Idavang A/S

Tofthøjvej 41, DK-7321 Gadbjerg

CVR 20 95 61 43

Approved at the Company's Annual General Meeting on 9th April 2019

Annual Report 2018

IDAVANG

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Statement
by the Board of Directors and the Executive Board

Gadbjerg, 27 February 2019

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Idavang A/S for the financial year 1 January - 31 December 2018.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish requirements for annual reports.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Executive Board

Claus Baltersen
CEO

Michael Henriksen
CFO

Board of Directors

Niels Hermansen
Chairman

Jytte Rosenmaj
Deputy Chairman

Claus Baltersen

Ole Bjerremand Hansen

Carsten Lund Thomsen

Independent Auditor's Report

to the shareholders of Idavang A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Idavang A/S for the financial year 1 January – 31 December 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

Idavang A/S has issued bonds, which was listed on the NASDAQ Copenhagen Stock Exchange in July 2018. We were initially appointed as auditor of Idavang A/S on 15 July 2011 for the financial year 2011.

We have been reappointed annually by resolution of the general meeting for a total consecutive period of 8 years up until and including the financial year 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2018.

These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon.

We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below.

Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Independent Auditor's Report

to the shareholders of Idavang A/S

Key audit matters

Fair value of commercial and breeding herd

The Group's biological assets in terms of commercial and breeding herd are measured at fair value less selling costs at the balance sheet date.

At the 31 December 2018 the fair value of the group's herds amount to EUR 35,933 thousand (2017: EUR 36,689 thousand).

The Group's model applied for determining the fair value is complex and involves significant judgements, as local prices are not available in all relevant markets for all stages in the production from piglet to slaughter pigs and from young females to sows. The model includes information, quotations and prices from known markets with necessary adjustments appropriate for each local market.

We refer to note 16 in the consolidated financial statements.

How our audit addressed the key audit matter

We have evaluated and tested the appropriateness of the Group's model for determining the fair value of the herd throughout all stages of production.

We challenged Management's assumptions applied in the models with reference to historical data and, where applicable, external documented quotations and prices based on age, breed and genetic heritage.

We tested the valuation models for consistency with previous years. Further, we evaluated the appropriateness of the related disclosures provided.

Statement on the Management's review

Management is responsible for the Management's review. Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain

Independent Auditor's Report
to the shareholders of Idavang A/S

professional scepticism throughout the audit. We also:

> Identify and assess the risks of material misstatement of the 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 and the Parent Company'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 in preparing the financial statements 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 and the Parent Company'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 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 and the Parent Company to cease to continue as a going concern.

> Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

> 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 and the parent company 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 benefits of such communication.

Aarhus
27 February
2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen
State Authorised Public Accountant
mne10121

Kim R. Mortensen
State Authorised Public Accountant
mne18513

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Management's Review

IDAVANG

Management's Review

Company Details

Name	Idavang A/S
Address, zip code, city	Tofthøjvej 41 DK-7321 Gadbjerg
CVR no.	20 95 61 43
Established	1998
Financial year	1 January - 31 December
Website	www.idavang.com
Telephone	+45 75 87 64 15
Board of Directors*	Niels Hermansen, Chairman Jytte Rosenmaj, Deputy chairman Claus Baltersen Ole Bjerremand Hansen Carsten Lund Thomsen
Executive Board*	Claus Baltersen, CEO Michael Henriksen, CFO
Shareholders	Jast Holding ApS, Tofthøjvej 41, DK-7321 Gadbjerg, 80% International Finance Corporation, 2121 Pennylvania Ave., Washington, D.C. 20433, USA, 20%
Ultimate parent company	Jast Holding ApS, Tofthøjvej 41, DK-7321 Gadbjerg, 80%
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vaerkmestergade 25, DK-8000 Aarhus C

(*) See note 23 for further information

Financial Highlights

EUR'000,000

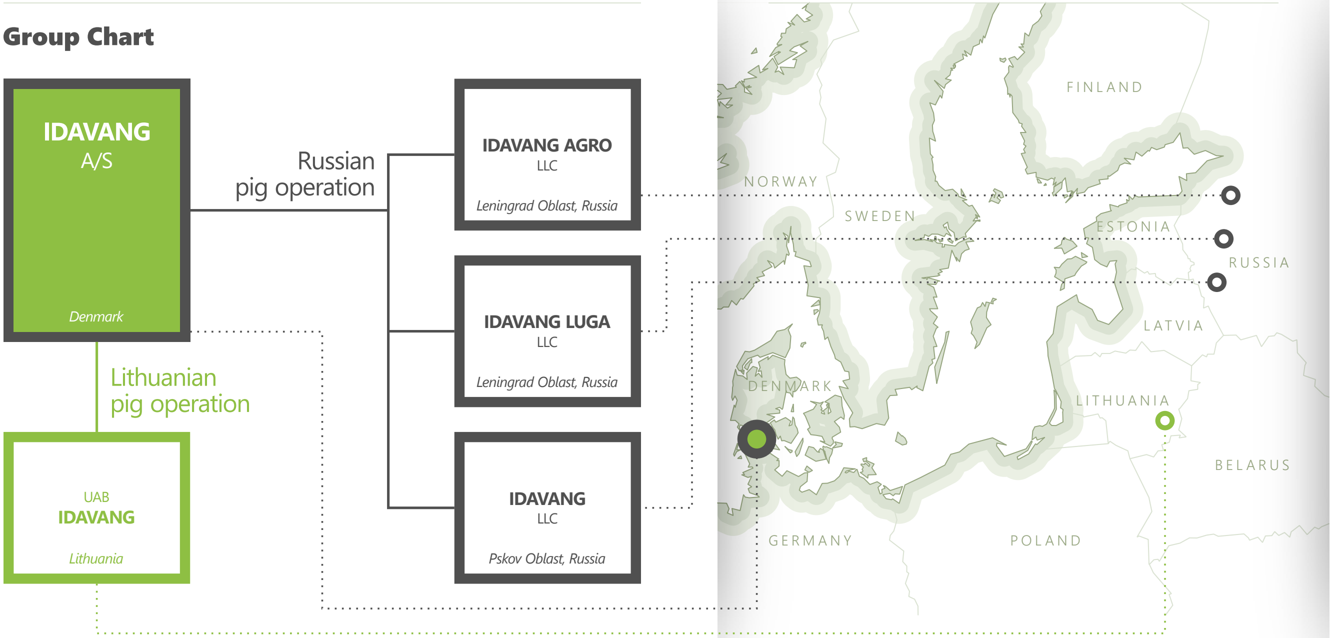
Key Figures	2018	2017	2016	2015	2014
Revenue	99.5	109.6	95.1	91.2	115.3
EBITDA (*)	17.6	21.6	26.0	20.3	38.3
Profit before net financials (EBIT)	10.1	13.8	18.7	12.3	29.5
Net financials	-9.3	-5.9	-3.8	-6.3	-10.4
Profit for the year	**1.2**	**6.1**	**14.3**	**5.9**	**18.8**
Tangible assets	86.8	88.6	94.0	87.6	98.6
Biological assets (herd and crop)	37.4	37.3	43.8	32.6	35.4
Total assets	**181.0**	**179.1**	**165.0**	**145.5**	**155.2**
Equity	**50.4**	**54.1**	**72.3**	**50.0**	**57.3**
Net interesting-bearing debt (NIBD)	78.3	73.0	68.1	74.4	79.5
Non-current lialities	100.1	95.3	64.6	56.9	70.2
Current liabilities	30.4	29.7	28.2	38.5	27.8
Cash flows from operating activities	5.3	19.6	14.6	10.9	29.6
Investment in property, plant and equipment	-12.6	-6.3	-3.5	-4.6	-9.0
Cash flows lrom financing activities	9.8	-11.4	-11.5	-2.7	-20.1
Total cash flows	**3.2**	**2.0**	**0.2**	**4.3**	**1.4**

Financial Ratios	2018	2017	2016	2015	2014
EBITDA margin	18%	20%	27%	22%	33%
Current ratio	255%	254%	196%	109%	141%
Equity ratio	28%	30%	44%	34%	37%
Return on equity	2%	10%	20%	12%	33%
Sold volume liveweight (kMT)	88	86	86	75	75
Return on average invested capital (ROIC)	7%	10%	14%	9%	19%
Average number of full-time employees	**809**	**807**	**787**	**767**	**871**

(*) Refer to note 3 Segments. Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies in note 1. Historical figures have not been adjusted for IFRS 9 and 15.

Management's Review

Group Chart



Above group chart shows only operational entities. All group enterprises are 100% directly or indirectly owned by Idavang A/S.

Management's Review

Revenue for the Idavang A/S group was EUR 99.5m in 2018 against EUR 109.6m in 2017. EBITDA was EUR 17.6m against EUR 21.6m (at fixed herd prices it was EUR 15.1m against 2017 of EUR 26.7m) and profit after tax was EUR 1.2m against EUR 6.1m in 2017.

During 2018 our farm in Skabeikiai had an outbreak of African Swine Fever (ASF) hence production was closed down. Skabeikiai is expected to be fully operational mid 2019 at the latest. Neutral effect on 2018 financials.

2018 have been dominated by lower prices on pork compared to 2017 (-14% in Lithuania and -7% in Russia), which have effected EBITDA negatively with EUR 12.9m (compared to 2017 sales prices).

Feed prices have from september 2018 been increasing mainly due to more expensive grain, the impact on feed in Q4 was EUR 1.2m negative compared to 2017 (impact Q1-Q3 EUR -0.6m). The grain markets have started normalizing, hence from Q4 2019 lower feed and prices expected again.

Massive outbreaks of African Swine Fever (ASF) in China are expected to positively effect global pork prices during 2019 but it is uncertain when the positive impact will start.

Field activities had a poor harvest during 2018 due to poor weather conditions, but due to better sales prices did the EBITDA from the field activities improve with EUR 2.0m.

The Group invested EUR 12.6m in 2018, which is more than depreciation of EUR 7.5m, the investments where driven mainly by expansion on the Luga site with EUR 5.9m.

Equity on 31 December 2018 amounted to EUR 50.4m at equity ratio of 28%.

Net interest-bearing debt (NIBD) increased to EUR 78.3m in 2018, being EUR 5.3m higher than 2017. The negative development in NIBD has been driven by the expansion on Luga site with EUR 5.9m and neutral cash flow from operations.

Vision

Our vision is to achieve and maintain the highest quality of pigs while strictly adhering to all ethical and environmental standards

Mission

Our mission is to be the top producer of pigs in the Baltic states and North Western Russia, renowned for high quality pigs produced in accordance with top ethical and environmental standards.

We strive to be an important and dependable partner to our clients, an actively benevolent member of the surrounding communities, an employer who provides an exciting and appealing workplace environment while offering our employees personal and professional development opportunities, as well as steady career possibilities.

Management's Review

Core Activity

Idavang's core activity is the production and sale of high-quality slaughter pigs and weaners in Russia and Lithuania.

Idavang specialises in both brown field and green field pig production projects in Lithuania and Russia.

We acquire and invest along with International Finance Corporation (part of World Bank Group) in larger production sites. We refurbish the facilities and renew the technology and knowhow with the companies well-developed production solutions.
Production sites are within a reasonable geographic area to enhance synergies.

Key Market Facts

Lithuania

#1 Pig Producer | **54m** tonnes/year | Market Share **29%**

North Western Russia

#2 Pig Producer | **34m** tonnes/year | Market Share **8%**

Management's Review

Historical Development

1999 Idavang A/S started operating the first farm Šalnaičiai (Lithuania) with an initial investment of EUR 800 thousand.

2002 Rupinskai farm was acquired; in total, 3,000 sows were held.

2006 Mūša, Sajas and Kalvarija farms were acquired, and the production volume exceeded 11 kMT by 2005. Idavang paired off with IØ Fund (Danish Government) in Lithuanian operations from 2001-2005.

2010 Skabeikiai, Lekėčiai and Pasodėlė farms were bought, bringing sows in operation up to 19,000.

2011 Activities were expanded to Russia as Farm Idavang Ostrov was acquired where the construction of a green field farm began in 2011 and Farm Vostochny was acquired (mid-2008). Farm Vostochny totals 6,600 sows. Furthermore, in 2011 the International Finance Corporation (part of World Bank Group) became an Idavang A/S shareholder and Joniškis, Šeduva and Šešupė farms were acquired in Lithuania.

2013 Russian expansion continued. Farm Ostrov went into operation, and field operations increased significantly.

2014 Construction of biogas sites in Lithuania in cooperation with Modus Energy and establishment of contracting in Poland. Idavang Lithuania started to use as a boars station.

2017 Idavang Group issues re-financing using a EUR 85m bond.

2018 Bond was listed on Nasdaq and construction on Luga site in Russia started.

Knowledge Resources

Idavang produces commodities in an international, competitive environment.

One of the only ways we can secure our position as market leader in regard to productivity and quality is to retain our employees, develop their skills and enable them to constantly improve.

