Sumi Agro Europe Limited

Annual report and financial statements

Registered number 3073407

31 December 2017

Contents

Strategic report – Company registered number 3073407

Officers and professional advisers

Directors

Mr. W. Wleklik
Mr.T .Tetsu
Mr. K. Suzuki
Mr. B. Haga
Mr. Y. Okura
Mr. M. Yugen

Secretary

Mr. S. Hall

Registered office

Vintners' Place
68 Upper Thames Street
London
EC4V 3BJ

Bankers

Citibank N.A
33 Canada Square
London E14 5LB

Sumitomo Mitsui Banking Corporation
Temple Court
11 Queen Victoria Street
London EC4N 4TA

Solicitor

Gisby Harrison
Goffs Oak House
Goffs Lane
Cheshunt
Herts EN7 5HG

Auditor

KPMG LLP
Chartered Accountants
London E14 5GL

Strategic report - Company registered number: 3073407

The directors present their Strategic Report, Directors' Report and the audited financial statements, for the year ended 31 December 2017.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Parent financial statements have been prepared and approved by the directors in accordance with, and rely on the disclosures exemptions set out in, FRS 101. On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

1 Principal activities

The Company acts principally as a holding company for the Sumi Agro Europe Limited Group which comprises of subsidiaries, branches and other investments trading in plant protection and related products and selling principally across Europe. The Company also acts as an intermediary in supply chain operations to coordinate supplies of goods into individual territories.
The Group is operating in a challenging market and competitive pressure is a continuing risk for the Group. The Group mitigates this risk by taking actions to secure and strengthen its position in the market.

2 Business review and Future prospects

The Group's consolidated profit after tax and non-controlling interest for the year ended 31st December 2017 increased by 25.0% to €12,785,000 compared to the previous year (2016: €10,228,000). Group turnover continued to grow steadily across all operating entities with a further 13.6% increase (2017: €320 million versus 2016: €282 million) through increased sales volumes of established products and a broadening of the Group's product portfolio. The profit attributable to equity holders of the parent ratio against turnover increased from 3.62% in 2016 to 3.99% in 2017.

Net assets as at 31st December 2017 were €95,400,000 (2016: €91,362,000). Net current assets decreased to €26,206,000 (2016: €31,306,000) where there were movements in short term loan payables (increase €25,015,000), trade and other payables (increase €6,853,000), inventories (increase €8,713,000) and trade and other receivables (increase €16,448,000) reflecting the continuing growth of the Group's underlying business.

On 17th January 2017 the Company purchased a 30% share in Futureco Bioscience S.A ("FBIO"). The Company believes now is the right moment to invest in the bio market products for the future. The Company purchased FBIO for the technology which has been and is being developed, will drive significant future value to the FBIO business and be a value enhancer to the existing SAE operations through sales of existing FBIO products and the new products under development. The net cash paid was €5,000,000.

The Group is organised to meet the challenges facing the business and has a number of key organisational guidelines in place to ensure proper internal controls and adherence to management policies to secure its operations.

The Group's vision is to contribute towards the development and prosperity of society by providing eco-friendly solutions to the global food shortage, and to support a safe and sustainable supply of food through crop protection.

The Group continues to make certain investments in the development of new products and recognises that there are inherent risks associated with such investments in that the introduction of new products and registrations can be unsuccessful and may not subsequently generate an adequate return. Rigorous and diligent investment processes are followed in all cases where the Company is considering new investments.

Strategic report *(continued)*

The management team reviews detailed monthly information covering a range of company financial indicators (turnover growth, gross profit margin, stock turnover and recoverability of debt), and operational risks including, but not limited to; the impact of climatic conditions across the different geographies the Group operates in based on expected use of fungicides, herbicides, insecticides and other products, commodity prices, ongoing credit reviews of customers and monitoring of any supply chain management issues.

The monitoring of the progress of key strategic and business development projects is also done on a monthly basis, with individual project teams meeting in accordance with project plans. Formal meetings, involving the management team and management from each subsidiaries and associate company are held on a half yearly basis where performance against budget, forecast and KPIs is reviewed.

The Company is part of Sumitomo Group companies and following the Brexit Vote in June 2016 the Company is reviewing the impact that Brexit may have on its operations in the future. Although the Company does not explicitly trade in UK, the logistics operations are managed in the UK and this activity in particular will be assessed for any impact of Brexit. The dividends received from EU subsidiary companies will also need careful consideration until the full impact of Brexit is understood.

By order of the board

Mr. Wlodzimierz Wleklik
Director
11 April 2018

Vintners' Place
68 Upper Thames Street
London
EC4V 3BJ

Directors' report - Company registered number: 3073407

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

Research and Development

During the year, the Company follows a number of activities, in line with its mid-term plan, to widen its own product portfolio through the development of "S-Line" pesticides containing at least one molecule from Japanese Makers, which could be added to the Group's product range in the future. Research phase (formulation development, evaluation\studies and field trials) costs are charged to the profit and loss account and development phase (annex III\data package generation costs, dossier \submission fees and registration fees) costs are capitalised in the balance sheet in the period in which they are incurred.

For the year ended 31 December 2017 Research and Development total costs amounted to €2,116,000 (2016: €3,902,000) of which research costs of €1,411,000 (2016: €2,875,000) was charged to profit and loss and development costs of €705,000 (2016: € 1,027,000) was capitalised as balance sheet assets.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks which include currency risk, credit risk, counterparty risk and liquidity risk.

Currency risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange contracts to hedge these exposures where possible and considered appropriate.

Credit risk and counterparty risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Credit risk within the Group is managed by thorough review of customer request for credit and by using credit insurance where available. The review of customers in referencing external agencies such as Dunn and Bradstreet to obtain credit references and up to date status reports for all prospective and existing customers.

Counterparty risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

On the whole the Group has diversified its credit and counterparty risk to limit significant exposure from these risks.

Liquidity risk

The Group has arranged short term debt finance to ensure sufficient funds are available for ongoing operations and future developments. The short term debt finance is supported by a letter of guarantee from the ultimate parent company in Tokyo and the Directors consider that the Group will be able to maintain this financing for the foreseeable future

Pensions risk

The Company operates a defined benefit pension scheme, which exposes it to material pension risk from equity markets, changes in interest rates and longevity and other factors. The scheme is closed to new entrants and the Company takes expert actuarial and investment advice whilst working closely with the trustees of the scheme to ensure that this risk is appropriately managed and minimised.

Results and dividends

The profit for the year after taxation amounts and non-controlling interest is €12,785,000 (2016: €10,228,000. During the year dividends of €9,545,000 (2016: 7,983,910) were paid to Shareholders' of the Company in respect of the previous financial year. At the year end no dividend in respect of 2017 has been declared.

Directors' report *(continued)*

Directors and their interests

The following directors served throughout the year:

Mr. W. Wleklik
Mr.T .Tetsu
Mr. K. Suzuki
Mr. B. Haga
Mr. Y. Okura
Mr. M. Yugen

Employee Policy

The Company is firmly committed to the continuation and strengthening of communication lines with all its employees, and is committed to equality of opportunity in all employment practices, policies and procedures. No employee or potential employee will therefore receive less favourable treatment due to their race, creed, nationality, colour, ethnic origin, age, or religious belief.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2016: nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

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

Mr. Wlodzimierz Wleklik
Director
11 April 2018

Vintners' Place
68 Upper Thames Street
London
EC4V 3BJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUMI AGRO EUROPE LIMTED

Opinion

We have audited the financial statements of Sumi Agro Europe Limited ("the company") for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet and related notes set out on pages 11 to 67.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those report and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

James Lovegrove (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
11 April 2018

