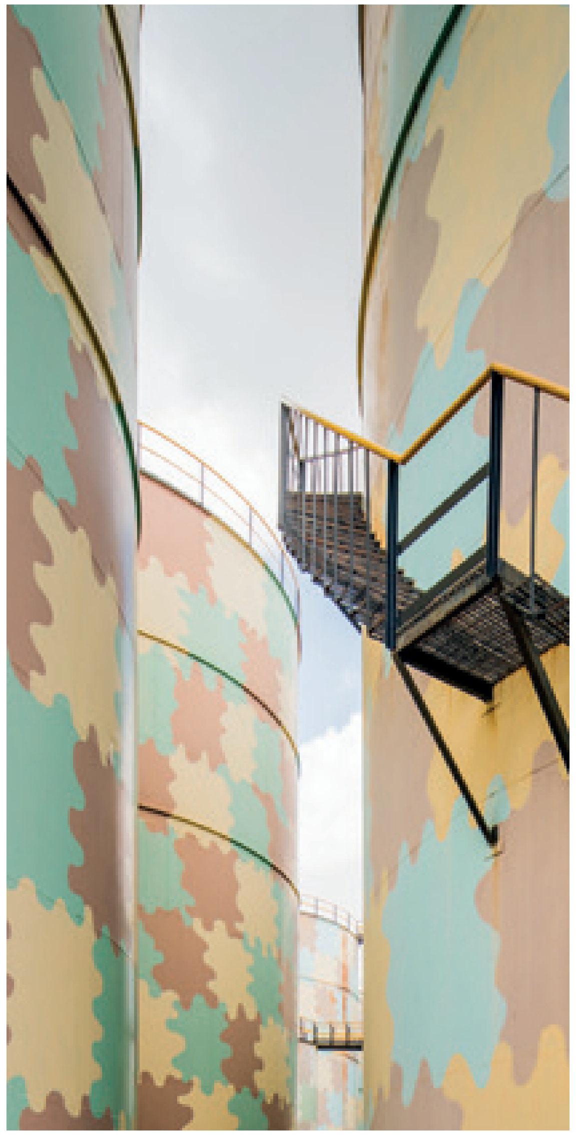
Annual Report & Audited Consolidated Financial Statements 2017

Realizing our Potential.



LDC.
Louis Dreyfus Company

Louis Dreyfus Company is a leading merchant and processor of agricultural goods, leveraging its global reach and extensive asset network to deliver for our customers around the world – safely, responsibly and reliably.

Unless otherwise indicated, "Louis Dreyfus Company", "LDC", "Group", "Louis Dreyfus Company Group" and related terms such as "our","we", etc. used in this Annual Report refer to the Louis Dreyfus Company B.V. Group.

Contents

Our vision

To work towards a safe and sustainable future, contributing to the global effort of providing sustenance for a growing population.

Our mission

To use our know-how and global reach to bring the right product to the right location, at the right time.

This is LDC.

more than 90%
Owned by Louis Dreyfus Holding B.V.

ca. 19,000
Employees worldwide

less than 10%
Employee-owned

6*
Regions
*as of January 1st, 2018

Milestones

1851	1930s	1992	2006	2017
The company is founded by Léopold Louis-Dreyfus in Alsace, France.	Grain is traded all over the world, through coded telex messages exchanged by commercial correspondents. Léopold's company code, Sesostris, becomes a symbol of reliability among suppliers and customers.	The Oilseeds port complex of General Lagos opens in Argentina. LDC has been present in the country since the 19th century.	Taking charge of his family's company, Robert Louis-Dreyfus creates autonomous subsidiaries for each of the Group's activities. He consolidates the company's structure and creates LDC.	Reorganization with the sale of LDC's Fertilizers operations in Africa and Australia, the ring-fencing of Juice activities and the creation of a new Region with China (effective January 1st, 2018).

11 Platforms

Our diversified activities span the entire value chain from farm to fork, across a broad range of business lines (platforms).

The Value Chain Segment includes platforms that have a fully integrated asset network ranging from origination to distribution.

The Merchandizing Segment includes platforms that have a more merchant-oriented business model.

Oilseeds
Soybeans, canola, rapeseeds, cottonseeds, sunseeds, peanuts, palm, meals and oils (crude & refined, bulk & bottled), lecithin, glycerin (crude & refined), biodiesel, fertilizers, inputs & seeds

Grains
Wheat, white corn, yellow corn, DDGS, sorghum, barley, rye, oats, chickpeas, fertilizers, inputs & seeds

Coffee
Arabica and robusta

Cotton
Sourced from all major producers

Sugar
Raw and white sugar

Rice
Paddy, brown, milled and parboiled (bulk & packed)

Dairy
Milk powders, whey powders, fat-filled powders, fats and cheese

Finance
Provision of foreign exchange risk mitigation

Juice
Orange, grapefruit, lime, lemon, apple and citrus by-products (citrus pulp pellets & oils)

Freight
Global footprint thanks to an extended network and involvement in major trade flows

Metals[2]
Base and precious metals in raw and refined form

Net Sales[1]
US$43.0b
US$40.6 billion in 2016

Volumes[1]
up 5%
year-on-year

Segment Operating Results[1]
US$1,057m
US$1,037 million in 2016

Capital Expenditure[1]
US$271m
US$350 million in 2016

Net Income, Group Share
US$317m
US$305 million in 2016

1. These figures do not include discontinued operations (Metals Platform).
2. Discontinued operations.

Global Presence.

Our network of strategically placed assets enables us to stay ahead of changing supply and demand.

Key

- Grains & Oilseeds
- Rice
- Coffee
- Cotton
- Sugar
- Juice
- Dairy
- Fertilizers & Inputs
- Metals
- Farming
- Processing asset
- Logistic asset – storage
- Logistic asset – transport
- Mining
- Under construction
- x Tolling agreement, off-take contract, minority stake, land lease, facility lease
- Offices

NB: For readability purposes, the above map displays only some of LDC's farming assets in North Latin America

North America

Canada
United States

North Latin America

Brazil

South & West Latin America

Argentina
Bolivia
Chile
Colombia
Honduras
Mexico
Paraguay
Peru
Uruguay

Europe, Middle East & Africa

Belgium
Bulgaria
Ivory Coast
Egypt
France
Germany
Ghana
Italy
Kazakhstan
Kenya
Nigeria
Poland
Portugal
Russia
Senegal
South Africa
Spain
Switzerland
The Netherlands
Turkey
UAE
Uganda
Ukraine

North Asia*

China

*Since January 1st, 2018

South & Southeast Asia*

Australia
India
Indonesia
Malaysia
Pakistan
Singapore
Vietnam

*Since January 1st, 2018

Our Value Chain.

Our activities span the whole value chain. We leverage our assets at various stages to support customers by getting the right product to the right location, at the right time.

1. Originate & Produce

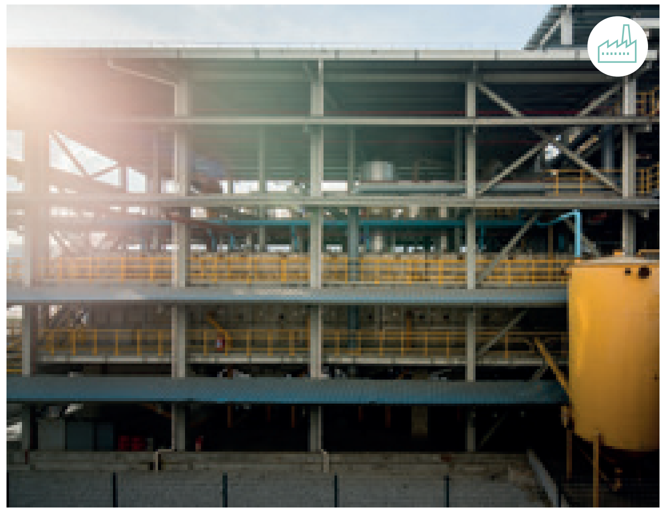
We share our expertise with farmers and producers worldwide, be it through partnerships or our origination network.

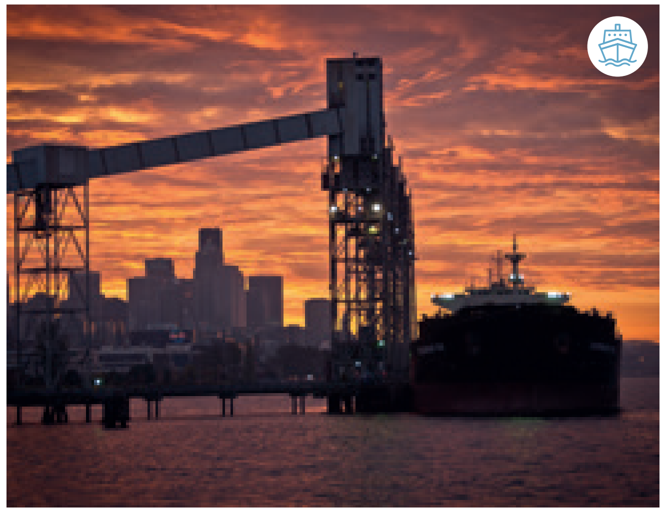
Our commitments include investing to secure long-term origination and guarantee service to customers.

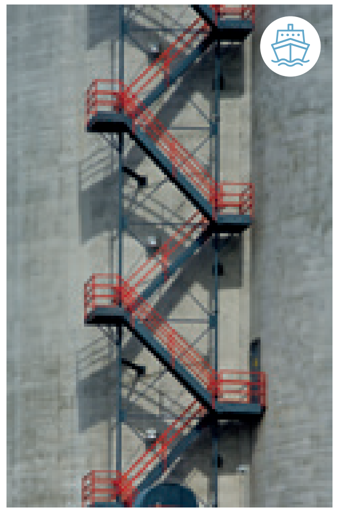
2. Process & Refine

Once harvested, we process and refine the finest quality raw materials, in a sustainable manner.

We control quality thoroughly and supply products to our value chain network. Our strategically located asset base maximizes our capability to respond to changing demand.







3. Store & Transport

We efficiently manage movements across the value chain.

Our network of silos, warehouses, transloading facilities and ports allows us to control costs and mitigate risks throughout the process.

4. Research & Merchandize

All platforms and regions rely on our market knowledge to ensure responsive supply.

Our teams research every aspect of the products in our value chain: from environmental conditions and weather to economic developments and consumption trends.

5. Customize & Distribute

We supply products to a range of customers, from multinationals to local manufacturers.

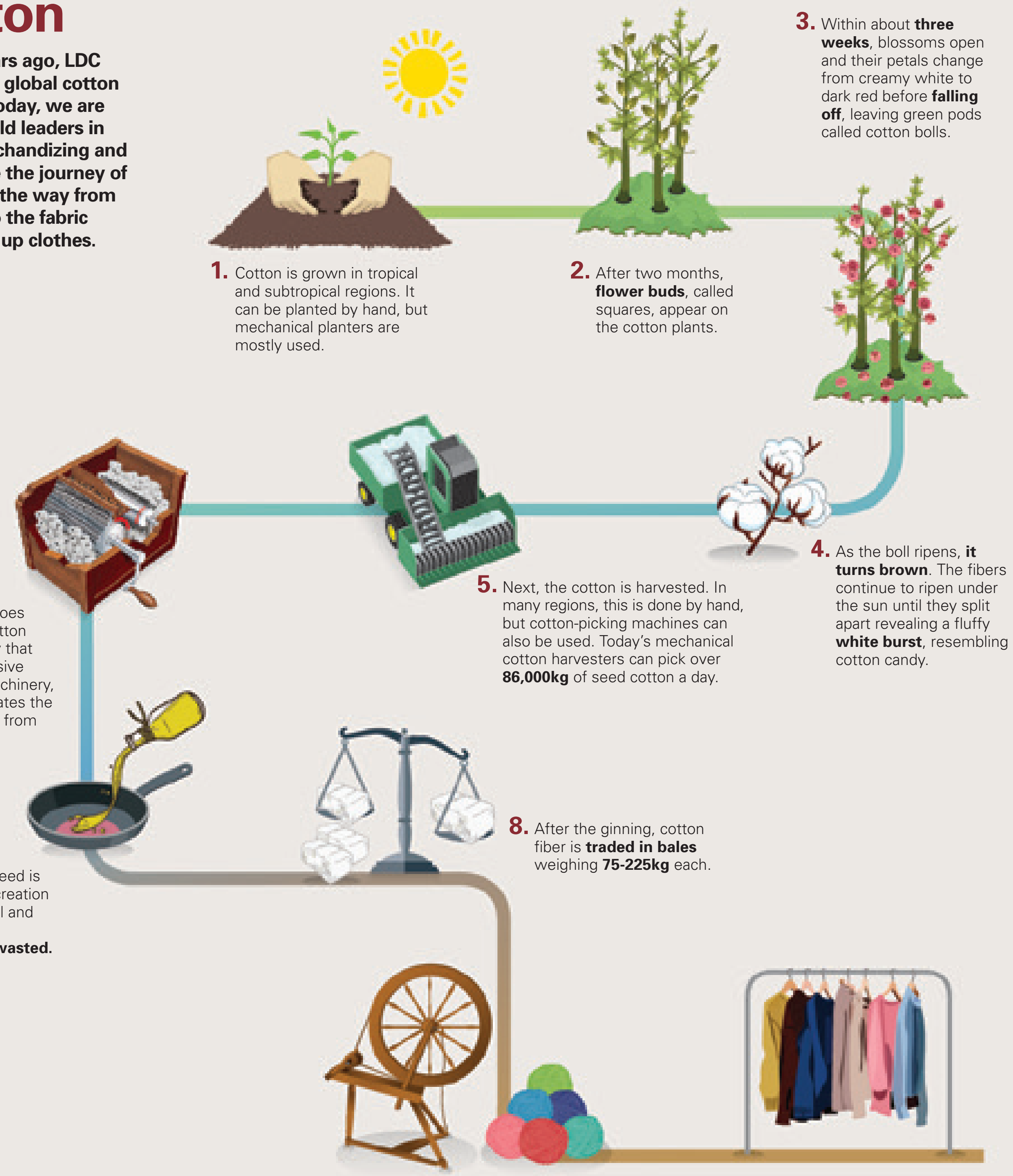
Packaged frozen orange juice, dairy products, rice, vegetable oil and sugar are part of our diversified portfolio.

To illustrate better how LDC works across the value chain, here are some examples of the journey of cotton and soybeans from the raw material to the final products.

Across our Value Chain.

Cotton

Over 30 years ago, LDC entered the global cotton business. Today, we are among world leaders in cotton merchandizing and we manage the journey of cotton – all the way from the fields to the fabric that makes up clothes.



1. Cotton is grown in tropical and subtropical regions. It can be planted by hand, but mechanical planters are mostly used.

2. After two months, **flower buds**, called squares, appear on the cotton plants.

3. Within about **three weeks**, blossoms open and their petals change from creamy white to dark red before **falling off**, leaving green pods called cotton bolls.

4. As the boll ripens, **it turns brown**. The fibers continue to ripen under the sun until they split apart revealing a fluffy **white burst**, resembling cotton candy.

5. Next, the cotton is harvested. In many regions, this is done by hand, but cotton-picking machines can also be used. Today's mechanical cotton harvesters can pick over **86,000kg** of seed cotton a day.

6. The cotton goes through a cotton gin, a factory that houses massive industrial machinery, which separates the cotton fibers from their seeds.

7. The cotton seed is used in the creation of cooking oil and animal feed. **Nothing is wasted.**

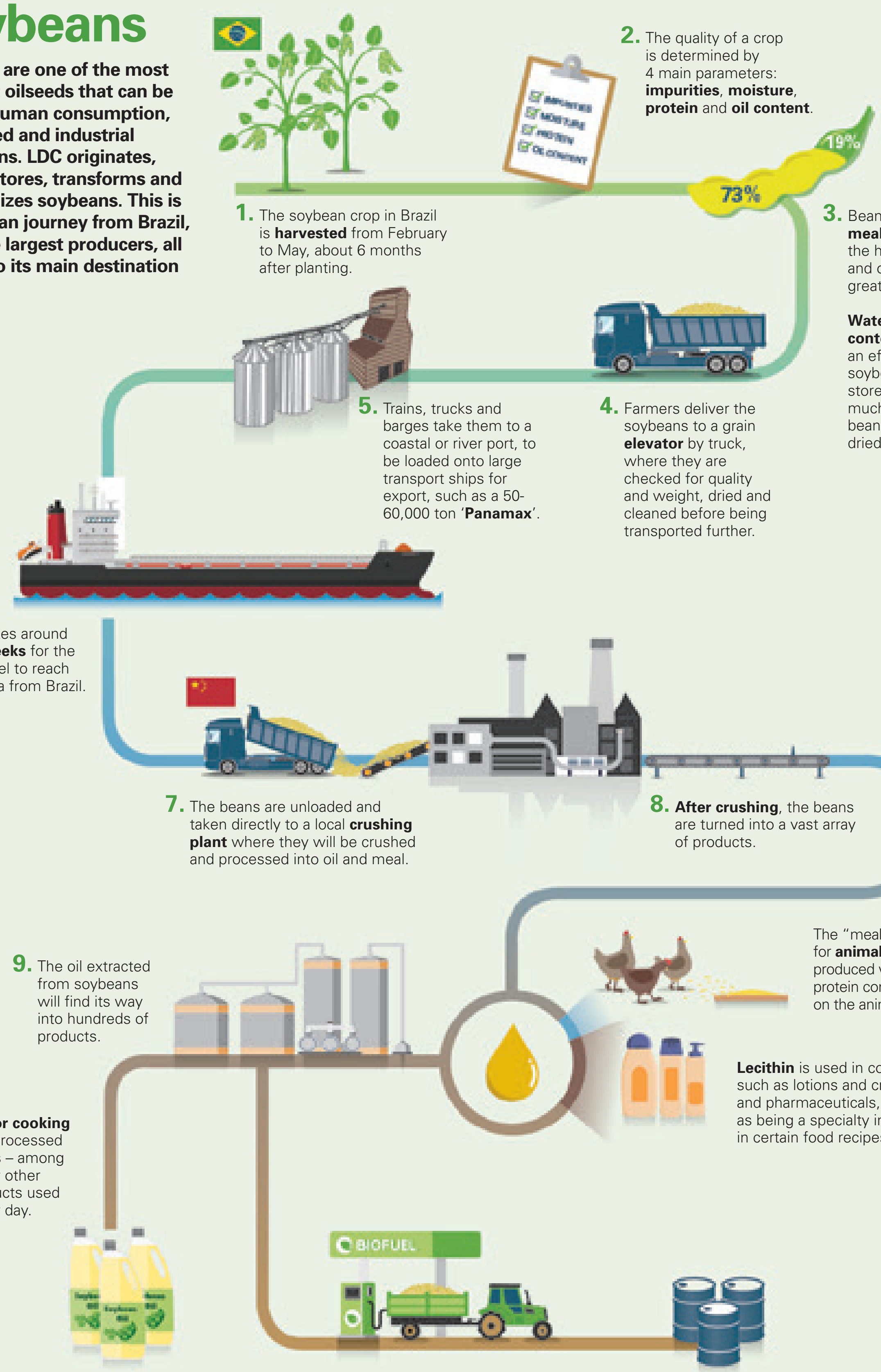
8. After the ginning, cotton fiber is **traded in bales** weighing **75-225kg** each.

9. Bales of cotton fiber are sold to spinning mills, where the fiber is **spun into yarn**.

10. At the end of the process, the yarn will be either woven or knitted into fabric that becomes **sheets, clothes, curtains and more.**

Soybeans

Soybeans are one of the most important oilseeds that can be used for human consumption, animal feed and industrial applications. LDC originates, handles, stores, transforms and merchandizes soybeans. This is the soybean journey from Brazil, one of the largest producers, all the way to its main destination – China.



1. The soybean crop in Brazil is **harvested** from February to May, about 6 months after planting.

2. The quality of a crop is determined by 4 main parameters: **impurities**, **moisture**, **protein** and **oil content**.

3. Beans are around 73% **meal** and 19% **oil** – but the higher the protein and oil content, the greater the premium.

Water moisture content can also have an effect, as drier soybeans are easier to store – if there is too much moisture, the beans have to be dried before storage.

4. Farmers deliver the soybeans to a grain **elevator** by truck, where they are checked for quality and weight, dried and cleaned before being transported further.

5. Trains, trucks and barges take them to a coastal or river port, to be loaded onto large transport ships for export, such as a 50-60,000 ton '**Panamax**'.

6. It takes around **5 weeks** for the vessel to reach China from Brazil.

7. The beans are unloaded and taken directly to a local **crushing plant** where they will be crushed and processed into oil and meal.

8. After crushing, the beans are turned into a vast array of products.

The "meal" is mostly used for **animal feed** and can be produced with high or low protein content, depending on the animals' needs.

9. The oil extracted from soybeans will find its way into hundreds of products.

Lecithin is used in cosmetics, such as lotions and creams, and pharmaceuticals, as well as being a specialty ingredient in certain food recipes.

10. Oil for cooking and processed foods – among many other products used every day.

11. Biodiesel – a farm tractor could be powered by the very crops it harvests.

12. Refined glycerin can be used for food and pharmaceutical products.

Perspectives.

Message from Margarita Louis-Dreyfus.

Margarita Louis-Dreyfus
Chairperson, Louis Dreyfus Holding B.V.

LDC delivered very good results in 2017. A refocused strategy allowed us to respond successfully to a wide range of market and industry challenges. As I look ahead, I am confident that we are well positioned to serve our customers and other stakeholders effectively in the years to come.

Enabling fair value creation

I am proud not only of our performance, but how we delivered it. Reducing imbalances and inefficiencies between supply and demand, and operating with the highest ethical standards to create value fairly, lies at the heart of our vision and our corporate strategy for the Group.

We strongly embrace the view that, as a company, we must rise to the challenge of sustaining our natural resources for future generations and actively help improve the lives of the communities in which we operate. This is undoubtedly the right thing to do. It is also the best way for us to ensure sustained commercial success.

This focus is not new for our Group. However, it is my firm belief that our relentless attention to generating value sustainably should ultimately make us a benchmark for good corporate citizenship and fair value creation in our industry.

Moving purposefully forward

In order to meet our ambitious commercial and ethical goals, we must continuously explore new ways of thinking and operating. As LDC keeps growing, it becomes critical that our unique company culture remains a guiding light for everything we do. It must be understood and treasured as a focal point by long-standing employees and newcomers alike.

A strong and inspiring purpose statement that reflects what LDC stands for in this rapidly changing world will provide the reference point we all need.

With that goal in mind, I have worked closely with our Senior Leadership Team and our Executive Group in 2017 to get to the heart of a shared corporate purpose – LDC's "reason for being." As we integrate it into our daily decision-making and organizational behavior, I trust it will complement and enrich our culture.

The Louis Dreyfus Company Purpose
We are committed to supporting the communities we serve, through fair and sustainable value creation.

The purpose links our past and future, blending value creation with fairness and sustainability. Concretely, we will implement our purpose by connecting 4 principal priorities:

- **Develop our people:** they are our most precious resource. They will be living the purpose every day in their respective work and they allow us successfully to deliver on our purpose.
- **Nurture our communities:** with our global reach we touch many communities. Engaging them and ensuring our work benefits them is essential to creating fair value sustainably. As we innovate and explore new territories, we must look for ways that nurture those around us.
- **Grow with our stakeholders:** in this ever-changing world we must keep working in close partnership with others to respond to global challenges and create value the right way.
- **Protect the environment:** managing our environmental impact is fundamental to our contribution to a more sustainable world.

Understanding LDC's purpose and putting it at the center of every decision we make will provide clear direction to every one of our colleagues. From the way we conduct the smallest matters of day-to-day business, to who and how we recruit, to our corporate social responsibility approach worldwide, I want everyone to be able to say: "yes, that is the LDC way."

We will consolidate and implement our new purpose throughout 2018, as a Group-wide priority.

United in pursuing success our way, I firmly believe LDC can remain a distinct leader in our sector. Our people are extremely capable and our governance structure has proven highly effective. Following a carefully aligned vision, values, purpose and strategy will ensure we stay on the leading edge, whatever the constantly changing environment requires.

2017, In His Own Words.

Our Chief Executive Officer, Gonzalo Ramírez Martiarena, shares his thoughts on LDC's performance and on key elements that will guide the future of the Group.

Gonzalo Ramírez Martiarena
Chief Executive Officer, Louis Dreyfus Company B.V.

Reflecting on 2017, we have seen some really significant achievements. Four words struck me as strongly representative of this past year for LDC.

Performance

We can be very pleased with the results we delivered in 2017. Net sales reached US$43.0 billion, compared to US$40.6 billion in 2016.

The increase mainly reflects a 5% growth in our overall volumes sold. It speaks strongly of our ability to navigate difficult conditions, with very low price volatility levels overall and slow farmer selling for some platforms. Our customer-centricity, broad origination and distribution networks, efficient logistics, and a good read of the markets all contributed.

LDC's Segment Operating Results reached US$1,057 million for 2017, slightly higher than the US$1,037 million recorded last year. Our Oilseeds operations recorded solid crush and logistics margins, and generated sustained sales to China. The Cotton Platform saw solid demand for US cotton and new opportunities in Asia. Freight activities generated double-digit growth in volumes in a global context of higher demand for iron ore, coal, grains and oilseeds, especially from China. Rice produced very good results thanks to the team's long-term relationships with clients and established presence in Africa, and Metals had a record year.

I believe we are seeing the fruits of the strategic road map we have been implementing for the last 2 years. The focus is clear in our results: realigning our geographical footprint, while divesting several assets and businesses (such as fertilizers in Africa and Australia), allows us to concentrate further on core activities.

Similarly, we have streamlined our investments (US$271m vs US$350m in 2016) to primarily target our logistics capabilities, such as in Brazil with the major Pará State river export project, as well as the addition of capacity in existing facilities, and new technologies for greater operational efficiency.

With all this work, LDC is well placed for the future. We have a disciplined approach, good understanding of markets and robust governance. We are positioned to respond to new demand arising in locations (especially Asia with its projected population growth and increased urbanization) that are different from supply (in the Americas for example). This will impact trade growth. Merchants, like LDC, who can address the gap caused by physical disruptions, will be able to add further value to society.

Journey

2017 was the second year of a transformational journey for LDC.

As you can see from the Strategy section of this report, we have taken great strides in our evolution into a more innovative and sustainable company, exploring a number of new avenues for growth, across several dimensions:

- **Innovation:** collaborating with the best partners to get and stay ahead of the curve.
- **Research:** redesigning our methodology, moving from pure supply and demand analysis to a full research and development approach.
- **Food innovation:** assessing new business opportunities in the food sector to embrace the new food trends around healthier products and vegetal proteins, with a strong focus on sustainability.
- **Create sustainable fair value:** developing our thinking on how we collectively set the path for a better future, both for LDC and for all of us, by planning even further ahead and favoring sustainable practices.
- **Focus on China:** turning greater attention to where demand is strong, and is likely to increase continuously, to be at the forefront of thriving global trade toward the country.

Teamwork

Inside and outside LDC, we are fully convinced of the necessity to work in teams.

We have long held a strong belief in partnerships. That has only grown, and from our Senior Leadership Team outwards we are emphasizing the culture, values and benefits of this approach at all possible opportunities.

Since our beginnings, we have always favored long-term relationships with our customers and suppliers, based on trust and reliability.

In our sustainability efforts, we are acutely aware of the increased need for stronger, multi-stakeholder approaches to maintain momentum towards shared goals. This is why we have joined several international organizations with this philosophy, such as, most recently, the World Business Council for Sustainable Development.

Within LDC, we thrive through collaboration. Our people's entrepreneurship and openness to new challenges is inspiring. We want to encourage their enthusiasm for new projects and help them to grow by promoting real career paths. To achieve this, we continue to invest in our internal training and facilitate the year-round sharing of managers' knowledge and expertise with their teams.

Beyond that, we would like to encourage the younger generations at LDC to express themselves in an open and genuine manner: to share their vision for the future and what they consider to be key challenges. We are fully conscious that millennials drive consumption trends and sustainability concerns. Their insights will help us to define how a company like LDC should position itself in the coming years.

Purpose

As Margarita Louis-Dreyfus highlights in this report, LDC has a new corporate purpose – a "reason for being" – that will be fully integrated into our daily decision-making and organizational behavior.

We, as a Senior Leadership Team, are excited by and unified behind this purpose. The coming year will be about embedding it in our wider organization. A number of key areas of our business will be impacted:

- **Leadership behaviors:** we will have to model and reward the behaviors that make the purpose real, including through coaching and by clarifying accountabilities.
- **Strategy:** it will be key to use the purpose in every goal set and every resource-allocation decision. In our position across the value chain, we interact with many different stakeholders, so we will have to carefully select partners who are aligned with our purpose too.
- **Communication:** we will consistently express our ambition and renewed vision, with razor-sharp clarity, both internally and externally. This will mean sharing goals, intermediate steps and successes, as well as being honest about where we can do better.
- **Processes:** develop processes and procedures that enable everyone to operationalize the purpose and remove obstacles to its realization.
- **Capabilities:** we will need to build our team, based on an initial identification of the competencies, both in terms of skills and mindset, associated with the purpose. We will develop those competencies within our teams or, in some instances, recruit them from outside the Group.

There is a great deal to do, but I am sure that, with the entrepreneurial drive that is deep in our culture, we will soon be reflecting on a company that is purpose-led at every level of its operations.

Corporate Governance.

Senior Leadership Team

Pictured from left to right

Armand Lumens
Chief Financial Officer

A Dutch national, Armand joined LDC in 2017 in his current role. Prior to this, he worked at Royal Dutch Shell plc., where he built his career over more than 20 years, holding numerous and increasingly senior roles, mainly in Finance, across the Americas and Europe. He most recently served as CFO for Shell International Trading & Shipping, between 2014 and 2017. Armand holds an undergraduate degree and MBA from Maastricht University (The Netherlands) and a Master's degree from London Business School (UK), and is a Certified Internal Auditor.

Adrian Isman
Senior Head, Grains and Value Chain Platforms; Head, North America Region; and Chairman of the Board of Calyx Agro Ltd.

Adrian joined the Group in 1985 as a trader in Argentina, where he worked for the Grains, Oilseeds and Finance platforms until 1997. After three years as President of Marc Rich Investments, he re-joined the Group in 2001 in Brazil, where he held several roles managing energy, coffee, grains, oilseeds and cotton activities. Adrian later moved to Singapore, before returning to Brazil in 2010. He subsequently served as Region COO and Head of the North Latin America Region, as well as Senior Head of Juice and Merchandizing platforms, before assuming his current roles. An Argentine national, Adrian holds an undergraduate degree in Economics from Universidad de Buenos Aires, and an Advanced Management Program degree from INSEAD and Fundação Dom Cabral.

Andrea Maserati
Senior Head of Functions and Regions; and Global HR Director

Andrea joined the business in April 2011 from the Fiat Group, a global industrial group with a clear focus on the car, truck and agricultural equipment businesses, where he was HR Vice President, Corporate Organizational Development Director. Between 1993 and 2003 he worked at Accenture, a global management consulting, technology services and outsourcing company. An Italian national, Andrea holds an engineering degree from Politecnico di Milano.

Gonzalo Ramírez Martiarena
Chief Executive Officer

An Argentine national, Gonzalo joined LDC in Buenos Aires in 2005, initially working for the Oilseeds Platform and later for the Freight Platform in Paris, France. In 2007 he moved to Madrid to develop the distribution market for LDC Spain. The following year he returned to Buenos Aires to lead the Group's grains and oilseeds origination activities in South Latin America, and in parallel started the fertilizers and seeds division in Argentina. He subsequently served as Chief Operating Officer for South & West Latin America, and in 2012 was appointed head of that Region, acting in parallel as interim Senior Head of Regions for the Group between 2013 and 2014. He then moved to Singapore as Head of the Asia Region, before his appointment as Global CEO in October 2015.

André Roth
Senior Head, Oilseeds and Value Chain Platforms; and Chairman, North Latin America Region

André joined our business in 1993 as a trainee and worked as a trader and commercial director for the Grains and Oilseeds platforms. He graduated in business administration from Getúlio Vargas Foundation. A Brazilian national, he also served on the Board of Directors of ABIOVE (Brazilian Association of Vegetable Oil Industries) and ANEC (National Association of Grain Exporters).

Supervisory Board

Louis Dreyfus Company Holdings B.V.
Margarita Louis-Dreyfus Non-Executive Chairperson
Jean-René Angeloglou
Michel Demaré
Mehdi El Glaoui
Andreas Jacobs
Dr. Jörg Wolle

Supervisory Board Committees

Audit Committee
Jean-René Angeloglou Chairperson
Mehdi El Glaoui
Andreas Jacobs

Strategy Committee
Michel Demaré Chairperson
Margarita Louis-Dreyfus
Dr. Jörg Wolle

Compensation, Nomination and Governance Committee
Dr. Jörg Wolle Chairperson
Michel Demaré
Margarita Louis-Dreyfus

Managing Board

Louis Dreyfus Company Holdings B.V.
Maurice Kreft
Johannes Schol

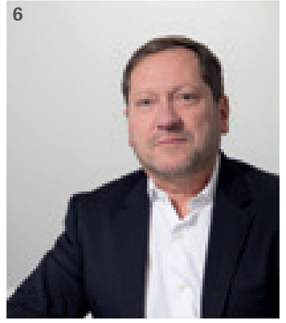
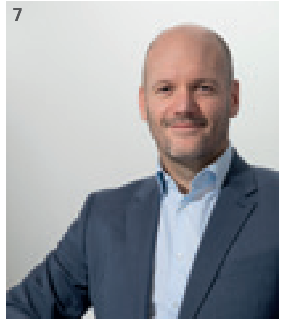
Louis Dreyfus Company B.V.
Gonzalo Ramírez Martiarena
Johannes Schol

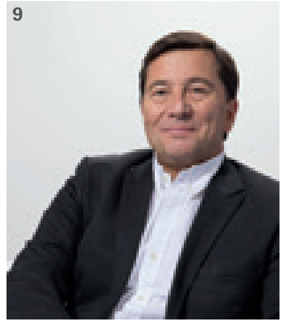
Corporate Governance.