Management's Review

Business Focus

Lithuania

Lithuania, our focus is on pig production within brown field projects, as it utilize our core competencies and superior efficiency in pig production.

Sales is made weekly auctioneering of slaughter pigs for the best possible prices based on demand and supply in the Lithuanian and Polish market.

Production, utilize our core competencies and superior efficiency in pig production.

> Sourcing of feed component is done predominantly from a limited number of larger local agricultural companies, to which we have long relations.

> Manure is sold to local farmers as fertilizer instead of cultivating the fields, but Idavang spread most of it on the farmer's fields to secure the correct handling.

Russia

Russia, our focus has an extended value chain as it include farmland, grain production and pig production in both green field and brown field projects.

Sales is made weekly auctioneering of slaughter pigs for the best possible prices based on demand and supply in the Leningrad and Pskov Oblast market.

Production, utilize our core competencies and superior efficiency in pig production.

> Grain production on own fields supply significant part of feed removing dependency on Russian Farmers. Sourcing of remaining of feed is done from a number of medium and larger agriculture companies predominant in Russia.

> Manure is used on own fields as fertilizer, but some part is also supplied to local farmers for their fields as fertilizer.

Value Chain

Lithuania Value Chain

Russia Value Chain

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Business Review 2018

Development in Segments

Lithuania	EUR'000	FY2018	FY2017
	Revenue	**53,257**	**61,066**
	Value adjustment, biological assets	-1,206	-2,407
	Production costs	-53,158	-48,475
	Administrative costs	-2,054	-1,861
	Other income	1,095	1,258
	Other expense	0	0
	Operating profit	**-2,066**	**9,581**
	Net financials	-1,034	-1,214
	Foreign exchange adjustments	-8	-17
	Profit before tax	**-3,108**	**8,350**
	Tax on profit for the year	413	-1,800
	Profit for the period	**-2,695**	**6,550**
	Depreciations included in production cost	3,270	3,233
	EBITDA	**1,204**	**12,814**
	EBITDA fixed herd prices	2,410	15,221

Lithuania accounted for **54%** of Group revenue in FY2108 (56% in FY2017).

EBITDA fixed herd prices reflect that the above EBITDA has been adjusted for the unrealized value adjustment related to biological assets.

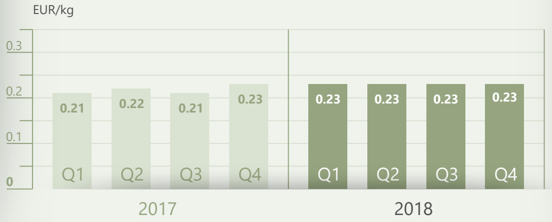
The pig price decreased 14% compared to FY 2018 to an average 1.01 EUR per kilo slaughter pigs live weight in 2018 (FY 2017: 1.17 EUR per kilo live weight slaughter pigs).

Live weight sales price

Lithuania

Feed price

Lithuania



Management's Review

Business Review 2018

Development in Segments

Russia	EUR'000	FY2018	FY2017
	Revenue	**46,261**	**48,530**
	Value adjustment, biological assets	3,762	-2,639
	Production costs	-35,692	-38,134
	Administrative costs	-1,414	-1,562
	Other income	579	319
	Other expense	-102	-83
	Operating profit	**13,394**	**6,431**
	Net financials	-2,192	-3,232
	Foreign exchange adjustments	26	-213
	Profit before tax	**11,228**	**2,986**
	Tax on profit for the year	-30	-42
	Profit for the period	**11,198**	**2,944**
	Depreciations included in production cost	4,235	4,559
	EBITDA	**17,629**	**10,990**
	EBITDA fixed herd prices	13,867	13,629

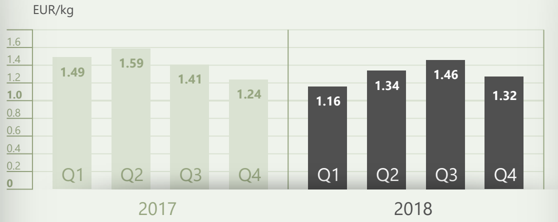
Russia accounted for **46%** of Group revenue in FY2108 (44% in FY2017).

EBITDA fixed herd prices reflect that the above EBITDA has been adjusted for the unrealized value adjustment related to biological assets.

The pig price decreased 7% to an average 1.33 EUR per kilo slaughter pigs live weight in 2018 (FY 2017: 1.43 EUR per kilo live weight slaughter pigs).

Live weight sales price

Russia



Feed price

Russia

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Management's Review

Revenue

Revenue decreased from EUR 109.6m to EUR 99.5m (-9%). The decrease of EUR 10.1m was mainly driven by lower average sales price of EUR 12.9m.

Sales prices in EUE / Averages	**2018**	2017	2016	2015
Slaughter pigs Lithuania - Price / Kg live weight	1.01	1.17	1.08	0.99
Weaners Lithuania - Price / Unit	53	64	-	49
Slaughter pigs Russia - Price / Kg live weight	1.33	1.43	1.24	1.49
Weaners Russia - Price / Unit	53	60	53	66

Herd value adjustment

In 2018, the fair value adjustment for herd comprised EUR 2.6m. The adjustment consists of decrease in commercial herd as in meat prices in Lithuania dropped 14% (equal to EUR 1.3m); this was fully compensated by increasing prices in Russia (equal to EUR 2.3m) hence in total a EUR 1.0m increase to commercial herd and breeding herd is positive with EUR 1.6m.

Production cost

Production costs increased by EUR 2.2m to EUR 88.9m (2.6%). The increase was mainly due to the following two factors:

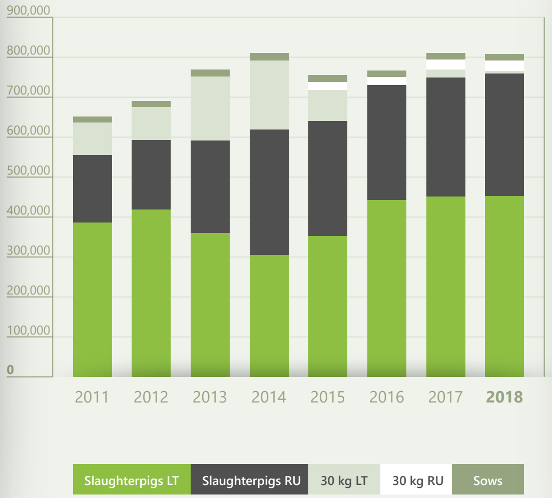
> Increase in feed cost (both volume and price) increasing production cost with EUR 4.7m (increase compared to 2017 equals 8.6%)

> Improved EBITDA from field of EUR 2.0m mainly due to higher prices as yields were not satisfying

Grant

The Government level of direct subsidies for meat and grain (excluding interest subsidies) is unchanged EUR 0.2m (2017: EUR 0.1m). The subsidy structure have changed, so that the subsidy on goes directly to the bank from the government, and the bank then provide loans with lower interest instead. The Luga site is funded with a new subsidy loan, where Idavang will not receive direct subsidy but pay 3.5% interest in RUB to the bank instead.

Product mix



Management's Review

Outlook

Regarding 2019 the Company has expectations to a higher EBITDA (no effect from IFRS 16) at fixed herd prices compared to 2018 due to meat prices:

Meat prices

Assumptions below are made due to continuation of the current USD level and expected increase in demand for EU pork from China during 2019.

EU / Lithuania average prices for 2019 are expected to be higher than 2018.

Russia pork prices are also expected to be around 2018 level.

Feed price

Feed price is expected to be higher level in 2019, due to grain prices.

Current Risks

Fluctuations in prices of pork	Fluctuations in Russian customs, subsidies and if Russia allows import of pork and live pigs from the EU	Current situation regarding support from the Russian government
As pork is a global commodity. global supply and demand influences prices in all markets to a higher or lower degree, Idavang mitigates this by focusing on markets where there is an undersupply of pork. Thereby, we compete with producers in other markets. which need to transport the pork to North Western Russia or Lithuania.	Russia wants to support domestic development of agriculture business and especially pork production where there is an undersupply.	Import has been closed for European due to veterinarian reasons (from 2014) and embargo (from 2015). Therefore, the main competitive product is imported chilled and frozen meat within or outside quotas from Brazil. The quota system should change from January 1st 2020, where it should be replaced with a flat rate of 25% on all import to Russia. Interest subsidies of apx. 7% on loans, which fulfil a number of criteria, typical a net interest of 3.5%.

Management's Review

Current Risks

Fluctuations in prices of raw materials	Concentration of production facilities in North Western Russia and Lithuania	Russian, EU and global economic conditions	Diseases	Financial risks
Pigs are fed grain, protein (e.g. soya and sunflower) and premixes (vitamin and minerals), which account for a significant part of production costs. An increase in these prices, together with an inability to transfer such increased costs to slaughterhouses, may have a material adverse effect on Idavang's profit. Over time, such an imbalance will lead to inefficient producers and closed productions; hence supply will be reduced, which will increase prices again. Idavang mitigates this exposure by being a cost-efficient producer with high productivity and operations in markets with natural premiums.	The concentration of production facilities in North Western Russia and Lithuania means that Idavang's operations are dependent on the degree to which raw materials can be imported and the possibility of exporting from Lithuania to EU and especially Russia (if it opens up borders) ensures the best prices for Lithuanian live pigs. Two areas can disrupt this export possibility: the political situation and outbreaks of diseases. Currently, Russian borders are closed for all imports of live commercial pigs and for chilled and frozen meat from a number of countries due to veterinarian and/or political reasons (embargo). Polish borders are closed for all imports of live commercial pigs from ASF Zone 2+3 in Lithuania, whereas pork meat from ASF Zone 2 can be sold in Poland, chilled and frozen.	An economic downturn or an uncertain economic outlook in the Russian economy could adversely affect consumers' meat and pork consumption habits. Similarly, a global economic downturn or an uncertain economic outlook in the world economy could adversely affect global consumers' meat and pork consumption habits. with pork being a global commodity, the individual regions as EU or Russia will also be effect, but the effects might be lower as regional markets have own fluctuations.	An outbreak of a serious disease could potentially cause a loss of earnings from the relevant farm for a period during which a replacement herd would be put into operation. Production management places high focus on the risk, and the highest biosecurity measures are taken. Furthermore, the herd is insured for all diseases to mitigate the risk to the highest possible degree.	During 2018, the RUB has fluctuated within a range of 16% against the EUR. The total effect for 2018 was a 15% devaluation EUR/RUB, which among others affected equity negatively by EUR 5.7m, as all Russian tangible assets are measured in RUB. For more information about financial risks, see note 24.

Management's Review

Corporate Social Responsibility

Idavang's CSR policy covers the four areas of the UN Global Compact:

Human Rights	**Labour Rights**
Environment	**Anti-corruption**

The CSR policy also has special focus on climate change, occupational health and safety, animal welfare and community development.

The company focuses on the following five values:

- Respect & Trust
- Quality & Ethic
- Transparency
- Environmental Responsibility
- Constant Development

The Idavang Group is constantly working on safeguarding these values throughout our organisation. Historically, the Idavang Group has always placed high focus on CSR, including animal welfare. Consequently Idavang have had group-housed sows and used partly slatted floors since its establishment in 1999.

Intellectual Capital Resources

Idavang considers the employees and the organizational culture as the most important assets of the company. The Company's long term success is highly linked to attracting, retaining and developing the employees. which is why both internal and external training and education are priorities of Idavang.

Anti-corruption Policy

The aim of the company's anti-corruption policy is to define Idavang's business practice for countering corruption and bribery and to provide guidance to employees. Idavang has a zero tolerance policy towards bribery and corruption.

All our partners and employees are informed about our attitude and principles towards corruption.

Warning signs are place on walls, doors and info boards around on the farms as well as in the country headquarters.

This policy extends to all Idavang's business dealings and transactions in all countries in which we operate. The policy is fully implemented in both Lithuania and Russia. Suppliers and business contacts are periodically being informed about requirements.

Risk identified
Small gifts and corruption from suppliers

Actions
Small gifts (especially around Christmas) are mainly consumed at work.

In cases of corruptions are contract with both employees and suppliers terminated without any limitation. Idavang has not identified any cases of corruption in 2018.

Management's Review

Environmental Matters

Environmental matters are an integrated part of Idavang's mission and we make no compromises. We constantly strive to take care of the environment in all everyday actions, and we acknowledge the need to take care of natural resources to the benefit of future generations.

Our focus is to reduce any negative impact that our production may have on the environment. We do not have full ownership of the entire value chain. However, we urge all our business partners to help us take care of the environment.

The manure is a valuable fertilizer which, however, has a specific odor. Putting the fertilizer to efficient use and causing no inconveniences to our neighbors, we carry out careful maintenance and continuous improvements of the manure collection, storage and fertilization systems.

Many of our complexes in Lithuania and Russia have successfully functioning manure management equipment that separates the liquid and solid faction of manure and removes excess phosphorus and ammonia.