Consolidated Income Statement
for year ended 31 December 2017

	Note	2017 €000	2016 €000
Continuing Operations			
Revenue	*1,2*	**320,314**	281,847
Cost of sales		**(257,067)**	(220,577)
Gross profit		**63,247**	61,270
Other operating income	*3*	**100**	72
Distribution expenses		**(1,848)**	(5, 178)
Administrative expenses		**(25,957)**	(24,229)
Other operating expenses	*4*	**(14,781)**	(16,113)
Operating profit		**20,761**	15,822
Financial income	*7*	**322**	286
Financial expenses	*7*	**(1,409)**	(1,002)
Income from investments in investees and associates	*12*	**1,508**	1,772
Profit before tax		**21,182**	16,878
Taxation	*8*	**(4,600)**	(3,299)
Profit for the year		**16,582**	13,579
Profit attributable to:			
Equity holders of the parent		**12,785**	10,228
Non-controlling interest	*12*	**3,797**	3,351
Profit for the year		**16,582**	13,579

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

for year ended 31December 2017

	Note	2017 €000	2016 €000
Profit for the year		**16,582**	13,579
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain of defined benefit liability/asset- subsidiary		**-**	46
Actuarial gain/(loss) of defined benefit liability/asset- parent company		**2,158**	(2,176)
		18,740	11,449
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**(1,624)**	158
Foreign currency translation differences – non controlling interest.		**(266)**	(102)
Other comprehensive (loss)/income for the year, net of income tax		**(1,890)**	56
Total comprehensive income for the year		**16,850**	11,505
Attributable to:			
Equity holders of the parent		**13,319**	8,256
Non-controlling interest	*12*	**3,531**	3,249
		16,850	11,505

The accompanying notes form part of these financial statements.

Group Balance Sheet
at 31 December 2017

	Note	2017 €000	2016 €000
Non-current assets			
Property, plant and equipment	*10*	**22,013**	21,066
Intangible assets	*11*	**28,082**	28,486
Investments in investees and associates	*12*	**20,011**	14,505
Deferred tax assets	*14*	**2,810**	2,547
		72,916	66,604
Current assets			
Inventories	*15*	**69,824**	61,111
Tax receivable		**1,416**	1,651
Trade and other receivables	*16*	**102,506**	86,058
Cash and cash equivalents	*17*	**12,947**	11,095
		186,693	159,915
Total assets		**259,609**	226,519
Current liabilities			
Other interest-bearing loans and borrowings	*18*	**(87,089)**	(62,074)
Trade and other payables	*19*	**(69,677)**	(62,824)
Tax payable		**(626)**	(968)
Accruals		**(3,095)**	(2,743)
		(160,487)	(128,609)
Non-current liabilities			
Other interest-bearing loans and borrowings	*18*	**(1,455)**	(935)
Redeemable Preference Shares	*21*	**(76)**	(76)
Employee benefits	*20*	**(404)**	(3,556)
Deferred tax liabilities	*14*	**(1,787)**	(1,981)
		(3,722)	(6,548)
Total liabilities		**(164,209)**	(135,157)
Net assets		**95,400**	91,362

	Note	2017	2016
		€000	€000
Equity attributable to equity holders of the parent			
Share Capital	*21*	**9,032**	9,032
Share premium		**1,118**	1,118
Translation reserve		**(6,804)**	(5,180)
Legal Reserve		**3,372**	3,372
Capital redemption reserve		**3,554**	3,554
Retained earnings		**64,478**	59,864
		74,750	71,760
Non-controlling interest	*12*	**20,650**	19,602
Total equity		**95,400**	91,362

These financial statements were approved by the board of directors on 11 April 2018 and were signed on its behalf by:

Mr. Wlodzimierz Wleklik

Director

Company registered number: 3073407

The accompanying notes form part of these financial statements.

Company Balance Sheet
at 31 December 2017

	Note	2017 €000	2016 €000
Non-current assets			
Property, plant and equipment	*10*	**8**	18
Intangible assets	*11*	**6,601**	6,000
Investments in investees and associates	*12*	**18,719**	13,719
Investments in group companies	*12*	**37,365**	37,365
		62,693	57,102
Current assets			
Inventories	*15*	**3,434**	1,506
Trade and other receivables	*16*	**13,423**	16,889
Cash and cash equivalents	*17*	**1,747**	810
		18,604	19,205
Total assets		**81,297**	76,307
Current liabilities			
Other interest-bearing loans and borrowings	*18*	**(33,774)**	(25,495)
Trade and other payables	*19*	**(19,278)**	(17,080)
Accruals		**(1,316)**	(1,173)
		(54,368)	(43,748)
Non-current liabilities			
Other interest-bearing loans and borrowings		**-**	(500)
Redeemable Preference Shares	*21*	**(76)**	(76)
Employee benefits	*20*	**(374)**	(3,534)
		(450)	(4,110)
Total liabilities		**(54,818)**	(47,858)
Net assets		**26,479**	28,449

The accompanying notes form part of these financial statements.

Company Balance Sheet- *(continued)*
at 31 December 2017

	Note	2017 €000	2016 €000
Equity attributable to equity holders of the parent			
Share capital	*21*	**9,032**	**9,032**
Share premium		**1,118**	**1,118**
Translation reserve		**(101)**	**(227)**
Retained earnings		**16,430**	**18,526**
Total equity		**26,479**	**28,449**

These financial statements were approved by the board of directors on 11 April 2018 and were signed on its behalf by:

Mr. Wlodzimierz Wleklik

Director

Company registered number: 3073407

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

Group

	Share capital	Share premium	Trans-lation reserve	Legal reserve	Capital Redemption Reserve	Retained earnings	Total parent equity	Non-controlling interest	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2016	9,032	1,118	(5,339)	3,372	3,554	59,751	71,488	18,137	89,625
Total comprehensive income for the period									
Profit or loss	-	-	-	-	-	10,228	10,228	3,351	13,579
Effect of currency translation	-	-	56	-	-	-	56	-	56
Effect of currency translation to Non-Controlling Interest	-	-	102	-	-	-	102	(102)	-
Other comprehensive income	-	-	1	-	-	(2,131)	(2,130)	-	(2,130)
Total comprehensive income for the period	-	-	159	-	-	8,097	8,256	3,249	11,505
Dividends	-	-	-	-	-	(7,984)	(7,984)	(1,784)	(9,768)
Total contributions by and distributions to owners	-	-	-	-	-	(7,984)	(7,984)	(1,784)	(9,768)
Balance at 31 December 2016	9,032	1,118	(5,180)	3,372	3,554	59,864	71,760	19,602	91,362

The accompanying notes form part of these financial statements.

Statement of Changes in Equity (continued)

Group (continued)

	Share capital	Share premium	Trans-lation reserve	Legal reserve	Capital Redemption Reserve	Retained earnings	Total parent equity	Non-controlling interest	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2017	9,032	1,118	(5,180)	3,372	3,554	59,864	71,760	19,602	91,362
Total comprehensive income for the period									
Profit or loss	-	-	-	-	-	12,785	12,785	3,797	16,582
Effect of currency translation	-	-	(1,890)	-	-	-	(1,890)	-	(1,890)
Effect of currency translation to Non-Controlling Interest	-	-	266	-	-	-	266	(266)	-
Other comprehensive income	-	-	-	-	-	2,158	2,158	-	2,158
Total comprehensive income for the period	-	-	(1,624)	-	-	14,943	13,319	3,531	16,850
Dividends	-	-	-	-	-	(9,545)	(9,545)	(1,699)	(11,244)
Total contributions by and distributions to owners	-	-	-	-	-	(9,545)	(9,545)	(1,699)	(11,244)
Acquisition of non-controlling interest in subsidiary without a change in control	-	-	-	-	-	(784)	(784)	(784)	(1,568)
Total transactions with owners	-	-	-	-	-	(784)	(784)	(784)	(1,568)
Balance at 31 December 2017	9,032	1,118	(6,804)	3,372	3,554	64,478	74,750	20,650	95,400

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

Company

	Share capital	Share premium	Translation reserve	Retained earnings	Total Parent equity
	€000	€000	€000	€000	€000
Balance at 1 January 2016	9,032	1,118	(627)	26,295	35,818
Total comprehensive income for the period					
Profit or loss	-	-	-	2,393	2,393
Effect of Currency translation	-	-	1	(2)	(1)
Other comprehensive income	-	-	399	(2,176)	(1,777)
Total comprehensive income for the period	-	-	400	215	615
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(7,984)	(7,984)
Total contribution by and distribution to owners	-	-	-	(7,984)	(7,984)
Balance at 31 December 2016	9,032	1,118	(227)	18,526	28,449

The accompanying notes form part of these financial statements.

