JAST Holding ApS

Tofthøjvej 41, 7321 Gadbjerg

CVR no. 33 74 83 29

Annual report 2018

Approved at the Company's annual general meeting on

Chairman:

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23th May 2019

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of JAST Holding ApS for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with 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 Company at 31 December 2018 and of the results of the Group's and the Company's operations and of the consolidated 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 Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Gadbjerg, 23th May 2019
Executive Board:

Jytte Rosenmaj

Bestyrelse:

Carsten Lund Thomsen
Chairman

Jytte Rosenmaj

Ole Bjerremand Hansen

Claus Baltsersen

Independent auditor's report

To the shareholders of JAST Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of JAST Holding ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with 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 Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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" (herinafter 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 the 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 the additional requirements applicable in Denmark, we exercise professional judgement and maintain 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.

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.

Aarhus, 23th May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Jes Lauritzen State Authorised Public Accountant mne10121	Kim R. Mortensen State Authorised Public Accountant mne18513

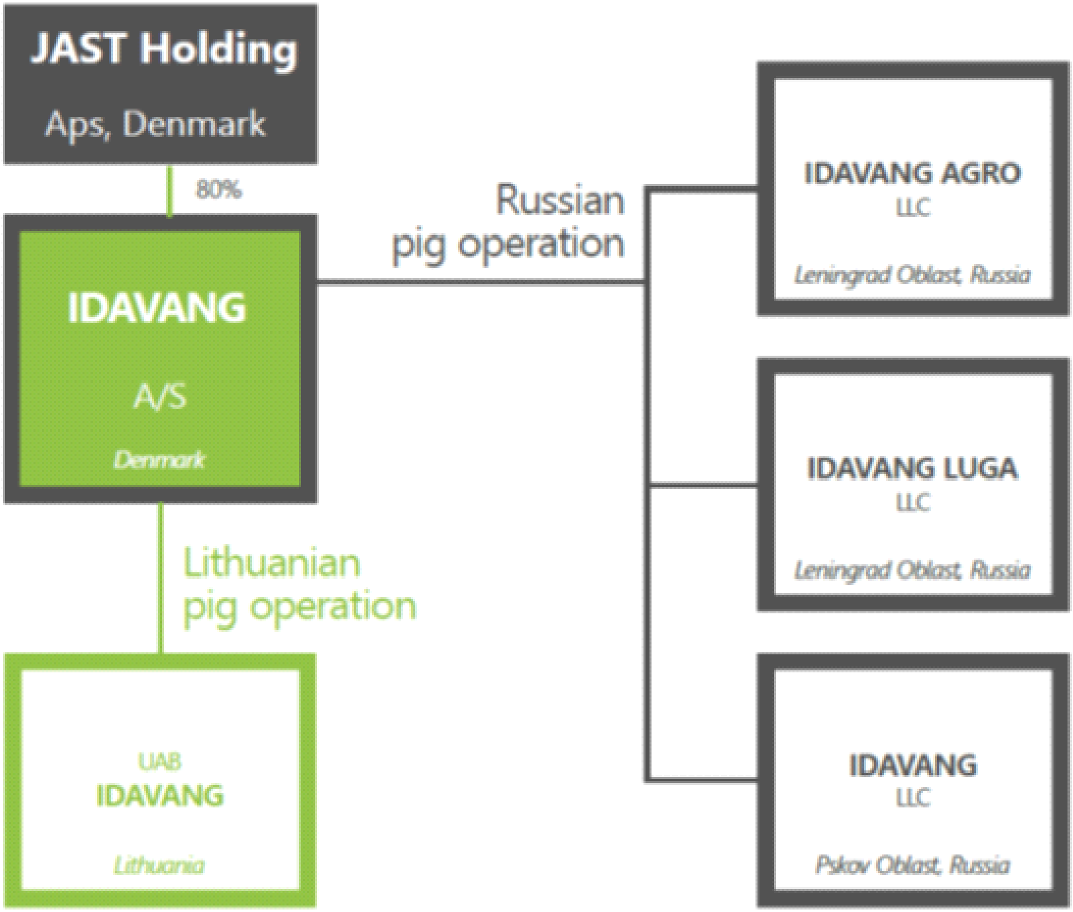
Management's review

Company details

Name	JAST Holding ApS
Address, Postal code, City	Tofthøjvej 41, 7321 Gadbjerg
CVR no.	33 74 83 29
Registered office	Vejle
Financial year	1 January - 31 December
Board of Directors	Carsten Lund Thomsen, Chairman Jytte Rosenmaj Ole Bjerremand Hansen Claus Baltsersen
Executive Board	Jytte Rosenmaj
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark
Bankers	Jyske Bank

