

ANNUAL REPORT 2018/19

Approved at the Company's Annual
General meeting 22 November 2019



Johannes Burger
Chairman



INGLEBY FARMS & FORESTS APS

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INGLEBY FARMS & FORESTS APS

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Registration no.: 35868062
Established: 30 June 1999
Registered office: Stevns
Financial year: 1 July - 30 June

BOARD OF DIRECTORS

William H. Camp, Chairman
David Blanchard, Vice-Chairman
Lisbet Rausing
Johannes Burger
Gwyneth V. Burr
Nicolas Verschuere
Hans Henrik Koefoed, Chief Executive Officer

EXECUTIVE BOARD

Hans Henrik Koefoed, Chief Executive Officer

AUDITORS

Ernst & Young
Godkendt Revisionspartnerselskab
Englandsgade 25
DK - 5000 Odense C
Registration no.: 30700228

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FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS FOR THE GROUP

Key figures - USD'000	2018/19	2017/18	2016/17	2015/16	2014/15
Revenue	156,608	114,111	115,585	87,923	118,289
Gross profit	65,762	31,022	39,749	24,045	38,599
Ordinary operation profit/loss	19,319	-7,362	10,703	467	18,093
Profit/loss from financial income and expense	-5,006	-2,789	1,892	181	279
Profit/loss for the year	6,174	-715	4,775	-5,256	2,194
Total assets	918,293	886,657	901,334	768,079	739,809
Portion relating to investment in property, plant and equipment	724,465	712,615	682,629	595,095	570,589
Equity	731,428	736,325	742,919	701,972	677,590
Cash flows from operating activities	22,921	-319	13,297	16,802	-11,303
Net cash flows from investing activities	-31,120	-48,684	-89,131	-34,409	-58,742
Cash flows from financing activities	31,511	-6,195	119,333	38,122	55,000
Total cash flows	23,312	-55,199	43,499	20,515	-15,045
Operating margin	12.34%	-6.45%	9.26 %	0.53 %	15.30 %
Gross margin	41.99%	27.19%	34.39 %	27.35 %	32.63 %
Equity ratio	79.65%	83.04%	82.42 %	91.39 %	91.59 %
Return on equity	0.84%	-0.10%	0.66 %	-0.76 %	0.32 %
Number of full-time employees	2,816	3,027	2,458	1,969	1,053

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

INGLEBY WORLDWIDE

We are long-term owners of land, managing pasture, arable and mixed farms in 9 countries across 4 continents. As of 30 June 2019, we manage 100,701 hectares worldwide; 83,822 hectares of farmland and 6,977 hectares of production forests.

DENMARK

Global office

CALIFORNIA, USA

1,825 hectares



ROMANIA

19,552 hectares

PERU

2,017 hectares



URUGUAY

27,217 hectares



ARGENTINA

12,519 hectares



Our vision is to be world-leading sustainable farmers, where we farm to produce good, healthy food, but also to protect and enhance the environment for future generations.

We want to combine the best practical, ethical and scientific know-how with good leadership and organisation.

We want to be better farmers!



LATVIA & LITHUANIA
9,567 hectares



NEW ZEALAND
6,735 hectares



AUSTRALIA
21,269 hectares



OUR VALUES



Family

We are a family of farmers. Family values are an integral part of our farming operations and daily life.



Innovative

We aim to constantly be one step ahead. We work with leading advisers to be on the forefront of the farming technology and practices.



Trustworthy

We respect rules and regulations. We deliver what we promise and on time. An Ingleby product is always of the highest quality.



Hands-on

We are hands-on farmers. We spend most of our time in the fields caring for our crops and livestock.



Sustainable

We believe in sustainable farming. This means protecting people, nature and profits in the long term.



Companion cropping of hairy vetch and rye, Latvia. Photographer: Rasmus Juul Christoffersen

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ingleby Farms & Forests ApS for the financial year 1 July 2018 - 30 June 2019.

The annual report has been 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 30 June 2019 and of the results of their operations and consolidated cash flows for the financial year 1 July 2018 - 30 June 2019.

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, the results for the year and the Group's and the Parent Company's financial position.

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

Køge, Denmark, 22 November 2019

EXECUTIVE BOARD



Hans Henrik Koefoed

BOARD OF DIRECTORS



William H. Camp



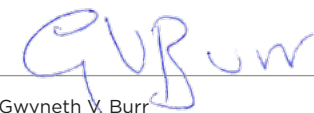
David Blanchard



Lisbet Rausing



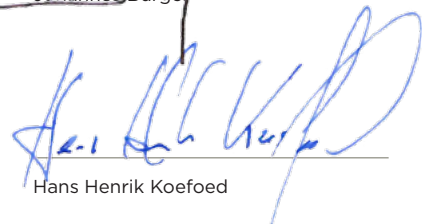
Johannes Burge



Gwyneth V. Burr



Nicolas Verschuere



Hans Henrik Koefoed

CHANGES TO THE BOARD

In May 2019, after five years as member, and since 2016 also Chairman, Truels Damsgaard decided to resign from the Ingleby Board of Directors.