Furthermore is there closed Lagoons on every farm with top and double liners to prevent the emission of ammonia, nitrogen (greenhouse gas). Closed lagoons also ensure that no odour will be released into the air.

Key risk/targets identified
Reducing the amount of mineral fertilizer by supplying organic fertilizer (manure) to farmers on the optimal time.

Actions
Improve coordination with farmers so that the organic fertilizer has the highest effect hence reducing the volume of mineral fertilizer.

KPI is price paid for organic fertilizer as we assume it equals mineral fertilizer reduced, revenue in 2018 was EUR 493k (2017: EUR 598k, 2016: EUR 355k). Drop in revenue was due to poor weather conditions.

Animal Welfare

The ethical treatment of animals is one of our fundamental values. Our work is based on the criteria of fairness, transparency and European and national legislation on animal welfare. We carry out regular reviews and assessments of our activities to ensure top-level animal welfare and efficiency of production.

Health and Safety Policy

The main purpose of the Occupational Health and Safety system is to protect employees' life and health and to ensure good working conditions by avoiding injuries and accidents. The Occupational health and Safety tasks are structured in seven main tasks:

1. Strengthen and develop health and safety systems by forming socially responsible approach to the employees' health and safety
2. Perform an occupational risk assessment of all workplaces
3. Improve the system of training certification and instruction of employees on issues of the employees safety and health
4. Increase preventive efficiency of the employees health care
5. Increase fire safety
6. Improve safety of employees performing dangerous work
7. Providing safe, healthy work conditions for every employee

Key risk/targets identified
Work accident

Actions
Activities within this area has top priority, therefore after every accident happens an e-mail is sent to all users, to ensure learning from the case.

Accident reports include all details, for example "During pig vaccination, the pig climbed on employee’s left foot", followed by pictures, employee account, etc.

KPI is accidents 19 (2018), 16 (2017), 13 (2016)

Management's Review

Human Rights

We care about human rights, hence we do not tolerate discrimination of any kind, be it about nationality, gender, age, sexual orientation or other. Neither do we tolerate violence physical nor psychological against employees or management.

Key risk/targets identified
Child labor and discrimination in our company / supply chain

Actions
Suppliers are periodically reviewed for fulfilling Idavang standards of, among others, anti-corruption, human rights (including child labor and discrimination) and animal welfare.

During reviews done in 2018 there were no identified violations of Idavang standards.

Community Relationships

We will continue our work on supporting the neighboring communities, paying special attention to educational initiatives, social issues and sustainable development of rural territories.

Climate

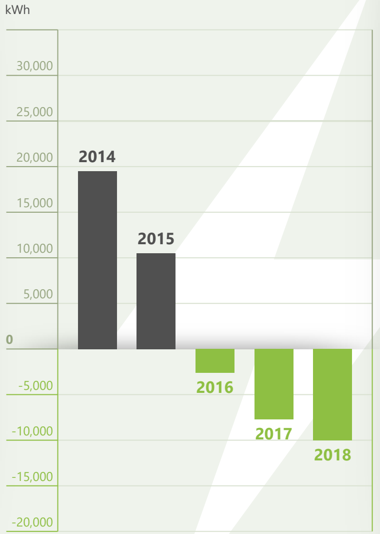
Focus in our business relates not only to our production facility, but also to our partner companies.

Focus is on reducing energy consumption, which is done in many areas implementing efficient straw boilers as source of heat, ensuring that our partners use new EURO4/EURO5 trucks that use AdBlue technology and utilizing gas in manure though biogas.

Biogas, where we use our efforts together with a business partner (Modus Energy) we have established biogas plants with the aim to improve environmental targets.

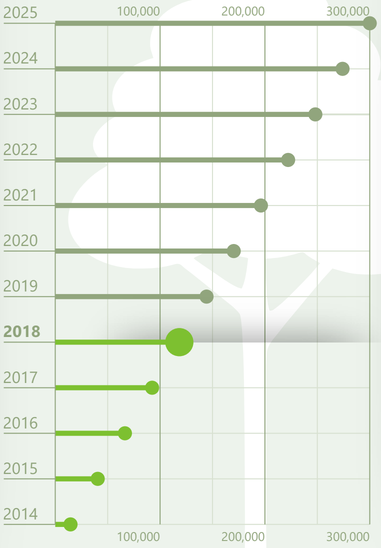
In 2016 we managed to become net supplier of energy, and as you can see in the graph we are increasing the net supply in 2018.

Net consumption



Management's Review

Biogas plant = planting trees



An important benefit the biogas plants is also save CO_2. With the current plants the decrease in CO_2 emissions is equivalent to planting more than 300,000 trees over the next 10 years.

Key risk/targets identified
Minimize energy consumption and CO_2

Actions
Minimize energy focuses on replacing all lamps with LED, utilizing slurry to biogas in partnership with Modus and general focus on utilizing best energy source.

See graph for development.

Additional information

The company provides additional information on CSR on our webpage **www.idavang.com**, which complement the information provided in this annual report.

Corporate Governance

Shareholders

Shareholders can exercise their rights at the general meeting of shareholders, which is the company's supreme governing body.

Board of Directors

The overall task of Idavang's Board of Directors is to create value for the shareholders by managing the company.

The Board resolves matters relating to Idavang's strategic development, budgets, risk factors, acquisitions and divestments as well as major development and investment projects. Furthermore, the Board of Directors supervises the Executive Board.

Executive Board

The Executive Board of Idavang is appointed by the Board of Directors and is responsible for the company's day-to-day management, including the development and results of the company's operations as well as the company's internal development.

Management's Review

The Executive Board is responsible for implementing Idavang's strategy and the overall resolutions approved by the Board of Directors.

For details on the Board of Directors or Executive Board see note 23.

Audit Committee

The Board of Directors has set up an Audit Committee to assist it in supervising the financial reporting process and the efficiency of Idavang's internal control and risk management systems.

The Executive Board is responsible for maintaining controls and an effective risk management system and it has taken the necessary steps to address the risks identified in relation to financial reporting.

The composition of the Board of Directors, Audit Committee and Executive Board ensures the availability of relevant competencies with respect to internal controls and risk management.

Financial reporting

In relation to its financial reporting process, Idavang has set up a number of internal controls to ensure that the company's financial reporting gives a true and fair view free from material misstatement. The internal control and risk management systems also ensure that the financial reporting complies with applicable laws and standards.

The financial reporting process is subject to systematic assessment on an ongoing basis in collaboration with the Audit Committee. The tasks and focus areas of the Audit Committee are updated every year in the form of an annual wheel. According to the annual wheel, the tasks of the Audit Committee include monitoring the financial reporting process in connection with the publication of annual and interim reports, including a review of accounting policies and significant accounting estimates and judgments.

Internal controls and risk management systems in relation to the financial reporting

Corporate Finance conducts regular control inspections at Lithuanian and Russian subsidiaries to ensure that corporate standards for internal controls have been implemented and operate effectively.

Any proposals for improvement are reported to the the audit committee. The audit committee chairman is the deputy chairman of the Board of Directors (committee chairman) Jytte Rosenmaj. The duties of the audit committee are to monitor the following:

> The financial reporting process.

> The company's internal control systems and risk management systems, including insurance matters.

> The statutory audit of the financial statements.

> The independence of the auditors, including in particular the provision of non-audit services to the Group.

Management's Review

Remuneration

Remuneration of members of the Board of Directors and the Executive Board

Idavang seeks to ensure that the remuneration of the Board of Directors and the Executive Board is at a competitive and reasonable level compared with companies of the same size and with the same complexity as that of Idavang to ensure that Idavang is able to attract and retain competent executives.

The members of the company's Board of Directors receive a fixed fee, the amount of which is subject to shareholder approval.

The remuneration and employment terms of the members of the Executive Board are determined by the Board of Directors, which also evaluates the work of the Executive Board.

The members of the Executive Board receive a fixed annual salary, and either have a performance-related cash bonus or a share-based long-term incentive program.

The remuneration paid for 2018 is specified in note 5 in the Group Notes.

Remuneration General

Idavang has a competitive remuneration system for all employees.

Idavang pays competitive salaries to our employees. The salary structure has standardized principles and is transparent to all employees.

Furthermore do we provide free meals, working clothes and footwear for our employees.

Intellectual Capital Resources

Idavang considers the employees and the organizational culture as the most important assets of the company.

The Company's long-term success is highly linked to attracting, retaining and developing the employees, which is why both internal and external training and education are priorities of Idavang.

Management's Review

Human Resource Policy

The company's goal is to ensure that both genders are always represented on the Board of Directors, which they currently are.

The company is committed to observing the Group's human resource policy, which first key principle is the equality of employees.

The Board of Directors has one female board member out of five, equal to 20% (1 of 5). The company's management today (by end 2018) is represented by 6 individuals. One of whom is female, which leaves the gender representation unchanged compared to 2017.

It is the Idavang Group's objective that both genders should represent minimum 25% of the company's management and board in 2021 compared to 17% females and 83% males today. There has in 2018 been a external process for new board members, hence no change target is for 2021 (similar to last year) as the board is considering changing one board member during 2019, and in this process, the selection process will have focus on the diversity and gender representation on the board.

The company wishes to honour diversity and equal genders representation in all parts of management.

When selecting new board members or new management members, the company strives towards that both genders are represented among the last 3 candidates.

We want the company's employees to experience equal opportunities for employment, improvement, career making and gaining management positions regardless of gender, age or nationality.

The company measures and monitors how this goal is met through satisfaction surveys, which include questions like "Do you trust the company as an employer?" and "Do you feel appreciated at work?" in order to ensure that the company adheres to the above mentioned goals.

Recognition and Measurement Uncertainties

Management makes a number of estimates in connection with the annual report, the main one relating to valuation of the herd.

The herd is valued based on fair value, which is based on recent sales prices and official quotes, see note 2.

Post Balance Sheet Events

No events materially affecting the Group and the Company's financial position have occurred subsequent to the financial year-end.

Group Financial Statements

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Group

Financial Statements for the period January 1 - December 31

Income Statement

NOTE	EUR'000	2018	2017
3	**Revenue**	99,518	109,596
16	Value adjustment, biological assets	2,556	-5,046
5 7	Production costs	-88,854	-86,614
4 5 6 7	Administration costs	-4,666	-5,373
8	Other income	1,674	1,577
	Other expense	-102	-330
	Operating profit	10,126	13,810
9	Financial income	236	441
10	Financial expenses	-9,532	-6,340
	Profit before tax	830	7,911
12	Tax on profit for the year	383	-1,849
	Profit for the year	1,213	6,062

Statement Of Other Comprehensive Income

EUR'000	2018	2017
Profit for the year	1,213	6,062
Other comprehensive income		
Exchange adjustment, foreign subsidiaries	-5,785	-2,892
Hedge accounting transferred to production cost	537	185
Value adjustment at hedge instrument of the year	364	-537
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-4,884	-3,244
Other comprehensive income not be reclassified to profit or loss in subsequent periods	0	0
Total comprehensive income	-3,671	2,818

Group

Financial Statements for the period January 1 - December 31

Balance Sheet

NOTE	EUR'000 Assets	2018	2017
	Non-current assets		
13	Intangible assets	1,296	1,353
15	Property, plant and equipment	86,755	88,592
16	Biological assets	14,194	14,235
	Other non-current assets		
18	Deferred tax	757	760
	Financial assets	445	4
	Total other non-current assets	1,202	764
	Total non-current assets	**103,447**	104,944
	Current assets		
19	Inventories	10,160	9,182
16	Biological assets	23,192	23,033
	Receivables		
20	Trade receivables	2,194	2,055
	Other receivables	1,930	1,432
	Prepayments	1,117	951
	Income tax	465	0
	Total receivables	**5,706**	4,438
	Assets held for sale	0	37
21	Cash	38,462	37,451
	Total current assets	**77,520**	74,141
	Total assets	**180,967**	179,085

NOTE	EUR'000 Equity & Liabilities	2018	2017
22	**Equity**		
	Share capital	1,000	1,000
	Exchange adjustments	-32,549	-26,764
	Other reserves	364	-537
	Retained earnings	81,585	80,372
	Total equity	**50,400**	54,071
	Non-current liabilities		
24	Credit institutions and issued bonds	96,436	90,863
11	Government grants	1,925	2,221
18	Deferred tax	1,594	2,073
	Provisions	134	134
	Other non-current liabilities	39	39
	Total non-current liabilities	**100,128**	95,330
	Current liabilities		
24	Credit institutions	9,659	2,578
24	Payable to credit institutions	10,686	17,004
	Trade payables	8,208	7,403
12	Income taxes	0	470
	Other payables	1,886	2,229
	Total current liabilities	**30,439**	29,684
	Total liabilities	**130,567**	**125,014**
	Total equity & liabilities	**180,967**	179,085