Executive Group














1 Paul Akroyd
Head, Metals Platform

2 Juan José Blanchard
Operations Planning Director of Biosev*

3 Tim Bourgois
Global Trading Manager, Cotton Platform

4 Miguel Catella
Head, Finance Platform

5 Federico Cerisoli
Deputy Chief Financial Officer & Group Controller

6 Jean-Marc Foucher
Head, Dairy Platform

7 Tim Harry
Global Head, Business Development

8 Sebastien Landerretche
Head, Freight Platform

9 Guy de Montulé
Head, Rice Platform

10 Joe Nicosia
Senior Head, Cotton Platform

11 Pedro Nonay Vela
Head, Europe, Middle East & Africa Region; and Regional Head of Oilseeds for EMEA

12 Jaime O'Donahue
Head, South & Southeast Asia Region

13 Murilo Parada
Head, Juice Platform; and Head, North Latin America Region

14 Javier Racciatti
Head, South & West Latin America Region; and Regional Head of Oilseeds SWLA

15 Markus Reis
Head, Coffee Platform

16 Anthony Tancredi
Head, Sugar Platform

17 Patrick Treuer
Global Head of Strategy; and Non-Executive Chairman of the Board of Biosev

18 James Zhou
Head, North Asia Region

*On temporary assignment since May 1st, 2017.

Strategic Approach.

Our Strategy.

Today's world brings unparalleled challenges in the agribusiness sector, with a growing population creating significant changes in demand.

LDC's strategy, based on four main pillars, is placing us in the best position to embrace new trends and seize opportunities.

1 Optimizing Portfolio & Investments

2 Innovating in Food Products

3 Realigning our Geographical Footprint

4 Generating Sustainable Value

1 Optimizing Portfolio & Investments

There are two strands to our approach to optimizing the Group's portfolio and investments.

First, we are refocusing on activities where we already have core competences, reliable partners, a successful track record and a critical mass of traded volumes.

Secondly, we are looking to evolve from those core, refocused business areas into connected products and sectors. Innovation along these lines will take us into highly promising food-related sectors and lead us further downstream in our value chains.

Focusing on core activities

Historically the Oilseeds, Grains and Cotton platforms have been the backbone of LDC's business. They already possess an excellent combination of competences, partners, track record and volumes, as shown by their long-held leading positions in soybeans, wheat, barley, corn and cotton.

Sugar, Rice, Coffee and Freight are also central to our business and are developing their own, customer-centered long-term growth strategies. They are instrumental in developing our competences and extending our global reach.

Some activities require a business model, in terms of capital, investment and management approach, that differs significantly from our main operations. For example, the sale of LDC Metals to NCCL Natural Resources Investment Fund will allow the Metals business to expand its activities further and accelerate its growth.

We also sold our Fertilizers and Inputs business in Middle East and Africa, and our Macrofertil fertilizers operations in Australia. In line with our strategy to build even closer ties to the farmers and strengthen our origination capabilities, while maximizing existing synergies, we will be integrating LDC's remaining Fertilizers & Inputs structure in South America within Grains and Oilseeds origination. This will allow us to better serve both suppliers and customers, increase volumes for both platforms, and thus create fair value.

We have been following and will continue a program of ring-fencing in order to either pursue those activities profitably through joint ventures or to divest them. In 2018, we will complete other key reconfiguration initiatives, recognizing and acting on the fact that there are several platforms that have better scope for growth when operated in partnership with external investors. The Juice Platform has been ring-fenced, and there are plans to complete the same process for Dairy. We are actively seeking partners in those areas.

Joint ventures and partnerships will allow our platforms to further develop their potential for growth, as shown by the sale of a 33% stake in our Brazilian joint venture in oilseeds with Amaggi to Zen-Noh Grain Brazil, the Brazilian subsidiary of Japanese Zen-Noh Corporation.

Customer-centricity has to be the cornerstone of every platform's strategy. This entails remaining, and in some cases becoming, present at all stages of the value chain so that we can ensure maximally responsive supply. Maintaining, growing and leveraging our relationships with farmers worldwide will be key, while we continue to move closer to end consumers globally.

Spotlight on Grains & Oilseeds Strategy

1 Secure Origination

Build close, long-term relationships with farmers

Origination is the main pillar of the strategy.

Our teams build close relationships with farmers by providing a full set of products and services: seeds, crop protection, fertilizers and financing. This allows farmers to produce more efficiently, and harvest better crops that will generate greater volumes for us to process and merchandize.

2 Maintain Efficient Logistics

Possess the right network capabilities to move volumes efficiently

We must have the right assets, in the right locations, to serve global markets.

For example, our river logistics project in Pará State, Brazil will allow us to move up to 9 million tons of beans and grains from remote locations in Central Brazil to any destination worldwide.

Our established network of ports and logistics assets in North and South America is strategically placed to connect supply and demand.

3 Increase Volume Movements

Contribute to optimal asset usage

Success in steps 1 and 2 of the strategy will result in using warehouses, waterways & ports at their maximum capacity.

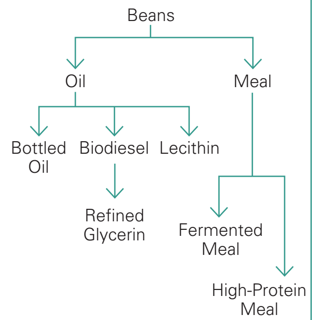
4 Enhance Capabilities at Destination

Increase crushing/processing capabilities

China is the market with the highest demand potential for Grains and Oilseeds, with the increasing consumption of meal and protein.

We want to process more oilseeds in China to increase our crush volumes from 2 to 6 million tons, in order to produce a greater range of high-grade products there.

5 Increase Portfolio of Value Added Products



Our Strategy. continued

Today's consumers are looking for new products. We must embrace food innovation as a vehicle for our future growth. Through innovation and investments in technology, we will be much better equipped to meet rising food demand in a sustainable manner.

André Roth
Senior Head, Oilseeds and Value Chain Platforms

2 Innovating in Food Products

More and more, LDC will be exploring the future of food supply in close partnership with our customers. Strategically, that means a number of things for how we operate.

Within LDC several changes have already begun. We are, and will increasingly be, more than a merchant. We already process and merchandize a number of high-grade products such as refined oil, refined glycerin and lecithin. For example, our oilseeds processing facility in Claypool, Indiana, US produces refined glycerin to supply several of the main players in the food and pharmaceutical industries. We will continue to invest in this area, expanding our portfolio and building our capability to serve customers across a range of industries.

The Group will also delve deeper into the ongoing food revolution. We can help our customers both meet current demand and get ahead with future food trends. We are well prepared to participate in this, with a new, dedicated Food Innovation Project Team. The team will collaborate with our existing Research, Commercial and Industry groups drawing on the know-how of our network of regional food innovation trend working groups. It will select potential projects for further exploration or investment.

The new Food Innovation Project Team will benefit, along with wider Group operations, from significant upgrades and expansion of our existing research capabilities. This is as much about reorienting our approach, enlarging its scope, as growing our capacity. Our leading micro-trend, supply and demand research is in the process of adding macro-trend work to guide our focus in terms of food innovation and production.

This entails a balancing act between positioning for shorter-term demand and Research and Development focus for the future.

Supporting our customers will require some innovative supply chain and distribution approaches. We are constantly exploring supply chain improvements for each of our platforms, especially through joint ventures. This approach is also evolving to encompass global solutions.

At destination, we shall invest further in getting closer to end consumers. That will involve not only leveraging our own existing brands, including Zephyr in coffee, Allsome in rice and Via Velha in oilseeds, but also growing that portfolio, most likely through partnerships with distributors.

Food revolution trends

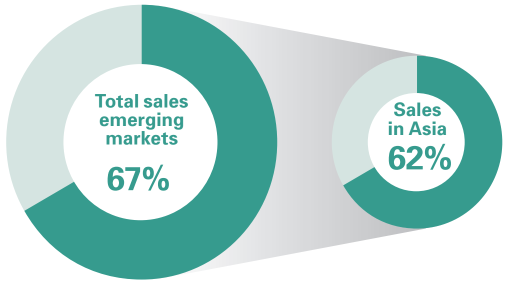
The food revolution is driven by a number of factors. Current trends, especially among the growing millennial consumer group, include "responsible consumption" and the attendant focus on organic, natural, "free from", local, seasonal, fair and environmental friendliness credentials. For example, the global organic food and beverage market is predicted to grow at a CAGR of close to 14% by 2021.[1]

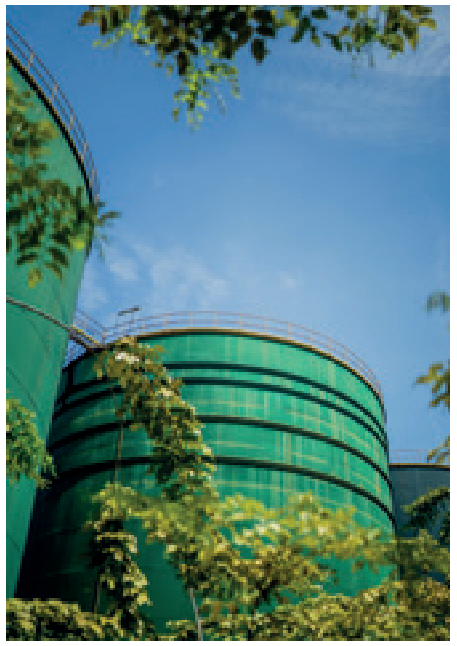
Alongside these changes, consumption of vegetal or alternative protein is replacing meat in North America and Europe, while meat consumption is still growing fast in Asia. Across the world, new diets such as gluten-free or lactose-free are gaining popularity.

[1] Global organic food and beverages market report, Technavio, January 2018

Emerging market sales

67% of our total net sales are in emerging markets with 62% of those sales in Asia.





3 Realigning our Geographical Footprint

Global imbalances between supply and demand mean that we are constantly reassessing how we can most efficiently move products from origin to destination. As the world changes faster and faster, our responses must become ever more agile: at present 67% of our total net sales are in emerging markets, with 62% of those sales in Asia.

Selecting the flows that will grow and that generate more value will be fundamental. Investment will then be directed to increase processing and logistics capacity at destination. With Asia proving the most promising destination region, especially China, we are ambitious about shifting the balance of our footprint to that area. We are particularly exploring strategic alliances with key players in China.

Efficiency in geographic positioning must be matched by asset optimization. First, in the case of our portfolio as a whole, we will continue to divest any underperforming, outdated or non-key assets. Secondly, for assets remaining within the portfolio, we will continue our performance-monitoring program to reach and maintain optimal utilization.

This approach aims at the most lean and agile network possible, allowing us to take a targeted, long-term view on investments, safety and efficiency.

Partnerships for asset efficiency

LDC will supplement our performance optimization through partnerships with key suppliers that:

- Enhance equipment reliability, costs and safety
- Improve know-how in disruptive technologies
- Leverage technology at our assets continuously, helping us to further reduce emissions

4 Generating Sustainable Value

Sustainability is an absolute must. Beyond being the right thing to do, sustainable practices are already a differentiating criterion for customers, end consumers and banks alike. Even more, millennials will drive the agenda in the future, as noted above, and will very soon be senior decision-makers for our direct customers.

LDC constantly reviews policies and processes to make our products and businesses more sustainable. Oilseeds is one of the platforms actively working in this area, particularly in palm and soybeans origination.

External partnerships to improve traceability and certification will also be crucial, as shown by the successful track records of our Coffee, Cotton and Juice platforms. Our work with The Forest Trust on our palm supply chains has taught us a great deal and will be invaluable going forward. In Cotton, we fully embrace the approach of the Better Cotton Initiative (BCI), the premier multi-stakeholder scheme for the development of sustainable cotton, that set a suite of standards on production and chain of custody.

Asset safety and product quality continue to be essential. Our strict processes in these areas will be maintained.

Similarly, across all our activities we will remain deeply committed to our people, prioritizing investments to ensure their health and safety.

Our Capabilities.

LDC is highly distinctive in the agribusiness sector: our business portfolio is diversified, and our approach aims to combine physical merchandizing with risk management and a growth profile that maintains a streamlined, strategic asset footprint.

Stability has been and will remain fundamental to long-term value creation. The Louis-Dreyfus family's ownership has provided this from the beginning.

Several foundations, built on this base of stable ownership and long-term thinking, make our overall strategy possible:

- our customer-centric approach, the priority given to safety and our risk management skills
- our global asset network and strong financial profile
- the way we manage and develop our people, and our commitment to sustainability

Customer-Centric Approach

Being more than a merchant means working more closely with customers as partners, helping them to grow their businesses.

Our approach is based on trust, loyalty, flexibility and efficiency. We are always ready to adapt to new consumption trends and change our processes to best support those we serve. This involves enabling all our platforms to tailor their operating models to their customers' needs.

For example, our Juice Platform has sought to differentiate itself through diversification, adding more high-grade and sustainable products to its portfolio. Recent initiatives have included constructing a new dry-peel production facility in Brazil, to better serve the growing demand of pectin manufacturers, and enhancing our capabilities in China, which has allowed us to respond to increased European demand when apple crops there were reduced.

Across the Group we continue to develop streamlined processes and create inter-platform synergies to facilitate our approach. This year's integration of Fertilizers & Inputs into the Grains and Oilseeds platforms in South America provides an excellent illustration of the possibilities (see page 43).

Over the last few years we have been interacting more frequently with our customers through surveys and workshops. This kind of exchange allows us to better understand their expectations.

For example, our Coffee team's proactivity has been building long-term, close relationships with roasters (see page 47) and the Cotton Platform created a new just-in-time concept that combines strategic partnership with just-in-time deliveries (see page 47).

With customers seeking and gaining greater access to information in a fully digitized world, we also need to be more connected. Two projects demonstrate how we are creating new opportunities to interact and inform:

- The *MyLDC* application launched in North America in 2016 allows our customers to securely sign contracts on the go, access their previous and current transactions, and view their preferred location's current bid. The app will soon be upgraded for use in our North and South & West Latin America regions, where we've been using online tools to serve our clients more efficiently since 2008, notably in Argentina (see page 36).
- A mobile application covering Brazil, enabling users to hire and manage truck freight (see page 46).

Throughout any adaptations and flexibility, our resolute maintenance of safety and quality control practices guarantees that our products will remain of the highest standard across the board.

Rigorous quality control requires several interventions, at different points of the process, depending on the goods being produced.

Take as an example the production of biodiesel and related value-added products from rapeseeds at our plant in Wittenberg, Germany. The strict quality control process includes the inspection of seeds on arrival, then several specific tests before processing and again before delivery to customers.

Similar care is taken at our other facilities. At our palm oil refinery in Balikpapan, Indonesia, careful selection of inputs is supplemented by ISO, ISSC and RSPO-certified processing, with advanced technology that enables us to distil the oil at lower temperatures, maintaining high antioxidant levels in the palm oil produced.

Safety Leading the Way

We aim to create a safe work environment wherever we operate around the world, ensuring that our people return home well, and without injury, every day and with minimal impact to the environment.

Therefore, our Safety, Health and Environment (SHE) program is a top priority at all levels, aligned with LDC management's long-term commitment to a safe and healthy workplace for everyone.

Each of our facilities applies our SHE Management System, ensuring that the same standards of safety and environmental protection are in place across our global asset portfolio. Our Global SHE Policy sets out LDC's expectation for each employee – wherever they are, and whatever their role – to take personal responsibility for ensuring safety for everyone.

Since 2016, members of senior management have attended our Global SHE Committee on a regular basis. The Committee defines priorities, allocates resources and discusses progress on our targets and objectives through 3 axes:

- Occupational Safety and Health
- Process Safety
- Environment

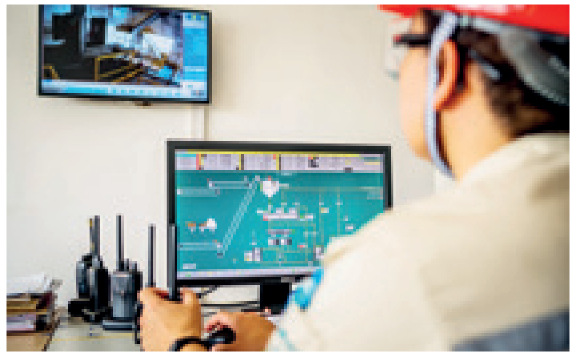
In terms of operational safety, in 2017 we launched a new, long-term strategy that is designed to evolve over the coming years. It focuses on simplifying processes and improving efficiency across the Group by:

- Training our leaders locally on SHE leadership – to help them better understand hazards and risks in their day-to-day operations and how to address and identify the mechanisms required to develop a better safety culture

- Introducing a suit of mini-audits, to be used by all assets, that are designed to check compliance with our High Risk Activity Standards

In 2017, we once again met our annual safety targets of reducing the number of lost time accidents and the gravity of accidents by 15% year-on-year.

Andrea Maserati
Senior Head of Functions and Regions; Global HR Director



We have been improving our safety KPIs for the last 5 years across recordable injuries, lost time injuries and lost workday, frequency and gravity indices:

- Frequency index reduced by 72% since 2012
- Severity index reduced by 50% since 2015

A new Process Safety Program (PSP) was launched in January 2017 in all regions. The objective remains to prevent fire, explosion, collapse (of equipment or structures), toxic gas release and environmental pollution.

An example of measures implemented under the program is the Group-wide deployment of Critical Safety Device standards for solid-handling and biodiesel equipment, ensuring that any deviation from an operating parameter is immediately detected and controlled.

The PSP is a corporate program, but each of our regions defines its own implementation strategy and develops a customized tool to monitor progress. Monthly reviews contribute to align our teams and to the standardization of best practice.

Global implementation is ongoing and will continue throughout 2018 and beyond.

Safety Day
Our annual Safety Day reinforces our safety culture by re-sharing the key SHE messages with all LDC employees across assets and offices. In 2017, more than 12,000 employees and 2,000 joint-venture partners and contractors were involved.

SHE Capex Summary
Over the last 3 years, our annual investment in constant SHE improvements has increased from approximately US$20 million per year to US$27 million per year across our network of assets.

Comprehensive Risk Management

Risk management is key if we are to deliver safely and responsibly for our customers. Our complex trade flows, broad portfolio and global reach all mean that it is essential to anticipate, assess, control and mitigate risk exposure at every step of our operations on a daily basis.

We are experts at minimizing risk while optimizing the use of risk capital. Being among the market leaders allows us to build and maintain trusted relationships with our counterparties, and contributes to our robust risk management capabilities.

Efficient, comprehensive systems built on this structure have been fine-tuned over decades to give us an important competitive advantage. One example of this efficiency is that our average Value at Risk (VAR), over a 1-day horizon with a 95% confidence level, has consistently remained below 1% of equity over the last 5 years. VAR is only one of the very many indicators and tools that we use to measure and evaluate our risk.

Compliance

As one of the world's leading merchandizers and processors of agricultural commodities, LDC has always followed a strong set of ethical standards when dealing with the complexity of the cultural, legal, political and economic environments in which we operate.

Compliance is not only a key focus because of the constantly evolving regulatory landscape of the agribusiness industry, but it has also long been essential for LDC in building relationships of trust with a wide range of stakeholders: customers, suppliers, regulators and banks.

We manage compliance across three programs:
- **Regulatory:** complying with regulations applicable to commodity exchanges
- **Trade Practice:** policies and controls to maintain ethical commercial and business practices
- **Trade Sanctions:** ensuring LDC's compliance with trade sanctions

Our network of compliance teams engages with a range of stakeholders. Their work is supported by rigorous training and observance of the LDC Code of Conduct. This Code of Conduct guides all employees (and external parties where appropriate) in applying our principles and values, without compromise to our integrity and without prejudice to applicable legal requirements.

Type of risk	Description	Key indicator
Market Risk	Refers to potential changes in the market value of the commodities to which Louis Dreyfus Company is exposed (includes exposures to price, volatility, time, geography, quality and inter- and intra-commodity spreads).	• Value at Risk • Stress Tests • Daily P&L and Drawdown Analysis
Credit & Country Risk	Risk of incurring losses due to counterparties failing to perform their contractual obligations. Any company, or individual, conducting cross-border transactions is exposed to country risk associated with a country's overall political, economic, financial, regulatory and commercial situation.	• Payment & Fluctuation Risk • Residual Risk • Grading • Recovery Rates
Physical Risk	Risk of physical loss that can be insured.	• Policy Loss Ratio • Declared Values
Operational Risk	Risk of loss resulting from inadequate or failed internal policies, processes, people and systems.	• Incidents and Losses Reports • Logs • Operational Risk Indicators
Liquidity Risk	Risk of financing availability linked to margin calls (cash flow risk).	• Value-at-Risk • Stress Tests • Cash Flow Forecast

Industry & Innovation

In a world of rapid technological change, we are intently focused on continuously improving performance at our assets and the quality of our products. Pushing to use the latest technological solutions, to enhance our access to valuable data and to develop in partnership with suppliers is therefore fundamental. Constant research drives our program of developing the operations at our industrial assets.

There is deep expertise in the Group's Industry function, which is carefully combined with external knowhow by working in close partnership with key suppliers. The function's work feeds investment in existing and new technologies to keep assets running at peak efficiency, as much as possible.

We are innovating along 2 axes:

- **Linear innovation:** to optimize assets' performance, set relevant technical standards and gain knowledge on new technologies. We always seek the most relevant partners to supply or develop each technology, whether in grain processing, oil refining, biodiesel production, logistics equipment, automation, or quality control.
- **Disruptive innovation:** in which, for example, we are investigating blockchain technology to facilitate commodity transactions. It has great potential to create a new era of trade flow management for all stakeholders in the supply chain. Digitization of key documents and processes, along with facilitating faster, secure transactions even for complex, multi-party deals could be revolutionary for many. With this perspective, in January 2018 we successfully completed the first full agricultural commodity transaction through a blockchain platform, in partnership with ING, Société Générale and ABM Amro. We will continue to pursue this opportunity while supporting common, global standards.

A new approach to Research

Finding the best answers in an increasingly complex environment can require different approaches. In 2017, we completely reset the structure of research for our Grains and Oilseeds platforms.

This move not only signifies a more integrated approach to research, but also ultimately aims to move the combined capabilities beyond supply and demand analysis. The wider scope of activities encompasses macro trends, looking ahead to what we need to produce in the future. We are proactively investigating new products, markets, and supply chain solutions to meet growing food demand in a sustainable manner.

LDC's priority is to maintain an adequate balance sheet structure and a robust credit profile.

Armand Lumens
Chief Financial Officer

Balanced Financial Profile

We are careful to preserve a balanced financing position with key guidelines for our funding model to support our long-term strategy: short-term debt provides working capital liquidity and long-term finance is used for longer-term investments.

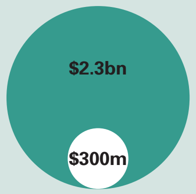
Historically, the Group's short-term financing has been diversified by geography. Overall, we have access to committed bank lines through over 150 banks worldwide.

Further liquidity is provided by highly liquid Readily Marketable Inventories (RMIs). Close to 85% of our total inventories are considered as highly liquid RMIs and could be converted to cash within 3 months.

Long-term financing comes through a combination of loans and debt market securities. Since 2012, we have successfully issued 4 senior bonds, which are all listed on the Luxembourg Stock Exchange. The last two bonds, issued respectively in February and June 2017, received orders far exceeding their value, showing the confidence investors have in our financial position and commercial strategy.

Demand for LDC bonds in 2017

Issue date:	February 2017
Value:	€400m
Term:	5 years
Coupon:	4.00%
Orders:	€1.7bn



Issue date:	June 2017
Value:	US$300m
Term:	6 years
Coupon:	5.25%
Orders:	US$2.3bn

Three of our regions (Asia, EMEA and North America) each separately enter into medium-term revolving credit facilities (RCFs). Diversification is provided by each regional entity holding 2 RCFs, with differing maturity dates, meaning the Group has access to 6 such facilities at any one time, maturing at 1-year intervals in each region. Each year, one regional entity refinances one RCF, one year ahead of maturity.

In a challenging environment for merchants of agricultural goods, the Group aims to maintain and improve resilient credit metrics and a healthy balance sheet through a 4-pronged approach:

- Capex monitoring
- Funding optimization
- Working Capital management
- Divestments & partnerships, including JVs

Our Capex monitoring has a large degree of flexibility, as it is mainly composed of discretionary investments, with high granularity, across a number of projects, particularly focused on the Grains and Oilseeds platforms.

We continue to focus on our short-term and long-term funding mix, aligning this with business needs, to optimize our funding costs.

We have also been increasing efforts in our working capital management, as preserving and improving our credit metrics requires close monitoring of working capital. The aim is to enhance efficiency in consuming financial resources without hindering the profitability of our commercial operations.

We ring-fence businesses that are non-core and that could be considered for divestment or partnerships. Lastly, we continue to look at the utilization and returns of our asset portfolio and will adjust the portfolio, where necessary, to improve returns.

People are LDC

From the beginning, LDC's most important strength has been the entrepreneurial spirit of our teams and our strong corporate culture, built on our 4 values:

- Commitment
- Diversity
- Humility
- Entrepreneurship

These values enable us to be agile despite our scale, to search and find original solutions to new challenges. As LDC continues to grow, it is increasingly important that this unique culture is treasured and clearly understood by existing employees and newcomers alike.

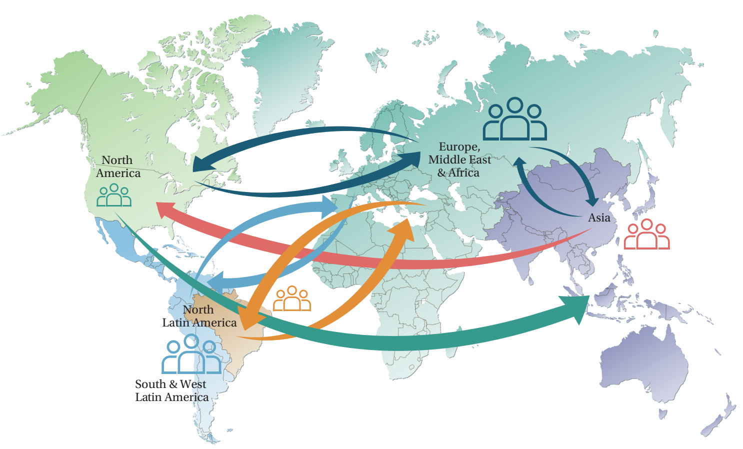
We believe and invest in our people, knowing the significant role they play in how we adapt to dynamic market conditions and maintain a leading position in our sector.

Our People Development strategy, set up in 2011, delivers this investment based on two main pillars:

- **Performance & Leadership:** assessing the annual performance of our employees against the personal objectives set at the beginning of each year and evaluating the leadership they demonstrate throughout the year. This allows us to base their future individual development plan on concrete information and properly reward their performance.
- **Talent Management:** identifying employees with the highest potential and setting up individual career plans to speed up their growth in the company.

Offering opportunities to our people by encouraging international mobility is instrumental to our career development approach. Whether it is for a permanent transfer or on temporary assignment, LDC is fully convinced by the benefits of people exchanging know-how and being exposed to different cultures.

Main mobility flows across LDC Regions in 2017



Some examples of mobility are shown on the illustration below.

In this context, LDC's Learning and Development programs nurture employees' skills and support their professional development. Particular initiatives include our Trading Academy, e-learning suite and Graduate Program.

Trading Academy
Launched in 2016, the Trading Academy is composed of 2 different programs:

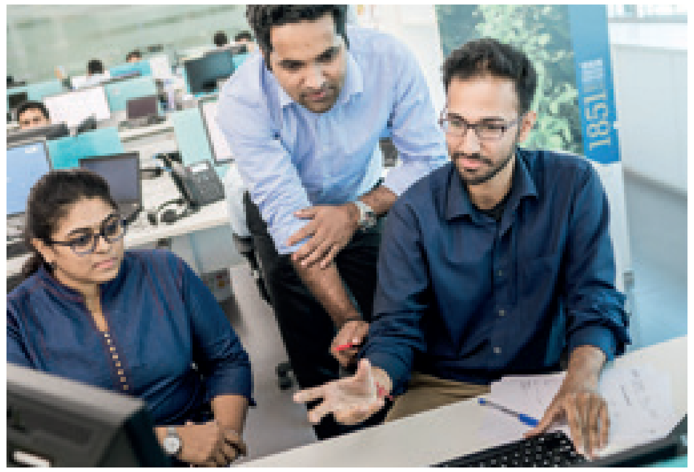
- **Trading Essentials:** This 3-year program is mandatory globally for all our traders with up to 3 years of experience. It comprises 5 seminars with senior LDC leaders. Since the launch, 120 traders have taken part in the course. In 2017, we delivered sessions in North America, Asia and EMEA, receiving very positive feedback on how participation helped people fully grasp LDC's techniques and company culture.
- **Trading Advanced:** This is a series of workshops for experienced traders, based on individual development needs. Various modules will be available, covering such areas as risk, operations, marketing and customer management. Launched in 2017 in Geneva, the program will be rolled-out in Asia and South & West Latin America in 2018.

E-learning
We are continuously developing our e-learning tools through our single, consolidated online platform "LDC.learn", which was launched in 2016. More courses are added every year, organized across various themes, such as compliance, international execution, IT, HR and project management, for specific functions to train employees at their own pace.

Graduate Program
We rely on our Graduate Program to identify LDC's leaders of tomorrow. It allows graduate trainees to discover and understand the commodity business in-depth, preparing them for significant responsibilities.

trading academy

Graduate PROGRAM



Building Sustainably

Sustainability is at the heart of our corporate vision: *"Work towards a safe and sustainable future, contributing to the global effort of providing sustenance for a growing population."*

Our business practices embed various processes and initiatives to promote continued fair value creation. LDC has expanded its efforts worldwide under a global sustainability program and framework that enables us to support, coordinate and communicate our current and future initiatives in a structured way.

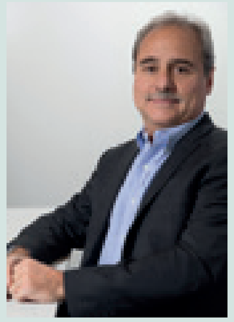
Our commitment to sustainability is expressed across 4 pillars:

People
Protecting and investing in our employees is central to our business.

Creating an accident-free environment is fundamental, with the ultimate target of zero fatalities and zero injuries, for all our people and contractors. Our Safety, Health and Environment Management System is a priority and a commitment at all levels of the company. As shown on page 28, our gravity and frequency indexes have decreased over the past 5 years, thanks to everyone's efforts.

We also strive to:

- Be "best in class" in employee development, especially for training and education
- Promote discrimination-free working environments
- Nurture and leverage the vast diversity of our employee population



We have an instrumental role to play in the creation of sustainable fair value. We are taking this responsibility very seriously and our strategies aim to respond to this crucial challenge.

Adrian Isman
Senior Head, Grains and Value Chain Platforms, Head, North America Region

Community
We aim to build mutually beneficial partnerships with the communities that our businesses engage with, both independently and in collaboration with the Louis Dreyfus Foundation.

Independently, LDC teams take part in various charitable and community activities related to agriculture, food and children in their respective locations. Projects might involve elementary schools, hospital funding, product and food donations, or entering sports competitions to raise money for charities.

A good example from 2017 was our participation in the Mercy Ship Cargo Day, along with several shipping companies. The Mercy Ships NGO manages the world's largest private hospital ship, providing free lifesaving surgeries to people who have no access to medical care, mainly in Africa.

With the Louis Dreyfus Foundation, which remains committed to improving food security through sustainable micro-farming and education, we enable employees to submit funding requests and then run projects to promote sustainable livelihoods for smallholder farmers. For example, this year LDC employees started a joint program to improve sustainable farming and livestock in the province of Jujuy, Argentina. This benefits 690 local producers from two cooperatives. The program comprises the distribution of irrigation and water treatment systems, and access to microcredit. This is expected to supply farmers with better inputs to improve their agricultural production, ultimately leading to a better quality of life for them and their families. The project is ongoing and has potential for extension to further beneficiaries.

Environment
We recognize that we have a role to play in reducing the environmental impact of sustaining the world's growing population. We shoulder this responsibility through continual efforts to eliminate waste in the parts of the supply chain that we control, monitoring our own operations to identify efficiencies and preserve biodiversity, and actively engaging with our suppliers to do the same.

We have set global time-bound reduction targets across energy consumption, greenhouse gas emissions, water consumption and waste by the end of 2018, as planned. There are numerous new and ongoing initiatives to deliver reductions. Some examples from 2017 are:

- The team at our oilseeds processing plant at Wittenberg, Germany identified a savings opportunity through the Solex heat recovery project. Heat, in the form of steam, from one process was recycled and used to preheat the seeds for another process in the plant. This saves energy by recycling the existing heat that would otherwise be lost. About 30% of the cost of the project was provided by local government authorities, who wanted to support the initiative.
- In our Arabica coffee wet-milling facility in Lamdong, Vietnam we noticed an opportunity to use coffee husk as a biofuel for the furnace that produces heat to dry green coffee beans. This diverts a waste product for use in an essential process, to avoid utilizing more carbon-intensive fuels.

Further details of targets and initiatives will be fully reported in our next Sustainability Report.

Partners
An unchanging feature of our approach is our trust that working collaboratively with partner organizations is the best way to ensure progress.

At a corporate level, we joined the World Business Council for Sustainable Development (WBCSD) in 2017. The WBCSD unites 200 forward-thinking companies across a variety of sectors, aiming for transformation in food systems. Food and land-use is one of its 4 main areas of focus. (See also page 39)

We are always seeking ways for our platforms to engage in partnership working, such as through the Rainforest Alliance, Bonsucro, The Forest Trust, the Better Cotton Initiative or the Roundtable on Sustainable Palm Oil. This year's searching brought a new partner through our Freight Platform: the Sustainable Shipping Initiative. Working with other high profile leaders in the industry means we can be at the forefront of shaping how we achieve the Initiative's aim for a more sustainable maritime shipping industry by 2040.

2017 Review.

2017 from A-Z.

