

# Annual report

2014/15

World map	4
Five-year financial highlights for the Group	6
Group Executive Management	7
A global seed group	8
Grass seeds for agriculture	10
Professional turf	12
Consumer turf	14
Associated seed business areas	16
Management Statement on the Annual Report	18
Independent Auditor's Report	19
Management Review	20
Corporate Social Responsibility (CSR) Report	22
Goals and policies for the under-represented gender	22
Accounting policies	23
Income Statement	27
Balance Sheet, assets	28
Balance Sheet, equity and liabilities	29
Statement of Changes in Equity	30
Cash Flow Statement	31
Notes	32
The Board of Directors	38



*Front page picture:  
The new Moesgaard  
Museum near Aarhus has  
a turf roof of Masterline®  
mixtures consisting of fine,  
shoot-dense, drought-  
tolerant turf varieties  
Photo © Moesgaard  
Museum*

- Global company**  
 DLF is the world's leading clover and grass seed producer, with a global market share of approximately 25%
  
- Record-high revenue**  
 The Group achieved record-breaking revenue of DKK 3,390m in 2014/15
  
- New company in Ireland**  
 In spring 2015, DLF and Arvum Group set up a joint venture based in Ballymountain in southeast Ireland
  
- 70 countries**  
 DLF sells clover and grass seeds to more than 70 countries
  
- Innovation and product development**  
 The Group's focus on innovative development secures strength and competitiveness throughout the entire value chain – from breeders to end-users
  
- Supplier of seeds for top events**  
 Our top-quality sports grass varieties are selected for the biggest and most prestigious sports events – such as the Copa América in Chile, Super Bowl in the USA and Phoenix Open, the World's largest golf tournament in Scottsdale, Arizona
  
- R&D**  
 Targeted breeding efforts in 2014/15 resulted in acceptance of 18 new forage varieties for agriculture and 16 turf varieties in Europe
  
- 802 employees**  
 The Group had 802 employees in 13 countries in the year under review

*This document is an unofficial English translation of the original Danish document. In the event of disputes or misunderstandings arising from the interpretation of the translation, the Danish language version shall prevail.*



## Ready for the future

*From the left: Truels Damsgaard, CEO, and Christian Høegh Andersen, Chairman of the Board of Directors*

*By Christian Høegh-Andersen, Chairman of the Board of Directors, and Truels Damsgaard, CEO*

Our seed business achieved record-high revenue and a slightly lower EBIT result in 2014/15 compared with 2013/14. Yet again, a strong result.

In the year under review, we worked on defining new strategic goals for the company. In short, we wish to further develop our core business while expanding our strategic scope of activities, both geographically and in related product areas.

Acquisitions and joint ventures are still significant strategic levers for creating growth and increasing the Group's distribution power. Generally, we wish to move up the distribution chain in selected markets. We also wish to invest more resources in our R&D activities, which are vital for maintaining the company's current market position and creating growth.

Based on our core business, we will focus on offering the best seed solutions within temperate varieties of clover and grass for

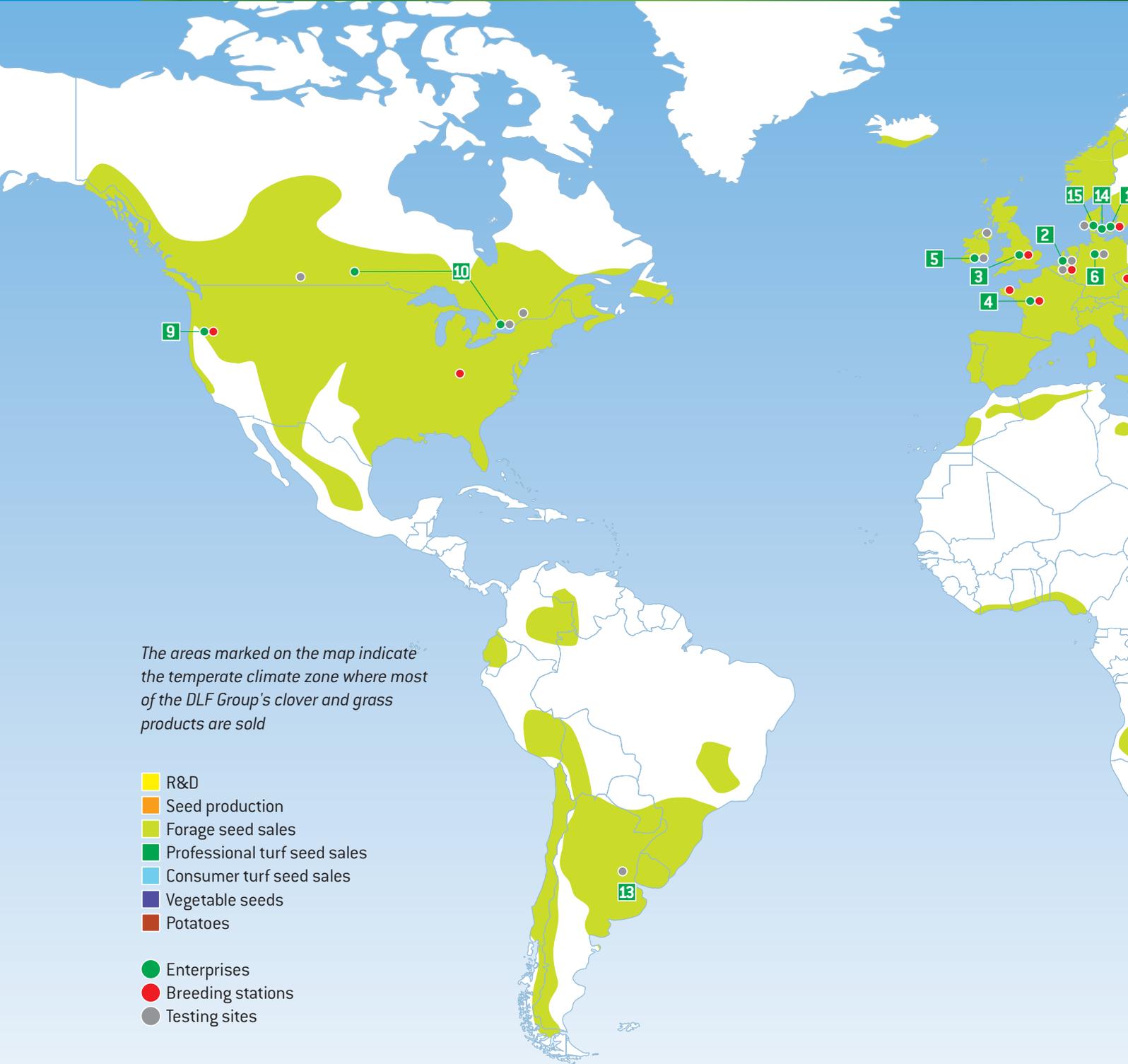
users in Europe, North America, Oceania, Russia, China, and elsewhere. We have fairly high market shares in many markets, but that does not stop us from exploring niches where we can continue developing sales.

We must expand our strategic scope of activities to the extent that we can contribute competitive power to such activities through our global R&D efforts, our infrastructure and general seed competences. It is equally important that expanding the scope of our activities must be reflected in our bottom line.

Our strategy plan was presented to the delegates at our summer meetings in 2015, and we are very pleased with the backing received for our strategic goals.

Given a wider strategic focus and the depth and complexity of running a global seed company, we have decided to restructure our business and management structures so as to release management resources to realise our strategic ambitions in the southern hemisphere. Read more on page 8.

# 4 THE GROUP



**1 Denmark**  
 Location: Roskilde, DK

**3 UK**  
 Location: Inkberrow, UK

**5 Ireland**  
 Location: Waterford, Ballymountain, IE

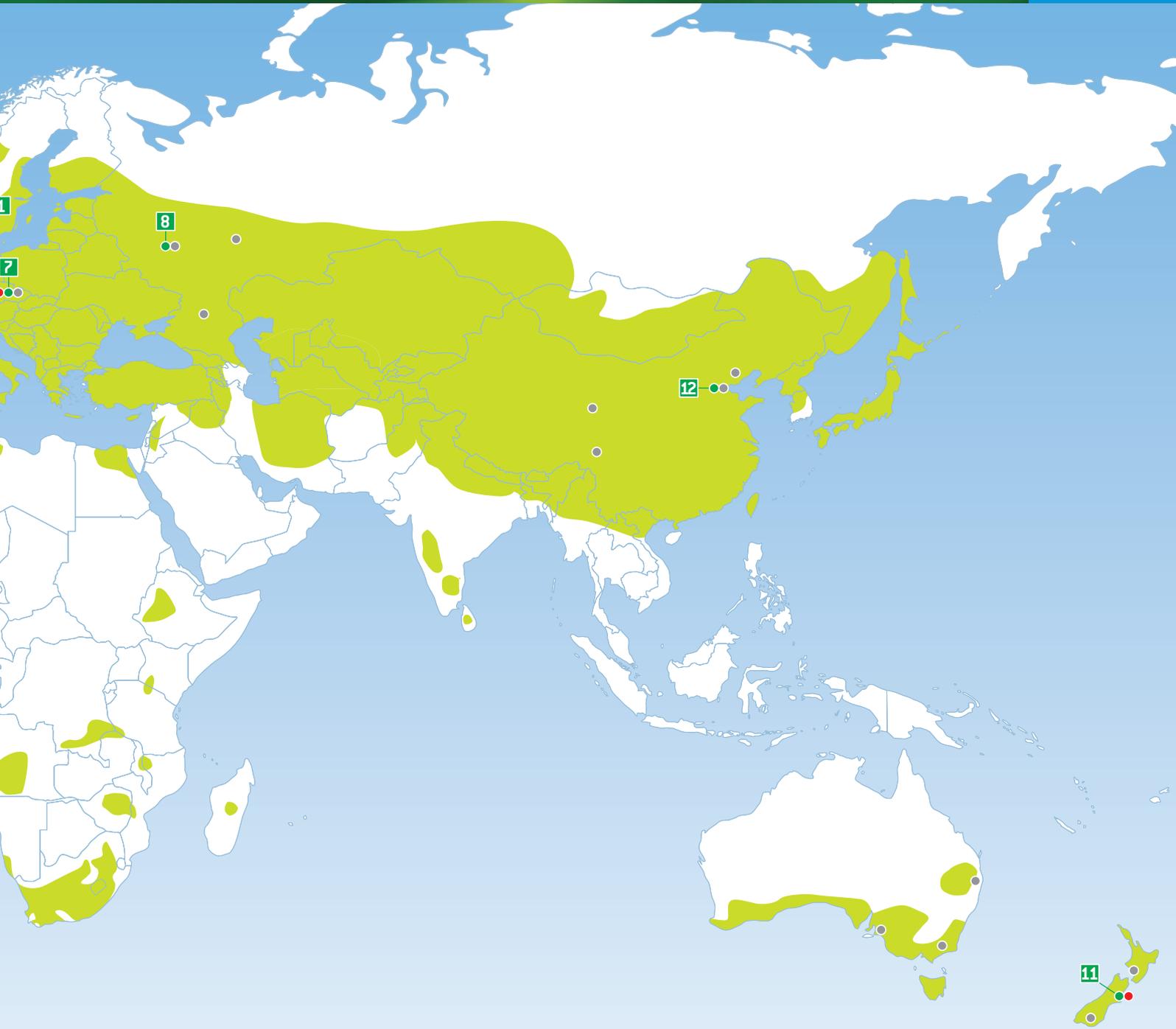
**7 Czech Republic**  
 Location: Životice, CZ

**2 The Netherlands**  
 Location: Kapelle, NL

**4 France**  
 Location: Les Alleuds, F

**6 Germany**  
 Location: Hannover, D

**8 Russia**  
 Location: Moskva, RU



**9 USA**  
 Location: Halsey, OR

**11 New Zealand**  
 Location: Christchurch, NZ

**13 Argentina**  
 Location: Buenos Aires, AR

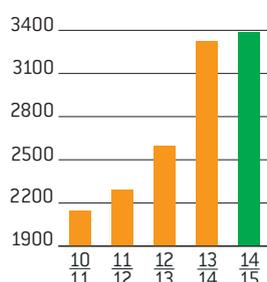
**14 Jensen Seeds, Denmark**  
 Location: Birkum, DK