Group

Financial Statements for the period January 1 - December 31

Statement Of Changes In Equity

EUR'000	Share Capital	Share Premium	Exchange Adjustment	Other Reserves	Retained Earnings	Total
Equity at 1 January 2017	1,000	29,974	-23,872	1,525	63,626	**72,253**
Profit/loss for the year					6,062	**6,062**
Exchange rate adjustments, foreign subsidiaries			-2,892			**-3,244**
Hedge instrument transferred to production cost				185		**185**
Value adjustment of hedge instrument of the year				-537		**-537**
Total comprehensive income	0	0	-2,892	-352	6,062	**2,818**
Dividend					-21,000	**-21,000**
Transfer		-29,974		-1,710	31,684	**0**
Equity at 31 December 2017	1,000	0	-26,764	-537	80,372	**54,071**
Profit/loss for the year					1,213	**1,213**
Exchange rate adjustments, foreign subsidiaries			-5,785		0	**-5,785**
Hedge instrument transferred to production cost				537		**537**
Value adjustment of hedge instrument of the year				364		**364**
Total comprehensive income	0	0	-5,785	901	1,213	**-3,671**
Equity at 31 December 2018	1,000	0	-32,549	364	81,585	**50,400**

Group

Financial Statements for the period January 1 - December 31

Cash Flow Statement

NOTE	EUR'000	2018	2017
	Operating profit/loss	10,126	13,810
7	Depreciation and amortisation	7,508	7,797
	Profit from sale of tangible assets	-279	-156
	Accrual of hedging accounting	901	-352
	Changes in inventories	-2,112	878
	Changes in receivables	-909	-2,691
	Changes in trade payables	1,252	-777
	Changes in other current liabilities	-459	903
6	Share-based payments	0	-298
	Addition of biological assets	-817	261
16	Value adjustment, biological assets	-2,556	5,046
	Total	**12,655**	24,421
	Interest received	236	441
	Interest paid	-6,589	-5,066
	Corporation tax paid	-1,027	-246
	Cash flows from operating activities	**5,275**	19,550

NOTE	EUR'000	2018	2017
13	Acquisition of intangible assets	-15	-17
15	Acquisition of property, plant and equipment	-12,601	-6,333
	Disposal of property, plant and equipment	452	291
16	Acquisition/disposal of biological assets	740	-162
	Acquisition of investments	-441	0
	Cash flows from investing activities	**-11,865**	-6,221
24	Proceeds from borrowings	24,558	89,160
24	Repayment of borrowings	-14,744	-54,595
	Dividends paid	0	-21,000
	Reserved cash on escrow account	0	-25,000
	Cash flows from financing activities	**9,814**	-11,435
	Net cash flows from operating, investing and financing activities	3,224	1,894
	Cash and cash equivalents at 1 January	12,457	11,248
	Exchange adjustments	-2,095	-685
21	**Cash and cash equivalents at 31 December**	**13,586**	12,457

The Group owns EUR 1,2m (2017: EUR 5.0m) Idavang A/S bonds year end, furthermore the Group has EUR 0.0m overdraft (2017: EUR 7: 5.8m).

NOTES: Group

Financial Statements for the period January 1 - December 31

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Note 1.

Significant Accounting Policies

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and additional Danish disclosure requirements for financial statements prepared by large reporting class D enterprises.

The consolidated financial statements are presented in EUR. The parent's functional currency is DKK.

The financial statements have been prepared on the historical cost basis except for biological assets and hedging contracts, which are measured at fair value, and amortized cost for loans were relevant.

New and amended statements effective for 2018

IFRS 9 “Financial Instruments: Classification and Measurement”. The standard is effective for annual periods beginning on or after 1 January 2018. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard has not had significant impacts on the Financial Statements.

IFRS 15 “Revenue from Contracts with Customers”. The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles).

Extensive disclosures will be required, including dis-aggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not had significant impacts on the Financial Statements as the Group does not have long-term contracts with multi-element arrangements, no take-or-pay agreements, no sales incentives are provided, no material contract costs are generally incurred or up-front payments made and contract modifications are rare. In implementation the Group has used the modified approach.

New and amended statements and bases for conclusions not yet effective

IASB has issued a number of new standards, amendments to existing standards and bases for conclusions, which have not yet come into force, but which will become effective in the financial year 2019 or later. These are not expected to have a significant effect on recognition and measurement in future annual reports.

IFRS 16 “Leases”. The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Group has evaluated the impact of the implementation of this standard, but expect it to have less than 1% effect on assets and liabilities on group level.

Consolidated financial statements

The consolidated financial statements comprise the parent, Idavang A/S, and entities in which the parent, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest (see group chart on page 9).

The consolidated financial statements are prepared by aggregating the parent's and the subsidiaries' financial statements, prepared in accordance with the accounting policies applied by the group. Intra-group income and expenses, shareholdings, etc., intra-group balances and dividends and realized and unrealized gains on transactions between the consolidated entities are eliminated on consolidation.

Currency translation

Transactions denominated in foreign currencies are translated into EUR at the exchange rates at the date of the transaction. Monetary items denominated in foreign currencies are translated into EUR at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in profit or loss as financial income/expenses.

Non-monetary assets and liabilities measured at historic cost in foreign currencies are translated into EUR at the exchange rates at the date of recognition. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into EUR at the exchange rates at the date of determination of the fair value.

NOTES: Group

Financial Statements for the period January 1 - December 31

Derivative financial instruments

The Group enters into commodity contracts with respect to grain in order to secure future supply.

Derivate financial instruments are initially measured at fair value at the time of conclusion of the contract and subsequently at fair value at the balance sheet date. Derivative financial instruments are recognised in other receivables when the fair value is positive and in other payables when the fair value is negative.

Changes in the fair values of derivate financial instruments that are designated and qualify as hedges of future commodity purchases are recognised in other comprehensive income. Income and expenses relating to such hedging transactions are transferred from other comprehensive income on realisation of the hedged item and are recognised in the same entry as the hedged item.

Any gains or losses arising from changes in the fair value of derivative financial instruments that not qualify as hedges are recognised under net financials in the income statement.

Purchase contracts

The company enters into purchase contracts on feed components, for future delivery, for use in pig production (executory contracts). The cost price for the grain is the agreed contract price which is recognised in the books at time of delivery.

An onerous executory contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. An executory contract for purchase of inventory is deemed onerous if the economic benefit expected to be received from the products produced with it (net realisable value of the inventories to be obtained) is lower than the costs. For onerous contract a provision is recognised.

Share-based payments

Employees in the Group receive compensation in the form of share-based payments with the employees providing services as consideration for equity instruments ('equity-settled share-based payments').

Expenses incurred in connection with equity-settled share-based payments to employees are measured on the basis of the fair value at the grant date. The fair value is determined using an appropriate pricing model, see note 6.

Expenses related to equity-settled share-based payments are recognised over the vesting period. The total expenses recognised in respect of equity-settled share-based payments at the balance sheet date reflect the share of the vesting period that has passed and the group's best estimate of the number of equity instruments that will eventually vest.

The amount recognised in profit or loss represents the change in the total expenses recognised at the beginning and at the end of the year.

Income statement

Revenue

Revenue from the sale of slaughter pigs and piglets are recognised in profit or loss, when control of them are transfer to the customer based on incoterms in sales agreement. Revenue is reduced for VAT and is measured at the fair value of the consideration received or receivable.

Production costs

Production costs comprise expenses incurred in generating the revenue for the year. Such costs include direct and indirect production costs relating to raw materials and consumables, wages and salaries, rent and leases, and depreciation, amortisation and impairment losses in respect of production plant.

Also operating expenses relating to investment property are recognised.

Dividend

Dividend revenue is recognised when the Group's right to receive the dividend has been established.

Net financials

Financial income and expenses are recognised in profit or loss at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

NOTES: Group

Financial Statements for the period January 1 - December 31

Government grants

The Group's government grants are subject to IAS 20 and comprise:

Government grants related to expenses

In Russia, the Group receives government grants in the form of reimbursement of interest expenses on loans, cost recovery for cost related to the production of crops and compensation for high grain prices.

Government grants related to expenses are recognised as income as the right to the grant is earned and received, i.e. as the eligible expenses are incurred and the grant is deposited in a bank account.

Government grants related to property, plant and equipment

In Lithuania, the Group receives government grants for the investment of property, plant and equipment in return for the Group's commitment to carry on pig production for a certain number of years.

Government grants for assets are recognised as deferred income, which is reduced in step with the depreciation of the related asset and recognised in profit or loss under depreciation.

Income taxes

Income taxes include current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

Balance sheet

Intangible assets

Intangible assets with indefinite lives comprise goodwill. Goodwill is not amortised but is tested for impairment on an annual basis. The impairment test is performed for the cash-generating unit to which the goodwill belongs.

The carrying amount of goodwill is reduced to the higher of the value in use and the fair value less costs to sell of the activity or the business area to which the assets relate (recoverable amount) if it is lower than the carrying amount.

Intangible assets with definite lives

Intangible assets with definite lives comprise electricity rights and the right to buy leased land in Russia. The rights are measured at cost less accumulated amortisation and impairment.

Rights are depreciated using the straight-line method on the basis of the cost over the following useful lives:

Useful life, years	
Rights	20-25

The rights are tested for impairment whenever there is an indication that they might be impaired. The impairment test is performed for each individual asset or group of assets, respectively.

The carrying amount of the assets is reduced to the higher of the value in use and the fair value less costs to sell of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Property, plant and equipment

Property, plant and equipment include land and buildings, plant and machinery and other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

The cost includes the cost of acquisition, expenses directly attributable to the acquisition of the asset and expenses incurred to prepare the asset until such time as it is ready to be put into operation.

Depreciation is calculated on the basis of cost price reduced by the residual value and any impairment losses. The residual value is determined at the date of acquisition and is reviewed on an

NOTES: Group

Financial Statements for the period January 1 - December 31

annual basis. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued. Where the depreciation period or the residual value changes, the effect on depreciation is recognized prospectively as a change in accounting estimates.

Property, plant and equipment are depreciated using the straight-line method on the basis of the cost over the following useful lives:

Useful life, years	
Buildings	25-40
Plant and machinery	8-15
Other fixtures and fittings, tools and equipment	3-10

Land is not depreciated.

Gains and losses from the sale of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the time of sale. Gains or losses are recognised in profit or loss.

Property, plant and equipment are tested for impairment whenever there is an indication that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of the assets is reduced to the higher of the value in use and the fair value less costs to sell of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset which requires a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset concerned until such time as it is essentially ready for its intended use or sale. Borrowing costs comprise interest and other expenses incurred in connection with borrowing.

Leases

For financial reporting purposes, lease commitments are broken down under finance leases and operating leases. A lease is classified as a finance lease when it in all essential respects transfers risks related to and benefits derived from owning the leased asset. Other leases are classified as operating leases. Payments made under operating leases are recognized in profit or loss over the term of the lease.

Biological assets

Biological assets are recognized when the Group controls the asset and it is probable that future economic benefits associated with the asset will flow to the Group and the cost or fair value of the asset can be measured reliably. Biological assets are measured at fair value less selling costs.

Value adjustments of biological assets are recognized in profit or loss for the period to which they relate.

The value of crops is calculated at cost plus production overheads. At the time of harvest, crops are reclassified from biological assets to inventories, measured at fair value less the cost of transportation, which subsequently makes up the cost.

Breeding herds are classified as non-current. Commercial herd (slaughter pigs) are classified as current.

Inventories

Inventories are measured at cost by reference to the FIFO method. Where the net realizable value is less than the cost, the carrying amount is reduced to such lower value.

Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment assessment is based on the Expected Credit Loss model (ECL).

The ECL model involves a three-stage approach under which financial assets move through the stages as their credit quality changes.

The stages determine how impairment losses are measured and the effective interest is applied. For trade receivables, the Group applies the simplified approach, which permits the use of lifetime ECL. Provisions rates are determined based on groupings of trade receivables sharing the same credit risk characteristics and days past due.

Regarding Group intercompany loans, impairment losses will be recognized based on 12-months or lifetime ECL depending on whether a significant increase in credit risk has arisen since initial recognition.

Prepayments

Prepayments comprise prepaid expenses.

NOTES: Group

Financial Statements for the period January 1 - December 31

Equity

Foreign currency translation adjustments

Foreign currency translation adjustments comprise exchange adjustments in connection with the translation of foreign subsidiaries' balance sheets from their functional currency into the Group's presentation currency.

Other reserves

Other reserves comprise hedge accounting in Lithuania.

Income taxes

Current taxes are recognized in the balance sheet as the estimated tax in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated at local rates of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on goodwill.

Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Financial liabilities

Financial liabilities comprise mortgage debt, payables to other credit institutions and subordinated loans. Financial liabilities are recognized at the inception of the loan at the proceeds received, net of transaction costs incurred.

Financial liabilities are subsequently measured at amortized cost, determined by reference to the effective interest rate at the time of borrowing.