From 1 July 2019, we welcome William H. Camp as Chairman, and David Blanchard as Vice-Chairman. Both are members of the Ingleby Board since 2014.

On 1 May 2019, Nicolas Verschuere joined the Ingleby Board. With a background in bio-engineering, Nicolas has more than 20 years of experience from large-scale farming project management in various parts of the world. He is an expert on regenerative agriculture.



Nicolas Verschuere

Johannes Burger

Hans Henrik Koefoed
CEO

Lisbet Rausing

Truels Damsgaard
Former Chairman

Gwyneth V. Burr

William H. Camp
Chairman

David Blanchard
Vice-Chairman

Ingleby Board of Directors in May 2019. Photographer: Mette Bogeløv Erichsen

THE CHAIRMAN'S STATEMENT



Despite significant weather challenges and low commodity prices, we were able to deliver excellent financial results in 2018/19.

The short-term key to our success is our recent diversification into more high-value crops. The

longer-term key is our never ending efforts to improve our soil quality. In addition, we continuously work on optimising crop rotations, intensifying our use of cover crops, having livestock on our farms, and embracing new technology. All efforts that play a part in delivering a great result.

As we move forward, we are revising our strategy and looking for new market opportunities that will provide higher prices and better profitability for our high-quality crops. This includes developing a marketing and sales structure and continuing to invest in crops that improve our financial results. Our journey towards our 2030 goal of being synthetic-pesticide free is an important part our strategy.

While commodity prices are generally depressed, our production and geographic diversification has provided profitable opportunities. The significant African swine fever epidemic in China created additional markets for our products from Australia and New Zealand. Lamb, milk, and grain prices have all benefited from this opportunity. Additionally, the US - China trade war has benefited crop prices in Argentina and Uruguay.

We are excited about the future. Our superior soils, well-located and well-managed farms, diverse crop mix, and continuing efforts to improve our operations place Ingleby in a leadership position as the markets demand higher quality, healthy and ethically produced food.

I would like to thank our employees and their families for their commitment, efforts, and ideas that all help make Ingleby Farms and Forests a successful operation.

William H. Camp

Chairman of the Board of Directors

CHIEF EXECUTIVE'S REVIEW



2018/19 has been a financial satisfactory year with a revenue of US\$ 156.6 million against the budgeted US\$ 164.1 million and an operational profit of US\$ 19.3 million against a budget of US\$ 19.8 million.

Last year's drought in Europe (the worst in 50 years), which affected our farms in Latvia, Lithuania and Romania, has shown the importance and value of our diversification. With more than 30 different crops grown in 9 countries on 4 continents, Ingleby has a resilience towards the increasing effects of climate change, especially regional droughts and floods.

In November 2018, we set a goal of becoming synthetic-pesticide free by 2030. This might seem ambitious, but we believe it will become a minimum requirement to farm sustainably by 2030. Future generations will not accept any risk of harmful pesticide residues in their food. They will want healthy, natural food and we will be ready to supply it.

All our farm managers are fully engaged into solving the challenges our 2030 goal and investigating new and innovative ways of farming. In many ways, our 2030 goal has revitalised Ingleby. It is not only about removing synthetic pesticides from our farms, it is also about long-lasting regenerative agriculture. This means always having 7 - 9 different crops on each farm combined with livestock production, and supported by a range of companion and cover crops. Our soils must always be covered by a crop, which enhances soil microbiology and biodiversity, as well as produces healthier foods, minimises CO2 sequestration and provides climate change resilience.

In 2018/19, we completed the construction of additional crop storage and new handling facilities in Romania, Latvia, Peru and California.

In Romania, we have completed the final blueberry plantings, three years ahead of our original business plan and on budget. We now have a total of 200 hectares of blueberries in production, making us one of the largest blueberry producers in Romania.

We are enhancing our marketing and sales efforts, with the employment of our first Chief Commercial Officer, Mrs Susie Hjorth, in January 2019, and in September 2019, by appointing Rafael Leguísamo our new Business Development Manager for China & Asia.

The safety and well-being of our employees have our highest priority. In 2018/19, we had no fatal accidents and thanks to our teams' continued focus on safety, we have reduced the number of minor accidents by 33% from 2017/18. Latvia and Lithuania lead this positive trend, as none of them have had any accidents in 2019. It is a reminder to us all that achieving our goal of zero accidents is within our reach. In addition, our lost time injury frequency rate in 2018/19 was 50% below our peer benchmark.

In 2019/20, we are budgeting on a revenue of US\$ 157.0 million and an operating profit of US\$ 4.7 million.

In Australia and New Zealand, the country-wide sheep numbers are the lowest in 100 years. Combined with the continued outbreak of African swine fever in China and South East Asia, we anticipate a strong demand for beef, lamb and wool in 2019/20.

Our continuous focus on animal welfare and sustainable production methods is increasingly being recognised and rewarded, recently through a sustainability agreement with Fonterra and price premium for our milk production in Tasmania.

In 2019/20, we plan on expanding our irrigation in Tasmania and Uruguay. In Romania, we have initiated a large-scale drainage project on all our crop land over the next seven years, which should improve our yields by 20-25%.

