORATE GOVERNANCE

PROPOSALS FOR CHANGES TO THE ARTICLES OF ASSOCIATION

Danish Agro's Supervisory Board has actively worked on applying the recommendations of the Committee for Good Corporate Governance since 2014. 'Good Corporate Governance' is a universal term for a number of actions and initiatives that form part of good management for large companies. The recommendations are accessible on the committee's website at corporategovernance.dk.

The Supervisory Board has taken the recommendations into consideration, including when discussing and evaluating the need for bringing expert skills and experience into its own ranks, and when compiling guidelines for its dealings with the Executive Board.

They were applied when the general meeting considered a proposal from the Supervisory Board to revise the group's Articles of Association in 2018.

The revision concerns setting up a delegate assembly as the company's supreme body, which will be responsible for electing the Supervisory Board amongst other things.

The objective is for such a body to be able to strengthen the democratic representation regardless of regions, farm type and the competencies of the company's members.

“I will lead the process of ongoing progress based on the culture, strategy and direction already in place.

HENNING HAAHR

Monday, the 2nd of October 2017 was a very special day for Henning Haahr. It was his first day at work as the new Group CEO of the Danish Agro group. He took over from Christian Junker, who had led the group for 30 years.

WHAT'S IT LIKE TO HAVE THE ULTIMATE RESPONSIBILITY FOR THE DANISH AGRO GROUP?

"It's a privilege and an honour. I feel extremely humble considering the responsibility I have been given, and will do my utmost to fulfil the trust of the Supervisory Board and members."

WERE THERE ANY SURPRISES?

"No, not really. It is of course something else to have the ultimate responsibility, but I have been part of the group for many years, and as the Deputy Group CEO I have enjoyed a close and confidential relationship with Christian Junker over the last five years. I have therefore helped design the strategy we follow, and all that remains to be done is to continue the success we have enjoyed so far for the group to the benefit of our members and customers in the countries we are active in."

WHAT TYPE OF GROUP CEO ARE YOU?

"My financial background cannot be denied, and I am very conscious of the financial responsibility we, as a cooperative-owned group, have when managing other peoples' money. I'm probably the analytical type, but will definitely also be focusing on growth, which means that we will often have to experiment. I believe that Danish Agro has a fine tradition for focusing on business and the needs of its customers."

WHAT CHANGES WITHIN DANISH AGRO WILL WE SEE WITH YOU AS THE NEW GROUP CEO?

"I will not be leading a revolution at Danish Agro. I will lead the process of ongoing progress based on the culture, strategy and direction already in place. We will continue to focus on being the best possible partner for the farmers we deal with. That means that we will follow developments within the agricultural industry and be able to give modern farmers what they want and need. That requires growth to maintain our relative size."

WHAT DO YOU SEE AS DANISH AGRO'S STRENGTH?

"Primarily that we have dedicated, skilled personnel at all levels, who are the guarantee for a strong corporate culture focusing on the needs of farmers. We also stick to a long-term strategy with the full backing of our members. That brings stability and direction to the business. Our six divisions give us a strong foundation for the further expansion of the group."

WHAT'S THE PLAN FOR THE NEW YEAR? – WHAT CAN WE EXPECT?

"We will focus over the next few years on consolidation and the exploitation of synergies in our existing activities. We have work to do in Germany that needs to be finished, and our machinery sales division is in a build-up phase, especially in Scandinavia."

HOME
Klejtrup, near Hobro

DATE OF BIRTH
1 October 1970

EDUCATION
HD and MSc Economics Economics

MARITAL STATUS
Married to Anita since 2007

CAREER

2017 -	Group CEO, the Danish Agro group
2012 - 2017	Deputy Group CEO, the Danish Agro group
2011 – 2017	Group CFO, the Danish Agro group
2002 – 2011	Financial Director/CFO of various Danish Agro group subsidiaries
1990 – 2002	Accountant, MSc Economics with Beierholm Revision

CSR – AN INTEGRATED PART OF DANISH AGRO'S BUSINESS

Corporate social responsibility and care for the environment are integrated into the way we do business. Sustainable development of society is dependent on productive, competitive and efficient business.

Danish Agro is a member of the UN's voluntary "Global Compact" program, adopting its ten principles on human rights, labour rights, environmental protection and the combating of corruption to form the framework for the group's CSR reports. All such reports come under the "Communication on Progress" report, sent annually to the UN.

The report is published at danishagro.dk/csr, providing an overview of all the group's CSR activities in 2017. It represents the Danish Agro group's mandatory report on corporate social responsibility, including on gender representation on the Supervisory Board and management as a whole.

HIGHER ENERGY EFFICIENCY IN 2017

The Danish Agro group continuously focuses on its environmental impact, and in recent years has concentrated on energy efficiency in Denmark. We entered into a climate partner agreement with Danish energy provider Ørsted A/S in 2017. The agreement commits Danish Agro to reducing energy consumption in Denmark by 20% by 2021 compared to 2015. As part of the agreement, Ørsted will provide consultancy and implementation of energy-efficiency measures, whilst we have undertaken to buy a certain amount of electricity from sustainable sources.

Danish Agro's eight most energy-intensive locations, involving feed production, drying plant etc., account for 75% of our total energy consumption in Denmark. We replaced a lot of our lighting in 2017 with energy-efficient LED bulbs at such locations. We also invested in forklift trucks that run on electricity rather than gas or diesel, achieving a considerable CO_2 saving and noise reductions. The inclusion of energy efficiency when we replace and renew machinery and equipment also makes a big contribution towards achieving our target of reducing energy consumption.

Our overall energy consumption (including electricity and gas) was higher in 2017 (73,341 MWH) than 2016 (51,561 MWH). This is due to two factors: The harvest in 2017 was larger and wetter than in 2016, meaning there was considerable need for grain drying, resulting in higher energy consumption than in 2016. Our gas consumption figures also increased as a result of access to more accurate data from template meters installed in 2017.

When we adjust for the extra volume of grain dried and overlay that factor on the 2016 figures, we can see the true effect of our energy-saving efforts. The downward trend of the graph for electricity consumption below illustrates the result.

Energy consumption adjusted for increased grain drying in 2017 (total electricity).

To be more precise, our energy-saving measures meant that consumption per tonne of dried grain was 5% less in 2017 than in 2016.

Energy per tonne grain dried with water content:

Our energy review in 2017 showed new potential for reducing energy consumption in 2018 and onwards. A couple of our focus areas will be the control of humidification to rationalise grain drying, and the replacement of low pressure boilers by high pressure boilers for more effective energy use.

The long-term plan calls for the energy-saving measures above to be rolled out to the rest of the group.

We entered into a climate partner agreement with Danish energy provider Ørsted A/S in 2017.

Ørsted
Climate Partner

The Danish Agro group's feed factories produced 2.8 million tonnes of feed for cattle, pigs and poultry in 2017.

FOOD QUALITY AND SAFETY

Danish Agro focuses strongly on food safety and quality through consistent quality management.

Quality management for the group concerns feed and food product safety, plus quality in general. The level of detail for quality management was generally increased in 2017.

Danish Agro wants to cover the entire chain from farm to table with the same standard, bringing together management responsibility, resource management, the production of safe products, validation, verification and improvements in an all-encompassing system.

All Danish Agro group agribusiness and support companies supplying feed products are GMP+ certified to ensure the free movement of crops and feeds nationally and internationally.

Vilomix is certified according to FAMI-QS (specifically for vitamins, minerals and additives) and gives the same free trade between group companies, plus the option of operating on national and international markets.

The amount of organic production in Denmark within livestock and arable farming in 2017 is therefore the amount sold within Danish Agro and on the neighbouring markets. That results in increasing pressure on the availability of organic ingredients at home and abroad. Unfortunately, this can also give rise to the falsification of ingredients, making supplier approvals and goods received inspections all the more important.

We prove quality assurance within organic egg-layer feeds by being certified according to KAT (KAT – Verein für kontrollierte alternative Tierhaltungsformen e. V.) to be able to supply products to the German market.

THE DANISH AGRO GROUP HOLDS THE FOLLOWING CERTIFICATIONS:

ISO 9901 – management standard

ISO 22000/TS 22002-6 – management standard focusing on feed products and feed.

ISO 14001 – management standard - environment

ISO 17025/ACCREDITATION – requirement for testing laboratories

VLOG – non-GM certification, Verband Lebensmittel ohne Gentechnik.

GMP + B1, B2 AND B3
management standard for production, sales, warehousing and transport.

KAT – FEED/PRODUCTS exported to Germany

FAMI QS – quality assurance for special feeds, vitamins, minerals and additives

ISCC – sustainability certification – rapeseed oil for the diesel industry.

HIGHLIGHTS OF THE YEAR

Vilomix

The Vilomix group acquired the majority shareholding on 1 January 2017 of Polish premix company Blattin Polska, a producer of mineral feed and concentrates at two factories in Poland.

Danish Agro signed a deal on 10 February to acquire 45% of the shareholding in three machinery companies: AS Konekesko Eesti, SIA Konekesko Latvija and UAB Konekesko Lietuva. All three sell the CLAAS product range in Estonia, Latvia and Lithuania.

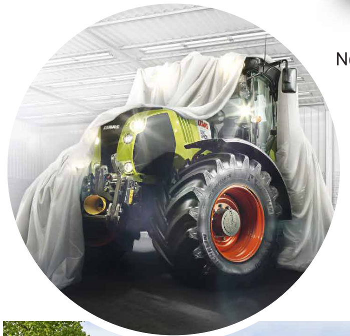
Vilomix took part in the International Agro Animal Show in Kiev, Ukraine

Raitech

Raitech in Poland won the New Holland SILVER Dealer of the year award.

January

February



Norwegian Agro Machinery, the importer and distributor of CLAAS machinery in Norway, opened a new showroom in Kløfta, 35 km north-east of Oslo.

Vilofarm

Vilofarm took over distribution of Blossom and Faramate milk substitutes in Denmark.

Danish Agro MACHINERY

Danish CLAAS distributor LMB Danmark A/S becomes part of the Danish Agro group and changes name to Danish Agro Machinery A/S.

Danish Agro committed to reducing energy consumption in Denmark by 20% by 2021 compared to 2015 in partnership with Ørsted A/S as part of a climate partnership agreement.

Danish Agro
MACHINERY

Danish Agro Machinery Holding A/S signed an agreement on 22 February to acquire 45% of the shares in CLAAS dealer Traktor & Høstspecialisten A/S.

Hankkija

Danish Agro's Finnish subsidiary Hankkija Oy signed a deal to take over the agribusiness activities of the Finnish company Etelä-Pohjanmaan Osuuskauppa (Eepee) as of 1 January 2018. Eepee has enjoyed a long-term and integrated partnership with Hankkija for agribusiness activities.

March

April

Agribusiness company Polish Agro launches a new fertiliser range called 'PowerLeaf' at an agricultural trade fair.

Vilomix takes part in the VIV Asia trade fair in Bangkok, Thailand.

Hatting

Genetics company Hatting offers classification of boar semen products with different breeding values aimed at individual customer requirements for breeding quality.

Danish Agro
MACHINERY

Danish Agro Machinery Holding A/S signed an agreement to acquire 75% of the shares in CLAAS dealer Vinderup Maskinforretning A/S.

Danish Agro's machinery companies in Sweden and Norway enter into a distribution agreement with Horsch and AVR.

Baltic Agro Latvia and the Danish Agro group's new Baltic machinery dealer, Konekesko, share a stand at the Traktor-diena 2017 trade fair in Tērvete.

Our four first product specialist trainees presented their showcase in June, prior to the end of their course in August.

May

June

The installation of a new management team at Ceravis AG heralds the start of an extensive restructuring process and implementation of a new strategy designed to make the company an even stronger partner for German farmers.

Danish Agro Machinery Holding A/S acquired 45% of the shares in CLAAS dealer ALMAS Agro A/S.

Danish Agro's machinery dealers in Norway and Sweden enter into an agreement on the sales and service of Samson products as from 1 November 2017.

Nordic Seed

Danish Finance Minister Kristian Jensen visited Nordic Seed to see how the company has partnered with universities to use research and innovation funding to the benefit of Danish plant breeding.

Scanola

Scanola Baltic starts a new packing system for rapeseed oil and boosts exports to Latvia and Finland.

The DanHatch group acquired 88% of the shares in French hatchery Goasduff in partnership with Belgian company BHV-Group.

August

September

Danish Agro MACHINERY

Danish Agro Machinery Holding A/S signed a deal with CLAAS agricultural machinery distributor Ringe Maskinforretning, based on the island of Funen.

Danish Agro Machinery Holding A/S acquires one of Denmark's oldest machinery dealers, A. P. Jørgensen, founded 121 years ago. The company is located in Ribe and is a CLAAS dealer.

Danish Agro Machinery Holding A/S signed a deal with Danish CLAAS dealer Røstofte Maskiner to acquire 75% of the shares in the company.

Danish Agro's Group CEO over the last 30 years, Christian Junker, stepped down at the end of September. A farewell reception was held in Copenhagen to mark the occasion.

Henning Haahr is appointed the new Group CEO of Danish Agro.

September

October

Danish Agro sponsors the Pig Student of the Year award in Denmark.

Baltic Agro

Baltic Agro Lithuania's partner in the Port of Klaipeda, BEGA, is opening new facilities that will boost the import and export of goods for Baltic Agro.

DAVA Foods takes part in the international feed trade fair ANUGA, focusing on organic and protein-based products.

Baltic Agro

Baltic Agro and Baltic Agro Machinery open a new head office just outside Tallinn, Estonia.

Swedish Agro

Swedish Agro continues its growth strategy on the Swedish market, and acquires VärmLant AB.

November

DAVA Foods

DAVA Foods launches a new protein product, whitePro, based on egg whites that does not need to be refrigerated. It can be used as a protein supplement in cooking, smoothies etc.

Swedish Agro and KLF reach agreement on the joint construction of a grain terminal with capacity of 100,000 tonnes in Åhus, Sweden.

DIVISIONS


FINLAND
NORWAY
ESTONIA
RUSSIA
SWEDEN
LATVIA
DENMARK
LITHUANIA
POLAND
GERMANY
UKRAINE
LUXEMBOURG
CZECH REPUBLIC
HUNGARY

TOTAL TURNOVER

EUR **4.2** BILLION

THE GROUP IS ACTIVE IN

16 COUNTRIES

EMPLOYEES

4,363

AGRIBUSINESS DENMARK

The Agribusiness Denmark division covers the group's agribusiness activities in Denmark, where we have two principal brands: Danish Agro, which is national, and Hedegaard, which concentrates on Jutland.

Total agribusiness turnover in Denmark fell in 2017 by Eur 51 million, due primarily to low product prices and timing differences resulting from a small harvest in 2016 and a late, wet harvest in 2017, which meant lower activity levels. In relation to market share, we have generally strengthened our position on the Danish market in 2017.

Overall, we can deliver a profit that is Eur 8 million lower than last year. The fall is equally divided between Danish Agro and Hedegaard, and is due to the price of products and timing differences due to the late harvest.

Danish Agro and Hedegaard are in a strong position at the threshold of 2018.

Danish Agro

842 MILLION
TURNOVER

26 MILLION
EBITDA

1,226 MILLION
BALANCE SHEET

369 MILLION
EQUITY

30.1%
SOLVENCY RATIO

543
EMPLOYEES

HENNING FOGH
Group Director

HEDEGAARD

344 MILLION
TURNOVER

6 MILLION
EBITDA

99 MILLION
BALANCE SHEET

28 MILLION
EQUITY

28.3%
SOLVENCY RATIO

183
EMPLOYEES

SØREN RATHCKE
Group Director, CEO,

EFFECTIVE PARTNER FOR DANISH FARMERS

The agriculture industry generally experienced growth in 2017. Livestock producers in particular, previously hard hit, found better yields and higher sales prices.

The improved economic situation has meant that more farmers have wanted to enter into long-term contracts for feed and raw materials with Danish Agro and Hedegaard. That created greater predictability in production and trading for both agribusiness companies, but has also required extra care to keep risk down to an acceptable level.