An overview of the LDC events, initiatives and projects that made 2017.

Apps

MyLDC is a customer-oriented application created to facilitate business, improve efficiency and reduce operational risks in trading and execution operations. The app allows our customers to access information about weight and quality online, and to manage their LDC transaction contracts, shipments, settlements, invoices, payments, and documents instantaneously. It also enables the e-signing of documents. *MyLDC* is available as a web portal and on mobile devices.

One year after its pilot launch in North America, *MyLDC* already has more than 2,500 users. The original pilot involved the Grains and Oilseeds platforms, and a second pilot for the North America Cotton team was launched in September 2017.

We will expand *MyLDC* to other countries, regions and platforms, with new functionalities and services. The roll out in Latin America is expected throughout 2018.

Azov

LDC inaugurated its new terminal in Russia's Rostov region in May. Located in the Azov district on the river Don, the terminal is used for the transshipment of grains on sea-river vessels. It includes two berths and ten silos, with a total storage capacity of 50,000 tons and an initial annual export capacity of 800,000 tons. (See also page 51).

Balikpapan

We acquired the remaining 50% interest in our Balikpapan integrated palm oil complex in Indonesia, which comprises a palm oil refinery, a bulking terminal and a deep water port. This move will help us to streamline our business flows, making them more efficient.

In June 2017, the complex received the Green PROPER Award for the East Kalimantan province. The award recognizes our commitment to high environmental protection standards. In addition to the plant's full compliance with all environmental permits, the award highlighted LDC's comprehensive programs, including waste water recycling to reduce pollutant load, solid waste treatment, and social responsibility activities, like mangrove and palm tree planting.

China

In November 2017, LDC entered a conditional Equity Transfer Agreement with Sinarmas Natural Resources (China) Investment Co. Ltd. for the acquisition of 100% of the latter's equity interests in Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd.

Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd. owns and operates oilseeds crushing and refining facilities on a plot of land of approximately 300,000m^2 in the Lingang Economic Area in Tianjin's Binghai New Area district.

The transaction reflects LDC's confidence in the Chinese agricultural processing sector. Following its approval by the relevant authorities, this acquisition will enable the Group to better meet the Chinese market's needs for quality food and feed supplies.

Epko

In June 2017, our newly-upgraded Epko sunflower seed crushing plant in Lichtenburg, South Africa, commenced operations. The facility is part of LDC's joint venture with South African agribusiness company NWK.

The plant has an annual processing capacity of approximately 220,000 tons, producing sunflower meal and crude oil for domestic and international markets.

The crushing press is one of the most modern oilseed presses in Southern Africa at present, boasting cleaning, dehulling, conditioning, pressing, extracting and decanting sections. In collaboration with our partner, we have invested in various technological upgrades resulting in more efficient processing, reduced energy consumption and improved safety features.

General Lagos 25th Anniversary

The General Lagos port and industrial complex in Argentina celebrated a quarter of a century of operations in 2017, an important milestone in LDC's history in the country and in Latin America.

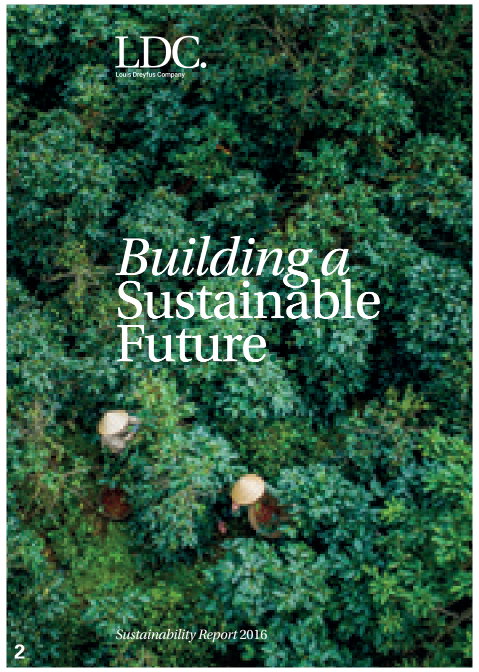
Construction works began at the end of 1989. When building a crushing plant in the province of Santa Fe, the team decided to install a port on the nearby Paraná River. LDC inaugurated the General Lagos port in March 1992 and, a month later, the first shipment arrived. 25 years later, more than five million tons of products and sub-products are shipped annually from the port.

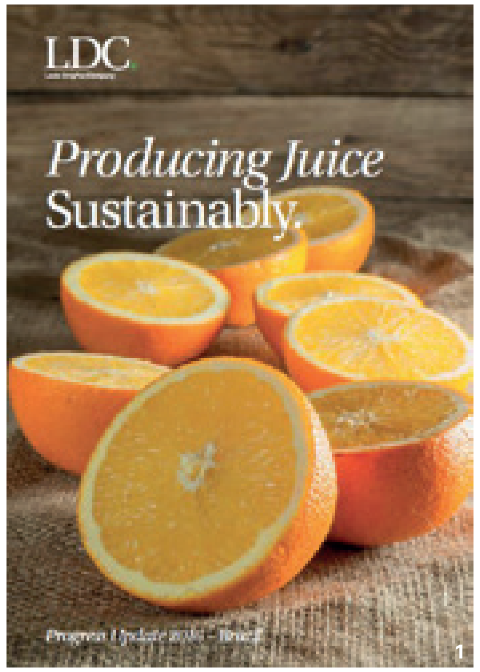
Today, the facility is one of the most important soybean crushing plants in Argentina, and the largest soybean-based biodiesel plant in the world with a 600,000-ton annual production capacity. It now also offers lecithin processing. The collective teamwork of the 674 employees makes this asset a point of reference for the Group worldwide.

As regards community work, the General Lagos complex participates in a school program, launched in cooperation with the Ministry of Education of the Santa Fe province, that gives the opportunity to LDC employees to complete their studies.

1 Azov, Russia
2 Epko, Lichtenburg, South Africa
3 General Lagos, Argentina
4 Balikpapan, Indonesia

2017 from A-Z. continued





1 Juice Report 2016
2 Sustainability Report 2016
3 West Memphis, Arkansas, US
4 Safety Day 2017
5 LDC Twitter Account

LDC 2.0

As part of ongoing efforts to enhance LDC's digital presence, we launched several new channels in the first quarter of 2017:

- Twitter account: @WeAreLDC
- New corporate LinkedIn page
- Official YouTube channel featuring videos about the Group, our products, our value chain and related topics
- *Homegrown* blog to make LDC's story and business more compelling to external audiences with stories about the company's heritage, activities and people

Louis Dreyfus Foundation

Since its creation in 2013, the Louis Dreyfus Foundation has been supporting projects in the areas of sustainable agriculture, food security and self-sufficiency, helping smallholder farmers in developing countries to improve their production and prepare for the future in a sustainable way.

Following an initial 5-year cycle, in 2017 the Foundation renewed its commitment to alleviating hunger and poverty, while simultaneously expanding its strategic focus beyond micro-farming and education, to also include communities and the environment. Moving forward, LDC will increasingly facilitate the Foundation's valuable work by leveraging its global network and know-how, and maximizing synergies.

Throughout the year, Margarita Louis-Dreyfus visited Louis Dreyfus Foundation projects worldwide, including projects involving LDC employees in India, Bolivia and Argentina.

In India, the project aims to help disadvantaged farmers to preserve biodiversity and increase food security, while revitalizing the traditional knowledge of their trade. It runs in collaboration with the Energy and Resource Institute.

In Cochabamba, Bolivia, the funding provided by the Foundation was allocated to the design and delivery of a vocational education program at a local agricultural college. The project also included the construction of a boarding house for the institute's students, which was built with the support of a group of local women contractors and a team of scholars from the Technical University of Berlin.

In Argentina, projects supported by the Louis Dreyfus Foundation in the province of Jujuy include making available irrigation for grains and vegetables production, water treatment systems for llama farmers, and offering producers access to microcredit.

Reporting on Sustainability

2017 marked a milestone with the publication of LDC's 5th Sustainability Report. Since the first edition, reporting has helped our continued efforts to refine and innovate in our approach to sustainability. It has accelerated embracing sustainability across all levels of the Group, and engaging in partnerships to design solutions adapted to our industry and challenging global environment.

This year's Sustainability Report illustrates LDC's efforts to address the need for stronger, multi-stakeholder approaches contributing to global sustainability goals.

On top of that, the third Juice Progress Update published in June 2017 provides in-depth information on the Juice Platform's sustainability practices, programs and partnership initiatives to improve conditions for our people, communities and environment. This comprehensive publication, based on information gathered by LDC teams in Brazil, highlights developments, including:

- Improving safety practices across all operations
- Carefully monitoring our energy and water usage, carbon footprint, and waste across the juice value chain
- Partnerships with the communities where we operate
- Progressing further on certification, such as achieving Rainforest Alliance certification

Safety Day 2017

LDC's 8th annual Safety Day was celebrated on March 15, with the theme: *"From Safety Day to EVERY DAY"*.

The global event emphasizes how fundamental it is for all employees, at all levels, to take ownership for acting safely in everything they undertake, across all functions and businesses. The celebrations recognize the LDC sites that delivered the best overall safety performance in each region (Safety Leadership Awards), and those that came up with the best innovations for more sustainable business (Sustainability Innovation Awards).

Safety Leadership Award winners were selected based on how long they worked without lost time injuries, their proactivity in managing safety programs and challenges, and the effectiveness of local controls for identifying and mitigating risks and hazards.

West Memphis

LDC officially inaugurated its new truck-to-barge facilities in West Memphis, Arkansas, US in March 2017. The new terminal is LDC's fourth along the Mississippi River. It operates as a delivery point for crops grown around the mid-Delta region, such as corn and soybeans.

wbcsd

World Business Council for Sustainable Development

LDC officially became a member of the WBCSD in April 2017. This global organization works together with more than 200 leading companies to accelerate the transition to a sustainable world.

WBCSD established a Soft Commodity Forum at the end of 2016 in order to address important sustainability topics in the sector, as well as to identify and advance potential areas of collaboration. One of the themes discussed in 2017 was land-use change issues in Latin America, especially concerning soy.

The following discussion of the Group's operating results and financial position should be read in conjunction with the Group's results as at and for the year ended December 31st, 2017.

Financial Highlights.

Period from January 1st, 2017 to December 31st, 2017

During the course of 2017, the Group decided to sell its global Metals business. Consequently, the Net Income for that part of the Group's operations has been presented separately under the "Net Income – discontinued operations" line for both of the periods disclosed, being the years 2016 and 2017, since it is a major line of business.

Net Sales

US$43.0b

US$40.6 billion in 2016

Net Income, Group Share

US$317m

US$305 million in 2016

We recorded a sound Income before tax of US$405 million (US$304 million – continuing operations) and a growing Net Income Group Share, as a result of stronger operational results.

Return On Equity[1] Group Share

6.4%

6.3% for 2016

Strong liquidity[2] covering 206% of short-term debt as at December 31st, 2017

compared to 154% as at December 31st, 2016

Working Capital Usage

US$6.3b

US$8.5 billion as at December 31st, 2016 (US$6.8 billion when excluding Working Capital Usage associated with discontinued operations)

EBITDA[3]

US$932m

up 12.3% year-on-year; while EBITDA – continuing operations stood at $800 million, up 6.1% year-on-year

Capital Expenditure[4]

US$271m

US$350 million in 2016

Total Assets

US$20.4b

US$19.8 billion as at December 31st, 2016

Total Income Before Tax

US$405m

US$365 million in 2016; while Income Before Tax – continuing operations stood at US$304 million (US$308 million in 2016)

Segment Operating Results[5]

US$1,057m

US$1,037 million in 2016

Adjusted Net Gearing[6] at 0.51

0.57 for 2016

Volumes[7]

up 5%

year-on-year

1. Beginning of period, excluding perpetual hybrid capital securities.
2. Cash and cash equivalents, other current financial assets at fair value, readily marketable inventories (RMI) and undrawn committed bank lines.
3. Earnings Before Interest, Taxes, Depreciation & Amortization.
4. Purchase of fixed assets and additional investments, net of cash acquired.
5. Gross margin plus share of income in associates and joint ventures.
6. Adjusted net debt (net debt less RMI) on total equity.
7. Volumes shipped to destination.

Our Performance.

An overview of how the Value Chain and Merchandizing segments each contributed to the Group's results.

Oilseeds

Value-added products drive performance
The Platform achieved solid results despite experiencing a continued global environment of low margins in 2017. Previous investments in our capability to supply value-added products such as lecithin, bottling oil (with our brands Vila Vehla in Brazil and Vibhor in India), biodiesel and refined glycerin paid off significantly.

Our glycerin refinery in Claypool, Indiana, US is a good example of the effect of such investments. It is fully integrated, with soybean crushing and biodiesel production at the same location. The refinery has a production capacity of 80 million pounds per year of USP food grade Kosher & Halal certified glycerin. In its second year of operations, the facility has profitably marketed its whole production and solidified its reputation for the highest quality product, reliable supply, and superior customer service. Following the addition of an FSSC 22000 food-grade certification in late 2016, the customer base shifted from predominantly industrial buyers and resellers to higher-value end-users in personal care, food and specialty applications.

Volume growth through origination expertise
Our strong network and efficient logistics at origination, with warehouses, transportation capabilities and ports across North and Latin America, combined with our close relationship with farmers, allowed us to increase our volumes. We achieved this despite the slow pace of farmer selling, which prevailed due to a low price environment.

Traceability commitment
We have now built a full suite of structured processes to accompany the rollout of our palm sustainability policy to suppliers. This enables us to meet customer demand faster and engage suppliers more efficiently. With this support, our palm oil traceability exceeded 92% of volumes purchased in 2017.

Innovating in logistics
LDC continued to invest heavily in its logistics network.

We are at the leading edge of such developments in Brazil, where truck freight is so fundamental. LDC is taking part in a project to transform truck shipment operations in the country via a new, open platform that will allow market participants to hire and manage truck freight through their mobile devices. It should help reduce costs significantly and increase efficiencies for all participants.

The Platform also strategically expanded its own asset base. We acquired a warehouse in Pozuelo, Paraguay and continued to construct barges and pushers for our river export terminal in Pará State, Brazil. We commenced operations at a new transhipment asset in Caiaponia, Goiás State, and at a new warehouse in Confresa, Mato Grosso State, Brazil.

The acquisition of the remaining 50% interest in our Balikpapan integrated palm oil complex in Indonesia, has also been a key milestone for LDC in Asia. The site comprises a palm oil refinery and a berth for sea-freight vessels.

In terms of new partnerships for the Platform, we successfully completed the sale of a 33% stake in our Brazilian joint venture with Amaggi, to Zen-Noh Grain Brazil, the Brazilian subsidiary of Japanese Zen-Noh Corporation.

Strategy Highlight

Creating synergies across our global business assists customers and boosts performance. One of the main objectives of the Oilseeds Platform is to reinforce its symbiotic relationship with our Grains team. They are core historical business lines for the Group and increased cooperation between them will help maximize the potential of both entities.

In Brazil and South & West Latin America, the integration is now complete, from origination and logistics, to industry and research. Work is ongoing in North America and we hope to report on its success next year.

Grains

Opportunities in global presence
The global grains market was marked by large crops, increasing stocks and low volatility. We focused on maintaining our traditional origination and distribution countries, remaining a key mover in both international and domestic markets. Middle and East Africa and Asia continue to be our key targets for distribution.

In this market, we increased our sold volumes slightly year-on-year. This year, we have been opening new flows of yellow peas from Black Sea to India, and increased volumes of chickpeas from Australia to India, as part of our diversification.

Strategic investment
We have strengthened our presence and capacity in key production and export countries through investments in logistics.

Our grain terminal in Azov, Rostov region, Russia commenced full operations in May 2017, increasing storage capacity and access to origination in the region. In Brazil, we continue to work with the Oilseeds Platform on the major river transport project in Pará State.

Strategy Highlight

This year saw further investment in our people through professional and team development initiatives. The Human Resources team created a bespoke training program to bring out the best in our Grains team of over 2,000 people.

Operational Efficiencies in Fertilizers

Following several years of difficult conditions, the Fertilizers and Inputs activities made an outstanding return to operational profitability, notably in Brazil. This performance marked the successful completion of the strategy, launched in 2016 in Brazil, of merging the Platform with Grains and Oilseeds. The same model has been applied to the South and West Latin America Region as of early 2018.

This merger has helped the combined team to leverage existing synergies and maximize its commercial reach. The key profit-building initiative was to incorporate the Platform's portfolio into the LDC Grains and Oilseeds origination network. This approach facilitates customer-friendly initiatives like our bartering model, selling fertilizers and inputs and receiving payment in grains and oilseeds.

More generally, market volatility meant that we had to be agile to meet both producers of inputs' and farmers' demands. We worked with some key producers who needed to access distribution networks. This provided some protection from price fluctuation risk, and allowed profitability.

In the seeds segment, we recorded healthy profits despite the reduced market in South Latin America, which was caused by a combination of low commodity prices and good seed quality that prompted farmers to save their existing stock. In North Latin America, we pursued our integration process with Grains and Oilseeds.

We also profitably divested non-core operations, selling our previously ring-fenced fertilizer and inputs business in Africa and our Macrofertil fertilizers operations in Australia (see also page 23).

Juice

Portfolio diversification in a changing market
The Juice Platform was able to further grow its share both in production and sales volumes in 2017. There was a welcome recovery in the 2017/18 Brazilian orange crop, to 385 million boxes, compared to 245 million boxes in 2016/17.[1] We continue to see growth opportunities overall, specifically in demand for Not From Concentrate (NFC) juices and orange by-products in developing markets within Asia and Eastern Europe.

To further diversify our product range we improved our operational capacity in Brazil with the construction of a new dry-peel production facility, adjacent to our Bebedouro orange processing plant.

In parallel, the Platform sold its blending asset in Florida. However, we signed a long-term agreement to use the facility to keep serving our North American customers with high quality products and services. This transaction enables the Platform to concentrate on core business areas while expanding its juice sales distribution. This also allows LDC to adapt to new demands in the market.

Due to growing demand for high quality and healthy products, the Platform has continued to expand its share in the NFC orange juice. We also enhanced our presence in the Chinese apple juice industry by increasing origination and sales out of China. 2017 was a year of apple crop failure in Europe, so the Platform leveraged its China presence to supply its EU customer base with Chinese products both from its own production and through sourcing from other processors.

Customer-guided change
The Platform continues to have a customer-centric mindset, creating win-win opportunities. Substantial progress has been made in sustainability, product development, R&D, and improvement of quality and services, all as a result of greater interaction with our customers. Ongoing workshops with key customers have helped us better understand the areas of our business where we can improve. These lessons will remain the focus of the Platform's Key Account Management program.

To best position the Platform for growth, we ring-fenced our juice operations in 2017 in order to open it up to potential partnerships (see also page 23).

1. Source: Fundecitrus, December 2017

Strategy Highlight

As indicated above, sustainability is a strategic consideration for LDC. In juice we have increased our portfolio of sustainable products significantly in 2017. We more than doubled our Rainforest Alliance-Certified™ farms, from 5 in 2016 to 11, and have more than 40 small producers that deliver their Fairtrade-certified fruit to our plant in Paranavaí, Paraná, Brazil.

We continue to support local communities and environment programs in the areas in which we work. This includes several initiatives with third-party farmers, such as the Compartilhar program. This program aims to ensure alignment with LDC's policies, legal and technical requirements for the sector and to share sustainable methods of production.

Sugar

Navigating complex conditions
Sugar markets were affected by mixed signals, increased volatility and complex fundamentals in 2017. Focus has shifted from short-term deficits to probable long-term surpluses, against a background of unpredictable government regulation and unexpectedly heavy selling by managed money funds.

These factors, combined with the Platform's ongoing reorganization, led to a slow start to the year. However, the rearrangement allowed for a refreshed strategic focus on key markets and customers. We placed particular emphasis on areas of consumption growth, such as Africa and Southeast Asia.

Deep client relationships
The reorganization enabled the Sugar team to engage more intensively with many customers and help them position their businesses by sharing LDC's research and analytical expertise. This strengthened relationships and resulted in customers increasing their sourcing through the Platform.

Opening up new horizons
We are forging ahead with sustainability efforts to stay in front of market demand. LDC achieved Bonsucro chain of custody certification for our trading operations in Geneva, Switzerland in early 2017 and for all Imperial Sugar Company trading operations in the US in June 2017. This means that we are ready to handle any customer requirements for Bonsucro-certified sugar, the premier global sustainability standard.

Strategy Highlight

In order to respond to today's educated consumers' expectations of additional transparency, our US Imperial Sugar Company operations secured Non-GMO Project verification for multiple products under the flagship retail brands Imperial Sugar® and Dixie Crystals®. Non-GMO Project Verified is a market-leading standard, offering trusted third-party verification for consumers seeking non-GMO food and products. This seal of approval further demonstrates LDC's ongoing commitment to meeting customers' evolving needs.

Rice

Strengthening market position
The Platform used its best-in-class research to anticipate supply and demand trends, and physical disruptions. Strong analysis capabilities have also been key to predict market volatility and position LDC to meet demand.

Our forecasting expertise was especially important given the high price volatility for rice from Asian origins between May and September, caused by increased demand from Bangladesh, a significant year-on-year increase in imports into the Middle East, drought in Sri Lanka and the near exhaustion of Thai government stocks.

With a leading position in the rice market in Africa in 2017 and thanks to long-standing relationships with our customers and strong distribution channels in South Africa, Senegal and Cameroon, we saw significantly improved margins this year.

Strategy Highlight

With increasing flows of container shipments into West Africa, we are now also offering this type of delivery for rice, in addition to our breakbulk business. This type of diversification for the Platform, with a far quicker execution than for bulk rice, brings fresh options for our clients. This has significantly improved our offering and our overall returns.

Value Chain Segment

Freight

Building in a strong market
The Freight Platform achieved double-digit volume growth of its internal and external flows, and significantly improved profitability on the back of a recovering dry bulk freight market.

Robust trade flows, particularly in grains, iron ore and coal, largely impacted by Chinese industrial supply-side reform, and the cyclical slowdown in deliveries of new ships were the primary external factors. The Platform capitalized on its strategy of steady, organic growth and fostering deep, long-term partnerships. As well as supporting other LDC platforms to optimize logistic solutions for customers, the team also re-accelerated its volume of cargo shipments for external partners.

Getting ahead of trends
We are also taking the opportunity to get ahead in several key areas. This year saw the introduction of some innovative new predictive tools to augment our satellite tracking analytics capabilities. Those R&D efforts complement the Platform's existing advantage in market intelligence and fundamental research.

We will also continue to modernize our time-chartered fleet in partnership with ship-owners. Pursuing a scalable, efficient and regulation-compliant fleet will allow us to better serve our customers in the most flexible and safe manner.

Strategy Highlight

Sea transportation covers 90% of global trade[1] and sustainability is a major industry concern. In an effort to drive positive change in the shipping sector, in 2017 LDC joined the *Sustainable Shipping Initiative 2040*. This initiative gathers leaders in maritime shipping to pursue the common goal of creating a more environmentally, socially and economically sustainable maritime industry.

Joining the *Sustainable Shipping Initiative 2040* represents the next stage of development in our commitment to change the freight market for the better. It is another illustration of how we put sustainability at the core of our business.

1. Source: International Maritime Organization, (https://business.un.org/en/entities/13)

Merchandizing Segment

Coffee

Volatile markets and continuous roaster consolidation
Markets in 2017 were very volatile, marked by an even greater influx of speculative funds than in previous years.

Drought in Brazil's robusta regions, as well as lower yields in parts of West Latin America and Asia, limited production in some key regions and impacted our asset utilization.

In addition to these factors, continued consolidation among roasters is putting more pressure on a fragmented supplier landscape, while end consumers are demanding more sustainability, higher quality, and specialty coffee.

Evolving with a changing environment
In this challenging environment, our operations in Vietnam, Honduras and East Africa delivered good results and our increased customer focus generated solid commercial activity. Consequently, contracted volumes grew significantly year-on-year.

This volume growth supported our sustainability focus. We sourced a larger volume of sustainable and certified coffee, and increased the number of sustainability projects developed in collaboration with NGOs and roasters.

We continue to invest in and strengthen our origination capacity with the completion of a new mill and warehouse in Kampala, Uganda and the construction of a new warehouse in Matipo, Brazil, to be completed in 2018.

Strategy Highlight

With growing demand for sustainable and specialty products, we renewed our focus on being a responsible coffee supplier, fortifying our collaborative programs with key roasters and promoting sales of our Zephyr specialty coffee brand.

Cotton

Effectively meeting high demand
The Platform showed strong profitability in 2017 with solid returns from all activities (including asset operations and cash trading). High demand for US cotton resulted in a 63%[1] increase in US exports. By leveraging our network of 13 logistic assets across Arizona, Arkansas, California, South Carolina, Tennessee and Texas, we were able to efficiently manage significant volumes. Controlling our own origination, warehousing and logistics allows us to efficiently navigate both inverse and carry markets.

Meeting this demand also helped us to strategically divest some underperforming assets. This, in turn, enabled us to optimize the remaining facilities with increased utilization and efficiency. Further, our risk management expertise and exchange deliverable warehouses gave us the opportunity to hedge our exposures effectively.

The Platform has also benefited from its significant presence in other large exporting countries and regions, such as Brazil, Australia and West Africa. This diversified global reach provides a large array of solutions for our customers as well as for our trading positions.

Opportunities in Asia
As well as taking advantage of profitable US opportunities, we were able to leverage our well-established domestic trading offices in both China and India to source significant volumes of cotton. In China specifically, a greater understanding of the Chinese State Reserve Auction sales enabled us to find additional merchandizing opportunities.

1. Source: USDA World Agriculture Supply and Demand Estimates, November 2017

Strategy Highlight

The Cotton Platform deepened its customer-centric approach in a number of ways in 2017. What we call our "JIT marketing strategy" goes beyond "just-in-time" needs: the Platform supports customers with price-driven approaches, risk management know-how and financing opportunities, and by swiftly meeting demand. Several new strategic relationships were built through this JIT approach, making LDC best placed to be responsive.

Metals

Significant growth of traded volumes and profitability
Base metal markets reached multi-year highs on the back of strong supply side fundamentals, sustained demand from China and continued consumption recovery in developed economies.

The Metals business maintained its growth in traded volumes and significantly increased profitability in 2017, supported by a good understanding of market drivers with its excellence in research, insight and analysis. All product lines produced very positive results.

Capitalizing on new opportunities
The evolution of some major end-use sectors, such as the automotive industry, towards lighter weight and electric vehicles has provided both new dynamics and new opportunities.

2017 was the first full year of the build out of our North American aluminum business and proved successful in expanding our market share. Our aluminum business has grown rapidly, delivering on our strategy of establishing LDC Metals as a significant player in the market with a diversified base of major customers.

The Metals business also strengthened a number of other commercial relationships, across several countries, through financing support. We provide long-term offtake financing, prepayment or extended payment terms to several key suppliers and customers. This year, to bolster this approach, we set up an Asian smelter US$40 million prepayment facility and entered into a large mining offtake agreement in Spain. LDC Metals actively engages risk-mitigated opportunities.

Strategy Highlight

In December 2017, LDC reached an agreement with NCCL Natural Resources Investment Fund, managed by New China Capital Legend as general partner, with two limited partners of AXAM Asset Management and China Molybdenum Co., Ltd., for the sale of its Metals operations.

Finance

Achieving reach and balance
The Finance Platform adapted its strategy carefully to succeed in a global environment that generally displayed low volatility. Some political events created opportunities in foreign exchange markets, but overall performance was mainly driven by Chinese Yuan, Malaysian Ringgit, Brazilian Real and Euro trading strategies.

The Platform also achieved a long-term goal of balancing its work across regions and financial instruments. The team has successfully widened the portfolio handled in each of our regions and has added new instruments to their capabilities, including credit default swaps and interest rate swaps. We handle a range of more than 30 currency pairs, trading worldwide.

Strategy Highlight

The Finance Platform is strategically central to managing the foreign exchange, credit and performance risk of the whole LDC business, as well as contributing directly to the Group's financial development.

Dairy

Overcoming volatility and regional shortages and surpluses
2017 was challenging for the dairy industry, with fluctuations in price and supply arising throughout the year.

While overall liquid milk production was strong from most origins, production in the EU lagged behind expectations through the first half of the year. Delays in European production provoked a sudden rebound in butter prices in Europe during the second quarter that strongly impacted the dairy sector.

Milk production finally recovered in the second half, yet prices and availability for milk powder and fats were significantly affected worldwide. The Platform overcame these conditions, using its know-how and strong supplier relationships to increase its volumes and powders' sales, and ensure that all customers' needs were met.

Performance in milk powders was slow early in 2017 but picked up in the second half, on the back of demand from Asia and the Middle East. The Platform captured good margins on its distribution activities in destination markets, including Russia, Mexico and China.

Our joint venture with the Midfield Group commenced full operations at its new processing plant in Penola, South Australia. It has capacity to process over 220 million liters annually into high-quality powders and fats. The plant has already started delivering to our customers, both locally and abroad.

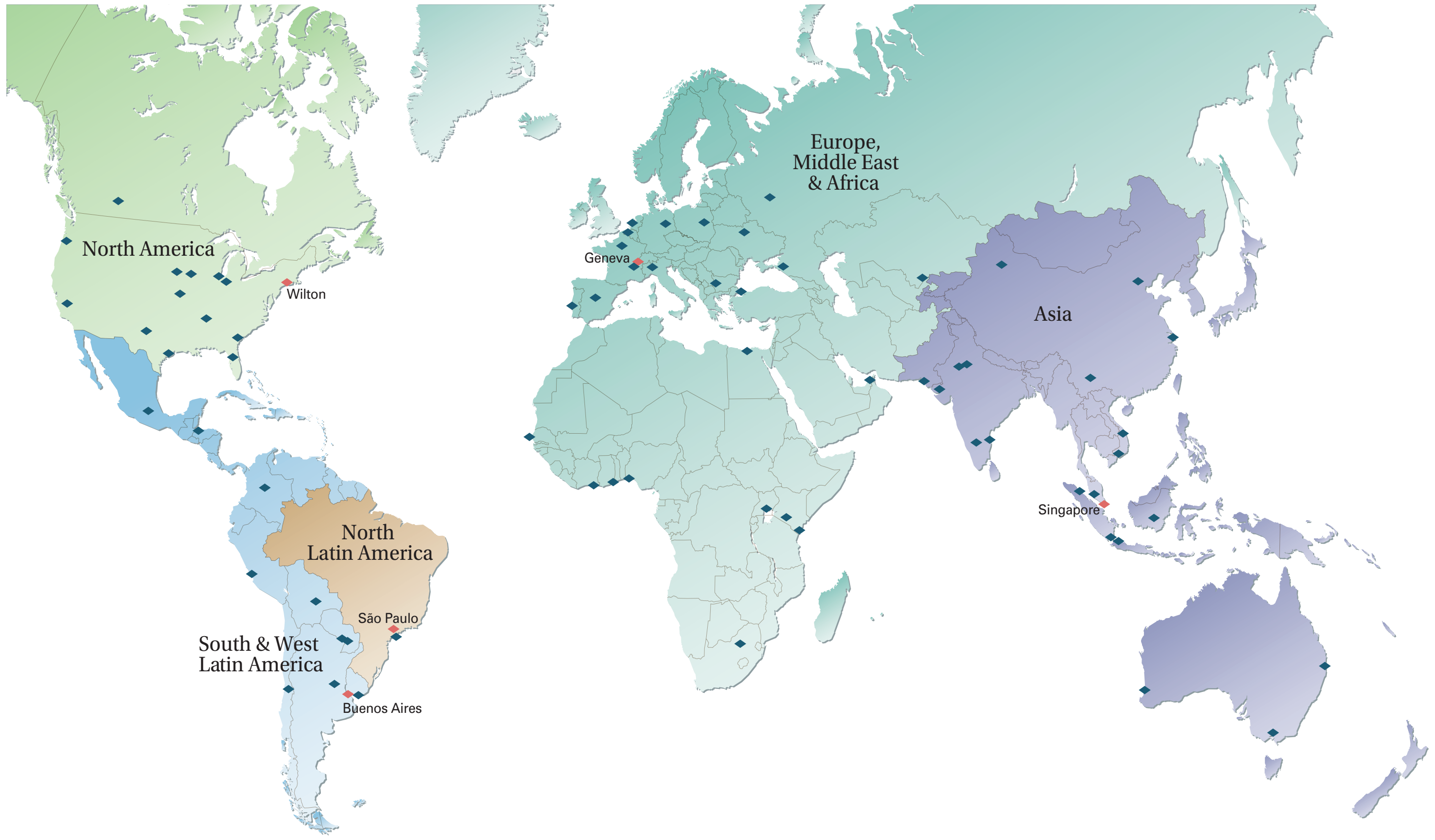
Strategy Highlight

The innovative risk management solutions we previously developed with key suppliers and customers to price physical deliveries of products based on established, multi-year contracts, proved important in 2017.

The Platform also continued to develop close relationships with the main dairy-consuming multinational conglomerates and a number of leading local and regional manufacturers.

Regional Overview.

A detailed insight into the performance of our Regions in 2017, their respective challenges and achievements.



North America	North Latin America	South & West Latin America	Europe, Middle East & Africa	Asia
What's new: *First full year of the build out of LDC's North American aluminum business.*	***What's new:*** *Multiple logistics and transportation projects in several Brazilian states including Pará Goiás and Mato Grosso.*	***What's new:*** *New grains and oilseeds primary elevator in Pozuelo, Paraguay.*	***What's new:*** *Very first LDC assets in Egypt, with 2 grains and oilseeds warehouses in Abu Qir. Major upgrades to the Epko oilseeds crushing plant in South Africa.*	***What's new:*** *LDC's coffee origination capabilities expanding in Indonesia and Vietnam, as coffee consumption rises.*

23 Countries
11 Platforms

Azov, Russia

Europe, Middle East & Africa

We applied our expertise to generate resilient results in a low-margin environment. Oilseeds, Grains, Rice, Cotton, Coffee and Dairy all saw increased volumes in 2017.