Fair value

Fair value measurements are based on the principal market. If no principal market exist, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1:
Value in an active market for similar assets/liabilities

Level 2:
Value based on recognized valuation methods on the basis of observable market information

Level 3:
Value based on recognized valuation methods and reasonable estimates (non-observable market information)

Cash flow statement

The cash flow statement shows the Group's and the parent company's net cash flow during the year, the year's changes in cash and cash equivalents and the cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are presented using the indirect method and are calculated as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial expenses and paid income taxes.

Cash flows from investing activities comprise payments related to additions and disposals of fixed assets, securities related to investing activities and dividends received from subsidiaries. Cash flows from financing activities comprise dividends paid to shareholders, borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and near money securities in respect of which the risk of changes in value is insignificant.

Financial highlights

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

Segment information

Revenue, result, total assets and liabilities has been allocated according to geographical markets.

NOTES: Group

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Ratios

Term	Description
EBITDA	Earnings before interest, tax, depreciation and amortization
EBITDA margin	EBITDA x 100 / Revenue
Current ratio	Current assets x 100 / Current liabilities
Equity ratio	Total equity x 100 / Total assets
Return on equity	Profit for the year x 100 / Equity
Sold volume liveweight	Weight of slaughter pigs, piglets, weaners and sows sold
kMT	1,000,000 kg
Capital invested	Assets less cash, less bonds less non-interest-bearing debt including provisions
Return on average invested capital	EBIT x 100 / Average invested capital
Net interest-bearing debt	Non-current interest-bearing liabilities plus debt to credit institutions less cashless bonds

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Note 2.
Critical Accounting Estimates And Judgements

In connection with the preparation of the consolidated financial statements, Management makes a number of judgements and estimates, which form the basis of the recognition and measurement of income, expenses, assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date.

Accounting judgements

In the process of applying the Group's accounting policies, management has not exercised judgements which may have a significant effect on the amounts recognized in the consolidated financial statements.

Accounting estimates

Recognition and measurement of certain assets and liabilities at the balance sheet date require that management makes assumptions and estimates of future events. If these assumptions and estimates are not realized as expected, it may result in significant corrections of the carrying amounts of the affected assets and liabilities in the subsequent financial year.

In 2018, Management made assumptions and estimates in connection with the recognition and measurement of biological assets.

Idavang Group value the herd based on fair value.

Slaughter pigs above 60 kg are valued based on recent sales price per kg.

The sales price for weaners in Lithuania is based on official quotes plus volume fee agreed with customers. The valuation of piglets is based on official quotes. Sows (and the remaining breeding herd) are valued based on, official quotes, a number of elements genetics, cost and expected piglets.

The carrying amount at 31 December 2018 is EUR 35,933 thousand (2017: EUR 36,691 thousand). Please refer to note 16.

EUR	**2018**	2017
Slaughterpig sales price liveweight – Russia end year	1.30	1.19
Slaughterpig sales price liveweight – Lithuania end year	0.93	1.04
Weaners (30 kg) sales price – Lithuania end year	47	51
Piglets (7 kg)	21	30
Premium for Russian meat (relation between slaughter pig prices)	40%	14%
Sows unit price – Russia	630	590
Sows unit price – Lithuania	475	468

NOTES: Group

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Note 3.
Segments

EUR'000 2018	Lithuania	Russia	Other / Eliminations	Group
Revenue	**53,257**	**46,261**	**0**	**99,518**
Value adjustment, biological assets (non-cash item)	-1,206	3,762	0	2,556
Production costs	-53,158	-35,692	-4	-88,854
Administrative costs	-2,054	-1,414	-1,198	-4,666
Other income	1,095	579	0	1,674
Other expense	0	-102	0	-102
Operating profit	**-2,066**	**13,394**	**-1,202**	**10,126**
Net financials	-1,034	-2,192	-3,660	6,886
Foreign exchange adjustments	-8	26	-2,428	-2,410
Profit before tax	**-3,108**	**11,228**	**-7,290**	**830**
Tax on profit for the year	413	-30	0	383
Profit for the period	**-2,695**	**11,198**	**-7,290**	**1,213**
Depreciations included in production cost	3,270	4,235	3	7,508
EBITDA	**1,204**	**17,629**	**-1,199**	**17,634**
EBITDA fixed herd prices (excluding non-cash items)	2,410	13,867	-1,199	15,078
Total assets	66,656	85,467	28,844	180,967
Liabilities	38,741	42,320	49,809	130,567
Net assets	**27,915**	**43,147**	**-20,965**	**50,400**

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Note 3.
Segments

EUR'000 2017	Lithuania	Russia	Other / Eliminations	Group
Revenue	**61,066**	**48,530**		**109,596**
Value adjustment, biological assets (non-cash item)	-2,407	-2,639		-5,046
Production costs	-48,475	-38,134	-5	-86,614
Administrative costs	-1,861	-1,562	-1,950	-5,373
Other income	1,258	319	0	1,577
Other expense	0	-83	-247	-330
Operating profit	**9,581**	**6,431**	**-2,202**	**13,810**
Net financials	-1,215	-3,231	-178	-4,624
Foreign exchange adjustments	-16	-214	-1,045	-1,275
Profit before tax	**8,350**	**2,986**	**-3,425**	**7,911**
Tax on profit for the year	-1,800	-42	-7	-1,849
Profit for the period	**6,550**	**2,944**	**-3,425**	**6,062**
Depreciations included in production cost	3,233	4,559	5	7,797
EBITDA	**12,814**	**10,990**	**-2,197**	**21,607**
EBITDA fixed herd prices (excluding non-cash items)	15,221	13,629	-2,197	26,653
Total assets	67,727	85,169	26,189	179,083
Liabilities	-32,715	-47,384	-44,915	-125,014
Net assets	**35,012**	**37,785**	**-18,726**	**54,071**

NOTES: Group

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Note 4.
Fees Paid To Auditors Appointed At The Annual General Meeting

EUR'000	**2018**	2017
Fee regarding statutory audit	99	107
Assurance engagements	18	48
Tax assistance	0	0
Other assistance	0	0
Total	117	155

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Note 5.
Staff Costs

EUR'000	**2018**	2017
Wages and salaries	10,074	11,235
Other social security costs	2,515	2,692
Share-based payments (note 6)	0	-298
Other staff costs	523	420
Total	13,112	14,049

Staff costs are recognized as follows in the financial statements:

EUR'000	**2018**	2017
Production	10,309	10,582
Fixed assets	50	200
Administration	2,753	3,267
	13,112	14,049
Of which:		
Remuneration for executive board	653	837
Salaries to other executive officers	539	1,410
Remuneration for board of directors	169	142
Share-based payments (note 6), executive board and officers	0	-298
Total	1,361	2,091
Average number of full-time employees	809	807

NOTES: Group

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Note 6.
Share-based Payments

Idavang A/S has in 2013 set up an equity-based compensation plan under which options are granted to one group executive. The options vests on 31 December 2022 or on an earlier change in the Company's ownership structure (exit).

Management has estimated the expected vesting period.

If all the options vest, the executives become entitled to subscribe for shares in the Company worth a total nominal amount of up to EUR 24,000. Each option granted provides the owner with a right, but not an obligation, to purchase one share with a nominal value of EUR 84.00 in the Company in 2015 indexed up to EUR 269.56 in 2022.

The market value of the options is calculated using the Black-Scholes model. The calculation of present market values is based on the following assumptions:

Volatility 30.5%, risk-free interest rate 1.0%, exercise price up to EUR 269.56, and no dividend before after 2022.

The volatility is calculated on the basis of a peer group of comparable enterprises. These peers were analyzed over a period, following which the volatility for purposes of the valuation was calculated as the median. As at 31 December 2018, the fair value amounts to EUR 134,000 (2017: EUR 134,000).

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Note 7.
Amortization, Depreciation And Impairment

EUR'000	**2018**	2017
Buildings	3,634	4,106
Plant and machinery	3,600	3,386
Other fixtures and fittings, tools and equipment	243	257
Intangible assets	31	47
Total	7,508	7,797

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Note 8.
Other Income

EUR'000	**2018**	2017
Grants in Russia on meat and grain	125	123
Sale of slurry	493	598
Delivery of pigs	558	510
Miscellaneous	498	346
Total	1,674	1,577

NOTES: Group

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Note 9.
Financial Income

EUR'000	**2018**	2017
> Financial income from financial assets and liabilities at fair value through profit or loss:		
Interest, derivative financial instruments	29	0
Exchange gains	0	0
Interest income, banks	204	436
Other	3	5
Total financial income	236	441

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Note 10.
Financial Expenses

EUR'000	**2018**	2017
> Financial expenses from financial assets and liabilities at fair value through profit or loss:		
Interest, derivative financial instruments	0	4
> Financial expenses originating from loans and receivables measured at amortized cost:		
Exchange losses	2,410	1,275
Interest payables to credit institutions	1,235	3,930
Interest, bonds	5,381	307
Interest, subordinated loans	0	665
Other	507	159
Total financial expenses	9,532	6,340

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Note 11.
Government Grants

The Group receives government grants in the form of reimbursement of interest on loans, grants for crop production and compensation for high grain prices.

The Group also receives grants for the maintenance of property, plant and equipment in return for a commitment to carry on pig production for a certain number of years.

EUR'000	**2018**	2017
Carrying amount 1/1	2,221	2,125
Received in the year	86	2,167
Recognised in profit or loss in the year	-200	-1,965
Exchange adjustment	-182	-106
Carrying amount 31/12	1,925	2,221

The carrying amount of the grants partly relates to the EU SAPARD. The carrying amount is no longer subject to non-fulfilment terms if the underlying assets are not used.

Government grants relating to interest on loans from credit institutions have been deducted in financial expenses.

NOTES: Group

Financial Statements for the period January 1 - December 31

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Note 12. Income Taxes

EUR'000	**2018**	2017
Income tax expense recognized in profit or loss:		
Estimated tax on the taxable income for the year	-96	-616
Adjustment regarding prior year	0	1
Change in deferred tax	479	-1,233
Income taxes	383	-1,849
Reconciliation of tax rate:		
Danish tax rate	22%	22%
Difference, tax rate in foreign subsidiaries	-68%	-14%
Difference, tax rate changes in foreign subsidiaries	0%	17%
Tax loss carry forward not capitalized	0%	0%
Effective tax rate	-46%	23%
Income taxes:		
Carrying amount 1/1	470	88
Payment	1,027	-246
Tax on taxable income for the year	96	616
Exchange rate adjustment	-3	12
Carrying amount 31/12	-464	470

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Note 13. Intangible Assets

EUR'000	**Goodwill**	**Rights**	**Total**
Cost at 1 January 2017	1,967	669	2,636
Additions	0	23	23
Disposals	0	-6	-6
Exchange adjustments	0	-38	-38
Cost at 31 December 2017	1,967	648	2,615
Amortization at 1 January 2017	948	279	1,227
Amortization	0	47	47
Disposals	0	0	0
Impairment	0	0	0
Exchange adjustments	0	-12	-12
Impairment losses and amortization at 31 December 2017	948	314	1,262
Carrying amount at 31 December 2017	1,019	334	1,353
Cost at 1 January 2018	1,967	648	2,615
Additions	0	15	15
Disposals	0	0	0
Exchange adjustments	0	-64	-64
Cost at 31 December 2018	1,967	599	2,566
Amortization at 1 January 2018	948	314	1,262
Amortization	0	31	31
Disposals	0	0	0
Impairment	0	0	0
Exchange adjustments	0	-23	-23
Impairment losses and amortization at 31 December 2018	948	322	1,270
Carrying amount at 31 December 2018	1,019	277	1,296

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Note 14.
Impairment Test, Intangible Assets

Intangible assets with indefinite lives (goodwill) are tested for impairment on an annual basis.

Goodwill

Goodwill relates to Lithuania: Šalnaičių (1999) and Skabeikių (2006).

Goodwill is tested for the smallest group of cash-generating units in respect of which goodwill is monitored by Management and which is not larger than the group's operating segments.

As sales and production are managed centrally in each individual country, goodwill is monitored at country level. Goodwill has been allocated to Lithuania, the carrying amount of goodwill at 31 December totaled:

Lithuania	**2018**	2017
EUR'000	1,019	1,019

The recoverable amount is determined on the basis of a calculation of the value in use using cash flow calculations based on budgets and forecasts for 2019-2021 (2017: 2018-2020), as approved by management. The calculation of the value in use is based on the following estimates:

Lithuania	**2018**	2017
Discount factor before tax	9.1%	8.7%
Growth rate in terminal period	2%	2%

The key assumptions used in cash flow projections are as follows:

Selling price per kilo pork compared with cost price per kilo grain

For Lithuania, a conservative expectation as to average sales prices and grain prices has been used, based on 2019 budget. Forward estimates are based on historical averages and EU forecasts.

Investments

Lithuania's investments are expected to be EUR 2.0m, but in terminal value investment is included equal to depreciations to be conservative. It is therefore Management's judgement that investments will be lower than depreciation charges going forward.

Working capital

In Management's opinion, working capital reached a normal level in 2018 in the cash generating units. Management does not expect significant changes to the level of working capital in future.