Within arable farming, 2017 saw a late spring that was cold, wet and low on sunshine.

That made growth conditions difficult for the crops in the fields. Nevertheless, the harvest was reasonable, with a yield that was 5-10% higher than in 2016.

The actual harvest period was wet, long and subject to changeable weather. That made it an expensive harvest for Danish Agro and Hedegaard, keeping us busy with grain drying and extra transport and logistics work.

STRUCTURAL CHANGES REQUIRE AN EFFICIENT SETUP

The structural changes taking place in Danish farming continued in 2017. Farms are becoming bigger, fewer and more specialised. We believe that the agribusiness industry must reflect developments in Danish farming, and we must be able to live up to the different and more specialised requirements of farmers.

One of the Danish Agro group's focus areas is a more competitive setup able to quickly and efficiently deliver the goods and services that farmers want.

Danish Agro has a large, national network of retail outlets, with continuous focus on maintaining the structure that creates value for farmers. We have seen developments in which several of our branches have highly seasonal activities, and that more and more of our sales are online with direct delivery.

We accordingly concentrated all our sales personnel in north Jutland into three branches. Two former all-year sales branches then changed status to seasonal opening. This ensured that we could free up resources for more value-creating activities, whilst the sales personnel could work closer together.

Hedegaard in particular has focused on upgrading and streamlining its feed production. That meant being able to concentrate production of feed mixes at just two factories instead of three.

VALUE-CREATING MEASURES

Product and business development were constant in 2017, based on the needs of farmers. For example: as a result of an EU ban, Danish farmers will no longer be permitted within a few years to use zinc in their weaning feeds for pigs. Danish Agro was the first agribusiness company in Denmark to test zinc-free weaning feeds in the annual SEGES feed testing. We did so to be ready for future phasing-out of zinc in feed mixes. The zinc-free feed tests showed excellent results, with feed consumption of 1.61 FEsv/kg growth, and 0.0% fatality rate.

ZINC-FREE FEED SHOWS TOP RESULTS

Danish Agro was the first agribusiness company in Denmark to test zinc-free weaning feeds for piglets in the annual SEGES feed testing. The zinc-free feed tests showed excellent results, with feed consumption of 1.61 FEsv/kg growth, and 0.0% fatality rate.

What the customer wants is what we react to when the group's companies develop new and improved products. Quality is all, and has also been a focus area for Hedegaard, which also optimised feed production in 2017.

Hedegaard invested heavily in new feed production facilities at its factories, including, for example, producing feed via long-term conditioning. That gives lower temperature impact over time and is gentler to the ingredients. The result is a more uniform product for the customers and better feed quality for farmers.

Unfortunately, implementation of Hedegaard's new production systems and units was not all plain sailing in 2017. There were problems with poultry feed, which had unfortunate ramifications for some customers. Those problems have now been solved.

Digitalisation in farming is developing at full speed, and the Danish Agro group prioritises being able to help our customers via sharing data with them and their associates. The more farmers can take advantage of value-creating data, the better. Danish Agro's customer portal, via which farmers can order goods around the clock, was developed further in 2017.

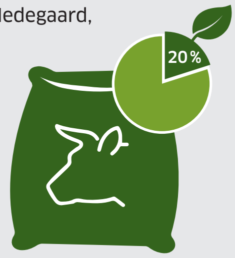
We also signed a deal with the company behind the warehouse management app Grainit, which Danish Agro now offers free as part of large-scale sales contracts. We wanted to help farmers to gain better control of their own stocks. Many farmers use a range of different systems, which can make overview difficult.

Grainit is a system that makes it easy for farmers to gain an overview, control their stocks of crops, fertiliser, plant protection, feeds, farm supply, etc. It won the 'Innovation of the Year Award' at the Growth Conference 2017 organised by the Landbrugsavisen newspaper and others.

Danish consumers increased their purchases of organic produce in 2017. That meant that Danish Agro was busy advising a number of farmers who wanted to switch to organic farming. Our organic business unit has been allocated more resources to be able to service the growing number of farmers who want products and advice from us. Hedegaard has also focused on organic farming, and plans to convert another of its branches to become dedicated to it in 2018.

DEMAND FOR NON-GMO

Danish Agro was the first agribusiness company in Denmark to be certified for production of non-GMO cattle feed in 2016, and production continued in 2017. The same applies to Hedegaard, which became non-GMO certified in 2017, experiencing a steady increase in demand for this type of product. Consequently, non-GMO feeds now account for 20% of total cattle feed production in Danish Agro.



The Danish Agro group has a strategy of being able to offer customers quality products with consultancy to a higher degree. Consequently, we continued training and developing specialised teams consisting of personnel with in-depth knowledge of a specific field of expertise. Hedegaard has followed suit, strengthening its plant breeding consultancy in particular.

RESPONSIBLE DANISH FARMERS

The government's Farming Bill, which became law in 2016, gave Danish farmers the chance to apply additional fertiliser to their fields. That meant increased sales of fertiliser for Danish Agro and Hedegaard. However, only 50-60% of the extra amount permitted has been utilised. Farmers have exhibited considerable restraint, based primarily on the needs of their fields when planning fertiliser use.

2018 AND ONWARDS

The Danish Agro group expects that we will see increased, sharper and new consumer expectations on the way food products are produced in Denmark and on the markets we export to. That will mean we must continue to ensure we have a flexible setup in our agribusiness companies in Denmark, to be able to quickly and efficiently react to new requirements from consumers, partners etc.

With regard to Danish farmers, we expect structural change to continue, and to see fewer, larger and more specialised farms. We therefore expect an increase in the production of quality bulk goods for the wider market, and niche production for smaller target groups. Being able to follow such trends is essential to the Danish Agro group's agribusiness activities in Denmark.

AGRIBUSINESS INTERNATIONAL

The Agribusiness International division is responsible for the Danish Agro group's international agribusiness activities.

Total turnover was Eur 172 million lower than in 2016. The cause was a poor harvest in 2016 on several markets – especially in Germany – plus a difficult harvest in 2017 that was late and wet in several areas. That mean a lower level of activity and timing differences several places.

Nevertheless, the division delivered a satisfactory ordinary operating profit. Our activities in the Baltics yielded excellent results, and trading in Poland is showing a strong upward trend. The operating result must also be seen in the light of a major turnaround process in Germany, which is now beginning to show progress in several key figures.

We are generally in a robust condition to face the next few years.

2.0 BILLION
TURNOVER

532 MILLION
EQUITY

25 MILLION
EBITDA

47.6%
SOLVENCY RATIO

1.1 BILLION
BALANCE SHEET

2,105
EMPLOYEES

SØREN RATHCKE
Group Director, CEO,

HENRIK STILUND
Group Director, COO,

Henrik Stilund

STRONG PARTNERSHIP WITH FARMERS IN EIGHT COUNTRIES

The Danish Agro group has subsidiaries within agribusiness in Sweden, Finland, Estonia, Latvia, Lithuania, Poland, Germany and Hungary. Our strong position on the international agribusiness market means significant benefits for the farmers we deal with, and helps ensure that we can deal with the largest international suppliers who want size and distribution power.

We also ensure our own international presence and daily contact with thousands of farmers and have the best criteria for building up the know-how and specialisms needed to service our customers optimally.

A strong international position is the means by which we can maintain a healthy business in an industry with profits under pressure, whilst farms become bigger and more specialised. We believe it is our job to be able to help farmers create the best conditions for creating profit and value growth.

We consolidated our position in 2017 as one of the two biggest companies on the markets around the Baltic Sea. Despite difficult conditions in several of those countries, including recession in Finland, and poor harvesting conditions everywhere, we succeeded in retaining or improving our market position there.

The Danish Agro group aims to be one of the three biggest agribusiness companies in the countries and regions we are active in, currently most of the markets around the Baltic Sea.

After the acquisition of Kalmar Lantmän, Swedish Agro is now the third biggest agribusiness company on the Swedish market. The personnel of Kalmar Lantmän and Swedish Agro have managed to forge a strong unit that has achieved growth in record time.

We continue to be in the build-up phase on the Polish market, but aim to increase our agribusiness activities there in time. The company is healthy and made a good profit in 2017.

One thing these eight markets have in common is the change in the structure of farming. Farms are becoming fewer in number and larger. We therefore want to play an active role in consolidation of the agribusiness industry as things develop. Accordingly, we have once again been active on the acquisition scene on several selected markets in 2017.

STRUCTURAL CHANGE

Our international agribusiness position was reinforced in 2017 and we took part in structural changes on several markets.

Our Finnish agribusiness company, Hankkija, concluded an agreement in April to acquire the agribusiness activities of Etelä-Pohjanmaan Osuuskauppa (Eepee) as of 1 January 2018. Eepee is based in western Finland, and already enjoys an integrated collaboration with Hankkija for its agribusiness activities. The company acquired has been a strong regional player with Eur 80 million in annual turnover, and is located in one of the most attractive farming areas in Finland. The acquisition means that we can expand the range of products and services we supply to farmers in this area.

IMPROVING THE WORKFORCE

Danish Agro wants to help its employees to improve and advance, to ensure they possess the know-how and experience we need to advise a more and more specialised farming industry. Our most important job is to be the best possible partner for our owners and customers – and that's what drives all our decision-making.

Our Swedish agribusiness subsidiary, Swedish Agro, agreed to acquire VärmLant AB as of 15 March 2018. The company is family-owned and based in Säffle, turning over approx. Eur 27 million per year. Swedish Agro's strategy is to strengthen its geographic presence in Sweden to create value for more Swedish farmers. This acquisition gives us three large branches with significant warehousing capacity, not to mention port facilities in a key agricultural area.

NEW PRODUCT DEVELOPMENT

As part of our strategic acquisitions programme, we have worked on developing and optimising the organisational setup and products of our subsidiaries. We have focused on boosting efficiency and reinforcing the product portfolio to the benefit of individual farmers.

Consequently, Polish Agro launched a new fertiliser product range in 2017 called 'Powerleaf', to strengthen the company's position on the market. The launch was received well by arable farmers.

We invested considerably in new branches and facilities to improve our options and flexibility. Baltic Agro in Latvia opened a branch in Gulbene, a town in the east of the country, in 2016, increasing capacity for receiving grain during the harvest. The branch is now fully integrated, and was well used by farmers for the 2017 harvest, which improved the standing of the company in this area.

In Finland, Hankkija Oy invested in a new grain handling plant at its feed factory in Turku. The investment has increased storage capacity and opened up new opportunities for better feed production.

Baltic Agro in Estonia opened its new head office building in Tallinn, which also houses its machinery division. Being the head office for both companies makes it possible to exploit new synergies between them. There are also a workshop, spare parts store and a showroom for the latest John Deere products.

STRATEGIC PARTNERSHIPS

The Danish Agro group has a long and proud tradition of partnering with others in the industry to develop business activities together. Our international agribusiness activities are jointly owned with Vestjyllands Andel and/or the German agribusiness company Agravis Raiffeisen AG.

Such partnerships can also be locally-based. Several of the group's international agribusiness companies expanded in 2015 through such strategic partnerships. Baltic Agro Lithuania opened a new grain storage facility totalling 64,000 tonnes in the deep water port of Klaipeda. The plant was built and is owned by logistics company BEGA, with a long track record within ship loading and offloading. Baltic Agro has signed a strategic agreement with BEGA for use of the new facilities, opening up totally new opportunities.

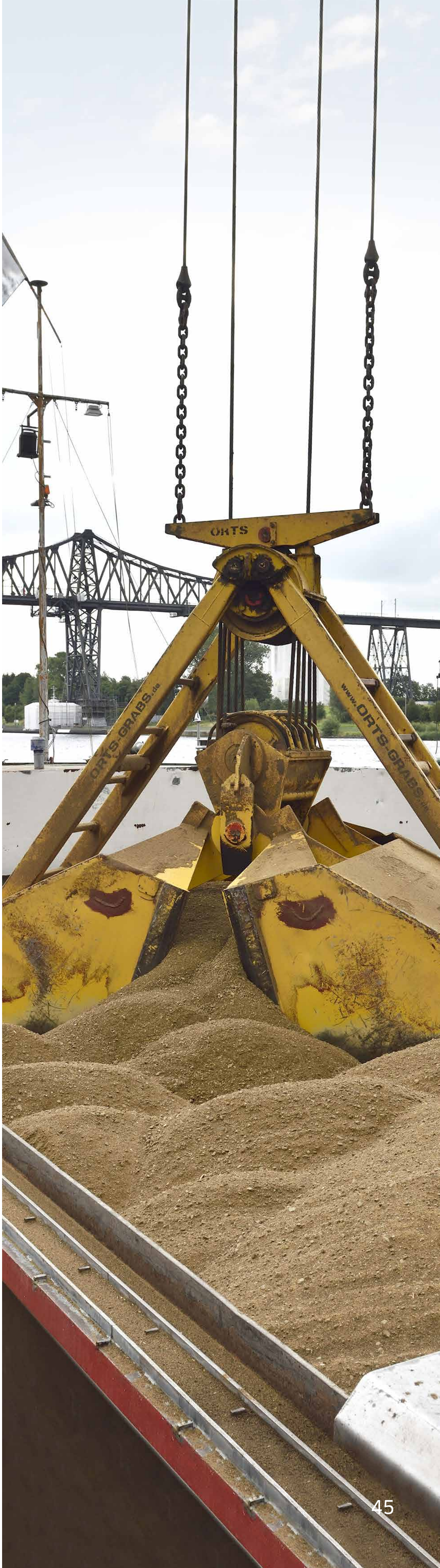
A key agreement has also been concluded in Sweden, when Swedish Agro and agribusiness company Kristianstadsortens Lagerhusförening (KLF) joined forces to build a grain terminal at Åhus. The agreement will mean the setting up of a 50/50-owned joint venture company, 'Swedish Grain Terminal AB', to expand capacity there from approx. 50,000 tonnes to 100,000 tonnes.

The building is expected to be completed by late 2019. Swedish Agro has a clear strategy focusing on efficient infrastructure and export opportunities. The agreement with KLF will provide more harbour and warehouse facilities in a strong farming area. Not only will it boost the competitiveness of both companies, but also general competition on the Swedish market to the benefit of Swedish farmers.

PROGRESS IN GERMANY DESPITE TOUGH CONDITIONS

The new management at our subsidiary Ceravis AG has been hard at work since April 2017 to reorganise the company, implement strategy and exploit synergies with the rest of the group.

The company is progressing well, having completed major structural changes which meant that Ceravis has reduced its cost base considerably compared to just one year ago. Its focus now is on strengthening its commercial presence on the market, and expanding its customer base. Integration as a whole has taken longer than expected, and the annual accounts clearly reflect the fact that Ceravis is in the middle of a turnaround process. 2018 will continue to reflect the same.



AGRIBUSINESS SUPPORT

The Agribusiness Support division enjoyed an excellent year in 2017. Turnover rose by Eur 17 million compared to last year, and the division's companies generally delivered good results.

Increased integration of Swedish Agro and Ceravis AG in Germany in support activities was the key theme for 2017. The international strength and position relative to suppliers and customers was also consolidated by the Agribusiness Support companies.

The division is strongly positioned for next year.

985 MILLION
TURNOVER

121 MILLION
EQUITY

48 MILLION
EBITDA

58.0%
SOLVENCY RATIO

208 MILLION
BALANCE SHEET

98
EMPLOYEES

SØREN RATHCKE
Group Director, CEO,

HENRIK STILUND
Group Director, COO,

PRODUCT DEVELOPMENT, PROCESSING AND JOINT PROCUREMENT GIVE MASSIVE ADVANTAGES

In line with the Danish Agro group growing internationally and entering new markets, its strategy of focusing on an efficient infrastructure and exports plays an increasingly important role.

This applies when supporting the group's agribusiness companies and when providing the best possible service to farmers. Joint product development, processing and procurement generate massive advantages in an industry with huge volumes but low profit margins.