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

Financial highlights for the Group

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	743,129	815,935	706,813	680,526	858,427
Operating profit/loss	65,149	89,648	127,380	80,007	206,573
Net financials	-22,731	-2,498	-49,155	-61,558	-62,270
Profit/loss for the year	45,283	73,460	73,264	17,944	142,030
Total assets	1,473,262	1,475,227	1,368,968	1,235,665	1,315,985
Investment in property, plant and equipment	-93,902	-48,355	-26,474	-34,425	67,067
Equity	425,841	415,819	487,177	356,300	471,097
Financial ratios					
Operating margin	8.8%	11.0%	18.0%	11.8%	24.1%
Return on assets	4.4%	6.3%	9.8%	6.3%	14.1%
Current ratio	249.2%	159.1%	99.9%	66.4%	128.7%
Solvency ratio	28.9%	28.2%	35.6%	28.8%	35.8%
Return on equity	10.8%	16.3%	17.4%	4.3%	28.2%
Average number of employees	809	807	787	767	871

For terms and definitions of Financial ratios, please see the accounting policies.

The company has changed accounting policies in 2016 and changed comparative figures for 2015. Financial highlights and comparative figures for financial years 2014 have not been changed.

Management's review

Business review

Revenue for the JAST (Idavang) group was DKK 743.1m in 2018 against DKK 815.9m in 2017. Operating profit was DKK 65.1m against DKK 89.6m and profit after tax was DKK 45.3m against DKK 73.5m 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 Operating profit negatively with DKK 96.2m (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 DKK 9.0m negative compared to 2017 (impact Q1-Q3 DKK -4.5m). 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 DKK 30.0m.

The Group invested DKK 93.9m in 2018, which is more than depreciation of DKK 66.4m, the investments where driven mainly by expansion on the Luga site with DKK 44.0m. Equity on 31 December 2018 amounted to DKK 425.8m at equity ratio of 28.9%.

Net interest-bearing debt (NIBD) excluding put option increased to DKK 584.6m in 2018, being DKK 37.3m higher than 2017. The negative development in NIBD has been driven by the expansion on Luga site with DKK 44.0m 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.

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

JAST (Idavang)'s 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.

Historical development

1999	Idavang A/S started operating the first farm Salnaiciai (Lithuania) with an initial investment of EUR 800 thousand.
1999-2002	Rupinskai farm was acquired; in total, 3,000 sows were held.
2003-2006	Musa, 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.
2007-2010	Skabeikiai, Lekeciai and Pasodele farms were bought, bringing sows in operation up to 19,000.
2009-2011	Russia expansion with Idavang Ostrov a green field farm and Farm Vostochny was acquired (mid-2008). Farm Vostochny totals 6,600 sows. Joniskis, Seduva and Sesupe farms were acquired in Lithuania.
2011	International Finance Corporation (part of World Bank Group) became an Idavang A/S shareholder and
2013	Russian expansion continues, Farm Ostrov went into operation and fields operation was expanded
2014	A small farm in Ramygala was acquired, which Idavang Lithuania started to use as a boars station in 2015.
2014-2016	Construction of eight biogas sites in Lithuania in cooperation with Modus Energy
2017	Idavang (JAST subsidiary) issues re-financing using a DKK 632m bond.
2018	Bond was listed on Nasdaq and construction on Luga site in Russia started

Management's review

Business focus

Lithuania

Our Lithuanian business model focuses primarily on pig production within brown field projects. Our core competencies and superior efficiency in pig production take advantage of premier Danish production technology and quality. Our grain is bought from third parties through stable and secure agreements.

Russia

Our Russian business model focuses both on farmland, grain production and pig production in both green field and brown field projects. Also, our core competencies and superior efficiency in pig production take advantage of premier Danish production technology and quality. Grain production is added to the value chain, which secures supply of grain and prevents dependency on Russian farmers. The extended control of the value chain also utilises synergies and reduces the risk of fluctuations in grain prices. Farmland is added to the value chain due to the low cost of land.

Financial review

Revenue
Revenue decreased from DKK 815,9m to DKK 743.1m (-9%). The decrease of DKK 75.4m was mainly driven by lower average sales price of DKK 96.3m.