As the estimated value in use is considerably higher than the carrying amount, the impairment test shows no indication of impairment of goodwill.

NOTES: Group

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Note 15.
Property, Plant And Equipment

EUR'000 2018	Land and buildings	Plant and machinery	Fixtures, fittings, tools, equipment	Plants under construction	Total
Cost at 1 January 2018	100,329	36,359	3,690	3,501	143,879
Additions	673	3,255	244	8,429	12,601
Disposals	-1	-1,108	-138	0	-1,247
Transfer	1,049	1,802	-93	-2,758	0
Exchange adjustments	-6,224	-2,944	-69	-789	-10,026
Cost at 31 December 2018	95,826	37,364	3,634	8,383	145,207
Impairment losses and depreciation at 1 January 2018	29,811	23,003	2,473	0	55,287
Depreciation	3,634	3,600	243	0	7,477
Reversed depreciation on disposal	0	-969	-116	0	-1,085
Exchange adjustments	-1,524	-1,559	-144	0	-3,227
Impairment losses and depreciation at 31 December 2018	31,921	24,075	2,456	0	58,452
Carrying amount at 31 December 2018	63,905	13,289	1,178	8,383	86,755
Land which is not depreciated	2,708				
Of which financial leased		2,064			

Cost amount of assets written off but still in use is EUR 15,588 thousand.

The amount of borrowing costs capitalised during the year ended 31 December 2018 was EUR 50k (2017: EUR 0)

NOTES: Group

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Note 15.

Property, Plant And Equipment

EUR'000 2017	Land and buildings	Plant and machinery	Fixtures, fittings, tools, equipment	Plants under construction	Total
Cost at 1 January 2017	102,556	35,112	3,612	2,228	143,508
Additions	549	2,150	279	3,355	6,333
Disposals	0	-310	-161	-18	489
Transfer	836	989	0	-1,825	0
Exchange adjustments	-3,612	-1,582	40	-239	-5,493
Cost at 31 December 2017	100,329	36,359	3,690	3,501	143,879
Impairment losses and depreciation at 1 January 2017	26,485	20,664	2,381	0	49,530
Depreciation	4,106	3,386	257	0	7,749
Reversed depreciation on disposal	0	-241	-123	0	-364
Exchange adjustments	-780	-806	-42	0	-1,628
Impairment losses and depreciation at 31 December 2017	29,811	23,003	2,473	0	55,287
Carrying amount at 31 December 2017	70,518	13,356	1,217	3,501	88,592
Land which is not depreciated	2,965				
Of which financial leased		1,132			

Cost amount of assets written off but still in use is EUR 5,824 thousand.

The amount of borrowing costs capitalised during the year ended 31 December 2017 was EUR 0 (2016: EUR 0)

NOTES: Group

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Note 16.
Biological Assets

Value adjustment of biological assets.

EUR'000	Crops	Commercial herd	Total current assets	Non current assets Breeding herd
Carrying amount at 1 January 2017	1,270	28,888	30,158	13,655
Gains/losses from fair value changes	0	-5,947	-5,947	901
Additions	3,769	80,372	84,141	3,547
Disposals	-4,397	-77,944	-82,341	-5,446
Transfers	0	-2,061	-2,061	2,061
Exchange adjustments	-63	-854	-917	-483
2017 **Carrying amount at 31 December 2017**	579	22,454	23,033	14,235
Biological assets provided as security for loans	0	0	0	0
Carrying amount at 1 January 2018	579	22,454	23,033	14,235
Gains/losses from fair value changes	0	943	943	1,613
Additions	4,356	77,752	82,108	3,398
Disposals	-3,332	-75,985	-79,317	-6,110
Transfers	0	-1,973	-1,973	1,973
Exchange adjustments	-150	-1,452	-1,602	-915
2018 **Carrying amount at 31 December 2018**	1,453	21,739	23,192	14,194
Biological assets provided as security for loans	0	0	0	0

Idavang uses the following hierarchy for determining and disclosing the fair value:

Level 1:
Quoted (unadjusted) prices in active markets for identical assets

Level 2:
Significant observable inputs

Level 3:
Significant unobservable inputs

Commercial and breeding herd are measured at fair value level 2 due to significant links to observable quotes on pigs and recent sales prices.

	2018	2017
Crops	An area of 6,926 ha, was harvested mainly wheat, and by the end of 2018 5,903 ha, were seeded	An area of 7,016 ha, was harvested mainly wheat, and by the end of 2017 1,616 ha, were seeded
Commercial herd	Stock decreased due to one farm not in operations and at year-end stock was 369,352 pigs. During the year 759,945 slaughter pigs, 31,778 weaners and 15,773 sows were sold	Stock increased due to increasing of contracting in Poland and at year-end the stock was 374,900 pigs. During the year 752,807 slaughter pigs, 47,497 weaners and 14,803 sows were sold
Breeding herd	Stock decreased and the year ended with a total of 28,880 sows, gilts and boars	Stock decreased and the year ended with a total of 29,655 sows, gilts and boars

Crops are based on cost of seed, fertilizer, chemical, variable cost and salary to field production. Revaluation of consumable biological assets was made based on the prices of the most recent sales prices and official quotes.

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Note 17.
Loans, Receivables And Liabilities Measured At Amortised Cost

EUR'000	2017 Carrying amount	2017 Fair value	**2018 Carrying amount**	**2018 Fair value**
> Loans and receivables at amortized cost:				
Trade receivables	2,055	2,055	2,194	2,194
Other receivables	1,432	1,432	1,930	1,930
Cash	37,451	37,451	41,112	41,112
Total loans and receivables measured at amortised cost	**40,938**	**40,938**	**45,236**	**45,236**
> Financial liabilities measured at amortized cost:				
Payables to credit institutions	110,445	110,445	116,781	116,781
Trade payables	7,403	7,403	8,208	8,208
Total financial liabilities measured at amortised cost	**117,848**	**117,848**	**124,989**	**124,989**

Idavang uses the following hierarchy for determining and disclosing the fair value:

Level 1:
Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2:
Other techniques for which all input that have a significant effect on the recorded fair value are observable, either directly or indirectly.

All financial assets and liabilities are classified as level 2 except bonds, which are level 1.

NOTES: Group

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Note 18.
Deferred Tax

EUR'000	Consolidated balance sheet **2018**	2017	1/1 2017	Income statement **2018**	2017
Property, plant and equipment	-829	-856	-295	29	-561
Biological assets	-1,101	-1,241	-580	140	-661
Other non-current assets	1	1	0	0	1
Current assets and liabilities	32	23	7	7	16
Tax loss carry forward	1,060	760	788		-28
Deferred tax income/(expense)				176	-1,233
Deferred tax asset/(liability)	837	-1,313	-80		

Deferred tax asset/liability is recognised in the balance sheet as follows:

	2018	2017	1/1 2017
Deferred tax asset	757	760	761
Deferred tax liability	1,594	2,073	841
Deferred tax, net	837	-1,313	-80

Reconciliation of deferred tax, net:

	2018	2017
At 1/1	-1,313	-80
The year's tax income/expense recognized in profit or loss	479	-1,233
Exchange adjustments	-3	0
At 31/12	-837	-1,313

Tax losses carry forward not capitalized are EUR 3,600 thousand due to uncertainties of utilizing it in the future.

Deferred tax assets (tax loss carry forward) are recognised when it is assumed highly probably that the assets will be utilised.

Effect of income statement is the difference of opening and closing deferred tax.

NOTES: Group

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Note 19.
Inventories

EUR'000	**2018**	2017	1/1/2017
Raw materials and consumables	10,160	9,182	10,680
Cost of sales recognised in profit or loss (feed)	59,228	54,864	-

Impairment losses on inventories are recognized in cost of sales at EUR 0 (2017: EUR 0).

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Note 20.
Trade Receivables

Trade receivables at 31 December 2018 include receivables at a nominal value of EUR 2,194 thousand (2017: EUR 2,055 thousand), the carrying amount of which has been reduced by EUR 0 thousand (2017: EUR 0 thousand) regarding write downs.

Trade receivables overdue by more than 30 days are EUR 358 thousand (2017: EUR 66 thousand).

The reason why trade receivables are low compared to revenue is that all sales in Russia are prepaid by the customer and sales in the EU (mainly Lithuania) have been covered through credit insurance agreements since 2006.

As all sales in Russia are prepaid and all other sales have been covered by credit insurance the write-down according to the expected credit loss model is insignificant. Therefore there have not been recognized any write-downs on the receivables.

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Note 21.
Cash

EUR'000	**2018**	2017
Cash	13,586	12,457
Escrow account	24,876	24,994
Total	38,462	37,451

Cash deposit on escrow account in order for JAST Holding ApS to manage the put option from IFC if IFC wants to utilize it.

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Note 22.
Capital Structure

Capital management

The Group aims to create the room required to secure its strategic development activities and be able to provide a competitive return for its shareholders.

The Board of Directors generally intends to distribute excess cash to the shareholders by way of dividends. However, dividends will always take into account the Group's growth plans and funding requirements.

Share and authorisations

Idavang A/S has only one share class with equal rights. Shares have a denomination of EUR 1 per share. The shares are non-negotiable instruments.

NOTES: Group

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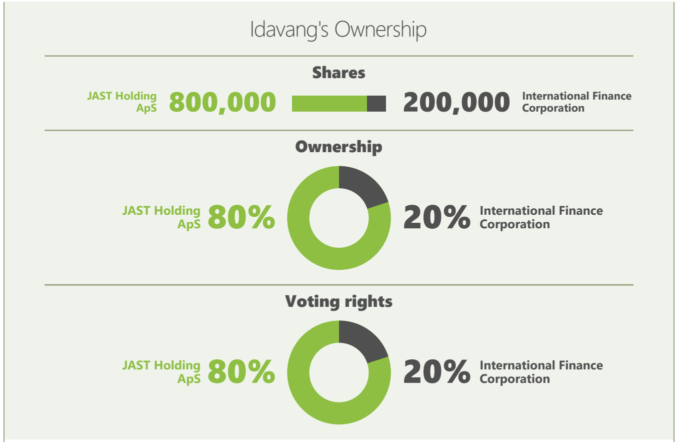

Capital Structure

The share capital has been paid in full.

All resolutions at the general meetings of shareholders must be adopted by a simple majority of the votes of the shares present at the meeting, unless one of the listed voting right restrictions or the Danish

Companies Act provides otherwise.

In the event of a tie, the proposal will lapse.

The Company must not make the following decisions or actions without the prior written consent of IFC:

1. Amend the articles of association

2. Change the designations, powers, rights, preferences or privileges, or qualifications, limitations or restrictions of the shares owned by IFC

3. Create, authorise or issue any shares in the capital, equivalent to shares or other equity security

4. Perform any disposal, including, but not limited to, any sale, or arranging for the disposal of:

- **a)** More than five per cent (5%) of the total assets of the company on a consolidated basis during any financial year
- **b)** Shares in the company or any subsidiary

5. Carry through any amalgamation, merger, consolidation, reconstruction, restructuring or similar transaction of the company except for mergers of any subsidiaries with the company or mergers between subsidiaries

6. Authorise or undertake any liquidation event, unless such decision is mandatory under Danish law or ordered by the Danish Business Authority

7. Authorise or undertake any listing, any offering or any delisting of the shares of the company

8. Authorise or undertake any reduction of capital or share repurchase

9. Change the primary business of the company

10. Remove or replace the external auditor or change the financial year

11. Declare or pay any dividend, distribution or redemption of shares

The Company is managed by a Board of Directors counting 5-9 members who are elected for one year at a time. Directors are eligible for re-election.

The Company must have at least one independent director for as long as IFC is a shareholder. IFC is entitled to appoint one director for as long as IFC is a shareholder in the Company.

NOTES: Group

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Note 23.
Management

	Board Of Directors				Executive Board	
Name	**Niels Hermansen**	**Jytte Rosenmaj**	**Ole Bjerremand Hansen**	**Carsten Lund Thomsen**	**Claus Baltersen**	**Michael Henriksen**
Role	CHAIRMAN	DEPUTY CHAIRMAN	BOARD MEMBER	BOARD MEMBER	BOARD MEMBER & CEO	CFO
Born	1953	1964	1960	1967	1971	1974
Gender	Male	Female	Male	Male	Male	Male
Nationality	Danish	Danish	Danish	Danish	Danish	Danish
First elected	2013	1999	1999	1999	2017	
Employed since					1998	2009
Independent	Yes	No	No	No	No	
Audit Committee	Member	Chairman	Member	Member		
Securities 31.12.2018	0	0	0	0	0	0
JAST Holding [1]	0	0	125,000 [2]	83,332	41,668	0
Directorships: Chairman	Fredericia Furniture A/S, Vikan A/S, Vissingfonden	Nutriflow Aps, CubAgro Holding Aps, CerCa A/S, Tofthøj Agro Aps, Danish Farmers Abroad, Commoditrader Aps		Jast Holding Aps, Slovakia Field Invest A/S, CMC Agro A/S, Ejendomsselskabet Niels Bugges Kro og Hotel A/S, Naturbiogas, Sode A/S		
Directorships: Deputy Chairman		AgroSkandia Holding A/S				
Directorships: Member	Stjerneskansen Holding Aps Vissing Holding A/S	Jast Holding Aps, Agro Skandia Holding A/S, Meta Mariehjemmet, DCH International A/S	Jast Holding Aps, Nutriflow Aps, CerCa A/S, CubAgro Holding Aps, Tofthøj Agro Aps, Sonaj Invest A/S	Lerche-Simonsen A/S, Slovakian Farm Invest A/S, Danish Pig Consulting Group A/S, Akset A/S, Sundgaard Invest A/S	Jast Holding Aps	

1) JAST Holding A/S is Idavang A/S's majority shareholder with 80%, and the company has issued 250,000 shares in total.