EFFECTIVE PROCUREMENT PARTNERSHIP

Our procurement company, DLA Agro, buys in for all the group's companies plus a number of agribusiness companies in Denmark, Norway and Sweden.

The overall procurement volume means that high quality ingredients and products can be obtained at competitive prices, making the group an attractive partner for suppliers.

The new Swedish activities in Swedish Agro were brought into the procurement partnership in 2017. Our activities on the German market resulting from greater integration with Ceravis AG have also increased.

The partnership between the members of DLA Agro worked smoothly once again in 2017, and the procurement company has evolved into a strong, effective and important trading partner for our international suppliers.

We have clearly seen how the increased internationalisation of Danish Agro around the entire Baltic Sea has meant improved purchasing opportunities to the benefit of the farmers we work with.

FERTILISER

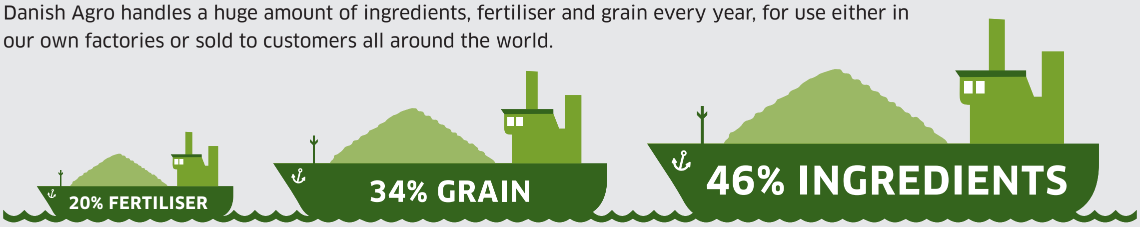
Partnerships within the procurement of fertiliser internationally were considerably strengthened in 2017. DLA Agro was able to obtain new and higher quantities of goods. Meanwhile, the suppliers we use have invested heavily in their production facilities over the last few years. That means that the company now receives higher quality goods to the benefit of farmers.

Within liquid fertiliser, 2017 was influenced by the accident at DanGødning's facility on the harbour in Fredericia in February 2016, when a massive fire destroyed the company's storage tank.

DanGødning enjoys a good relationship with Fredericia's council, the port and other authorities, and has consistently played an active part in getting to the bottom of the matter. The company is the biggest producer of liquid fertiliser for farming in northern Europe, and was still able to fulfil its obligations to its customers in 2017. The fire affected ingredient stocks, but left the production plant intact.

BREAKDOWN OF PRODUCTS

Danish Agro handles a huge amount of ingredients, fertiliser and grain every year, for use either in our own factories or sold to customers all around the world.



PLANT PROTECTION

Partnerships within the procurement of plant protection products between DLA Agro members were considerably strengthened in 2017. Procurement groups with members from different countries and companies improved, allowing procurement to be coordinated to the maximum in relation to range and volume. Constructive dialogue has also been enjoyed with suppliers, and DLA Agro succeeded in exclusively representing a number of products on multiple markets. 2017 was the year when major structural changes took place in the supply chain for plant protection in particular.

Major multinational groups announced acquisitions and mergers during the year, including mergers between Syngenta and Chemchina, Bayer and Monsanto, and DuPont and Dow Agrosciences. Six major players became three, who were able to strengthen their positions within their respective fields.

In the wake of such mergers, competition authorities worldwide have ensured that other businesses on the same markets still have access to certain products – or product types – depending on how strong they are or are deemed to be. That means opportunities for our group.

The more companies that join forces and the greater the volume DLA Agro represent, the more we can deal with suppliers on our own terms.

RAPESEED PROCESSING

Scanola, our rapeseed mill, receives large volumes of rapeseed it can process in its own facilities. 2017 was a very difficult year for Scanola, due to the poor harvest in 2016 plus high market prices for rapeseed in general. Scanola was therefore forced to import rapeseed during the year.

All supply commitments were fulfilled, but it was hard to generate profit given the tough market conditions. The problems can be expected to continue in 2018, given the very wet conditions during sowing in the autumn of last year, which meant a smaller area of rapeseed sown for the 2018 harvest.

The EU lowered import tariffs on biodiesel based on soya and palm oil in 2017, increasing uncertainty on the market for production of biodiesel within the union. Scanola sells rapeseed oil for biodiesel production, and is therefore following developments closely.

Scanola Baltic, which also produces rapeseed oil for human consumption, also had problems in 2017. Once again, the low intake of rapeseed due to the poor harvest in 2016 was the cause.

SEED

Despite more competition on the Danish market, the group's seed company, Nordic Seed, succeeded in maintaining market share in the country. 40-45% of wheat and 20-25% of barley now sold in Denmark comes from Nordic Seed.

The company has also consolidated its position on its international markets, with sales in the Baltics, Sweden and Finland going particularly well.

With regard to the development of new varieties, there are a number in the pipeline, which will be presented on the market in 2018. These include a new 2-row winter barley that has performed really well in tests in Denmark and Germany. Peas will also join the Nordic Seed range in 2018.

Finally, the company will be able to present a totally new, unique product in 2018: a short-stemmed rye variety that is performing really well, and is undergoing official trials at the moment.

ENERGY

Our energy company, DAVA Energy, enjoys an excellent partnership with Circle K in Denmark. Similar partnerships are being sought in several of the countries where the Danish Agro group is represented.

VEGETABLE FATS AND OILS

Scanfedt, which specialises in buying and selling vegetable oils and fats, had an excellent year in 2017. Supply has worked well, and focus was maintained on traceability and high product quality.

Investment in and the construction of additional tank capacity at the Port of Aarhus was completed. That offers greater opportunities for optimisation, space for more products and greater flexibility.

PLASTIC AND YARN

Sales of plastic and yarn grew well in 2017, thanks to the group's strong portfolio of suppliers.

The company controls 6,250 trial plots at Nordic Seed's trials station in Nienstädt, west of Hannover, each of 11 m². Rye is grown here in the form of hybrid varieties, which is a complicated technique. It takes 6-7 years on average to bring a hybrid variety to market. Nordic Seed has a total of over 65,000 trial plots in Denmark and Germany.

AGRIBUSINESS MACHINERY

The Danish Agro group successfully consolidated its position within machinery sales in 2017 on the Scandinavian and Baltic markets, with the acquisition of distribution company LMB Denmark A/S – renamed as Danish Agro Machinery A/S – six machinery dealers in Denmark plus investment in machinery company Konekesko in Estonia, Latvia and Lithuania. The group also continued to focus on the development and build-up of activities in Norway and Sweden.

Turnover in the Danish Agro group's machinery activities rose from Eur 222 million in 2016 to Eur 350 million in 2017. Despite acquisitions and one-off costs for the build-up of activities, primarily in Norway and Sweden, the division succeeded in realising operating profit totalling Eur 6 million.

We are highly satisfied with the result and look forward to further expanding activities in 2018.

350 MILLION EUR
TURNOVER

45 MILLION EUR
EQUITY

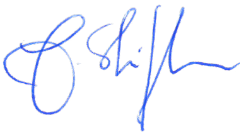
6 MILLION EUR
EBITDA

22.8%
SOLVENCY RATIO

196 MILLION EUR
BALANCE SHEET

562
EMPLOYEES

JENS SKIFTER
Group Director,




LEXION
CLAAS

MACHINERY SALES ARE A NATURAL PART OF A MODERN AGRIBUSINESS GROUP

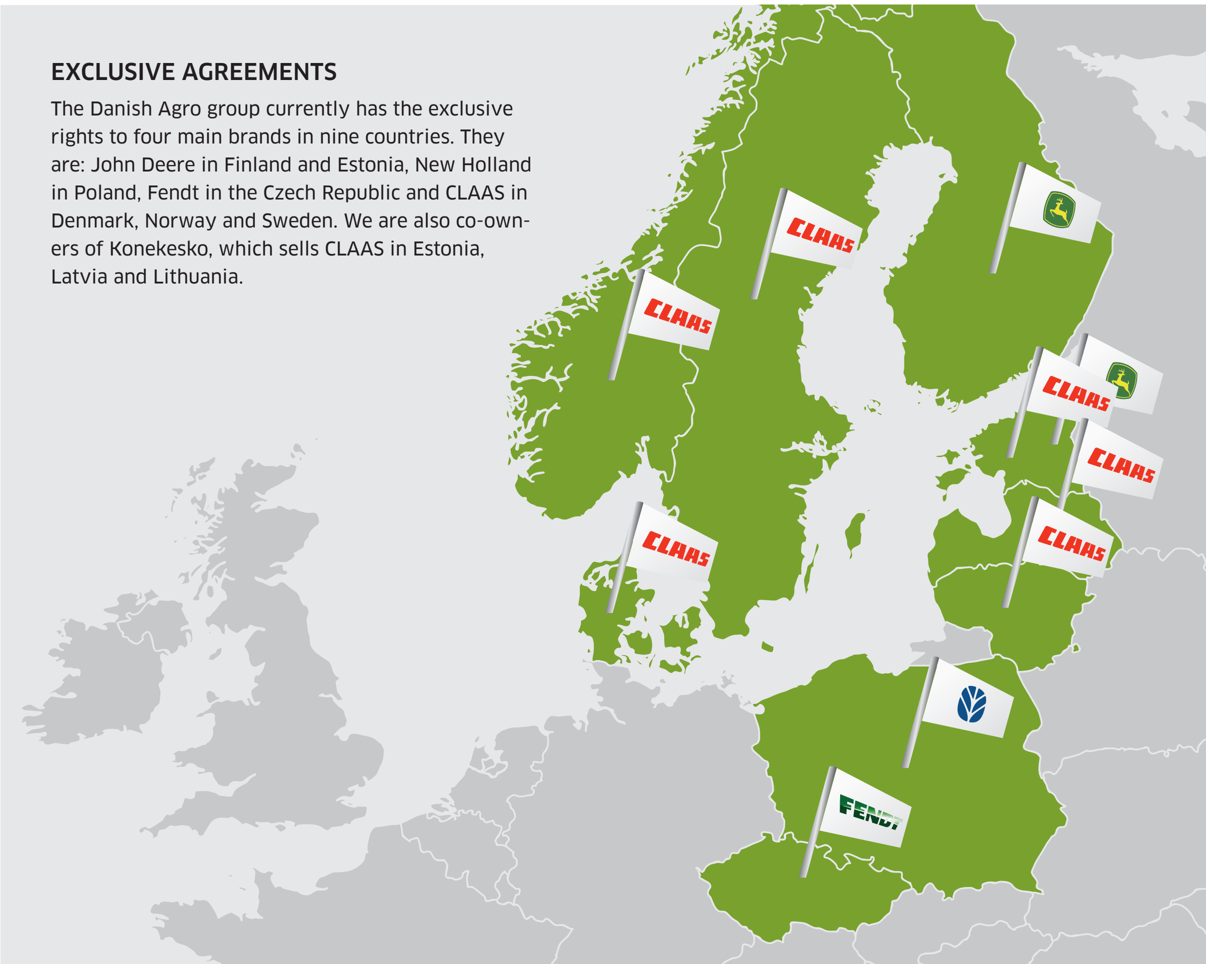
The group has been active within machinery sales since 2012, an area we regard as a natural part of the portfolio of a modern, international agribusiness group that wants to make a difference for its customers.

The Danish Agro group now has the size and market position that ensures competitive prices, synergies that can be exploited between countries and can offer expertise and know-how within farm machinery.

We are active within machinery sales in nine different countries, and expanded this division considerably in 2017. We can see a general need for structural change on the markets we are on towards a more efficient and supple setup. There are significant economy of scale benefits to be realised from machinery sales. Because of the trend towards fewer, larger farms, the machinery sector as a whole is facing major structural changes. We believe we can make a significant contribution to this process with our expertise. We believe there is big potential for us and our customers.

EXCLUSIVE AGREEMENTS

The Danish Agro group currently has the exclusive rights to four main brands in nine countries. They are: John Deere in Finland and Estonia, New Holland in Poland, Fendt in the Czech Republic and CLAAS in Denmark, Norway and Sweden. We are also co-owners of Konekesko, which sells CLAAS in Estonia, Latvia and Lithuania.



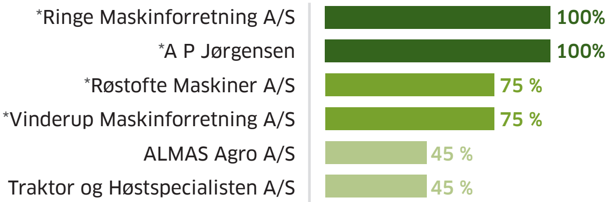
Machinery is a major budgetary item for modern farmers. We have sufficient muscle to deal with the manufacturers on an equal footing, ensuring competitive prices as a result. Meanwhile, we are focusing on building an efficient structure in consultation with dealers and partners, whilst retaining expertise and know-how in the industry. Furthermore, we can bring synergies and know-how to bear across the nine countries where we now have machinery sales outlets. All to the benefit of the farmers we deal with.

CLAAS IN SCANDINAVIA

Danish Agro Machinery Holding A/S signed an exclusive agreement in February 2016 with CLAAS to sell their machinery in Denmark, Norway and Sweden. We have since worked hard on consolidating and expanding our position on those three markets. Considerable structural changes took place in 2017 that meant group machinery sales in the three countries have grown satisfactorily

Danish Agro Machinery Holding took over CLAAS distributor LMB Danmark A/S on 1 January 2017, changing the name to Danish Agro Machinery A/S. This distribution company is efficient and well-run, and has continued to grow in Denmark since acquisition.

We also worked closely with the 15 Danish dealers on boosting sales and service. Six of the dealers have enquired to the group during 2017 concerning the sale or acquisition of a stakeholding in their companies. To ensure continuity, retain their skilled workforce and expertise, and to take responsibility for the future dealer structure in Denmark, we decided to enter into closer partnership with them. One of the directors of these companies has decided to retire, whilst the rest intend to continue with their respective companies. We are delighted, as their decisions will ensure continuity, customer satisfaction and retention of expertise.



* Awaiting approval from the competition authorities. Expected to be finalised in Q1 2018.

The Danish CLAAS machinery dealers are doing really well, and create a lot of value for Danish farmers. Our plan is to expand the Danish dealership structure in partnership with all our dealers.

On the Norwegian market, Norwegian Agro Machinery AS has done well. We focused on building up a distribution organisation from scratch with the help of the Danish management team. The result is a well-tuned and stable structure. We also focused on increasing sales from the private CLAAS dealers and the group's own dealership, LENA Maskin AS, with its eight branches in Norway. Sales are going well, and LENA Maskin has been able to focus on boosting efficiency by concentrating administration at a single location, thus being able to exploit synergies.

On the Swedish market, Swedish Agro Machinery AB is in the build-up phase. The company was formed in October 2016, when it took over distribution and sales of CLAAS on the Swedish market. It focused during 2017 on building up 11 branches throughout Sweden, all of which are now fully operational. The facilities include the company's own workshops in Kalmar, where Danish Agro established itself through the acquisition of Kalmar Lantman in February 2016. Swedish Agro Machinery has now entered into a partnership with a number of other Premium brands, such as Horsch, Samson, AVR and Lemken, which will contribute to further growth in 2018.

Swedish Agro Machinery bought a site in Skurup in southern Sweden and plans to build a central stores and the future machinery sales head office for Sweden. Construction will start in 2018, and should be finished in August of the same year.

CLAAS IN THE BALTICS

The Danish Agro group expanded its dealership network of CLAAS products from three to six countries in 2017. We signed a deal on 10 February with Finnish group Kesko in January 2017 to acquire 45% of the shareholding in its three machinery companies AS Konekesko Eesti, SIA Konekesko Latvija and UAB Konekesko Lietuva. The three companies sell agricultural machinery, including as exclusive dealers for the CLAAS product range in Estonia, Latvia and Lithuania. They will also sell products from Lemken and Danish Bogballe.

In time, it will be possible to exploit synergies throughout the six countries where we have CLAAS dealerships.