Herd value adjustment
In 2018, the fair value adjustment for herd comprised DKK 19.1m. The adjustment consists of decrease in commercial herd as in meat prices in Lithuania dropped 14% (equal to DKK 9.7m); this was fully compensated by increasing prices in Russia (equal to DKK 17.2m) hence in total a DKK 7.5m and increase breeding herd of DKK 11.6 m

Cost of raw materials and consumables
Production costs increased by DKK 20.2m to DKK 673.8m (3.0%). The increase was mainly due to increase in feed cost (both volume and price) increasing production cost with DKK 35.1m (increase compared to 2017 equals 8.6%)

Grants

The Government level of direct subsidies for meat and grain (excluding interest subsidies) is unchanged DKK 1.5m (2017: DKK 0.7m). The subsidy structure has 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.

Management's review

Follow up

On expressed expectations, EBITDA at fixed herd prices compared to 2017 due to meat prices – was correct with DKK 96.2m lower sales prices in 2018 compared to 2017

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.

Special risks

The Board of Directors regularly assesses the overall and specific risks associated with JAST (Idavang)'s business and operations and seeks to ensure that such risks are managed in a proactive and efficient manner. Internal control systems have been established and are regularly reviewed by the Board of Directors to ensure that they are appropriate and sufficient.

Fluctuations in prices of pork

As pork is a global commodity, global supply and demand influences prices in all markets to a higher or lower degree. JAST (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.

Fluctuations in Russian customs, subsidies and if Russia allows import of pork and live pigs from the EU

Russia wants to support domestic development of agriculture business and especially pork production where there is an undersupply.

Current situation regarding support from the Russian government

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

Fluctuations in prices of raw materials

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 JAST (Idavang)'s profit.

Over time, such an inbalance 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.

Concentration of production facilities in North Western Russia and Lithuania

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 into North Western Russia and Lithuania.

Furthermore, 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.

Russian, EU and global economic conditions

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.

Diseases

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.

Financial risks

During 2018, the RUB has fluctuated within a range of 16% against the DKK. The total effect for 2018 was a 15% devaluation DKK/RUB, which among others affected equity negatively by DKK 42.0m, as all Russian tangible assets are measured in RUB.

Management's review

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. 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 Board of Directors

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:

- Strengthen and develop health and safety systems by forming socially responsible approach to the employees' health and safety
- Perform an occupational risk assessment of all workplaces
- Improve the system of training certification and instruction of employees on issues of the employees safety and health
- Increase preventive efficiency of the employees' health care
- Increase fire safety
- Improve safety of employees performing dangerous work
- Providing safe and 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)

Statutory CSR report

The 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 Group focuses on the following five values:

- Respect and trust
- Quality and Ethic
- Transparency
- Responsibility towards the environment
- Constant development

The JAST Group is constantly working on safeguarding these values throughout our organisation. Historically, the JAST (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.

M

Management's review

Intellectual capital resources

JAST (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 JAST (Idavang).

Environmental matters

Environmental matters are an integrated part of JAST (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 odor 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 DKK 3,678k (2017: DKK 4,452k, 2016: DKK 2,643k). Drop in revenue was due to poor weather conditions.

Climate Issue

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 we are increasing the net supply in 2018.

An important benefit the biogas plants are also saved 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.

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.

Management's review

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.

Anti-corruption Policy

The aim of the company's anti-corruption policy is to define JAST (Idavang)'s business practice for countering corruption and bribery and to provide guidance to employees. JAST (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 JAST (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.

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 25% (1 of 4). The company's management today (by end 2018) is represented by 4 individuals. One of whom is female, which leaves the gender representation unchanged compared to 2017.

It is the JAST Group's objective that both genders should represent minimum 25% of the company's management and board in 2021 which is fulfilled.

The company wishes to honor 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.

Management's review

Corporate Governance

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.

Remuneration

Remuneration of members of the Board of Directors and the Executive Board
JAST 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 does not receive any fee as they are all shareholders, 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 Executive Board do not receive any salary, as the task is performed by a shareholder.

Remuneration General
JAST (Idavang) has a competitive remuneration system for all employees.
JAST (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
JAST (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 JAST (Idavang).

M

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.

Additional information

The Company provides additional information on CSR on our subsidiary's webpage www.idavang.com, which complements the information provided in this annual report.