Statement of Changes in Equity (continued)

Company (continued)

	Share capital €000	Share premium €000	Translation reserve €000	Retained earnings €000	Total Parent equity €000
Balance at 1 January 2017	9,032	1,118	(227)	18,526	28,449
Total comprehensive income for the period					
Profit or loss	-	-	-	5,290	5,290
Effect of Currency translation	-	-	(1)	1	-
Other comprehensive income	-	-	127	2,158	2,285
Total comprehensive income for the period	-	-	126	7,449	7,575
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(9,545)	(9,545)
Total contribution by and distribution to owners	-	-	-	(9,545)	(9,545)
Balance at 31 December 2017	9,032	1,118	(101)	16,430	26,479

The accompanying notes form part of these financial statements.

Group Cash Flow Statement

for year ended 31 December 2017

	Note	2017 €000	2016 €000
Cash flows from operating activities			
Profit for the year		**16,582**	13,579
Adjustments for:			
Depreciation, amortisation and impairment		**4,470**	4,098
Foreign exchange (losses)/gains		**(1,890)**	55
Financial income	*7*	**(322)**	(286)
Financial expense	*7*	**1,409**	1,002
Gain on sale of property, plant and equipment		**(100)**	(72)
Change in value of investment		**(1,508)**	(1,772)
Taxation	*8*	**4,600**	3,299
		23,241	19,903
Increase in trade and other receivables		**(16,448)**	(3,536)
Increase in inventories		**(8,713)**	(6,279)
Increase in trade and other payables		**7,452**	1,785
Decrease in provisions and employee benefits		**(722)**	(1,252)
		4,810	10,621
Tax paid		**(5,159)**	(5,064)
Net cash from operating activities		**(349)**	5,557
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**388**	157
Interest received		**322**	286
Acquisition of property, plant and equipment (including asset transfer)	*10*	**(4,019)**	(5,616)
Foreign currency translation adjustment on property, plant and equipment		**381**	46
Acquisition of investment-other associates	*12*	**(5,000)**	-
Acquisition of non controlling interest in a subsidiary		**(1,568)**	-
Acquisition of investment	*12*	**-**	(4)
Dividend received from Associated company	*12*	**1,000**	1,000
Acquisition of other intangible assets	*11*	**(1,665)**	(2,383)
Foreign currency translation adjustment on intangible asset		**1**	2
Net cash from investing activities		**(10,160)**	(6,512)
Cash flows from financing activities			
Proceeds from new loan and repayment of borrowings	*18*	**25,014**	11,284
Interest paid		**(1,409)**	(1,002)
Dividends paid		**(11,244)**	(9,768)
Net cash from financing activities		**12,361**	514
Net decrease in cash and cash equivalents		**1,852**	(441)
Cash and cash equivalents at 1 January		**11,095**	11,536
Cash and cash equivalents at 31 December	*17*	**12,947**	11,095

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2017

1 Accounting policies

Sumi Agro Europe Limited (the "Company") is a company incorporated and domiciled in the UK.

The Group financial statements consolidate the performance and position of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates. The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Parent financial statements have been prepared and approved by the directors in accordance with, and rely on the disclosures exemptions set out in, FRS 101. On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

In these financial statements, the Company has applied the exemption available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

1.2 Going concern

The directors expect that based on the Group's forecasts and projections, the Company has adequate resources to continue in operational existence for at least the next twelve months from the approval date of these accounts. The Company controls the cash pooling of some of the Group subsidiaries and have access to the Group cash. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group's consolidated profit after tax and non-controlling interest for the year ended 31st December 2017 increased by 25.0% to €12,785,000 compared to the previous year (2016: €10,228,000). Group turnover continued to grow steadily across all operating entities with a further 13.6% increase (2017: €320 million versus 2016: €282 million) through increased sales volumes of established products and a broadening of the Group's product portfolio. The profit attributable to equity holders of the parent ratio against turnover increased from 3.62% in 2016 to 3.99% in 2017.

Net assets as at 31st December 2017 were €95,400,000 (2016: €91,362,000). Net current assets decreased to €26,206,000 (2016: €31,306,000) where there were movements in short term loan payables (increase €25,015,000), trade and other payables (increase €6,853,000), inventories (increase €8,713,000) and trade and other receivables (increase €16,448,000) reflecting the continuing growth of the Group's underlying business.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Application of the equity method to associates.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Separate parent company financial statements

In the parent company financial statements, all investments in subsidiaries and associates are carried at cost less impairment.

Reclassification of prior year figures

During the preparation of the financial statements, a number of prior year comparative figures have been reclassified to better reflect the financial position of the entity. The effect of these reclassifications is not considered material to the users of these financial statements. These reclassifications include:

- Disclosures in the notes to the financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency Euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

1.5 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group); and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investment in subsidiaries and associates are stated at cost less impairment. Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.7 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

No depreciation is provided on freehold land. The cost less residual value of other fixed assets is written off over their estimated useful lives on the basis and at the rates set out below:

Freehold buildings	Straight-line basis at 5% per annum
Leasehold land and buildings	Straight-line basis over the term of the leases
Motor vehicles	Reducing balance basis at 33.3% per annum
Plant and machinery	Straight-line basis at 20%, 10% or 7.5% per annum dependent on estimated useful life

1.9 Business combinations

Business combinations are accounted for by applying the acquisition method. On the acquisition of a business, fair values are attributed to the Group's share of the identifiable assets and liabilities acquired. Where the cost of the acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off in accordance with the policy stated on intangible assets and goodwill.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquire in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquire at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

1.11 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Licenses, patents, trademarks, research and development and software costs

Material costs are capitalised following the point when technical and commercial feasibility are satisfactorily assured and amortised, once commercial activities commence, on a straight-line basis over the estimated useful lives of the assets as follows:

Patents and trademarks	10 years
License and development costs	generally 5 to 10 years
Software costs	generally 5 to 10 years

Provision is made for any impairment. Costs of technical feasibility studies and expenditure on research are written off to the profit and loss account in the year in which they are incurred.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of the attributable overheads.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Employee benefits

Defined contribution plans

The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Defined benefit plans

For defined benefit schemes the amounts charged to the operating profit are the current service costs, gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at market value (for quoted securities the bid price) and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

1.14 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 Reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising since 1/1/2014, the transition date to Adopted IFRSs, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Legal reserve
The transfer of reserves from Retained earnings to un-distributable Legal reserves relates to legal requirements in Romania to hold certain elements of retained earnings within an un-distributable reserve.

1.16 Revenue

The Company acts principally as a holding company for the Sumi Agro Europe Limited Group which comprises of subsidiaries, branches and other investments trading in plant protection and related products and selling principally in Europe. The Company also acts as an intermediary in supply chain operations to coordinate supplies of goods into individual territories.

Turnover represents the net invoiced amount of goods sold and services provided, excluding value added tax. Whilst some order line discounts are registered at the time of sale, as is common in the industry, end of sales season rebates are settled with key customers when catalogued sales prices are revised to reflect the achievement of targeted sales volumes and any other conditions written in the customers' distribution agreements. Provisions for rebates are accrued during the year based on contracted conditions and market experience. Revenue is recognised on the date when risks and rewards of ownership are transferred under the terms of the relevant sales contract.

1.17 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.18 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.19 Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.20 Adopted IFRS not yet applied

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:
IFRS 9 Financial Instruments addressed the classification, measurement and recognition of financial assets and liabilities. The Standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. The Group is required to adopt IFRS 9 from 1 January 2018. The Group is currently evaluating the impact that IFRS 9 will have on its financial statements. The Group will take advantage if the exemption allowing it not to restate comparative information for prior year with respect to classification and measurement (including impairment) changes. Differences in carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings, reserves and trade and other receivables as at 1 January 2018. The Group does not apply Hedge accounting.