Building logistic capacity
This year we have strengthened our presence in Russia, a key player in global agricultural markets, by further investing in grains assets. We completed a new terminal in Azov, Russia, for the transshipment of grains on sea-river vessels. The terminal presents new export options in the region, enabling smaller vessels to transport food to Mediterranean destinations.

After a presence of over 30 years in Egypt, we completed the construction of two grains and oilseeds warehouses in Abu Qir. As our first assets in Egypt, they represent a major step for the Group in the country. They will be particularly important in serving domestic markets and supporting LDC origination in Argentina, the Black Sea, North America and Brazil.

These developments reinforce our strong position sourcing grain from the Black Sea region, particularly in creating a new flow between Egypt and our Azov terminal in Russia.

The Group also made a major investment to build 4 new palm oil storage tanks at the port of Abidjan, Ivory Coast. The four tanks can store 5,700 tons of liquids in total. This additional capacity will better enable us both to originate palm from Ivory Coast and to import palm from Asia into West Africa.

Leading-edge developments
As part of our long-term commitment to sustainability, the EMEA Region invested in existing assets to increase efficiency, improve safety, and reduce energy consumption.

Alongside our joint venture partner, agribusiness company NWK, we technologically updated our Epko oilseeds crushing plant in South Africa. The upgrades create the capacity to process the entire sunflower crop production in the North West province, a major origin for both domestic and international sunflower seed markets. These updates support LDC's growing presence and activities in South Africa.

We also invested in introducing the Agro Highway MV Eems Stream at our juice terminal in Ghent, Belgium. This system, in operation since May 2017, is a new transport solution for fresh food liquids. It means that we can store juice in an aseptic, temperature controlled state for the entire supply chain journey. This reduces the environmental impact and transport costs, as well as delivering better quality products to customers and end consumers.

Health and safety focus
In 2017, we formulated and implemented new high-risk activity safety standards across the EMEA Region to standardize working methods. This establishes industry-leading practices as the norm in all high-risk environments, such as those involving activities that use heat or occur in a confined space. We also developed and introduced a dedicated Process Safety Program to ensure plant equipment is operated and maintained in a safe way.

Strategy Highlight

The LDC Safety, Health and Environment (SHE) program is a top priority for the Group. We are constantly investing in identifying potential issues, discovering solutions and performing upgrades, across all our facilities.

For example, a new dust collection system in our grains siloes in Volgogradsky, Russia has reduced dust emissions and improved electrical safety. The environmental benefits have been significant, including reducing the asset's waste by 60% and energy consumption by 40%.

Our continuous search for water consumption reduction brought about new initiatives in 2017. LDC's juice processing plant in Ghent, Belgium, for example, consumes around 22,000m^3 water per year. In the absence of a public sewage system, we treat any water we use before disposing of it in the nearby canal.

To decrease our water consumption and waste, we installed an extra "Clean-in-Place" (CIP) system. This tank collects the post-rinse water of a previous CIP process and re-uses this water as a pre-rinse in a further cleaning process. We reduced the plant's water consumption by 15% compared to 2016, with the majority of the saving generated by this new CIP-tank.

Asia

8 Countries
11 Platforms

Dongguan, China

Capturing buoyant demand
As previously predicted, demand in the region for many commodities continued to rise, with a higher per capita consumption of proteins and edible oils. Demand for palm remains strong, benefiting our Indonesian palm oil operations, as markets like China, India and Pakistan restocked after last year's smaller, weather-affected crops in Malaysia and Indonesia.

New opportunities are also opening up in China for our Oilseeds Platform. We achieved record highs in domestic soybean crush volumes and the Chinese government has relaxed rules on foreign direct investment[1] in oilseeds. The Group is now looking to expand our crushing capacity in China through strategic acquisitions and becoming better positioned to channel flows from other origins to meet demand.

The move by major rice exporters to liquidate rice stocks and favorable prices in Southeast Asia have allowed the Rice Platform to merchandize record volumes this year, primarily in its key flows from Asia to Africa.

Asia is the fastest-growing region for coffee globally and our Coffee team has seen substantial increases in market share in emerging markets such as Malaysia, Indonesia and Korea.

Recovery in Chinese demand for steel coupled with increased regulation of domestic metals production was a significant boost for our Metals and Freight platforms. Freight's performance was bolstered by the higher volumes of iron ore and coal shipped to China from around the world.

Adapting in a rapidly changing region
With shifting habits, such as increasing consumption of wheat and different proteins, we are working to stay ahead in this rapidly changing world. Our strategy in the region, therefore, aims at rebalancing supply and demand, in reliance on our global origination and logistics capabilities.

For example, we continue to see sizeable origination from our grains operations in the Americas as a result of record harvests, leading to more export opportunities into Asia, where demand has stayed resilient. This year, the Grains Platform also started importing pulses – yellow peas – from the Black Sea into India.

In China, corn policies are starting to liberalize, leading to more room for trade. In response, we have restructured our commercial team and restarted our domestic corn trading business. These steps will put us in a good position to capitalize on future opportunities when the market is fully open.

The Oilseeds Platform made its first sales of soybeans into Pakistan and of soybean meal into Bangladesh in 2017. It also resumed importing soybean meal into Indonesia and South Korea. The Platform will continue to build customer relationships as demand grows in these areas. Key moves to capitalize on new product flows this year included the launch of a palm kernel expeller trading desk in Singapore, which made its first shipments to China and Vietnam.

Strengthening networks and capabilities
We continue to evolve to stay ahead of demand. The Cotton Platform performed well as its emphasis on customer-centricity helped to grow our cash trading business and strengthened customer loyalty, by finding innovative ways to provide customers with just-in-time service and price risk management solutions. In China, this approach was supported by being able to utilize our Xinjiang branch office to secure supply in this major production region, and enjoy a first-mover advantage with new Xinjiang ginners and customers. The Platform also participated actively in trade from the Chinese State reserves.

Elsewhere in Asia, we continued to leverage our strong domestic cotton origination networks. With rising trade opportunities in India, our marketing efforts positioned us to supply local mills at opportune times. Sales from various origins like Africa and the US into Bangladesh, Vietnam, Indonesia and Taiwan are also steadily increasing, with a focus on key customers.

In a competitive coffee market, we are deepening our origination presence in Indonesia by leasing a new warehouse in Surabaya and looking to increase the capacity of existing warehouses as our volumes grow. Adding a new Arabica washing station at our coffee processing facility in Dalat, Vietnam has enhanced our capabilities to meet customers' sustainability demands by allowing us to source fresh cherries with full traceability to specific farms and farmers.

We have acquired the remaining 50% interest in our Balikpapan integrated palm oil complex in Indonesia, which comprises a palm oil refinery, a bulking terminal and a deep water port. We have started a project to increase the capacity of our CPO (crude palm oil) tanks at the site by about 18%.

Strategy Highlight

Customer-centricity is a central strategic pillar for our Coffee Platform.

Consolidation of coffee roasters has created fewer, larger players with more leverage and, consequently, greater demands. To better service these customers, we have created bespoke solutions, covering financing, execution and logistics, such as with a major Vietnamese roaster. This approach helps establish long-term, mutually rewarding relationships. We remain committed to fortifying collaborative programs with key roasters in the region. These efforts are supported by increased focus on strategic partnerships with suppliers. Financing and off-take agreements have been complemented with logistics, execution and risk management solutions, as well as dedicated sustainability services.

1. Source: China's New Policies on Foreign Investment, Asia Pacific Foundation of Canada, 28 March 2017

North America

Making the most of limited opportunities
The North America Region had to overcome a combination of factors including adverse weather events, government policies and the relative strength of the US Dollar. Intelligent use of the Group's risk management know-how was required in this environment of restricted margins and opportunities.

Record soybean crops (with acreage up 8%[1]) and near-record corn crops, combined with continued competition from alternative origins led to a marginal increase in exports. The best performances, however, came from our processing facilities, which include two ethanol plants, one in Norfolk, Nebraska, US and one in Grand Junction, Iowa, US, an integrated soybean processing and biodiesel refining facility in Claypool, Indiana, US and our canola processing plant in Yorkton, Saskatchewan, Canada. These processing assets worked at almost full capacity, with excellent efficiency results and steady margins.

Despite the impact of Hurricane Harvey in Texas and Hurricane Irma in Georgia, US cotton production is estimated at 21.4 million bales[1] for the year, the largest since the 2006 season. This increase in production, coupled with strong global cotton consumption growth of 4.5% year-on-year and the continued competition with polyester for share of fibers maintained a lower price environment. Polyester's price advantage was reduced during the year, largely due to the impact of pollution control measures affecting polyester production in China. During this transitional period, we were able to capture margin opportunities as volatility returned to normal.

In sugar, the long-awaited resolution of US-Mexico trade negotiations in the second quarter of the year began to normalize raw sugar availability and accordingly future opportunities. Prior to this resolution, the ample supply of beet sugar that remained from 2016 and uncertainty surrounding the policy negotiations compressed margins for US cane sugar refining throughout most of the year.

Positioning strategically for growth
2017 was a year of diligent focus on long-term plans for several platforms in the Region.

The outlook for our soybean export business is strong despite the continued growth in South American crops, as demand from China continues to outpace expansion in production. The large crops and strong demand bode well for business volumes in tonnage terms, although prices remain low.

Coffee generated stable results from its focus on speciality coffee through our Zephyr brand. With demand growing, and set to continue to grow, the Platform started to see returns on its program of investing in relationships with major roasters and marketing. Securing these opportunities now is a bonus in a strategy of building a long-term position ahead of this major consumption trend.

Strategy Highlight

One pillar of the Group's strategy is to focus on core business areas. In Juice, we sold the cold storage and distribution facility in Winter Garden, Florida, US, while expanding our sales distribution. As one of the largest suppliers of orange juice in the world, and to North America in particular, the Platform will continue to serve its customers by offering a variety of fruit juices, sourced from different origins in Brazil and Central America.

Beaumont, TX, US

2 Countries
10 Platforms

1. Source: World Agricultural Supply and Demand Estimates, USDA, November 9th, 2017

North Latin America

1 Country
9 Platforms

LDC river transport project in Pará State, Brazil

Efficiently handling record harvests
Brazil saw large harvests in almost all the crops LDC originates. For example, soybean and corn harvests hit record highs, while orange crops were also very good. However, coffee crops were small. An overall low price and low volatility environment resulted, with significant volumes to process and transport throughout 2017.

The Group's past investment in assets and efficiency positioned us well to handle the situation. We operated our processing and logistic assets at close to maximum capacity off the back of record origination volumes for our North Latin America Region.

In addition, our efficiency was excellent, with maximal utilization delivered with costs and margins meeting targets, despite market conditions.

Originating from Brazil's interior
Transport out of the interior of Brazil needs to improve in order to continue to meet demand for exports. LDC continues to play a major part in that development, with several new and ongoing investments.

The river transport network investment Pará State is proceeding at a good pace. In 2017 we secured the preliminary environmental license and completed the engineering project to be ready to start building the transhipment terminal on the Tapajós River, and commenced socio-environmental and engineering studies in preparation for the planned port terminal on the Pará River. The barges to operate along the river network are under construction and we received part delivery of this fleet this year. They will begin service, between other existing terminals, in 2018.

Other major investments this year include building a new coffee warehouse in Matipó, Minas Gerais State, after having completed the upgrade of the warehouse in Nova Venécia, Espírito Santo State. This asset will be critical to meeting customer demand for various coffees originated from this renowned, high altitude region.

The Group also concluded expansion of its grains and oilseeds transhipment and warehouse network across the states of Mato Grosso and Goiás. We are now looking to start re-developing the solid bulk terminal at the Port of Santos in 2018, with our partner, having received government approval for the project.

Driving freight innovation
We are experimenting with novel solutions to road freight challenges for both customers and producers. We commenced a pilot project in Paraná State in 2017, to provide road freight for grains directly through our own LDC Transportes service. At the end of the year, the initiative was extended to the key producing regions of Goiás and Mato Grosso. The approach has increased efficiency and reduced logistics costs, assisting with grain flows and generating indirect benefits for local producers. Producers, customers and platforms will all be part to this new freight management model.

We are also taking part in another truck freight initiative, with the creation of a new open application for customers to hire and manage truck freight through their mobile devices.

Building our brands
Our seed business keeps improving its reach in Brazil. More producers are using LDC's Macroseed varieties and benefiting from the excellent yield results. The objective is to further increase Macroseed sales volumes in 2018.

We also made new investments in 2017 to build our bottled oil brand, Vila Vehla. A new bottling line was installed at our plant in Jataí, increasing production capacity by 50%. New packaging has also been developed for the Vila Vehla bottles, in several sizes (see images on pages 10 and 42).

Internal changes bear fruit
The integration of Fertilizers and Inputs activities into Grains' and Oilseeds' operations already generated encouraging results, with synergies meaning we can better serve customers. It also already helped to increase volumes for the 2 platforms.

We implemented a number of other measures this year, including training that has significantly improved process safety, a sustainability committee targeting reductions in resource usage and an IT committee to create more agile systems, such as the *MyLDC* portal for our customers to have immediate visibility of transactions with LDC.

Strategy Highlight

Value-added products and smarter use of by-products are a key part of LDC's strategy. The Region has seen two particularly exciting developments in this area this year.

First, we invested in new equipment to recover citrus-processing by-product D-Limonene at our plants in Paranavaí, Paraná State and Engenheiro Coelho, São Paulo State. This is one of the main by-products at these plants and is highly valued by the chemical and pharmaceutical industries for use in various processes. Our new ability to offer greater volumes of quality D-Limonene adds a profitable new product to our portfolio in parallel to our primary citrus operations.

Secondly, as set out in the Juice section of this report (see page 44), construction of a citrus dry-peel processing plant is nearing completion at our asset in Bebedouro, São Paulo State. Although a simple manufacturing process, the combination of the best equipment available in the market and quality expertise developed in recent years through pectin quality analysis has meant that our client base already recognize LDC as one of their preferred dry-peel suppliers. This will allow us to grow our product range alongside our main juice business and expand revenue streams in the growing pectin market.

Strategy Highlight

As we are ever more focused on sustainable supply chains within LDC, we continue to look for strategic relationships that support our strategy.

This year the Argentinean government granted the electricity provider, Grupo Albanesi, a tender to build a cogeneration plan in the province of Santa Fe to supply the state with energy for the next 15 years. Through a business agreement, the new plant, which sits next to LDC's crush and port complex in General Lagos, will also supply LDC's electrical energy and steam for the same period. The cogeneration plant will operate at an energy efficiency level of over 80% and reduce GHG emissions due to Albanesi's commitment to generate energy exclusively with natural gas rather than a gas oil alternative.

South & West Latin America

Agility to maximize margins
Our ability to manage risk and diversify our platforms' activity accordingly led us through the volatility of 2017. For example, the Grains Platform addressed the lack of corn-farmer selling by re-prioritizing from corn to a high-value wheat program where we identified greater liquidity and increased market flexibility. This agility enabled us to maintain our relationship with key Brazilian and Chilean customers, enhance long-term programs and sustain profitability.

Similarly, our Fertilizers and Inputs business had to diversify in a challenging market for soy and wheat seeds. The team therefore added corn and sunflower seeds to the portfolio of our Macroseed brand. These new crops should provide higher margins for the Fertilizers and Inputs business in Argentina and Uruguay.

Increasing capacity in origination
We invested in several projects to build operational capabilities and improve efficiency. This includes a new grains and oilseeds primary elevator in Pozuelo, Paraguay, an additional sampling station and pre-discharge parking expansion at our port facility in Timbúes, Argentina, and a new color-sorter to increase coffee processing capacity in our coffee mill facility in Villanueva, Honduras.

We will continue to invest resources to capture and prepare for growing demand. For example, our dairy volumes increased in Mexico where overall dairy demand is growing. In preparation, we have renewed a successful re-seller program for fat and casein.

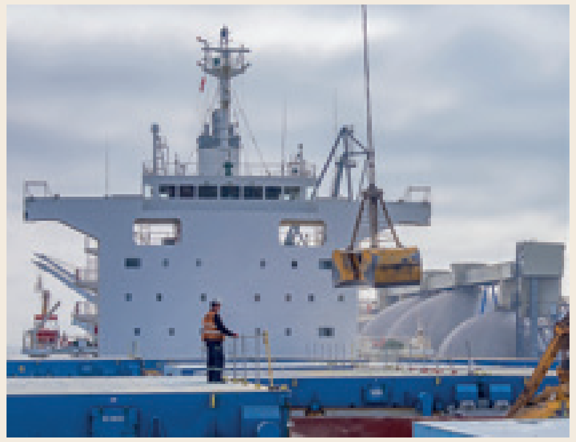
Ensuring Sustainable Development
In 2017, we rolled out a Regional Quality Policy that involves continuous operational improvement through quality and safety management systems and the ongoing sustainable development of activities. The policy includes commitments to building strong customer and partner relationships, promoting best practice through employee training, using optimal manufacturing processes at our facilities and ensuring product traceability.

Traceability is a particular focus, in line with growing demand for sustainable and ethical practices from both our communities and clients. Therefore, the Regional Quality Policy aligns with several LDC regional and worldwide sustainability initiatives such as the upcoming Global Soybean Policy for sustainable origination and LDC's participation in the Global Conference on the Sustained Eradication of Child Labor.

These sustainable practices also allow us to be commercially flexible. For instance, we were able to transfer the destination of our biodiesel exports from Argentina following the new US tariff imposed on Argentinean biodiesel. Thanks to our longstanding in-house solutions for origination data traceability and renewal of the ISCC EU certification, we were able to sell this biodiesel in Europe and to keep capturing improved margins.

Acopio America, Argentina

9 Countries
10 Platforms



Audited Consolidated Financial Statements.

Management Discussion & Analysis.

Period from 1 January to 31 December 2017

The following discussion of the Group's operating results and financial position should be read in conjunction with the Group's results as at and for the year ended 31 December 2017.

Financial Highlights

Net Sales

US$43.0b

US$40.6 billion in 2016

Segment Operating Results[1]

US$1,057m

US$1,037 million in 2016

Total Income Before Tax

US$405m

US$365 million in 2016; while Income Before Tax – continuing operations stood at US$304 million (US$308 million in 2016)

Net Income, Group Share

US$317m

US$305 million in 2016

Volumes[2]

up 5%

year-on-year

Total Assets

US$20.4b

US$19.8 billion as at 31 December 2016

Capital Expenditure[3]

US$271m

US$350 million in 2016

Working Capital Usage

US$6.3b

US$8.5 billion as at 31 December 2016 (US$6.8 billion when excluding Working capital usage associated with discontinued operations)

Strong Liquidity[4] Covering

206% of short-term debt

as at 31 December 2017, compared to 154% as at 31 December 2016

Adjusted Net Gearing[5] at

0.51

0.57 for 2016

Return On Equity[6], Group Share

6.4%

6.3% for 2016

EBITDA[7]

at US$932m

up 12.3% year-on-year; while EBITDA – continuing operations stood at US$800 million, up 6.1% year-on-year

1. Gross margin plus share of income in associates and joint ventures.
2. Volumes shipped to destination.
3. Purchase of fixed assets and additional investments, net of cash acquired.
4. Cash and cash equivalents, other current financial assets at fair value, readily marketable inventories (RMI) and undrawn committed bank lines.
5. Adjusted net debt (net debt less RMI) on total equity.
6. Beginning of period excluding perpetual hybrid capital securities.
7. Earnings Before Interest, Taxes, Depreciation & Amortization.

Income Statement Analysis

During the course of 2017, the Group decided to sell its global Metals business. Consequently, the Net Income for that part of the Group's operations has been presented separately under the "Net income – discontinued operations" line for both of the periods disclosed, being the years 2016 and 2017, since it represents a major line of business.

Net Sales

Net sales for the year ended 31 December 2017 reached US$43.0 billion, compared to US$40.6 billion one year before. This increase mainly reflected the 5% growth in overall volumes sold. This growth was fueled by sustained sales from Oilseeds, notably to China, as well as the deliveries of goods carried through year-end 2016 by the Cotton and Coffee platforms.

- The Value Chain segment's rise in net sales largely came from our Oilseeds Platform, which delivered significantly increased volumes. Our Grains, Freight and Rice platforms also maintained good levels of activity, contributing to the segment's growth in net sales.
- For the Merchandizing segment, the evolution was mostly attributable to our Cotton and Coffee platforms, which both marketed additional volumes in a context of rising prices.

Segment Operating Results

The Group closed 2017 with total Segment Operating Results of US$1,057 million, slightly higher than the US$1,037 million recorded one year earlier, and reflecting healthy results for both our two segments. These results represent an especially sound performance given a prevailing context of lower price volatility levels overall, slow farmer selling for some platforms, and unexpected interventions from managed money funds that ran contrary to market fundamentals for other platforms.

LDC successfully navigated this environment. We correctly analyzed trends affecting location and levels of supply and demand, enabling us to leverage our broad origination and distribution network. We also benefited from the further implementation of our customer-centric strategy.

Value Chain

The Value Chain segment booked US$766 million in Operating Results, up from US$737 million in 2016.

The Oilseeds Platform delivered very satisfactory – and improved – results despite operating in an environment of bearish fundamentals. Market conditions were primarily impacted by slow farmer selling in South America, enlarged worldwide acreage, continued growth in global crop sizes and substantial inventories. The results were generated by solid margins in crushing and logistics in the Americas and China, supported by increased sold volumes across the board. In addition, the Platform benefited from its varied range of industrial activities and recorded particularly strong profits through producing and marketing value-added products such as biodiesel, refined glycerin and lecithin.

The Grains Platform recorded low results, enduring the same global context as Oilseeds, with large crops and stocks, low price volatility and slow farmer selling, notably in South America. Unlike Oilseeds however, industrial activities brought constrained margins in Brazil, the Black Sea and the US. The Platform could only benefit to a limited extent from its value-added products such as ethanol. In this persistently challenging context, the Platform managed to deliver similar volumes to 2016 while continuing to reinforce its geographical and product footprints.

The Fertilizers & Inputs Platform achieved a turnaround in 2017, building on the reshaping of its operations that began last year, and sold greater volumes than in 2016, notably in South America. The overall performance was fair, in a difficult environment characterized by persistent oversupply and amplified by adverse, humid weather in Argentina as well as drought in Australia and Brazil. All these factors contributed to lower demand for fertilizers, crop protection and seeds products. In parallel, having ring-fenced its activities in Africa, the Platform sold this particular part of the business in November 2017 to an African-focused private investment firm, Helios Investment Partners Ltd. The Platform then also agreed in December to sell its Australian operations, Macrofertil Australia Pty Ltd, to Landmark Operations Ltd. As a subsequent event, the sale was finalized on 9 March 2018.

The Juice Platform closed 2017 with satisfying profits, marking yet another year of successfully implementing its strategy. After the seasonal low of the first semester, amplified by one of the smallest orange harvests in Brazilian history and the very poor yield levels of the 2016/17 crop, the second semester was much brighter. The Platform strategically optimized its asset utilization rate to generate good margins when processing the much-improved 2017/2018 crop. In a market where demand is moving from developed to emerging countries as well as towards premium, sustainable products, the Platform gained advantages from continuing implementation of its customer-centric approach. In addition, the Group completed the statutory ring-fencing of this business as of 31 December 2017 with the objective of opening up its capital to potential third party investors in the future.

2017 was difficult for the Sugar Platform amidst mixed market signals and complex fundamentals that eventually combined to shift the focus from deficits to surpluses. The Platform was also affected by unexpected incursions from speculative funds into futures markets, which disturbed its hedging strategy, and by

Income Statement Analysis continued

uncertainties surrounding demand for ethanol. In addition, during the first half of the year, our US and Chinese industrial activities still experienced the effects of a high degree of regulatory influence by their respective governments. Despite this challenging context, the Platform secured good destination margins in the increased consumption regions of Asia and Africa.

The Rice Platform recorded solid, significantly improved results in 2017. This performance received its main boost around mid-year when the market saw sustained restocking demand from a number of governments, notably in Bangladesh and the Middle East. In this context, the Platform fully benefited from having established long-standing relationships with clients, originating increased volumes particularly from China and distributing them through its numerous channels in African countries such as South Africa, Senegal and Cameroon.

The Freight Platform performed strongly in 2017, achieving double-digit growth in the volumes it handled, both externally for our customers and internally when supporting other platforms' expansion. These achievements represent a successful, innovative strategy, cultivating long-term partnerships and profitable commercial opportunities, bearing fruit during a steady recovery in maritime transportation markets. Improvements in shipping earnings stemmed from robust demand from China in iron ore, coal and grains, as well from global industrial growth that spurred activity in various bulk cargos. In addition, a steady deceleration in new ship deliveries, along with modest ordering activity, contributed to those healthy market conditions.

Merchandizing

The Merchandizing segment posted Operating Results of US$291 million over the period, slightly down from US$300 million one year before.

The Cotton Platform closed 2017 with strong results, sourcing and marketing significantly increased volumes. A combination of strong demand for US cotton and larger US domestic production provided profitable warehousing and merchandizing opportunities. The Platform was able to channel those volumes through its well-established network of customers. In addition, the Platform captured several new merchandizing opportunities in China and India by leveraging from its local origination offices.

The results of the Coffee Platform were inhibited by a very volatile environment in 2017, particularly with a significant influx of speculative funds triggering erratic moves in futures markets that ran contrary to fundamentals. Additionally, drought in Brazilian Robusta-producing regions, as well as lower yields in parts of West Latin America and Asia, limited production in some key regions, impacting the Platform's asset utilization. In Brazil, flows were further disturbed by a temporary appreciation of the local currency that encouraged farmers to delay their sales. In this challenging environment, the Platform nevertheless increased shipped volumes significantly year-on-year. Our operations in Vietnam, Honduras and East Africa delivered good results while our increased customer focus generated solid commercial activity. The additional volumes notably reflected our growing sustainability activity, with larger quantities of sustainable coffee sold and more projects developed in collaboration with roasters and NGOs.

The Dairy Platform's operating results were low even though it managed to increase its sales volumes, notably of milk powder to Southeast Asia, Russia, Mexico and China. Overall liquid milk production was strong from most origins, fueled by high farm gate prices and sustained demand. For several months, however, production in France and Germany was not sufficient to meet demand, generating some shortages and an unpredictable rebound in prices for fats. Those prices then remained at historic highs for most of the year especially for butter and cream, while prices for powders declined due to oversupply. In this context, opportunities were limited, which affected results.

The Finance Platform was highly beneficial to the Group's other platforms in managing their currency and interest hedge risks throughout 2017. In addition to the Chinese Yuan appreciating against the US Dollar, and despite slightly lower volatility than in 2016, some new challenges impacted foreign exchange markets this year, such as the release of economic data that proved slightly disappointing in the US and supportive in Europe.

Commercial and Administrative Expenses

Commercial and administrative expenses came in at US$(597) million, compared to US$(616) million one year before. Despite a 5% growth in the volumes sold year-on-year, the Group achieved those savings on the back of greater operating synergies, with increased regional integration, as well as careful and efficient cost monitoring.

Net Finance Costs

Net finance costs reached US$(190) million, up from US$(119) million in 2016. This was mostly due to higher interest expenses, caused by a higher average blended Cost of Funds, reflecting a substantial rise in US Dollar Libor rates year-on-year, as well as a different mix of short-term and long-term debt. The comparison is also affected by the fact that net finance costs had been positively impacted in 2016 following the reversal of late interests related to withholding tax previously reserved in Switzerland for US$29 million.

Income Before Tax – Continuing Operations

Income before tax – continuing operations – for the year ended 31 December 2017 was US$304 million, compared to the US$308 million achieved last year.

Taxes

Taxes amounted to US$(80) million in 2017 compared to US$(42) million one year before (both figures for continuing operations). Most of the increase in the reported tax expense is attributable to a different earnings mix, as well as negative functional currency effects. This overall increase can be put into perspective with the significant year-on-year decrease of the Income Tax Paid.

Net Income

Net income, Group Share, settled at US$317 million in 2017, compared to the US$305 million recorded one year earlier.

Balance Sheet Analysis

Non-Current Assets

At the end of December 2017, total non-current assets stood at US$5.5 billion compared to US$5.3 billion as of 31 December 2016.

- Fixed assets amounted to US$3.9 billion, flat compared to December 2016.
- Investments in associates and joint ventures were slightly below December 2016 levels, notably reflecting the sale of a 16.7% stake in the joint venture with Amaggi (see *Capital Expenditure* section below).
- Other investments, deposits and sundry items increased by almost US$0.3 billion, largely related to new export prepayment agreements signed with Biosev S.A. and its subsidiaries ("Biosev", an indirect subsidiary of Louis Dreyfus Company Holdings) regarding the 2017/2018 to 2019/2020 sugar crops. The overall prepayments (non-current portion) to Biosev amounted to US$569 million as of 31 December 2017.

Capital Expenditure

In 2017, the Group followed its strategic roadmap as it simultaneously kept investments streamlined, with US$271 million spent (versus US$350 million in 2016), while divesting several assets and businesses in order to further focus on its core activities.

In response to the current adverse environment, and in order to maintain healthy cash flows, we curbed our investments in recent years while ensuring that a substantial portion of our capital expenditure remains discretionary. Expansion capex targeted the Group's logistics footprint, adding capacity at our existing assets as well constructing and integrating new ones. In some cases, technological improvements are expected to enable better operational efficiencies while being more sustainable. For example, in Brazil, our Oilseeds Platform invested in creating a smartphone application aimed at optimizing truck movements and rotations in the country, creating cost-efficiencies while being environmentally friendly.

In the meantime, the Group profitably divested several assets and businesses. In the US, it sold several juice processing assets and pieces of land, while in Brazil, it divested one piece of land in an orange grove and some oilseeds storage assets. In Brazil, LDC and its partner, the soy processor-exporter Amaggi, successfully completed the sale of a 33.3% stake in their joint venture to the Japanese group Zen-Noh.

On 30 November 2017 the Group sold its African operations in fertilizers, inputs & industrial chemicals to Helios Investment Partners, a private investment firm. In addition, in December, LDC signed an agreement to sell its Australian fertilizers and inputs activities, namely Macrofertil Australia Pty Ltd, to Landmark Operations Ltd.

Finally, in late December, the Group reached an agreement with NCCL Natural Resources Investment Fund, managed by New China Capital Legend as general partner, with two limited partners of AXAM Asset Management and China Molybdenum Co., Ltd. for the sale of LDC's global Metals operations.

The sale of our global Metals operations and of our African fertilizers business, the growth of which proved working capital-intensive, will allow the Group to refocus its resources to its core operations.

Value Chain

The Value Chain segment invested US$238 million in 2017, mostly in developing its logistics network.

In the first half of 2017 we made a second capital injection into our joint venture with Cargill to operate a berth at the solid bulk terminal at the port of Santos in Brazil. The joint venture commenced in 2015 and the first capital injection was made at the beginning of 2016. It will continue to operate the berth for the next 25 years.

Most of the investments conducted by the Grains and Oilseeds platforms related to our river export project in Pará State, Brazil. The project started in 2015 and remains ongoing, with the development of a fleet of barges and pushers. Further adding capacity to their existing logistics assets in Brazil, these platforms finalized construction of a warehouse in Confresa, in Mato Grosso State. In Egypt, together with a minority partner, the two platforms completed construction of two warehouses in the bay of Abu Qir, close to Alexandria. Continuing to optimize industrial efficiency, both platforms regularly and carefully maintained all their assets.

In Russia, the Grains Platform inaugurated its port transshipment terminal on the Don River in the Azov region in May 2017 while also commencing a project to further increase the asset's initial export capacity.

Within the Oilseeds Platform, investments took place in several countries, across all of the regions where it operates. In Europe, the Platform added a new biodiesel blending tank and built a heat recovery system in our plant in Wittenberg, Germany. In Africa, in order to develop flows of crude palm oil in this fast-growing region, the Platform completed the project to build tanks at the Siveng jetty in the port of Abidjan, Ivory Coast. In North Latin America, enhancing its origination footprint, the Platform continued constructing a transshipment terminal at Caiaponia City, Goiás State, Brazil. In Asia, in May 2017, the Group acquired the remaining 50% share in its Indonesian joint venture Kencana LDC Pte. Ltd., a palm oil refinery with a berth. After the deal was closed, the Platform initiated a project to convert existing tanks to start exporting crude palm and to build new tanks for refinery operations. Finally, in November 2017, LDC agreed to acquire 100% of Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd, a company based in Tianjin, China that owns a soybean crushing plant with a license allowing it to process and produce edible vegetable oil as well as other edible oil and fat products. Completion of this agreement is subject to customary closing conditions.

The Sugar Platform invested in a granular activated carbon (GAC) de-colorization system to replace the current bone char system at its refinery in Port Wentworth, Georgia, US.

The Juice Platform continued to invest in assets in Brazil, both deploying new industrial equipment, such as dry peeling and de-oiler tools, and maintaining assets in order to keep strong efficiency levels.

Balance Sheet Analysis continued

Merchandizing
The Merchandizing segment invested US$33 million throughout 2017.

The Cotton Platform focused on maintaining its comprehensive network of both ginneries and warehouses across Australia and the US.

The Coffee Platform invested in Brazil, increasing its logistics footprint with new warehouses. The Platform's existing warehouse in Nova Venécia, in the state of Espírito Santo, ran with increased capacity, after expansion was completed in 2017. In addition, the Platform started building a new warehouse in the Arabica coffee-producing region in the state of Minas Gerais, with completion expected in 2018.

At the beginning of 2017 the Dairy Platform invested in the joint venture, formed in July 2016 with The Midfield Group, to construct, develop and manage a dairy processing plant in Penola, South Australia, and its related commercial activities. The new plant started operations in August 2017.