Around 260 people are employed within the three companies with a total of 13 branches, including stocks of spare parts and service facilities. All three companies are healthy, profitable and well-managed. Danish Agro has a 'call option' on the remaining 55% shareholding up to the end of January 2019.

The agreement with Kesko also entails potential for Danish Agro to be able to buy Kesko's machinery activities in Finland before the end of 2020, where CLAAS is also represented exclusively.

JOHN DEERE IN FINLAND AND ESTONIA

Danish Agro's Finnish subsidiary, Hankkija, has exclusivity for the John Deere range in Finland. The Finnish machinery market was difficult in 2017, primarily due to the crisis in Russia. Machinery sales have been hit, and have fluctuated over the last four years. However, our market share for machinery in Finland was maintained and John Deere is one of the most popular machinery brands in the country.

Baltic Agro Machinery became the exclusive dealer of John Deere products in Estonia on 1 September 2015, and has come far with building its sales structure.

The company opened its new machinery centre in Tallinn in November, which will serve customers in the north of the country.

NEW HOLLAND IN POLAND

The group's Polish machinery sales company, Raitech Sp. z.o.o., is the biggest New Holland dealer in Poland, and had a good year. Raitech continued to focus on growth, and took over a partner dealership called Rolnik, which has now become a branch of Raitech. The Polish market suffered from a shortage of subsidies in 2017, including for the purchase of machinery.

Raitech celebrated its 20th anniversary on the Polish market in December, and has been New Holland Dealer of the Year for several years running.

FENDT IN THE CZECH REPUBLIC

Czech agribusiness company Agromex has been part of the Danish Agro group since 2015, and landed new distribution agreements with several brands during 2017. Weidemann loaders will contribute to increased activity moving forwards, and Pellenc grape harvesters complete the range in wine-growing regions, where Fendt narrow track tractors are the market leader.

Expansion of the company's activities in partnership with the main suppliers is the theme, to be able to initiate an overall 2020 plan during 2018.

BROADER IMPLEMENT AGREEMENTS

Machinery sales in nine countries means the potential exists for synergies within farm implement sales as well. Products which the group can distribute and sell to the farmers we deal with. Through agreements with implement manufacturers covering various markets, we can build up know-how within individual brands and ensure competitive prices for farmers. This is an ongoing process in which we are partnering with private companies within the dealership chain.

We signed agreements with Horsch, Samson and AVR in 2017, who we now represent on the Swedish and Norwegian markets. We also have an agreement with Lemken in Sweden, Norway and with the Konekesko companies in the Baltics. We represent Danske Bogballe in Norway, Estonia, Latvia and Lithuania.

NEW FINANCIAL PRODUCTS

2017 was the year when we could launch financial products within operational and financial leasing, to provide simplicity, security and flexibility for farmers who want to invest in machinery.

We signed an agreement in Denmark with SG Finans, a member of Societe Generale and De Lage Landen Finans. We can offer attractive financial packages through them. Similar agreements are in place with SG Finans and Nordea in Norway, and with De Lage Landen Finans and Nordea in Sweden.

We are in close dialogue with our three partners and will develop new financial products in consultation with them. The electronic platform will also be developed with them, to ensure faster, easier and more efficient processing.

USED MACHINERY SALES

2018 will also be the year in which we set up a company for the sale of used machinery. An international platform is needed, as supply and demand are not always aligned.

This will be a new element that will not take the sale of used machinery away from individual dealers, but will offer new potential.

SPECIAL FEED

Total turnover for the Special Feed division rose from Eur 313 million to Eur 358 million in 2017. This is an increase of Eur 45 million equivalent to growth of 15%. The rise in turnover is primarily due to increasing sales on export markets, plus the acquisition of premix and vitamin company Blattin Polska.

The Special Feed division made a pre-tax profit of Eur 29 million, which is Eur 3 million more than in 2016. The increase is due to rising turnover and good margins in a fluctuating market, plus similar healthy earnings from the division's other business units – genetics, farm supply and veterinary medicine.

The company's main challenge in 2018 will be navigating the highly volatile ingredients market, whilst achieving optimal utilisation of capacity between its production companies.

The division is generally making healthy profit, and has a strong financial position.

358 MILLION
TURNOVER

158 MILLION
EQUITY

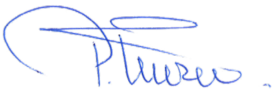
35 MILLION
EBITDA

70%
SOLVENCY RATIO

224 MILLION
BALANCE SHEET

524
EMPLOYEES

PETER TORSSELL IVERSEN
Group Director,

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QUALITY, SERVICE AND A HIGH LEVEL OF PROFESSIONALISM IN FOCUS

Demand for feed solutions within farming rose in line with the coming of larger and more specialised farms. Demand is higher locally and internationally for high quality customised feed solutions based on expertise.

To meet that demand, the Danish Agro group has developed its own production of customer-specific vitamin and mineral mixes for livestock producers and the feed industry.

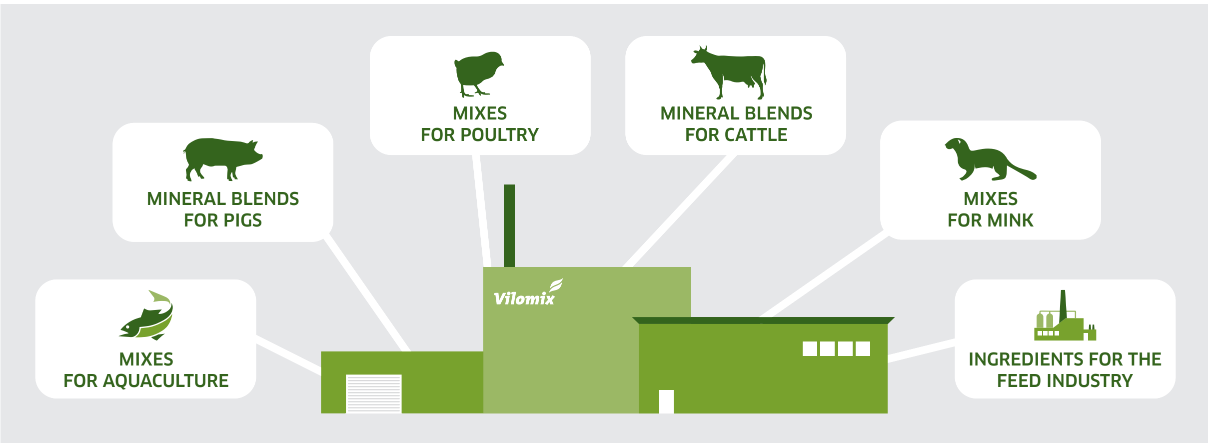
These activities come under our Special Feed division and are carried out by the Vilomix group, which also has activities within veterinary medicine, farm supply and genetics. The Vilomix group is currently active in more than twenty countries, with production at eight factories in Denmark, Sweden, Norway, Finland, Latvia and Poland. The group also has its own procurement office in Shanghai and sales office in Russia, the Ukraine and Vietnam.

STRONG INTERNATIONAL POSITION FOR VITAMIN AND MINERAL MIXES

2017 was a good year for the Vilomix group, which achieved increases in production volume and exports. Sales on the Russian market in particular exceeded all expectations, with agreements being signed with several of the biggest pig producers. That also meant investment in considerable resources to service large Russian customers to ensure that they can achieve target production results by using Vilomix vitamin and mineral mixes. These partnerships are expected to be expanded and intensified in 2018.

Exploitation of synergies between the companies and in the Vilomix group within procurement, production, sharing experience, renovation of buildings and upgrading machinery have all been performed during the year. Harmonisation of strategy within Vilomix group subsidiaries was also started, and it is expected that strategy will be fully implemented in mid-2018, something we will be working on continuously moving forwards.

The ingredients market was extremely volatile in 2017, and we experienced considerable variation on many important ingredients. Part of BASF's vitamin factory in Ludwigshafen in Germany burned down in October, having an immediate impact on global prices for vitamins E and A. Consequently, the price of vitamin E rose 400% in price and vitamin A rose by 700%. Towards the end of the year, the price of vitamin E fell slightly, whilst it remained at a historically high level for vitamin A. BASF expects to bring its factory on line again by late March 2018, when we expect the price of vitamin A to start falling by mid-2018.



VILOMIX INTERNATIONALLY

The Vilomix group also succeeded in consolidating its international position on the markets around the Baltic Sea. A major milestone in this process was acquisition of the majority shareholding in Polish premix company Blattin Polska on 1 January 2017. This company has a national sales organisation with 31 sales personnel on the Polish market, and produces mineral feed and concentrates at two factories. Its head office is in Siedlec, south-eastern Poland, near Katowice. We see major synergy effects between Blattin Polska and the Vilomix group's existing factories. The Polish market is large and interesting, and Vilomix will be able to utilise its strength and know-how within production of premix and concentrates to focus on creating an even stronger position for our new subsidiary on the Polish market.

The Vilomix group has a vision of being one of the five biggest within vitamin and mineral mixes globally. It is therefore working towards expanding its activities on several international markets, including Asia. China therefore becomes an interesting market, and Vilomix has already set up procurement facilities via its subsidiary Vilomix Shanghai there, and has gained in-depth market knowledge.

Vilomix was visited by several delegations from China in 2017, who were keen to find out how farmers in Denmark achieve such good production results with our vitamin and mineral mixes. Consequently, we have also been invited to give several presentations at major pig breeding conferences in China, and there is considerable interest in our know-how.

We continued to work on plans for starting up activities in Vietnam via Vilomix Vietnam last year. We are working closely with local partner Hung Vuong Corporation. However, work on building production facilities has been postponed due to problems at Hung Vuong. We plan to evaluate such activities with Hung Vuong, including executing them in the spring of 2018.

Meanwhile, we are working on setting up paid production on the Vietnamese market with a local manufacturer.

THE DOMESTIC MARKET

Towards the end of 2017, the price of pork and milk on the Danish market for porkers fell, a situation expected to last well into 2018. We will focus on helping our customers to achieve the best possible production results.

All veterinary medicine has to be labelled on its inner packaging, or will be regarded as illegal medicine by farmers. ViloVet personnel therefore apply between 8,000 and 12,000 labels manually every day.

One of the biggest external threats to Danish pig producers in 2018 is the spread of African swine fever, which is slowly coming closer and closer to western Europe. The latest cases in Poland and the Czech Republic have meant that Germany is now doing everything it can to prevent it spreading further. Vilomix also wants to make an active contribution against the disease, and all goods vehicles entering from risk zones in eastern Europe have to be able to produce disinfection certificates before being allowed to enter our factories.

FARM SUPPLY

The Vilomix group's farm supply sales via Vilofarm A/S have shown healthy growth. Turnover has risen due to higher exports to countries such as Sweden, Finland and the Baltics, where sales have been high of milk substitutes, disinfectant and salt licks via Danish Agro group companies, including Swedish Agro and Hankkija. We will continue to focus on the expansion of exports and higher sales at the group's 100 shops, servicing farmers and the public in 2018.

VETERINARY MEDICINES

2017 was also a good year for veterinary company Vilovet A/S. Market share rose steadily in Denmark. We explored the possibility of expanding this part of the business outside Denmark, but it turned out to be too difficult due to the lack of liberalisation on surrounding markets, or simply because they are too small and thus unattractive.

GENETICS

Our genetics business Hatting A/S achieved good results in 2017. We focused on selling very high quality boar semen, and therefore sold significantly better products with a higher index than previously.

Such products have been especially interesting for herds with porkers, but also for those that export all their piglets.

We also focused heavily on streamlining and developing the business towards better profitability. That meant being able to retain our very high market share in Denmark.

FOOD ACTIVITIES

The Food Activities division covers the Danish Agro group's activities primarily within egg and chicken production.

The DAVA Foods group improved its operating profit, rising from Eur 5 million in 2016 to Eur 7 million in 2017. Its financial KPIs for Q4 also indicated continued success in 2018. Despite higher turnover, overheads were successfully reduced as a consequence of the consolidation phase the business is in.

The DanHatch group achieved excellent results in 2017. 10% more chickens were produced overall in 2017 compared to last year, and the acquisition of the French hatchery Goasduff puts the group in a strong position moving into 2018. The DanHatch group's pig subsidiary DanPiglet A/S also achieved excellent results in 2017.

DAVA Foods

171 MILLION EUR
TURNOVER

7 MILLION EUR
EBITDA

84 MILLION EUR
BALANCE SHEET

26 MILLION EUR
EQUITY

30.6%
SOLVENCY RATIO

274
EMPLOYEES

IVAN NOES JØRGENSEN
CEO

DanHatch GROUP

147 MILLION EUR
TURNOVER

19 MILLION EUR
EBITDA

125 MILLION EUR
BALANCE SHEET

64 MILLION EUR
EQUITY

50.9%
SOLVENCY RATIO

322
EMPLOYEES

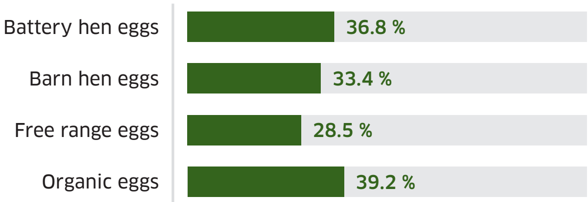
KRISTIAN KRISTENSEN
CEO

WE'RE THERE FROM FARM TO TABLE

The group's food companies – specialising in chickens and eggs – achieve a high level of synergy through their close relationship to the agribusiness sector.

A large part of the costs from production of eggs and day-old chicks come from feed, which the group's agribusiness companies can supply. The fact that we take the product from farm to table ensures transparency in production, high quality and supply security.

Proportion of feed in egg prices:



EGGS

DAVA Foods group is the market leader for fresh eggs. The group consists of subsidiaries in Denmark, Sweden, Norway, Finland and Estonia, plus two sales companies in Germany and Holland respectively.

Its main areas of business are breeding, egg production, packing, production of boiled and pasteurised egg products, plus sale of egg-based products. Apart from its home markets, Germany, the Baltics, the Middle East, UK, Iceland and Faeroe Islands are the most important export markets. The group handles a total of over 1.6 billion eggs per year.

The consumption of fresh eggs and pasteurised egg products continues to rise in Scandinavia, and the market increasingly wants eggs from alternative production means, such as barn hens, free range and organic eggs.

The DAVA Foods group and contract producers are well equipped to cope. Consequently, less than 30% of our total current production is from battery hens. A large proportion of battery hen production in Denmark and Sweden is expected to be phased out by late 2018.

The world market suffered from the Fipronil scandal, which hit central Europe hard in 2017. DAVA Foods is based on ingredients from its own contract producers in Scandinavia and was therefore unaffected. In fact, the group's strategy of supplying healthy, safe food products has proven its worth, and improved relations with those customers who set high standards for safety, health and animal welfare. The scandal meant increased demand for the world's safest eggs – which come from the DAVA Foods group.

Higher consumption of eggs, combined with the launch of a series of new products (including the revolutionary protein product Ambient White) generated organic growth for the DAVA Foods group in 2017. Ambient White is based on pure egg white and can be kept at room temperature. It is widely sold via web-based distribution channels.

The DAVA Foods group's turnover rose by 5.8% in Q1. Despite higher turnover, overheads were successfully reduced as a consequence of the consolidation phase the business is in.

Group profits rose, but the acquisition of two turnaround companies in Finland and Estonia respectively continues to have an adverse effect. The Finnish company in particular has taken longer than expected to return to profit, and a new director has been appointed as a

DAVA FOODS LAUNCHES PROTEIN SUPPLEMENT

whitePRO™ is the name of DAVA Foods' new protein supplement based on 100% pure egg white. The egg white is heat-treated and can be stored at room temperature for at least 90 days. DAVA Foods expects to sell the product to sports professionals and others with an interest in health, nutrition and exercise.

consequence. The Estonian company is stabilising, and with its new management achieved better results than budgeted in 2017.

Investment in 2017 was limited as part of the consolidation strategy. However, a new packing and sorting plant was opened in Denmark. This investment increased packing capacity in Denmark, where future export growth will be generated. In Sweden, investment was made in new in-line packing plant for film packing. These investments helped reduce overall unit overheads.