IFRS 15 Revenue from Contracts with Customers specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018).
As a result the Group will not apply the requirements of IFRS 15 to the comparative period presented. Any impact will be recognised under Revenue, retained earnings and trade and other receivables.

Notes *(continued)*

1 Accounting policies *(continued)*

1.20 Adopted IFRS not yet applied (continued)

IFRS 16 Leases sets out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term of greater than a year. The Group is currently evaluating the impact that IFRS 16 will have on its financial statements. The effective date of implementation is 1 January 2019.

There are no other IFRS standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes *(continued)*

2 Revenue

	2017	2016
	€000	€000
Sale of goods	**320,314**	281,847
Total revenues	**320,314**	281,847

3 Other operating income

	2017	2016
	€000	€000
Net gain on disposal of property, plant and equipment	**100**	72
	100	72

4 Other operating expenses

Included in income statement are the following:

	2017	2016
	€000	€000
Depreciation and Amortisation of tangible and intangible assets	**4,471**	4,099
Research and development expensed as incurred	**1,411**	2,875

Notes *(continued)*

5 Auditor's remuneration

	2017 €000	2016 €000
Auditor's remuneration		
Audit of these financial statements	**86**	72
Amount receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**196**	199
Taxation services in respect of Sumi Agro Ukraine	**-**	4
Total Auditor's remuneration	**282**	275

6 Staff numbers and costs

Directors' emoluments

	2017 €000	2016 €000
Total directors' emoluments excluding pension contributions	**271**	415
Emoluments of the highest paid director.	**142**	254

The number of directors who received emoluments from the Company during the year was two (2016: two). There were no pension contributions paid in respect of Directors' emoluments.

Employees

The average number of persons employed by the Group during the year, including directors was:

	2017 Number	2016 Number
Group		
Management and Administration	**615**	578

Staff costs incurred during the year in respect of these employees was:

	2017 €000	2016 €000
Wages and Salaries	**18,499**	17,485
Social security costs	**2,961**	2,582
Other Pension costs	**19**	35
	21,479	20,102

Notes *(continued)*

7 Finance income and expense

7.1 Finance income

Recognised in the income statement

	2017	2016
	€000	€000
Interest receivable	**322**	286
Total finance income	**322**	286

7.2 Finance expense

	2017	2016
	€000	€000
Interest payable	**(1,333)**	(930)
Net interest on net defined benefit pension plan liabilities	**(76)**	(72)
Total finance expense	**(1,409)**	(1,002)

8 Taxation

Recognised in the income statement

	2017	2016
	€000	€000
Current tax expense		
Current year	**(5,388)**	(4,884)
Adjustments for prior years	**300**	685
Current tax expense	**(5,088)**	(4,199)
Deferred tax expense		
Origination and reversal of temporary differences	**488**	900
Deferred tax expense	**488**	900
Total tax expense in income statement	**(4,600)**	(3,299)

Notes *(continued)*

8 Taxation *(continued)*

Reconciliation of effective tax rate

	2017 €000	2016 €000
Profit for the year	**16,582**	13,579
Total tax expense	**4,600**	3,299
Profit excluding taxation	**21,182**	16,878
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	**4,077**	3,376
Effect of tax rates in foreign jurisdictions	**(1,465)**	(816)
Foreign Tax	**428**	207
Non-Taxable dividends	**-**	(172)
Non-deductible expenses	**1,013**	288
R&D tax credit	**(205)**	(492)
Current year losses for which no deferred tax asset was recognised	**1,048**	1,593
Over provided in prior years	**(296)**	(685)
Total tax expense (including tax on discontinued operations and equity accounted investees)	**4,600**	3,299

Reductions in the UK corporation tax rate to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% from 1 April 2017 then 18% from 1 April 2020 were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly.

The deferred tax asset at 31 December has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

9 Profit of parent undertaking

As permitted by Section 408 of the Companies Act, the profit and loss account of the parent undertaking is not presented as part of these accounts. The parent undertaking's profit for the financial year amounted to €5,290,000 (2016: €2,393,000).

Notes *(continued)*

10 Property, plant and equipment – Group

	Leasehold Land and buildings €000	Freehold Land and buildings €000	Motor Vehicles €000	Plant and equipment €000	Fixtures & fittings €000	Under construct-ion €000	Total €000
Cost							
Balance at 1 January 2016	32	10,721	5,585	5,062	1,183	66	22,649
Additions	-	760	980	444	184	3.248	5,616
Assets transferred	-	120	-	35	4	(159)	-
Disposals	-	(49)	(476)	(145)	(16)	(3)	(689)
Effect of movements in foreign exchange	-	(32)	(23)	(20)	(5)	(1)	(81)
Balance at 31 December 2016	32	11,520	6,066	5,376	1,350	3,151	27,495
Balance at 1 January 2017	32	11,520	6,066	5,376	1,350	3,151	27,495
Additions	-	7	1,748	307	81	1,876	4,019
Assets transferred	-	551	34	159	(1)	(743)	-
Disposals	-	(248)	(616)	(49)	(145)	-	(1,058)
Effect of movements in foreign exchange	3	(230)	(77)	(153)	(18)	(68)	(543)
Balance at 31 December 2017	35	11,600	7,155	5,640	1,267	4,216	29,913
Depreciation and impairment							
Balance at 1 January 2016	14	1,074	1,382	1,591	751	-	4,812
Depreciation charge for the year	2	475	969	673	137	-	2,256
Assets transferred	-	(3)	(440)	(145)	(16)	-	(604)
Disposals	-	(8)	(15)	(8)	(4)	-	(35)
Effect of movements in foreign exchange	14	1,074	1,382	1,591	751	-	4,812
Balance at 31 December 2016	16	1,538	1,896	2,111	868	-	6,429
Balance at 1 January 2017	16	1,538	1,896	2,111	868	-	6,429
Depreciation charge for the year	2	494	1,056	715	136	-	2,403
Disposals	-	(23)	(553)	(49)	(145)	-	(770)
Effect of movements in foreign exchange	-	(28)	(59)	(64)	(11)	-	(162)
Balance at 31 December 2017	18	1,981	2,340	2,713	848	-	7,900
Net book value							
At 1 January 2016	18	9,647	4,203	3,471	432	66	17,837
At 31 December 2016	16	9,982	4,170	3,265	482	3,151	21,066
At 31 December 2017	**17**	**9,619**	**4,815**	**2,927**	**419**	**4,216**	**22,013**

Notes *(continued)*

10 Property, plant and equipment – Group (continued)

The net book value of land and buildings includes:

	2017	2016
	€'000	€'000
Freehold land not depreciated	**1,563**	1,583

Notes *(continued)*

10 Property, plant and equipment – Company

	Plant and equipment €000	Total €000
Cost		
Balance at 1 January 2016	229	229
Additions	8	8
Disposals	(114)	(114)
Balance at 31 December 2016	123	123
Balance at 1 January 2017	123	123
Additions	3	3
Balance at 31 December 2017	126	126
Depreciation and impairment		
Balance at 1 January 2016	200	200
Depreciation charge for the year	19	19
Disposals	(114)	(114)
Balance at 31 December 2016	105	105
Balance at 1 January 2017	105	105
Depreciation charge for the year	13	13
Balance at 31 December 2017	118	118
Net book value		
At 1 January 2016	29	29
At 31 December 2016	18	18
At 31 December 2017	**8**	**8**