We will continue our consolidation and improvements of existing farms with a strong focus on profitable niches, such as seeds, special grains and healthy vegetables, fruits and nuts.

The heart of thriving, sustainable food systems remain our soils, which has had our constant focus since the inception of Ingleby in 1998. Understanding the interconnection between healthy soils, food nutrition and human health will provide us with business opportunities in the future.

Hans Henrik Koefoed
Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY



Table grape harvest, Peru. Photographer: Robin Begg

GROWING FOOD

We are proud farmers and food producers. Today, there is an abundance of food in the world. But by 2050, the world population will have grown to around 10 billion people, all needing to eat.

The area of good, productive farmland will not increase. On the contrary, cities and infrastructure will take their share of the existing farmland. So we are on a mission. We want to show that we can increase the production of healthy, wholesome food from the same area of land, while supporting financial results and enhancing our soils and protecting the environment.

Today, our food production totals 620,000 million calories. This can feed 679,000 people for a year based on an estimated daily intake of 2,500 calories per person.

Our crops

We produce 39 different crops, including a wide range of horticulture crops. These currently include pistachio nuts, avocados, table grapes and blueberries.

Our main row crops are wheat, soya, barley, corn and canola. Other row crops include sunflower, sorghum, and rye as well as sugar beets, beans, and fodder crops. Our seed production includes clover, oat, vegetable and grass seeds. Our annual row crop production exceeds 200,000 tonnes.

Increasing yields

Over a 10-year period, we want to increase our yields by 1% annually while still being profitable and environmentally sustainable. So far, we have achieved this goal.

On average over the last nine years, we have seen a 3% annual increase in yields. This is the result of improvements to our soils, balancing our nutrient management, rotating crops, using cover crops and encouraging companion crops where possible. All combined with hands-on farm management.

Crop diversity

We constantly seek to improve our farming systems and diversify our crop rotations, include cover crops, and integrate livestock into the crop rotations.

Cover crops and increasing diversity drives a more resilient agro-ecosystem. This means we can reduce pesticides because a resilient system supports beneficial organisms, and reduces the ongoing problem of increasing weed and insect resistance to pesticides. Diversity also helps address the challenge of maintaining soil organic matter and associated favourable physical properties in our soils.

Over time, increased diversity will provide higher yield stability and less nitrogen fertiliser input requirements where we use more nitrogen fixing crops in the crop rotation.

REARING HEALTHY ANIMALS

Our livestock

We raise more than 125,000 sheep, 25,000 cattle and 3,500 dairy cows.

Our sheep are mainly Perendale, Romney and Finnsheep crossbreeds. Our beef cattle are mainly Aberdeen Angus and our dairy cows are Holstein-Friesians.

Our total production of meat, milk and wool reached 5,700 tonnes in 2018/19, equal to 178 kg per hectare. Over the past nine years we have increased our total livestock production by an average of 6% each year.

We want healthy, balanced livestock production systems and healthy livestock. In 2018/19 we have continued to reduce our use of pharmaceuticals.

Animal welfare

Our livestock are all free-range because grass-fed systems have multiple benefits such as superior animal welfare and, where we integrate livestock grazing into our crop rotations, it improves our soil structure and soil organic matter.

We follow strong ethical practices on how we treat and handle our animals to ensure their best welfare. In Uruguay, we have in 2018/19 initiated the process to obtain the certification Certified Humane.

