

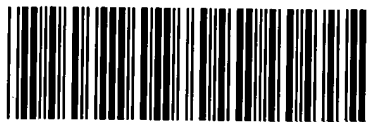
Company Registration No. 02381612

Dow Agrosciences Limited

Annual Report and Financial Statements

For the year ended 31 December 2017

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Dow Agrosciences Limited

Annual report and financial statements for the year ended 31 December 2017

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Dow Agrosciences Limited

Officers and professional advisers

Directors

J Humphreys
A Jones

Company Secretary

C Jenkins

Registered Office

Cpc2 Capital Park
Fulbourn
Cambridge
England
CB21 5XE

Bankers

Deutsche Bank AG London
Deutsche Bank AG Frankfurt
Allied Irish Bank PLC Dublin
Citibank N.A. New York

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Dow Agrosiences Limited

Strategic report

Performance review

Dow Agrosiences Limited (“the Company”) generates its revenue and profits from its research and development, manufacture, marketing and distribution activities of agrochemical products. The Company is a subsidiary of DowDuPont Inc. DowDuPont Inc. and its subsidiaries are collectively referred to as “DowDuPont group”.

Results in 2017 show a fourth successive year of positive gross profits, whereas turnover in 2017 was slightly lower than the previous year. Cost of sales in 2017 was lower compared to 2016 and the company still continued to report strong gross profit.

As part of the overall restructuring of the DowDuPont group of companies which will see the separation of the electronic materials and agrosiences businesses from DowDuPont’s other activities, on 1 August 2017 the Company acquired the fixed assets related to the agrosiences business of the Kings Lynn site of Dow Chemical Company Limited and took over the employment of employees providing services to this business from Dow Chemical Services Limited.

2017 saw a continued evolution of the Brexit debate and how it might impact our industry. The Company remains committed to British agriculture and the development of new products for a range of crops. Most notably market advisors were introduced to Inatreq® Active cereal fungicide with its new mode of action in cereal disease control and the new oilseed rape herbicide based on Arylex® Active for use once the growers know the crop is established. Grass, the bedrock of a grassland farmers’ feedstock, was more than ever recognized as the most cost effective form of feed and growers spent time and effort controlling weeds in grassland to maximize output. This resulted in the Company’s best ever year for grassland herbicide sales. Post September, much time and effort went into building a unified Dow / DuPont / Pioneer agriculture division. To ensure focus and customer service, crop protection and seeds remain separated at the business partner and farmer level but unified at country level to ensure consistency of approach. The Company remains very optimistic about ambitious growth plans with an increasing portfolio well suited to UK and Irish conditions.

As shown in the Company’s profit and loss account on page 9, the Company’s sales have decreased from the prior year with gross profit increasing from £25,853,000 in 2016 to £27,246,000. Operating profit increased from a loss of £1,159,000 in 2016 to a profit of £19,462,000 in 2017 principally due to a decrease in pension costs recharged to the Company by a related company, which affects cost of sales, distribution and administration costs in line with the function to which the personnel providing their services to the Company relate.

The balance sheet on page 10 of the financial statements shows the Company’s financial position. At the year the Company had net assets of £112,655,000 (2016: £96,559,000) and net current assets of £96,546,000 (2016: £92,099,000). The increase in net assets is due to the acquisition of tangible assets from a related company noted above and to a large decrease in rebilled pension plan liability costs by a related company as a result of an improved position on the underlying defined pension scheme deficit of that entity.

The directors consider the Company to be a going concern. See note 1 to the financial statements.

Principal risks and uncertainties

Competitive pressure, both within the UK and overseas, is a continuing risk for the Company. The Company manages this risk by providing value added services to its customers, having fast response times not only in supplying products but in handling all customer queries and by maintaining strong relationships.

On 23 June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union (Brexit) and on 29 March 2017 the UK government triggered Article 50 of the Lisbon Treaty, which will result in the UK’s withdrawal from the European Union on 29 March 2019. The longer term political and economic effects of these events are as yet unclear and the lack of clarity on the UK’s relationship with the European Union after the UK’s withdrawal from the United Kingdom creates uncertainty. This uncertainty, including over the terms of trade with countries in the European Union and regulation for the Company and its products, as well as the potential for increased foreign exchange volatility, may negatively impact the Company’s financial performance.