Working Capital Usage

Working Capital Usage (WCU) stood at US$6.3 billion as at 31 December 2017, significantly below the US$8.5 billion reported at the end of December 2016. A large part of this US$(2.2) billion decrease relates to the reclassification of the Metals business's WCU as held-for-sale assets and liabilities as of 31 December 2017. Metals excluded, LDC's overall WCU would have decreased from US$6.8 billion in December 2016 to US$6.3 billion in December 2017. The US$(0.5) billion drop was generated by both segments:

- Within the Value Chain segment, WCU was improved by a combination of several factors. The primary driver was the optimization of trade payables levels by most platforms, especially Oilseeds. Secondly, the reduction of derivative asset and margin deposit levels through much lower spot market prices year-on-year for the Sugar Platform was a factor. That Platform also reduced its inventory volumes.
- Within the Merchandizing segment, WCU decreased mostly as a result of the Coffee Platform holding significantly reduced stocks after they released the goods they had carried through year-end 2016. In addition, and to a lesser extent, market prices for both Robusta and Arabica were lower compared to December 2016.

It should be noted that trade and other receivables include the prepayments (current portion) to Biosev under the above-mentioned export prepayment agreements regarding the 2017/2018 and 2018/2019 sugar crops for a total amount of US$176 million as of 31 December 2017.

Due to their highly liquid nature, certain agricultural inventories are treated as Readily Marketable Inventories (RMI). RMIs are readily convertible into cash because of widely available markets and international pricing mechanisms. LDC considers that trading inventories with a liquidity horizon of less than three months qualify as RMI. At the end of December 2017, RMI represented 85% of total inventories, just below the 87% mark of December 2016. This reflects a slightly different platform mix as well as the reclassification of metals inventories as held-for-sale as of 31 December 2017.

Financing

The Louis Dreyfus Company financial model is designed to support the Group's long-term strategy. To preserve a balanced capital structure and to match financial resources with funding requirements, the Group's key guidelines are that long-term debt is primarily to support long-term investments, while short-term debt is used to support ongoing business in financing its main working capital needs. To further enhance its funding model, the Group has implemented a sound and resilient strategy based on the following pillars:

- Diversified sources of funds: 39% of Long-term debt came from debt capital markets as at 31 December 2017.
- Stable debt maturity profile: the average maturity of Long-term debt was 3.9 years as at 31 December 2017.
- Sizeable amount of committed facilities: 39% of the total Group facilities are committed, out of which US$3.3 billion remained undrawn as at 31 December 2017.

Debt and Leverage
As at 31 December 2017, long-term debt stood at US$3.5 billion compared to US$2.9 billion in December 2016, reflecting the two senior bonds issued in 2017, one in February for €400 million with a 5-year maturity and one in June for US$300 million with a 6-year maturity. The proceeds from these bonds are used for general corporate purposes of the Group, investments in accordance with the Group's investment strategy and refinancing existing indebtedness. Short-term debt[8] amounted to US$4.0 billion, compared to US$6.1 billion in December 2016, following the reclassification of the Metals business's assets and liabilities as held-for-sale, and the combined effect of the reduction in working capital usage and the increase in long-term financing.

Current financial assets stood at US$0.8 billion compared to US$0.7 billion as at 31 December 2016. As is common practice in the agribusiness sector, short-term debt should be netted against RMIs as those inventories can be considered as quasi-cash due to their highly liquid nature. That put total adjusted net debt at US$2.6 billion, compared to US$2.9 billion in December 2016. Adjusted net gearing was 0.51 at the end of 2017, compared to 0.57 one year before.

Liquidity
The Group prudently manages financial risks, ensuring resilient access to liquidity. At the end of December 2017, the Group had US$3.3 billion of undrawn committed bank lines (with maturities beyond 1 year). Available liquidity, which is made up of Current Financial Assets plus RMIs plus undrawn committed bank lines, remained at a very strong level throughout the year and stood at US$8.3 billion as at 31 December 2017, enabling the Group to cover 206% of short-term debt.

Financing arrangements
In 2017, Louis Dreyfus Company B.V. issued two senior unsecured bonds, reaffirming LDC's presence on debt capital markets. These bonds allow LDC to maintain the maturity profile of its long-term debt and provide diversification in its sources of long-term funding:

8. Short-term debt is equal to bank loans, acceptances and commercial paper plus financial advances from related parties net of repurchase agreements.

- On 7 February 2017, Louis Dreyfus Company B.V. issued a €400 million unrated senior unsecured bond with a 5-year tenor and a coupon of 4.00%. The offer received strong demand, with more than 250 investors placing orders totalling in excess of €1.7 billion, and the bond has been listed on the Luxembourg Stock Exchange's regulated market.
- On 13 June 2017, Louis Dreyfus Company B.V. issued a US$300 million unrated senior unsecured bond with a 6-year tenor and a coupon of 5.25%. This bond also benefited from a very strong reception, by more than 220 investors and total orders over US$2.3 billion, and has also been listed on the Luxembourg Stock Exchange's regulated market.

On 12 September 2017, Louis Dreyfus Company B.V. exercised the call option at the first call option date to redeem its perpetual resettable step-up subordinated bonds. These perpetual debt securities were issued on 12 September 2012 for a total amount of US$350 million and were bearing an 8.25% coupon. Part of the proceeds from LDC's senior unsecured 5-year Euro-denominated and 6-year US Dollar-denominated bonds issued in February and June 2017 were used to repay these perpetual bonds.

The Group has 6 Revolving Credit Facilities (RCF) through three of its regional hubs for a total amount of US$3.5 billion as of 31 December 2017. The Group limits the risk of refinancing by maintaining both geographical diversification and staggered maturity dates. To that end, each of these three regional hubs refinances one of its RCFs each year, one year ahead of maturity.

In May 2017, Louis Dreyfus Company LLC, a North American subsidiary of Louis Dreyfus Company B.V., renewed a syndicated RCF with a syndicate of local and international banks, for an amount of US$750 million. The loan matures in 2020 and is guaranteed by Louis Dreyfus Company B.V.

In August 2017, Louis Dreyfus Company Asia Pte. Ltd. signed a US$534 million RCF with a syndicate of regional and international banks in order to refinance a US$400 million RCF maturing in 2018. The new loan matures in 2020 and is guaranteed by Louis Dreyfus Company B.V.

In October 2017, Louis Dreyfus Company Suisse S.A. reduced its two-tranche syndicated RCF, from US$1 billion to US$800 million. In December 2017, Louis Dreyfus Company Suisse S.A. renewed its two US$400 million RCFs with a syndicate of regional and international banks and extended them each by one year, to December 2019 and December 2020 respectively, while reinstating two one-year extension options, so that the respective tenors may be extended two more times in the future. The facilities are guaranteed by Louis Dreyfus Company B.V.

Louis Dreyfus Company B.V.'s unrated EU Commercial Paper allowed the Group to benefit from diversified access to short-term financing, with the amount of commercial paper outstanding during the year peaking above €260 million across maturities ranging up to 12 months.

Equity

Equity attributable to Owners of the Company stood at US$5,127 million as of 31 December 2017 (US$5,115 million as of 31 December 2016), while total equity reached US$5,135 million (US$5,127 million as of 31 December 2016).

That Equity attributable to Owners of the Company remained relatively flat, year-on-year, resulted from two opposing drivers. On the one hand, it included the Group's earnings over the year and, to a lesser extent, some favorable currency translation adjustments following the appreciation of several currencies against the US Dollar. On the other hand, the US$350 million Perpetual Resettable Step-Up Subordinated Bonds were redeemed in September 2017.

Risk

The identification and quantification of risks is deeply embedded in LDC's business, and the Group has long been committed to developing appropriate organizational structures to mitigate and manage them.

The Group continued to maintain its daily value-at-risk (VaR) significantly below 1% of its equity during the year ended 31 December 2017, with an average VaR usage of 0.17% compared to 0.29% one year earlier. VaR is only one of the risk metrics within a wider risk management system applied within LDC.

Subsequent Event

In the United States, legislation authorizing the extension of the $1 per gallon biodiesel blender's tax credit for biodiesel volumes blended in 2017 was passed and signed into law in February 2018. As a result, the Group will recognize a pre-tax gain in cost of sales of approximately US$56 million for the first quarter of 2018.

Audited Consolidated Financial Statements.

Independent Auditor's Report

To the Shareholders of Louis Dreyfus Company B.V.

Opinion

We have audited the consolidated financial statements of Louis Dreyfus Company B.V. (the Group), which comprise the consolidated balance sheet as at December 31, 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2017, and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. We have communicated the key audit matters to the management board and those charged with governance. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value measurements of trading inventories and financial assets and liabilities

Refer to note 2 under the heading Use of Estimates and under the heading Inventories and Derivatives, as well as to notes 10 and 12.

The Group holds significant positions in inventories and derivatives for trading purposes. The Group accounts for these activities using the mark-to-market method. This method can require the use of complex valuation methods and significant estimates from management. These estimates are based on key assumptions such as closing exchange and over-the-counter quotations, parity differences, time value, price volatility and counterparty performance and credit risks.

As the Group's inventories and derivatives are measured at fair value at each reporting date, these fair value measurements significantly impact the Group's result and therefore due to the significance of trading inventories and derivatives and the related estimation uncertainty, there is a risk that the related inventories, financial assets and liabilities are misstated.

Our audit procedures included, amongst others, evaluating management's controls in valuing trading inventories and derivatives. In addition we have performed substantive procedures on a sample basis of the related valuations. These procedures included challenging (i) the models used and (ii) the appropriateness of management's assumptions used in developing estimates, as well as agreeing market prices to exchange-quoted prices, broker quotes supported by trades executed close to period-end and to other, directly or indirectly observable inputs. Where necessary we have used the assistance of Deloitte Financial instruments and valuations specialists with industry experience, in particular for evaluating the adequacy of the most complex valuation models. The related disclosures have also been evaluated for adequacy.

Valuation of deferred income taxes

Refer to note 2 under the heading Use of Estimates and under the heading Income Taxes as well as in note 22.

The Group operates in various countries with local tax regulations. The Group's deferred income tax assets recognized on tax losses carried forward amount to USD 319 million based on management best estimate of the use of these tax losses carried forward in future periods.

The Group is required to periodically determine the valuation of the deferred tax assets recognized on tax losses carried forward. This valuation is based on a complex valuation process that involves significant management judgment given it is based on business plans that could be affected by future market or economic conditions.

Our audit procedures included, among others, evaluating management's controls in valuing deferred income taxes. In addition we have performed substantive procedures to challenge the assumptions and techniques used by management to determine the amounts recoverable on the deferred tax assets recorded (on country-by-country analysis). For these procedures we also involved our tax specialists in the main tax jurisdictions. The related disclosures have also been evaluated for adequacy.

Revenue Recognition and trade capturing

Refer to note 2 under the heading Revenue.

Revenue recognition has been identified as a risk primarily relating to the completeness and accuracy of the capture of trades within the trade books and the timing of revenue recognition for commodity sales with deliveries occurring on or around year end.

We evaluated management's controls over revenue recognition and trade capturing. We also performed substantive testing for transactions occurring on or around year end and agreed deliveries to supporting documentation, we also obtained third party confirmation where relevant to check completeness and accuracy of trade books. The related disclosures have also been evaluated for adequacy.

Internal controls over financial reporting

The Group has its businesses in a large number of countries and locations. The Group operates various IT systems, processes and procedures locally that are important for the continuity of its business operations and for the reliability of its financial reporting.

We have considered the Group's internal controls over financial reporting as a basis for designing and performing the audit activities that are deemed appropriate for our audit. We are however not required to perform an audit on internal controls over financial reporting and accordingly we do not express an opinion on the effectiveness of the Group's controls over financial reporting.

We have tailored our audit procedures to the diverse (local) IT landscapes and the implemented internal controls. We have included specialized IT auditors in our audit teams to test the reliability and continuity of the automated data processing, solely to the extent necessary within the scope of the financial statement audit. Where relevant for the audit we have tested the operating effectiveness of IT controls and performed additional audit procedures when deemed needed.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

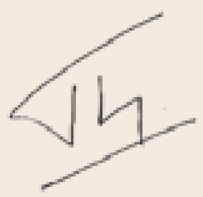
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

The engagement partner on the audit resulting in this independent auditor's report is François-Xavier Ameye.

Deloitte & Associés



François-Xavier AMEYE

Deloitte & Associés, 185 avenue Charles de Gaulle, 92 200 Neuilly-sur-Seine France

March 20, 2018

Consolidated Income Statement

Year ended 31 December

(in millions of US Dollars)	Notes	2017	2016
Net sales	25	$43,005	$40,649
Cost of sales		(41,939)	(39,625)
Gross Margin		1,066	1,024
Commercial and administrative expenses		(597)	(616)
Finance costs, net	26	(190)	(119)
Share of profit (loss) in investments in associates and joint ventures, net	8	(9)	13
Gain on investments	28	34	2
Gain on sale of fixed assets		4	2
Other gains and losses		(4)	2
Income before tax - continuing operations		304	308
Current taxes	22	(92)	(160)
Deferred taxes	22	12	118
Net income - continuing operations		**224**	**266**
Attributable to:			
Owners of the Company		225	265
Non-controlling Interests		$(1)	$1
Net income - discontinued operations	**3**	**92**	**40**
Attributable to:			
Owners of the Company		92	40
Non-controlling Interests		-	-
Net income		**$316**	**$306**
Attributable to:			
Owners of the Company		**317**	**305**
Non-controlling Interests		$(1)	$1

Consolidated Balance Sheet

Year ended 31 December

(in millions of US Dollars)	Notes	2017	2016
Non-Current Assets			
Intangible assets	6	$292	$277
Property, plant and equipment	7	3,559	3,595
Investments in associates and joint ventures	8	210	241
Other investments, deposits and sundry	9	1,181	907
Deferred income tax assets	22	290	292
Total Non-Current Assets		5,532	5,312
Current Assets			
Inventories	10	4,833	6,165
Biological assets	11	60	58
Trade and other receivables	13	4,141	5,260
Derivative assets	12	957	1,224
Margin deposits	12	679	779
Current income tax assets		183	58
Financial advances to related parties	32	24	13
Available-for-sale financial assets	14	14	22
Other financial assets at fair value through profit and loss	15	262	243
Cash and cash equivalents	16	541	465
Total Current Assets		11,694	14,287
Held-for-sale non-current assets and group of assets	3	3,168	244
Total Assets		**$20,394**	**$19,843**

(in millions of US Dollars)	Notes	2017	2016
Equity			
Issued capital and share premium		$1,587	$1,587
Perpetual capital securities		-	350
Retained earnings		3,607	3,306
Other reserves		(67)	(128)
Equity attributable to Owners of the Company		***$5,127***	***$5,115***
Equity attributable to Non-controlling Interests		*8*	*12*
Total Stockholders' Equity and Non-controlling Interests	17	$5,135	$5,127
Non-Current Liabilities			
Long-term debt	18	3,526	2,861
Retirement benefit obligations	20	143	154
Provisions	21	64	63
Deferred income tax liabilities	22	248	304
Other non-current liabilities	24	82	85
Total Non-Current Liabilities		4,063	3,467
Current Liabilities			
Bank loans, acceptances and commercial paper	19	3,818	5,841
Financial advances from related parties	32	221	259
Accounts payable and accrued expenses	23	3,439	3,591
Derivative liabilities	12	1,024	1,375
Provisions	21	4	13
Current income tax liabilities		59	60
Total Current Liabilities		8,565	11,139
Liabilities associated with non-current assets classified as held-for-sale	3	2,631	110
Total Liabilities		15,259	14,716
Total Equity and Liabilities		**$20,394**	**$19,843**

Consolidated Statement of Comprehensive Income

Year ended 31 December

(in millions of US Dollars)	Pre-tax 2017	Tax 2017	Net 2017	Net 2016
Net income	**$405**	**$(89)**	**$316**	**$306**
Items reclassified from equity to net income during the year				
Available-for-sale financial assets	(4)	-	(4)	(1)
Cash flow hedges	(24)	10	(14)	(18)
Exchange differences recycled upon sale/liquidation of investments	7	-	7	(1)
Total	**(21)**	**10**	**(11)**	**(20)**
Items that may be reclassified subsequently from equity to net income				
Available-for-sale financial assets – change in fair value	2	-	2	5
Cash flow hedges – change in fair value	10	(7)	3	42
Exchange differences arising on translation of foreign operations	62	-	62	(24)
Total	**74**	**(7)**	**67**	**23**
Items that will not be reclassified subsequently from equity to net income				
Fixed assets revaluation reserve - change in fair value	(1)	-	(1)	-
Pensions	9	-	9	9
Total	**8**	**-**	**8**	**9**
Changes in Other Comprehensive Income	**$61**	**$3**	**$64**	**$12**
Total Comprehensive Income	**$466**	**$(86)**	**$380**	**$318**
Attributable to:				
Owners of the Company			380	319
Non-controlling Interests			-	(1)

Consolidated Statement of Cash Flows

Year ended 31 December

(in millions of US Dollars)	2017	2016
Net income	$316	$306
Adjustments for items not affecting cash		
Depreciation, amortization and biological assets' change in fair value	303	276
Current taxes	92	160
Deferred taxes	(12)	(118)
Interests, net	188	145
Other provisions, net	(3)	(17)
Share of (profit) loss in investments in associates and joint ventures, net of dividends	11	(12)
Gain on investments and on sale of fixed assets	(38)	(4)
Net expense arising from share-based payments	35	58
Non-cash items from discontinued operations	40	36
	932	**830**
Changes in operating assets and liabilities		
Inventories	344	(1,143)
Derivatives	87	171
Margin deposits net of margin deposit liabilities	(91)	207
Trade and other receivables	59	(97)
Trade and other payables	315	424
Interests paid	(305)	(304)
Interests received	98	50
Income tax paid	(48)	(88)
Net cash used in operating activities, discontinued operations	(499)	(238)
Net cash from (used in) operating activities	**892**	**(188)**
Investing activities		
Purchase of fixed assets	(257)	(332)
Additional investments, net of cash acquired	(14)	(18)
Change in short-term securities	(92)	(98)
Proceeds from sale of fixed assets	39	14
Proceeds from sale of investments, net	132	4
Change in loans and advances made	(12)	(12)
Net cash from (used in) investing activities, discontinued operations	-	(3)
Net cash used in investing activities	**(204)**	**(445)**
Financing activities		
Increase (decrease) in bank loans, acceptances, commercial paper and related parties advances	(1,338)	28
Increase in long-term debt	1,071	590
Repayment of long-term debt	(359)	(318)
Redemption of perpetual capital securities	(350)	-
Dividends paid to equity owners of the Company	-	(41)
Dividends paid to non-controlling interests	-	(1)
Net cash from (used in) financing activities, discontinued operations	388	(39)
Net cash from (used in) financing activities	**(588)**	**219**
Exchange difference on cash	7	(3)
Increase (decrease) in cash and cash equivalents	**107**	**(417)**
Cash and cash equivalents, at beginning of the year	465	901
Change in cash and cash equivalents reclassified to held-for-sale assets	(31)	(19)
Cash and cash equivalents, at end of the year	**$541**	**$465**

Consolidated Statement of Changes in Equity

Year ended 31 December

(in millions of US Dollars)	Issued Capital and Share Premium	Perpetual Capital Securities	Retained earnings	Other Reserves	**Equity attributable to Owners of the Company**	Equity attributable to Non-controlling Interests	**Total Equity**
Balance at 1 January 2016	**$1,587**	**$350**	**$3,051**	**$(139)**	**$4,849**	**$14**	**$4,863**
Net income			305		**305**	1	**306**
Other Comprehensive Income, net of tax				14	**14**	(2)	**12**
Total Comprehensive Income			305	14	**319**	(1)	**318**
Dividends			(41)		**(41)**	(1)	**(42)**
Accrued capital securities distribution, net of tax			(22)		**(22)**		**(22)**
Deferred compensation plan, net of tax			13	(3)	**10**		**10**
Balance at 31 December 2016	**$1,587**	**$350**	**$3,306**	**$(128)**	**$5,115**	**$12**	**$5,127**
Net income			317		**317**	(1)	**316**
Other Comprehensive Income, net of tax				63	**63**	1	**64**
Total Comprehensive Income			317	63	**380**	-	**380**
Accrued capital securities distribution, net of tax and redemption		(350)	(12)		**(362)**		**(362)**
Deferred compensation plan, net of tax			(4)	(2)	**(6)**		**(6)**
Change in list of consolidated companies			-	-	**-**	(4)	**(4)**
Balance at 31 December 2017	**$1,587**	**$-**	**$3,607**	**$(67)**	**$5,127**	**$8**	**$5,135**

Notes to Consolidated Financial Statements

Louis Dreyfus Company B.V. ("LDC" or the "Company") is a privately owned company incorporated in the Netherlands on 28 December 2004. The address of its registered office is Westblaak 92, 3012 KM Rotterdam – Netherlands. It is an indirect subsidiary of Louis Dreyfus Holding B.V. ("LDH"), a privately owned Dutch company controlled by the family foundation established by Robert Louis-Dreyfus.

As at 31 December 2011, LDC was a direct subsidiary of Louis Dreyfus Company Holdings B.V. ("LDCH"), a company incorporated in the Netherlands. Effective 4 December 2012, LDCH contributed all its shares and voting rights in LDC to the newly formed intermediate holding company Louis Dreyfus Company Netherlands Holding B.V. ("LDCNH").

Since December 2007, a non-controlling share of LDCH was taken by employees in the execution of the equity participation plan described in Note 30.

In September 2012, LDC priced an inaugural hybrid capital securities issuance for US$350 million, 8.25% coupon (resettable every 5 years and with a 100 basis points step-up in 2022). The structure of the perpetual hybrid capital securities qualified the instrument to be classified as equity under IFRS. They were not rated, and were listed on the Official List of the Singapore Exchange. On 12 September 2017, the perpetual capital debt securities were fully redeemed by LDC.

In 2013, LDC completed the issuance of two unrated senior bonds: one in July for €400 million (5-year, 3.875% coupon) and one in December for €500 million (7-year, 4% coupon). Both instruments are listed on the Luxembourg Stock Exchange.

In 2017, LDC completed the issuance of two unrated senior bonds: one in February for €400 million (5-year, 4% coupon) and one in June for US$300 million (6-year, 5.25% coupon). Both instruments are listed on the Luxembourg Stock Exchange.

LDC and its subsidiaries (the "Group") is a global merchandizer of commodities and processor of agricultural goods, operating a significant network of assets around the world. The Group's activities span the entire value chain from farm to fork, across a broad range of business lines (platforms). Since 1851 the Group's portfolio has grown to include Oilseeds, Grains, Juice, Sugar, Rice, Fertilizers & Inputs, Freight, Cotton, Coffee, Dairy and Finance platforms.

In 2017, the Group reached an agreement to sell its global Metals Business to NCCL Natural Resources Investment Fund, managed by New China Capital Legend as general partner, with two limited partners of AXAM Asset Management and China Molybdenum Co., Ltd. The completion of the transaction is expected to occur by the first half of 2018 (refer to Note 3 "Held-for-sale non-current assets and liabilities associated with assets held-for-sale and discontinued operations").

1. Accounting Policies

The consolidated financial statements of LDC are prepared in the functional currency of LDC, which is the US Dollar.

The consolidated financial statements have been approved by the Board of Directors of LDC on 20 March 2018.

The December 2017 consolidated financial statements of LDC have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union at 31 December 2017. The Group has not adopted IAS 33 "Earnings per Share". This standard is not mandatory for companies whose ordinary shares are not publicly traded.

The accounting policies used to prepare these financial statements are the same as those used to prepare the consolidated financial statements at and for the year ended 31 December 2016, except for the adoption of new amendments, standards and interpretations at 1 January 2017 detailed below.

New and amended accounting standards and interpretations in effect starting from 2017

- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses". The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. These amendments, which should be applied for annual periods beginning on or after 1 January 2017, have had no effect on the balance sheet or performance of the Group.
- Amendments to IAS 7 "Disclosure Initiative". The amendments require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments should be applied for annual periods beginning on or after 1 January 2017. The notes 18 "Long-term Financing" and 19 "Bank Loans, Acceptances and Commercial Paper" have been completed accordingly.
- Annual improvements to IFRSs 2014-2016 including amendments to IFRS 12 "Disclosure of Interests in Other entities": IFRS 12 states that an entity needs not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified, as held-for-sale in accordance with IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations". The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. Those amendments are applied retrospectively at 1 January 2017.

The Group has not adopted any standard, interpretation or amendment, which has been issued but is not yet effective.

New and amended accounting standards and interpretations approved by the European Union with effect in future periods

- IFRS 9 "Financial instruments". The standard replaces IAS 39 "Financial instruments – Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The new standard will come into effect at 1 January 2018 and is not expected to have any material impact on the Group's financial statements.
- IFRS 15 "Revenue from Contracts with Customers" including amendments to IFRS 15 "Effective date". The new standard supersedes IAS 11 "Construction Contracts" and IAS 18 "Revenue" on revenue recognition. Revenue will be recognized to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services by applying the following steps:
  - Step 1: Identify the contract with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

  The new standard will come into effect at 1 January 2018.
- Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers". Those amendments clarify how to:
  - identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
  - determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
  - determine whether the revenue from granting a license should be recognized at a point in time or over time.

A detailed analysis of the impact of IFRS 15 on the 2017 consolidated financial statements is underway.

- IFRS 16 "Leases". The new standard sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease. The new standard will come into effect at 1 January 2019 with early application permitted for entities that apply IFRS 15 "Revenue from Contracts with Customers" at or before the date of initial application of this standard.

An analysis of the impact of IFRS 16 on the consolidated financial statements is underway.

- Annual improvements to IFRSs 2014-2016 including amendments to IAS 28 "Investments in Associates and Joint Ventures": clarify that the election to measure at fair value through profit and loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments to IAS 28 are effective for annual periods beginning on 1 January 2018 but are not expected to have any impact on the Group's financial statements.
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions". The amendments provide requirements on the accounting for:
  - the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
  - share-based payment transactions with a net settlement feature for withholding tax obligations; and
  - a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Accounting standards and interpretations issued by IASB but not yet approved by the European Union

The following standards and interpretations issued by IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group:

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration". This interpretation addresses foreign currency transactions or parts of transactions where:
  - there is consideration that is denominated or priced in a foreign currency;
  - the entity recognized a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
  - the prepayment asset or deferred income liability is non-monetary.

  The interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date of the advance consideration (i.e. when the non-monetary asset or liability is recognized).
- Amendments to IAS 40 "Transfers of Investment Property". Those amendments provide guidance on transfers to, or from, investment properties. More specifically, an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

These amendments and interpretation will come into effect at 1 January 2018.

- IFRIC 23 "Uncertainty over Income Tax Treatments". This interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, in its income tax filings:
  - if yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings;
  - if no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

  The entity is to assume that a taxation authority will examine any amounts reported and will have full knowledge of all relevant information when doing so.
- Amendments to IFRS 9 "Prepayment features with negative compensation". Those amendments enable entities to measure at amortized cost some prepayable financial assets with so-called negative compensation. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortized cost measurement, the negative compensation – i.e. the difference between the prepayment amount and unpaid amounts of principal and interest - must be "reasonable compensation for early termination of the contract".
- Amendments to IAS 28 "Long-term interests in associates and joint ventures". Those amendments apply to "other interests" in an associate or joint venture to which the equity method is not applied: for example, long-term loans which, in substance, form part of the net investment in the associate or the joint venture. Those amendments clarify that such a financial instrument must first be recognized under IFRS 9, including its provisions on the impairment of financial assets, before applying any reduction of its carrying value by allocating the accumulated losses of the equity-accounted entity, where the equity value has already been reduced to zero.
- Annual improvements to IFRSs 2015-2017 including:
  - Amendments to IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements": those amendments clarify how an entity accounts for increasing its interest in a joint operation that meet the definition of a business:
    - if a party maintains (or obtains) joint control, then the previously held interest is not remeasured;
    - if a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interests at fair value;
  - Amendments to IAS 12 "Income taxes": those amendments are a removal of the paragraph dealing with the obligating event and the recognition of the income tax consequences of the distribution of dividends from the Measurement section to the Recognition section. This does not alter the fact that the income tax consequences of the distribution should only be accounted for at the date the liability for the dividend is recognized and generally in profit and loss;
  - Amendments to IAS 23 "Borrowing costs": clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

Those amendments and interpretation will come into effect for annual reporting periods beginning on or after 1 January 2019 with early application permitted.

2. Summary of Significant Accounting Policies

Basis of consolidation

In accordance with IFRS 10 "Consolidated Financial Statements", the consolidated financial statements of LDC include the financial statements of all entities that the Group controls directly or indirectly, regardless of the level of the Group's equity interest in the entity. An entity is controlled when the Group has power over the entity, exposure or rights to variable returns from its involvement with the entity, and the ability to affect those returns through its power over the entity. In determining whether control exists, potential voting rights must be taken into account if those rights are substantive, in other words they can be exercised on a timely basis when decisions about the relevant activities of the entity are to be taken.

Entities consolidated by the Group are referred to as ''subsidiaries''. Entities that the Group controls by means other than voting rights are referred to as ''consolidated structured entities''.

Notes continued

In accordance with IFRS 11 "Joint Arrangements", the Group classifies its joint arrangements (i.e. arrangements in which the Group exercises joint control with one or more other parties) either as a joint operation or a joint venture. In the case of a joint operation, the Group recognizes the assets and liabilities of the operation in proportion to its rights and obligations relating to those assets and liabilities. Joint ventures are accounted for using the equity method.

The Group exercises joint control over a joint arrangement when decisions relating to the relevant activities of the arrangement require the unanimous consent of the Group and the other parties with whom control is shared.

The Group exercises significant influence over an entity when it has the power to participate in the financial and operating policy decisions of that entity, but does not have the power to exercise control or joint control over those policies.

In accordance with IAS 28 "Investments in Associates and Joint Ventures", the equity method is used to account for joint ventures and for associates (i.e. entities over which the Group exercises significant influence).

All consolidated subsidiaries and companies carried at equity prepared their accounts at 31 December 2017 in accordance with the accounting policies and methods applied by the Group.

Intercompany transactions and balances are eliminated in consolidation.

A change to the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over a subsidiary, the Group:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the foreign currency translation recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any benefit or deficit in the income statement; and
- Reclassifies components previously recognized in other comprehensive income to the income statement or retained earnings, as appropriate.

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Group engages in price risk management activities, principally for trading purposes. Activities for trading purposes are accounted for using the mark-to-market method. The market prices used to value these transactions reflect management's best estimate considering various factors including the closing exchange and over-the-counter quotations, parity differentials, time value and price volatility underlying the commitments. The values are adjusted to reflect the potential impact of liquidating the Group's positions in an orderly manner over a reasonable period of time under present market conditions.

Goodwill is tested annually for impairment in accordance with the valuation methodology described below. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Cash generating units are defined at the lowest level of independent cash flows generated by the corresponding assets measured. Applying this methodology, the Group identified twelve main independent cash generating units corresponding to its commodity platforms. The value-in-use calculations are based on pre-tax cash flow projections set on business plans approved by the management covering a five-year period, and potentially an extrapolation of the cash flows beyond the five-year plan to cover a full life cycle and a terminal value using a perpetual growth rate. The recoverable amount is the sum of the discounted cash flows and the discounted terminal residual value. The discount rate used is based on the weighted average cost of capital of the Group before tax.

Biological assets (except the bearer plants) are carried at fair value, estimated using discounted expected future cash flows, less costs to sell. This computation includes estimates of productivity, quality, market price, labor costs, and changes in interest rates. Market prices are derived from prices available on quoted active markets for products related to the biological assets valued. Biological assets are grouped by location to better integrate significant attributes like maturity, quality, labor costs needs and yield, in the determination of the fair value. Comparisons are made on an ongoing basis to adjust estimates from past harvests and changes in market prices. The projections are made in US Dollars with a finite projection period, based on the remaining useful life of each group of biological assets identified.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Foreign currencies

Financial statements of foreign operations are translated from the functional currency into US Dollars using exchange rates in effect at period end for assets and liabilities, and average exchange rates during the period for results of operations and cash flows. However, for certain material transactions, a specific exchange rate is used when considered relevant. Related translation adjustments are reported as a separate component of equity. A proportionate share of translation adjustments relating to a foreign investment is recognized in income when this investment is sold fully or partially.

When the functional currency is not the local currency, the local statements are first converted using historical exchange rates for inventories, properties, and depreciation, and related translation adjustments are included in the current year's operations.

Exchange differences arising on monetary items that form an integral part of the net investment in foreign subsidiaries are recognized in Other Comprehensive Income, under "Exchange Differences arising on translation of foreign operations", for their net-of-tax amount.

Exchange differences on receivables and payables denominated in a foreign currency are recorded in the income for the year.

On a regular basis, the Group reviews the functional currencies used in measuring foreign operations to assess the impact of recent evolutions of its activities and the environment in which it operates.

Consolidated income statement

Income and expenses are analyzed by function in the consolidated income statement. Cost of sales includes depreciation and employment costs relating to processing plants. It also includes the net unrealized gain or loss on open contracts of the commodity and freight trading activity as well as the change in fair value of biological assets. Commercial and administrative expenses include the cost of traders and administrative employees, the depreciation of office buildings and equipment, as well as the charge resulting from the fair value of shares and stock options granted to employees.

Consolidated balance sheet

Assets and liabilities are presented separately between current and non-current assets, and current and non-current liabilities. This classification is based for each asset and liability on the expected recoverability or settlement, before or after twelve months from the balance sheet date.

Intangible assets

Goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

For transactions concluded prior to 31 December 2009 goodwill was determined as the excess of cost of acquisition over the fair value of net assets acquired at date of purchase. When the Group acquired an additional interest in a company already controlled, the excess cost of acquisition over the historical value of net assets acquired was also recorded as goodwill. When non-controlling interests were granted put option agreements exercisable without constraint from the Group, the excess share of equity over the fair value of these agreements was also recorded as goodwill.

For transactions concluded since 1 January 2010 goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, measured at fair value at acquisition date, and the amount recognized for non-controlling interests over the net identifiable assets acquired and liabilities assumed. For each business combination, the Group measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Goodwill is not amortized. Goodwill is tested for impairment, when circumstances indicate that the carrying value may be impaired, and at the minimum, annually. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized.

At the time of impairment testing a cash-generating unit to which goodwill has been allocated, there may be an indication of an impairment of an asset within the unit containing the goodwill. In such circumstances, the entity tests the asset for impairment first, and recognizes any impairment loss for that asset before testing for impairment the cash-generating unit containing the goodwill.