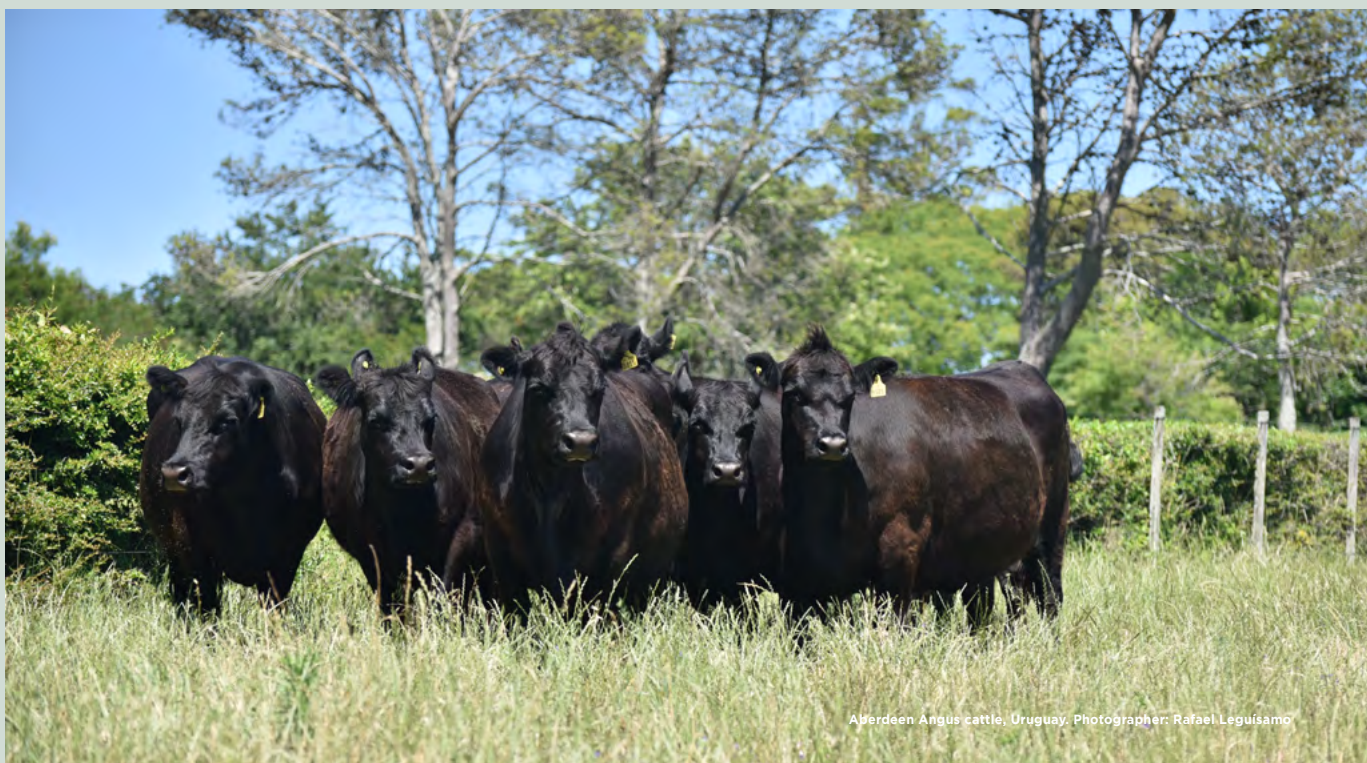
CLIMATE

As farmers, we are dependent on the weather. Changes in seasonal weather patterns and the increased frequency and severity of extreme weather events is a risk for food production. Adapting to a changing climate is becoming increasingly important.

On each farm we monitor weather conditions, to help analyse and deal with the highly variable climate on a daily basis, but also in the long term. We mitigate the effects of changes in climate through investments in irrigation, drainage and erosion control measures.

We use a variety of crops and cover crops as well as further integration of livestock in our crop production as risk mitigation. This helps build fertile and well-structured soils with optimum air, water, nutrients and biological activity. Healthy soils sequester carbon and reduce greenhouse gas emissions. They also absorb and retain larger amounts of water. We benefit from this both in times of drought and flooding.

We measure CO₂ emissions from our use of electricity, diesel, gasoline, propane and natural gas. We also include emissions from agricultural inputs such as synthetic fertilisers and pesticides. Currently, we do not measure biological sources from our livestock. Nor do we include carbon sinks such as our forests, plantations, no-tilled fields and natural grasslands.



Aberdeen Angus cattle, Uruguay. Photographer: Rafael Leguisamo

RESOURCE USE

We constantly work to optimise our resource use. Over a 10-year period, we want to improve our energy efficiency by 2% per year, and fertiliser and water use efficiency by 1% per year.

Energy use

In 2018/19 we have continued to monitor energy use to help us progress into more efficient and environmentally sound systems of production. Our energy use efficiency has been decreasing by 5% per year on average due to major construction and development projects, increased irrigation and drainage activity as well as grain drying. Improving our energy efficiency is a priority area for the future.

Where locally available and where it makes sense, we use renewable energy. Approximately 44% of our electricity used is derived from renewable sources.

Water use

We irrigate 14% of our arable area. Irrigation stabilises and increases our yields, enables more crop rotations per year, builds resilience to climate change, and helps increase our fertiliser-use efficiency.

We capture water in our landscapes and store it in dams to be used for our crops in times of need. We never deplete natural water sources or obstruct waterways.

We are aware of the trade-offs irrigation creates between crop yields and water and energy use. This is why we have continued to invest in efficient irrigation systems that improve both water and electricity use efficiency.

ENVIRONMENT

Healthy and natural environments support healthy farms. Interactions between biological communities and their physical environment build soils, cycle nutrients and water, sequester carbon, purify water and air, mitigate pests and pollinate crops.

We constantly monitor and assess if our farming practices are affecting our environments. One example is that we monitor birds on our farms as indicators of biodiversity. Changes in bird populations are useful indicators of our farms as a habitat, but also of broader environmental changes. In 2018/19, we included more farms in our bird monitoring programme.

Natural habitats

As managers of large tracts of land, lack of biodiversity and natural habitats is a risk for us because of their benefits to production. We have a goal of 10% of each of our farms' total area is in natural habitats. We currently protect 31% of our land as conservation easements or nature reserves. We have therefore reached our goal of 10% land areas as natural habitats at global level, but not at farm level. We constantly work to identify land which is unsuitable for production and can be returned to natural habitat. Our Farming with Nature project guides us in this process

Freshwater bodies

Freshwater bodies are the most biodiverse habitats on our farms. Our goal is to have at least 1% of each farm's land area as water habitats. So far, 2.2% of our total land area is in water bodies, defined as wetlands, rivers, streams, springs, ponds, artificial canals and ditches as well as artificial water reservoirs. We have reached our goal at global level, but not at farm level. We are



Irrigated dairy pasture, Tasmania. Photographer: Alice Mabin

continually assessing our farms for suitable locations for more water bodies.