Notes *(continued)*

11 Intangible assets – Group

	Goodwill	Patents and trade- marks	Development costs	Total
	€000	€000	€000	€000
Balance at 1 January 2016	8,547	20,951	2,717	32,215
Additions	-	2,356	1,027	3,383
Disposals	-	(77)	-	(77)
Assets transferred	-	(250)	250	-
Effect of movements in foreign exchange	-	(7)	-	(7)
Balance at 31 December 2016	8,547	22,973	3,994	35,514
Balance at 1 January 2017	8,547	22,973	3,994	35,514
Additions	-	960	705	1,665
Disposals	-	(24)	-	(24)
Effect of movements in foreign exchange	-	10	-	10
Balance at 31 December 2017	8,547	23,919	4,699	37,165
Amortisation and impairment				
Balance at 1 January 2016	-	4,641	628	5,269
Amortisation for the year	-	1,432	411	1,843
Disposals	-	(77)	-	(77)
Effect of movements in foreign exchange	-	(7)	-	(7)
Balance at 31 December 2016	-	5,989	1,039	7,028
Balance at 1 January 2017	-	5,989	1,039	7,028
Amortisation for the year	-	1,440	628	2,068
Disposals	-	(24)	-	(24)
Effect of movements in foreign exchange		11	-	11
Balance at 31 December 2017	-	7,416	1,667	9,083
Net book value				
At 1 January 2016	8,547	16,310	2,089	26,946
At 31 December 2016	8,547	16,984	2,955	28,486
At 31 December 2017	**8,547**	**16,503**	**3,032**	**28,082**

Notes *(continued)*

11 Intangible assets – Group *(continued)*

Amortisation and impairment charge

The amortisation charge is recognised within other operating expenses in the Income Statement (see note 4)

<u>*Impairment testing*</u>

Goodwill considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units ("CGU") or groups of cash generating units as follows:

	Goodwill	
	2017	2016
	€000	€000
Goodwill	**8,547**	8,547

The recoverable amount of the Alcedo CGU, to which the goodwill is the attributable, was based on its value in use, determined by discounting the future cash flow expected to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount, so no impairment is required.

The key assumptions used in the estimation of the recoverable amount are set out below:

	2017	2016
Period on which management approved forecasts are based	**5 years**	5 years
Growth rate applied beyond approved forecast period	**0%**	0%
Discount rate	**10.32%**	5.95%
Terminal Growth rate	**2.9%**	0%

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The discount rate was a post-tax measure estimated based on the historical industry average weighted –average cost of capital with a possible debt leveraging of 57.7% at market interest rate of 8.9% and also with size risk premium 3.6%.

The cash flow projections included specific estimates for five years and terminal growth rate thereafter. The terminal growth rate was determined based on management's estimated long-term compound annual EBITDA growth rate consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows:

- Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

There is no reasonable possible change in the assumptions that would cause the CGUs' carrying amount to exceed its recoverable amount.

Notes *(continued)*

11 Intangible assets – Company

	Patents and trade-marks	Development costs	Total
	€000	**€000**	**€000**
Cost			
Balance at 1 January 2016	1,670	2,517	4,187
Additions	2,317	1,027	3,344
Disposals	(76)	-	(76)
Assets transferred	(250)	250	-
Balance at 31 December 2016	3,661	3,794	7,455
Balance at 1 January 2017	3,661	3,794	7,455
Additions	751	705	1,456
Balance at 31 December 2017	4,412	4,499	8,911
Amortisation and impairment			
Balance at 1 January 2016	249	644	893
Amortisation for the year	228	410	638
Disposals	(76)	-	(76)
Balance at 31 December 2016	401	1,054	1,455
Balance at 1 January 2017	401	1,054	1,455
Amortisation for the year	227	628	855
Balance at 31 December 2017	628	1,682	2,310
Net book value			
At 1 January 2016	1,421	1,873	3,294
At 31 December 2016	3,260	2,740	6,000
At 31 December 2017	**3,784**	**2,817**	**6,601**

Notes *(continued)*

12 Investments in investees and associates

Group	Other Investments	Other Associates	Total
	€'000	€'000	€'000
Cost			
At 1 January 2016	10	13,719	13,729
Additions	4	-	4
Income from investments in investees and associates	-	1,772	1,772
Dividends received from associates	-	(1,000)	(1,000)
At 31 December 2016	14	14,491	14,505
At 1 January 2017	14	14,491	14,505
Additions	-	5,000	5,000
Disposals	(1)	-	(1)
Income from investments in investees and associates	-	1,507	1,507
Dividends received from associates	-	(1,000)	(1,000)
At 31 December 2017	13	19,998	20,011
Net Book Value			
At 1 January 2016	10	13,719	13,729
At 31 December 2016	14	14,491	14,505
At 31 December 2017	**13**	**19,998**	**20,011**

Other investments and associates:

Name	Investment held by	%	Nature of business
Registered in Hungary			
Mariavolgy Rt..	Sumi Agro Hungary Ltd	0.01%	Golf activity
Registered in Hungary			
Cseber Kft	Sumi Agro Hungary Ltd	2.14%	Recycling company
Registered in Italy			
Sipcam Europe Spa	Sumi Agro Europe Ltd	20.0%	Agrochemical company
Registered in Spain			
Futureco Bioscience S.A	Sumi Agro Europe Ltd	30.0%	Agro-biotechnology company
Registered in Hungary			
Magyar Szója Nonprofit Kft	Sumi Agro Hungary Ltd	10.99%	Soybean production and regulation support

Notes *(continued)*

12 Investments in investees and associates *(continued)*

The Company has the following investments:

Company	Other Investments Associates
	€'000
Cost	
At 1 January 2016	13,719
At 31 December 2016	13,719
At 1 January 2017	13,719
Additions	5,000
At 31 December 2017	18,719
Net Book Value	
At 1 January 2016	13,719
At 31 December 2016	13,719
At 31 December 2017	**18,719**

Associated company

Group	2017	2016
	€'000	€'000
Net Book Value		
Sipcam Europe Spa	**15,212**	14,491
Futureco Bioscience S.A	**4,786**	-

Associated company

Company	2017	2016
	€'000	€'000
Carrying amount		
Sipcam Europe Spa	**13,719**	13,719
Futureco Bioscience S.A	**5,000**	-

In January 2017, the Company acquired a 30% share of Futureco Bioscience S.A. for a purchase consideration of €5,000,000.

Notes *(continued)*

12 Investments in investees and associates *(continued)*

Associated company *(continued)*

	2017 €'000 Sipcam Europe Spa	2016 €'000 Sipcam Europe Spa	2017 €'000 Futureco Bioscience S.A	2016 €'000 Futureco Bioscience S.A
Percentage ownership interest	**20%**	20%	**30%**	30%
Non-current assets	**4,471**	4,154	**4,174**	-
Current assets	**110,679**	106,122	**9,001**	-
Non-current liabilities	**(2,311)**	(1,446)	**(2,190)**	-
Current liabilities	**(45,756)**	(47,521)	**(3,778)**	-
Net assets (100%)	**67,083**	61,309	**7,207**	-
Group share of net assets	**13,417**	12,262	**2,162**	-
Dividend received from associate	**(1,000)**	(1,000)	**-**	-
Equity earnings	**1,722**	1,772	**(214)**	-
Consolidation adjustment	**1,073**	1,457	**2,838**	-
Carrying amount of associated company	**15,212**	14,491	**4,786**	-

Notes *(continued)*

12 Investments in investees and associates *(continued)*

Non-Controlling Interests

The following table summarises the information relating to the Group's subsidiaries; Sumi Agro Limited with material Non-Controlling Interests, before intra-group eliminations.