2) Include all shares controlled

NOTES: Group

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Note 24.
Financial Risks

Sales price risk

The Group is highly exposed to global and EU developments in the price of pork.
Lithuanian sales are fully linked to EU and German prices. A 1% change would affect profit by EUR 0.6m (2017: EUR 0.6m), all other things being equal.

Russian sales due to closed borders towards the EU more linked to the global market. A 1% change would affect profit by EUR 0.5m (2017: EUR 0.5m), all other things being equal.

Raw material price risk

The Group is highly exposed to global and EU developments in the price of grain and protein (soy and sunflower).

A change of 10% on grain prices is estimated to affect profit by +/- EUR 3.1m in 2018 (2017: EUR 2.8m), all other things being equal.

Furthermore, a similar 10% change in protein prices is estimated to affect profit by +/- EUR 1.9m in 2018 (2017: EUR 1.9m), all other things being equal.

Credit risk

The Group positively wants to minimise its credit risks, which mainly relate to sales transactions and bonds/cash holdings.

Sales transactions should therefore for all Russian customers be carried through up-front in cash, and for EU clients, credit insurance need to be taken out in advance.

Liquidity risk

The Idavang Group has is main financing in a 4 year bond with bullet payment on expiry in December 2022, hence limited debt service. The Group monitors its risk to a shortage of funds, high-level liquidity planning tool and detailed budgets. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, cash and bonds.

The Group have targets for reduction of net interest bearing debt during the next 3 years, so that refinancing the bond will be unproblematic. The Bond loan agreements is not subject to financial covenants. There are no breaches on covenants as at 31 December 2018.

Foreign exchange risk

The Group's indebtedness is roughly split evenly between Lithuanian and Russia currencies to make natural hedge against fluctuations in revenue streams.

Consolidated profit and loss and financial debt divided by foreign exchange risk (without change in herd and depreciation).

EUR'000 2018	RUB	USD	EUR
Revenue	46,261	0	53,257
Production cost	-13,253	-18,407	-50,108
Administration expenses	-1,414	0	-3,252
Net exposure	31,594	-18,407	-307
Sensitivity 1% kEUR	315	-184	-3
Payables to credit institutions	26,173	0	90,608
Net exposure	26,173	0	90,608

The following assumptions are made in the overview above: revenue in Russia is RUB-denominated. Grain and soy in Russia are linked to USD also when formally invoiced in RUB. EUR includes DKK as it is tied up to the EUR.

Interest rate risk

The Group's funding from bonds has variable interest rates and the remaining have fixed rates. It is the Group's policy not to enter into interest rate swaps.

A 1% change in Euribor 3 months would, all other things being equal, affect P/L by EUR 0.9m (2017: EUR 0.9m), but as it has a floor of 0% is the increase from negative 0.3% to 0% without effect.

NOTES: Group

Financial Statements for the period January 1 - December 31

The Group's policy is to minimize current payables to credit institutions.

The Group has assessed the concentration of risk with respect to refinancing of its debt, finding it to be low and spread among a number of banks. Access to sources of funding is sufficiently available and debt maturing within 12 months is expected to a high degree to be rolled over with existing lenders.

EUR'000 2018	1/1	Cash flow	FX/Other	12/31
Payables to credit institutions	12,148	3,145	-1,274	14,019
Issued bonds	78,715	3,733	374	82,822
Current portion of non-current liabilities to credit institutions	2,578	7,509	-833	9,254
Payable to credit institutions	17,004	-4,573	-1,745	10,686
Total	**110,445**	**9,814**	**-3,478**	**116,781**

EUR'000 2017	1/1	Cash flow	FX/Other	12/31
Payables to credit institutions	58,026	-44,870	-1,008	12,148
Issued bonds	-	78,715	-	78,715
Subordinated loans	3,125	-3,125		-
Current portion of non-current liabilities to credit institutions	8,095	-5,338	-179	2,578
Payable to credit institutions	10,139	7,898	-1,033	17,004
Total	**79,385**	**33,280**	**-2,220**	**110,445**

Payables to credit institutions are recognised in the balance sheet as follows:

Currency	Interest	2018	Within 1 year	1-5 years	More than 5 years
EUR	6.9%	82,822	0	82,822	0
EUR	2.5-3.5%	6,713	349	6,364	0
RUB	3.5-4.5%	26,173	19,996	6,177	0
DKK	2.5%*	1,073	0	1,073	0
Total		**116,781**	**20,345**	**96,436**	**0**

* Partly subsidy loans with higher interest where reimbursement goes directly to Idavang, the interest illustrated is net of subsidy.

Currency	Interest	2017	Within 1 year	1-5 years	More than 5 years
EUR	6.9%	78,715	0	78,715	0
EUR	2.5-3.5%	4,127	265	3,862	0
RUB	3.5-4.5%	27,603	19,137	8,466	0
Total		**110,445**	**19,402**	**91,043**	**0**

Payables to credit institutions and bonds including interest have the following maturity terms:

EUR'000	2018	2017
Within 1 year	20,891	25,552
1-5 years	108,204	107,852
More than 5 years	0	0
Total	**129,095**	**133,404**

Quoted bond is included with EUR 5,525k with 1 year and EUR 94,850k 1-5 years. See note 25 for more information.

NOTES: Group

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Note 25.
Bond

Issuer	Idavang A/S
Security package:	(i) share pledges over Guarantors and Russian operating companies, excluding Idavang LLC (Ostrov), (ii) mortgages over substantially Lithuanian real estate, (iii) Danish registered negative pledges, (iv) account pledge over IFC Deposit account and (v) assignment over intra-group loan (RUB 1.37bn) from the Issuer to Idavang Agro LLC
Original Guarantors:	Rus Invest Aps, Rurik A/S, Pskov Invest Aps, Idavang Russia A/S, UAB Idavang, UAB Idavang Pasodele and UAB Kepaliai
Status of the bond:	Senior secured
Currency:	EUR
Initial debt amount:	EUR 85 millions
Other facilities:	Super senior RCF up to 9 mEUR, governed under an inter-creditor agreement with bondholders. Basket of leasing, factoring and other of 6,5 mEUR and permitted indebteness of RUB 1,750m in Russia (apx. EUR 25m)
Tenor	4 years
Pricing:	3m EURIBOR + 650 bps p.a., quarterly interest payments, EURIBOR floor of 0%
Rating:	Unrated
Call options:	Non call during the first 24 months, then 50/30/10/0 after 24/30/36/42
Incurrence test	"NIBD/EBITDA LTM fixed herd price (net leverage) of 3.00 and No Event of Default is continuing or occurring upon the incurrence or payment"
Restricted payments	No financial support (by way of loans, capital or similar) by the Issuer to Russian subsidiaries, except if funded by the super senior facility or if the incurrence test is met (excluding the IFC Deposit from Net Interest Bearing Debt)
Information covenants:	Annual audited statements, quarterly unaudited reports
Change of control:	Investor put at 101%
Listing of bonds:	Nasdaq Copenhagen
Trustee:	Nordic Trustee
Governing law:	Danish law

NOTES: Group

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Note 24.
Contingent Liabilities, Securities And Other Financial Obligations

Contingent liabilities

Securities

The following assets have been provided as security for the group's bankers:

EUR'000	**2018**	2017
Land, buildings and machinery	49,035	54,743
Herd	0	0
Inventories	0	0
Cash and cash equivalents	24,876	24,994
Total	**73,911**	**79,737**

Other obligations

IFC has a put option on its 200,000 nom. Shares in Idavang A/S to Idavang A/S and Jast ApS. The put option can be exercised from 2016 to 2020.

The put option is recognised and disclosed in the financial statements for the parent company, Jast Holding ApS.

IFC's put option is based on market values, hence it fluctuates, end 2018 the full obligation of Idavang A/S and Jast Holding ApS constitute a payment of EUR 9.7 million.

Purchase contracts of grain, soy and sunflower in Lithuania and Russia of EUR 17.3m (2017: EUR 13.8m).

The Idavang Group is party of a credit facility agreement with Jyske Bank and Nordic Trustee. See details in Parent Company note 16.

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Note 27.
Post Balance Sheet Events

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Parent Company Financial Statements

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Parent Company

Financial Statements for the period January 1 - December 31

Income Statement

NOTE	EUR'000	2018	2017
	Revenue	**150**	150
3 4 5	Administration costs	-1,353	-2,104
	Other expense	0	-246
	Operating profit	**-1,203**	-2,200
6	Financial income	14,107	11,263
7	Financial expenses	-8,996	-5,143
	Profit before tax	**3,908**	3,920
8	Tax on profit for the year	0	0
	Profit for the year	**3,908**	3,920
	Attributable to:		
	Transferred to equity	3,908	3,920

Statement Of Other Comprehensive Income

EUR'000	2018	2017
Profit for the year	**3,908**	3,920
Other comprehensive income		
Exchange adjustment, foreign subsidiaries	-4	-13
Other comprehensive income not be reclassified to profit or loss in subsequent periods	0	0
Total comprehensive income	**3,904**	3,933

Parent Company

Financial Statements for the period January 1 - December 31

Balance Sheet

Assets

NOTE	EUR'000	2018	2017
	Non-current assets		
10	Property, plant and equipment	18	23
	Other non-current assets		
9	Shares in subsidiaries	28,516	28,604
	Other receivables	441	0
	Total non-current assets	**28,975**	28,627
	Current assets		
	Receivables		
12	Receivables from group companies	23,193	37,844
	Other receivables	98	82
	Total receivables	**23,291**	37,926
13	*Cash*	50,539	25,322
	Total current assets	**73,830**	63,248
	Total assets	**102,805**	91,875

Equity & Liabilities

NOTE	EUR'000	2018	2017
	Equity		
	Share capital	1000	1000
	Exchange adjustments	-37	-33
	Retained earnings	3,986	78
	Total equity	**4,949**	1,045
	Non-current liabilities		
11 12	Credit institutions and issued bonds	83,895	78,715
14	Deferred tax	0	0
	Provisions	134	134
	Total non-current liabilities	**84,029**	78,849
	Current liabilities		
12	Credit institutions	0	3,180
	Payable to group companies	13,469	8,129
12	Other payables	358	672
	Total current liabilities	**13,827**	11,981
	Total liabilities	**97,856**	90,830
	Total equity & liabilities	**102,805**	91,875

Parent Company

Financial Statements for the period January 1 - December 31

Statement Of Changes In Equity

EUR'000	Share Capital	Share Premium	Exchange Adjustment	Retained Earnings	Total
Equity at 1 January 2017	1,000	20,045	-46	-2,887	**18,112**
Profit/loss for the year				3,920	3,920
Other comprehensive income			13		13
Total comprehensive income	0	0	13	3,920	**3,933**
Transfer		-20,045		20,045	0
Dividend				-21,000	-21,000
Equity at 31 December 2017	1,000	0	-33	78	**1,045**
Profit/loss for the year				3,908	3,908
Other comprehensive income			-4		-4
Total comprehensive income	0	0	-4	3,908	**3,904**
Equity at 31 December 2018	1,000	0	-37	3,986	**4,949**

Parent Company

Financial Statements for the period January 1 - December 31

Cash Flow Statement

NOTE	EUR'000	2018	2017
	Operating profit/loss	-1,203	-2,201
5	Depreciation and amortisation	5	5
	Changes in receivables	12,292	-36,751
	Changes in non-current receivables	-441	0
	Changes in other current liabilities	5,026	7,266
4	Share-based payments	0	-298
	Total	**15,679**	-31,979
	Interest received	2,426	352
	Dividend received	11,681	10,912
	Interest paid	-6,195	-1,853
	Corporation tax paid	0	0
	Cash flows from operating activities	**22,843**	-22,608

NOTE	EUR'000	2018	2017
14	Acquisition of property, plant and equipment	0	-26
	Disposal of property, plant and equipment	0	4
	Cash flows from investing activities	**0**	-22
	Proceeds from borrowings	4,806	83,180
	Repayment of borrowings	-3,180	14,889
	Dividends paid	0	-21,000
	Reserved cash on escrow account	0	-25,000
	Cash flows from financing activities	**1,626**	22,291
	Net cash flows from operating, investing and financing activities	25,217	-339
	Cash and cash equivalents at 1 January	322	661
	Exchange adjustments	0	0
13	**Cash and cash equivalents at 31 December**	**25,539**	322

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

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Note 1.
Significant Accounting Policies

The financial statements of Idavang A/S are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and additional Danish disclosure requirements for financial statements.
The financial statements are presented in EUR. The company's functional currency is DKK.
The accounting policies applied by Idavang A/S are consistent with those applied by the group, cf. note 1 to the consolidated financial statements and the below:

Revenue

Revenue consists of management fee allocated to subsidiaries in the group and is recognized on a straight-line bases as the services are provided.
Revenue is measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, the carrying amount is reduced to such lower value.