Dow Agrosciences Limited

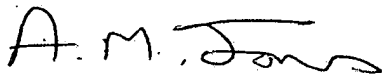
Strategic report (continued)

The risks faced by the Company are directly linked to business risks faced by the DowDuPont group as a whole, due to the global nature of its operations. Changes in the DowDuPont group's product and manufacturing strategy may therefore affect the Company's operations. The business risks faced by the DowDuPont group are disclosed in its Securities and Exchange Commission filings which are available at www.dow-duPont.com.

Key performance indicators (KPI's)

The DowDuPont group manages its operations on the basis of global business units across legal entities globally. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the presentation of development, performance or position of the business.

Approved by the Board of Directors
and signed on behalf of the Board



A Jones
Director

30 October 2018

Dow Agrosciences Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Financial risk management

The Company is part of the DowDuPont group of companies which uses well developed and extensive practices to manage financial risks, including those relating to currencies, liquidity, price and credit. The Company manages all material foreign exchange exposure risk by the use of foreign currency derivatives entered into with a DowDuPont Group treasury company. The Company's use of foreign currency derivative instruments is directly related to the net underlying foreign currency exposure; no speculative or trading transactions are undertaken and the Company does not directly enter into any third party derivative financial instruments. A fellow subsidiary provides, where needed, adequate short term liquidity. The Company is exposed to commodity price risk as a result of its operations. Materials are purchased from group undertakings. The DowDuPont group mitigates price risk by using a variety of suppliers, contract terms, contract agreements and swap deals. To ensure timely collection of receivables, the Company reviews the financial health of debtors using recognised management tools.

Directors and their interests

The details of the Company's directors who have served throughout the year, including any changes subsequent to the year-end, are set out below:

A Jones
T McEwan (resigned on 01/04/2017)
J Humphreys (appointed on 01/04/2017)

Directors' indemnities

The Company's ultimate parent company has made qualifying third party indemnity provisions for the benefit of the Company's directors which were made during the year and remain in force at the date of this report.

Dividends

The directors do not recommend the payment of a dividend for the current financial year (2016: £6,730,625).

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through formal and informal meetings, Company-wide webcasts and other communications made available on the Company's intranet. The Company encourages each individual employee to participate in the parent company's share purchase plan. The purpose of the scheme is to give employees the possibility of purchasing shares on favourable terms.

Research and development activities

The Company has a dedicated research and development team which carries out research and development activities on behalf of the parent. All costs associated with research and development activities are rebilled to the parent.

Dow Agrosciences Limited

Directors' report (continued)

Future developments

Going forward, Corteva Agriscience, the agriculture division of DowDuPont is determined to grow on the success of the legacy businesses and take the opportunity to listen to key stakeholders by adopting an outside-in approach. Consumers too are vitally important in the debates around sustainability, environment and feeding an ever increasing global population. Staff are vital to our success and we are pleased to confirm a full team is in place to drive our business forward.

Post balance sheet events

Details of post balances sheet events affecting the Company are provided in note 19 to the financial statements.

Auditor

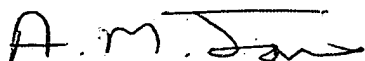
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



A Jones
Director

30 October 2018

Dow Agrosciences Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Dow Agrosciences Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Dow Agrosciences Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the accounting policies; and
- the related notes 2 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Dow Agrosciences Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Hadleigh Shekle FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

30 October 2018

Dow Agrosciences Limited

Profit and loss account For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	3	215,951	219,620
Cost of sales		<u>(188,705)</u>	<u>(193,767)</u>
Gross profit		27,246	25,853
Distribution costs		(3,375)	(7,404)
Administrative expenses		(9,407)	(24,054)
Other operating income		<u>4,998</u>	<u>4,446</u>
Operating profit/(loss)		19,462	(1,159)
Interest receivable	4	429	452
Interest payable	4	<u>(212)</u>	<u>(15)</u>
Profit/(loss) before taxation	5	19,679	(722)
Tax (charge)/credit on profit/(loss)	7	<u>(3,791)</u>	<u>349</u>
Profit/(loss) for the year		<u>15,888</u>	<u>(373)</u>

The Company has no items of other comprehensive income for the current and preceding year and therefore no separate statement of comprehensive income has been presented.