Goodwill relating to the acquisition of shares in an equity investment is presented in investments in associates and joint ventures.

Notes continued

Other intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite life are amortized over periods ranging from one to ten years.

The useful life of acquired trademarks is assessed to be qualified as finite or indefinite. Trademarks with an indefinite useful life are not amortized but reviewed for impairment annually by comparing their recoverable amount with their carrying amount.

Property, plant and equipment

Bearer plants
Orange trees are bearer plants recorded at cost less accumulated depreciation and accumulated impairment losses, and measured using the cost model.

Borrowing costs that are directly attributable to the acquisition, construction or production of a bearer plant, incurred during the immature period, are capitalized as part of the cost of that asset.

The depreciation of bearer plants is based on the unit of production method over the estimated useful lives of the assets, since it is the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the bearer plant. The useful life of orange trees is around 17 years.

Other property, plant and equipment
Other property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, incurred during the construction period, are capitalized as part of the cost of that asset. When relevant, property, plant and equipment costs include initial estimate of decommissioning and site restoration costs.

The depreciation of other property, plant and equipment is calculated based on the carrying amount, net of residual value, principally using the straight-line method over the estimated useful lives of the assets, as follows: Buildings, 15 to 40 years; Machinery and Equipment, 5 to 25 years; and Other Tangible Assets, 1 to 20 years.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Impairment
Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Investments in Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. The Group’s investment in associates and joint ventures includes goodwill identified on acquisition date, net of any accumulated impairment loss.

Other investments, deposits and sundry

Other investments, deposits and sundry mainly include long-term loans and advances. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Inventories and derivatives

Trading inventories
Trading inventories are valued at fair value less costs to sell. The “mark-to-market” valuation policy, which is accepted as a commodity industry practice, presents a fair reflection of the Group’s trading activities. Changes in fair value are recognized in the income statement in “Cost of sales”.

Other inventories
The other inventories are valued at the lower of cost or net realizable value, especially for certain entities for which the trading model is not applicable.

Derivatives
The Group uses futures and option contracts mostly to hedge trading inventories and open commitments in commodities and securities. Futures and option contracts are recognized at fair value, and the resulting unrealized gains and losses are recognized in the income statement. Undelivered commodities purchase and sale commitments and swap / supply arrangements are recognized at fair value, and the resulting unrealized gain or loss is recognized in the income statement. Foreign exchange hedge contracts are recognized at fair value, and the resulting unrealized gains and losses are recognized in the income statement in “Finance costs, net” for the foreign exchange exposure on funding and in “Cost of sales”, for the foreign exchange gains and losses related to working capital. Expected costs associated with the execution of contracts are accrued.

Biological assets

The bearer plants are accounted for as property, plant and equipment (see property, plant and equipment accounting policy). The produce growing on bearer plant is a biological asset carried at fair value less estimated costs to sell, generally based on discounted expected future cash flows from these assets. Changes in fair value are recognized in the income statement in “Cost of sales”. The produce growing on bearer plants consists of oranges in Brazil.

Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

The Group carries out assessments of hedging operations that qualify for hedge accounting, based on documentation of hedging relationships. This documentation includes the identification of the hedging instrument, the hedged item, the risk being hedged and the effectiveness of the hedge, at inception of the hedge and throughout financial reporting periods for which the hedge was designated.

Fair value hedges
The change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the income statement.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized directly in other reserves, while any ineffective portion is recognized immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognized or when a forecasted sale occurs.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. When there is objective evidence that the initial economic benefits will not flow to the Group, a provision for impairment is accounted for. Significant financial difficulties of the debtor, default or delinquency in payments (more than three months overdue) are considered indicators that the trade receivable has to be impaired.

Notes continued

Available-for-sale financial assets

Available-for-sale financial assets mainly consist of shares of non-consolidated companies for which the Group does not exercise significant influence, joint control or control. Listed shares are valued at fair value corresponding to the listed price. Other shares are generally carried at cost, which is deemed to approximate fair value. Any change in fair value of shares after initial recognition is recorded through other comprehensive income and subsequently recognized in income on disposal of the shares or when the investment is deemed to be impaired.

Other financial assets at fair value through profit and loss

Other financial assets at fair value through profit and loss include short-term securities with an original maturity greater than three months acquired with the purpose of selling or repurchasing, and bonds relating to the financial trading activity as well as other financial assets designated upon recognition at fair value through profit and loss.

Margin deposits

Margin deposits consist of cash with brokers and exchanges, to meet initial and variation margin requirements in respect of futures positions on commodities exchanges.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less at the time of the purchase. Treasury bills, money market funds, commercial paper, bank certificates of deposit and marketable securities having insignificant risk of change in value qualify under that definition.

Any difference between the carrying amount of the cash equivalents and its fair value is recognized in the income statement.

The statement of cash flows presents the change in cash and cash equivalents. Changes in bank overdrafts that form part of the financing activities are presented in increase (decrease) in bank loans, acceptances and commercial paper.

Perpetual capital securities

The structure of the perpetual hybrid capital debt securities qualified the instrument to be classified as equity under IFRS. The perpetual capital securities instrument was recorded at nominal value and classified as a component of equity in the consolidated balance sheet. The distribution on the perpetual capital securities was recorded net of tax and classified:

- as a separate allocation of retained earnings within the equity section of the consolidated balance sheet until the announcement of the Group's intention to redeem it; and
- in profit and loss after this date.

Provisions

Provisions for environmental restoration and decommissioning, restructuring costs and legal claims are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made.

Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be settled wholly before twelve months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Pensions and post-retirement benefits

Defined contribution plans are funded by contributions paid by employees and Group companies to the organizations responsible for managing the plans. The Group's obligations are limited to the payment of such contributions.

Defined benefit plans consist of either funded or unfunded plans. Obligations under these plans are generally determined by independent actuaries using the projected unit credit method. The Group measures and recognizes post-employment benefits in accordance with IAS 19:

- contributions to defined contribution plans are recognized as an expense;
- defined benefit plans are measured using actuarial valuations.

The Group uses the projected unit credit method as the actuarial method for measuring its post-employment benefit obligations, on the basis of the national or company-wide collective agreements effective within each entity.

Factors used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover, and macro-economic assumptions specific to countries in which the Group operates (such as inflation rate and discount rate).

Actuarial gains and losses relating to defined benefit plans (pensions and other post-employment benefits), arising from the effects of changes in actuarial assumptions and experience adjustments, are recognized net of deferred taxes in other comprehensive income.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan.

If the value of plan assets exceeds the obligation under the plan, the net amount is recognized as a non-current asset. Overfunded plans are recognized as assets only if they represent future economic benefits that will be available to the Group through future refunds from the plan or reductions in future contributions to the plan.

Other long-term benefits

The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The value of the obligation is determined using the projected unit credit method.

Actuarial gains and losses are immediately recognized in the income statement as part of the commercial and administrative expenses.

Share-based payment transactions

Share plans and stock-option plans are measured at fair value, corresponding to the value of the benefit granted to the employee on the grant date. The transactions are recognized in commercial and administrative expenses in the income statement on a graduated basis over the vesting period, with a corresponding increase in other reserves in equity when the plan is deemed an equity plan.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Income taxes

Deferred taxes arise from temporary differences between the carrying amounts of certain assets and liabilities and their tax basis. The Group accounts for deferred income tax in accordance with the balance sheet liability method using the most recent established tax rates at year-end. The Group recognizes future tax benefits to the extent that the realization of such benefits is probable. The carrying amount of deferred tax assets is reviewed at each balance sheet date. Tax assets and liabilities are offset when the taxes relate to income taxes levied by the same taxation authority.

Non-current assets held-for-sale and discontinued operations

The Group classifies non-current assets and disposal groups as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held-for-sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as "Net income – discontinued operations" in the income statement for all periods presented.

Finance leases

Leases that transfer substantially all the risks and rewards incidental to ownership are qualified as finance leases. When a tangible asset is held under a finance lease, it is recorded as an asset at fair value or, if lower, at the present value of the minimum lease payments determined at inception of the lease, and the corresponding lease obligation is recorded as a financial liability. The capital lease assets are depreciated over their expected useful life in accordance with Group policy net of the residual value.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenue arises from sale of goods, services rendered and use by others of entity assets, yielding interest, royalties and dividends.

Sale of goods
The Group recognizes revenue when the amount of revenue can be reliably measured, significant risks and rewards of ownership of the goods are transferred to the buyer and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Physical purchases and sales of products are reflected as cost of goods sold and sales, respectively, in the accompanying consolidated income statement at the time such products are shipped and title and risk of loss pass to the customer. Costs for shipping of inventories are included in cost of goods sold in the accompanying consolidated income statement.
Revenue is presented net of returns, rebates and discounts and after eliminating sales within the Group.

If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized is the net amount realized by the Group.

Services rendered
When the outcome of services rendered can be estimated reliably, revenue associated is recognized by reference to the stage of completion of the transaction at the balance sheet date.

Financial income

Interest income and expenses are recognized on a time-proportion basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

3. Held-for-Sale Non-Current Assets and Liabilities Associated with Assets Held-for-Sale and Discontinued Operations

According to IFRS 5 - "Non-current assets held-for-sale and discontinued operations", LDC's Fertilizers & Inputs business in Africa was classified as held-for-sale as of 31 December 2016. In November 2017, the Group finalized the sale to Africa-focused private investment firm, Helios Investment Partners.

Since 30 June 2017, Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business) has been classified as held-for-sale. In December 2017, the Group announced its sale to Landmark Operations Ltd., which was closed on 9 March 2018.

As of 31 December 2017, the Group classified its global Metals business as held-for-sale, and representing a major line of business, it was also classified as discontinued operations. In December 2017, the Group agreed to sell its global Metals business to NCCL Natural Resources Investment Fund, managed by New China Capital Legend as general partner, with two limited partners of AXAM Asset Management and China Molybdenum Co., Ltd. The closing of this transaction is subject to customary closing conditions.

The condensed assets and liabilities with third parties of these Metals and Fertilizers & Inputs businesses as of 31 December 2017 and 31 December 2016 were as follows:

	2017			2016
(in millions of US Dollars)	Metals (Global)	Fertilizers & Inputs (Australia)	Total	Fertilizers & Inputs (Africa)
Non-current assets	$41	$16	**$57**	$22
Current assets	3,018	82	**3,100**	216
Total Assets held-for-sale	**$3,059**	**$98**	**$3,157**	**$238**
Non-current liabilities	$(42)	$-	**$(42)**	$(4)
Current liabilities	(2,490)	(99)	**(2,589)**	(106)
Total Liabilities associated with assets held-for-sale	**$(2,532)**	**$(99)**	**$(2,631)**	**$(110)**

The discontinued Metals operations excluded from the results of continuing operations are the following:

(in millions of US Dollars)	2017	2016
Net Sales	$12,435	$9,189
Depreciation	1	1
Segment Operating Results	188	130
Commercial and administrative expenses	(62)	(51)
Finance costs, net	(32)	(22)
Others	7	-
Income taxes	(9)	(17)
Net income - discontinued operations	**$92**	**$40**

As of 31 December 2017, the 33% share held in the Chinese joint venture Henan Huiyida Agribusiness Co. Ltd. was also classified as held-for-sale for an amount of US$6 million.

4. Segment Information

The Group operates its business worldwide under two segments: Value Chain and Merchandizing, organized around products that have similar economic characteristics.

Each reportable segment is responsible for the farming, origination, processing, refining, storage, transport and distribution of its products (where applicable).

The Value Chain segment comprises the following platforms: Oilseeds, Grains, Juice, Sugar, Rice, Fertilizers & Inputs and Freight. The first six platforms have a fully integrated asset network ranging from origination and processing to distribution. The Freight Platform supports the Group's businesses, particularly the Grains and Oilseeds Platforms, with its international presence covering all major commodities' flows. Products commercialized in this segment encompass commodities for both human and animal consumption.

The Merchandizing segment consists of all the Group's platforms that have a more merchant-oriented business model: Cotton, Coffee, Dairy and Finance. These platforms' merchandizing activities often cover a wide range of products, from raw to processed commodities. In some cases, platforms in the segment sell products under the Group's own brands.

Following the agreement signed for the sale of Metals business, this platform, which was comprised in the Merchandizing segment, was classified as discontinued operations (Refer to Note 3).

The financial performance of the segments is principally evaluated with reference to the Segment Operating Results, which is the Net Sales, less Cost of Sales plus Share of profit (loss) in investments in associates and joint ventures, net.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Inter-segment sales and transfers, where applicable, are generally valued at market.

Segment information for the years ended 31 December 2017 and 31 December 2016 is as follows:

	2017		
(in millions of US Dollars)	Value Chain	Merchandizing	Total
Net Sales	$35,044	$7,961	**$43,005**
Depreciation	(233)	(20)	**(253)**
Share of loss in investments in associates and joint ventures, net	(3)	(6)	**(9)**
Segment Operating Results	$766	$291	**$1,057**
Commercial and administrative expenses			**(597)**
Finance costs, net			**(190)**
Others			**34**
Income taxes			**(80)**
Non-Controlling Interests			**1**
Net income attributable to Owners of the Company - continuing operations			**$225**

(in millions of US Dollars)	Value Chain	2016 Merchandizing	Total
Net Sales	$34,172	$6,477	$40,649
Depreciation	(224)	(20)	(244)
Share of profit in investments in associates and joint ventures, net	10	3	13
Segment Operating Results	$737	$300	$1,037
Commercial and administrative expenses			(616)
Finance costs, net			(119)
Others			6
Income taxes			(42)
Non-Controlling Interests			(1)
Net income attributable to Owners of the Company - continuing operations			$265

Segment information at 31 December 2017 and 31 December 2016 is as follows:

(in millions of US Dollars)	Value Chain	2017 Merchandizing	Total
Segment Assets	$11,102	$3,762	$14,864
Segment Liabilities	(3,303)	(1,259)	(4,562)
Other Assets[1]			2,471
Other Liabilities[2]			(8,165)
Net Assets and Liabilities associated to discontinued operations[3]			527
Total Net Assets	$7,799	$2,503	$5,135
Additions to Fixed Assets - continuing operations[4]	$238	$33	$271

1. Other Assets include other investments, deposits and sundry, deferred and current income tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss, cash and cash equivalents.
2. Other Liabilities include non-current liabilities, bank loans, acceptances and commercial paper, financial advances from related parties, provisions, current income tax liabilities.
3. Metals business, which was comprised in the Merchandizing segment, was classified as discontinued operations as of 31 December 2017 (Refer to Note 3).
4. Additions to Fixed Assets include purchase of fixed assets and additional investments net of cash acquired.

(in millions of US Dollars)	Value Chain	2016 Merchandizing	Total
Segment Assets	$11,513	$6,343	$17,856
Segment Liabilities	(3,198)	(1,878)	(5,076)
Other Assets[1]			1,987
Other Liabilities[2]			(9,640)
Total Net Assets	$8,315	$4,465	$5,127
Additions to Fixed Assets - continuing operations[3]	$315	$35	$350

1. Other Assets include other investments, deposits and sundry, deferred and current income tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss, cash and cash equivalents.
2. Other Liabilities include non-current liabilities, bank loans, acceptances and commercial paper, financial advances from related parties, provisions, current income tax liabilities.
3. Additions to Fixed Assets include purchase of fixed assets and additional investments net of cash acquired.

Net sales for continuing operations by geographical destination, based on the country of incorporation of the counterparty, consist of the following for the years ended 31 December 2017 and 31 December 2016:

(in millions of US Dollars)	2017	2016
Asia	$17,932	$14,548
North Latin America	3,229	3,187
South & West Latin America	2,681	2,025
Europe, Middle East & Africa[1]	13,729	14,984
North America	5,434	5,905
	$43,005	$40,649

1. Net sales to Europe & Black Sea geographical area amounted to US$8,632 million for the year ended 31 December 2017 (US$9,368 million a year before). Net sales to Middle East & Africa geographical area amounted to US$5,097 million for the year ended 31 December 2017 (US$5,616 million a year before).

The Group's fixed assets (intangible assets and property, plant and equipment) are located in the following geographical areas at 31 December 2017 and 31 December 2016:

(in millions of US Dollars)	2017	2016
Asia	$298	$270
North Latin America	1,221	1,219
South & West Latin America	632	643
Europe, Middle East & Africa	412	391
North America	1,288	1,349
	$3,851	$3,872

5. Change in List of Consolidated Companies

In May 2017, the Group acquired the remaining 50% shares of its joint venture Kencana LDC Pte. Ltd.[1], primarily comprised of a palm oil refinery and storage tanks in Indonesia, for a purchase price of US$14 million. Before the acquisition, the joint venture was accounted for the equity method in the Group consolidated financial statements and the book value amounted to US$6 million.

In accordance with IFRS 3 (revised), the Group recognized a US$8 million gain on sale of investments related to the 50% shares previously held in Kencana LDC Pte. Ltd.[1] (fair value amounted to US$14 million less book value) and subsequently accounted for the purchase price allocation as follows:

(in millions of US Dollars)	Book value at date of acquisition under local GAAP	Fair value under IFRS
Intangible assets	$1	$4
Property, plant and equipment	36	46
Non-Current Assets	$37	$50
Current Assets	$29	$29
Total Assets	$66	$79
Long-term debt	3	3
Deferred income tax liabilities	2	5
Non-Current Liabilities	$5	$8
Current Liabilities	$49	$49
Total Liabilities	$54	$57
Net Equity	$12	$22
Consideration transferred @ 100%		$28
Goodwill		$6

1. During the second-half of 2017, the Group renamed this new fully-owned entity LDC Balikpapan Pte. Ltd.

In November 2017, LDC finalized the sale of its Africa-based Fertilizers and Inputs operations, Fertilizers and Inputs Holding B.V., to Africa-focused private investment firm, Helios Investment Partners. The gain derived from the sale amounted to US$2 million. In accordance with the signed agreement, the proceeds from sale can be subject to (minor) adjustments until the reception of the final closing notice. As of 31 December 2016, LDC's Fertilizers & Inputs business was classified as held-for-sale according to IFRS 5 "Non-current assets held-for-sale and discontinued operations" (refer to Notes 3 "Held-for-sale non-current assets and liabilities associated with assets held-for-sale and discontinued operations" and 28 "Gain on Investments").

No other significant change in list of consolidated companies occurred in 2017 neither in 2016.

6. Intangible Assets

At 31 December 2017 and 31 December 2016, intangible assets consist of the following:

(in millions of US Dollars)	2017 Gross value	2017 Accumulated depreciation	2017 Net value	2016 Gross value	2016 Accumulated depreciation	2016 Net value
Goodwill	$75	$(31)	$44	$69	$(31)	$38
Other intangible assets	462	(214)	248	423	(184)	239
	$537	**$(245)**	**$292**	**$492**	**$(215)**	**$277**

Accumulated depreciation of goodwill corresponds essentially to the depreciation recorded prior to the adoption of IFRS.

Changes in net value of intangible assets for the years ended 31 December 2017 and 31 December 2016 are as follows:

(in millions of US Dollars)	2017	2016
Balance at 1 January	$277	$252
Change in list of consolidated companies	(3)	-
Acquisitions and additions[1]	82	51
Depreciation of the year	(54)	(36)
Goodwill impairment[2]	-	(1)
Goodwill recognized through business combinations[3]	6	1
Other intangible assets acquired through business combinations[3]	4	-
Foreign currency translation adjustment	5	(1)
Reclassification to held-for-sale assets[4]	(29)	(1)
Other reclassifications	4	12
Closing Balance	**$292**	**$277**

1. During the year ended 31 December 2017, the acquisitions and additions included the Atalaya Metals offtake contract for US$26 million, which was reclassified to held-for-sale as of 31 December 2017.
2. As of 31 December 2017, the Group tested the value of goodwill allocated to its cash generating units as described in Note 2 "Summary of Significant Accounting Policies", using a perpetual growth rate of 2% and a discount rate (weighted average cost of capital of the Group before tax) of 8.3%. The management estimates that this growth rate is reasonable, compared with the expected long-term average growth rate for the businesses in which the cash generating units operate.
3. In May 2017, the Group acquired the remaining 50% shares in its joint venture Kencana LDC Pte. Ltd. (Refer to Note 5).
4. As of 31 December 2017, the Group classified as held-for-sale assets the intangible assets owned by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business) for respectively US$28 million and US$1 million (Refer to Note 3).
   As of 31 December 2016, the Group classified as held-for-sale assets the intangible assets owned by its Fertilizers & Inputs business in Africa for US$1 million. In November 2017, the Group finalized the sale of this business to Helios Investment Partners.

7. Property, Plant and Equipment

At 31 December 2017 and 31 December 2016, the consolidated property, plant and equipment, consist of the following:

(in millions of US Dollars)	2017 Gross value	2017 Accumulated depreciation	2017 Net value	2016 Gross value	2016 Accumulated depreciation	2016 Net value
Land	$234	$-	$234	$241	$-	$241
Buildings	1,940	(589)	1,351	1,852	(525)	1,327
Machinery and equipment	2,677	(1,185)	1,492	2,636	(1,115)	1,521
Bearer plants	210	(38)	172	210	(25)	185
Other tangible assets	199	(142)	57	202	(136)	66
Tangible assets in process	253	-	253	255	-	255
	$5,513	**$(1,954)**	**$3,559**	**$5,396**	**$(1,801)**	**$3,595**

Changes in net value of property, plant and equipment for the years ended 31 December 2017 and 31 December 2016 are as follows:

(in millions of US Dollars)	2017	2016
Balance at 1 January	$3,595	$3,621
Change in list of consolidated companies	(1)	-
Acquisitions and additions[1]	206	283
Disposals	(29)	(18)
Depreciation of the year	(255)	(251)
Acquisitions through business combinations[2]	46	-
Foreign currency translation adjustment[3]	26	(8)
Reclassification to held-for-sale assets[4]	(25)	(19)
Other reclassifications	(4)	(13)
Closing Balance	**$3,559**	**$3,595**

1. During the year ended 31 December 2017, the main acquisitions and additions included the development of a fleet of barges and pushers in Brazil (Pará State) as well as improved logistic capabilities with the construction of new storage facilities in Brazil and Egypt. In addition, investments to increase productivity of the German plant in Wittenberg were performed. Some investments were also carried out in Port Wentworth installation in the United States to enhance the sugar transformation system, and for the maintenance of processing and agricultural juice assets in Brazil.
   During the year ended 31 December 2016, the main acquisitions and additions included investments for logistics and elevation assets in the United States (mainly in West Memphis and Cahokia and to a lesser extent in Port Allen and Beaumont), in Argentina (in the Buenos Aires province) and in Brazil with some new storage facilities. In addition, a biodiesel plant was completed in Indonesia (Lampung) while some improvement works were performed in our sugar refineries in the United States (Port Wentworth) and in China (Fujian), as well as in our canola crushing plant in Canada (Yorkton). Additional investments regarded juice assets, with a broad maintenance plan established for two of our Brazilian plants (in Matão and Bebedouro). In parallel, ongoing developments comprised construction of a barge fleet in Brazil (Pará State) and increasing the capacity of a grain terminal on the Don River in Russia (in the Azov district).
   During the year ended 31 December 2016, the Group started to operate some significant assets among which were the biodiesel plant in Indonesia, a truck-to-barge terminal in the United States, various enhancements in Yorkton (Canada) and the glycerin refinery in Claypool, Indiana, US.
2. In May 2017, the Group acquired the remaining 50% shares in its joint venture Kencana LDC Pte. Ltd. (Refer to Note 5).
3. The foreign currency translation adjustment recorded as of 31 December 2017 was mainly due to the appreciation of the Euro and Australian Dollar.
4. As of 31 December 2017, the Group classified as held-for-sale assets the property, plant and equipment owned by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business) for respectively US$11 million and US$14 million (Refer to Note 3).
   As of 31 December 2016, the Group classified as held-for-sale assets the property, plant and equipment owned by its Fertilizers & Inputs business in Africa. This mainly comprised storage facilities located in several countries and represented a total amount of US$19 million at year-end. In November 2017, the Group finalized the sale of this business to Helios Investment Partners.

8. Investments in Associates and Joint Ventures

Changes in investments in associates and joint ventures for the years ended 31 December 2017 and 31 December 2016 are as follows:

(in millions of US Dollars)	2017	2016
Balance at 1 January	$241	$190
Acquisitions and additional investments[1]	4	35
Capital reduction[2]	(7)	-
Disposals[3]	(13)	-
Reclassification[4]	(2)	-
Share of profit (loss)	(9)	13
Dividends	(2)	(1)
Change in Other Reserves[5]	4	3
Change in list of consolidated companies[6]	(6)	1
Closing Balance	**$210**	**$241**

1. In 2017 and in 2016, the Group funded some of its investments in associates and joint ventures through capital injections.
In 2017, the Group performed an additional capital injection in the joint venture Terminal Exportador de Santos S.A. (concession in the Santos port Terminal in Brazil) in which an initial capital injection had been made in 2016.
In 2016, the Group also took a minority stake in Kromdraai Best Milling Pty. Ltd. that is located in South Africa and operates wheat-milling assets. The Dairy Platform entered in a joint venture named Riddoch Holdings Pty. Ltd. to develop a processing plant in Australia. The Group also made an additional capital contribution in Cisagri Holland Cooperatief U.A.
2. In 2017, Kromdraii Best Milling Pty. Ltd. reduced its capital by ZAR100 million and Calyx Agro Ltd. by US$18 million, representing respectively US$2 million and US$5 million for the Group.
3. In 2017, the Group sold a 16.66% stake in the Brazilian joint venture Amaggi & LDC holding S.A.
4. Includes mainly in 2017, the reclassification of the Group's share in the Chinese joint venture Henan Huiyida Agribusiness Co. Ltd. to held-for-sale assets.
5. The variation in Other Reserves is mainly due to the appreciation of the Australian Dollar and the South African Rand for the year ended 31 December 2017 and to the appreciation of the Brazilian Real for the year ended 31 December 2016.
6. In 2017, the Group acquired the remaining 50% share in its joint venture Kencana LDC Pte. Ltd., which then became fully consolidated (Refer to Note 5).

The most significant investments in associates and joint ventures are as follows:

Investment	Activity	Ownership 2017	Ownership 2016
All Asian Countertrade, Inc (Philippines)	Sugar merchandizing	18%	18%
Amaggi & LD Commodities S.A. (Brazil)[1]	Grain and Soya storage and processing	33%	50%
Amaggi & LDC Terminais Portuarios S.A. (Brazil) [1]	Logistics Facilities	33%	50%
Calyx Agro Ltd. (Cayman Islands)	Land fund	29%	29%
Cisagri Holland Cooperatief U.A. (The Netherlands)	Logistics Facilities	25%	25%
Complejo Agro Industrial Angostura S.A. (Paraguay)	Soybean crushing plant and facilities	33%	33%
Epko Oil Seed Crushing Pty. Ltd. (South Africa)	Sunflower seeds and maize germ crushing lines	50%	50%
Henan Huiyida Agribusiness Co. Ltd. (China)[2]	Feed mill plants	N/A	33%
Kencana LDC Pte. Ltd. (Singapore)[3]	Logistics Facilities	N/A	50%
Kromdraai Best Milling Pty. Ltd. (South Africa)	Wheat mill plants	30%	30%
LDC - GB Terminais Portuários e Participações Ltda. (Brazil)	Logistics Facilities	50%	50%
Namoi Cotton Alliance (Australia)	Cotton packing and marketing	49%	49%
Orient Rice Co. Ltd. (Vietnam)	Rice procurement and processing	33%	33%
PT Andalan Furnindo (Indonesia)	Sugar refinery	25%	25%
Riddoch Holdings Pty. Ltd. (Australia)	Dairy processing plant	30%	30%
TEG - Terminal Exportador Do Guarujá Ltda. (Brazil)	Logistics Facilities	40%	40%
TES - Terminal Exportador De Santos S.A. (Brazil)	Logistics Facilities	60%	60%

1. In 2017, the Group sold a 16.66% stake in the Brazilian joint venture Amaggi & LDC holding S.A., fully owning those two companies.
2. In 2017, the Group reclassified its 33% share in the joint venture Henan Huiyida Agribusiness Co. Ltd. to held-for-sale assets. Accordingly, balance sheet data of this joint venture are not included in the tables below.
3. In 2017, the Group acquired the remaining 50% shares in its joint venture Kencana LDC Pte. Ltd., which then became fully consolidated (Refer to Note 5).

A summary of the financial information of the companies listed above is as follows:

Balance sheet (in millions of US Dollars)	2017	2016
Non-current assets	$891	$870
Current assets	563	651
Total Assets	1,454	1,521
Non-current liabilities	222	306
Current liabilities	530	530
Total Liabilities	752	836
Net Equity	702	685
Equity - Owners of the Company share	**$206**	**$233**

Income statement (in millions of US Dollars)	2017	2016
Revenue	$1,979	$1,612
Net Income	(2)	43
Owners of the Company's share of profit (loss)	**$(3)**	**$14**

Investments in associates and joint ventures can be summarized as follows:

Balance sheet (in millions of US Dollars)	2017	2016
Entities as listed above	$206	$233
Others entities	4	8
Investment in associates and joint ventures[1]	**$210**	**$241**

1. The Investments in associates and joint ventures include a goodwill of US$10 million at 31 December 2017 (US$10 million at 31 December 2016).

Income statement (in millions of US Dollars)	2017	2016
Entities as listed above	$(3)	$14
Others entities[1]	(6)	(1)
Share of profit (loss) in investments in associates and joint ventures	**$(9)**	**$13**

1. In 2017, mainly relates to losses incurred in South-African associates and joint ventures.

9. Other Investments, Deposits and Sundry

At 31 December 2017 and 31 December 2016, other investments, deposits and sundry consist of the following:

(in millions of US Dollars)	2017	2016
Long-term loans to associates and joint ventures	$8	$9
Long-term loans to commercial partners	168	162
Long-term deposits and advances	974	695
Others	31	41
	$1,181	**$907**

The long-term deposits and advances mainly include the non-current portion of the exports prepaid to Biosev S.A. and its subsidiaries ("Biosev", an indirect subsidiary of LDCH) regarding the 2017/2018 to 2019/2020 sugar crops. These prepayments amount to US$569 million at 31 December 2017 (US$291 million at 31 December 2016) (Refer to Note 32 – Related parties transactions).

In addition, long-term deposits and advances include income tax credits in Brazil for US$247 million at 31 December 2017 (US$256 million at 31 December 2016) as well as judicial deposits (Refer to Note 21 – Provisions – Tax and social risks) for US$27 million at 31 December 2017 (US$28 million at 31 December 2016).

Notes continued

10. Inventories

At 31 December 2017 and 31 December 2016, inventories consist of the following:

(in millions of US Dollars)	2017	2016
Trading inventories	$4,393	$5,700
Finished goods	205	298
Raw materials	240	174
Inventories (gross value)	$4,838	$6,172
Depreciation of non-trading inventories	(5)	(7)
Inventories (net value)	**$4,833**	**$6,165**

Cost of goods sold and cost of derivatives held for trading purpose are presented in cost of sales. The breakdown of this information is not meaningful due to the activity of the Group.

The inventories held by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business) and respectively amounting to US$1,412 million and US$65 million were reclassified to held-for-sale assets as of 31 December 2017 (Refer to Note 3) and therefore not included in above table. These inventories consist of trading inventories for Metals business and finished goods for Macrofertil Australia Pty. Ltd.

11. Biological Assets

The Group owns biological assets located in Brazil. In the balance sheet, production growing from bearer plant is recorded under biological assets whereas the bearer plants are recorded in property, plant and equipment. Orange groves are considered immature during the first three years. Mature orange groves sustain around 17 years of production. At 31 December 2017, the Group owns 40 orange groves. All orange groves are now mature.

Changes in biological assets, for the years ended 31 December 2017 and 31 December 2016, are as follows:

(in millions of US Dollars)	2017	2016
Balance at 1 January	$58	$49
Change in fair value	2	9
Closing Balance	**$60**	**$58**

12. Financial Instruments

Financial instruments are subject to various risks, including market value fluctuations, foreign currency, counterparty credit and liquidity risks. In addition to managing market and foreign currency risk, the Group implemented a strong monitoring of counterparty credit and ensured the availability of sufficient cash in order to reduce its liquidity risk. At each financial period end, the Group has a policy of accruing its receivables and unrealized gains with counterparties that are deemed at risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of assets and liabilities held by the Group including financial instruments, physical commodities, industrial and biological assets will fluctuate due to changes in market variables such as spot and forward commodity prices, relative price spreads and volatilities and foreign exchange rates.

The Group classifies exposures to market risk into either trading or non-trading activities. The Group manages market risk for trading activities by diversifying exposures; controlling position natures, sizes and maturities; performing stress testing; and monitoring risk limits under the supervision of Macro and Risk Committees. Limits are established for the level of acceptable risk at a corporate level and are allocated at platform and profit center levels. Compliance with the limits is reported to the Risk Committee daily.