**10 Canada**  
 Locations: Winnipeg, MB  
 Lindsay, ON

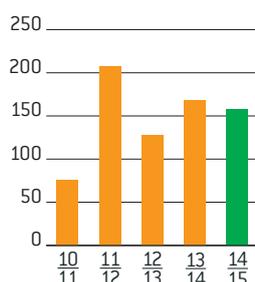
**12 China**  
 Location: Beijing, CN

**15 Danespo Holding, Denmark**  
 Location: Give, DK

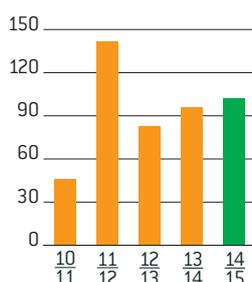
**Revenue**  
DKK MILLION



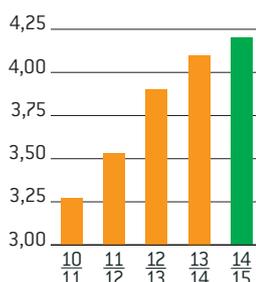
**Profit before net financials, etc. (EBIT)**  
DKK MILLION



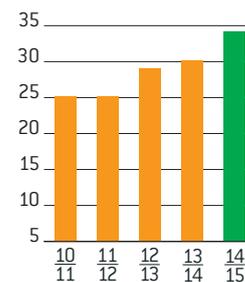
**The Group's balance sheet total**  
DKK MILLION



**Revenue per employee**  
DKK MILLION



**Working capital/ per cent of revenue**  
pct.



	2014/15	2013/14	2012/13	2011/12	2010/11
<b>OPERATING FIGURES IN DKK MILLION</b>					
Revenue	3.390,7	3.325,2	2.600,6	2.290,0	2.145,7
Operating profit (EBIT)	157,9	167,5	128,4	207,1	75,8
Net financials	-20,3	-23,4	-14,6	-11,2	-13,7
Profit before tax	137,6	144,1	113,8	195,8	62,1
Profit after tax	102,4	95,8	82,9	141,6	46,3
Profit after tax and minority interests	97,5	90,3	78,4	134,0	43,6

**ASSETS IN DKK MILLION**

Non-current assets	672,0	669,4	568,4	529,6	493,2
Current assets	1.550,5	1.395,2	1.128,9	965,9	789,7
<b>Total assets</b>	<b>2.222,5</b>	<b>2.064,6</b>	<b>1.697,3</b>	<b>1.495,5</b>	<b>1.282,9</b>

**EQUITY AND LIABILITIES IN DKK MILLION**

Equity	1.052,9	949,5	875,5	825,9	704,6
Minority interests	62,7	55,4	51,3	51,6	44,5
Provisions	31,0	43,3	28,6	41,4	32,0
Long-term debt	478,3	455,0	255,7	232,7	236,6
Short-term debt	597,5	561,4	486,2	343,9	265,2
<b>Total equity and liabilities</b>	<b>2.222,5</b>	<b>2.064,6</b>	<b>1.697,3</b>	<b>1.495,5</b>	<b>1.282,9</b>

**OTHER DATA**

Number of employees (full-time equivalents)	802	801	670	643	656
Investment in non-current assets	55,1	66,3	70,8	84,7	45,7
Depreciation, amortisation and write-downs for impairment	58,3	59,4	50,8	46,9	46,7

**FINANCIAL RATIOS IN %**

Return on invested capital	7,1%	8,1%	7,6%	13,8%	5,9%
Return on equity	13,0%	14,9%	12,6%	24,1%	8,5%
Solvency ratio	47,4%	46,0%	51,6%	55,2%	54,9%

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' Recommendations and Guidelines 2010.



# Global structure secures good results

*From the left: Truels Damsgaard, CEO, and Morten Andersen, CFO, Gert van Straalen, Executive Board Member, and Søren Halbye, CCO*

With Group revenue of DKK 3.4bn, the DLF Group achieved slight revenue growth and record-high revenue in the financial year 2014/15. We experienced growth in sales by volume in the European market, Western Europe in particular, reflecting, that we could take advantage of declining imports from North America. We maintained large sales in China, where exports from Europe rose considerably due to the revaluation of the US dollar, and the harbour and trade union conflict on the American west coast in the spring, which caused problems for North American exports.

Despite the geopolitical situation in Russia and the Ukraine, and the rouble's tumble in the international foreign exchange markets, DLF Russia had a better year than expected. However, the export prices had to be adjusted as the rouble lost its purchasing power.

DLF Pickseed Canada and DLF New Zealand also achieved revenue growth, whereas DLF Pickseed USA saw a decline in revenue. For the Group as a whole, sales by volume remained unchanged compared with 2013/14.

Among many market events, we would like to highlight the establishment of of DLF Ireland, which is a joint venture with the Arvum Group. With the milk quota abolished in the EU, Irish milk production is expected to rise in the years ahead. It is therefore strategically expedient that we commit ourselves further in the Irish market with a distribution business rather than supplying components to the wholesalers.

Overall, the global seed market is reasonably

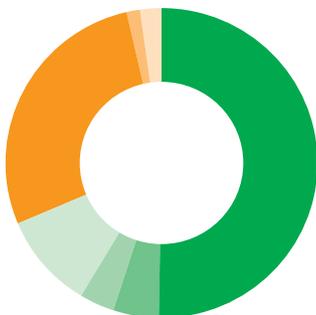
balanced. Generally, the wholesale price level was stable throughout the entire 2014/15 season due to balanced seed production in 2014, the prospect of reduced harvesting acreage in 2015, and reasonable consumption, particularly in Europe in the year under review. EBIT in 2014/15 remained level with the budgeted EBIT, but slightly lower than in 2013/14.

In the year under review, a customer survey was conducted among our wholesale customers. The results were highly satisfactory. To further improve our customer service, we launched a new website with more functionalities, including a product comparison feature. New functionalities will be added later. Regarding IT, a lot of work has been put into upgrading our Navision ERP system. The management would like to thank the many employees involved in the project for their impressive performance.

To strengthen our communications platform vis á vis our customers and other stakeholders, we are gathering our forage and turf activities under a single company name and logo, which will present DLF as a firmly constructed unit with a joint identity in a competitive, globalised market.

With a new strategy plan, new management structure and modern company brand, we are equipped to face exciting times. Together with the organisation, we are looking forward to realising the strategic and commercial ambitions for the Group – not just in 2015/16, but also in the years ahead. We would like to thank everyone for the constant and loyal support given by our employees to the company and management. Unity is our strength.

The Group's seed sales



- Western Europe
- Eastern and Central Europe
- Russia/CIS countries
- Asia
- North America
- South America
- Other areas



## STRATEGY PLAN 2020: Profitable growth

*The Group's new name and logo was launched internally in an international Kick-off meeting in Madrid in September 2015*

*The Strategy Plan 2020 is a growth strategy. We are focusing on developing our core business as well as new market areas and products that are naturally related to clover and grass seeds. And profitable growth is essential*

DLF is a strong seed producer. We are also a research-based company – probably the company in our industry that invests most in R&D.

We must persist in exploiting our strong foundation for organic growth within clover and grass seeds, by making the most of our technologies, competences and other resources. Our clear focus is therefore to increase the value creation of each kilo of seeds we sell, by constantly strengthening our product concepts and varieties programme, but also by moving up the distribution chain and selling our products closer to end-users. These efforts are aimed at the forage grass segment. A technical market exists where we can communicate product advantages. Through better products and documented advantages, we can achieve higher customer loyalty, as high-yielding grass fields are recorded on the milk producers' bottom line.

We are always on the lookout for potential acquisitions, local distribution companies and breeding programmes. We must seek to continue supplementing our product pro-

gramme with additional products sold to our customers together with clover and grass seeds.

In addition to our core markets in the EU and North America, we also export seeds to a large number of countries. It is also an ambition to focus more on a number of selected markets with growth potential such as Turkey, Japan, and Korea. This requires more intensive market preparation.

### **Geographical expansion**

We are pursuing larger market shares in the southern hemisphere, i.e. South America, sub-Saharan Africa, New Zealand and Australia. As the southern hemisphere has a large temperate belt where our seeds are used, this area has special priority in our Strategy Plan 2020. In the coming strategy period, our goal is to set up a number of bridgeheads in the southern hemisphere.

In the tropical zone, growth economies exist where food production is to be expanded. Although we do not deal in tropical forage grass seeds, we can exploit our background technology, knowledge database, infrastruc-



## DLF – from research to growth

*DLF's history is a story about a seed company that for more than a century has developed from a locally-based company to a global seeds and plant breeding group. With the Group's position as market leader, our customers are secured access to products of high breeding, solid support and a targeted service*



ture, etc. in relation to tropical forage grass seeds.

The extent of our existing business activities combined with our new strategic goals have prompted a change in our business organisation and Group management. We have organised our commercial activities in three geographical areas in Strategic Business Units (SBUs):

- Europe; Russia and the former Soviet republics; and China
- North America
- The southern hemisphere

The three SBUs are supported by global R&D activities, marketing, finance and an advanced IT function. With the establishment of the SBUs, we wish to secure the required management resources for developing our activities in the southern hemisphere. We have also launched the DLF Leadership Programme, which will equip present and future leaders at many levels of DLF to face future challenges arising in our global company.

In a globalised and competitive market, it is important that customers see the Group as a whole. The time has come to integrate and unite our forces around a new name and brand that identify the Group globally.

We have identified four core values that characterise DLF:

- **Research** Our ongoing investments in research and product development enable us to supply innovative solutions and new high-yield varieties, maintaining our position as a front-runner
- **Quality** Whether or not our customers are farmers, professional green keepers or private consumers, we offer the best quality seeds on the market
- **Added value** By leveraging our expertise, service and product support, we supply customers with added value through collaboration
- **Trust** The close cooperation between us and our customers builds strong mutual relations. Customers regard DLF as a trustworthy partner that supplies what they need, when they need it

For some years, we have endeavoured to optimise our supply chain to local markets worldwide. In this age of globalisation, recognition is of great importance, and we must communicate across borders and cultures. Our new logo combines our well-recognised Group symbol of the three grass leaves with the signal that we are a single and united team who share the same values and sense of purpose. The new logo is also a promise to our customers that they can count on growth by collaborating with DLF.

## Quality and productivity improvements for meat and dairy producers

*Every year, DLF delivers new and improved forage grass varieties for agriculture based on significant research efforts within breeding and product development. In this way, DLF helps improve profits for farmers, who are increasingly calling for quality and productivity in their grass fields. The Group's investments in the forage grass segment form the basis for a strong international platform across the temperate climate zones. With the addition of Pickseed in North America, combined with the strong sales development in New Zealand and Russia, we now have our own dedicated sales teams in the largest consumption areas for forage grass*



*Sike Inc., a large international seed distributor, and customer in Latin America, visited DLF Pickseed USA in May, and was introduced to our forage grass breeding programme*



The Group's investments in the forage grass segment form the basis for a strong international platform across the temperate climate zones. Whether our customers are in northern Canada or Russia, or southern New Zealand, the Group has a strong product programme supported by the most advanced technology in the industry.

### More grass fields for beef cattle

Our two North American Group companies have taken advantage of fixed beef prices promoting the popularity of beef cattle. DLF Pickseeds' western Canadian business area in particular registered record-high seed sales in the financial year as a result of the need for more grazing areas. The South American agricultural area has expanded by 20% over the past 10 years, and growth opportunities remain.

Our clearer emphasis on productivity and yields has focused attention on quality grass that is both hardy and productive.

### More Milk with DLF

The EU milk quota cap introduced in 2015, and a number of market complications in the Russian and Chinese export markets have adversely affected dairy producers' finances in 2015. Consequently, the focus on management and yields from grass fields has increased to optimise the efficiency and economy of forage. With the **More Milk with DLF** concept, DLF is focusing on precisely those issues, and interest has risen in the art of growing more and better forage from grass fields. In Denmark, DLF has established five demo-forage centres, where consultants and milk producers can compare various pure-grass varieties and mixtures side-by-side. The **More Milk with DLF** concept was rolled out in the Netherlands,

In 2014/15, **More Milk with DLF** focused on production of dry matter, grass quality and overseeding:

✓ **Production of dry matter** in fields can be increased by up to 30% using forage grass mixtures containing Festulolium

✓ **Grass quality** is a significant factor for milk yields. A high digestibility of cell walls provides more easily digestible grass silage, ensuring higher forage absorption. For each two per cent increase in digestibility, the daily milk yield rises by 1/2 litre per cow.