The profit and loss account relates wholly to continuing operations.

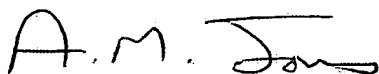
Dow Agrosciences Limited
Company Registration No. 02381612

Balance sheet
As at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	8	<u>16,438</u>	<u>4,627</u>
Current assets			
Stocks	9	29,427	29,410
Debtors	10	127,752	132,185
Cash at bank and in hand		945	2,165
		<u>158,124</u>	<u>163,760</u>
Creditors: amounts falling due within one year	11	<u>(61,578)</u>	<u>(71,661)</u>
Net current assets		<u>96,546</u>	<u>92,099</u>
Total assets less current liabilities		<u>112,984</u>	<u>96,726</u>
Provisions for liabilities	12	<u>(329)</u>	<u>(167)</u>
Net assets		<u>112,655</u>	<u>96,559</u>
Capital and reserves			
Called-up share capital	13	32,220	32,220
Profit and loss account	14	80,435	64,339
Shareholder's funds		<u>112,655</u>	<u>96,559</u>

The financial statements of Dow Agrosciences Limited registered number 02381612 were approved by the Board of Directors and authorised for issue on 3 October 2018.

Signed on behalf of the Board of Directors



A Jones
 Director

Dow Agrosciences Limited

Statement of changes in equity For the year ended 31 December 2017

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2016	32,220	71,565	103,785
Loss for the financial year	-	(373)	(373)
Total comprehensive loss	-	(373)	(373)
Intra-group recharge on vested share options	-	(122)	(122)
Dividends paid on equity shares	-	(6,731)	(6,731)
At 31 December 2016	32,220	64,339	96,559
Profit for the financial year	-	15,888	15,888
Total comprehensive income	-	15,888	15,888
Share-based payments charge, net of intra-group recharge on vested share options	-	208	208
At 31 December 2017	32,220	80,435	112,655

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below, which have been followed consistently this year and in the preceding year.

General information and basis of accounting

Dow Agrosciences Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on page 1. The nature and the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it under Section 1 paragraph 12. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and disclosure of intra-group related party transactions. The parent of the group in whose consolidated financial statements the Company's financial statements are included is DowDuPont Inc. and its financial statements are readily available as set out in note 20.

Going concern

As shown on page 9 the Company made an operating profit for the year. The Company is in a current asset and net asset position. The Company is part of the DowDuPont group. After taking into consideration reasonably possible changes in trading performance, the Directors are satisfied that at the time of approving the financial statements, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services provided. Turnover for goods is recognised at the point of delivery of goods to the customer or at the point of despatch, depending on the terms of sale with the customer. Turnover from the supply of services is recognised as the research and development, marketing and distribution services are provided to other group companies and is recorded at the fair value of the consideration received or receivable.

Other operating income

Other operating income principally relates to commissions earned from other DowDuPont group companies where the Company provides agency services on sales made by such other DowDuPont group companies. Commission is recognised at the time the sale transaction by the other DowDuPont group company is completed with the customer.

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on a straight line basis. The expected lives of major classes of assets are as follows:

Freehold buildings	20-50 years
Plant and machinery	5-20 years
Fixtures, fittings, tools and equipment	3-10 years

Depreciation is not provided on freehold land or assets which have not yet been brought into use.

Stocks

Stocks are stated in the balance sheet at the lower of cost and net realisable value and are accounted for on a first in first out basis. Production consumables, raw materials and work in progress are valued at the cost incurred in bringing the stocks to their present location and condition. Finished goods are valued at raw material cost plus appropriate labour and overhead expenditure. Provision is made for obsolete, slow-moving or defective items where appropriate.

Pension costs

Following the transfer of the employees from Dow Chemical Services UK Limited on 1 August 2017, the Company became a participating employer in the Dow Services UK Pension Plan (the "Plan"), a defined benefit pension scheme. Dow Chemical Services UK Limited is legally responsible for the Plan.

Under the pension funding arrangements in place with the related company, any movements in the pension plan liability recognised by the related company under Section 28 of FRS 102 are recharged / credited to the Company and treated as an expense / credit to expense in the profit and loss account and are allocated between cost of sales, administrative and distribution expenses in line with the function to which the personnel providing their services to the Company relate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date or if appropriate at the contracted rate. Translation differences are dealt with in the profit and loss account.