New IT systems were implemented throughout the DAVA Foods group in 2017. They will provide the facilities for direct benchmarking and focusing on Best Practice.

DAVA Foods expects to be able to maintain organic growth as a result of the continued rise in exports combined with higher sales of organic eggs and protein-based products.

Group profit is expected to rise. The turnaround process in Finland is expected to be completed. Profit is expected to be influenced by growth in value-creating products, continued focus on cost management and better balancing of ingredients. Even more focus will be put on exploiting synergies within the group in this context.

Investment will continue in further automation of packing facilities in Sweden and Finland. An automated plant will be installed in Norway for packing boiled, peeled eggs for supermarket salad bars. There will also be investment in Denmark in increased capacity for the production of pasteurised egg products with longer shelf life, focusing on organic products and Ambient White.

Eggs from DAVA Foods have become an export success. High levels of food safety, animal welfare and credibility are all parameters in demand on foreign markets, and are why the company has become a successful supplier to such markets as the Middle East and Hong Kong, where organic eggs from DAVA Foods sell for as much as 1 Eur – each!

DAVA Foods is the market leader in the Nordic Region. Our eggs are sold under the HEDEGAARD brand in Denmark by retailers such as Dansk Supermarket, Lidl and Rema 1000. DAVA Foods sells around 1.6 billion eggs per year – which if laid end-to-end, would stretch more than twice around the world.

HATCHING ACTIVITIES

The DanHatch group has hatching facilities in Denmark, Finland, Poland and France. The group's main activities are production and sale of day-old chicks for broiler production. There are also ancillary activities, including rearing hens, hatching egg production, and the buying and selling of hatching eggs. Broiler chickens and piglets are also produced in group enterprise companies.

The DanHatch group achieved record sales in 2017, with 293 million day-old chicks. Sales in 2016 were 267 million for comparison. The increase in sales was primarily achieved in the second half of the year when a significant shareholding was acquired in a French hatchery.

The group's total hatching capacity at the end of the financial year was over 370 million day-old chicks, providing a platform for continued growth in the years to come.

By the midpoint of the year, the DanHatch group had expanded its international hatching activities when it became the majority shareholder via 50/50-owned company with the Belgian BHV2 Group in Gaosduff, a French hatchery. This hatchery has annual capacity of up to 65 million day-old chicks and is the third-biggest in France.

The group also completed building a new, modern hatchery for production of organic and other free range day-old chicks in 2017 The activity comes under subsidiary DanHatch Special A/S and achieved a turnover of 1.4 million day-old chicks, well over expectations and due to solid backup from producers and abattoirs within this production segment.

The group expects growth in the sale of day-old chicks on the Finnish and French markets in 2018 as a result of a rise in poultry consumption in Finland and gradual structural change in broiler hatcheries in France. The sale of day-old chicks in Poland and hatching eggs for export are expected to be subject to over-production and therefore come under strong price pressure, while sales in Denmark are expected to show a slight fall as a result of a continued rise in the import of foreign day-old chicks, mainly for special production.

A key focus point in the DanHatch group's business strategy will be the gradual expansion of hatching activities in the Baltic Region, and on other European export markets. Focus will therefore be maintained in 2018 on international growth opportunities. The need for consolidation of the hatchery sector in France remains necessary, and the investment in Goasduff is deemed to have been made at the right time.

The group expects expansion of its international hatchery activities based on new businesses or partnerships on either existing or new markets.

PIG PRODUCTION

The group's pig specialist, DanPiglet A/S, was running seven sow facilities at the end of 2017, with a total of 8,600 sows and production of 30 kg pigs. 321,500 piglets were produced during the year, and productivity was at a satisfactory level with an average of 32.7 pigs produced per sow. High sales prices for piglets during the first half of the year, coupled with increased efficiency, led to a significant improvement in the finances of the company.

DanPiglet's overall strategy continues to be the controlled wind-down of pig activities, and two production facilities with a total of 2,900 sows were sold during the year. Negotiations were also opened with interested buyers for several of the other facilities, and are expected to lead to further sell-offs in 2018.

DanHatch has 80 years of experience within the poultry sector. The group's main activities are production and sale of hatching eggs and day-old broiler chickens, and with hatching facilities in Denmark, Poland, Finland and France, the group is one of the biggest, most efficient hatcheries in Europe, with annual production of 440 million hatching eggs and 335 million day-old broiler chickens.

ACCOUNTS

The Danish Agro group had a highly satisfactory year in 2017, and now stands in a financially strong position for the year to come.

The following pages contain the group's income statement, balance sheet, equity statement and cash flow statement.

The annual report for Danish Agro a.m.b.a. has been prepared in accordance with the Danish Financial Statements Act for Class C companies. The accounting policies applied are unchanged compared to last year.

MANAGEMENT'S REPORT

The Supervisory and Executive Boards have reviewed and approved the annual report for the fiscal year of 1 January - 31 December 2017 for Danish Agro a.m.b.a.

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

In our opinion, the consolidated financial statements and annual accounts give a true and fair view of the assets, liabilities and financial status of the group and company as at 31 December 2017, as well as the group's and company's results from activities and cash flow for the fiscal year of 1 January - 31 December 2017.

In our opinion, the management's report contains an accurate account of the matters the report addresses.

We recommend the annual report for approval by the annual general meeting.

Karise, Denmark, 16 February 2018

EXECUTIVE BOARD:

HENNING HAAHR
Group CEO

BRIAN HAUGE SØE
Group CFO

HENRIK PETER STILUND
Director

HENNING FOGH
Director

SUPERVISORY BOARD:

JØRGEN HESSELBJERG MIKKELSEN
Chairman

HANS BONDE HANSEN
Deputy Chairman

HEINO MØLHOLM HANSEN
Deputy Chairman

LARS SVENNING BACH

NIELS JØRGEN BØNLØKKE

JØRGEN DAMGAARD

NIELS BECK BREMS JENSEN

MICHAEL LUNDGAARD NIELSEN

SØREN STEEN SMALBRO

KARSTEN MADSEN
Employee Representative

INDEPENDENT AUDITOR'S REPORT

TO THE CAPITAL OWNERS OF DANISH AGRO A.M.B.A

Conclusion

We have audited the consolidated financial statements and annual accounts for Danish Agro a.m.b.a. for the fiscal year of 1 January - 31 December 2017, covering accounting practice applied, income statement, balance sheet, equity statement and notes for the group and company, as well as the cash flow statement for the group. The consolidated financial statements and annual accounts have been prepared according to the Financial Statements Act.

In our opinion, the consolidated financial statements and annual accounts give a true and fair view of the assets, liabilities and financial status of the group and company as at 31 December 2017, as well as the group's and company's results from activities and cash flow for the fiscal year of 1 January - 31 December 2017 in accordance with the Financial Statements Act.

Basis of our conclusion

We have conducted our audit in accordance with international standards and the requirements applicable in Denmark. Our responsibility according to such standards is described in more detail under "The auditor's responsibility for auditing the consolidated financial statements and annual accounts". We are independent of the group in accordance with the international ethical rules for auditors (IESBA code of ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical obligations in accordance with such rules and requirements. It is our opinion that the audit evidence obtained is sufficient and suitable to form the basis of our conclusion.

The management's responsibility for the consolidated financial statements and annual accounts

The management is responsible for the preparation of consolidated financial statements and annual accounts that provide a true and fair view in accordance with the Financial Statements Act. Furthermore, the management is responsible for the internal controls it deems necessary to prepare the consolidated financial statements and annual accounts without material misstatements, regardless of whether due to fraud or error.

When preparing the consolidated financial statements and annual accounts, the management is responsible for assessing the ability of the group and the company concerning continued trading where relevant, and to prepare the consolidated financial statements and annual accounts on the basis of the accounting principle of continued trading, unless the management either intends to liquidate the company, cease trading or has no other realistic alternative than to do so.

The auditor's responsibility for auditing the consolidated financial statements and annual accounts

Our objective is to achieve a high degree of certainty that the consolidated financial statements and annual accounts as a whole are free from material misstatement, regardless of whether due to fraud or error, and to give an auditor's report with a conclusion. A high degree of certainty gives a high level of assurance, but no guarantee, that an audit performed in accordance with international standards on audits and the additional requirements applicable in Denmark will always reveal material misstatements when present. Misstatements can occur as a result of fraud or error, and can be regarded as material if it can be reasonably expected that they can individually or collectively influence the financial decisions made by users of the accounts on the basis of the consolidated financial statements and annual accounts.

When performing an audit in accordance with international standards and the additional requirements applicable in Denmark, we make objective evaluations and maintain professional scepticism during the audit. Additionally, we:

- Identify and evaluate the risk of material misstatement in the consolidated financial statements and annual accounts, regardless of whether due to fraud or error, define and perform audit procedures as a reaction to such risks and to obtain audit evidence sufficient and suitable to form the basis for our conclusion. The risk of not detecting material misstatements caused by fraud is higher than for material misstatements caused by error, as fraud can include conspiracies, falsification of documents, deliberate omissions, misrepresentation or failure to perform internal controls.

- Obtain an understanding of the internal controls relevant to the audit, to be able to define audit procedures that are suitable according to the circumstances, but not to be able to express a conclusion on the effectiveness of the group's and company's internal controls.

- Consider whether the accounting practice applied by the management is suitable, and whether the management's accounting estimates and related details are reasonable.

- Conclude whether management's preparation of the consolidated financial statements on the basis of the accounting principle of continued trading is suitable, and whether on the basis of the audit evidence obtained, there is significant uncertainty related to events or circumstances that can create significant doubt about the ability of the group and the company to continue trading. If we conclude that there is significant uncertainty, we must refer to the details in the consolidated financial statements and annual accounts in our auditor's report, or, if such details are insufficient, modify our conclusion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances can mean that the group and company can no longer continue to trade.

- Consider the overall presentation, structure and content of the consolidated financial statements and annual accounts, including notes, and whether the consolidated financial statements and annual accounts reflect the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and suitable audit evidence for the financial details for the enterprises or business activities in the group to express a conclusion on the consolidated financial statements. We are responsible for leading, supervising and preparing the group audit. We are solely responsible for our audit conclusion.

We communicate with the senior management on the planned scope and timing of the audit and significant audit observations, including any major omissions in internal controls that we may identify during the audit.

Opinion on the management's report
The management are responsible for the management's report.

Our conclusion on the consolidated financial statements and annual accounts does not include the management's report, and we express no form of conclusion with certainty on the report.

As part of our audit of the consolidated financial statements and annual accounts, it is our responsibility to read the management's report, and consider whether the report is significantly inconsistent with the consolidated financial statements or annual accounts or our knowledge obtained from the audit, or in any other manner seems to contain material misstatement.

Furthermore, our responsibility is to consider whether the management's report contains the details required according to the Financial Statements Act.

Based on the work performed, it is our opinion that the management's report is in accordance with the consolidated financial statements and annual accounts, and is presented in accordance with the requirements of the Financial Statements Act. We have not found any material misstatement in the management's report.

Copenhagen, Denmark, 16 February 2018

DELOITTE
Chartered Public Accountants
CBR no. 33 96 35 56

ANDERS OLDAU GJELSTRUP
State-authorised public accountant
MNE10777

RASMUS BRODD JOHNSEN
State-authorised public accountant
MNE33271

INCOME STATEMENT

As at 1 January - 31 December

		GROUP		PARENT COMPANY	
note		2017 TEUR	2016 TEUR	2017 TEUR	2016 TEUR
1	Net turnover	4,220,175	4,234,680	841,619	902,963
	Production costs	-3,803,457	-3,818,708	-745,735	-795,171
	Gross profit	**416,718**	**415,972**	**95,884**	**107,792**
2.3	Distribution costs	-235,965	-244,935	-74,677	-73,936
2,3,4	Administration costs	-108,184	-101,433	-20,871	-23,618
5	Other operating income	16,426	20,343	13,343	10,235
6	Other operating costs	-881	-936	0	0
	Operating profit	**88,114**	**89,011**	**13,679**	**20,473**
7	Earnings from investments and securities	4,002	8,279	43,622	46,192
8	Other financial income	17,394	13,134	5,546	2,688
9	Other financial costs	-27,204	-26,402	-18,833	-18,914
	Profit before tax	**82,306**	**84,022**	**44,014**	**50,439**
10	Tax on profit for the year	-15,611	-11,755	-1,889	-2,649
11	**Net profit for the year**	**66,695**	**72,267**	**42,125**	**47,790**

BALANCE SHEET

As at 31 December

note		GROUP 2017 TEUR	GROUP 2016 TEUR	PARENT COMPANY 2017 TEUR	PARENT COMPANY 2016 TEUR
	ASSETS				
	Completed development projects	222	192	0	0
	Acquired rights	12,437	11,495	0	0
	Goodwill	101,712	109,360	2,033	2,402
	Development projects in progress	1,360	577	0	0
12	**Intangible fixed assets**	**115,731**	**121,624**	**2,033**	**2,402**
	Land and buildings	547,402	554,643	224,834	228,436
	Plant and machinery	133,697	139,560	22,732	26,681
	Other plant, fixtures and fittings, tools and equipment	27,150	25,472	3,377	4,532
	Property plant and equipment in progress	5,814	6,528	1,236	598
13	**Tangible fixed assets**	**714,063**	**726,203**	**252,179**	**260,247**
	Investments in group enterprises	0	0	780,414	721,792
	Investments in associated companies	99,512	51,846	64,843	38,647
	Other securities and investments	82,177	75,197	342	346
	Other receivables	2,587	3,134	0	0
14	**Financial fixed assets**	**184,276**	**130,177**	**845,599**	**760,785**
	FIXED ASSETS	**1,014,070**	**978,004**	**1,099,811**	**1,023,434**
	Inventories	615,072	537,360	56,741	59,351
15	**Inventories**	**615,072**	**537,360**	**56,741**	**59,351**
16	Trade receivables	380,251	367,505	55,476	53,796
	Receivables from group enterprises	0	0	7,608	11,735
	Receivables from associated companies	2,027	1,329	1,181	1,203
	Other receivables	33,224	44,192	295	230
17	Deferred tax assets	9,537	9,047	0	3,166
	Income taxes	255	1,161	1,558	128
	Deferred income	10,548	10,811	2,989	2,845
	Receivables	**435,842**	**434,045**	**69,107**	**73,103**
	Other securities	11,212	3,826	0	0
	Securities and investments	**11,212**	**3,826**	**0**	**0**
	Cash	**23,392**	**13,280**	**233**	**176**
	CURRENT ASSETS	**1,085,518**	**988,511**	**126,081**	**132,630**
	ASSETS	**2,099,588**	**1,966,515**	**1,225,892**	**1,156,064**

note		GROUP 2017 TEUR	GROUP 2016 TEUR	PARENT COMPANY 2017 TEUR	PARENT COMPANY 2016 TEUR
	EQUITY AND LIABILITIES				
18	Share capital	36,905	33,386	36,905	33,386
	Interest earned on share capital III and IV	2	2	2	2
	Reserve for net revaluation according to the equity method	18,886	14,582	225,280	191,421
	Reserve for fair value adjustment of hedging instruments	-24,654	-28,815	-24,472	-28,197
	Reserve fund	334,094	301,074	127,517	123,624
	Retained earnings	104	158	105	151
	Proposal for dividends and share of profits	4,161	4,698	4,161	4,698
19	Minority interests	287,551	267,601	0	0
	EQUITY	**657,049**	**592,686**	**369,498**	**325,085**
20	Provisions for deferred tax	7,252	3,335	3,721	0
21	Other provisions	5,318	6,725	0	0
	PROVISIONS	**12,570**	**10,060**	**3,721**	**0**
	Liabilities to mortgage credit institutions	114,591	138,301	85,038	106,526
	Credit institutions	323,202	381,958	82,886	127,345
	Other debt	33,045	37,642	31,278	36,150
22	**Long-term liabilities**	**470,838**	**557,901**	**199,202**	**270,021**
	Short-term element of long-term liabilities	37,694	42,157	12,328	13,975
	Credit institutions	272,387	214,879	7,383	34,832
	Prepayments received from customers	255,335	204,037	186,044	152,477
	Trade payables	263,973	236,723	18,868	16,995
	Payables to group enterprises	0	0	416,206	331,522
	Payables to associated companies	265	252	265	252
	Income taxes	10,022	7,945	0	0
	Other debt	107,406	83,814	12,377	10,905
	Deferred income	12,049	16,061	0	0
	Short-term liabilities	**959,131**	**805,868**	**653,471**	**560,958**
	LIABILITIES	**1,429,969**	**1,363,769**	**852,673**	**830,979**
	EQUITY AND LIABILITIES	**2,099,588**	**1,966,515**	**1,225,892**	**1,156,064**