Dividends

Dividends from investments in subsidiaries are recognised in the parent company's income statement in the reporting year in which the dividends are declared.

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Note 2.
Critical Accounting Estimates And Judgements

In connection with the preparation of the financial statements, management makes a number of judgements and estimates, which form the basis of the recognition and measurement of income, expenses, assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date.

Accounting judgements

In the process of applying the company's accounting policies, management exercises judgements which may have a significant effect on the amounts recognised in the financial statements.
The judgements made with respect to the parent company's accounting policies are consistent with those stated in note 2 to the consolidated financial statements.

Accounting estimates

Recognition and measurement of certain assets and liabilities at the balance sheet date require that Management makes assumptions and estimates of future events. If these assumptions and estimates are not realised as expected, it may result in significant corrections of the carrying amounts of the affected assets and liabilities in the subsequent financial year.

In 2011, Management made assumptions and estimates in connection with the recognition and measurement of share-based payments and deferred tax assets.

Reference is made to the description in note 2 to the consolidated financial statements.

Changes in accounting estimates

It may become necessary to change estimates due to changes in the circumstances underlying the estimates or to new information or subsequent events.

Changes in accounting estimates are recognised in the financial year in which the change takes place and in subsequent financial years where appropriate.

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Note 3.
Fees Paid To Auditors Appointed At The Annual General Meeting

Audit fees are recognised under administration expenses.

EUR'000	**2018**	2017
Fee regarding statutory audit	35	35
Assurance engagements	0	0
Tax assistance	0	0
Other assistance	11	41
Total	46	76

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

4 Note 4. Staff Costs

Staff costs are recognised under administration expenses.

EUR'000	**2018**	2017
Wages and salaries	1,151	1,909
Other social security costs	0	0
Share-based payments	0	-298
	1,151	1,611
Of which:		
Remuneration for executive board	459	643
Salaries to other executive officers	0	784
Remuneration for board of directors	169	142
Share-based payments	0	-298
	628	1,271
Average number of full-time employees	1	1

5 Note 5. Amortisation, Depreciation And Impairment Losses

Amortisation, depreciation and impairment losses are recognised under administration expenses.

EUR'000	**2018**	2017
Other fixtures and fittings, tools and equipment	5	5

6 Note 6. Financial Income

Financial income originating from loans and receivables measured at amortised cost.

EUR'000	**2018**	2017
Exchange gains	0	85
Interest income from credit institutions	4	0
Interest income, related parties	2,422	266
Dividend	11,681	10,912
Total financial income	14,107	11,263

7 Note 7. Financial Expenses

Financial expenses originating from financial liabilities measured at amortised cost.

EUR'000	**2018**	2017
Exchange losses	2,427	0
Interest payables to credit institutions	6,085	1,849
Interest, payables to related parties	484	44
Write-down of shares in subsidiaries	0	3,250
Total financial expenses	8,996	5,143

NOTES: Parent Company

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Note 8.
Income Taxes

EUR'000	**2018**	2017
Income tax expense recognised in profit or loss:	0	0
Estimated tax on the taxable income for the year	0	0
Group taxation contribution	0	0
Adjustment regarding prior year	0	0
Change in deferred tax	0	0
Reconciliation of tax rate	0	0

Danish tax rate	22%	22%
Adjustment regarding prior year	0%	0%
Not recognized tax assets	-22%	-22%
Tax	0%	0%
Effective tax rate	0%	0%

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Note 9.
Investments In Subsidiaries Of The Group

EUR'000	**2018**	2017	1/1 2017
Cost 1/1	28,604	31,859	30,859
Additions	0	0	1,000
Disposals	0	0	0
Write-down	0	-3,250	0
Exchange adjustments	-88	-5	0
Cost 31/12	28,516	28,604	31,859

Subsidiaries Of The Group

	Subsidiary	Interest
Lithuania	**UAB Idavang**	100%
Denmark	*Pskov Invest Aps*	100%
	Rus Invest Aps	100%
	Idavang Russia A/S	100%
	Rurik A/S	100%
Russia	**Idavang Agro LLC**	100%
	Idavang Invest LLC	100%
	Idavang LLC	100%
	Nordrik Invest LLC	100%
	Idavang Luga LLC	100%
	Rurik Russia LLC	100%
	MPK-Vostochny LLC	100%
	Sovhoz Vostochny LLC	100%

Active / *No activities*

NOTES: Parent Company

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Note 10. Property, Plant And Equipment

2018

EUR'000	Fixtures, fittings, tools, equipment	Total
Cost at 1/1 2018	26	26
Additions	0	0
Disposals	0	0
Cost at 31/12 2018	26	26
Impairment losses and depreciation 1/1 2018	-3	-3
Depreciation	-5	-5
Impairment losses and depreciation 31/12 2018	-8	-8
Carrying amount 31/12 2018	18	18
Of which financial leased assets	0	0

Carrying amount of assets written off but still in use is EUR 0.

The amount of borrowing costs capitalised during the year ended 31/12 2018 was EUR 0 (2017 - EUR 0).

Note 10. Property, Plant And Equipment

2017

EUR'000	Fixtures, fittings, tools, equipment	Total
Cost at 1/1 2017	39	39
Additions	26	26
Disposals	-39	-39
Cost at 31/12 2017	26	26
Impairment losses and depreciation 1/1 2017	-33	-33
Depreciation	-5	-5
Reversed depreciation on disposal	35	35
Impairment losses and depreciation 31/12 2017	-3	-3
Carrying amount 31/12 2017	23	23
Of which financial leased assets	0	0

Note 11. Payables to credit institutions and issued bonds

EUR'000	2018	2017
Non-current liability	83,895	78,715
Current liability	0	3,180
Book value in total	83,895	81,895

	EUR'000	Avg. nominal interest	Avg. effective interest	Currency	Interest period	Book value
2018	Variable loans	2.5%	2.5%	EUR	4 years	1,073
	Issued bonds	6.5%	6.9%	EUR	4 years	82,822
	Total					**83,895**
2017	Variable loans	2.5%	2.5%	EUR	3 years	3,180
	Issued bonds	6.5%	6.9%	EUR	3 years	78,715
	Total					**81,895**

NOTES: Parent Company

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Note 12.
Financial Assets And Liabilities

EUR'000	**Carrying amount 2018**	**Fair value 2018**	Carrying amount 2017	Fair value 2017
Loans and receivables at amortised cost:				
Receivables from group entities	23,193	23,193	42,862	42,862
Other receivables	539	539	82	82
Cash	50,539	50,539	25,322	25,322
Total loans and receivables measured at amortised cost	74,271	74,271	68,266	68,266
Total financial assets	74,271	74,271	68,266	68,266
Financial liabilities measured at amortised cost:				
Payables to credit institutions	83,895	83,895	83,180	83,180
Payable to group entities	13,469	13,469	8,129	8,129
Other payables	358	358	690	690
Total financial liabilities measured at amortised cost	97,722	97,722	91,999	91,999
Total financial liabilities	97,722	97,722	91,999	91,999

Receivables from group entities are based on agreements with 3rd party, hence assumed equal to fair value.

EUR'000	**2018 1/1**	**Cash flow**	**FX/other**	**12/31**	2017 **1/1**	**Cash flow**	**FX/other**	**12/31**
Payables to credit institutions	0	1,073	0	1,073	9,274	-9,274	0	0
Issued bonds	78,715	3,733	374	82,822	-	78,715	0	78,715
Subordinated loans	0	0	0	0	3,125	-3,125	0	0
Payable to credit institutions	3,180	-3,180	0	0	2,490	690	0	3,180
Total	81,895	1,626	374	83,895	14,889	67,006	0	81,895

NOTES: Parent Company

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Note 13.
Cash

Cash deposit on escrow account in order for JAST Holding ApS to manage the put option from IFC if IFC wants to utilize it.

EUR'000	**2018**	2017
Cash	25,663	322
Escrow account	24,876	25,000
Total	50,539	25,322

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Note 14.
Deferred Tax

	Balance sheet			Income statement	
EUR'000	**2018**	2017	1/1 2017	**2018**	2017
Loss bought forward/group taxation	0	0	0	0	0
Deferred tax income/(expense)				0	0
Deferred tax asset/(liability)	0	0	0		
Deferred tax asset/liability is recognised in the balance sheet as follows:					
Deferred tax asset	0	0	0		
Deferred tax liability	0	0	0		
Deferred tax, net	0	0	0		
Reconciliation of deferred tax, net:					
At 1/1	0	0	0		
Transferred in connection with the group taxation	0	0	0		
The year's tax income/expense recognised in profit or loss	0	0	0		
The year's tax income/expense recognised in other comprehensive income	0	0	0		
At 31/12	0	0	0		

Tax losses carry forward not capitalized are EUR 2,314 thousand due to uncertainties of utilizing it in the future.

NOTES: Parent Company

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Note 15. Related Party Transactions

In addition to the related parties mentioned in the consolidated financial statements, Idavang A/S's related parties include the subsidiaries set out in note 10 and executive board and board of directors.

The tables show transactions with related parties in the financial year.

Transactions with executive board and board of directors are enclosed in note 5.

All transactions with related parties are carried out on an arm's length basis.

Rus Invest Aps and Idavang Agro LLC's creditworthiness have been evaluated due to high equity ratio, it has been concluded that the receivables do not have any risk for losses, hence they are not written down.

2018

EUR'000	Management fee and salary	Dividend
Owners:		
Shareholders in Jast Holding ApS	535	0
IFC	0	0
Total	535	0

EUR'000	Management fee	Interest net	Loan to/from
Subsidiaries:			
UAB Idavang	-	591	0
UAB Idavang Pasodele	-	70	0
UAB Idavang Kepaliai	-	103	0
Idavang Agro LLC	75	1,658	12,793
Idavang LLC	75	0	-1,224
Pskov Invest ApS	-	-1,310	-12,245
Rus Invest ApS	-	826	10,400
Total	150	1,938	9,724

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Note 15. Related Party Transactions

2017

EUR'000	Management fee and salary	Dividend
Owners:		
Shareholders in Jast Holding ApS	596	16,800
IFC	0	4,200
Total	596	21,000

EUR'000	Management fee	Interest net	Loan to/from
Subsidiaries:			
UAB Idavang	-	111	12,724
UAB Idavang Pasodele	-	19	4,045
UAB Idavang Kepaliai	-	13	5,926
Idavang Agro LLC	75	123	20,092
Idavang LLC	75	0	75
Pskov Invest ApS	-	-29	-7,991
Rus Invest ApS	-	-15	-138
Total	150	222	34,733

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

16 Note 16.

Contingent Liabilities, Securities And Other Financial Obligations

Contingent liabilities

IFC has a put option on its 200,000 nom. Shares in Idavang A/S to Idavang A/S and Jast ApS. The put option can be exercised from 2016 to 2020. The put option is recognised and disclosed in the financial statements for the parent company, Jast ApS.

IFC's put option is based on market values, hence it fluctuates, end 2018 the full obligation of Idavang A/S and Jast ApS constitute a payment of EUR 9.7m.

The Company is taxed on a joint basis with its parent, Jast Holding ApS. The Company is thus jointly and severally liable for all tax liabilities under the joint taxation arrangement until and including the financial year ended 31 December 2018.

Securities

The Idavang Group is party of a credit facility agreement with Jyske Bank and Nordic Trustee. Under this agreement, the following assets are held collateral:

> Bank deposits with a book value of:
- EUR 24,876 thousand as of 31 December 2018

> Receivables from group entities:
- Idavang Agro LLC (Russia) EUR 12,793k.

> Shares in:
- Rus Invest ApS (Denmark)
- Rurik A/S (Denmark)
- Pskov Invest ApS (Denmark)
- Idavang Russia A/S (Denmark)
- Idavang Agro LLC (Russia)
- Idavang Luga LLC (Russia)
- UAB Idavang (Lithuania)

In addition, the following companies in the Idavang group participate in a cross guarantee to Jyske Bank as the lender of this agreement: all except Russians.

The above mentioned securities have been provided as collaterals for bank mortgages of EUR 92,800 thousand at 31 December 2018.

Other obligations

None

17 Note 17.

Post Balance Sheet Events

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

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