✓ **Overseeding** existing grass fields is paving the way for maintaining high grass-field productivity without re-sowing

Belgium and the UK using demonstration trials, seminars and agricultural exhibitions. In Canada, the concept was launched with the Group's Pickseed and Mapleseed brands. Due to a national quota and payment agreement, the Canadian milk producers were less affected by falling milk prices in the world market.

### Strong launches in North America

DLF Pickseed USA and DLF Pickseed Canada are two Group companies that have built strong product programmes on the North American continent. In the USA, interest is growing in improving yields of grass fields by overseeding. DLF Pickseed has launched the **Grasshance®** concept for that very purpose.



The drone picture shows grass plots and corn circles at one of the five demo-forage centres set up by DLF in Denmark. The Group's main brand **ForageMax®** is marketed in more than 20 countries. On this well-established platform, distributors and customers have direct access to the latest improvements within varieties, technical solutions and concepts



Festulium of the ryegrass type combines the improved yield and quality of ryegrass with the increased persistence of grass.

DLF Pickseed has introduced the **North American Forage Maturity Matrix and Index Rating System** as a tool for customers to evaluate and compare the respective yields and quality profiles of the forage grass varieties throughout the season. Festulium has also been introduced on the Canadian market.

### High-tech grasses for agriculture

Animal-safe endophytes that protect the grass against insects have attracted a great deal of attention in the USA, Australia, South America and New Zealand. In 2015, DLF introduced a late perennial ryegrass **24SevenEDGE**, a new endophyte variety that has an excellent tolerance of harmful insects. **24SevenEDGE** is quite harmless to grazing animals and therefore tailored for this attractive market segment.

### 18 new forage varieties for Europe

In Europe, DLF had 18 new forage grass varieties accepted on national varieties lists, including five varieties of perennial ryegrass on recommended varieties lists in the Netherlands and the UK. In the Netherlands, our [semi-late] perennial ryegrass **Sputnik** is the new top variety, and in the UK we have strengthened our position within [semi-late] perennial ryegrass with **Nifty** and **Elyria**. In Ireland, three varieties of our ryegrass and two white clover varieties were

accepted on the recommended varieties list.

DLF has established a new testing centre in Watford in southeast Ireland, and we are thus the only commercial enterprise in Ireland with our own testing facilities for variety trials of forage clover and grass seeds.

By employing new breeders in the UK and the Netherlands, we have mobilised vast resources and forces behind the Group's forage grass breeding.

### Advice on cultivation of forage grass in Russia

Despite commercial challenges in the Russian market, we have anchored our strong position with our customers, and have even experienced progress in the "STAN" countries, including Kazakhstan. We supply clover and forage grass seeds to some of the largest meat and dairy cow producers in Russia. That is possible because the Group supplies good products and serious and competent advice on how to use the products. By setting up a new testing station and local variety tests, we can document that the grass is adapted to local conditions.

For a number of years, DLF's product experts have taught local consultants and operations managers about grass cultivation, and the Group has stationed a forage grass expert who contributes on-site advice and expertise on cultivation.

*Plant Breeder Pedro Evans in the new variety of perennial ryegrass **24SevenEDGE**. The endophyte technology has also proved valuable in the South American continent*

## The greenest grass for professional tasks

*Grass solutions are in high demand in the professional turf sector covering building and construction projects, local authority projects, public parks and sports facilities. In the world of sports, the Group's grass solutions are used for top events, which inspires and motivates everyone working with turfgrass*



*DLF engages in the dialogue about sports grass at a scientific level and consequently sponsored the World Congress on Science & Football held in Copenhagen in May 2015. A total of 500 researchers participated, and at DLF's stand, were welcome to talk to us about natural grass solutions for top sports. The picture shows Kathrine S. Pedersen, titleholder of most matches played by the Danish national football team, and Anders Bjerregaard, a business analyst at DLF*

DLF has masterminded a significant part of the most recent breeding advances within turfgrass. We have built up expertise through collaborating with partners and gaining know-how from projects, football stadiums and other sports grounds worldwide. The Group provides a very strong advisory and service platform for our professional turfgrass customers. With a strong product programme and an extensive knowledge database, we can supply well-proven solutions for even the most demanding conditions.

### Fielding top events

After a successful World Cup in Brazil, DLF's grass solutions were once again in great demand for the South American foot-

ball championship, Copa América, which took place in Chile in summer 2015. Due to the varying and demanding climate conditions, the organisers chose our sports grass for the stadiums and practice grounds where the finals were played. Here too, the **4turf®** technology was a strong player for solving the varying stress and climate factors of the northernmost to the southernmost sports grounds - 17,000 kilometres apart. The sports grass presented itself beautifully throughout the finals. DLF also supplied the grass for a number of other top events during the season, e.g. the World's largest golf tournament, Phoenix Open in Scottsdale, Arizona, where the Group's brand, Seed Research of Oregon, covers greens, tee boxes and fairways.

### 4turf® – 2nd generation varieties ready

In the 2014/15 season, the **4turf®** concept gained serious popularity among our professional customers, who requested more 4turf varieties in their lawn mixtures than previous. **4turf®** consists of tetraploid turf varieties of perennial ryegrass that are characterised by a high stress tolerance, a deeper root system, and a deep green colour. These traits are in high market demand. During the year, the second generation of the 4turf varieties were

**4turf®**  
**FABIAN**

launched in several markets, a variety such as **Fabian**, for instance, which besides the basic traits, also has very fine leaves and a very dense structure. The breeding programme has several interesting varieties in the pipeline, and we can look forward to even better 4turf varieties in future.

### New grass varieties with better traits and higher robustness

In the 2014/15 season, 16 new turfgrass varieties were accepted on European varieties lists, and the two ryegrass varieties **Gianna** and **Harley** topped the French varieties list for sports grass. With its unique position on this list, the Group can provide all sales chan-



*DLF also supplied grass seeds for overseeding the 'mobile' sod grass turf rolled out at one of the most prestigious sports event, Super Bowl, played at the University of Phoenix Stadium, Glendale, Arizona. More than 114 million viewers watched the match, which became the American programme with the most viewers in history*

nels with turf ryegrass. Two ryegrass varieties were accepted on the Dutch varieties list with the **Chardin** variety at the top. In the red fescue variety, DLF obtained a top Dutch ranking for the **Bogart** variety.

To qualify for acceptance on variety lists, new turfgrass varieties must show improved traits in colour, density, fineness, wear tolerance and disease resistance. Therefore, new varieties undergo an extensive testing programme at the Group's eight turf trial sites in Europe, Asia, North America and New Zealand, before they are tested at national sites where the varieties' ability to thrive under varying climate, stress and environmental impacts is documented.



**CLEARSKY™ – GRASS FOR SAFER AIRPORTS**

Every day worldwide, airports work hard to scare birds from the green areas near landing strips to minimise the risk of so-called 'bird strikes', which jeopardise flight safety. DLF has a number of grass-based solutions that can reduce fauna activities and increase safety around airports. The ClearSky™ concept, which has been tested at several large European airports, contributes to sustainable habitat management as the grass areas become less attractive to the airport fauna. The ClearSky™ concept combines a number of complex aspects from DLF's variety portfolio.

**International brands and concepts**

We continuously improve our turfgrass brands and concepts in the light of progress made and new solutions resulting from the Group's extensive research and breeding efforts. This ensures that the Group's brands offer customers the most recent advances in the turfgrass area.



**Masterline** is marketed in more than 20 countries and offers grass solutions for special purposes, e.g. **Promaster** for sports sod, **Expressmaster** with **4turf®** for overseeding in cold climates, and **Saltmaster**, which is a mixture of particularly salt-tolerant varieties.



**Top Green®** is marketed primarily in DLF France. The brand covers Europe and the Mediterranean region and is popular in the professional segment.



**Johnsons Sports Seed®** targets primarily the most quality-conscious part of the professional segment with its main markets in the UK and France.

In the North American continent, the Group has combined a very strong turfgrass product programme positioned at the top of the National Turf Evaluation Program (NTEP) varieties list under three brands:



**Seed Research of Oregon** is known for top-quality products in species such as bentgrass, Kentucky bluegrass, perennial ryegrass and tall fescue for customers in the golf segment and the rest of the professional turf market.



**Pickseed** focuses strongly on turfgrass mixtures for overseeding in the winter season. The customer segment is mainly in the USA and Canada, but also in Europe, Asia and South America.



**DLF** has a wide range of varieties of forage grass and turfgrass for both consumers and professional turf customers, mainly in the USA. It is also a popular brand in South America and Asia. The forage grass programme is one of the strongest in the USA.

## Grass seeds and service for consumers

*We market and distribute turfgrass to private consumers through garden centres, Do-It-Yourself chains and supermarkets. In this segment, we focus strongly on serving our customers with the right types of packaging and accurate supplies in due time at the correct location. Product development in this segment covers, service instructions such as packaging texts and links to instructional films that explain to customers how a product should be used*



*DLF had the pleasure of hosting 170 delegates from the International Garden Centre Association, IGCA, in connection with the organisation's annual congress held in Denmark. The delegates, representing garden centres in 21 countries, visited DLF's cutting-edge, high-capacity mixing and packing facilities in Odense*

*In January, DLF participated in the German IPM fair in Essen. Customers from more than 20 countries visited DLF's stand, where we launched the new **No.1** turfgrass mixture for the retail market, which is marketed under **Johnsons Lawn Seed®**. At the fair, we also presented a number of DLF's small-packet solutions*

We are seeing a trend for many private consumers to spend less time on maintaining their lawns. The turfgrass market reflects this trend, and therefore DLF has launched a number of labour-saving new products for this particular customer group. For example, a grass mixture composed specifically for mowing by robot lawn mowers. Another grass mixture has been developed for adapting to various growing conditions in gardens, e.g. shadow, sun and wear. The **QuickAction®** varieties, which feature a number of turf mixtures, give many private consumers successful experiences and better lawns due to their robust traits and fast growth.

DLF has participated in a number of exhibitions and fairs, where while meeting our customers we had the opportunity to present our products.

The fair Salon du Végétal in Angers is a good

kick-off point for the season in France, where our retail partnership with Vilmorin Jardin has resulted in a solid market position.

### Sales growth of ready-made turfgrass mixtures in Germany

The Group's sales of turfgrass mixtures in the German and Austrian markets increased in the 2014/15 season. This is due mainly to DLF's strong varieties programme and concepts. We supply turfgrass seeds through our own brands, **Turfline®**, and in customer packaging produced in Denmark and delivered direct to customers.

### Direct sales to DIY chains in Russia

Seed for the Russian retail market are sold extensively through large DIY chains, and we now deliver ready-made packages of seed mixtures direct to the largest DIY chains in Russia.





At the Glee garden fair in Birmingham, our British sales team presented a donation to the Greenfingers child welfare organisation. The donation was financed by a percentage of each purchase of **Johnsons Lawn Seed®** 500 gram cartons of the lawn mixture General Purpose. For three years, **Johnsons Lawn Seed®** has contributed donations to support Greenfingers' outstanding work

During the entire certified production process from seed fields to consumer, extensive quality control procedures are imposed on the grass seeds. In the seed fields, seed production advisers register authenticity and quality using a tablet solution and a 4G connection to gain online access to the Group's database. When the seeds have been harvested and cleaned, accredited laboratories analyse all the seed lots for purity and germination potential. Consumers are always secured quality products through full traceability and certified production. In the picture, seed production consultant Kristian Juranich is registering field data from a production field



During the season, DLF in Odense, which produces a significant volume of goods for Russia, hosted a group of Russian collaborators from the retail segment during their visit to Denmark.

**International brands and concepts**

**Johnsons Lawn Seed®** is sold mainly to private UK consumers and meets their requirements for differentiated grass solutions. The **Johnsons Lawn Seed®** series includes 11 products covering the establishment and overseeding of lawns. **Turflin®**, which is available in more than 30 countries, is a complete product line covering grass seeds, fertilisers and other products targeting lawn establishment and care. The **Turflin®** series also includes the environment-friendly concept **Microclover®** in the **Eco Lawn** mixture, which requires less fertiliser and watering.