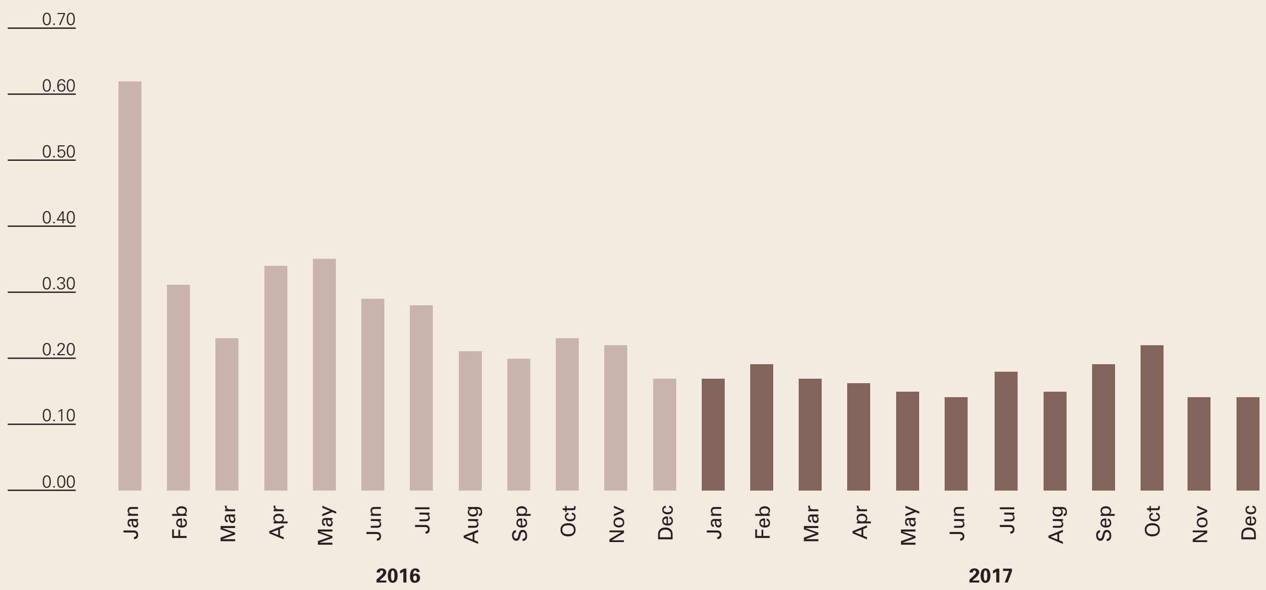
Limits are based on a daily measure of market risk exposure referred to as value at risk (VAR). The VAR that the Group measures is a model-based estimate grounded upon various assumptions such as that the returns of risk factors affecting the market environment follow a lognormal distribution, and parameters are calculated by using exponentially weighted historical data in order to put more emphasis on the latest market information.

The VAR computed hence represents an estimate, with a confidence level of 95%, of the potential loss that is not expected to be exceeded should the current market risk position remain unchanged for one day. The use of a 95% confidence level means that, within a one-day horizon, losses exceeding the VAR figure are not expected to occur statistically more than once every twenty (trading) days.

The VAR may be under or over-estimated due to the assumptions placed on risk factors and historical correlations and volatilities in market prices, and the probability of large market moves may be underestimated per the normal distribution.

The monthly average of VAR as percentage of Group Equity corresponds to the average over a month of the VAR computed daily as percentage of Group Equity at the beginning of each quarter. It consists of the following:

Average Var as a % of Group Equity



During the years ended 31 December 2017 and 31 December 2016, the monthly average Group VAR for trading activities has been less than 1% of Stockholders' equity. The yearly average VAR for the Group reached 0.17% in 2017, compared to 0.29% in 2016.

VAR is only one of the risk metrics within a wider risk management system applied within the Group.

Foreign Currency Risk

The Group operates internationally and is therefore exposed to changes in foreign currency exchange for its assets and liabilities denominated in a currency different from the functional currency of each entity. Each entity within the Group enters into foreign exchange derivative contracts to hedge its exposures back to its own functional currency.

The operating current assets and liabilities are denominated in the following currencies before hedge at 31 December 2017 and 31 December 2016:

2017 (in millions of US Dollars)	US Dollar	Chinese Yuan	Euro	Brazilian Real	Other currencies	Total
Inventories - gross value	$3,725	$689	$286	$19	$119	**$4,838**
Biological assets	60	-	-	-	-	**60**
Trade and other receivables - gross value	3,126	116	376	209	442	**4,269**
Derivative assets - gross value	898	33	13	-	19	**963**
Margin deposits	485	152	5	-	37	**679**
Current income tax assets	1	2	3	101	76	**183**
Assets	$8,295	$992	$683	$329	$693	**$10,992**
Accounts payable and accrued expenses	2,452	106	140	311	430	**3,439**
Derivative liabilities	981	22	3	-	18	**1,024**
Current income tax liabilities	2	3	12	21	21	**59**
Liabilities	$3,435	$131	$155	$332	$469	**$4,522**
Net Current Assets and Liabilities	**$4,860**	**$861**	**$528**	**$(3)**	**$224**	**$6,470**

2016 (in millions of US Dollars)	US Dollar	Chinese Yuan	Euro	Brazilian Real	Other currencies	Total
Inventories - gross value	$4,924	$858	$136	$20	$234	**$6,172**
Biological assets	58	-	-	-	-	**58**
Trade and other receivables - gross value	4,217	163	272	225	517	**5,394**
Derivative assets - gross value	1,120	95	12	5	25	**1,257**
Margin deposits	509	216	2	-	52	**779**
Current income tax assets	15	4	2	11	26	**58**
Assets	$10,843	$1,336	$424	$261	$854	**$13,718**
Accounts payable and accrued expenses	2,642	173	130	258	388	**3,591**
Derivative liabilities	1,306	32	11	7	19	**1,375**
Current income tax liabilities	7	-	8	14	31	**60**
Liabilities	$3,955	$205	$149	$279	$438	**$5,026**
Net Current Assets and Liabilities	**$6,888**	**$1,131**	**$275**	**$(18)**	**$416**	**$8,692**

At 31 December 2017, around 90% of the Net Current Assets and Liabilities are denominated in the same currency before hedge as the functional currency of the legal entity they relate to (around 90% at 31 December 2016).

Counterparty Risk

The Group is engaged in the business of trading diversified commodities and commodity-related products. Accordingly, a substantial portion of the Group's trade receivables is with other commodity trading companies. Margin deposits generally consist of US treasury bills and are on deposit with commodity exchanges and brokers which hold such deposits in a custodial capacity. The Group's counterparty risk exposure from derivative financial instruments is limited to the current fair value of contracts with a positive fair value.

Performance risk on an open contract measures the risk of non-performance by the counterparty and is composed of:

- the mark-to-market exposure to date (if any) reflecting the cost to the Group if the contract is not fulfilled and has to be replaced in the open market under prevailing market conditions; and;
- the potential future mark-to-market exposure reflecting the fact that the market price can move from the day of exposure calculation to the delivery date/payment date versus the current market price.

The Group has implemented risk management procedures to monitor its exposures and to minimize counterparty risk. These procedures include initial credit and limit approvals, margin requirements, master netting arrangements, letters of credit and other guarantees.

The Group's trade receivables include debtors with a carrying amount of US$550 million that are past due at 31 December 2017. The credit quality of financial assets that are neither past due nor impaired is assessed by reference to credit ratings or to historical information about counterparty default rates.

	2017			2016		
(in millions of US Dollars)	Gross value	Provision	Net value	Gross value	Provision	Net value
Not due	$3,467	$(3)	**$3,464**	$4,212	$(4)	**$4,208**
Due since < 3 months	432	(7)	**425**	319	(8)	**311**
Due since 3-6 months	45	(4)	**41**	41	(7)	**34**
Due since 6 months-1 year	49	(10)	**39**	33	(7)	**26**
Due since > 1 year	149	(104)	**45**	146	(108)	**38**
Closing Balance	**$4,142**	**$(128)**	**$4,014**	**$4,751**	**$(134)**	**$4,617**
Including:						
Trade receivables	*$2,293*	*$(89)*	***$2,204***	*$2,529*	*$(95)*	***$2,434***
Prepayments and advances to suppliers	*596*	*(7)*	***589***	*814*	*(5)*	***809***
Staff and tax receivables	*325*	*(29)*	***296***	*462*	*(29)*	***433***
Other receivables	*225*	*(3)*	***222***	*154*	*(5)*	***149***
Margin deposits	*679*	-	***679***	*779*	-	***779***
Financial advances to related parties	*24*	-	***24***	*13*	-	***13***

Political and Country Risk

In its cross-border operations, the Group is exposed to country risk associated with a country's overall political, economic, financial, regulatory and commercial situations. The Group does not seek to retain country risk and it is the trade finance, insurance and credit risk departments' duty to seek to mitigate political and country risk by transferring or covering them with major financial institutions or insurance.

Liquidity Risk

Liquidity risk arises in the general funding of the Group's commodity trading activities and in the management of positions. It includes both the risk of being unable to fund the Group's portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

Management of the liquidity profile is designed to ensure that the Group has access to the funds necessary to cover maturing liabilities. Sources of funds include interest-bearing and non-interest-bearing deposits, bank notes, trading account liabilities, repurchase agreements, long-term debt, and borrowing arrangements.

The Group holds derivative contracts for the sale of physical commodities and derivative assets that are expected to generate cash inflows that will be available to meet cash outflows on purchases and liabilities. In the trading business, settling commodity contracts and liquidating trading inventories, by exchanging the commodity for cash before the contractual maturity term is a usual practice. The liquidity risk is consequently measured by allocating liabilities to the earliest estimated period on which the counterparty can require repayment, and assets to the earliest estimated period on which the Group can realize in cash these assets without any significant discount from market value. This measurement takes into consideration the market depth and price sensitivity to significant transaction volumes. The inclusion of information on non-financial items is necessary to understand the Group's liquidity risk management, as the liquidity is managed on a net asset and liability basis. The table below summarizes the maturity profile of the Group's financial assets and liabilities at 31 December 2017 and 31 December 2016.

Notes continued

(in millions of US Dollars)	2017 Under 3 months	2017 3 to 6 months	2017 Over 6 months	2017 Total	2016 Under 3 months	2016 3 to 6 months	2016 Over 6 months	2016 Total
Trading inventories	$4,105	$263	$25	**$4,393**	$5,336	$189	$175	**$5,700**
Derivative assets	821	53	83	**957**	1,060	63	101	**1,224**
Trade and other receivables	3,689	217	235	**4,141**	4,650	356	254	**5,260**
Derivative liabilities	(906)	(42)	(76)	**(1,024)**	(1,176)	(73)	(126)	**(1,375)**
Accounts payable and accrued expenses	(3,279)	(109)	(51)	**(3,439)**	(3,436)	(108)	(47)	**(3,591)**
Total Assets net of Liabilities	**$4,430**	**$382**	**$216**	**$5,028**	**$6,434**	**$427**	**$357**	**$7,218**

The schedule below analyses the Group's financial interests that will be settled on future periods based on the financial debt at 31 December 2017 and 31 December 2016. These interests are grouped into maturity based on the contractual maturity date of the interests.

(in millions of US Dollars)	2017	2016
Maturity < 1 year	$189	$169
Maturity between 1-2 years	157	114
Maturity between 2-3 years	117	84
Maturity between 3-4 years	74	60
Maturity between 4-5 years	46	24
Maturity > 5 years	28	30
Interests future cash outflows related to financial debt existing at closing date	**$611**	**$481**
of which:		
Fixed rate	$513	$385
Floating rate	$98	$96

Interest Rate Risk

At 31 December 2017 and 31 December 2016, the allocation of Group financing between fixed and floating interest rates is as follows:

(in millions of US Dollars)	2017	2016
Fixed rate	$4,055	$2,855
Floating rate	3,289	5,847
Total short and long-term financing	**$7,344**	**$8,702**

(For further details, refer to Notes 18 and 19).

The Group considers as floating rate any short-term debt, which initial contractual maturity is below six months.

Categories of Financial Assets and Liabilities

At 31 December 2017, the different categories of financial assets and liabilities are as follows:

(in millions of US Dollars)	Assets at fair value through profit and loss	Assets at fair value through OCI	Other financial assets	Total
Other investments, deposits and sundry	$-	$-	$1,181	**$1,181**
Total Non-Current Assets	$-	$-	$1,181	**$1,181**
Financial advances to related parties	-	-	24	**24**
Trade and other receivables	-	-	4,141	**4,141**
Derivative assets	949	8	-	**957**
Margin deposits	-	-	679	**679**
Available-for-sale financial assets	-	-	14	**14**
Other financial assets at fair value through profit and loss	262	-	-	**262**
Cash and cash equivalents	169	-	372	**541**
Total Current Assets	$1,380	$8	$5,230	**$6,618**
Total Financial Assets	**$1,380**	**$8**	**$6,411**	**$7,799**

Assets at fair value through profit and loss, derivative assets and listed available-for-sale financial assets are measured at fair value.

All other financial assets (for which the net booked value is deemed to correspond to the fair value) are measured at amortized cost.

(in millions of US Dollars)	Liabilities at fair value through profit and loss	Liabilities at fair value through OCI	Other financial liabilities	Total
Long-term debt	$-	$-	$3,526	**$3,526**
Other non-current liabilities	-	-	82	**82**
Total Non-Current Liabilities	$-	$-	$3,608	**$3,608**
Bank loans, acceptances and commercial paper	-	-	3,818	**3,818**
Financial advances from related parties	-	-	221	**221**
Accounts payable and accrued expenses (except Margin deposit liabilities)	-	-	3,422	**3,422**
Margin deposit liabilities	-	-	17	**17**
Derivative liabilities	1,031	(7)	-	**1,024**
Total Current Liabilities	$1,031	$(7)	$7,478	**$8,502**
Total Financial Liabilities	**$1,031**	**$(7)**	**$11,086**	**$12,110**

Derivative liabilities are measured at fair value. Other financial liabilities are measured at amortized cost.

At 31 December 2016, the different categories of financial assets and liabilities were as follows:

(in millions of US Dollars)	Assets at fair value through profit and loss	Assets at fair value through OCI	Other financial assets	**Total**
Other investments, deposits and sundry	$-	$-	$907	**$907**
Total Non-Current Assets	$-	$-	$907	**$907**
Financial advances to related parties	-	-	13	**13**
Trade and other receivables	-	-	5,260	**5,260**
Derivative assets	1,206	18	-	**1,224**
Margin deposits	-	-	779	**779**
Available-for-sale financial assets	-	-	22	**22**
Other financial assets at fair value through profit and loss	243	-	-	**243**
Cash and cash equivalents	224	-	241	**465**
Total Current Assets	$1,673	$18	$6,315	**$8,006**
Total Financial Assets	**$1,673**	**$18**	**$7,222**	**$8,913**

(in millions of US Dollars)	Liabilities at fair value through profit and loss	Liabilities at fair value through OCI	Other financial liabilities	**Total**
Long-term debt	$-	$-	$2,861	**$2,861**
Other non-current liabilities	-	-	85	**85**
Total Non-Current Liabilities	$-	$-	$2,946	**$2,946**
Bank loans, acceptances and commercial paper	-	-	5,841	**5,841**
Financial advances from related parties	-	-	259	**259**
Accounts payable and accrued expenses (except Margin deposit liabilities)	-	-	3,542	**3,542**
Margin deposit liabilities	-	-	49	**49**
Derivative liabilities	1,357	18	-	**1,375**
Total Current Liabilities	$1,357	$18	$9,691	**$11,066**
Total Financial Liabilities	**$1,357**	**$18**	**$12,637**	**$14,012**

Classification of Derivative Financial Instruments

At 31 December 2017 and 31 December 2016, derivative financial instruments are as follows:

	2017		2016	
(in millions of US Dollars)	Assets	Liabilities	Assets	Liabilities
Forward purchase and sale agreements	$503	$380	$581	$520
Forward foreign exchange contracts	327	334	350	327
Futures	114	177	278	218
Options	6	2	22	24
Swaps	5	138	8	268
Provision on derivative assets	(6)	-	(33)	-
Derivatives at fair value through profit and loss	$949	$1,031	$1,206	$1,357
Forward foreign exchange contracts	$7	$1	$18	$1
Swaps	1	(8)	-	17
Derivatives at fair value through OCI - Cash Flow Hedges	$8	$(7)	$18	$18
Total Derivatives	**$957**	**$1,024**	**$1,224**	**$1,375**

In the normal course of operations, the Group enters into various derivative financial instruments involving future settlement. These transactions include futures, forward purchase and sale agreements, and option contracts that are executed either on regulated exchanges or in the over-the-counter ("OTC") market.

Futures contracts are exchange-traded contractual commitments either to receive or deliver a standard amount or value of a commodity or financial instrument at a specified future date and price. Futures exchanges typically require the parties to provide as security "initial margins" and additional cash deposits for "variation margins", based upon market value fluctuations. OTC contracts, which may or may not require the payment of initial margins or variation margins, involve parties who have agreed either to exchange cash payments or deliver/receive the underlying commodity or financial instrument. Option contracts are contractual agreements that give the purchaser the right, but not the obligation, to purchase or sell a financial instrument or commodity, at a predetermined price.

Since 2008, the Group has utilized Non-Deliverable Forwards in order to hedge its exposure to fluctuations in future capital expenditure, production costs and commercial and administrative expenses in Brazilian Real. These operations represent at 31 December 2017 a total US$784 million nominal value and are effective until July 2019 with an average fixed exchange rate of 3.39 Brazilian Real to US Dollar.

At 31 December 2017, the Group recognized a provision of US$6 million on performance risk to offset unrealized gains on counterparties identified as being at risk by the credit management department. At 31 December 2016, this provision was US$33 million.

Offsetting of financial assets and liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because the Group does not have any currently legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of recognized financial instruments that are subject to the above agreements at 31 December 2017:

	Amounts set off in the balance sheet			Amounts not set off in the balance sheet				
(in millions of US Dollars)	Gross amount of financial assets	Gross amount of financial liabilities	**Net amount recognized in the balance sheet**	Under master netting agreements and margin deposit	Not under master netting agreements	**Total presented in the balance sheet**	Amounts under master agreements not set off in the balance sheet and margin deposit – theoretical set off adjustment	**Total net amount**
Derivative assets	$96	$(29)	**$67**	$178	$712	**$957**	$194	**$1,151**
Derivative liabilities	(12)	151	**139**	186	699	**1,024**	(265)	**759**
Margin deposit assets				679		**679**	(465)	**214**
Margin deposit liabilities				17		**17**	(6)	**11**
	$108	**$(180)**	**$(72)**	**$654**	**$13**	**$595**	**$-**	**$595**

Notes continued

At 31 December 2016, the offsetting of financial assets and liabilities was as follows:

	Amounts set off in the balance sheet			Amounts not set off in the balance sheet				
(in millions of US Dollars)	Gross amount of financial assets	Gross amount of financial liabilities	**Net amount recognized in the balance sheet**	Under master netting agreements and margin deposit	Not under master netting agreements	**Total presented in the balance sheet**	Amounts under master agreements not set off in the balance sheet and margin deposit – theoretical set off adjustment	**Total net amount**
Derivative assets	$220	$(64)	**$156**	$176	$892	**$1,224**	$150	**$1,374**
Derivative liabilities	(56)	213	**157**	154	1,064	**1,375**	(345)	**1,030**
Margin deposit assets				779		**779**	(516)	**263**
Margin deposit liabilities				49		**49**	(21)	**28**
	$276	**$(277)**	**$(1)**	**$752**	**$(172)**	**$579**	**$-**	**$579**

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques that use inputs that have a significant effect on the recorded fair value that are based on observable, either directly or indirectly, market data; and
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 December 2017 and 31 December 2016:

	2017				2016			
(in millions of US Dollars)	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Biological assets	$-	$-	$60	**$60**	$-	$-	$58	**$58**
Trading inventories	96	3,977	320	**4,393**	119	5,394	187	**5,700**
Derivative assets	122	774	61	**957**	300	885	39	**1,224**
Available-for-sale financial assets	10	4	-	**14**	19	3	-	**22**
Other financial assets at fair value through profit and loss	151	64	47	**262**	86	107	50	**243**
Cash and cash equivalents	541	-	-	**541**	465	-	-	**465**
Total Assets	**$920**	**$4,819**	**$488**	**$6,227**	**$989**	**$6,389**	**$334**	**$7,712**
Derivative liabilities	$181	$832	$11	**$1,024**	$235	$1,133	$7	**$1,375**
Total Liabilities	**$181**	**$832**	**$11**	**$1,024**	**$235**	**$1,133**	**$7**	**$1,375**

Biological assets are valued using a financial model based on discounted cash flows (income approach) that is developed by an external valuation firm.

Trading inventories are valued at fair value based on observable prices (if and when available) and adjusted to take into account the cost to sell the products (mainly distribution, transformation and shipping costs).

13. Trade and Other Receivables

At 31 December 2017 and 31 December 2016, trade and other receivables consist of the following:

	2017			2016		
(in millions of US Dollars)	Gross value	Provision	**Net value**	Gross value	Provision	**Net value**
Trade receivables	$2,293	$(89)	**$2,204**	$2,529	$(95)	**$2,434**
Accrued receivables	791	-	**791**	1,376	-	**1,376**
Staff and tax receivables	325	(29)	**296**	462	(29)	**433**
Prepayments and advances to suppliers	596	(7)	**589**	814	(5)	**809**
Prepaid expenses	39	-	**39**	59	-	**59**
Other receivables	225	(3)	**222**	154	(5)	**149**
	$4,269	**$(128)**	**$4,141**	**$5,394**	**$(134)**	**$5,260**

The trade and other receivables include US$262 million with Biosev S.A. and its subsidiaries ("Biosev", an indirect subsidiary of LDCH) at 31 December 2017 (US$313 million at 31 December 2016). They mainly consist of the current portion of the exports prepaid regarding the 2017/2018 and 2018/2019 sugar crops, which amounts to US$176 million at 31 December 2017 (US$221 million at 31 December 2016), including US$27 million of accrued interests (US$22 million at 31 December 2016) (Refer to Note 32 – Related parties transactions).

The trade and other receivables held by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business), amounting respectively to US$1,014 million and US$16 million as of 31 December 2017, were reclassified to held-for-sale assets (Refer to Note 3) and therefore not included in above table.

At 31 December 2017, the amount of the provision for trade and other receivables is US$128 million (US$134 million at 31 December 2016). The changes in the depreciations on trade and other receivables are as follows:

(in millions of US Dollars)	**2017**	2016
Balance at 1 January	**$(134)**	**$(169)**
Increase in provision[1]	(31)	(23)
Reversal of provision[2]	32	47
Reclassification to held-for-sale assets[3]	4	8
Other reclassifications	3	2
Foreign currency translation adjustment	(2)	1
Closing Balance	**$(128)**	**$(134)**

1. During the year ended 31 December 2017, the increase in provision mainly corresponded to default risk on customers for US$20 million for their estimated non-recoverable portions (US$21 million at 31 December 2016) and VAT for US$7 million (US$2 million at 31 December 2016).
2. During the year ended 31 December 2017, the reversal of provision mainly corresponded to provisions for receivables reversed for US$26 million and to provisions on VAT for US$4 million. During the year ended 31 December 2016, the reversal of provision mainly corresponded to provisions for receivables reversed for US$29 million and to provisions on VAT for US$13 million.
3. As of 31 December 2017, the reclassification to held-for-sale assets was related to US$(4) million provisions on trade and other receivables held by Metals business (Refer to Note 3). As of 31 December 2016, US$(8) million provisions on trade and other receivables held by LDC's Fertilizers & Inputs business in Africa were reclassified to held-for-sale assets.

14. Available-For-Sale Financial Assets

At 31 December 2017 and 31 December 2016, the consolidated available-for-sale financial assets consist of the following:

	2017		2016	
(in millions of US Dollars)	Ownership	Balance	Ownership	Balance
Chinalco Mining Corporation International, publicly traded in Hong Kong[1]	0%	$-	0.6%	$11
Namoi Cotton Limited, publicly traded in Australia	10%	6	13%	5
Baja Mining Corporation, publicly traded in Canada[2]	N/A	-	5.3%	-
InterContinental Exchange, Inc., publicly traded in the United States	less than 1%	1	less than 1%	1
CME Group, Inc., publicly traded in the United States	less than 1%	3	less than 1%	2
Listed Available-For-Sale Financial Assets		**$10**		**$19**
Others		4		3
Unlisted Available-For-Sale Financial Assets		**$4**		**$3**
		$14		**$22**

1. The Group sold the remaining shares held in Chinalco Mining Corporation International during the first half of 2017.
2. Baja Mining Corporation financial asset, which is owned by Metals business, was reclassified to held-for-sale assets as of 31 December 2017 (Refer to Note 3).

15. Other Financial Assets at Fair Value Through Profit and Loss

At 31 December 2017 and 31 December 2016, other financial assets consist of the following:

(in millions of US Dollars)	2017	2016
Financial assets held for trading purpose	$11	$64
Short-term securities (maturity > 3 months)[1]	251	161
Reverse repurchase agreement loan	-	18
	$262	**$243**

1. Including US$6 million at 31 December 2017 of securities pledged as collaterals for exchange (US$4 million at 31 December 2016).

16. Cash and Cash Equivalents

Cash and cash equivalents at 31 December 2017 and 31 December 2016 are as follows:

(in millions of US Dollars)	2017	2016
Short-term securities (maturity < 3 months)[1]	$169	$224
Cash	372	241
	$541	**$465**

1. Including US$23 million at 31 December 2017 of securities pledged as collaterals for exchange (US$40 million at 31 December 2016).

At 31 December 2017 and 31 December 2016, there is no material difference between the historical value of cash and cash equivalents and their fair value.

17. Equity

(in millions of US Dollars)	2017	2016
Issued capital	$1	$1
Share premium	1,586	1,586
Perpetual capital securities[1,2]	-	350
Retained earnings	3,607	3,306
Other reserves	(67)	(128)
Equity attributable to Owners of the Company	$5,127	$5,115
Non-controlling Interests	8	12
Total Equity	**$5,135**	**$5,127**

1. In September 2012, the Group priced an inaugural hybrid capital securities issuance for US$350 million (US$345 million, after deducting costs net of tax), 8.25% coupon (resettable every 5 years and with a 100 basis points step-up in 2022). The perpetual capital debt securities were not rated and were listed on the Official List of the Singapore Exchange. On 12 September 2017, the perpetual capital debt securities were fully redeemed by Louis Dreyfus Company B.V. During the year ended 2017, interests amounted to US$16 million net of tax - US$12 million were booked in Equity and US$4 million in profit and loss (at 31 December 2016, accrued interests amounted to US$22 million net of tax).
2. The structure of the perpetual hybrid capital debt securities qualified the instrument to be classified as equity under IFRS.

The stockholder's equity and non-controlling interests disclosed in the financial statements correspond to the equity used by the management when assessing performance.

Capital

When managing capital, the objectives of the Group are to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimize the structure of capital in order to reduce its cost.

At 31 December 2017 and 31 December 2016, the capital of LDC is composed of 100,000,000 shares, with a 0.01 euro nominal value each, that are issued and fully paid. During the year ended 31 December 2017, no dividends were paid. During the year ended 31 December 2016, LDC distributed US$41 million as dividends to LDCNH, leading to a dividend payment of US$0.41 per share. These US$41 million dividends were distributed in relation to the results of the year 2015.

Other Reserves

Other Reserves at 31 December 2017 and 31 December 2016 relate to:

	2017				2016			
(in millions of US Dollars)	Pre-tax	Tax	Non-controlling share	**Owners of the company share**	Pre-tax	Tax	Non-controlling share	**Owners of the company share**
Other comprehensive income	$(94)	$(4)	$(5)	**$(93)**	$(155)	$(7)	$(6)	**$(156)**
Deferred compensation	26	-	-	**26**	28	-	-	**28**
Other reserves	**$(68)**	**$(4)**	**$(5)**	**$(67)**	**$(127)**	**$(7)**	**$(6)**	**$(128)**

Other Comprehensive income

Changes in other comprehensive income at 31 December 2017 and 31 December 2016 are as follows:

(in millions of US Dollars)	Available-for-sale financial assets	Cash flow hedges	Fixed assets revaluation reserve	Pensions	Foreign Currency translation adjustment	Total
Balance at 1 January 2017 - Owners of the Company share	$6	$(2)	$7	$14	$(181)	**$(156)**
of which :						
Pre-tax	7	(2)	8	20	(188)	**(155)**
Tax	(1)	-	-	(6)	-	**(7)**
Non-controlling share	-	-	1	-	(7)	**(6)**
Current year gains (losses)	2	3	(1)	9	61	**74**
Reclassification to profit and loss	(4)	(14)	-	-	7	**(11)**
Other comprehensive income for the year – Owners of the Company share	$(2)	$(11)	$(1)	$9	$68	**$63**
of which :						
Pre-tax	(2)	(14)	(1)	9	69	**61**
Tax	-	3	-	-	-	**3**
Non-controlling share	-	-	-	-	1	**1**
Balance at 31 December 2017 - Owners of the Company share	$4	$(13)	$6	$23	$(113)	**$(93)**
of which :						
Pre-tax	5	(16)	7	29	(119)	**(94)**
Tax	(1)	3	-	(6)	-	**(4)**
Non-controlling share	-	-	1	-	(6)	**(5)**

(in millions of US Dollars)	Available-for-sale financial assets	Cash flow hedges	Fixed assets revaluation reserve	Pensions	Foreign Currency translation adjustment	Total
Balance at 1 January 2016 - Owners of the Company share	$2	$(26)	$7	$5	$(158)	**$(170)**
of which :						
Pre-tax	3	(37)	8	8	(163)	**(181)**
Tax	(1)	11	-	(3)	-	**7**
Non-controlling share	-	-	1	-	(5)	**(4)**
Current year gains (losses)	5	42	-	9	(23)	**33**
Reclassification to profit and loss	(1)	(18)	-	-	-	**(19)**
Other comprehensive income for the year – Owners of the Company share	$4	$24	$-	$9	$(23)	**$14**
of which :						
Pre-tax	4	35	-	12	(25)	**26**
Tax	-	(11)	-	(3)	-	**(14)**
Non-controlling share	-	-	-	-	(2)	**(2)**
Balance at 31 December 2016 - Owners of the Company share	$6	$(2)	$7	$14	$(181)	**$(156)**
of which :						
Pre-tax	7	(2)	8	20	(188)	**(155)**
Tax	(1)	-	-	(6)	-	**(7)**
Non-controlling share	-	-	1	-	(7)	**(6)**

18. Long-term Financing

The Group's long-term financing includes senior debts, bank loans and financial lease commitments. The maturity of long-term financing at 31 December 2017 and 31 December 2016 can be analyzed as follows:

(in millions of US Dollars)	**2017**	2016
Maturity between 1-2 years	$831	$886
Maturity between 2-3 years[1]	965	572
Maturity between 3-4 years	265	539
Maturity between 4-5 years[2]	815	261
Maturity > 5 years[3]	650	603
Non-Current portion of long-term financing	$3,526	$2,861
Maturity < 1 year[4]	$618	$372
Current portion of long-term financing *(presented in bank loans, acceptances and commercial paper)*	$618	$372
Total Long-term Financing (including current portion)	**$4,144**	**$3,233**
of which:		
Fixed rate	$3,039	$1,916
Floating rate	$1,105	$1,317

1. At 31 December 2017, it includes a €500 million, 7-year, 4.00% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 4 December 2013 (swapped to US Dollars).
2. At 31 December 2017, it includes a €400 million, 5-year, 4.00% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 7 February 2017.
3. At 31 December 2017, it includes a US$300 million, 6-year, 5.25% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 13 June 2017.
4. At 31 December 2017, it includes a €400 million, 5-year, 3.875% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 30 July 2013 (swapped to US Dollars), which became current in July 2017.

Certain portions of this debt, aggregating US$29 million at 31 December 2017 and US$26 million at 31 December 2016 are secured by mortgages on assets.

Certain senior debt and bank loans contain covenants that require maintenance of levels of working capital, net worth, ratios of debt to equity, dividend restrictions and limit of indebtedness.

The debt outstanding is comprised of loans in the following currencies at 31 December 2017 and 31 December 2016:

(in millions of US Dollars)	**2017**	2016
US Dollar	$3,656	$3,219
Euro	484	7
Argentinian Peso	-	3
Other currencies	4	4
Total Long-term Financing (including current portion)	**$4,144**	**$3,233**

The following is a comparative summary of long-term debt outstanding, current and non-current portion:

(in millions of US Dollars)	**2017**	2016
Bank loans, from 1.40% to 2.50% over LIBOR due through 2018	$26	$390
Bank loans, from 0.70% to 3.05% over LIBOR due through 2019	324	893
Bank loans, from 1.40% to 3.33% over LIBOR due through 2020	566	-
Bank loans, from 0.70% to 4.75% over LIBOR due through 2024	178	18
Bank loans, from 0.17% to 4.93% over TJLP due through 2022	7	9
Other variable rates through 2022	4	7
Fixed rate through 2025	3,039	1,916
Total Long-term Financing (including current portion)	**$4,144**	**$3,233**

At 31 December 2017 and 31 December 2016, there is no significant difference between the historical value of long-term financing and its fair value.

The non-current portion of long-term financing at 31 December 2017 and 31 December 2016 can be analyzed as follows:

(in millions of US Dollars)	2017	2016
Debt capital markets	$1,372	$946
Revolving credit facilities	425	500
Term loans from banks	1,729	1,415
Non-current portion of Long-term Financing	**$3,526**	**$2,861**

Changes in long-term financing for the year ended 31 December 2017 are as follows:

(in millions of US Dollars)	2017
Balance at 1 January	$3,233
Increase in long-term debt	1,071
Repayment of long-term debt	(359)
Foreign exchange	190
Reclassification	8
Change in list of consolidated companies	3
Reclassification to held-for-sale liabilities[1]	(2)
Closing Balance	**$4,144**

1. The long-term financing held by Metals business amounting US$2 million as of 31 December 2016 was reclassified to held-for-sale liabilities (Refer to Note 3).

19. Bank Loans, Acceptances and Commercial Paper

The Group finances most of its short-term requirements with bank loans, acceptances and commercial paper. The underlying agreements require certain companies to maintain minimum levels of net worth and to meet various liquidity tests.

At 31 December 2017 and 31 December 2016, bank loans, acceptances and commercial paper consist of the following:

(in millions of US Dollars)	2017	2016
Commercial paper	$105	$89
Bank loans	2,857	3,802
Bank loans secured on LDC Metals Suisse S.A. inventories and trade receivables	-	978
Bank overdrafts	231	559
Repurchase agreements	-	12
Securities short positions	7	29
Total Short-term Financing	**$3,200**	**$5,469**
Current portion of long-term financing[1]	618	372
Total Bank Loans, Acceptances and Commercial Paper	**$3,818**	**$5,841**
of which:		
Fixed rate[1]	$1,509	$998
Floating rate	$2,309	$4,843

1. Includes a €400 million, 5-year, 3.875% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 30 July 2013 (swapped to US Dollars), which became current in July 2017.