Events after the balance sheet date

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

Recognition and measurement

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

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 prices

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent	
Note	DKK'000	2018	2017	2018	2017
2	**Revenue**	743,129	815,935	0	1,500
	Value adjustment, biological assets	19,087	-37,564	0	0
3	Production costs	-673,844	-653,615	0	0
3	Administration costs	-34,964	-38,715	-123	-214
	Other income	12,502	11,737	0	0
	Other expenses	-761	-8,130	0	-5,676
	Profit/loss before net financials	65,149	89,648	-123	-4,390
	Income from investments in group entities	0	0	0	124,975
4	Financial income	48,450	44,597	0	0
5	Financial expenses	-71,181	-47,095	0	-4
	Profit before tax	42,418	87,150	-123	120,581
6	Tax for the year	2,865	-13,690	3	78
	Profit for the year	45,283	73,460	-120	120,659

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2018	Group 2017	Parent 2018	Parent 2017
	ASSETS				
	Fixed assets				
7	**Intangible assets**				
	Acquired intangible assets	1,256	1,656	0	0
	Goodwill	130,099	140,441	0	0
		131,355	142,097	0	0
8	**Property, plant and equipment**				
	Land and buildings	477,194	525,273	0	0
	Biological assets	105,988	105,978	0	0
	Plant and machinery	99,235	99,434	0	0
	Other fixtures and fittings, tools and equipment	8,804	9,060	0	0
	Property, plant and equipment in progress	62,596	26,065	0	0
		753,817	765,810	0	0
9	**Investments**				
	Investments in group entities, net asset value	0	0	500,000	500,000
	Other receivables	3,283	0	0	0
		3,283	0	500,000	500,000
	Total fixed assets	888,455	907,907	500,000	500,000
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	75,868	68,357	0	0
	Work in progress	173,180	171,482	0	0
		249,048	239,839	0	0
	Receivables				
	Trade receivables	16,385	15,301	0	0
10,15	Deferred tax assets	5,656	5,658	0	0
	Other receivables	14,447	10,658	0	0
	Income taxes	3,472	0	0	0
11	Prepayments	8,343	16,680	0	0
		48,303	48,297	0	0
12	**Cash**	287,456	279,184	247	370
	Total non-fixed assets	584,807	567,320	247	370
	TOTAL ASSETS	1,473,262	1,475,227	500,247	500,370

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2018	Group 2017	Parent 2018	Parent 2017
	EQUITY AND LIABILITIES				
	Equity				
13	Share capital	250	250	250	250
	Retained earnings	425,591	415,569	499,993	500,113
	Total equity	425,841	415,819	500,243	500,363
	Provisions				
15	Deferred tax	11,901	15,433	0	0
	Other provisions	1,000	1,000	0	0
16	**Total provisions**	12,901	16,433	0	0
	Liabilities other than provisions				
14	**Non-current liabilities other than provisions**				
	Other debt raised by the issuance of bonds	618,457	595,592	0	0
	Other credit institutions	174,095	90,437	0	0
	Deferred income	6,999	5,695	0	0
	Other payables	291	290	0	0
		799,842	692,014	0	0
	Current liabilities other than provisions				
	Current portion of long-term liabilities	72,122	19,190	0	0
	Other credit institutions	79,797	245,708	0	0
	Trade payables	61,290	55,137	0	0
	Income taxes payable	0	3,495	0	0
	Other payables	14,092	16,593	4	7
	Deferred income	7,377	10,838	0	0
		234,678	350,961	4	7
	Total liabilities other than provisions	1,034,520	1,042,975	4	7
	TOTAL EQUITY AND LIABILITIES	1,473,262	1,475,227	500,247	500,370

1 Accounting policies
17 Contractual obligations and contingencies, etc.
18 Collateral
19 Related parties
20 Fee to the auditors appointed by the Company in general meeting

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Group Retained earnings	Total
	Equity at 1 January 2017	250	486,927	487,177
	Transfer through appropriation of profit	0	73,460	73,460
	Exchange adjustment	0	-23,493	-23,493
	Dividend	0	-121,325	-121,325
	Equity at 1 January 2018	250	415,569	415,819
	Transfer through appropriation of profit	0	45,283	45,283
	Exchange adjustment	0	-41,992	-41,992
	Other	0	6,731	6,731
	Equity at 31 December 2018	250	425,591	425,841