The Group launched several **Turflin®** products in 2014/15, including **Turflin Kids Lawn®** – a mixture that is especially soft on bare feet, and **Turflin Mini®** for lawn owners who want a fine lawn with slow growth.

**Turflin®** was launched in the East Canadian market in 2014/15, where the product series is now available in garden centres and nurseries. The Turflin series now comprises 11 turfgrass mixtures adapted to meet the various needs of private consumers.



*Over just a few years, fodder beet crops in New Zealand have risen from almost nothing to approx. 40,000 hectares in 2014 and 60-70,000 hectares in 2015.*

*The beets are used mainly for winter grazing for dairy cattle after lactation, and only a minority is lifted mechanically.*

*The Group's high-yielding beet varieties have also attracted attention in South America. Fodder beets are currently being tested in Chile and Uruguay*

*DLF's core business comprises clover and grass seeds for turf and forage, though the Group's strategic focus includes other activities and business areas*

#### **Progress for fodder beets**

The Group's sales of fodder beets achieved good progress in Ireland, and the addition of our new joint venture company reinforces our position in the Irish market.

In New Zealand, the use of fodder beets for grazing is growing rapidly, and DLF has a significant market share. Over the past two years, we have taken initiatives to carry out tests of new varieties of our own breeding and other varieties at several trial sites on the South Island.

In 2014/15, ten varieties were tested and compared at seven trial sites. The DLF varieties came out on top of the varieties tested with a yield of about 25 tonnes of dry matter per hectare. The tests included grazing varieties, for which the beets are mainly used, and varieties for lifting. The tests were followed with great interest by customers, and the results have been published.

This professional and open approach has created recognition among our customers, and the test results have strengthened our market position.

#### **Seeds and consumer potatoes from Danespo**

The Company's new varieties launched over the past few years are showing positive trends and support the favourable development in increased sales of proprietary varieties.

**The upward curve of proprietary varieties, coupled with Danespo and KMC joining forces to buy LFK Vandel's varieties programme, will define the future structure of Danish potato breeding.**

On 1 July 2014, Danespo Food and Danespo A/S merged, and positive synergies between Danespo A/S' seed and consumer potato activities continue to emerge. Danespo has disposed of the Danimex companies and closed down Danalpo in Algeria, and is now focusing fully on its core business. The company's sales of seed potatoes increased at satisfactory prices in the light of a very tight European consumer market. Despite generally very low prices for con-



sumer potatoes in the EU, Danespo managed to maintain its sales in this market.

The Danish consumer potato activities are continuing to develop positively in a competitive market, which has welcomed the company's focus on quality.

### **Purchases and processing of oil seed rape in Denmark**

With 165,000 hectares, the Danish oil rape seed acreage for the 2014 harvest was at a fair level, fuelling good sales of oil rape seeds in line with last year. The oil rape seeds had very good growth conditions, and the last part of the season was dry and warm. The oil rape seed harvest arrived very early, and being dry and of good quality, resulted in a high workload and intensity at our oil rape seed delivery sites during the harvest. The Scanola oil mill in Aarhus processes the oil rape seeds. During the season, we have worked on developing and improving the reception facilities at the

expanded its office facilities and seed laboratory. A new production plant covering 325 square metres with an automated packing facility for bags and a seed treatment and coating facility opened at the beginning of 2015. The plant benefits customers requiring more refined finished goods, such as seeds coated with a specific colour and finish, or seeds treated with a fungicide.

Jensen Seeds' main product is still hybrid spinach, for which Denmark is a world-market leader, but the company also produces approximately 40 different species of vegetable seeds consisting of 257 varieties, and is constantly developing its product range.

### **Seeds for catch crops and greening**

The EU's most recent agricultural policy reform includes eco-friendly requirements. It stipulates more crop categories per farm, permanent grass areas must be maintained on a national basis, and Environmental Focus Areas (EFA) have been introduced. Rules on catch crops, greening and EFAs focus more attention on the Group's range of yellow mustard, oil radish and Japanese oats, which constitute the most important species for this segment.

Overseeding grass fields with new grass seeds is an integrated part of greening, and we have conducted tests and demonstrations illustrating the value of overseeding. We are witnessing an increased focus on maintaining the soil's fertility by improving the soil structure, humus content, and use of nitrogen-securing species in optional catch crops. DLF has intensified its participation in this business area, and is contributing a number of new solutions that are improving sales in the Netherlands, the UK and Denmark.

### **Seeds for bioenergy and game cover crops**

In bioenergy, DLF has some of the most productive and sustainable solutions in the form of grass, clover and beets for biosubstrate. Grass fields contribute favourably to reducing nutrient leaching and carbon build-up in soil while providing high productivity. The Group is striving to develop and optimise various solutions in this area. Along with several universities and other partners,

DLF participates in the strategic platform BioValue SPIR, which is Denmark's largest biorefinery programme. As a partner in the research and innovation platform, DLF participates in a project on extracting protein for forage from green biomass consisting of clover and grass mixtures.



*Jensen Seeds' new office and laboratory in Birkum on Funen*

localities where the oil rape seed growers can deliver their harvests.

### **Outstanding vegetable seed harvest for Jensen Seeds A/S**

Vegetable seeds represent a strategic focus area for the Group, and Jensen Seeds A/S accounts for approximately half of the production from the more than 6,600 hectares of vegetable seeds in Denmark. 2014 was one of the best harvest years ever for Jensen Seeds with a harvesting index of 27% above a normal harvest. The quality of the 2014 harvest was also at a high level. During the year, the company renovated and



*Catch crop of buckwheat and tansy-leaf phacelia*

Today, the Board of Directors and Executive Board considered and approved the Annual Report of DLF AmbA for the financial year 1 July 2014 to 30 June 2015.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the Group's and the Company's assets, equity, liabilities and financial position at 30 June 2015, and of

the Group's and the Company's operations and cash flows for the financial year 1 July 2014 to 30 June 2015. Furthermore, in our opinion, the Management Review provides a fair report of the developments in the Group's and Company's activities and economic conditions, and results for the year of the Group's and the Company's position.

We recommend that the Annual Report be approved at the Annual General Meeting.

Roskilde, 24 September 2015

#### GROUP EXECUTIVE BOARD:

Truels Damsgaard  
*CEO*

Morten Andersen  
*CFO*

Søren Halbye  
*CCO*

Gert van Straalen  
*Executive Board Member*

#### BOARD OF DIRECTORS:

Christian Høegh-Andersen  
*Chairman*

Søren Wibholm Just  
*Deputy Chairman*

Mogens Worre-Jensen

Henrik Kreutzfeldt

Hans Boesen

Peter Bagge Hansen

Lars Erik Garder

Anders Frandsen

Flemming Rod Madsen

The Annual Report was presented and approved at the Company's Annual General Meeting on 27 October 2015.

# To the shareholders of DLF AmbA

## **Report on the Consolidated Financial Statements and Company Financial Statements**

We have audited the Consolidated Financial Statements and the Financial Statements of DLF AmbA for the financial year 1 July 2014 to 30 June 2015, which comprises Accounting Policies, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements of the Group and the Company. The Consolidated Financial Statements and the Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management is responsible for preparing Consolidated Financial Statements and Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal controls as Management determines are necessary to enable the preparation of Consolidated Financial Statements and Company Financial Statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements and the Company Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Company Financial Statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the Consolidated Financial

Statements and the Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company's preparation and fair presentation of the Consolidated Financial Statements and the Company Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit did not give rise to any qualifications.

### **Opinion**

In our opinion, the Consolidated Financial Statements and Company Financial Statements give a true and fair view of the assets, equity, liabilities and the financial position of the Group and Parent Company at 30 June 2015 as well as the results of the Group's and the Parent Company's operations and cash flows for 1 July 2014 to 30 June 2015 in accordance with the Danish Financial Statements Act.

### **Statement on the Management Review**

We have read the Management Review in accordance with the Danish Financial Statements Act. We have not performed any further procedures in addition to the audit of the Consolidated Financial Statements and the Company Financial Statements. On this basis, it is our opinion that the information provided in the Management Review is consistent with the Consolidated Financial Statements and the Company Financial Statements.

Copenhagen, 24 September 2015.

Ernst & Young  
*Godkendt Revisionspartnerselskab*

Jes Lauritzen  
*State-Authorised Public Accountant*

Jan C. Olsen  
*State-Authorised Public Accountant*

## Robust results in a firm seed market

*Slight revenue growth resulted in record-high revenue in 2014/15. Sales of clover and grass seeds remained at the 2013/14 level. As budgeted, the Group's EBIT was slightly lower than in 2013/14*

*The Board of Directors considers this performance highly satisfactory*

In the financial year 2014/15\*, the DLF Group achieved:

- Group revenue of DKK 3,390.7m (DKK 3,325.2m)
- Operating profit (EBIT) of DKK 157.9m (DKK 167.5m), and
- Profit after tax and minority interests of DKK 97.5m (DKK 90.3m)

The results are in line with the outlook stated in the Annual Report 2014/15. In 2014/15, the Group had 802 (801) full-time equivalent employees. The Board of Directors proposes that the profit for the year of DKK 97.5m be transferred to the additional reserve fund, and that an amount of DKK 7.0m be transferred from the additional reserve fund for distribution to the members' personal operational fund accounts based on the members' accumulated trade with the Company over the past six years. The Annual Report 2014/15 has been presented under the provisions for large enterprises (reporting class C) of the Danish Financial Statements Act with the adjustments resulting from the Company being a co-operative society, and in accordance with the same accounting policies applied last year. After the end of the financial year, no events have occurred that materially affect the Annual Report.

### Outlook for 2015/16

The 2015 seed harvest in Oregon is estimated to be 15% to 20% below the expected yield. Combined with a relatively strong US dollar, American seeds are expected to be sold largely in the domestic market with a smaller surplus by volume for exports. Harvest yields in Europe are estimated to be slightly higher than expected, but due to a smaller harvesting acreage, if the season's consumption remains normal, a drain on our inventories will result. The supply balance is expected to be healthy. In 2015/16, we are budgeting for a slight increase in Group sales and revenue compared with 2014/15. The current low global milk prices and situation in Russia are still cause for caution. Our sales potential in China is impacted by a number of transitional inventories in the distribution system. Due to the adopted Strategy Plan 2020, we are budgeting for extended research and plant breeding. The budgeted Group EBIT for 2015/16 is slightly lower than for 2014/15.

Following recent years' tight production planning, funds tied-up in inventories are expected to be lower in the financial year 2015/16 resulting in an improved Group cash flow.

### FINANCIAL PERFORMANCE IN 2014/15

#### Group revenue

In 2014/15, the Group achieved revenue of DKK 3,390.7m (DKK 3,325.2m). The increase stems primarily from Group companies in the UK, Canada and New Zealand, as well as the establishment of DLF Seeds in Ireland. Group sales by volume of clover and grass seeds remained at the 2013/14 level. Sales by volume in Europe increased, but declined in the USA following record-high sales in 2013/14. The average realised wholesale prices of clover and grass seeds remained unchanged compared with 2013/14 measured on actual sales mix during the two years. Developments in Russia, including the devaluation of the Russian rouble, caused some uncertainty throughout the year. Taking this into consideration, the results of the Russian activities were satisfactory. Exports from Europe to China reached the highest level ever achieved.

#### Results

The 2014/15 Group contribution margin was DKK 1,055.8m (DKK 1,038.5m). The contribution ratio was unchanged compared with 2013/14. The large harvest of the year resulted in higher costs for storage, transportation and handling compared with 2013/14. The capacity utilisation was generally good. Group EBIT totalled DKK 157.9m (DKK 167.5m) in 2014/15. Overall, the European clover and grass seeds activities achieved higher earnings. Following disappointing results in the UK in 2013/14, the Company (including its subsidiary) achieved increased earnings in 2014/15. The New Zealand activities presented strong results. In North America, the Canadian activities also presented strong results, whereas the North American activities jointly presented declining earnings following record-high results in the USA in 2014/15. Jensen Seeds achieved slightly lower but very satisfactory results in 2014/15 due to a smaller harvest. Danespo's results were also lower compared with 2013/14, but considering the market conditions of the season, the results were satisfactory. Net financials fell by DKK 3.1m to DKK 20.3m. Group profit before tax was DKK 137.6m (DKK 144.1m), and Group profit after tax and minority interests rose to DKK 97.5m (DKK 90.3m) in the financial year 2014/15. Tax on profit for the year fell to DKK 35.2m (DKK 48.4m), due primarily to the agreement concluded with the Danish tax authorities (SKAT), and the subsequent tax adjustments, see page 22.