	2017 €'000 Alcedo	**2017 €'000 Sumi Agro Limited**	**2017 €'000 Summit Agro Russia**	**2017 €'000 Summit Agro Ukraine**
NCI percentage	**2%**	**32%**	**20%**	**20%**
Non-current assets	32,927	4,956	122	149
Current assets	90,615	87,915	8,375	9,959
Non-current liabilities	(1,517)	(9)	-	-
Current liabilities	(89,631)	(39,807)	(3,497)	(368)
Net assets (100%)	32,394	53,055	5,000	9,740
Carrying amount of NCI	739	16,959	1,001	1,947
Revenue	154,840	129,880	10,554	13,097
Net profit	7,845	8,609	1,754	2,765
OCI	(482)	419	(321)	(1,627)
Total comprehensive income	7,363	9,028	1,433	1,138
Profit allocated to NCI	157	2,755	351	553
OCI allocated to NCI	(10)	133	(64)	(325)
Dividends paid to non-controlling interests	**103**	**1,600**	-	-

Notes *(continued)*

12 Investments in investees and associates *(continued)*

Non-Controlling Interests (continued)

	2016 €'000 Alcedo	2016 €'000 Sumi Agro Limited	2016 €'000 Summit Agro Russia	2016 €'000 Summit Agro Ukraine
NCI percentage	**2%**	**32%**	**20%**	**20%**
Non-current assets	32,895	4,804	103	138
Current assets	75,016	81,091	3,876	9,045
Non-current liabilities	(498)	(24)	-	-
Current liabilities	(74,832)	(36,843)	(410)	(580)
Net assets (100%)	32,581	49,028	3,569	8,603
Carrying amount of NCI	1,497	15,670	715	1,720
Revenue	134,728	113,676	7,774	11,203
Net profit	7,551	7,039	949	3,102
OCI	(242)	(361)	(616)	(525)
Total comprehensive income	7,309	6,678	333	2,577
Profit allocated to NCI	289	2,252	190	620
OCI allocated to NCI	(5)	(115)	123	(105)
Dividends paid to non-controlling interests	**184**	**1,600**	-	-

Movement in Non-controlling Interests

	2017 €'000	2016 €'000
At beginning of year	**19,602**	18,137
Retained profit for the year	**3,797**	3,351
Acquisition of non-controlling interest in subsidiary without a change in control	**(784)**	-
Effect of currency translation	**(266)**	(102)
Dividend Payment	**(1,699)**	(1,784)
At the end of the year	**20,650**	19,602

Notes *(continued)*

13 Investment in group companies

Company	Other Subsidiaries
	€'000
Cost	
At 1 January 2016	37,365
At 31 December 2016	37,365
At 1 January 2017 and At 31 December 2017	37,365
Net Book Value	
At 1 January 2016	37,365
At 31 December 2016	37,365
At 31 December 2017	**37,365**

Details of the subsidiary undertakings, all of which are consolidated are as follows:

Name	Investment held by	%	Nature of business
Registered in UK			
Sumi Agro Ltd.	Sumi Agro Europe Limited	68%	Distribution of agrochemical products
Registered in Ukraine			
Summit Agro Ukraine LLC	Sumi Agro Europe Limited	80%	Marketing and distribution of agrochemical and associated products
Registered in Russia			
Summit Agro	Sumi Agro Europe Limited	80%	Marketing and distribution of agrochemical and associated products
Registered in Romania			
S.C. Alcedo S.R.L.	Sumi Agro Europe Limited	98%	Formulation, Marketing and distribution of agrochemical and associated products
Registered in France			
Sumi Agro France S.A.S.	Sumi Agro Limited	68%	Marketing and distribution of agrochemical and associated products
Registered in Poland			
Sumi Agro Poland Sp. Z o.o.	Sumi Agro Limited	68%	Marketing and distribution of agrochemical and associated products

Notes *(continued)*

13 Investments in group companies *(continued)*

Registered in Romania			
Summit Agro Romania S.R.L.	Sumi Agro Limited	68%	Marketing and distribution of agrochemical and associated products
Registered in Hungary			
Sumi Agro Hungary Ltd	Sumi Agro Limited	68%	Marketing and distribution of agrochemical and associated products
Registered in Czech Republic			
Sumi Agro Czech s.r.o.	Sumi Agro Limited	68%	Marketing and distribution of agrochemical and associated products
Registered in Romania			
Alchimex SA	S.C. Alcedo S.R.L.	99.99%	Production of Pesticides
Registered in Romania			
Minerva SRL	S.C. Alcedo S.R.L.	100%	Storage Services
Registered in Romania			
GEEA SA	S.C. Alcedo S.R.L.	99.3%	Publishing services

14 Deferred tax assets and liabilities – Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Property, plant and equipment	**-**	-	**(137)**	(152)
Intangible assets	**-**	-	**(1,648)**	(1,826)
Provisions	**2,810**	2,547	**(2)**	-
Net tax assets / (liabilities)	**2,810**	2,547	**(1,787)**	(1,978)

A deferred tax asset has not been recognized by the Company and the Group in respect of capital losses (€429,316), total revenue losses (€5,455,749) and pension deficit (€63,557) as there is insufficient evidence regarding the availability of future taxable profits.

The total amount of the asset not recognized by the Company and the Group is €5,948,622 (2016: €4,220,292). This is the tax value of the unrecognized asset calculated at 17%.

Notes *(continued)*

14 Deferred tax assets and liabilities – Group *(continued)*

Movement in net deferred tax during the year

	1 January 2017 €000	Recognised in income €000	Recognised in equity €000	31 December 2017 €000
Property, plant and equipment	(152)	14	1	(137)
Intangible assets	(1,826)	177	1	(1,648)
Provisions	2,547	297	(36)	2,808
	569	488	(34)	1,023

Movement in net deferred tax during the prior year

	1 January 2016 €000	Recognised in income €000	Recognised in equity €000	31 December 2016 €000
Property, plant and equipment	(167)	15	-	(152)
Intangible assets	(1,978)	149	3	(1,826)
Provisions	1,788	736	23	2,547
	(357)	900	26	569

Notes *(continued)*

15 Inventories

	Group 2017 €000	2016 €000	Company 2017 €000	2016 €000
Finished goods & goods for resale	**71,623**	62,781	**3,434**	1,506
Provision for slow moving stock	**(1,799)**	(1,670)	**-**	-
	69,824	61,111	**3,434**	1,506

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €257,976,000 (2016: €218,566,000). The write-down of inventories to net realisable value amounted to €978,000 (2016: €1,335,000). The reversal of write-downs due to the Group's subsidiaries being able to sell the old products amounted to €817,000 (2016: €554,000). The write-down and reversal are included in cost of sales.

16 Trade and other receivables

	Group 2017 €000	2016 €000	Company 2017 €000	2016 €000
Trade receivables due from third parties	**85,771**	73,771	**5,085**	6,595
Amounts owed by group undertakings	**372**	1,330	**2,729**	4,743
Other receivables	**8,504**	9,541	**5,500**	5,510
Prepayments	**7,859**	1,416	**109**	41
	102,506	86,058	**13,423**	16,889
Non-current	**67**	175	**-**	-
Current	**102,439**	85,883	**13,423**	16,889
	102,506	86,058	**13,423**	16,889

17 Cash and cash equivalents/ bank overdrafts

	Group 2017 €000	2016 €000	Company 2017 €000	2016 €000
Cash and cash equivalents per balance sheet	**12,947**	11,095	**1,747**	810
Cash and cash equivalents per cash flow statements	**12,947**	11,095	**1,747**	810

Notes *(continued)*

18 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 22.

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Non-current liabilities				
Unsecured bank loans	**1,455**	935	**-**	500
Current liabilities				
Current portion of secured bank loans	**86,642**	60,433	**16,577**	6,604
Current portion of amount owed to Group Companies	**447**	1,641	**17,197**	18,891
	87,089	62,074	**33,774**	25,495

19 Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Current				
Trade payables due to third parties	**49,988**	50,086	**11,327**	13,461
Trade payables due to related parties	**9,930**	5,837	**4,305**	2,685
Non-trade payables and accrued expenses	**9,759**	6,901	**3,646**	934
	69,677	62,824	**19,278**	17,080

Notes *(continued)*

20 Employee benefits

Movements in net defined benefit liability/asset

Group and Company Pension Plan

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	2017	2016	**2017**	2016	**2017**	2016
	€000	€000	**€000**	€000	**€000**	€000
Balance at 1 January	33,947	32,491	(30,413)	(29,813)	3,534	2,678
Included in profit or loss						
Current service cost	91	111	-	-	91	111
Interest cost/(income)	843	1,083	(767)	(1,011)	76	72
Included in OCI						
Re measurements loss/(gain):						
Actuarial loss (gain) arising from						
- Changes in demographic assumptions	(1,837)	350	-	-	(1,837)	350
- Change in financial assumptions	1,388	6,514	-	-	1,388	6,514
- Experience adjustment	(366)	(704)	-	-	(366)	(704)
Return on plan assets excluding interest income	-	-	(1,343)	(3,984)	(1,343)	(3,984)
Effect of movements in exchange rates	(1,375)	(4,653)	1,248	4,254	(127)	(399)
Other						
Contributions paid by the employer	-	-	(1,042)	(1,104)	(1,042)	(1,104)
Benefits paid	(1,320)	(1,259)	1,320	1,259	-	-
Participant Contribution	10	14	(10)	(14)	-	-
Balance at 31 December	31,381	33,947	(31,007)	(30,413)	374	3,534

Note:

In the Group Balance Sheet there is a Pension Liability for a subsidiary €30,000 (2017: €22,000) which is not disclosed under this note.