The bank loans and acceptances held by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business) respectively amounting to US$1,720 million and US$85 million as of 31 December 2017, were reclassified to held-for-sale liabilities (Refer to Note 3) and therefore not included in above table. The US$1,720 million comprised US$1,479 million of bank loans (of which US$1,153 million secured on LDC Metals Suisse S.A. inventories and trade receivables) as well as US$241 million of bank overdrafts.

The Group enters into repurchase agreements, which are arrangements involving the sale of securities at a specified price with an irrevocable commitment to repurchase the same or similar securities at a fixed price on a specified future date or with an open maturity.

At 31 December 2017 and 31 December 2016, there is no significant difference between the historical value of bank loans, acceptances and commercial paper and their fair value.

The debt outstanding is comprised of loans in the following currencies at 31 December 2017 and 31 December 2016:

(in millions of US Dollars)	2017	2016
US Dollar	$3,116	$4,721
Chinese Yuan	269	589
Euro	110	108
Argentinian Peso	3	118
Russian Ruble	179	56
Other currencies	141	249
Total Bank Loans, Acceptances and Commercial Paper	**$3,818**	**$5,841**

Changes in short-term financing for the year ended 31 December 2017 are as follows:

(in millions of US Dollars)	2017
Balance at 1 January	$5,469
Increase (decrease) in Bank Loans, Acceptances and Commercial Paper[1]	(956)
Foreign exchange	15
Reclassification	(8)
Change in list of consolidated companies	65
Reclassification to held-for-sale liabilities[2]	(1,385)
Closing Balance	**$3,200**

1. Includes changes in securities short position (US$(22) million) and repurchase agreements (US$(12) million) which are reported as changes in derivatives in the Cash Flow Statement.
Excludes changes in related parties advances amounting to US$(416) million which are reported as Increase/decrease in bank loans, acceptances, commercial paper and related parties advances in the Cash Flow Statement.
2. The bank loans and acceptances held by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business), respectively amounting to US$1,300 million and US$85 million, were reclassified to held-for-sale liabilities.

20. Retirement Benefit Obligations

At 31 December 2017 and 31 December 2016, retirement benefit obligations consist of the following:

(in millions of US Dollars)	2017	2016
Long-term pension benefit	$104	$117
Post-retirement benefit	33	31
Other long-term employee benefits	6	6
Retirement benefit obligations	**$143**	**$154**
Net plan asset[1]	**$(2)**	**$(1)**

1. Included in "Trade and other receivables"

Current pension benefit and net plan asset are almost nil at 31 December 2017 and 31 December 2016.

The Group maintains pension plans in various countries as prescribed by local laws and customs. The obligations of the Group to pay benefits upon retirement are provided for on an estimated annual basis. The estimates reflect assumptions as to future salary increases, employee turnover and mortality rates. The most significant retirement plans that require funding are in the United States.

(in millions of US Dollars)	2017 United States	2017 Other	2017 Total	2016 United States	2016 Other	2016 Total
Long-term pension benefit	$89	$15	**$104**	$103	$14	**$117**
Post-retirement benefit	23	10	**33**	24	7	**31**
Other long-term employee benefits	6	-	**6**	6	-	**6**
Retirement benefit obligations	**$118**	**$25**	**$143**	**$133**	**$21**	**$154**
Net plan asset	**$-**	**$(2)**	**$(2)**	**$-**	**$(1)**	**$(1)**

United States

The Group has various defined benefit pension plans in the United States covering substantially all employees, which provide benefits based on years of service and compensation during defined years of employment. The funding policy is to contribute amounts sufficient to meet the minimum funding requirements. The Group has also unfunded post-retirement plans in North America that cover substantially all salaried employees. These plans provide medical, dental and life insurance benefits.

Certain of the Imperial Sugar Company's ("ISC") current and former employees are covered by retirement plans. Retirement benefits are primarily a function of years of service and the employee's compensation for a defined period of employment. In 2003, ISC froze the benefits under the salaried pension plan resulting in reductions in future pension obligations. ISC funds pension costs at an actuarially determined amount based on normal cost and the amortization of prior service costs, gains and losses over the remaining service periods. Additionally, ISC previously provided a supplemental non-qualified, unfunded pension plan for certain management members as well as a non-qualified retirement plan for former non-employee directors, which provided benefits based upon years of service as a director and the retainer in effect at the date of a director's retirement. Certain of ISC's employees who meet the applicable eligibility requirements are covered by benefit plans that provide post-retirement health care and life insurance benefits to employees.

Pension and post-retirement benefits liabilities recognized in the balance sheet are as follows at 31 December 2017 and 31 December 2016:

(in millions of US Dollars)	2017 Pension benefit	2017 Post-retirement benefit	2016 Pension benefit	2016 Post-retirement benefit
Present value of obligations	$376	$23	$364	$24
Fair value of plan assets	(287)	-	(261)	-
Liability in the balance sheet	**$89**	**$23**	**$103**	**$24**

The changes in the pension and post-retirement liabilities are as follows:

(in millions of US Dollars)	2017 Pension benefit	2017 Post-retirement benefit	2016 Pension benefit	2016 Post-retirement benefit
Balance at 1 January	$103	$24	$107	$24
Net expense	6	1	8	1
Remeasurements	(11)	1	(9)	1
Contributions	(9)	(3)	(3)	(2)
Closing Balance	**$89**	**$23**	**$103**	**$24**

The changes in the present value of the obligation in respect pension and post-retirement benefits are as follows:

(in millions of US Dollars)	2017 Pension benefit	2017 Post-retirement benefit	2016 Pension benefit	2016 Post-retirement benefit
Balance at 1 January	$364	$24	$364	$24
Interest cost	14	1	15	1
Remeasurements	18	1	4	1
Contributions	(20)	(3)	(19)	(2)
Closing Balance	**$376**	**$23**	**$364**	**$24**

The changes in fair value of the plan assets are as follows:

(in millions of US Dollars)	2017	2016
Balance at 1 January	$(261)	$(257)
Interest income	(10)	(10)
Administrative expenses	2	3
Return on plan assets excluding interest income (OCI)	(29)	(13)
Employer contributions	(9)	(3)
Benefit payments	20	19
Closing Balance	**$(287)**	**$(261)**

The amounts recognized in profit and loss are as follows:

(in millions of US Dollars)	2017 Pension benefit	2017 Post-retirement benefit	2016 Pension benefit	2016 Post-retirement benefit
Administrative expenses	$2	$-	$3	$-
Net interest expense	4	1	5	1
Total expenses	**$6**	**$1**	**$8**	**$1**

The changes in other comprehensive income are as follows:

(in millions of US Dollars)	2017 Pension benefit	2017 Post-retirement benefit	2016 Pension benefit	2016 Post-retirement benefit
Balance at 1 January	$15	$4	$6	$5
Net return on plan assets excluding interest income	29	-	13	-
Effect of change in financial assumptions	(20)	(1)	(11)	(1)
Effect of change in demographic assumptions	3	-	6	-
Effect of experience adjustments	(1)	-	1	-
Closing Balance	**$26**	**$3**	**$15**	**$4**

The plan assets are detailed as follows:

(in millions of US Dollars)	2017	2016
Large US Equity	$(120)	$(105)
Small/Mid US Equity	(15)	(13)
International Equity	(20)	(19)
Bond	(132)	(124)
Total plan assets	**$(287)**	**$(261)**

The discount rate is 3.48% at 31 December 2017 (3.93% at 31 December 2016).

21. Provisions

At 31 December 2017 and 31 December 2016, provisions consist of the following:

(in millions of US Dollars)	2017	2016
Current provisions	$4	$13
Non-current provisions	64	63
	$68	**$76**

Changes in provisions for the years ended 31 December 2017 and 31 December 2016 are as follows:

(in millions of US Dollars)	2017				2016
Provisions for:	Tax and social risks	Litigations	Other	**Total**	**Total**
Balance at 1 January	$48	$10	$18	**$76**	$103
Allowance	18	4	2	**24**	28
Reversal of used portion	(4)	(7)	(8)	**(19)**	(24)
Reversal of unused portion	(12)	(2)	(3)	**(17)**	(26)
Reclassification	-	4	-	**4**	(5)
Closing Balance	**$50**	**$9**	**$9**	**$68**	**$76**

22. Income Taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset the potential future equivalent of current tax assets and liabilities.

The consolidated deferred income tax assets (liabilities) at 31 December 2017 and 31 December 2016 are as follows:

(in millions of US Dollars)	2017	2016
Deferred income tax assets	$290	$292
Deferred income tax liabilities	(248)	(304)
	$42	**$(12)**

The consolidated net deferred income tax assets (liabilities) recorded at 31 December 2017 and 31 December 2016 arise from:

(in millions of US Dollars)	2017	2016
Timing differences	$(277)	$(318)
Tax benefits from carry forward losses	358	368
Valuation allowance for deferred tax assets	(39)	(62)
	$42	**$(12)**

The 31 December 2017 valuation allowance is ascribed to available loss carry forwards for US$(39) million against US$(61) million at 31 December 2016.

Changes in net deferred income tax assets (liabilities) are as follows:

(in millions of US Dollars)	2017	2016
Balance at 1 January	$(12)	$(101)
Deferred tax recognized in income - continuing operations	12	118
Deferred tax recognized in Net income - discontinued operations	(4)	(9)
Change in list of consolidated companies[1]	(5)	1
Reclassification from (to) current income tax assets	8	(16)
Deferred tax recognized in equity	10	(5)
Reclassification to held-for-sale assets/liabilities[2]	32	-
Exchange differences	1	-
Closing Balance	**$42**	**$(12)**

1. In May 2017, the Group acquired the remaining 50% shares in its joint venture Kencana LDC Pte. Ltd. (Refer to Note 5).
2. Relates to net deferred income tax (assets) liabilities held by Metals business as of 31 December 2017 (Refer to Note 3).

The provision for income tax differs from the computed "expected" income tax provision using the Netherlands statutory tax rate of 25% during the years ended 31 December 2017 and 31 December 2016 for the following reasons:

(in millions of US Dollars)	2017	2016
Theoretical tax on income	$(76)	$(77)
Differences in income tax rates	7	60
Difference between local currency and functional currency[1]	(13)	8
Change in valuation of tax assets and net operating losses	14	(20)
Permanent differences on investments	(1)	5
Other permanent differences	(11)	(18)
Reported tax expense	**$(80)**	**$(42)**

1. The functional currency impact is booked in non-US entities whose functional currency is the US Dollar instead of their local respective currencies and largely regarded Group's Brazilian entities. Within these entities, most of the impact derived from the revaluation, in US Dollars, of net current and deferred tax assets denominated in Brazilian Reals.

Taxes amounted to US$(80) million in 2017 compared to US$(42) million one year before (continuing operations). Most of the increase in the reported tax expense is attributable to a different earnings mix as well as negative functional currency effects.

23. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at 31 December 2017 and 31 December 2016 consist of the following:

(in millions of US Dollars)	2017	2016
Trade payables	$1,763	$1,513
Accrued payables	1,128	1,399
Staff and tax payables	216	234
Prepayments and advances received	200	230
Margin deposits	17	49
Other payables	61	107
Deferred income	35	37
Payable on purchase of assets	19	22
	$3,439	**$3,591**

The accounts payable and accrued expenses recorded by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business), amounting respectively to US$380 million and US$14 million as of 31 December 2017, were reclassified to held-for-sale liabilities (Refer to Note 3) and therefore not included in above table.

24. Other Non-Current Liabilities

Other non-current liabilities at 31 December 2017 and 31 December 2016 consist of the following:

(in millions of US Dollars)	2017	2016
Non-current tax and social liabilities	$10	$15
Debts associated to business combinations and put options	58	57
Other non-current liabilities	14	13
	$82	**$85**

25. Net Sales

Net sales consist of the following:

(in millions of US Dollars)	2017	2016
Sales of goods	$42,617	$40,208
Income from services rendered	290	261
Other income	98	180
	$43,005	**$40,649**

26. Finance Costs, Net

Finance costs, net in the income statement can be analyzed as follows:

(in millions of US Dollars)	2017	2016
Interest expense	$(294)	$(254)
Interest income	60	59
Foreign exchange[1]	(154)	36
Net gain (loss) on derivatives[1]	136	(43)
Other financial income and expense[2]	62	83
	$(190)	**$(119)**

1. Foreign exchange and Net gain (loss) on derivatives lines need to be read jointly, totaling the net amount US$(18) million in 2017 and US$(7) million in 2016. The foreign exchange result is mainly due to the Euro revaluation in 2017 and devaluation in 2016, impacting the unrated Euro-denominated bonds; these impacts are offset in net gain (loss) on derivatives line due to the Cross Currency Swaps in place.
2. For the year ended 31 December 2016, Other financial income and expenses included US$29 million due to the reversal of a provision booked in prior years for late interests on withholding taxes.

27. Foreign Exchange

Foreign exchange results, excluding results from derivatives used for hedging foreign currency exposure, are allocated in the following lines of the income statement:

(in millions of US Dollars)	2017	2016
Net sales	$49	$(62)
Cost of sales	15	(51)
Commercial and administrative expenses	1	1
Finance costs, net	(154)	36
	$(89)	**$(76)**

28. Gain on Investments

Gain on investments in the income statement can be analyzed as follows:

(in millions of US Dollars)	2017	2016
Gain on investments in associates and joint ventures[1]	$38	$-
Gain on sale of consolidated companies[2]	3	-
Gain (loss) on sale of available-for-sale financial assets and on other financial assets at fair value through profit and loss	(4)	2
Impairment on other investments, deposits and sundry	(3)	-
	$34	**$2**

1. In 2017, the gain derived from the sale of a 16.66% stake in the Brazilian joint venture Amaggi & LDC holding S.A. amounted to US$30 million. On the other hand, in May 2017 the Group acquired the remaining 50% shares of its joint venture Kencana LDC Pte. Ltd., and in accordance with IFRS 3 (revised), a US$8 million gain was recognized related to the 50% shares previously held and subsequently accounted for the purchase price allocation (Refer to Note 5).
2. In 2017, the gain derived from the sale of the Africa-based Fertilizers & Inputs operations for US$2 million (Refer to Note 5) and from the sale of Tassinsky elevator in Russia for US$1 million.

29. Commitments and Contingencies

The Group leases facilities, warehouses, offices and equipment under operating leases, and vessels under time charter agreements. Certain of the Group's leases include renewal options and most leases include provisions for rent escalation to reflect changes in construction indexes.

The Group has future minimum payments and rentals under non-cancellable operating leases, with initial or remaining terms of more than one year, that consist of the following at 31 December 2017 and 31 December 2016:

(in millions of US Dollars)	2017	2016
Leases and other commitments:		
< 1 year	$137	$116
Between 1-5 years	194	165
> 5 years	106	78
	$437	**$359**

For the year ended 31 December 2017, the operating leases expenses and expenses related to other commitments reported in the income statement, amounted to US$(283) million (US$(252) million in 2016), including short-term leases expenses (agreements < 1 year).

The Group is contingently liable on open letters of credit as follows:

(in millions of US Dollars)	2017	2016
Letters of credit:		
Bid and performance bonds	$111	$107
Commodity trading	355	253
	$466	**$360**

At 31 December 2017, the Group has a commitment to purchase a minimum of 92 million boxes of oranges until 2030 (111 million boxes at 31 December 2016), which at 31 December 2017 price levels may represent a total amount of US$452 million until 2030 (US$472 million at 31 December 2016), out of which US$229 million may fall in the following year.

At 31 December 2017, the Group has a commitment to sell 30 thousand tons of frozen concentrate orange juice until 2020 (31 thousand tons at 31 December 2016), which at 31 December 2017 price levels may represent a total amount of US$63 million (US$88 million at 31 December 2016).

At 31 December 2017, the Group has a commitment to purchase 1.184 thousand tons of sugar (1.155 thousand tons at 31 December 2016) which may represent, considering the 31 December 2017 price levels, a total amount of US$690 million until 2030 (US$690 million at 31 December 2016). The Group also has a commitment to sell 258 thousand tons of refined sugar (249 thousand tons at 31 December 2016) for US$203 million (US$193 million at 31 December 2016).

At 31 December 2017, the Group has a commitment to purchase fuel until 30 September 2019 for 4 MMBtus (Million British Thermal Units) (6 MMBtus at 31 December 2016) for an estimated amount of US$13 million (US$25 million at 31 December 2016).

At 31 December 2017, the Group has a commitment to sell 49 thousand tons of biodiesel, hulls and glycerin (113 thousand tons at 31 December 2016) for an estimated amount of US$22 million (US$73 million at 31 December 2016).

At 31 December 2017, the Group has an approximate US$77 million of commitments mainly related to export terminals and to investments (US$94 million at 31 December 2016).

At 31 December 2017, the Group received US$459 million of guarantees and collaterals (US$342 million at 31 December 2016).

In addition, there are US$173 million of other commitments at 31 December 2017 (US$178 million at 31 December 2016), including US$123 million guarantees at 31 December 2017 (US$119 million at 31 December 2016).

Audits from local tax authorities are carried out regularly and may dispute positions taken by the Group, in particular those regarding the allocation of income among various tax jurisdictions, value added taxes or export taxes. In accordance with its accounting policies, the Group may decide to record provisions when tax-related risks are considered probable to generate a payment to tax authorities.

During past years, LDC Argentina S.A. received several tax assessments challenging transfer prices used to price exports for the years 2005 to 2012 (the last two still at a preliminary stage). As of 31 December 2017, these tax assessments amounted to US$426 million. LDC Argentina S.A. could receive additional tax notifications for subsequent years.
LDC Argentina S.A. also received tax assessments in connection with certain custom duties related to Paraguayan soybean imports totaling US$81 million for the years from 2007 to 2009, and differences in export taxes paid in 2007 and 2008, amounting to US$90 million.
Other large exporters and processors of cereals and other agricultural commodities have received similar tax assessments in this country.
LDC Argentina S.A. has appealed these tax assessments to the relevant jurisdictions, considering they are without merit and that LDC Argentina S.A. has complied with all the applicable regulations.
As of 31 December 2017, LDC Argentina S.A. has reviewed the evaluation of all its tax positions. Based upon Argentine tax law as well as advice from its legal counsel, LDC Argentina S.A. still considers that its tax positions are suitable. However, LDC Argentina S.A. cannot predict the ultimate outcome of these ongoing or future examinations.

Louis Dreyfus Company LLC and certain of its affiliates (including LDC) were named as defendants in a consolidated action in United States federal court in New York alleging manipulation and artificial inflation of the ICE Cotton No. 2 futures contracts for May 2011 and July 2011. The plaintiffs have proposed to bring the action as a class action. The defendants have filed an answer denying the claims in the action. No trial date has been scheduled in the case. This matter is in pre-trial proceedings and the Company cannot predict its ultimate outcome.

Louis Dreyfus Company LLC ("LDC LLC") and one of its subsidiaries were named as defendants in lawsuits pending in various U.S. state and federal courts arising out of Syngenta AG and its affiliates' (Syngenta) marketing and distribution of genetically modified corn seed (containing the MIR 162 trait) in the United States. The Louis Dreyfus Company companies and other grain companies have been named as defendants in numerous individual and purported class action suits filed by farmers and other parties in several U.S. state and federal courts beginning in the fourth quarter of 2015, alleging that the Louis Dreyfus Company companies and other grain companies were negligent in failing, among other things, to screen for genetically modified corn. Certain of those actions were consolidated for pretrial proceedings in a multidistrict litigation (MDL) proceeding in federal court. The MDL court and federal and state courts in Illinois granted motions to dismiss the claims against the Louis Dreyfus Company companies and the other grain companies in all cases where Louis Dreyfus Company companies were named as defendants. Although named as a defendant in the above-described cases, LDC was only required to respond to the complaint in one of the cases and was dismissed on the same grounds as LDC LLC. Plaintiffs have the right to appeal the dismissals of those actions.

On 21 October 2016, a subsidiary of LDC LLC brought an action in U.S. federal court against Syngenta for damages arising out those companies' marketing and distribution of genetically modified corn seed (containing the MIR 162 trait) in the United States. The action seeks damages in excess of US$35 million. Syngenta has moved to dismiss the action.

In 2017, Syngenta filed a petition in state court in Iowa against a Louis Dreyfus Company entity and other grain companies seeking indemnification or contribution for any damages recovered by the plaintiffs in the underlying action relating to Syngenta's marketing and distribution of genetically modified corn.

There are various claims and ongoing regulatory investigations asserted against and by the Group that, in the opinion of counsel, based on a review of the present stages of such claims in the aggregate, should not have a material effect on the Group's financial position or future operating results.

In 2014, the Group signed a long-term off-take agreement for approximately 20% of the life of mine copper concentrate that will be produced from a mine located in Peru. Price will be based upon relevant metal exchange prices. Production and deliveries started in 2015. At 31 December 2017, 480 thousand tons are still open.

At 31 December 2017, the Group is part of off-take agreements for 70% of copper and cobalt with a Mexican mine for a period of 10 years from the beginning of commercial production or until defined amounts of copper (341 thousand tons still open) / cobalt (11 thousand tons still open) have been delivered, if later. Price per ton will be based upon relevant metal exchange prices. Production and deliveries started in 2015.

In August 2017, the Group entered into an agreement with a Chinese counterparty and one of its lenders whereby the Group (i) provided a 5% guarantee agreement to this lender of the Chinese counterparty Group's performance obligations under a prepayment facility of up to US$30 million and (ii) entered into an off-take agreement for the purchase of approximately 10 thousand tons still remaining of zinc ingots until May 2018.

In December 2017, the Group entered into an agreement with a Chinese counterparty and one of its lenders whereby the Group (i) provided a 10% guarantee agreement to this lender of the Chinese counterparty Group's performance obligations under a prepayment facility of up to US$150 million and (ii) entered into an off-take agreement for the purchase of approximately 28 thousand tons still remaining of copper cathodes until December 2019.

In December 2017, the Group entered into an agreement with a Chinese counterparty and one of its lenders whereby the Group (i) provided a 10% guarantee agreement to this lender of the Chinese counterparty Group's performance obligations under a prepayment facility of up to US$55 million and (ii) entered into an off-take agreement for the purchase of approximately 24 thousand tons still remaining of zinc ingots until December 2019.

30. Share-Based Payment

In December 2006, the terms of a stock-based compensation arrangement referred to as the Equity Participation Plan ("EPP"), which is sponsored by LDCH, became operational and the arrangement was fully implemented in December 2007 with the issuance of the first shares relating to the awards. The EPP provides for the granting of securities and options to purchase securities in LDCH (collectively "Awards") to certain employees of the Group. EPP awards granted to employees of the Group generally vest on a graduated basis over a four-year period. Additional awards have been granted to employees during each first semester starting in 2008, with the corresponding securities and options to purchase securities to be issued during the second semester of the same calendar year.

The Group accounts for the EPP as an equity-settled plan: the fair value of the awards granted, determined at attribution date, is recorded in the income statement ratably over the vesting period of the awards. The value of the awards granted is not revalued in subsequent periods.

The Group and LDCH have entered into reimbursement agreements under which certain subsidiaries of the Group will reimburse LDCH for the awards attributed to their employees. Depending on the reimbursement agreement, the Group is liable for vested awards at attribution or fair value. Amounts due under these reimbursement agreements are recorded by the Group as a distribution of equity to LDCH. Accordingly, amounts payable under the reimbursement agreements give rise to a reclassification from equity to liabilities up to the amount of stock compensation already recorded. Any excess of the amounts due under the reimbursement agreements over the attribution value of the awards is recorded as an additional debit to retained earnings. Certain reimbursement agreements provide for a payment anticipating the accounting vesting schedule and give rise to a prepaid asset. The Group paid US$2 million in 2017 (US$45 million in 2016) to LDCH relating to reimbursement agreements, and recorded a liability of US$100 million at 31 December 2017 (US$71 million at 31 December 2016).

Awards granted to employees during 2017 are of US$36 million while awards forfeited by employees represent US$12 million. During the 2017 transfer window period, LDCH purchased shares from employees corresponding to US$63 million in attribution value bringing the attribution value of outstanding EPP awards granted to employees to US$229 million. At 31 December 2016, the attribution value of outstanding EPP awards granted to employees was US$268 million, of which US$38 million corresponded to awards granted in 2016, while awards forfeited by employees during 2016 amounted to US$4 million. During the 2016 transfer window period, LDCH purchased shares from employees corresponding to US$115 million in attribution value.

At 31 December 2017, EPP awards fully vested represent US$120 million and awards vesting ratably over periods ranging from three months to four years are of US$109 million. At 31 December 2016, they were respectively of US$114 million and US$154 million vesting ratably over periods ranging from three months to four years.

Compensation costs recognized in commercial and administrative expenses are of US$35 million in 2017 and of US$58 million in 2016. US$2 million were booked in 2017 (US$3 million in 2016) in the line "Net income – discontinued operations".

Unrecognized compensation costs expected to be recognized from 2018 to 2021 are of US$35 million at 31 December 2017 and of US$49 million from 2017 to 2020 at 31 December 2016.

31. Number of Employees and Personnel Expenses

For the year ended 31 December 2017, personnel expenses related to continuing operations reached US$833 million for an average number of employees of 18,988. For the year ended 31 December 2016, they were of US$834 million for 18,989 employees.

The average number of employees is as follows:

	2017	2016
Managers and traders	1,727	1,798
Supervisors	1,295	1,292
Employees	4,216	4,106
Workers	8,194	8,238
Seasonal workers	3,556	3,555
	18,988	**18,989**

Key management personnel compensation during the years ended 31 December 2017 and 2016 was as follows:

(in millions of US Dollars)	2017	2016
Short-term benefits	$6	$8
Share-based payments - amount of vested shares	2	4
Termination benefits	-	1
	$8	**$13**

32. Related Parties Transactions

Transactions with related parties are reflected as follows:

Income Statement (in millions of US Dollars)	2017	2016
Sales[1]	$499	$621
Cost of sales[1]	(1,482)	(1,425)
Commercial and administrative expenses	5	1
Finance costs, net[1]	68	31
Discontinued operations	2	-

1. Mainly correspond to transactions with associates and joint ventures and/or with Biosev.

	2017			2016		
Balance Sheet (in millions of US Dollars)	Biosev[1]	Others	**Total**	Biosev	Others	**Total**
Other investments, deposits and sundry	$569	$12	**$581**	$291	$9	**$300**
Financial advances to related parties	-	24	**24**	-	13	**13**
Trade and other receivables	262	24	**286**	313	85	**398**
Margin deposits	-	2	**2**	-	-	**-**
Derivative assets	-	1	**1**	4	2	**6**
Total Assets	**$831**	**$63**	**$894**	**$608**	**$109**	**$717**
Financial advances from related parties[2]	$-	$221	**$221**	$-	$259	**$259**
Trade and other payables	22	13	**35**	21	28	**49**
Derivative liabilities	3	5	**8**	-	2	**2**
Total Liabilities	**$25**	**$239**	**$264**	**$21**	**$289**	**$310**

1. Biosev S.A. is an indirect subsidiary of LDCH and a Brazilian company listed on the Brazilian stock exchange.
2. Comprises financing from LDCH of US$220 million at 31 December 2017 (US$255 million at 31 December 2016), including a liability relating to reimbursment agreements with LDCH of US$100 million at 31 December 2017 (US$71 million at 31 December 2016) (Refer to note 30).

33. Subsequent Events

In the United States, legislation authorizing the extension of the $1 per gallon biodiesel blender's tax credit for biodiesel volumes blended in 2017 was passed and signed into law in February 2018. As a result, the Group will recognize a pre-tax gain in cost of sales of approximately US$56 million for the first quarter of 2018.

On 9 March 2018, LDC finalized the sale of Macrofertil Australia Pty. Ltd. to Landmark Operations Ltd.

Notes continued

34. List of Main Subsidiaries

The main subsidiaries of LDC that are consolidated at 31 December 2017 and 31 December 2016 are the following:

	2017		2016	
Company	% of control	% of ownership	% of control	% of ownership
LDC Argentina S.A. (Argentina)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Australia Holdings Pty. Ltd. (Australia)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Grain Storage and Handling Pty. Ltd. (Australia)	100.00	100.00	100.00	100.00
Ilomar Holding N.V. (Belgium)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Brasil S.A. (Brazil)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Sucos S.A. (Brazil)	100.00	100.00	100.00	100.00
Macrofértil - Indústria e Comércio de Fertilizantes S.A. (Brazil)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Bulgaria Eood. (Bulgaria)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Canada ULC (Canada)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Yorkton Investment ULC (Canada)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Yorkton Trading LP (Canada)	100.00	100.00	100.00	100.00
LDC (Bazhou) Feedstuff Protein Company Ltd. (China)	100.00	100.00	100.00	100.00
LDC (China) Trading Company Ltd. (China)	100.00	100.00	100.00	100.00
LDC (Fujian) Refined Sugar Co. Ltd. (China)	67.00	67.00	67.00	67.00
LDC (Shanghai) Metals Company Ltd. (China)	100.00	100.00	100.00	100.00
Shaanxi Sanchuan Juice Co. Ltd. (China)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Colombia S.A.S. (Colombia)	100.00	100.00	100.00	100.00
Louis Dreyfus Citrus S.A.S. (France)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Silos S.A.S. (France)	61.12	100.00	61.12	100.00
Louis Dreyfus Company Distribution France S.A.S. (France)[1]	100.00	100.00	100.00	100.00
Louis Dreyfus Company France S.A.S. (France)[1]	0.00	0.00	100.00	100.00
Louis Dreyfus Company Services S.A.S. (France)[1]	0.00	0.00	100.00	100.00
SCPA Sivex International S.A.S. (France)[2]	0.00	0.00	100.00	100.00
Louis Dreyfus Company Wittenberg GmbH (Germany)	100.00	100.00	100.00	100.00
Louis Dreyfus Company India Pvt. Ltd. (India)	100.00	100.00	100.00	100.00
PT LDC Trading Indonesia (Indonesia)	99.98	99.98	98.27	98.27
PT LDC East Indonesia (Indonesia)[3]	100.00	100.00	N/A	N/A
Louis Dreyfus Company Italia S.P.A. (Italy)	100.00	100.00	100.00	100.00
Gulf Stream Investments Ltd. (Kenya)	100.00	99.33	100.00	99.33
Louis Dreyfus Company Kenya Ltd. (Kenya)	99.33	99.33	99.33	99.33
Louis Dreyfus Company Mexico S.A. de C.V. (Mexico)	100.00	100.00	100.00	100.00
Ecoval Holding B.V. (Netherlands)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Metals B.V. (Netherlands)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Participations B.V. (Netherlands)	100.00	100.00	100.00	100.00
Nethgrain B.V. (Netherlands)	100.00	100.00	100.00	100.00
Coinbra International Trading N.V. (Netherlands Antilles)	100.00	100.00	100.00	100.00

	2017		2016	
Company	% of control	% of ownership	% of control	% of ownership
LDC Paraguay S.A. (Paraguay)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Peru S.R.L. (Peru)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Polska SP. z.o.o. (Poland)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Portugal Lda. (Portugal)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Vostok LLC (Russian Federation)	100.00	100.00	100.00	100.00
GKE Metal Logistics Pte. Ltd. (Singapore)[4]	0.00	0.00	51.00	51.00
Louis Dreyfus Company Asia Pte. Ltd. (Singapore)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Metals Asia Pte. Ltd. (Singapore)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Africa Pty. Ltd. (South Africa)	100.00	100.00	100.00	100.00
Coffee Agency S.A. (Spain)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Espana S.A. (Spain)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Metals Suisse S.A. (Switzerland)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Suisse S.A. (Switzerland)	100.00	100.00	100.00	100.00
Sungrain Holding S.A. (Switzerland)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Tanzania Ltd. (Tanzania)	100.00	100.00	100.00	100.00
LD Commodities Uganda Ltd. (Uganda)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Ukraine Ltd. (Ukraine)	100.00	100.00	100.00	100.00
Louis Dreyfus Company MEA Trading DMCC (United Arab Emirates)	100.00	100.00	100.00	100.00
L.D. Financial Management Ltd. (United Kingdom)[5]	0.00	0.00	100.00	100.00
Ruselco LLP (United Kingdom)	100.00	100.00	100.00	100.00
LDC Uruguay S.A. (Uruguay)	100.00	100.00	100.00	100.00
Urugrain S.A. (Uruguay)	100.00	100.00	100.00	100.00
Elkhorn Valley Ethanol LLC (U.S.A.)	100.00	100.00	100.00	100.00
Imperial Sugar Company (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Agricultural Industries LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Biofuels Holdings LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Citrus Inc. (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Claypool Holdings LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Dairy Merchandising LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Holding Inc. (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Interior Elevators LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Investment Holding LLC (U.S.A.)[6]	0.00	0.00	100.00	100.00
Louis Dreyfus Company Investment LLC (U.S.A.)[6]	100.00	100.00	100.00	100.00
Louis Dreyfus Company LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Norfolk LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Port Allen Elevator LLC (U.S.A.)	100.00	100.00	100.00	100.00
Term Commodities Inc. (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Vietnam Trading and Processing Co. Ltd. (Vietnam)	100.00	100.00	100.00	100.00

1. Louis Dreyfus Company France S.A.S. and Louis Dreyfus Company Services S.A.S. merged into Louis Dreyfus Company Distribution France S.A.S. in December 2017.
2. SCPA Sivex International S.A.S. was sold in November 2017. Refer to Note 5 - Change in list of Consolidated Companies.
3. In May 2017, the Group acquired the remaining 50% shares of its joint venture Kencana LDC Pte. Ltd., renamed LDC Balikpapan Pte. Ltd. during the second half of 2017, primarily comprised of a refinery and storage tanks in Indonesia in its subsidiary PT Dermaga Kencana Indonesia, renamed PT LDC East Indonesia during the second half of 2017. Refer to Note 5 - Change in list of Consolidated Companies.
4. GKE Metal Logistics Pte. Ltd. was sold to a sister company of LDC in November 2017.
5. L.D. Financial Management Ltd. was liquidated in August 2017.
6. Louis Dreyfus Company Investment Holding LLC merged into Louis Dreyfus Company Investment LLC during the second half of 2017.

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