*\*) Comparative figures for 2014/15 in brackets*

### Assets

At 30 June 2015, the Group's Balance Sheet had increased to DKK 2,222.5m (DKK 2,064.6m) comprising current assets of DKK 672.0m (DKK 669.4m) and non-current assets of DKK 1,550.5m (DKK 1,395.1m). Capital tied up in inventories and debtors increased. The latter due primarily to relatively higher sales late in the year under review compared with 2014/15. In the year under review, DKK 55.1m (DKK 66.3m) was invested in non-current assets.

### Equity

At 30 June 2015, equity totalled DKK 1,052.9m (DKK 949.5m) equivalent to a solvency ratio of 47.4% (46.0%). Equity was favourably impacted by DKK 22.5m from higher exchange rates for the US dollar and the pound Sterling.

### Operational fund

The operational fund totalled DKK 131.4m (DKK 140.9m) at 30 June 2015, equivalent to 12.5% (14.8%) of equity. The change in the operational fund reflects the following the movements:

- In the year under review, DKK 1.6m was paid out to members who withdrew from the Company
- DKK 32.2m was paid out to members with deposits in the operational fund for more than six years
- Ordinary allocations of DKK 17.3m of the gross settlement amount for clover, grass and pea prices for the 2014 harvest were paid into the personal operational fund accounts
- DKK 7.0m was transferred from the additional reserve fund to the operational fund in accordance with the Board of Directors' above-mentioned proposal

At 30 June 2015, 3,448 (3,558) Danish farmers had a personal deposit in the operational fund in DLF AmbA. In total, 2,528 (2,670) growers concluded a seed growing contract with the Company.

### Minority interests

Minority interests amounted to DKK 62.7m (DKK 55.4m) at the end of the year under review.

### Provisions

At 30 June 2015, provisions amounted to DKK 31.0m (DKK 43.3m). The change reflects primarily provisions for deferred tax.

### Debt

The Group's total debt amounted to DKK 1,075.9m (DKK 1,016.3m). This rise reflects increased funds tied up in current assets in the form of debtors and inventories.

### Commercial risks

The global clover and grass seed market is generally characterised as an open market without major customs or trade barriers. The industry is mature with limited market growth. The basic market mechanisms apply to the seed industry, where supply and demand predominantly determine market prices. The liberali-

sation of the milk market in the EU together with a global surplus in supply has resulted in severely deteriorated trading terms for milk producers. This may adversely affect the general scope of investments in the milk sector, which is an exceedingly significant sales channel for the Group's products. Geopolitical uncertainty is affecting our market opportunities in Russia and neighbouring countries. Furthermore, the current uncertain economic development in China may have a potential spill-over effect on the general economic climate.

### Financial risks

The Group is financially well-founded with a high solvency ratio. The seasonal fluctuations in cash flows are most pronounced in our European operations, as a significant share of seed purchases are settled before the sales are realised. Approximately two thirds of sales in Europe take place in the spring. The Group has long-term relations with financial partners who provide for required intermediate financing of working capital based on the Group's financial resources.

### Debtor risks

As far as reasonably possible, we take out credit insurance contracts for our debtors. Historically, few provisions for bad debts have therefore been required. We follow up closely on credit in accordance with defined policies.

### Exchange-rate risks

Though seed trade in Europe is typically in euro, approximately two thirds of all European seed purchases are made in Danish kroner. The primary transaction risk is therefore linked to the euro. Exchange-rate risks are also linked to the pound Sterling in the form of a transaction and translation risk. In North America, the transaction currencies when buying and selling seeds are often identical, either US or Canadian dollars. If seeds are produced and exported internally between the USA and Canada, a transaction exposure arises. With substantial assets in US and Canadian dollars, a transaction exposure also exists when the assets are valued in Danish kroner.

As for international trade, the transaction currency is predominantly US dollars. European and North American seeds are the major competitors in international third-country markets, including China and South America. Changes in the USD and EUR exchange rate therefore impact our competitiveness between the two primary production areas. Transaction risks are hedged mainly through forward-exchange contracts, and Group companies take out loans in local currencies.

### Knowledge resources

The clover and grass seed industry is highly specialised. As a global market leader, the competency level in the Group is very high. Employees' average length of service is also high. To ensure the required competence development, a leadership development programme was implemented in the year under review for 47 employees from all Group companies and all functions.

### Special circumstances for the Parent Company

In the year under review, an agreement was concluded with the Danish tax authorities (SKAT) regarding intra-group transactions between DLF -TRIFOLIUM A/S and DLF AmbA. The agreement resulted in a positive

impact of DKK 25.6m after tax on the Parent Company's income in the current year. The agreement has no effect on the Group's profit before tax, as it was concluded with DLF -TRIFOLIUM A/S. See also note 1.

## Corporate Social Responsibility (CSR) Report

Through its actions and communication, the Group wishes to reflect its role in industry as reliable and solid with honest business conduct and a positive culture. Together with a number of other players, DLF has signed a European code of conduct for the seed industry (ESA SFG Code of Conduct). Signatories of the ESA SFG code of conduct agree to respect intellectual property rights and to work to combat illegal seeds in the European market, etc. through their business conduct. The herbage seed area is subject to certification and traceability requirements, thus assuring consumers that the seeds comply with statutory standards. The code of conduct is voluntary but binding for the signatories. The Group's R&D activities focus on developing varieties tailored for various uses as well as environmental and climate impacts. For example:

- Varieties with a naturally increased ability to exploit nitrogen reduce the need for e.g. fertilisers
- Varieties that are more digestible for dairy cows reduce the environmental impact through increased efficiency; and
- Varieties with improved salt tolerance can be used in areas with elevated salt concentrations

### Working environment and personnel

At DLF, we focus on occupational safety. The number of work-related accidents is very low. Our safety work is organised by local safety committees. We have purchased and installed a number of defibrillators at our workplaces.

DLF has taken on employees under the Danish flex job and job rotation schemes as well as under public subsidy schemes. These employees now have a chance to rejoin the labour market.

DLF has held supplementary staff training courses to boost employee competences, including warehousing, logistics and Lean Management.

In relation to human rights, DLF has chosen to focus on the working environment and personnel.

### External environment

It is company policy to reduce our impact on the external environment. We identify the most cost-effective solutions by optimizing the Company's processes and capital goods by reducing our use of resources in our production processes. We aim to improve our carbon footprint by reducing our 'seed miles', carefully developing plans for laying out land for seed production, and using fewer, larger production sites to optimise transport while saving energy and reducing our environmental impact. Seed processing does not involve a significant adverse impact on the external environment. Processing seeds is not

particularly energy intensive.

Waste from seed cleaning is a residual product that is fully used as biofuel for district heating plants and biogas production.

We use no significant quantities of chemicals or other substances that are harmful to the environment.

### Diversity

The Board of Directors in DLF AmbA is responsible for the overall management of the company and elects its chairman and deputy chairman yearly. The tasks of the Board of Directors are described in detail in the Board's rules of procedure. The Board of Directors has nine members, each elected for a period of two years by the delegates at the Annual General Meeting. Re-election may take place. Currently there are no female Board members. The Board is elected from among DLF's 2,528 members. Membership is restricted to Danish farmers with a seed-growing contract with the Company in one of the past two harvest years. The membership right, including voting rights and eligibility, may be transferred by a member to an employed operations manager. At 30 June 2015, 46 members were female, equivalent to approximately 1%. The assembly of delegates has 150 delegates elected by and from among DLF's members in the 17 districts, one of whom is female.

Over time, the general development in the primary agricultural sector is expected to result in more female members, as approximately 20% of all fully-trained farmers of a year group are female. If this is reflected in DLF's future members, the basis for recruitment among female members will increase. The procedures for nomination and election of delegates in the districts and their successive election to the Board of Directors by the Annual General Meeting are free and democratic and in accordance with the Company's Articles of Association. The Company's Board of Directors has only limited influence on local procedures, and can only encourage female members to take part in the democratic processes and stand for the delegate elections.

It is a Board objective that a minimum of one board member represents the underrepresented gender within the next seven years. As part of a general strengthening of our efforts concerning employee recruitment and competence development, Management has adopted a policy to redress the gender balance at all other management levels. The policy comprises career development frameworks, including guidelines for recruitment and retention of female managers in the company. The percentage of female managers is currently 26%.

*The Annual Report comprises the Financial Statements of both the Group and the Parent Company*

The Annual Report has been presented in accordance with the provisions for large enterprises (reporting class C) of the Danish Financial Statements Act with adjustments resulting from the company being a co-operative society. The accounting policies are unchanged from last year. The Financial Statements have been presented in DKK thousands.

### **CONSOLIDATION POLICIES**

The Consolidated Financial Statements comprise the Parent Company DLF AmbA and all companies in which the Parent Company directly or indirectly owns more than 50% of the votes or otherwise has control.

The Consolidated Financial Statements have been prepared on the basis of the individual companies' financial statements by consolidating items of a uniform nature with subsequent elimination of intra-group sales, purchased supplies, profit margins, interest, dividends, outstanding accounts and shareholdings.

Associated companies are recognised on one line in the financial statements at the proportionally owned share of profit and equity. Associated companies are enterprises in which the Group owns between 20% and 50% of the equity and has no control.

Consolidation is carried out on a pro rata basis for joint ventures, in which usually 50% of the equity is owned.

Newly acquired enterprises are included in the Group's and the Parent Company's financial statements from the date of acquisition. At the time of acquisition, the difference between the acquisition cost and the equity value of the acquired enterprise is calculated after adjustment to the fair value of the individual assets and liabilities. As goodwill relates to acquired enterprises with a significant market position and long-term earnings profile, any balance (Group goodwill) is capitalized and amortised over the expected useful life – normally ten years. Enterprises disposed of are included in the financial statements until the time of disposal.

Comparative figures are not adjusted for extra-group divested enterprises or for extra-group enterprises added through acquisition or merger.

### **Intra-group business combinations**

The uniting-of-interests method has been applied for intra-group business combinations such as purchase and sale of equity investments, mergers, demergers, addition of assets and share exchanges under the control of the Parent Company. Differences between the agreed payment and the acquired enterprise's carrying amount are recognised in equity. Comparative figures for previous financial years are restated.

### **Minority interests**

Items of subsidiaries are fully recognised in the consolidated financial statements. The proportional share of results and equity in subsidiaries attributable to minority interests is adjusted annually and recognised in separate items in the income statement and balance sheet.

### **LEASES**

Lease contracts under which the Company assumes all the material risks and rewards incidental to ownership (finance leases) are recognised in the balance sheet at the lower of the asset's fair value and the present value of the lease payments calculated by using the lease agreement's internal rate of return, or an approximated value of this, as discount rate.

Assets held under finance leases are depreciated and written down using the same principles as for the rest of the Company's non-current assets.

The remaining capitalised lease obligation is recognised in the balance sheet as a liability, and the interest component of the lease payment is charged to the income statement on a current basis.

All other lease contracts are held to be operating leases. Payments made in connection with operating leases are recognised in the income statement over the lease term according to the straight-line method.

### **FOREIGN CURRENCY TRANSLATIONS**

Foreign currency transactions are translated into Danish kroner at the transaction-date exchange rates. Monetary assets and liabilities in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised foreign exchange gains and losses are recognised in the income statement under financial income or expenses.

### **FOREIGN GROUP ENTERPRISES**

Foreign independent entities are translated according to the following principles: The balance sheet is translated at the exchange rate at the balance sheet date. The income statement is translated at the exchange rates at the transaction dates. The exchange-rate differences resulting from the translation of the equity at the beginning of the financial year at the end-of-year rate, and the exchange-rate adjustment of the income statement from the rates at the transaction date to the rates at the balance sheet date are recognised directly in equity. The exchange-rate adjustments of assets and liabilities regarding foreign independent entities that represent additions to or deductions from the net investment are recognised directly in equity.