Notes *(continued)*

20 Employee benefits *(continued)*

Plan assets

	Group and Company 2017 €000	2016 €000
Equity Securities	**6,360**	6,326
Corporate bond securities	**6,107**	6,027
Government bond securities	**12,362**	11,867
Diversified growth funds	**6,142**	6,134
Other (cash)	**36**	59
Total	**31,007**	30,413

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group and Company 2017 %	2016 %
Discount rate at 31 December	**2.40**	2.60
Future salary increases	**3.60**	3.80
Rate of price inflation (RPI)	**3.10**	3.30
Future pension increases	**3.00**	3.20

Notes *(continued)*

20 Employee benefits *(continued)*

The Company operates a UK registered trust based pension scheme, Sumi Agro Europe Limited Pension Fund that provides defined benefits.

Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the Fund in accordance with the Fund's Trust Deed and Rules, which sets out their powers. The Trustees of the Fund are required to act in the best interests of the beneficiaries of the Fund. There is a requirement that one-third of the Trustees are nominated by the members of the Fund.

There are three categories of pension scheme members:

- Active members: currently employed by the Company and currently accruing benefits within the Fund
- Deferred members: former employees of the Company not yet in receipt of pension
- Pensioner members: in receipt of pension.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgo (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The benefits receive increases in payment which are linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Fund's defined benefit obligation as at 31 December 2017 was 14 years.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 63 in 2017: 23.9 years for male, 25.8 years for female.

At the age 63 for an individual age 43 in 2017: 25.4 years for male, 27.4 years for female.

Risks

Through the Fund, the Company is exposed to a number of risks:

- Asset volatility: the Fund's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields; however the Fund invests significantly in equities. These assets are expected to outperform corporate bonds in the long term, but provide volatility and risk in the short term.
- Changes in bond yields: a decrease in corporate bond yields would increase the Fund's defined benefit obligation; however this would be partially offset by an increase in the value of the Fund's bond holdings.
- Inflation risk: a significant proportion of the Fund's defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). A proportion of the Fund's assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit.
- Life expectancy: if Fund members live longer than expected, the Fund's benefits will need to be paid for longer, increasing the Fund's defined benefit obligation.

Notes *(continued)*

20 Employee benefits *(continued)*

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by 25 basis points. The monetary impact of a change in 25 basis points would be €7,845 on the defined benefit obligation of €31,381,000

	Group and Company 2017	
Assumption	**% Change in defined benefit obligation**	
	-0.25% pa change	+0.25% pa change
Discount rate	**+3.6%**	-3.4%
RPI inflation	**-3.7%**	+2.8%
Future salary increases	**-0.1%**	+0.1%
Assumed life expectancy is 1 year longer	**+3.8%**	

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

Funding

The Trustees are required to carry out an actuarial valuation every 3 years.

The last actuarial valuation of the Fund was performed by the Scheme Actuary for the Trustees as at 30 September 2015. This valuation revealed a funding shortfall of £5.84 million. The Company agreed to pay annual contributions of 34.3% of members' pensionable salaries each year to meet the cost of future service accrual. In respect of the deficit in the Fund as at 30 September 2015, the Company has agreed to pay £852,000 pa until 1 November 2022. The Company therefore expects to pay a total of £912,000 to the Fund during the accounting year beginning 1 January 2018. The Company expects to pay £852,000 in contributions to its defined benefit plans in 2018.

Defined contribution plans

The total expense relating to these plans in the current year was €167,000 *(2016: € 183,000)*.

Notes *(continued)*

21 Share Capital

	2017	2016
	€'000	€'000
Equity share capital:		
Called up, allotted and fully paid:		
8,732,000 (2016: 8,732,000) ordinary shares of £1 each	**9,032**	9,032

Redeemable preference shares are classified as a non-current liability.

73,000 redeemable preferences shares of £1 each are included within creditors at 31 December 2017 (2016: 73,000 redeemable preference shares of £1 each).

For the preference shares, profits which the Company may determine in respect of any financial year shall be distributed in such manner as the directors in their absolute discretion shall think fit but in case of any distribution of profits, the preference shareholders shall first receive such profit in proportion to the number of shares held. Interest rate on the preference shares is nil. Voting rights do not apply to the holders of the preference shares. Redeemable preference shares are redeemable within three months of shareholder's request at an amount equal to the amount paid up on each share

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Previously amounts of Share capital, share premium and capital redemption reserve were shown in presentational currency of the financial statement at the amount originally translated into the presentational currency when first recognised.

Notes *(continued)*

21 Share Capital – (continued)

Dividends

The following dividends were proposed during the period:
The aggregate amount of dividends comprises:

Group	2017 €'000	2016 €'000
Final dividends proposed in respect of prior year but not recognised as liabilities in that year	-	9,545
At 31 December	-	9,545

Company	2017 €'000	2016 €'000
Final dividends proposed in respect of prior year but not recognised as liabilities in that year	-	9,545
At 31 December	-	9,545

Notes *(continued)*

22 Financial instruments

22 (a) Fair values of financial instruments

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input)

The Group does not have any financial instruments measurable on a Level 1 or 2 basis. In the financial year 2014, the Group's 10% investment in Sipcam Europe S.p.A was held at fair value. During 2016 an additional 10% was purchased and this is now an equity invested associate.

Fair Value

Set out below is a comparison of the fair value and book value of all the Group's financial instruments by category. Fair values are determined by reference to market values, where available, or calculated by discounting cash flows at prevailing interest rates.

	2017		2016	
	Book Value	Fair Value	**Book Value**	Fair Value
	€000	€000	**€000**	€000
Financial Assets				
Cash and cash equivalents				
Cash at bank and in hand	**12,947**	**12,947**	11,095	11,095
Receivables				
Trade receivables	**86,143**	**86,143**	75,100	75,100
Other receivables	**16,363**	**16,363**	10,958	10,958
	102,506	**102,506**	86,058	86,058
Financial Liabilities				
Trade Payables	**59,918**	**59,918**	55,923	55,923
Other Creditors	**9,487**	**9,487**	6,901	6,901
	69,405	**69,405**	62,824	62,824

Estimation of fair values:

Trade and other receivables/payables

The notional amount for all receivable /payables is deemed to reflect the fair value.

Notes *(continued)*

22 Financial instruments *(continued)*

22 (b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Group

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Credit risk within the Group is managed by using credit insurance where available and other external agencies such as Dunn and Bradstreet to obtain credit references and up to date status reports for all prospective and existing customers.

Counterparty risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

On the whole the Group has diversified its credit and counterparty risk to limit significant exposure from these risks.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was;

	Group	
	2017	2016
	€000	€000
Cash	**12,947**	11,095
Trade receivables and other receivables	**102,506**	86,058
	115,453	97,153

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

	Group	
	2017	2016
	€000	€000
Europe	**82,544**	72,320
Rest of World	**3,599**	2,780
	86,143	75,100

Notes *(continued)*

22 Financial instruments *(continued)*

22 (b) Credit risk (Continued)

The aging of trade receivables at the balance sheet date was:

Group	**Gross 2017 €000**	**Impairment 2017 €000**	Gross 2016 €000	Impairment 2016 €000
Past due - 0-90 days	78,748	-	61,929	-
Past due - 90-180 days	6,608	-	8,461	-
Past due - 180-365 days	538	-	4,374	-
More than 365 days	7,144	(6,895)	7,783	(7,447)
	93,038	**(6,895)**	82,547	(7,447)

Other receivables are not considered to be past due or impaired and do not represent any significant credit risk.