23 Collateral and contingent liabilities
24 Rental and leasing liabilities
25 Related parties
26 Events occurring after the end of the reporting period

EQUITY SPECIFICATION

GROUP

	Share capital TEUR	Return on share capital TEUR	Reserve for net revaluation according to the equity method TEUR	Reserve for fair value adjustment of hedging instruments TEUR	Reserve fund TEUR	Retained earnings TEUR	Proposal for dividends and share of profits TEUR	Minority interests TEUR	Total TEUR
Equity as at 1 January	33,386	2	14,582	-28,815	301,074	158	4,698	267,601	592,686
Share of profit	4,569				129		-4,698		0
Paid out during the year	-1,052							-13,548	-14,600
Interest earned on share capital III and IV	2	-2							0
Adjustment of hedging instruments				4,161	-436				3,725
Equity movements in subsidiaries			543		-928			-304	-689
Gains, minority interests								9,232	9,232
Net profit for the year		2	3,761		34,255	-54	4,161	24,570	66,695
Equity as at 31 December	**36,905**	**2**	**18,886**	**-24,654**	**334,094**	**104**	**4,161**	**287,551**	**657,049**

PARENT COMPANY

	Share capital TEUR	Return on share capital TEUR	Reserve for net revaluation according to the equity method TEUR	Reserve for fair value adjustment of hedging instruments TEUR	Reserve fund TEUR	Retained earnings TEUR	Proposal for dividends and share of profits TEUR	Minority interests TEUR	Total TEUR
Equity as at 1 January	33,386	2	191,421	-28,197	123,624	151	4,698	0	325,085
Share of profit	4,569				129		-4,698		0
Paid out during the year	-1,052								-1,052
Interest earned on share capital III and IV	2	-2							0
Adjustment of hedging instruments				3,725					3,725
Equity movements in subsidiaries			-385						-385
Net profit for the year		2	34,244		3,764	-46	4,161		42,125
Equity as at 31 December	**36,905**	**2**	**225,280**	**-24,472**	**127,517**	**105**	**4,161**	**0**	**369,498**

CASH FLOW STATEMENT

	GROUP	
	2017 TEUR	2016 TEUR
Profit before tax	82,306	84,022
Adjustment of depreciation and amortisation	64,098	63,090
Adjustment of gains and losses from the sale of fixed assets	-1,212	-5,293
Adjustment of profit on investments	-10,868	-11,517
Adjustment of provisions	-2,604	-4,801
Income tax paid	-10,794	-9,029
Liquidity contribution from operations	**120,926**	**116,472**
Changes in inventories	-71,679	95,716
Changes in trade receivables from sales and services	-6,022	-17,165
Changes in other receivables	3,485	-27,006
Changes in customer prepayments received	51,169	27,808
Changes in trade payables	23,829	-8,349
Changes in other short-term liabilities	18,204	-8,165
Changes in working capital	**18,986**	**62,839**
Cash flow from operations	**139,912**	**179,311**
Purchase of intangible fixed assets, net	-7,550	-19,212
Purchase of tangible fixed assets, net	-31,068	-37,227
Purchase of financial fixed assets, net	-68,312	-52,515
Dividends received from associated companies	2,497	2,536
Cash flow from investments	**-104,433**	**-106,418**
Share capital paid out	-1,052	-1,104
Dividends, minority shareholders	-13,548	-12,236
Acquisitions, minority shareholders	6,253	-17,562
Repayments on long-term liabilities	-88,831	-60,785
Cash flow from financing	**-97,178**	**-91,687**
Changes in cash and cash equivalents	**-61,699**	**-18,794**
Cash and cash equivalents opening balance	-201,599	-102,602
Cash and cash equivalents from the acquisition and sale of enterprises	14,303	-80,203
Cash and cash equivalents closing balance	**-248,995**	**-201,599**
Specified as:		
Cash	23,392	13,280
Credit institutions	-272,387	-214,879
Cash and cash equivalents closing balance	**-248,995**	**-201,599**

ACCOUNTING POLICIES APPLIED

The annual report for Danish Agro a.m.b.a. has been prepared in accordance with the Danish Financial Statements Act for Class C companies.

The accounting policies applied are unchanged compared to last year.

RECOGNITION AND MEASUREMENT IN GENERAL

Income is recognised in the income statement in line with it being earned. Value adjustment to financial assets and liabilities is included. All costs are also recognised in the income statement, including depreciation, amortisation and provisions.

Assets are recognised in the balance sheet when it is probable that future financial benefit will accrue to the company, and the asset's value can be measured reliably.

Liabilities are recognised in the balance sheet when the company has a legal or actual obligation as a result of some earlier event, and it is likely that future financial benefit will be deducted from the company and the liability's value can be measured reliably.

Assets and liabilities are recognised at cost price initially. Subsequently, they are measured as described below for each item.

Recognition and measurement takes into account foreseeable loss and risk arising before the annual report is prepared, and that confirms or cancels out factors that existed on balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements relate to the parent company Danish Agro a.m.b.a. and related enterprises in which the company directly or indirectly owns more than 50% of the share capital or exercises a majority interest in some other way. Companies in which the group owns between 20 and 50% of the voting stock and exercises significant but not majority interest, are regarded as associated companies.

Upon consolidation, elimination of income and costs, shareholdings, intercompany balances and dividends, plus realised and non-realised gains and losses from transactions between the consolidated companies is performed.

Accounting figures for subsidiaries that are included in the consolidated financial statement are presented in accordance with the group's accounting policies.

Account entries for subsidiaries are recognised 100 % in the consolidated financial statement. The proportional share of the result and equity of minority interests are presented as separate items in distribution of net profit and group equity respectively.

The proportional share of income from investments in associated companies is recognised in the income statement.

Income from investments in group enterprises covers losses and gains from the sale of such investments, plus adjustments as a result of distribution on the basis of trade and not shareholdings.

MERGERS AND ACQUISITIONS

Newly-acquired or founded companies are recognised in the consolidated financial statements as from the date of acquisition.

Mergers between group companies are dealt with according to the merger method, and their assets and liabilities are recognised at book value as at the merger date along with adjustment of comparative figures.

The acquisition method is used for acquisitions, whereupon the identified assets and liabilities of the company acquired are measured at fair value as at the date of acquisition. Deferment is made to cover the cost of restructuring an acquired company arising from the acquisition when decided and announced. The tax effect of revaluations performed is taken into account.

Positive differences (goodwill) between the cost price for a capital share acquired and the fair value of acquired assets and liabilities, are recognised under intangible fixed assets and amortised systematically in the income statement according to individual evaluation of service life. Negative differences (negative goodwill) are recognised in the income statement as income.

Mergers and changes in controlling influence in new subsidiaries are all dealt with according to the acquisition method. Comparative figures from previous years are not adjusted.

CONVERSION OF FOREIGN CURRENCIES

Transactions in foreign currencies are converted to the exchange rate in force on the transaction date. Differences in exchange rates arising between transaction date and payment date are recognised in the income statement as a financial item.

Receivables, debt and other monetary items in foreign currencies not settled on the balance sheet date are measured at the exchange rate on balance sheet date. The difference between the balance sheet date exchange rate and that when the receivable or debt arose is recognised in the income stated under financial income and costs.

When recognising foreign subsidiaries and associated companies that are independent units, their income statements are converted to average exchange rates for any months that do not differ significantly from the exchange rate on transaction day. Balance sheet items are converted to balance sheet date exchange rates. Goodwill is regarded as belonging to the independent foreign unit and is converted to the balance sheet date exchange rate. Exchange rate differences that arose from conversion of the equity of foreign subsidiaries at the start of the year to balance sheet date exchange rate, and from conversion of income statement from average exchange rates to balance sheet date rates, are recognised directly in the equity.

Exchange rate adjustment of intercompany debts with independent foreign subsidiaries regarded as part of overall investment in that subsidiary is recognised directly in the equity.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised initially in the balance sheet at cost price and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under "other receivables" and "long-term debt" respectively.

If the fair value of derivative financial instruments calculated on hedging recognised assets or liabilities changes, the change is recognised in the income statement along with any changes in the fair value of the hedged asset or liability.

If the fair value of derivative financial instruments classified as and that fulfil the criteria for hedging future transactions changes, the change is recognised in receivables or debt and directly in the equity. If the future transaction results in the recognition of assets or liabilities, amounts recognised in the equity are transferred from the equity and recognised in the cost price of either the asset or liability. If the future transaction results in income or costs, amounts recognised in the equity are transferred to the income statement for the period in which the hedged item affected the income statement.

Changes are recognised in fair value continuously in the income statement for any derivative financial instruments that do not meet the criteria for being treated as hedging instruments.

INCOME STATEMENT

Net turnover

Net turnover from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place. Net turnover is recognised exclusive of VAT, duties and discounts related to the sale.

Production costs

Production costs relate to direct and indirect costs incurred to achieve net sales, including costs for ingredients, additives and production personnel, plus development costs and depreciation.

Distribution costs

Distribution costs relate to costs incurred for distribution of goods sold and to sales campaigns, including costs for sales and distribution personnel, advertising and depreciation.

Administration costs

Administration costs relate to costs incurred for management and administration of the company, including for administrative personnel and management, plus office supplies and depreciation.

Other operating income and costs

Other operating income and costs related to income and costs of a secondary nature in relation to the company's main activity, including profit/loss from investments in certain associated companies.

Other financial income and costs

Other financial income and costs relates to interest income and costs, the interest element of financial leasing payment instalments, realised and non-realised exchange rate gains and losses concerning securities, debt liabilities and transactions in foreign currencies, amortisation additions and deductions concerning priority debt etc., plus additions and reimbursements under the tax paid on account scheme.

Interest and other financial costs concerning the manufacture of assets is not recognised in the cost price of assets, but is recognised in the income state at the time of disposal.

Tax on profit for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the elements that can be attributed to profit/loss for the year, and directly in the equity by the elements that can be attributed to items directly in the equity.

BALANCE SHEET

Intangible fixed assets
Goodwill acquired is measured at cost price less accumulated amortisation. Goodwill is amortised on a straight line basis over the estimated financial service life, estimated to be 5 – 20 years and that is longest for strategically-acquired companies with a strong market position and long-term earnings profile. Goodwill is written down to the lower of the recoverable and amount and the book value.

Development projects concerning well-defined and identifiable products and processes in which the degree of technical utilisation, sufficient resources and a potential future market or development opportunity within the company can be demonstrated, and when the intention is to make, sell or use the product or process, are recognised as intangible fixed assets. Other development costs are recognised as costs in the income statement when the cost is incurred.

The cost price for development projects includes salaries and amortisation that can directly or indirectly be attributed to such projects.

Completed development projects are amortised on a straight line basis over the projected service life. The amortisation period is usually 5 years, but can be up to 20 years if the longer period is deemed to reflect the group's use of the product etc. developed. The maximum amortisation period for development projects protected by intellectual property rights is the maximum remaining amortisation period for the rights, but not exceeding 20 years.

Acquired rights such as patents and licenses are measured at cost price less accumulated amortisation and depreciation. Patents are amortised over their remaining protection period and licenses over the agreement period but not exceeding 20 years. Intangible fixed assets are written down to the lower of the recoverable and amount and the book value.

Tangible fixed assets
Land and buildings, plant and machinery plus other plant, fixtures and fittings, tools and equipment are measured at cost price less accumulated depreciation. Land is not depreciated.

The basis of depreciation is cost price less the projected residual value at the end of their service life.

Cost price comprises the acquisition price plus costs directly linked to acquisition up to the time at which the asset is ready to be used.

Straight line depreciations based on subsequent valuation of the projected service life of the assets is used:

Buildings	20 - 50 years
Plant and machinery	4 - 12 years
Other plant, fixtures and fittings, tools and equipment	4 - 12 years

Tangible fixed assets are written down to the lower of the recoverable and amount and the book value.

Gains or losses from disposal of tangible fixed assets are recognised as the difference between sales price less sales costs and the book value at the time of sale. Gains or losses are recognised in the income statement under other operating income or other operating costs.

Investments in group enterprises and associated companies
Investments in group enterprises and associated companies are recognised and measured according to the equity value method in the parent company's accounts as the proportional share of the company's equity value.

The company's share of the profit/loss of group enterprises and associated companies is recognised after elimination of non-realised gains and losses within the group and with the deduction or addition of amortisation of either goodwill or negative goodwill. Income from investments in associated companies within the group's primary business areas with participation in day-to-day operation is recognised as other operating income.

Net revaluation of investments in group enterprises and associated companies is transferred in the parent company's accounts under equity to the reserve for net revaluation according to the equity method when the book value exceeds the acquisition value.

Investments in subsidiaries and associated companies are written down to the lower of the recoverable amount and the book value.

Other securities and investments
Securities and investments recognised under tangible fixed assets are measured at fair value.

Inventories
Inventories are measured at cost price on the basis of weighted average prices. If the net realisation value of inventories is lower than the cost price, depreciation is to the lower value.

The cost price of goods for resale comprises acquisition price plus delivery costs. The cost price for manufactured finished goods plus work in progress relates to cost price for ingredients plus additives and direct wages plus direct and indirect production costs.

The net realisation value for inventories comprises sales price less completion costs plus costs related to effectuating the sale. The net realisation value is determined with regard to negotiability, obsolescence and movements in the expected sales price.

Receivables
Receivables are measured at amortised cost price, which usually equates to nominal value. The value is reduced by amortisation against expected loss.

Deferred income
Prepayments recognised under assets relate to costs incurred concerning subsequent fiscal years. Prepayments are measured at cost price.

Tax and deferred tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as tax calculated on taxable income for the year adjusted for tax on the taxable income of preceding years, plus for tax paid on account.

Deferred tax is tax on all temporary differences between book and tax value of assets and liabilities on the basis of planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of a tax loss allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by deduction against deferred tax liabilities.

The company is jointly taxed with all its Danish subsidiaries. Danish corporation tax payable is shared between the jointly taxed companies in relation to their taxable income (full distribution with refund for tax loss).

Other provisions
Other provisions relate to restructuring plans, guarantee liabilities etc. These are recognised and measured at the best estimate of the costs necessary on balance sheet date to settle them. In the event of the acquisition of a company, costs for restructuring are set aside as decided at the time of the acquisition.

Debt
Financial liabilities are recognised when a loan is taken out as the yield received less transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost price equivalent to the capitalised value using the interest rate in effect, such that the difference between the yield and the nominal value is recognised in the income statement over the loan period.

Other debt related to debt to suppliers, group enterprises and associated companies plus other debt is measured at amortised cost price, which usually equates to nominal value.

Share capital and disbursements to cooperative members
Personal members plus societies, companies and institutions that want to become members undertake to subscribe for a share capital amount equivalent to 6% of the average of the last 3 years' dealings with the cooperative, although not less than DKK 10,000 and maximum DKK 100,000.

If dividends are paid from profit, the amount is deferred to share capital.

When a member reaches the age of 65, payment of equal amounts can be made over a 5-year period.

CASH FLOW STATEMENT
The cash flow statement shows the group's cash flow broken down into operations, investment and financing for the year, changes in cash flows for the year and cash at the beginning and end of the year.

Cash flow from operating activities
Cash flow from operations comprises profit/loss for the year adjusted for non-cash operational items, changes in working capital and paid up taxes.