### **DERIVATIVES**

Derivatives are measured at fair value.

Positive and negative fair values are recognised as other receivables and other payables, respec-

tively. Fair value adjustment of derivatives acquired to hedge the fair value of a recognised asset or a recognised liability is recognised in the income statement together with any changes in the value of the hedged asset or liability.

Fair value adjustment of derivatives acquired to hedge expected future cash flows is recognised in other receivables or other payables and in equity. Fair value adjustment of derivatives that do not qualify for hedge accounting is recognised in the income statement.

### SEGMENT INFORMATION

Information is provided about geographical markets that are regarded as the primary segment. Europe and other markets are regarded as our geographical markets.

## INCOME STATEMENT

### REVENUE

Income from the sale of goods for resale is recognised in revenue at the time of delivery and the passing of risk, provided the income can be measured reliably. Revenue is stated excluding VAT, taxes and price reductions. Income from the provision of services is recognised as revenue in step with the provision of the service. Income from licences and royalties is recognised on the date when the underlying transaction is carried out.

### COST OF GOODS SOLD

Cost of goods sold comprises costs incurred to achieve revenue for the year.

### RESEARCH AND DEVELOPMENT COSTS

All R&D costs are charged to the income statement as incurred. Such recognition of costs is effected in the income statement because breeding and testing new seed varieties, including gaining approval from the authorities in the respective countries where the varieties are to be marketed, are lengthy processes.

### OTHER EXTERNAL EXPENSES

Other external expenses include expenses for logistics and production, distribution, sales, advertising, administration, premises, bad debts, operating leases, etc.

### EMPLOYEE EXPENSES

Employee expenses comprise wages and salaries including holiday pay and pensions, and expenses for social security for company and Group employees. Employee expenses are excluding refunds received from public authorities.

### INCOME RECOGNITION OF NEGATIVE GOODWILL

Amounts relating to expected future losses or costs are credited to income in step with their realisation. Any additional amounts are credited to income in step with the consumption of the non-monetary assets of the acquiree. The amount is recognised as amortisation under the item depreciation and amortisation.

### INCOME FROM EQUITY INVESTMENTS IN GROUP ENTERPRISES AND ASSOCIATED COMPANIES

This income comprises the proportional share of the profit after tax and adjustment of intra-group profits/losses and deduction of amortisation on Group goodwill.

### NET FINANCIALS

Financial income and expenses comprise interest, financial expenses in connection with finance leases, realised and unrealised foreign currency adjustments, value adjustment on securities, amortisation of mortgage debt, declared dividends, sale of equity investments and additional payments and refunds in accordance with the Tax Prepayment Scheme, etc.

### TAX

#### Parent company

DLF AmbA is taxed in accordance with the rules on taxation of co-operative societies, under which the Company is taxed on the taxable assets. The tax charge on the assets is expensed under Tax on profit for the year in the income statement and is recognised in the balance sheet under short-term debt.

#### Group enterprises

Tax on profit for the year includes current tax on the expected taxable profit for the year and adjustment of deferred tax for the year less the part of the tax for the year that concerns changes in equity. Current and deferred taxes concerning changes in equity are recognised directly in equity.

## BALANCE SHEET

### INTANGIBLE ASSETS

Acquired goodwill is valued at cost less accumulated depreciation, amortisation and write-downs for impairment. Other intangible assets, comprising seed variety rights and other rights and customer contracts, are measured at cost less accumulated amortisation.

Depreciation and amortisation are carried out on a straight-line basis over the expected useful lives of the assets, which have been estimated as follows:

Goodwill	10 years
Seed variety rights and other rights	10 years
Customer contracts	5 years

Seed variety rights are amortised over the contract period not exceeding ten years.

### PROPERTY, PLANT AND EQUIPMENT

Land and buildings, plant and machinery, and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and write-downs for impairments. No depreciation is made for land.

Cost comprises purchase price and costs directly attributable to the acquisition until the date on which the asset is ready for use. The cost of a composite asset is divided into separate components depreciated separately if their respective useful lives differ.

Depreciation and amortisation are carried out on a straight-line basis over the expected useful lives of the assets, which have been estimated as follows:

Buildings	33-50 years
Leasehold improvements	5 years
Major rebuilding/renovation work	15 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-8 years

Property, plant and equipment are subject to impairment tests if there are any indications of impairment. The impairment test is performed for each individual asset or group of assets. The assets are written down to the higher of the asset's or the asset group's net present value or net selling price (recoverable amount) if this is lower than the carrying amount.

### NON-CURRENT INVESTMENTS

Equity investments in group enterprises and associated companies are measured according to the equity method at the proportionately owned share of the enterprises' equity

with the addition of Group goodwill, less intra-group profits and negative goodwill.

Enterprises with negative equity are included at DKK 0. The proportional share corresponding to the negative value is offset against any receivables.

Any additional amounts concerning group enterprises are recognised under the item 'Provisions'. For associated companies, a provision is included in so far as the company has undertaken to cover the associated company's loss or to be liable for the associated company's obligations.

The total net revaluation of equity investments in group enterprises and associated companies is included as part of an additional reserve fund.

Other securities and investments are measured at the market value at the balance sheet date if they are quoted on a stock exchange, or otherwise at estimated fair value. Foreign currency adjustments are recognised as financial income or expenses in the income statement.

### INVENTORIES

Inventories are measured at cost of goods sold plus indirect production costs on the basis of the FIFO method, or at net realisable value if this is lower. The net realisable value of inventories is calculated at the amount which the inventories are expected to realise when sold in the ordinary course of business, less selling costs. Indirect production costs include indirect materials and wages as well as maintenance of and depreciation on the non-current assets used in the production process. Unsaleable and slowly selling inventories are written down.

### RECEIVABLES

Trade receivables are included at nominal value less provisions for bad debts handed over for collection, or where the debtor's ability to pay is otherwise doubtful.

### EQUITY

The operational fund concerns the members' personal deposits in the Company, and the additional reserve fund is recognised in accordance with the Articles of Association. Following a recommendation by the Board of Directors, the Annual General Meeting can dispose of the additional reserve fund. Contributions to the operational fund comprise retention of settling prices in accordance with the Articles of Association, and payments concerning repayment of operational fund deposits on members' withdrawal

from the Company, or in accordance with the Articles of Association.

All payments from the operational fund and disposition of the additional reserve fund must be approved at the Annual General Meeting.

Under the equity method, revaluation surplus is not presented separately under equity, but forms part of the additional reserve fund. Revaluation amounts under the equity method are shown in note 8 Non-current financial assets.

**PROVISIONS**

Provisions include expected costs of restructuring, pension commitments, etc. Provisions are recognised if, at the balance sheet date, the enterprise has a legal or constructive obligation and it is probable that economic benefits must be sacrificed to fulfil the obligation.

**INCOME TAXES**

Current tax receivables and liabilities are recognised in the balance sheet as calculated tax on the expected taxable profit for the year, adjusted for tax on the taxable profit for previous years and taxes prepaid on account.

Provisions for deferred tax are calculated at the current tax rate on all temporary differences between accounting and tax values apart from temporary differences arising at the time of acquisition of assets and liabilities that affect neither the profit nor the taxable income, and temporary differences of non-amortisable goodwill.

Deferred tax receivables are recognised at the value at which they are expected to be utilised either through set-off against tax on future income or through set-off against deferred tax liabilities.

**FINANCIAL DEBT**

Mortgage debt and debt from credit institutions are recognised at the time of borrowing as the proceeds received less incurred transaction costs. Interest-bearing debt is subsequently measured at amortised cost calculated on the basis of the effective interest rate at the time of borrowing.

Other debt is measured at amortised cost, which generally corresponds to the nominal value.

**CASH FLOW STATEMENT**

The cash flow statement shows the Group's and the Parent Company's cash flows for the year divided into operating, investing and financing activities, changes in cash and cash equivalents for the year and the Company's cash and cash equivalents at beginning-of-year and end-of-year.

Cash flows from operating activities are presented according to the indirect method and calculated as the profit for the year adjusted for non-cash operating items, changes in working capital, financial expenses and extraordinary items paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the purchase and sale of non-current assets, securities transferred to investing activities and dividends received from associated companies.

Cash flows from financing activities comprise the raising of loans and repayments on interest-bearing debt.

Cash and cash equivalents comprise cash in hand and marketable securities with negligible risk of value changes.

**KEY PERFORMANCE INDICATORS**

Return on invested capital:	$\frac{\text{Profit before net financials, etc. (EBIT)} \times 1000}{\text{Total assets}}$
Solvency ratio:	$\frac{\text{Equity, end-of-period} \times 100}{\text{Total assets}}$
Return on equity:	$\frac{\text{Profit from ordinary activities} \times 100}{\text{Average equity} + \text{minority interests}}$

DKK '000		Group		Parent Company	
Note	2014/15	2013/14	2014/15	2013/14	
1	Revenue	3,390,709	3,325,213	51,937	0
	Cost of sales	2,334,880	2,286,692	0	0
2	<b>CONTRIBUTION MARGIN</b>	<b>1,055,829</b>	<b>1,038,521</b>	<b>51,937</b>	<b>0</b>
	Other external expenses	470,073	460,726	1,058	905
	<b>GROSS PROFIT</b>	<b>585,756</b>	<b>577,795</b>	<b>50,879</b>	<b>-905</b>
3	Employee expenses	369,621	350,945	600	583
4	Depreciation and amortisation	58,273	59,393	0	0
	<b>OPERATING PROFIT (EBIT)</b>	<b>157,862</b>	<b>167,457</b>	<b>50,279</b>	<b>-1,488</b>
8	Income from investments in group enterprises and associated companies	304	281	69,695	93,543
5	Financial income	4,619	5,571	3,662	7,684
6	Financial expenses	25,155	29,169	19,970	17
	<b>PROFIT BEFORE TAX</b>	<b>137,630</b>	<b>144,140</b>	<b>103,666</b>	<b>99,722</b>
7	Tax on profit for the year	35,219	48,363	6,131	9,388
	<b>CONSOLIDATED PROFIT</b>	<b>102,411</b>	<b>95,777</b>	<b>97,535</b>	<b>90,334</b>
	Minority interests' share of the profit	-4,876	-5,443	0	0
	<b>DLF AmbA's SHARE OF THE PROFIT FOR THE YEAR</b>	<b>97,535</b>	<b>90,334</b>	<b>97,535</b>	<b>90,334</b>
<b>Proposed appropriation of the profit for the year:</b>					
	Transferred profit to additional reserve fund			97,535	

DKK '000		Group		Parent Company	
Note	2014/15	2013/14	2014/15	2013/14	
Goodwill	29,489	30,962	0	0	
Other intangible assets	22,533	28,183	0	0	
<b>8 INTANGIBLE ASSETS</b>	<b>52,022</b>	<b>59,145</b>	<b>0</b>	<b>0</b>	
Land and buildings	443,208	444,925	0	0	
Plant and machinery	104,640	90,163	0	0	
Fixtures and fittings, tools and equipment	33,455	43,721	0	0	
Prepayments and plant under construction	13,968	8,667	0	0	
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>	<b>595,271</b>	<b>587,476</b>	<b>0</b>	<b>0</b>	
Investments in group enterprises	0	0	917,945	830,674	
Receivables from group enterprises	0	0	120,000	0	
Investments in associated companies	1,340	1,329	0	0	
Other investments	23,350	21,475	5,076	4,636	
<b>8 NON-CURRENT FINANCIAL ASSETS</b>	<b>24,690</b>	<b>22,804</b>	<b>1,043,021</b>	<b>835,310</b>	
<b>TOTAL NON-CURRENT ASSETS</b>	<b>671,983</b>	<b>669,425</b>	<b>1,043,021</b>	<b>835,310</b>	
<b>INVENTORIES</b>	<b>951,665</b>	<b>853,882</b>	<b>0</b>	<b>0</b>	
Trade receivables	524,433	475,036	2,064	2,822	
Receivables from group enterprises	0	0	21,358	121,877	
7 Deferred tax asset	5,256	0	0	0	
7 Income tax receivable	5,104	2,078	0	0	
Other receivables	53,760	58,242	0	0	
<b>RECEIVABLES</b>	<b>588,553</b>	<b>535,356</b>	<b>23,422</b>	<b>124,699</b>	
<b>CASH</b>	<b>10,306</b>	<b>5,904</b>	<b>14</b>	<b>87</b>	
<b>TOTAL CURRENT ASSETS</b>	<b>1,550,524</b>	<b>1,395,142</b>	<b>23,436</b>	<b>124,786</b>	
<b>TOTAL ASSETS</b>	<b>2,222,507</b>	<b>2,064,567</b>	<b>1,066,457</b>	<b>960,096</b>	