SYNTHETIC-PESTICIDE FREE

During 2018/19, we set a new goal of becoming synthetic pesticide-free on all Ingleby farms and forests by 2030. Our teams have embraced this ambitious goal with enthusiasm and dedication, and we are currently testing different ways to achieve it. Regenerative horticultural and agricultural practices will be our main tools to succeed.

EMPLOYEES

Labour and human rights

We support and respect internationally recognised labour standards and human rights. We do not use forced, compulsory or child labour. We uphold the freedom of association and the right to collective bargaining. We oppose all forms of discrimination, and recruit employees regardless of age, race, gender, nationality, religion, sexual orientation or other personal diversity indicators. We currently employ people of more than 20 different nationalities.

Our main risks related to human rights are our supply chain. To mitigate this risk, we have in 2018/19 asked all new suppliers to sign and adhere to our Supplier's Code of Conduct, which includes our expectations and minimum standards for labour and human rights.

We have in 2018/19 not experienced any human rights violations on our farms or to our Supplier's Code of Conduct.

Gender

In many countries, farming is a male dominated profession. However, we are equal opportunity employers. Our target is for the underrepresented gender to reach at least 40% by 2025 at all levels in the organisation. Women are currently the underrepresented gender, making up 30% of our total employees, 27% of our senior management and 29% of the Board of Directors.

Through recruitment and career development, we focus on attracting and retaining female employees and executives, who wish to pursue careers in farming or forestry.

We always consider both female and male candidates when there are open positions on our Board, but also base our decision on professional qualifications. In 2018/19, we added a male candidate to our Board since he was best suited for the position and our

upcoming challenges. Hence, we did not meet our target in the reporting year.

Health and safety

Farming is a hazardous profession. Our farm teams work with large machinery, vehicles, chemicals and livestock. They are exposed to bad weather, noise and dust. Providing safe work environments for our teams is one of our most important responsibilities. Our overall goal in Ingleby is a zero-harm work culture. Realistically, we know that this is difficult to achieve.

In 2018/19, we have continued to educate our employees in health and safety. Due to our teams' continued focus on safety, we have reduced our number of accidents worldwide during the last four years. In 2018/19, we saw a 33% reduction in accidents from 2017/18. But even one accident is one too many, and we will continue focusing on health and safety in 2019/20.

ANTI-CORRUPTION

Ingleby farms in many countries, of which some are perceived to have a medium to high risk of corruption. We are committed to conducting our business in an honest and ethical manner. We work against corruption in all its forms, including extortion and bribery.

We abide by our Ethical Policy, Anti-Money Laundering & Anti-Corruption Policy and Supplier's Code of Conduct. Together, these constitute our Code of Business Conduct.

We require our employees and business partners to comply with the expectations and policies of the Ingleby Code of Business Conduct. We operate with zero tolerance towards breaches of our Code of Business Conduct.

We encourage our employees and business partners to report any violations or suspected breaches of our Code of Business Conduct. This is supported by our whistleblower system allowing for full anonymity.

We investigate all submissions thoroughly, take appropriate actions and report any breaches to the Board of Directors. We ensure there is no retaliation against people who report alleged breaches of the Code of Business Conduct.

In 2018/19, we had one breach of ethical conduct, two production and sustainability breaches and one IT security breach as well as three whistleblowing cases.

INDEPENDENT AUDITORS' REPORT

To the shareholders of Ingleby Farms & Forests ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Ingleby Farms & Forests ApS for the financial year 1 July 2018 – 30 June 2019, which comprise income statement, balance sheet, statement of capital and reserves 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 30 June 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 July 2018 – 30 June 2019 in accordance with the Danish Financial Statements Act.

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.

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 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 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.

Odense, 22 November 2019

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30700228



Lars Koch-Pedersen
State Authorised Public Accountant
mne19682



INCOME STATEMENT

INCOME STATEMENT

USD	Note	Consolidated		Parent company	
		2018/19	2017/18	2018/19	2017/18
Revenue	1	156,607,922	114,111,125	6,915,465	6,297,636
Change in inventories and stock at fair value		1,420,738	1,631,293	0	0
Change in basic herds and animals at fair value		1,963,339	1,017,797	0	0
Costs for raw materials		-78,152,766	-72,049,852	0	0
Other external costs	2	-16,077,610	-13,688,332	-4,007,811	-2,998,240
Gross profit		65,761,623	31,022,033	2,907,654	3,299,396
Staff costs	3	-23,760,842	-21,295,805	-4,034,531	-3,491,054
Impairment and depreciation of fixed assets		-22,682,149	-17,088,259	-162,942	-147,679
Operating profit/loss		19,318,632	-7,362,031	-1,289,819	-339,337
Share of profit/loss in subsidiaries after tax		0	0	6,780,609	1,248,621
Financial income	4	6,570,072	4,687,411	5,283,793	2,345,980
Financial expenses	5	-11,575,915	-7,476,822	-4,607,574	-3,853,602
Profit/loss from ordinary activities before tax		14,312,789	-10,151,442	6,167,009	-598,338
Tax on profit/loss from ordinary activities	6	-8,139,123	9,436,824	6,657	-116,280
Profit/loss for the year		6,173,666	-714,618	6,173,666	-714,618