Note	DKK'000	Share capital	Parent company Retained earnings	Total
	Equity at 1 January 2017	250	500,779	501,029
21	Transfer, see "Appropriation of profit"	0	120,659	120,659
	Dividend	0	-121,325	-121,325
	Equity at 1 January 2018	250	500,113	500,363
21	Transfer, see "Appropriation of profit"	0	-120	-120
	Equity at 31 December 2018	250	499,993	500,243

Consolidated financial statements and parent company financial statements
1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2018	Group 2017
	Profit for the year	45,283	73,460
22	Adjustments	90,917	79,376
	Cash generated from operations (operating activities)	136,200	152,836
23	Changes in working capital	-41,824	24,586
	Cash generated from operations (operating activities)	94,376	177,422
	Interest received, etc.	1,762	3,283
	Interest paid, etc.	-49,202	-68,716
	Income taxes paid	-7,669	-1,909
	Cash flows from operating activities	39,267	110,080
	Additions of intangible assets	-110	-127
	Additions of property, plant and equipment	-93,902	-48,355
	Disposals of property, plant and equipment	8,707	2,166
	Additions of other receivable	-3,295	0
	Cash flows from investing activities	-88,600	-46,316
	Dividends paid	0	-121,693
	Proceeds of debt to credit institutions	183,382	663,787
	Repayments, debt to credit institutions	-110,098	-406,454
	Reserved cash on escrow account	0	-186.100
	Cash flows from financing activities	73,284	-50,460
	Net cash flows	23,951	13,304
	Cash at 1 January	93,084	84,880
	Foreign exchange adjustments	-15,337	-5,100
24	**Cash at 31 December**	101,698	93,084

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of JAST Holding ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The profit and loss is presented according to functional method and the comparable figures have been restated.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Currency translation

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

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Public grants

Public 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.
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 statement

Revenue

Revenue from the sale of slaughter pigs and piglets is recognised in profit or loss when delivery and transfer of the risk to the buyer has taken place.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	20 years
Goodwill	20 years

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

The amortisation period for goodwill is based on management experience with the groups business segments.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	25-40 years
Plant and machinery	8-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Income from investments in subsidiaries

The item includes dividend received from subsidiaries and associates in so far as the dividend does not exceed the accumulated earnings in the subsidiary or the associate in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, dividends declared from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is up to 20 years.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

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.

Material assets which are leased and which meets the conditions to be recognized as finance leases are treated as owned assets.

Biological assets are recognized when the company controls the asset and it is likely that finansiel profit related to the assets will flow to the group, and fair value of the asset can be measured reliably.

Biological assets are measured at fair value less sales expenses.

The value of crops is calculated as cost value including production-overheads. At the time of the harvest, the crops are reclassified as inventories measured at fair value less transportation expenses.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received which exceed the accumulated earnings in the subsidiary in the period of ownership are treated as a cost reduction.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Inventories

Biological inventories are initially measured at cost and subsequent measured at fair value.

Fair value is the expected value of a transaction between independent parties.

Other inventories are measured at cost value in accordance with the FIFO-method.

Net realizable value is the sales value less completion cost and cost related to sales taking into account marketability, obsoleteness and development in expected sales price.

The taxonomy has been adapted to match Danish standards. In the balance sheet slaugter herd is catagorized as work in progress. Commercial herds are biological assets, where there is a continues biological transformation until the point of sale. Biological assets are first measured at cost values and subsequently measured at fair value less estimated sales costs. Fair value adjustment of biological assets is recorded as cost of raw materials and consumables.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and bank deposits.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, 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, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Mortgage debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

JAST Holding ApS has a put option with IFC (World Bank). The put option is treated as a financial liability in the financiel statement for JAST Holding ApS. The liability is initially recognized at cost value, and subsequently measured at fair value.

Other payables

Other payables are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

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

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities which are part of investment activities and payments in connection with purchase and sale of businesses and activities.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash comprise cash and bank deposits.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 **Segment information**

Total group revenue of DKK 743m (2017 : DKK 816m) can be divided into the following segments: Lithuania : Dkk 398m (2017 : DKK 455m) and Russia: DKK 345m (2017 : DKK 361m)