Cash flow from investment activities
Cash flow from investment activities relates to payments from the buying and selling of intangible, tangible and financial fixed assets.

Cash flow from financing activities
Cash flow from financing activities relates to borrowing, repayments on interest-bearing debt etc.

Cash and cash equivalents
Cash relates to cash in hand plus debt to credit institutions.

DEFINITION OF KEY PERFORMANCE INDICATORS (KPIS)
The following KPIs are used:

Gross margin
Gross profit in relation to net turnover.

EBITDA margin
Earnings before depreciation and amortisation in relation to net turnover.

EBIT margin
Earnings before interest and taxes in relation to net turnover.

Interest cover
Earnings before depreciation and amortisation in relation to interest and taxes, net.

EBT margin
Earnings before tax in relation to net turnover.

Return on equity before tax
Profit before tax in relation to net equity at beginning of the year.

Solvency ratio
The group's equity in relation to total assets.

NOTES

note		GROUP 2017 TEUR	GROUP 2016 TEUR	PARENT COMPANY 2017 TEUR	PARENT COMPANY 2016 TEUR
1.	**NET TURNOVER**				
	Sale of goods	4,177,461	4,194,447	819,266	885,911
	Production income etc.	42,714	40,233	22,353	17,052
		4,220,175	**4,234,680**	**841,619**	**902,963**
	Breakdown of net turnover:				
	Agribusiness Denmark	1,014,551	1,036,793	841,619	902,963
	Agribusiness International	1,972,710	2,137,891	0	0
	Agribusiness Support	449,211	448,443	0	0
	Agribusiness Machinery	349,816	222,202	0	0
	Special Feed	262,419	221,634	0	0
	Food Activities	171,468	167,717	0	0
		4,220,175	**4,234,680**	**841,619**	**902,963**
	Denmark	1,706,918	1,654,741	841,619	902,963
	Sweden	242,175	215,769	0	0
	Norway	73,525	35,571	0	0
	Finland	762,748	780,786	0	0
	Estonia	251,254	226,922	0	0
	Latvia	151,151	134,536	0	0
	Lithuania	154,281	152,908	0	0
	Poland	112,955	83,395	0	0
	Germany	707,247	905,467	0	0
	Other	57,921	44,585	0	0
		4,220,175	**4,234,680**	**841,619**	**902,963**
2.	**STAFF COSTS**				
	Wages and salaries	197,401	184,443	38,627	40,507
	Pensions	17,728	17,159	3,598	3,693
	Other social security costs	19,630	17,277	367	409
		234,759	**218,879**	**42,592**	**44,609**
	Breakdown of personnel costs:				
	Production costs	63,186	55,596	2,015	1,969
	Distribution costs	114,841	113,593	26,564	26,180
	Administration costs	56,732	49,690	14,013	16,460
		234,759	**218,879**	**42,592**	**44,609**
	Salaries and remuneration to the Supervisory and Executive Boards:				
	Supervisory Board	689	620	509	470
	Executive Board	2,866	6,211	1,929	5,194
		3,555	**6,831**	**2,438**	**5,664**
	Average number of employees	4,363	4,346	543	545

note		GROUP		PARENT COMPANY	
		2017 TEUR	2016 TEUR	2017 TEUR	2016 TEUR
3.	**DEPRECIATION AND AMORTISATION**				
	Completed development projects	57	38	0	0
	Acquired rights	3,219	3,061	0	0
	Goodwill	9,890	11,061	369	447
	Buildings	20,444	17,641	4,531	4,332
	Plant and machinery	22,156	21,018	5,748	5,339
	Other plant, fixtures and fittings, tools and equipment	8,332	10,271	1,843	2,093
		64,098	**63,090**	**12,491**	**12,211**
	Breakdown of depreciation and amortisation:				
	Production costs	40,190	34,080	5,140	4,836
	Distribution costs	9,383	16,651	5,140	4,836
	Administration costs	14,525	12,359	2,211	2,539
		64,098	**63,090**	**12,491**	**12,211**
4.	**AUDITORS FEES**				
	Fees for statutory audit	1,076	1,030	168	174
	Fees for assurance engagements	43	36	6	6
	Fees for tax advice	47	64	7	9
	Fees for other services	74	99	7	0
		1,240	**1,229**	**188**	**189**
5.	**OTHER OPERATING INCOME**				
	Gains from the sale of fixed assets	1,334	5,626	260	400
	Other operating income	15,092	14,717	13,083	9,835
		16,426	**20,343**	**13,343**	**10,235**
6.	**OTHER OPERATING COSTS**				
	Loss from the sale of fixed assets	122	333	0	0
	Other operating costs	759	603	0	0
		881	**936**	**0**	**0**
7.	**EARNINGS FROM INVESTMENTS AND SECURITIES**				
	Income from investments in group enterprises	-4,982	-347	43,622	46,192
	Income from investments in associated companies	56	16	0	0
	Income from other securities and investments	8,928	8,610	0	0
		4,002	**8,279**	**43,622**	**46,192**

note		GROUP 2017 TEUR	GROUP 2016 TEUR	PARENT COMPANY 2017 TEUR	PARENT COMPANY 2016 TEUR
8.	**OTHER FINANCIAL INCOME**				
	Interest income, group enterprises	0	0	3	29
	Other interest and similar income	17,394	13,134	5,543	2,659
		17,394	**13,134**	**5,546**	**2,688**
9.	**OTHER FINANCIAL COSTS**				
	Interest costs, group enterprises	0	0	9,620	8,938
	Other interest and similar costs	27,204	26,402	9,213	9,976
		27,204	**26,402**	**18,833**	**18,914**
10	**INCOME TAXES**				
	Current tax	12,294	10,630	-2,014	-2,519
	Adjustment of tax from previous years	-87	-16	21	-11
	Adjustment of deferred tax	3,404	1,141	3,882	5,179
		15,611	**11,755**	**1,889**	**2,649**
11.	**DISTRIBUTION OF PROFITS**				
	Net profit for the year	66,695	72,267	42,125	47,790
	Retained earnings from previous years	158	124	151	186
		66,853	**72,391**	**42,276**	**47,976**
	Proposed distribution:				
	Interest earned on share capital III and IV	2	2	2	2
	Share of profits payable to members	4,161	4,698	4,161	4,698
	Transferred to the net revaluation reserve according to the equity method	3,761	2,616	34,244	37,150
	Transferred to reserve fund	34,255	40,440	3,764	5,975
	Retained earnings	104	158	105	151
	Transferred to minority interests	24,570	24,477	0	0
		66,853	**72,391**	**42,276**	**47,976**

	GROUP			
note	Completed development projects TEUR	Acquired rights TEUR	Goodwill TEUR	Development projects in progress TEUR
12. INTANGIBLE FIXED ASSETS				
Cost price as at 1 January	230	24,646	196,261	577
Adjustment for previous years	0	188	361	0
Additions from acquisitions	0	52	0	0
Exchange rate adjustment	-6	40	-31	1
Additions for the year	91	4,015	2,736	1,240
Disposals for the year	0	-870	0	-458
Cost price as at 31 December	**315**	**28,071**	**199,327**	**1,360**
Depreciation as at 1 January	38	13,151	86,901	0
Adjustment for previous years	0	0	782	0
Additions from acquisitions	0	52	0	0
Exchange rate adjustment	-2	7	42	0
Depreciation for the year	57	3,219	9,890	0
Reversed amortisation on disposals	0	-795	0	0
Depreciation as at 31 December	**93**	**15,634**	**97,615**	**0**
Book value as at 31 December	**222**	**12,437**	**101,712**	**1,360**

	PARENT COMPANY			
	Completed development projects TEUR	Acquired rights TEUR	Goodwill TEUR	Development projects in progress TEUR
Cost price as at 1 January	0	0	5,247	0
Cost price as at 31 December	**0**	**0**	**5,247**	**0**
Depreciation as at 1 January	0	0	2,845	0
Depreciation for the year	0	0	369	0
Depreciation as at 31 December	**0**	**0**	**3,214**	**0**
Book value as at 31 December	**0**	**0**	**2,033**	**0**

note		GROUP			
		Land and buildings TEUR	Plant and machinery TEUR	Other plant, fixtures and fittings, tools and equip-ment TEUR	Property plant and equipment in progress TEUR
13.	**TANGIBLE FIXED ASSETS**				
	Cost price as at 1 January	728,145	321,029	64,973	6,528
	Adjustment for previous years	1,713	-2,689	-16	0
	Additions from acquisitions	3,725	2,807	2,238	218
	Exchange rate adjustment	269	-947	485	13
	Additions for the year	13,038	17,926	15,991	11,803
	Disposals for the year	-5,065	-2,830	-9,540	-12,748
	Cost price as at 31 December	**741,825**	**335,296**	**74,131**	**5,814**
	Depreciation as at 1 January	173,502	181,469	39,501	0
	Adjustment for previous years	-119	-723	-3	0
	Additions from acquisitions	757	985	1,326	0
	Exchange rate adjustment	256	-175	212	0
	Depreciation for the year	20,444	22,156	8,332	0
	Reversal of depreciation on disposals	-417	-2,113	-2,387	0
	Depreciation as at 31 December	**194,423**	**201,599**	**46,981**	**0**
	Book value as at 31 December	**547,402**	**133,697**	**27,150**	**5,814**

	PARENT COMPANY			
	Land and buildings TEUR	Plant and machinery TEUR	Other plant, fixtures and fittings, tools and equip-ment TEUR	Property plant and equipment in progress TEUR
Cost price as at 1 January	274,272	68,406	10,465	598
Adjustment for previous years	-30	0	30	0
Additions for the year	1,505	2,023	658	3,786
Disposals for the year	-546	-773	0	-3,148
Cost price as at 31 December	**275,201**	**69,656**	**11,153**	**1,236**
Depreciation as at 1 January	45,836	41,725	5,933	0
Depreciation for the year	4,531	5,748	1,843	0
Reversal of depreciation on disposals	0	-549	0	0
Depreciation as at 31 December	**50,367**	**46,924**	**7,776**	**0**
Book value as at 31 December	**224,834**	**22,732**	**3,377**	**1,236**

		GROUP		
note		Investments in associated companies TEUR	Other securities and investments TEUR	Other receivables TEUR
14.	**FINANCIAL FIXED ASSETS**			
	Cost price as at 1 January	37,264	63,422	3,134
	Adjustment for previous years	0	-4	0
	Additions from acquisitions	0	0	29
	Exchange rate adjustment	0	-3	-8
	Additions for the year	45,242	47	175
	Disposals for the year	-1,879	-139	-743
	Cost price as at 31 December	**80,627**	**63,323**	**2,587**
	Value adjustments as at 1 January	14,582	11,775	0
	Adjustment for previous years	160	0	0
	Exchange rate adjustment	28	-4	0
	Dividends distributed	-652	0	0
	Share of equity movements	543	0	0
	Share of profit for the year	8,122	7,083	0
	Amortisation of goodwill	-1,200	0	0
	Reversal concerning disposals	-2,698	0	0
	Value adjustments as at 31 December	**18,885**	**18,854**	**0**
	Book value as at 31 December	**99,512**	**82,177**	**2,587**

	PARENT COMPANY		
	Investments in group enterprises TEUR	Investments in associated companies TEUR	Other securities and investments TEUR
Cost price as at 1 January	543,186	25,832	2,503
Additions for the year	48,667	21,084	0
Disposals for the year	-18,792	0	0
Cost price as at 31 December	**573,061**	**46,916**	**2,503**
Value adjustments as at 1 January	178,606	12,815	-2,157
Exchange rate adjustment	0	0	-4
Dividends distributed	-13,947	0	0
Share of equity movements	-928	543	0
Adjustment for changed shareholding	-311	0	0
Share of profit for the year	43,933	4,630	0
Amortisation of goodwill	0	-61	0
Value adjustments as at 31 December	**207,353**	**17,927**	**-2,161**
Book value as at 31 December	**780,414**	**64,843**	**342**

note		PARENT COMPANY			
		Domicile	Share-holding	Net profit before tax TEUR	Equity TEUR
14.	**FINANCIAL FIXED ASSETS (CONT.)**				
	Investments in group enterprises				
	Danish Agro Shoppen A/S	Karise	100 %	1,146	2,833
	Danish Agro Finance A/S	Karise	100 %	11,504	123,450
	Danish Agro Byggecenter A/S	Karise	100 %	133	1,117
	Danish Agro Machinery Holding A/S	Galten	100 %	529	32,417
	Vilomix International Holding A/S	Galten	75.1 %	29,175	123,336
	DAVA International Holding A/S	Galten	83.8 %	-189	458,438
	Danish Agro Trading A/S	Galten	100 %	-108	119
	Dan Agro Holding A/S	Galten	77.7 %	1,160	63,644
	DAVA Foods Holding A/S	Galten	77.7 %	-529	20,576
	DLA Agro a.m.b.a.	Galten	68.6 %	27,514	49,209
	Scanola A/S	Galten	75.1 %	1,225	19,994
	Scanfedt A/S	Galten	81.6 %	2,308	9,802
	Nordic Seed A/S	Galten	84.2 %	2,229	14,367
	Nordic Seed International A/S	Galten	75.0 %	394	2,846
	DAVA Energy A/S	Galten	81.0 %	2,726	6,971
	DGF Sikring a.m.b.a.	Galten	72.4 %	2,336	9,683
	Investments in associated companies				
	DanHatch Holding A/S *)	Vrå	50.0 %	11,448	60,990
	Danish Grain Terminals Holding A/S *)	Karise	50.0 %	198	13,063
	Aller Ejendomsselskab A/S *)	Christiansfeld	50.0 %	55	2,234
	Dan Fertilizer A/S *)	Galten	44.1 %	201	4,183
	Dan Gødning A/S *)	Fredericia	44.1 %	-22	6,662
	DanBred P/S *)	Copenhagen	24.5 %	0	85,799
	Nagro A/S *)	Fredericia	9.9 %	1,216	1,969

*) Share of profit/loss for the year recognised in other operating income.

Please also refer to the group overview on pages 99-100.

15. INVENTORIES

All goods can be regarded as finished goods and goods for resale, as they can be sold in their present form.

note		GROUP 2017 TEUR	GROUP 2016 TEUR	PARENT COMPANY 2017 TEUR	PARENT COMPANY 2016 TEUR
16.	**TRADE RECEIVABLES**				
	Receivables, retail	291,086	299,948	48,192	46,383
	Receivables, wholesale	101,823	79,811	8,067	8,385
	Total receivables	**392,909**	**379,759**	**56,259**	**54,768**
	Provisions against losses	-12,658	-12,254	-783	-972
	Receivables as at 31 December	**380,251**	**367,505**	**55,476**	**53,796**
17.	**DEFERRED TAX ASSETS**				
	Deferred tax assets as at 1 January	9,047	6,712	3,166	9,867
	Adjustment for previous years	4,167	-835	716	-4,527
	Additions from acquisitions	59	1,938	0	0
	Exchange rate adjustment	-124	-26	0	0
	Adjustment for the year	-3,612	1,258	-3,882	-2,660
	Adjustment via equity	0	0	0	486
	Deferred tax assets as at 31 December	**9,537**	**9,047**	**0**	**3,166**

Deferred tax assets primarily concern tax losses in associated companies in Sweden, Norway, Finland and Germany. Valuation is based on budgets and forecasts for the next 5 years.