BALANCE SHEET - ASSETS

BALANCE SHEET - ASSETS

USD	Note	Consolidated		Parent company	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
Licences and software	7	1,402,717	1,634,965	336,103	289,168
Intangible assets		1,402,717	1,634,965	336,103	289,168
Land, buildings, plantings and forests		659,532,214	660,426,115	1,491,206	1,491,206
Livestock - basic herd		9,741,751	97,459	0	0
Plant and machinery		35,199,610	37,986,796	0	0
Fixtures and fittings, tools and equipment		3,474,988	4,530,003	248,431	322,179
Property, plant and equipment under construction		16,516,923	9,566,019	0	0
Property, plant and equipment	8	724,465,486	712,606,392	1,739,637	1,813,385
Investments in subsidiaries		0	0	784,952,536	779,618,648
Investments	9	0	0	784,952,536	779,618,648
Total non-current assets		725,868,203	714,241,357	787,028,276	781,721,201
Raw materials and consumables		5,944,683	4,445,162	0	0
Work in progress		33,992,669	30,117,252	0	0
Inventories and stock at fair value		34,114,681	43,709,686	0	0
Inventories		74,052,033	78,272,100	0	0
Trade receivables		26,277,405	19,480,860	0	0
Amounts owed by affiliated companies		0	0	58,181,595	31,020,013
Other receivables		23,808,028	23,129,056	530,574	400,740
Joint taxation receivables		0	0	20,058	0
Corporation tax	10	1,987,219	5,724,232	7,510	45,636
Prepayments	11	3,749,218	5,136,651	0	0
Deferred tax asset	12	818,328	1,521,373	181,208	0
Receivables		56,590,198	54,992,172	58,920,945	31,466,389
Securities and investments		2,439,963	2,326,993	0	0
Cash at bank and in hand		59,342,734	36,823,881	15,566,285	19,389,577
Total current assets		192,424,928	172,415,146	74,487,230	50,855,966
TOTAL ASSETS		918,293,131	886,656,503	861,515,506	832,577,167

BALANCE SHEET - EQUITY & LIABILITIES

BALANCE SHEET - EQUITY & LIABILITIES

USD	Note	Consolidated		Parent company	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
Share capital	13	25,036	25,686	25,036	25,686
Free reserves incl. retained earnings		731,402,787	736,299,255	731,402,787	736,299,255
Equity		731,427,823	736,324,941	731,427,823	736,324,941
Deferred tax	14	33,335,087	34,721,977	0	11,804
Provisions		33,335,087	34,721,977	0	11,804
Long-term credit institutions	15	114,081,032	76,930,980	113,677,814	75,995,354
Long-term lease contracts	15	2,296,004	3,166,215	0	0
Long-term prepayments	16	652,789	952,855	0	0
Non-current liabilities other than provisions		117,029,825	81,050,050	113,677,814	75,995,354
Short-term portion of long-term lease contracts	15	1,805,617	1,984,354	0	0
Credit institutions	16	792,963	2,367,141	61,284	103,804
Trade payables		14,560,398	11,612,572	413,598	325,297
Amounts owed to affiliated companies		0	0	4,515,089	8,956,049
Corporation taxes payables	10	1,072,458	702,132	0	0
Other payables		18,268,960	17,849,110	11,419,898	10,859,918
Prepayments	16	0	44,226	0	0
Current liabilities other than provisions		36,500,396	34,559,535	16,409,869	20,245,068
Total liabilities other than provisions		153,530,221	115,609,585	130,087,683	96,240,422
TOTAL EQUITY AND LIABILITIES		918,293,131	886,656,503	861,515,506	832,577,167
Contingent liabilities	17,18				
Currency and interest rate risks and use of derivative financial instruments	19				
Related parties	20				
Proposed distribution of profit/loss	21				
Accounting policies	24				

CAPITAL & RESERVES

CAPITAL & RESERVES

USD	Consolidated		
	Share capital	Free reserves incl. retained earnings	Total
Balance at 1 July 2018	25,686	736,299,255	736,324,941
Currency translation adjustment	-650	-11,166,660	-11,167,310
Retained earnings, cf. profit appropriation	0	6,173,666	6,173,666
Value adjustment of hedging instrument	0	67,598	67,598
Tax on equity transactions	0	28,928	28,928
Balance at 30 June 2019	25,036	731,402,787	731,427,823

USD	Parent company		
	Share capital	Free reserves incl. retained earnings	Total
Balance at 1 July 2018	25,686	736,299,255	736,324,941
Currency translation adjustments	-650	-11,166,660	-11,167,310
Retained earnings, cf. profit appropriation	0	6,173,666	6,173,666
Value adjustment of hedging instrument	0	67,598	67,598
Tax on equity transactions	0	28,928	28,928
Balance at 30 June 2019	25,036	731,402,787	731,427,823