# BALANCE SHEET, EQUITY AND LIABILITIES

at 30 June 2015

29

DKK '000	Group		Parent Company	
Note	2014/15	2013/14	2014/15	2013/14
Operational fund	131,372	140,917	131,372	140,917
Additional reserve fund	921,503	808,593	921,503	808,593
<b>EQUITY</b>	<b>1,052,875</b>	<b>949,510</b>	<b>1,052,875</b>	<b>949,510</b>
<b>9 MINORITY INTERESTS</b>	<b>62,730</b>	<b>55,447</b>	<b>0</b>	<b>0</b>
7 Provisions for deferred tax	27,719	37,176	0	0
10 Other provisions	3,296	6,131	0	0
<b>PROVISIONS</b>	<b>31,015</b>	<b>43,307</b>	<b>0</b>	<b>0</b>
11 Mortgage debt	239,832	245,030	0	0
11 Other credit institutions	238,517	209,991	0	0
<b>LONG-TERM DEBT</b>	<b>478,349</b>	<b>455,021</b>	<b>0</b>	<b>0</b>
11 Current portion of long-term debt	16,866	31,836	0	0
Other credit institutions	201,184	179,953	0	0
Trade payables	147,236	124,212	0	0
7 Income taxes payable	30,932	33,336	12,586	9,558
Other payables	201,320	191,945	996	1,028
<b>SHORT-TERM DEBT</b>	<b>597,538</b>	<b>561,282</b>	<b>13,582</b>	<b>10,586</b>
<b>TOTAL DEBT</b>	<b>1,075,887</b>	<b>1,016,303</b>	<b>13,582</b>	<b>10,586</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,222,507</b>	<b>2,064,567</b>	<b>1,066,457</b>	<b>960,096</b>

DKK '000			
	Operational fund	Additional reserve fund	Total
<b>Equity at 30 June 2013</b>	<b>145,313</b>	<b>730,183</b>	<b>875,496</b>
Profit for the year	0	90,334	90,334
Other capital movements in subsidiary	0	-4,732	-4,732
Paid out	-29,585	0	-29,585
Paid in	17,997	0	17,997
The Board's proposal to transfer part of the reserve fund to the operational fund	7,192	-7,192	0
<b>Equity at 30 June 2014</b>	<b>140,917</b>	<b>808,593</b>	<b>949,510</b>
Profit for the year	0	97,535	97,535
Acquisition of own investments	0	-85	-85
Other capital movements in subsidiary	0	22,460	22,460
Paid out	-33,817	0	-33,817
Paid in	17,272	0	17,272
The Board's proposal to transfer part of the reserve fund to the operational fund	7,000	-7,000	0
<b>Equity at 30 June 2015</b>	<b>131,372</b>	<b>921,503</b>	<b>1,052,875</b>

DKK '000	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit after tax	102,411	95,777	97,535	90,334
Share of non-distributed profit in group enterprises	0	0	-69,695	-93,543
Share of non-distributed profit in associated companies	-126	-92	0	0
Provisions	-13,682	-6,467	0	0
Depreciation, amortisation and write-downs for impairment on property, plant and equipment as well as intangible assets	58,273	59,393	0	0
<b>FINANCING OF OPERATIONS FOR THE YEAR</b>	<b>146,876</b>	<b>148,611</b>	<b>27,840</b>	<b>-3,209</b>
Change in inventories	-60,468	-49,249	0	0
Change in receivables	-23,539	39,097	758	-975
Change in trade payables, etc.	-28,577	-117,337	2,996	7,551
Change in receivables/payables, group enterprises	0	0	-19,481	10,069
Write-downs on non-current investments and other value adjustments	-3,391	-2,961	-525	-740
<b>CHANGE IN CAPITAL TIED UP IN OPERATIONS</b>	<b>-115,975</b>	<b>-130,450</b>	<b>-16,252</b>	<b>15,905</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>30,901</b>	<b>18,161</b>	<b>11,588</b>	<b>12,696</b>
<b>INVESTMENTS</b>				
Investments in intangible assets and property, plant and equipment	-55,056	-66,298	0	0
Change in ongoing investments	-5,232	-1,517	0	0
Investments in group enterprises	-1,894	-232,211	0	0
Disposal of intangible assets and property, plant and equipment	19,355	1,956	0	0
Minority interests' share of equity	2,454	-154	0	0
Dividends received from group enterprises	0	0	4,884	4,884
<b>CASH FLOW FOR INVESTING ACTIVITIES</b>	<b>-40,373</b>	<b>-298,224</b>	<b>4,884</b>	<b>4,884</b>
<b>CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES</b>	<b>-9,472</b>	<b>-280,063</b>	<b>16,472</b>	<b>17,580</b>
<b>FINANCING ACTIVITIES</b>				
Change in long-term loans	11,091	222,926	0	0
Change in bank loans	19,328	72,781	0	-5,905
Pay-out from operational fund, net	-16,545	-11,588	-16,545	-11,588
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>13,874</b>	<b>284,119</b>	<b>-16,545</b>	<b>-17,493</b>
<b>TOTAL CASH FLOW</b>	<b>4,402</b>	<b>4,056</b>	<b>-73</b>	<b>87</b>
Cash and cash equivalents, beginning-of-year	5,904	1,848	87	0
<b>CASH AND CASH EQUIVALENTS, END-OF-YEAR</b>	<b>10,306</b>	<b>5,904</b>	<b>14</b>	<b>87</b>
Change in cash and cash equivalents, beginning-of-year, due to exchange-rate adjustments	1,122	295	0	0

The Cash Flow Statement cannot be deduced directly from the published financial statements.

DKK '000	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
<b>NOTE 1 REVENUE</b>				
Income from sales	3,247,949	3,181,755	0	0
Income from services	142,760	143,458	0	0
Purchase commission	0	0	51,937	0
	<b>3,390,709</b>	<b>3,325,213</b>	<b>51,937</b>	<b>0</b>
<b>SEGMENT INFORMATION</b>				
<b>Geographical markets</b>				
Europe	2,245,409	2,166,739	51,937	0
Other markets	1,145,300	1,158,474	0	0
	<b>3,390,709</b>	<b>3,325,213</b>	<b>51,937</b>	<b>0</b>

In the year under review, an agreement was reached with the Danish tax authorities (SKAT) concerning a number of intra-group transactions between DLF AmbA and DLF-TRIFOLIUM A/S. As a result of the agreement, DLF AmbA receives a purchase commission from DLF-TRIFOLIUM A/S in connection with contracts for seed growing with members of DLF AmbA. The agreement also defines the framework for return on intra-group loans.

The purchase commission for the period 2009-2014 comprises an income totalling DKK 44.5m (included under revenue) and an adjustment of interest income of DKK 18.9m (included under financial expenses). Both adjustments have been incorporated in the financial statements, and treated as changed accounting estimates due to an agreement with DLF-TRIFOLIUM A/S on payment adjustment.

#### NOTE 2 CONTRIBUTION MARGIN

Invoicing to growers made via DLF AmbA totalled	0	0	863,600	899,850
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#### NOTE 3 EMPLOYEE EXPENSES

Salaries and remuneration paid to the Board of Directors	2,398	2,365	600	583
Salaries and remuneration paid to the Group Executive Management	8,112	7,735	0	0
Other wages and salaries	311,343	292,967	0	0
Pension costs, social security costs, etc.	47,768	47,878	0	0
	<b>369,621</b>	<b>350,945</b>	<b>600</b>	<b>583</b>
Average number of employees during the year	802	801	0	0

#### NOTE 4 DEPRECIATION AND AMORTISATION

Leasehold improvements	545	554	0	0
Seed variety rights	1,823	1,812	0	0
Goodwill	9,892	9,373	0	0
Buildings	16,944	16,227	0	0
Plant and machinery	19,929	21,346	0	0
Fixtures and fittings, tools and equipment	15,836	11,187	0	0
Profit on sale of plant	-6,844	-1,173	0	0
Loss on sale of plant	148	67	0	0
	<b>58,273</b>	<b>59,393</b>	<b>0</b>	<b>0</b>

DKK '000	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
<b>NOTE 5 FINANCIAL INCOME</b>				
Interest income etc., securities	254	4,833	254	270
Other interest income	4,365	738	554	738
Interest, group enterprises	0	0	2,854	6,676
	<b>4,619</b>	<b>5,571</b>	<b>3,662</b>	<b>7,684</b>
<b>NOTE 6 FINANCIAL EXPENSES</b>				
Interest expenses from group enterprises	0	0	18,900	0
Interest expenses, etc.	25,155	29,169	1,070	17
	<b>25,155</b>	<b>29,169</b>	<b>19,970</b>	<b>17</b>
<b>NOTE 7 INCOME TAXES</b>				
Tax payable, beginning-of-year	31,258	28,411	9,558	2,089
Prior-year adjustment	-1,483	4,016	689	3,981
Foreign currency adjustments	1,411	31	0	0
Additions on acquisition	0	1,610	0	0
Provisions for current tax	50,390	50,558	5,442	5,397
Tax paid regarding previous year	-26,621	-30,854	-1,965	-372
Tax paid regarding current year	-29,127	-22,514	-1,138	-1,537
<b>Tax payable, end-of-year</b>	<b>25,828</b>	<b>31,258</b>	<b>12,586</b>	<b>9,558</b>
<b>Recognised as follows:</b>				
Income tax receivable	-5,104	-2,078	0	0
Income tax payable	30,932	33,336	12,586	9,558
<b>Total</b>	<b>25,828</b>	<b>31,258</b>	<b>12,586</b>	<b>9,558</b>
<b>Deferred tax provision</b>				
Provisions, beginning-of-year	37,176	21,740	0	0
Foreign currency adjustments	1,255	58	0	0
Additions on acquisition	0	20,864	0	0
Adjustment of tax rate	-111	-158	0	0
Tax on changes in equity	0	0	0	0
Prior-year adjustment	-4,189	-600	0	0
Adjustment of provisions	-11,668	-4,728	0	0
<b>Provisions, end-of-year</b>	<b>22,463</b>	<b>37,176</b>	<b>0</b>	<b>0</b>
<b>Recognised as follows:</b>				
Deferred tax asset	-5,256	0	0	0
Deferred tax	27,719	37,176	0	0
<b>Total</b>	<b>22,463</b>	<b>37,176</b>	<b>0</b>	<b>0</b>
Current tax	51,684	50,558	5,442	5,397
Current tax on changes in equity	272	-617	0	0
Prior-year adjustment	-6,281	3,308	689	3,991
Adjustment of tax rate	-98	-158	0	0
Adjustment of provision for deferred tax	-10,358	-4,728	0	0
<b>Charged to the income statement</b>	<b>35,219</b>	<b>48,363</b>	<b>6,131</b>	<b>9,388</b>

DKK '000										Non-current assets, Group									
NOTE 8	Intangible assets			Property, plant and equipment			Investments			Total									
	Goodwill	Seed variety rights	Customer contracts	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Investments in group enterprises	Other investments											
Acquisition cost, beginning-of-year	52,221	63,399	30,390	665,186	431,917	207,942	652	10,089	1,461,796										
Foreign currency adjustments, etc.	2,581	88	4,484	13,885	7,911	3,837	97	73	32,956										
Additions during the year	0	67	0	17,580	28,781	8,628	0	0	55,056										
Disposals during the year	0	0	0	-16,765	-10,612	-5,070	0	0	-32,447										
Transferred from other items	0	0	0	0	2,984	-2,984	0	0	0										
<b>Acquisition cost, end-of-year</b>	<b>54,802</b>	<b>63,554</b>	<b>34,874</b>	<b>679,886</b>	<b>460,981</b>	<b>212,353</b>	<b>749</b>	<b>10,162</b>	<b>1,517,361</b>										
Revaluations, beginning-of-year	0	0	0	0	0	0	677	11,387	12,064										
Foreign currency adjustments, etc.	0	0	0	0	0	0	40	0	40										
Additions during the year	0	0	0	0	0	0	304	1,802	2,106										
Disposals during the year	0	0	0	0	0	0	-430	0	-430										
<b>Revaluations, end-of-year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>591</b>	<b>13,189</b>	<b>13,780</b>										
Accumulated depreciation, amortisation and write-downs for impairment, beginning-of-year	21,259	59,526	6,080	220,261	341,754	164,221	0	1	813,102										
Foreign currency adjustments, etc.	249	78	1,807	2,497	5,156	3,179	0	0	12,966										
Depreciation and amortisation for the year	3,805	1,824	6,580	13,194	19,929	14,631	0	0	59,963										
Write-downs for impairment during the year	0	0	0	4,295	0	1,205	0	0	5,500										
Disposals during the year	0	0	0	-3,569	-10,498	-4,338	0	0	-18,405										
<b>Accumulated depreciation, amortisation and write-downs for impairment, end-of-year</b>	<b>25,313</b>	<b>61,428</b>	<b>14,467</b>	<b>236,678</b>	<b>356,341</b>	<b>178,898</b>	<b>0</b>	<b>1</b>	<b>873,126</b>										
<b>CARRYING AMOUNT</b>	<b>29,489</b>	<b>2,126</b>	<b>20,407</b>	<b>443,208</b>	<b>104,640</b>	<b>33,455</b>	<b>1,340</b>	<b>23,350</b>	<b>658,015</b>										

The cash property value of land and buildings at 30 June 2015 amounted to DKK 340,599 thousand.