		Group		Parent	
	DKK'000	**2018**	**2017**	**2018**	**2017**
3	**Staff costs**				
	Wages/salaries	75,223	83,643	0	0
	Other social security costs	18,780	20,042	0	0
	Other staff costs	3,905	908	0	0
	Staff costs transferred to the cost of fixed assets	-1,142	-1,489	0	0
		96,766	103,104	0	0
	Average number of full-time employees	809	807	0	0
	Remuneration to members of management and board				
	Executive board	1,260	1,057	0	0
4	**Financial income**				
	Amortisation of put-option	46,686	41,432	0	0
	Other financial income	1,764	3,165	0	0
		48,450	44,597	0	0
5	**Financial expenses**				
	Amortisation of put-option	0	0	0	0
	Other financial expenses	71,181	47,095	0	4
		71,181	47,095	0	4
6	**Tax for the year**				
	Estimated tax charge for the year	-717	22,774	0	-78
	Deferred tax adjustments in the year	0	-9,169	0	0
	Tax adjustments, prior years	3,582	85	3	0
		2,865	13,690	3	-78

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

	Group		
DKK'000	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2018	4,100	213,731	217,831
Exchange adjustment	-479	0	-479
Additions in the year	110	0	110
Disposals in the year	0	0	0
Cost at 31 December 2018	3,731	213,731	217,462
Impairment losses and amortisation at 1 January 2018	2,444	73,290	75,734
Exchange adjustment	-200	0	-200
Amortisation/depreciation in the year	231	10,342	10,573
Impairment losses and amortisation at 31 December 2018	2,475	83,632	86,107
Carrying amount at 2018	1,256	130,099	131,355

8 Property, plant and equipment

	Group					
DKK'000	Land and buildings	Biological assets	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2018	747,213	109,303	270,689	27,471	26,065	1,180,741
Exchange adjustment	-44,499	-9,838	-21,172	-430	-5,816	-81,755
Additions in the year	4,830	37,414	24,309	1,822	62,941	131,316
Disposals in the year	-7	-45,628	-8,275	-840	0	-54,750
Transfer from other accounts	8,023	14,737	13,456	-885	-20,594	14,737
Cost at 31 December 2018	715,560	105,988	279,007	27,138	62,596	1,190,289
Impairment losses and depreciation at 1 January 2018	221,940	3,325	171,255	18,411	0	414,931
Exchange adjustment	-10,709	0	-11,127	-1,024	0	-22,860
Amortisation/depreciation in the year	27,135	0	26,883	1,813	0	55,831
Amortisation/depreciation and impairment of disposals in the year	0	-3,325	-7,239	-866	0	-11,430
Impairment losses and depreciation at 31 December 2018	238,366	0	179,772	18,334	0	436,472
Carrying amount at 31 December 2018	477,194	105,988	99,235	8,804	62,596	753,817
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	15,413	0	0	15,413

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 **Investments**

Name	Domicile	Sharecapital	Interest
Subsidiaries			
UAB Idavang	Litauen	EUR 799,000	80.00%
Pskov Invest ApS	Danmark	DKK 4,200,000	80.00%
Rus Invest ApS	Danmark	DKK 1.500.000	80.00%
Idavang A/S	Danmark	EUR 1,000,000	80.00%
Idavang Russia A/S	Danmark	DKK 6,000,000	80.00%
Rurik A/S	Danmark	DKK 7.250.000	80.00%
Idavang LLC	Rusland	RUB 582,430,467	80.00%
Idavang Agro LLC	Rusland	RUB 249,960,262	80.00%
Nordrik Invest LLC	Rusland	RUB 103,538,740	80.00%
Idavang Luga LLC	Rusland	RUB 102,730,412	80.00%
Rurik Russia LLC	Rusland	RUB 41,132,025	80.00%
MPK-Vostochny LLC	Rusland	RUB 10,272,731	80.00%
Sovhoz Vostochny LLC	Rusland	RUB 100,000	80.00%
Idavang Invest LLC	Rusland	RUB 580,430,467	80.00%

DKK'000	Parent company Investments in group entities net asset value
Cost at 1 January 2018	500,000
Additions in the year	0
Disposals in the year	0
Cost at 31 December 2018	500,000
Carrying amount at 31 December 2018	500,000

10 **Deferred tax assets**

Group
Tax losses carry forward not capitalized are DKK 26.3m due to uncertainties of utilizing it in the future

Parent company
Tax losses carry forward not capitalized are DKK 1.1m due to uncertainties of utilizing it in the future

11 **Prepayments**

Group

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, subscriptions and financial interests.