CASH FLOW STATEMENT

CASH FLOW STATEMENT

USD	Note	Consolidated	
		2018/19	2017/18
Profit/Loss for the year		6,173,666	-714,618
Adjustments for non-cash operation items	22	33,862,889	10,440,846
Cash generated from operations (operating activities) before changes in working capital		40,036,555	9,726,228
Changes in working capital	23	-5,300,691	-5,910,549
Cash generated from operations (operating activities)		34,735,864	3,815,679
Interest received		320,763	250,028
Interest paid		-2,669,129	-1,872,267
Foreign exchange rate adjustments		-4,786,761	-1,251,067
Cash generated from operations (ordinary activities)		27,600,737	942,373
Corporation tax paid		-4,679,251	-1,261,848
Cash flows from operating activities		22,921,486	-319,475
Acquisition of subsidiary, property		-1,922,062	0
Acquisition of intangible assets, property, plant and equipment		-31,978,278	-51,380,610
Disposal of intangible assets, property, plant and equipment		2,893,072	2,755,524
Purchase of investment and securities		-112,970	-58,623
Cash flows from investing activities		-31,120,238	-48,683,709
Loan financing:			
Loan obligations - financial institutions		35,575,874	75,317,920
Loan obligations		-1,680,268	-80,236,297
Lease obligations		-2,085,009	-1,126,609
Long-term prepayments		-300,066	-150,449
Cash flows from financing activities		31,510,531	-6,195,435
Net cash flows from operating, investing and financing activities		23,311,779	-55,198,619
Cash at 30 June 2018 before foreign exchange rate adjustments		36,823,881	90,938,359
Foreign exchange rate adjustments on cash at 30 June 2018		-792,926	1,084,141
Cash at 30 June 2019		59,342,734	36,823,881

The cash flow statement cannot be directly derived from the other components of the consolidated and parent company financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 : SEGMENT INFORMATION - REVENUE

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Geographical				
Americas	100,086,691	52,707,719	3,981,518	3,039,870
Australasia	29,774,963	29,502,379	1,051,469	1,139,196
Denmark	0	0	32,019	32,850
Europe	26,746,268	31,901,027	1,850,459	2,085,720
Total	156,607,922	114,111,125	6,915,465	6,297,636
Activities				
Row crops	42,657,131	42,518,122	0	0
Horticulture	81,233,215	32,091,457	0	0
Livestock	13,808,169	16,007,786	0	0
Dairy	9,473,747	8,723,235	0	0
Timber	1,052,447	3,087,814	0	0
Rental	1,166,468	1,042,738	0	0
Other	7,216,745	10,639,973	6,915,465	6,297,636
Total	156,607,922	114,111,125	6,915,465	6,297,636

NOTE 2 : FEES PAID TO AUDITORS

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
EY				
Fee regarding statutory audit	329,229	263,045	177,201	182,572
Assurance engagements	17,587	2,454	0	0
Tax assistance	179,547	179,166	173,016	173,318
Other assistance	50,180	246,058	50,180	232,244
Total fees EY	576,543	690,723	400,397	588,134
KPMG				
Fee regarding statutory audit	168,088	256,418		
Tax assistance	15,757	30,401		
Other assistance	23,041	92,448		
Total fees KPMG	206,886	379,267		
Moss Adams / Baker Petersen Franklin				
Fee regarding statutory audit	55,998	56,000		
Tax assistance	34,483	22,725		
Other assistance	0	14,500		
Total fees Moss Adams / Baker Petersen Franklin	90,481	93,225		

NOTE 3 : STAFF COSTS

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Wages and salaries	22,487,852	19,880,785	3,618,437	3,166,673
Pensions	388,882	475,352	214,118	193,199
Other social security costs	884,108	939,668	201,976	131,182
Total	23,760,842	21,295,805	4,034,531	3,491,054
Average number of full-time employees	2,816	3,027	22	20

Remuneration of the Executive Board and the Board of Directors are paid from Parent company. Both are included in staff costs and in total amounts to USD 1,142 thousands (2017/18: USD 1,131 thousands).

NOTE 4 : FINANCIAL INCOME

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Interest income from affiliated companies	0	0	1,730,703	566,777
Foreign exchange gains	6,249,309	4,437,383	3,422,541	1,699,712
Other interest income	320,763	250,028	130,549	79,491
Total	6,570,072	4,687,411	5,283,793	2,345,980

NOTE 5 : FINANCIAL EXPENSES

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Interest expense to affiliated companies	0	0	409,603	220,159
Foreign exchange losses	8,906,786	5,604,555	2,275,867	2,470,731
Other financial expenses	2,669,129	1,872,267	1,922,104	1,162,712
Total	11,575,915	7,476,822	4,607,574	3,853,602

NOTE 6 : TAX ON THE PROFIT/LOSS FOR THE YEAR

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Current tax for the year	8,818,806	-2,033,319	193,320	116,280
Change of tax prior year	24,716	-20,625	-35,893	0
Adjustment of deferred tax	-704,399	-7,382,880	-164,084	0
Total	8,139,123	-9,436,824	-6,657	116,280
Specified as follows:				
Tax on the profit/loss for the year	8,139,123	-9,436,824	-6,657	116,280
Tax on changes in equity	-28,928	0	-28,928	0
Total	8,110,195	-9,436,824	-35,585	116,280