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

1. Accounting policies (continued)

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Research and development

Research and development costs are expensed as incurred and recharged to the Company's US parent.

Cash flow

The Company meets the definition of a qualifying entity under FRS 102 and has taken advantage of the disclosure exemption provided by paragraph 1.12(b) of FRS 102 from preparing a Statement of Cash Flows. The Company is a wholly-owned subsidiary of DowDuPont Inc. which has prepared consolidated accounts for the period which contain a consolidated cash flow statement that includes the cash flows of the Company and which are publicly available.

Share-based payments

The Company has applied the requirements of section 26 of FRS 102 Share-Based Payments.

DowDuPont Inc., being the parent of the group, issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The Company uses a lattice-based option valuation model to estimate the fair value of stock options and subscriptions to purchase shares under the Employee Stock Purchase Plan (ESPP).

With regard to the ESPP, DowDuPont Inc also provides employees with the ability to purchase its ordinary shares at an amount no less than 85% of the market price. The company records an expense, based on its estimate of the 15% discount related to shares expected to vest on a straight-line basis over the vesting period.

Where DowDuPont Inc grants rights or share options over its shares to employees of the Company, the Company records the credit directly to the share-based payment reserve in equity; where the Company makes cash payments to DowDuPont Inc in respect of any rights or share options granted, such cash contributions are accounted for as a reduction in the share-based payment reserve in equity.

People related costs

Until 1 August 2017 people related costs were rebilled to the Company from another UK subsidiary of the DowDuPont group of companies under a service agreement for a fee based on the costs incurred together with a mark-up. These costs were recorded in cost of sales, administration and distribution expenses based on the function to which the personnel providing their services to the Company related. From 1 August 2017, following the transfer of employees from that UK subsidiary to the Company, people related costs are directly incurred by the Company.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

1. Accounting policies (continued)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

i. Financial assets and liabilities

Financial assets and liabilities are initially recorded at transaction price, including transaction costs, unless the arrangement constitutes a financing transaction. Except for derivative financial instruments, the Company's financial assets and liabilities are payable or receivable within one year and are subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of any impairment.

Financial assets are de-recognised only where the contractual rights to the cash flows from the asset expire or are settled; or if the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity; or the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii. Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk. The Company does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

The best evidence of fair value is a quoted price for an identical instrument in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical instrument provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical instrument on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

The Company meets the definition of a qualifying entity under FRS 102 and has taken advantage of the disclosure exemptions available to it under Section 1 paragraph 12c of FRS 102 as the disclosures are included in the financial statements of DowDuPont Inc. which are readily available as set out in note 20.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Company's accounting policies

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, there are no critical accounting policies or key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Turnover

In the opinion of the directors, the Company operates one class of business. All of the Company's turnover, profit before tax and net assets originate from, or are located in, the United Kingdom. Geographical markets supplied are:

	2017 £'000	2016 £'000
UK	41,754	41,142
Rest of Europe	110,630	106,220
Middle East and Africa	24,340	23,811
Pacific Basin	1,568	3,473
North America	34,658	42,549
Latin America	3,001	2,425
	<u>215,951</u>	<u>219,620</u>

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

3. Turnover (continued)

An analysis of company's revenue is as follows:

	2017 £'000	2016 £'000
Sales of goods	187,769	187,412
Rendering of services	28,182	32,208
Commissions	4,998	4,339
Interest	429	452
	<u>221,378</u>	<u>224,411</u>

4. Interest receivable and payable

	2017 £'000	2016 £'000
Interest received on intercompany loans	429	452
Interest payable to group undertakings	(212)	(15)
	<u>217</u>	<u>437</u>

5. Profit/(loss) before taxation

	2017 £'000	2016 £'000
Profit/(loss) before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	699	517
Operating leases – other	302	413
– land and buildings	520	671
Royalty charges	1,434	1,598
Cost of inventory recognised as an expense	66,828	71,091
(Gain)/loss on foreign exchange	(246)	604
Profit on sale of fixed assets	-	(8)
Research and development	150	(267)
	<u>150</u>	<u>(267)</u>

Gains and losses on foreign exchange have been included within administrative expenses.