The carrying amount of non-valued properties was DKK 166,993 thousand.

Prepayments and plant under construction comprise primarily a new Group IT system

#### Investments in associated companies in DKK '000

Carrying amount, beginning-of-year	1,329
Foreign currency translation, etc.	137
Additions during the year	0
Disposals during the year	0
Dividend	-430
Share of profit for the year	304
<b>Carrying amount, end-of-year</b>	<b>1,340</b>
Net profits in associated companies, etc.	304
<b>Income from investments in associated companies</b>	<b>304</b>

#### Associated companies

	Currency	Share capital	Ownership share
Premier Pacific Seeds Ltd.	CAD '000	300	40%
Dieskau Saat GmbH	EUR '000	25	25%

#### Other investments

Scanola A/S	DKK '000	20.000	12%
Thorsens Chipskartofler A/S	DKK '000	320	10%

DKK '000					Non-current assets, Parent Company				
NOTE 8	Investments			Total				Total	
	Investments in group enterprises	Receivables from group enterprises	Other investments						
Acquisition cost, beginning-of-year	324,055	0	592					324,647	
Foreign currency adjustments, etc.	0	0	0					0	
Additions during the year	0	120,000	0					120,000	
Disposals during the year	0	0	0					0	
<b>Acquisition cost, end-of-year</b>	<b>324,055</b>	<b>120,000</b>	<b>592</b>					<b>444,647</b>	
Revaluations, beginning-of-year	506,619	0	4,044					510,663	
Capital movements in group enterprises, etc.	22,461	0	0					22,461	
Additions during the period	69,695	0	440					70,135	
Disposals during the year	-4,884	0	0					-4,884	
<b>Revaluations, end-of-year</b>	<b>593,890</b>	<b>0</b>	<b>4,484</b>					<b>598,374</b>	
Accumulated depreciation, amortisation and write-downs for impairment, beginning-of-year	0	0	0					0	
Depreciation and amortisation for the year	0	0	0					0	
Disposals during the year	0	0	0					0	
<b>Accumulated depreciation, amortisation and write-downs for impairment, end-of-year</b>	<b>0</b>	<b>0</b>	<b>0</b>					<b>0</b>	
<b>Carrying amount</b>	<b>917,945</b>	<b>120,000</b>	<b>5,076</b>					<b>1,043,021</b>	

DLF AmbA has granted a subordinated loan of DKK 120m. The loan is exempt from repayment with a maturity term of five years due on 30 June 2020. DLF AmbA has submitted resignation statements to the unsecured creditors in DLF-TRIFOLIUM A/S.

Investments in group enterprises		Group enterprises			
		Currency	Share capital	Ownership share	
Carrying amount, beginning-of-year	830,674	DLF-TRIFOLIUM A/S	DKK '000	64.263	95%
Capital adjustments in group enterprises	22,461	Indirectly owned:			
Dividend	-4,884	DLF-Pickseed USA Inc.	USD '000	2.046	100%
Profits in group enterprises	69,695	DLF Pickseed Canada Inc.	CAD '000	17.500	100%
Losses in group enterprises	0	DLF Seeds Ltd.	NZD '000	2.301	100%
<b>Carrying amount, end-of-year</b>	<b>917,945</b>	DLF-TRIFOLIUM Netherlands Holding B.V.	EUR '000	18	100%
Net profits in group enterprises and associated companies, etc.	69,695	Indirectly owned enterprises affiliated with DLF-TRIFOLIUM Netherlands Holding B.V.			
<b>Income from investments in group enterprises</b>	<b>69,695</b>	Innoseeds B.V.	EUR '000	4.810	100%
		Innoseeds Group Export B.V. (wound up on 1 July 2014)	EUR '000	18	100%
		DLF-TRIFOLIUM Ltd.	GBP '000	4.631	100%
		DLF France S.A.S	EUR '000	3.000	67%
		DLF-TRIFOLIUM Deutschland GmbH	EUR '000	51	100%
		DLF-TRIFOLIUM France SARL	EUR '000	15	100%
		DLF-TRIFOLIUM Hladké Životice s.r.o., the Czech Republic	CZK '000	16.860	91%
		DLF-TRIFOLIUM LLC, Moscow, Russia	RUB '000	10	100%
		Danespo A/S	DKK '000	22.526	50%
		Prodana Seeds A/S (merged with DLF-TRIFOLIUM as at 1 July 2014)	DKK '000	2.080	100%
		Prodana Frö AB	SEK '000	100	100%
		Jensen Seeds A/S	DKK '000	2.000	50%
		DLF Seeds, Ireland	EUR '000	500	55%

DKK '000	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
<b>NOTE 9 MINORITY INTERESTS</b>				
Minority interests at 1 July	55,447	51,328	0	0
Foreign currency translation	-173	-819	0	0
Share of profit for the year	4,876	5,443	0	0
Additions during the year	1,670	0	0	0
Dividend paid	-257	-257	0	0
Other capital movements	1,167	-248	0	0
<b>Minority interests at 30 June</b>	<b>62,730</b>	<b>55,447</b>	<b>0</b>	<b>0</b>

<b>NOTE 10 OTHER PROVISIONS</b>				
Provisions for restructuring and pension commitments, beginning-of-year	6,131	6,812	0	0
Settled during the year	-2,835	-1,431	0	0
New provision for restructuring and pension commitments	0	750	0	0
<b>Total</b>	<b>3,296</b>	<b>6,131</b>	<b>0</b>	<b>0</b>

Other provisions fall due as follows:

Within one year	2,644	2,598	0	0
Between one and five years	652	2,281	0	0
After five years	0	1,252	0	0
<b>Total</b>	<b>3,296</b>	<b>6,131</b>	<b>0</b>	<b>0</b>

#### Note 11 LONG-TERM DEBT

Long-term debt falls due as follows:				
Within one year	16,866	31,836	0	0
Between one and five years	255,211	266,310	0	0
After five years	223,138	188,711	0	0
	<b>495,215</b>	<b>486,857</b>	<b>0</b>	<b>0</b>

#### CONTINGENT LIABILITIES

##### Note 12 Guarantee and recourse guarantee commitments Parent Company and Group

DLF-TRIFOLIUM A/S has provided a guarantee with primary liability to the Company's bank for loans to group enterprises amounting to maximum DKK 90m. The debt amounted to DKK 36m at 30 June 2015.

DLF-TRIFOLIUM A/S has given binding declarations of support to two subsidiaries. Land and buildings in DLF-TRIFOLIUM A/S with a carrying amount of DKK 241m have been provided as security for mortgage institutions with a total liability of DKK 291m.

DKK '000	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14

**NOTE 13 Other****Lease commitments****Group**

The Company has entered into operating leases regarding property, plant and equipment with maturity terms of up to eight years.

Within one year	6,802	5,958	0	0
Between one and five years	17,425	16,228	0	0
After five years	2,238	6,186	0	0
	<b>26,465</b>	<b>28,372</b>	<b>0</b>	<b>0</b>

**NOTE 14 Related parties**

The Company's related parties consist of group enterprises as well as the Board of Directors and the Executive Board. The Company's transactions with related parties have been carried out on an arm's length basis, and are therefore not disclosed separately in accordance with Section 98C of the Danish Financial Statements Act.

**NOTE 15 Auditors' fees****Fees to auditors elected by the Annual General Meeting**

Ernst & Young, audit fee	1,793	1,388	13	30
Ernst & Young, fee for services other than auditing	102	62	0	0
Ernst & Young, fee for tax advice	922	521	209	0
Ernst & Young, fee for other services	299	282	0	0
	<b>3,116</b>	<b>2,253</b>	<b>222</b>	<b>30</b>
Others, audit fee	711	1,064	0	0
Others, fee for services other than auditing	0	0	0	0
Others, fee for tax advice	410	202	0	0
Others, fee for services other than auditing	234	294	0	0
	<b>1,355</b>	<b>1,560</b>	<b>0</b>	<b>0</b>
Total	<b>4,471</b>	<b>3,813</b>	<b>222</b>	<b>30</b>



*DLF AmbA's Board of Directors in front of 8,000 turfgrass lots at our breeding station in Store Heddinge. From the left: Peter Bagge Hansen, Landowner, Anders Frandsen, Landowner, Henrik Kreutzfeldt, Proprietor, Flemming Rod Madsen, Landowner, Mogens Worre-Jensen, Estate Manager, Hans Boesen, Landowner, Lars Erik Garder, Landowner, Søren Wibholm Just, Proprietor (Deputy Chairman), and Christian Høegh-Andersen, Landowner (Chairman)*

#### **DLF AmbA**

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#### **EXECUTIVE BOARD**

Truels Damsgaard  
CEO

#### **AUDITORS**

Ernst & Young  
Godkendt Revisionspartnerselskab  
CVR No. 30700228

#### **EDITING**

Communications Department,  
DLF

#### **BOARD OF DIRECTORS**

Christian Høegh-Andersen, Landowner (Chairman)  
Luenhøj, Nykøbing F.

Søren Wibholm Just, Proprietor (Deputy Chairman)  
Torsmark, Spøttrup

Mogens Worre-Jensen, Estate Manager  
Vallø Stift Landbrug, Køge

Henrik Kreutzfeldt, Proprietor  
Dybvad, Ørting

Hans Boesen, Landowner  
Damgaard, Veflinge

Peter Bagge Hansen, Landowner  
Sølvbjerggaard I/S, Stege

Lars Erik Garder, Landowner  
Vimtrupgård, Lintrup

Anders Frandsen, Landowner  
Søbjerggård, Borup

Flemming Rod Madsen, Landowner  
Eistrupgård, Randers



1

1 Plants of benefit to game and bees are of increasing interest. The picture shows DLF's wildflower mixture



2

2 Jensen Seeds' new seed treatment and coating facility with packing line opened in 2015



3

3 In May, DLF participated in Celoslovenské dni pola, Slovakia's largest agricultural show

4 In Sweden, DLF's business partners arranged a fair where we met more than 100 managers from our partner distribution network

5 The Glee Garden fair in Birmingham had more than 500 exhibitors. Here, our British Turfline team is presenting the lawn seed brand to private consumers

6 In spring 2015, we set up a joint venture company together with Arvum Group in Ireland. The new Group company is located in Ballymountain, Waterford, in southeast Ireland. The picture shows our Irish sales team



5



4

7 DLF supplied sports grass to Copa América, the South American championship played in Chile. The picture is from Santiago, where the final match was played



6



7



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