Parent company

The parent company has no prepayments as of 31 December 2018.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

12 Cash

From the total group cash amount of DKK 287m DKK 186m is a cash deposit on escrow account in order for JAST Holding ApS to manage the put option from IFC if IFC want to utilize it.

13 Share capital

Analysis of the share capital:

DKK'000	Parent company 2018	Parent company 2017
250,000 shares of DKK 1.00 nominal value each	250	250
	250	250

Analysis of changes in the share capital over the past 5 years:

DKK'000	2018	2017	2016	2015	2014
Opening balance	250	250	250	250	250

14 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other debt raised by the issuance of bonds	618,457	0	618,457	0
Other credit institutions	246,217	72,122	174,095	0
Other payables	291	0	291	0
	864,965	72,122	792,843	0

15 Deferred tax

	Group		Parent	
DKK'000	2018	2017	2018	2017
Deferred tax relates to:				
Property, plant and equipment (and herd)	14,412	15,262	0	0
Receivables	251	171	0	0
Tax loss	-7,915	-5,658	0	0
	6,245	9,775	0	0
Analysis of the deferred tax:				
Deferred tax assets	-5,656	-5,658	0	0
Deferred tax liabililties	11,901	15,433	0	0
	6,245	9,775	0	0

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

16 **Provisions**

Group

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

Parent company

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

17 **Contractual obligations and contingencies, etc.**

Other contingent liabilities

Group

Obligation relating to purchase of grain, soya and sunflower seeds in Lituania and Russia amounts to DKK 129,2 mio. (DKK 102,7 mio. in 2017).

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes in the group of jointly taxed entities.

IFC (World Bank) has a put option with Idavang A/S and JAST Holding ApS relating to its 200.000 nominal shares in Idavang A/S. The put option can be executed in the period 2016-2020. At the end of 2018, the obligation in relation to the put option is valued at DKK 72 m.

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

18 Collateral

Group

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

Bank deposits with a book value of DKK 185,757 thousand as of 31 December 2018
Receivables from group entities, Idavang Agro LLC (Russia) DKK 95,529 thousand.

Shares in:

Idavang A/S

Rus Invest ApS (Denmark)

Rurik A/S (Denmark)

Pskov Invest ApS (Denmark)

Idavang Russia A/S (Denmark)

UAB Idavang (Lithuania)

Idavang Agro LLC (Russia)

Idavang Luga LLC (Russia).

In addition, the following companies in the JAST and Idavang group participate in a cross guarantee regarding the above agreement:

Idavang A/S

Rus Invest ApS (Denmark)

Rurik A/S (Denmark)

Pskov Invest ApS (Denmark)

Idavang Russia A/S (Denmark)

UAB Idavang (Lithuania)

The above mentioned securities have been provided as collaterals for bank mortgages of DKK 692,965 thousand at 31 December 2018.

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19 Related parties

Group

Related party transactions

DKK'000	2018	2017
Group		
Dividende (income) received from Idavang A/S	0	124,975
Parent Company		
Management fee (income)	0	1,500
Dividende paid to shareholders	0	121,325

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

Information on the remuneration to management

Information on the remuneration to Management appears from note 3, "Staff costs".

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Related party	Domicile
Tofthøj Agro A/S	Denmark
Akset A/S	Denmark
Somerset Holding Limited	Cyprus

DKK'000	Group 2018	Group 2017	Parent 2018	Parent 2017
20 Fee to the auditors appointed by the Company in general meeting				
Statutory audit	739	822	0	25
Tax assistance	0	8	0	8
Other assistance	134	25	0	25
	873	855	0	58

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Notes to the financial statements

21 Appropriation of profit

DKK'000	Parent company 2018	Parent company 2017
Recommended appropriation of profit		
Retained earnings	-120	120,659

DKK'000	Group 2018	Group 2017
22 Adjustments		
Amortisation/depreciation and impairment losses	66,406	66,830
Provisions	6,728	-2,620
Financial income	-48,450	-44,597
Financial expenses	71,181	47,095
Tax for the year	-2,863	13,690
Other adjustments	-2,085	-1,022
	90,917	79,376
23 Changes in working capital		
Change in inventories	-15,771	6,537
Change in receivables	-6,788	-20,034
Change in trade and other payables	5,922	791
Other changes in working capital	-25,187	37,292
	-41,824	24,586
24 Cash and cash equivalents at year-end		
Cash according to the balance sheet	287,456	279,184
Securities included as cash and cash equivalents	-185,757	-186,100
	101,699	93,084