Notes *(continued)*

22 Financial instruments *(continued)*

22 (c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Group

The Group has arranged short term debt finance to ensure sufficient funds are available for ongoing operations and future developments. The short term debt finance is supported by a letter of guarantee from the ultimate parent company in Tokyo and the Directors consider that the Group will be able to maintain this financing for the foreseeable future

Liquidity risk – Group

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2017						2016					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over	Carrying amount	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Non-derivative financial liabilities												
Secured bank loans	69,405	69,405	69,405	-	-	-	62,074	62,074	62,074	-	-	-
Unsecured bank facility	1,455	1,455	-	-	1,455	-	935	935	-	-	935	-
	70,860	70,860	69,405	-	1,455	-	63,009	63,009	62,074	-	935	-

Other short term financial liabilities do not represent any significant liquidity risk.

Notes *(continued)*

22 Financial instruments *(continued)*

22 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments

Market risk - Foreign currency risk

Group

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts

31 December 2017

	Sterling	**US Dollar**	**Romanian New Lei**	**Other**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**
Cash and cash equivalents	**5**	**4,070**	**162**	**8,710**	**12,947**
Trade receivables and other receivables	**1,274**	**499**	**68,320**	**67,794**	**137,887**
Secured bank loans	**(7,124)**	**(280)**	**(23,801)**	**(76,051)**	**(107,256)**
Trade payables and other payables	**(1,031)**	**(5,937)**	**(38,735)**	**(37,358)**	**(83,061)**
Net exposure	**(6,876)**	**(1,648)**	**5,946**	**(36,905)**	**(39,483)**

31 December 2016

	Sterling	US Dollar	Romanian New Lei	Other	Total
	€000	€000	€000	€000	€000
Cash and cash equivalents	4	3,341	432	4,344	8,121
Trade receivables and other receivables	1,473	1,187	58,095	16,821	77,576
Secured bank loans	(3,431)	(192)	(20,340)	(9,869)	(33,832)
Trade payables and other payables	(983)	(5,139)	(30,681)	(3,046)	(39,849)
Net exposure	(2,937)	(803)	7,506	8,250	12,016

Notes *(continued)*

22 Financial instruments *(continued)*

***22 (d) Market risk** (continued)*

Foreign currency risk *(continued)*

Sensitivity analysis

Group

A 10 percent weakening of the following currencies against the Euro at 31 December 2017 would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 2016.

	Equity		Profit or loss	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Hungarian Forint	**(527)**	(527)	**(22)**	(22)
Polish Zloty	**(692)**	(692)	**(26)**	(26)
Romanian New Lei	**(2,286)**	(2,286)	**(75)**	(75)
Bulgarian Lev	**(118)**	(118)	**(11)**	(11)
Czech Koruna	**(289)**	(289)	**(5)**	(5)
Russian Rouble	**(260)**	(260)	**(6)**	(6)
Ukrainian Hryvnia	**(626)**	(626)	**(21)**	(21)
	(4,798)	(4,798)	**(166)**	(166)

A 10 percent strengthening of the above currencies against the Euro at 31 December 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes *(continued)*

22 Financial instruments *(continued)*

*22 (d) **Market risk** (continued)*

Market risk – Interest rate risk

Profile

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was:

	Group	
	2017	2016
	€'000	€'000
Variable rate instruments		
Financial liabilities	**(70,860)**	(63,009)

Sensitivity analysis

An increase of 25 basis points in interest rates at the balance sheet date would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for 2016.

	Group	
	2017	2016
	€'000	€'000
Equity		
Decrease	**(172)**	(156)
Profit or loss		
Decrease	**(172)**	(156)

Notes *(continued)*

22 (e) Capital management

Group

The Board's policy is to maintain an appropriate level of capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The objective for managing capital is to ensure that it maintains a robust capital ratio in each of its Group entities in order to support its business in individual operating territories and maximise shareholder value, thus enabling its Group entities to operate as going concerns and sustain future growth and development of the business. The Company manages the capital structure of the Group and makes adjustments according to economic conditions. To maintain or adjust the capital structure, the Company may adjust the level of dividend payment to shareholders, return capital to shareholders, issue new shares, draw down additional debt or reduce debt.

The Group's capital structure consists of debt, which includes the loans and borrowings disclosed in Note 17, cash and cash equivalents disclosed in Note 16 and the equity attributable to the parent, comprising share capital, reserves and retained earnings, as disclosed in the consolidated statement of changes in equity. The Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group			
	Land and Building		Motor Vehicles	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Within one year	**504**	238	**510**	270
Within two and five years	**746**	429	**340**	230
	1,250	667	**850**	500

The Group leases a number of office buildings and motor vehicles under operating leases. Land and buildings have been considered separately for lease classification.

Group

During the year €1,386,000 was recognised as an expense in the income statement in respect of operating leases *(2016: €646,000).*

Notes *(continued)*

24 Related parties

Income Statement Items

2017	Sales	Management Fees Received	Dividend Received	Expenses	Management Fees Paid	Dividend Paid
Transactions between:	€'000	€'000	€'000	€'000	€'000	€'000
Parent company and subsidiaries	39,497	1,728	8,459	1,518	-	-
SAE Group subsidiaries	5,299	547	6,045	43,277	2,275	14,504
SAE Group and other SC Group Companies	2,735	-	-	4,207	688	9,545
SAE Group and other related party	2,206	-	-	494	-	-
Key Management Personnel	-	-	-	271	-	-
	49,737	**2,275**	**14,504**	**49,767**	**2,963**	**24,049**

2016	Sales	Management Fees Received	Dividend Received	Expenses	Management Fees Paid	Dividend Paid
Transactions between:	€'000	€'000	€'000	€'000	€'000	€'000
Parent company and subsidiaries	34,623	1,714	6,977	30,896	-	-
SAE Group subsidiaries	4,651	932	11,331	8,378	2,646	18,308
SAE Group and other SC Group Companies	3,296	-	-	7,352	600	7,984
SAE Group and other related party	4,504	-	-	1,049	-	-
Key Management Personnel	-	-	-	414	-	-
	47,074	**2,646**	**18,308**	**48,089**	**3,246**	**26,292**

Balance Sheet Items

2017	Accounts Receivables	Other Receivables	Loan Receivable	Accounts Payables	Other Payables	Loan Payable
Transactions between:	€'000	€'000	€'000	€'000	€'000	€'000
Parent company and subsidiaries	3,160	2,312	17,197	2,382	-	138
SAE Group subsidiaries	4,162	-	2,972	4,813	2,312	20,029
SAE Group and other SC Group Companies	13	-	-	7,014	-	-
SAE Group and other related party	360	-	-	1,721	-	-
	7,695	**2,312**	**20,169**	**15,930**	**2,312**	**20,167**

2016	Accounts Receivables	Other Receivables	Loan Receivable	Accounts Payables	Other Payables	Loan Payable
Transactions between:	€'000	€'000	€'000	€'000	€'000	€'000
Parent company and subsidiaries	1,097	1,828	19,175	4,478	-	6
SAE Group subsidiaries	5,810	-	4,159	2,413	1,828	23,047
SAE Group and other SC Group Companies	282	-	-	5,815	-	1,639
SAE Group and other related party	1,625	-	-	21	-	-
	8,814	**1,828**	**23,334**	**12,727**	**1,828**	**24,692**

The "other related party" item above involves normal business operations with a party related to one director of the Company's subsidiaries and with Sipcam S.p.A

Notes *(continued)*

25 Ultimate parent company and parent company of larger group

In the opinion of the directors, the immediate and ultimate parent and controlling company is Sumitomo Corporation, incorporated in Japan. This is also the parent undertaking of the largest and smallest group which includes the Company and for which group accounts are prepared. Copies of Sumitomo Corporation's accounts can be obtained from, 1-8-11, Harumi, Chuo-ku, Tokyo 104-8610, Japan

26 Subsequent Events

Effective from 31st January 2018, Sumitomo Corporation Europe Limited transferred their 20% minority holding in the Company. Summit Agro International Limited acquired 15% of this shareholding and Sumitomo Corporation acquired the additional 5% shareholding to increase their total shareholding in the Company to 85%.