		PARENT COMPANY I TEUR	PARENT COMPANY II TEUR	PARENT COMPANY III TEUR	PARENT COMPANY IV TEUR
18.	**SHARE CAPITAL**				
	Share capital as at 1 January	24,395	8,810	90	91
	Transferred from distribution of net profit 2016	2,208	2,361	0	0
	Transfer between share capital I and II	-483	483	0	0
	Interest earned on share capital III and IV	0	0	2	0
	Paid out/amortised in the fiscal year	-759	-287	-2	-4
	Share capital as at 31 December	**25,361**	**11,367**	**90**	**87**

Subscribed share capital totals TEUR 43,822.

note		GROUP 2017 TEUR	GROUP 2016 TEUR	PARENT COMPANY 2017 TEUR	PARENT COMPANY 2016 TEUR
19.	**MINORITY INTERESTS**				
	Minority interests as at 1 January	267,601	273,329	0	0
	Additions from acquisitions	2,980	625	0	0
	Additions for the year	9,623	8,809	0	0
	Disposals for the year	-3,371	-26,371	0	0
	Share of dividends distributed	-13,548	-12,236	0	0
	Exchange rate adjustment	-304	-1,032	0	0
	Share of profit for the year	24,570	24,477	0	0
	Minority interests as at 31 December	**287,551**	**267,601**	**0**	**0**
20.	**PROVISIONS FOR DEFERRED TAX**				
	Provisions for deferred tax as at 1 January	3,335	1,936	0	0
	Adjustment for previous years	4,132	-1,037	3,721	0
	Additions from acquisitions	-4	14	0	0
	Exchange rate adjustment	-3	-7	0	0
	Adjustment for the year	-208	2,429	0	0
	Provisions for deferred tax as at 31 December	**7,252**	**3,335**	**3,721**	**0**
21.	**OTHER PROVISIONS**				
	Other provisions as at 1 January	6,725	9,328	0	0
	Adjustment for previous years	71	109	0	0
	Additions from acquisitions	1,158	2,119	0	0
	Exchange rate adjustment	-31	-30	0	0
	Additions during the year	2,847	3,932	0	0
	Used during the year	-5,452	-8,733	0	0
	Other provisions as at 31 December	**5,318**	**6,725**	**0**	**0**
22.	**LONG-TERM LIABILITIES**				
	Liabilities to mortgage credit institutions				
	Debt as at 31 December	128,025	152,468	96,262	118,488
	Repayments in 2018	-13,434	-14,167	-11,224	-11,962
		114,591	**138,301**	**85,038**	**106,526**
	Debt falling due after 5 years	**65,515**	**84,268**	**44,606**	**61,191**
	Credit institutions				
	Debt as at 31 December	347,199	409,882	83,893	129,358
	Repayments in 2018	-23,997	-27,924	-1,007	-2,013
		323,202	**381,958**	**82,886**	**127,345**
	Debt falling due after 5 years	**5,034**	**31,434**	**5,034**	**0**
	Other debt				
	Debt as at 31 December	33,308	37,708	31,375	36,150
	Repayments in 2018	-263	-66	-97	0
		33,045	**37,642**	**31,278**	**36,150**
	Debt falling due after 5 years	**31,100**	**37,174**	**31,100**	**36,051**

Other debt includes negative fair value of hedging instruments of TEUR 31,608, included as hedging of fixed interest on the group's debt to mortgage credit institutes.

note

23. COLLATERAL AND CONTINGENT LIABILITIES ETC.

Parent company

As security for debt in mortgage credit institutions, EUR 96 million has been deposited in mortgages registered to the mortgagor and all-moneys mortgages against land and buildings, the book value of which as at 31 December 2017 comprised EUR 225 million.

As security for the credit facilities of associated businesses, the parent company has given credit facilities totalling EUR 985 million. As at 31 December 2015, debt to credit institutions amounted to EUR 524 million.

As at 31 December 2017, the company has given guarantees of EUR 54 million for associated businesses.

The company is the administration company in a Danish joint taxation scheme, and is therefore jointly and severally liable with the other joint taxation companies as from fiscal year 2013 for total corporation tax and any liabilities to withhold tax at source on interest, royalties and dividends for the joint taxation companies.

Contractual obligations have been undertaken concerning the purchase and sale of finished goods and goods for resale.

The group

As security for debt in mortgage credit institutions, EUR 128 million has been deposited in mortgages registered to the mortgagor and all-moneys mortgages
against land and buildings, the book value of which as at 31 December 2017 comprised EUR 266 million.

Contractual obligations have been undertaken concerning the purchase and sale of finished goods and goods for resale.

	GROUP		PARENT COMPANY	
	2017 TEUR	**2016** TEUR	**2017** TEUR	**2016** TEUR
24. RENTAL AND LEASING LIABILITIES				
Within 1 year	28,554	22,065	6,840	6,009
Between 2 - 5 years	67,968	39,421	20,876	18,202
After 5 years	25,283	26,715	12,869	13,233
	121,805	**88,201**	**40,585**	**37,444**

25. RELATED PARTIES

Danish Agro a.m.b.a. has no related parties with majority interest.

Related parties with significant interest include the company's Supervisory and Executive Boards.

All trading takes place on market terms.

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred between balance sheet date and today, which could affect our evaluation of the annual report apart from those referred to in the management's report.

COMPANY DETAILS

COMPANY

Danish Agro a.m.b.a.
Køgevej 55
4653 Karise

Tel.:	+45 7215 8000
Website:	danishagro.dk
E-mail:	mail@danishagro.dk
CBR no.:	5978 9317
Domicile:	Karise
Fiscal year	1 January - 31 December

SUPERVISORY BOARD

Jørgen Hesselbjerg Mikkelsen (Chairman)
Hans Bonde Hansen (Deputy Chairman)
Heino Mølholm Hansen (Deputy Chairman)
Lars Svenning Bach
Niels Jørgen Bønløkke
Jørgen Damgaard
Niels Beck Brems Jensen
Michael Lundgaard Nielsen
Søren Steen Smalbro
Karsten Madsen (Employee Representative)

AUDITORS

Deloitte
Chartered Public Accountants
Weidekampsgade 6
2300 Copenhagen S.

EXECUTIVE BOARD

Henning Haahr, Group CEO
Brian Hauge Søe, Group CFO
Henning Fogh, Director
Henrik Peter Stilund, Director

GEOGRAPHICAL OVERVIEW

DENMARK
3A Kemi A/S
Aller Ejendomsselskab A/S
Almas Agro A/S
Dan Agro Holding A/S
DanBred P/S
DanFertilizer A/S
DanBroiler A/S
DanGødning A/S
DanHatch Holding A/S
DanHatch Denmark A/S
DanHatch Special A/S
Danish Agro a.m.b.a.
Danish Agro Byggecenter A/S
Danish Agro Finance A/S
Danish Agro Machinery Holding A/S
Danish Agro Machinery A/S
Danish Agro Machinery Trading A/S
Danish Agro Shoppen A/S
Danish Agro Trading A/S
Danish Grain Terminals Holding A/S
Danish Grain Terminals A/S
DanPiglet A/S
DA Agravis Machinery Holding A/S
DAVA Agravis International Holding A/S
DAVA Energy A/S
DAVA Foods Holding A/S
DAVA Foods Denmark A/S
DAVA Foods Packaging A/S
DAVA Foods Starup K/S
DAVA International Holding A/S
DGF Sikring a.m.b.a.
DLA Agro a.m.b.a.
Farmæg Starup ApS
Hatting A/S
Hedegaard A/S
Nagro A/S
Nomus A/S
Nordic Seed A/S
Nordic Seed International A/S
Rumænien Invest A/S
Scanfedt A/S
Scanola A/S
Traktor- & Høstspecialisten A/S
Trinol A/S
Vilofarm A/S
Vilomix International Holding A/S
Vilomix Holding A/S
Vilomix Denmark A/S
Vilomix Logistics A/S
Vilomix Russia Holding A/S
Vilovet A/S

SWEDEN
DAVA Foods Sweden AB
DLA Agro Sverige AB
Swedish Agro Holding AB
Swedish Agro AB
Swedish Agro Machinery AB
Swedish Agro Machinery Property AB
Swedish Agro Weapon AB
Vilomix Sweden AB

NORWAY
DAVA Foods Norway AS
DAVA Foods Property Norway AS
Lena Maskin AS
Norwegian Agro Machinery AS
Solør Miljøverksted AS
Trøndelag Traktor AS
Vilomix Norway AS

FINLAND
DanHatch Finland Oy
DAVA Foods Finland Oy
DHF Breeder Production Oy
Finnish Agro Holding Oy
Hankkija Oy
Movere Oy
Närpes Äggpackeri Oy
Vilomix Finland Oy
Y-Agro Oy

ESTONIA
AS Baltic Agro
AS Scanola Baltic
Baltic Agro Machinery OÜ
DAVA Foods Estonia AS
Konekesko Eesti AS

LATVIA
SIA Baltic Agro
SIA Konekesko Latvija
Vilomix Baltic SIA

LITHUANIA
UAB Baltic Agro
UAB Konekesko Lietuva

CZECH REPUBLIC
Agromex s.r.o.

POLAND
Blattin Polska Sp. z.o.o.
DanHatch Poland S.A.
Polish Agro Sp. z.o.o.
Raitech Sp. z.o.o.
SMR Rolnik Sp. z.o.o.

GERMANY
Agravis Saatzucht Futtermittel GmbH & Co. KG
Ceravis AG
Ceravis Futtermittel GmbH
Ceravis Real Estate GmbH
Ceravis Produktion und Transport GmbH
Förderband GmbH
Hatting Germany GmbH
Mecklenburger Agrarhandel GmbH
Nordic Seed Germany GmbH
Nordkorn Saaten GmbH
Raiffeisen Mölln Energie GmbH & Co KG
Raiffeisen Zentrum Idstedt GmbH
Schweinebesamungsstation Nort-Ost GmbH
Verwaltung HL Hamburger Leistungsfutter GmbH & Co. KG

LUXEMBOURG
DGF Reinsurance S.A.

RUSSIA
Vilomix Rus OOO

UKRAINE
Vilomix Ukraine LLC

HUNGARY
Hungaria Agro Kft.

VIETNAM
Vilomix Vietnam Co. Ltd.

CHINA
Vilomix Shanghai Trading Co. LLC

GROUP COM

Danish Agro a.m.b

AGRIBUSINESS DENMARK

- Danish Agro a.m.b.a. 100%
  - Danish Agro Finance A/S 100%
  - Danish Agro Shoppen A/S 100%
  - Danish Agro Byggecenter A/S 100%
  - Danish Agro Trading A/S 100%
  - Danish Grain Terminals Holding A/S 50%
    - Danish Grain Terminals A/S 100%
    - 3A Kemi A/S 100%
  - Aller Ejendomsselskab A/S 50%
  - DanBred P/S 24.5%
- Dan Agro Holding A/S 77.70%
  - Hedegaard A/S 100%
    - Nagro A/S 15.68%

AGRIBUSINESS INTERNATIONAL

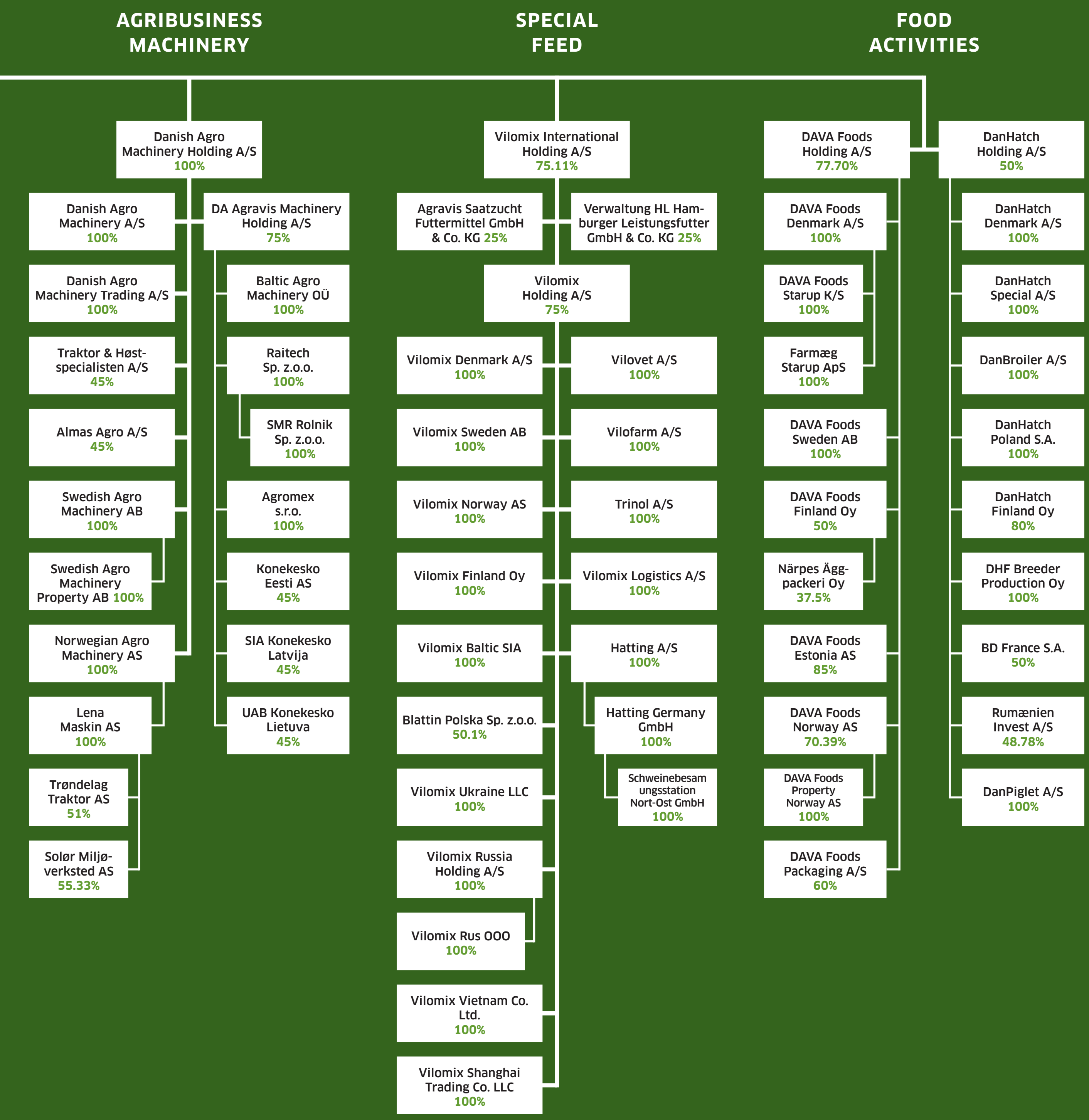
- DAVA International Holding A/S 83.79%
  - Hankkija Oy 100%
    - Movere Oy 66.67%
  - Finnish Agro Holding Oy 100%
    - Y-Agro Oy 100%
  - Swedish Agro Holding AB 100%
    - Swedish Agro AB 100%
      - Swedish Agro Weapon AB 100%
  - DAVA Agravis International Holding A/S 75%
    - Ceravis AG 100%
      - Ceravis Real Estate GmbH 100%
      - Ceravis Futtermittel GmbH 100%
      - Ceravis Produktion und Transport GmbH 100%
      - Nordkorn Saaten GmbH 100%
      - Mecklenburger Agrarhandel GmbH 100%
      - Raiffeisen Mölln Energie GmbH & Co KG 100%
      - Raiffeisen Zentrum Idstedt GmbH 100%
      - Förderband GmbH 33.33%
    - AS Baltic Agro 100%
      - AS Scanola Baltic 100%
    - SIA Baltic Agro 100%
    - UAB Baltic Agro 100%
    - Polish Agro Sp. z.o.o 100%
    - Hungaria Agro Kft. 100%

AGRIBUSINESS SUPPORT

- DLA Agro a.m.b.a. 68.57%
  - DLA Agro Sverige AB 100%
- Scanola A/S 75.07%
- Scanfedt A/S 81.56%
- Nordic Seed A/S 84.21%
  - Nordic Seed Germany GmbH 100%
- Nordic Seed International A/S 75%
- DAVA Energy A/S 81.03%
  - Nomus A/S 50%
- DGF Sikring a.m.b.a. 72.36%
  - DGF Reinsurance S.A. 95.24%
- DanGødning A/S 44.11%
- DanFertilizer A/S 44.11%
- Nagro A/S 9.95% Including 22.13% indirectly

PANIES 2017

.a CBR 5978 9317



Cultivating Value

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