Auditor's remuneration

	2017 £'000	2016 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	25	25
Other non-audit services	-	-
	<u>25</u>	<u>25</u>

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

6. Directors' remuneration and staff costs

Directors' remuneration

From 1 August 2017 one director received remuneration directly from the Company, as disclosed in the table below.

	1 Aug to 31 Dec 2017 £'000
Directors emoluments in respect of services to the Company:	
Management salaries	33
Pension contributions	3
Benefits	-
	<hr/>
	36

In addition to the above, from the date of appointment on 1 April 2017 until 1 August 2017, the director was employed by another group company and received remuneration from that company of £58,481. A further director was also a director of Dow Chemical Services UK Limited, Dow Chemical Company Limited, Dow UK Limited and Hyperlast Limited in the year. He received total remuneration of £688,855 from Dow Chemical Services UK Limited for his services to DowDuPont group companies, but it is not practicable to allocate this between his services as a director of Dow Agrosciences Limited and his services to other fellow companies.

For the year ended 31 December 2016, directors were remunerated by fellow group companies for their services to the various Dow group companies for which they were employees or directors. Two of the directors who served as a director in the year were also directors of Dow Chemical Company Limited, Dow UK Limited and Hyperlast Limited during the year. The directors of Dow Agrosciences Limited received total remuneration of £486,000 during the year for the period in which they served as directors, but it is not practicable to allocate this between their services as directors of Dow Agrosciences Limited and their services as directors and executives to other fellow companies.

Prior to 1 August 2017, the Company had no employees.

Employees costs, including executive directors

	1 Aug to 31 Dec 2017 £'000
Wages and salaries	3,951
Social security costs	438
Share-based payment charge	692
	<hr/>
	5,081

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

6. Director's remuneration and staff costs (continued)

The monthly average number of employees employed by the company during the year ended 31 December 2017 was as follows:

	1 Aug to 31 Dec 2017 No.
Operations	57
Research and development	57
Sales and marketing	23
	<u>137</u>

7. Tax charge on profit/(loss)

	2017 £'000	2016 £'000
United Kingdom corporation tax at 19.25% (2016: 20%) based on the profit/(loss) for the year	3,539	-
Adjustment in respect of prior years	(240)	(201)
Total current tax charge/(credit)	<u>3,299</u>	<u>(201)</u>
Deferred taxation:		
Origination and reversal of timing differences	254	(98)
Adjustments in respect of prior periods	238	(54)
Effect of tax rate change on opening balance	-	4
Total deferred tax charge/(credit)	<u>492</u>	<u>(148)</u>
Tax charge/(credit) on profit/(loss)	<u>3,791</u>	<u>(349)</u>

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

7. Tax charge on profit/(loss) (continued)

The tax assessed for the year is higher (2016: higher) than that resulting from applying the standard rate of corporation tax in the UK of 19.25% (2016: 20.0%). The difference is explained below:

	2017 £'000	2016 £'000
Profit/(loss) before tax	19,679	(722)
Tax at 19.25% thereon (2016: 20.0%):	3,788	(144)
Effects of:		
Expenses not deductible for tax purposes	4	20
Fixed asset differences	35	9
Capital allowances in excess of depreciation		-
Other deferred tax movements	204	(33)
Prior period adjustments	(240)	(201)
Tax (credit)/charge for year	3,791	(349)

The standard rate of tax applied to the loss is 19.25% (2016: 20.0%). The Finance Act No2 2015 included provisions to reduce the UK corporation tax rate to 19% with effect from 1 April 2017. The Finance Act 2016 introduced further legislation to reduce the main rate of corporation tax to 17% from 1 April 2020. Deferred tax has been provided at 17% (2016: 17%) following the enactment of the Finance Act 2016. During the year beginning 1st January 2018, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £133,000 (2017: decrease £198,000). This is due to net deferred tax assets which are expected to reverse in the following year.

8. Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost				
At 1 January 2017	2,824	24,568	855	28,247
Additions	5,861	6,644	5	12,510
Disposals	(20)	(451)	-	(471)
31 December 2017	8,665	30,761	860	40,286
Accumulated depreciation				
At 1 January 2017	2,285	20,830	505	23,620
Charge for the year	182	466	51	699
Disposals	(20)	(451)	-	(471)
At 31 December 2017	2,447	20,845	556	23,848
Net book value				
At 31 December 2017	6,218	9,916	304	16,438
At 31 December 2016	539	3,738	350	4,627

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

9. Stocks

	2017 £'000	2016 £'000
Raw materials and consumables	2,061	3,533
Work in progress	19,299	16,721
Finished goods	8,067	9,156
	<u>29,427</u>	<u>29,410</u>

The replacement cost of stock is not materially different from that stated above.

10. Debtors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors	19,145	21,995
Amounts owed by group companies	106,741	109,279
Other debtors	1,699	696
Prepayments and accrued income	167	52
Deferred tax	-	163
	<u>127,752</u>	<u>132,183</u>

Amounts owed by group companies consist of intercompany loans and debtors. The loans are revolving unsecured loans, until terminated by either party, with the interest rate based on the one month LIBOR rate and a credit spread that is representative of transactions with unrelated parties under similar terms and conditions.

11. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	12,320	10,051
Amounts owed to group companies	32,608	51,389
Other creditors	5,673	3,156
Taxation and social security	10,426	6,951
Accruals and deferred income	551	114
	<u>61,578</u>	<u>71,661</u>

Amounts owed to group companies consist of intercompany loans and creditors. The loans are revolving unsecured loans, until terminated by either party, with the interest rate based on the one month LIBOR rate and a credit spread that is representative of transactions with unrelated parties under similar terms and conditions.

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

12. Provisions for liabilities

The movements on the provisions are as follows:

	Provision for environmental remediation £'000	Deferred taxation £'000	Total £'000
Balance at 1 January 2017	167	-	167
Released in the year	(167)	-	(167)
Transferred from debtors (note 10)	-	(163)	(163)
Charged to profit and loss in the year	-	492	329
	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2017	<u> </u>	<u> </u>	<u> </u>

Provisions for environmental remediation are recorded when contamination is identified and the liability can be reasonably estimated based on current regulations and existing technologies. The amount provided for environmental remediation is the Company's best estimate of these costs, although the ultimate cost with respect to these matters could be in excess of this amount. The provision was fully reversed in the year.

	2017 £'000	2016 £'000
Deferred tax (assets)/ liabilities:		
Tax effect on timing differences arising on capital allowances in excess of depreciation	311	80
Other short-term timing differences	18	(28)
Tax losses carried forward and other deductions	-	(215)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

There is no expiry date for tax losses and other timing differences.

13. Called-up share capital

	2017 £'000	2016 £'000
Allotted, called-up, and fully paid 32,220,000 (2016: 32,220,000) ordinary shares of £1 each	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

14. Reserves

	Profit and loss account £'000
Balance at 1 January 2017	64,339
Profit for the year	15,888
Share-based payments charge, net of intra-group recharge on vested share options	208
Balance at 31 December 2017	<u>80,435</u>

15. Share-based payments

In connection with the merger between The Dow Chemical Company and DuPont, on 31 August 2017 ("Conversion Date") all outstanding Dow stock options and deferred stock awards were converted into stock options and deferred stock awards with respect to DowDuPont Common Stock. The stock options and deferred stock awards have the same terms and conditions under the applicable plans and award agreements prior to the Merger. All outstanding and non-vested performance stock awards were converted into deferred stock awards with respect to DowDuPont Common Stock at the greater of the applicable performance target or the actual performance as of the effective time of the Merger.

The total share-based payment recognised in the profit and loss account for the year was £249,000.

Equity-settled share option scheme

DowDuPont Inc. has a share option scheme for certain employees of the company. Options are exercisable at a price equal to the average quoted market price of DowDuPont Inc.'s shares on the date of grant. Options vest from one to three years, and have a maximum term of 10 years. Options are forfeited if the employee leaves the company before the options vest.

Details of movements of the share options during the year are as follows:

	2017	
	Number of share options	Weighted average exercise price (£)
Outstanding at the beginning of the year	-	-
Transferred during the year	17,272	23.89
Exercised during the year	(2,000)	24.20
Outstanding at the end of the year	<u>15,272</u>	<u>21.30</u>
Exercisable at the end of the year	<u>15,272</u>	<u>21.30</u>

No options were granted to employees in the year. Employees transferred to the Company had outstanding options granted during their employment by Dow Chemical Services UK Limited. The options outstanding at 31 December 2017 had a weighted average remaining contractual life of 5.10 years, with an exercise price ranging between £20.34 and £24.20.

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

15. Share-based payments (continued)

Deferred and restricted stocks

DowDuPont Inc. grants deferred stocks to certain employees. The grants vest over a designated period of time, generally two to five years.

Details of movements of deferred stock during the year are as follows:

	2017	
	Number of stocks	Grant date fair value (£)
Outstanding at the beginning of the year	-	-
Granted during the year	2,510	48.92
Transferred during the year	7,609	32.49
Outstanding at the end of the year	<u>10,119</u>	<u>36.56</u>

In 2017, stocks were granted on 10 February. The aggregate of the estimated fair values of the deferred stock granted was £122,791. The deferred stock outstanding at 31 December 2017 had a weighted average remaining contractual life of 2.11 years, with a grant date fair value ranging between £32.01 and £48.92.

Performance deferred stock awards

DowDuPont Inc. grants performance deferred stock awards that vest when DowDuPont Inc. attains specified performance targets over a pre-determined period, generally two to five years. Compensation expense related to performance deferred stock awards is recognised over the lesser of the service or performance period.

In connection with the merger between The Dow Chemical Company and DuPont, on 31 August 2017 all outstanding and non-vested performance deferred stock awards were converted into deferred stock awards with respect to DowDuPont Common Stock at the greater of the applicable performance target or the actual performance as of the effective time of the merger.

Details of movements of deferred stock during the period are as follows:

	2017	
	Number of stocks	Grant date fair value (£)
Outstanding at beginning of year	-	-
Granted during the year	2,258	61.13
Transferred during the year	5,460	35.62
Vested during the year	-	-
Forfeited during the period	-	-
Outstanding at the end of the year	<u>7,818</u>	<u>38.12</u>

In 2017 deferred stock awards were granted on 10 February and the aggregate of the estimated fair values was £370,521. The deferred stock awards relating to former performance deferred stock awards outstanding at 31 December 2017 had a weighted average remaining contractual life of 1.91 years with a grant date fair value ranging between £33.13 and £46.71.

Dow Agrosciences Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

16. Operating leases

The company has annual commitments in respect of operating leases expiring as shown below:

	2017		2016	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	-	-	-	41
Within two to five years	-	69	-	69
More than five years	4,486	-	-	-
	<u>4,486</u>	<u>69</u>	<u>-</u>	<u>110</u>

17. Related party disclosures

The Company has taken advantage of the exemption granted by Section 33.1A of Financial Reporting Standard 102 not to disclose transactions entered into between two or more members of the DowDuPont Group, provided that any subsidiary which is a party to the transaction is wholly owned by The DowDuPont Inc.

18. Group offset arrangement with bank

The Company is party to a group bank offset arrangement with Deutsche Bank whereby positive and negative cash balances in certain bank accounts of certain DowDuPont group companies may be offset. The Company has agreed to allow the bank to set off at any time, without notice, any sum standing on the current account of the Company against the current account of specific group companies. The maximum liability of the Company at any time shall not exceed the cash balance in the Company's bank account.

19. Subsequent events

In September 2018 the Company announced the intention to discontinue production at its Kings Lynn facility by the end of August 2019. This announcement is subject to the outcome of collective consultation on this matter, as per legal UK requirements. It is not currently possible to estimate the financial effect of this event.

20. Immediate and ultimate parent company

In the opinion of the directors the immediate parent company is Dow Agrosciences BV registered at the Chamber of Commerce in Terneuzen (The Netherlands) and company's address is Herbert H. Dowweg 5, 4542 AA NM Hoek, The Netherlands. The ultimate parent company, controlling entity, and parent of the largest and smallest group for which consolidated financial statements are prepared of which the Company is a part, is DowDuPont Inc. which is incorporated in the United States of America.

Copies of the group financial statements of DowDuPont Inc. can be obtained from its registered office at:

DowDuPont Inc.
Corporation Trust Center,
1209 Orange Street,
Wilmington,
New Castle 19801
Delaware
USA.