NOTE 7 : LICENSES AND SOFTWARE

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Cost at 1 July	2,734,089	2,578,835	385,349	305,814
Foreign exchange adjustments	-116,150	-72,131	-9,748	5,902
Additions	150,333	202,648	134,026	73,633
Transferred	0	24,737	0	0
Disposals	0	0	0	0
Cost at 30 June	2,768,272	2,734,089	509,627	385,349
Impairment and amortisation at 1 July	1,099,124	810,676	96,181	29,139
Impairment and amortisation	318,025	308,785	79,816	68,129
Foreign exchange adjustments	-51,594	-34,267	-2,473	-1,087
Transferred	0	13,930	0	0
Disposals	0	0	0	0
Impairment and amortisation at 30 June	1,365,555	1,099,124	173,524	96,181
Carrying amount at 30 June	1,402,717	1,634,965	336,103	289,168
Amortised over	5-10 years	5-10 years	5-10 years	5-10 years

NOTE 8 : PROPERTY, PLANT AND EQUIPMENT

USD	Consolidated					
	Land, buildings, plantings and forests	Livestock - basic herd	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 July 2018	688,026,363	99,580	62,355,731	9,213,664	9,566,019	769,261,357
Foreign exchange adjustments	-9,804,485	-3,721	-1,530,468	-174,271	-319,489	-11,832,434
Additions on acquisition of subsidiary	2,063,624	0	0	0	0	2,063,624
Additions	14,140,581	717,408	8,820,555	673,370	9,146,745	33,498,659
Transferred	1,872,428	0	0	3,924	-1,876,352	0
Transferred from current assets	0	5,072,512	0	0	0	5,072,512
Disposals	-375,147	-174,096	-5,849,581	-670,687	0	-7,069,511
Cost at 30 June 2019	695,923,364	5,711,683	63,796,237	9,046,000	16,516,923	790,994,207
Revaluation at 1 July 2018	0	0	0	0	0	0
Foreign exchange adjustments	0	-316	0	0	0	-316
Transferred from current assets	0	2,067,045	0	0	0	2,067,045
Revaluation 2018/19	0	1,963,339	0	0	0	1,963,339
Revaluation at 30 June 2019	0	4,030,068	0	0	0	4,030,068
Impairment and depreciation at 1 July 2018	27,600,248	2,121	24,368,935	4,683,661	0	56,654,965
Foreign exchange adjustments	-571,342	-79	-758,895	-89,775	0	-1,420,091
Depreciation	9,443,495	0	8,938,840	1,118,019	0	19,500,354
Transferred	0	0	-279,051	279,051	0	0
Disposals	-81,251	-2,042	-3,673,202	-419,944	0	-4,176,439
Impairment and depreciation at 30 June 2019	36,391,150	0	28,596,627	5,571,012	0	70,558,789
Carrying amount at 30 June 2019	659,532,214	9,741,751	35,199,610	3,474,988	16,516,923	724,465,486
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	4,104,659	0	0	4,104,649
Depreciated over	8-50 years	N/A	3-25 years	3-10 years	N/A	

USD	Parent company		
	Land, buildings, plantings and forests	Fixtures and fittings, tools and equipment	Total
Cost at 1 July 2018	1,491,206	515,561	2,006,767
Foreign exchange adjustments	0	-13,042	-13,042
Additions	0	17,446	17,446
Disposals	0	0	0
Cost at 30 June 2019	1,491,206	519,965	2,011,171
Impairment and depreciation at 1 July 2018	0	193,382	193,382
Foreign exchange adjustments	0	-4,972	-4,972
Depreciation	0	83,124	83,124
Disposals	0	0	0
Impairment and depreciation at 30 June 2019	0	271,534	271,534
Carrying amount at 30 June 2019	1,491,206	248,431	1,739,637

NOTE 9 : INVESTMENTS IN SUBSIDIARIES

USD	Parent company	
	2018/19	2017/18
Cost at 1 July	827,799,686	815,663,975
Additions during the year	9,699,183	12,135,711
Disposals	0	0
Cost at 30 June	837,498,869	827,799,686
Revaluations at 1 July	-48,181,038	-43,735,240
Disposals	0	0
Foreign exchange adjustments	-11,145,904	-5,694,419
Profit/Loss for the year	6,780,609	1,248,621
Capital transactions in subsidiaries	0	0
Revaluations at 30 June	-52,546,333	-48,181,038
Carrying amount at 30 June	784,952,536	779,618,648

Name	Registered office	Direct ownership	Direct & indirect ownerships
Ingleby Denmark 1 A/S	Denmark	100 %	100 %
Ingleby Denmark 2 A/S	Denmark	100 %	100 %
AKL Holding 2018 ApS	Denmark	0 %	100 %
Ingleby Australia Holding Pty. Ltd.	Australia	100 %	100 %
Ingleby New Zealand LP	New Zealand	99.99 %	100 %
San Antonio y El Espejo S.A.	Argentina	99.99 %	99.99 %
Administracion Agricola S.A.	Argentina	0 %	100 %
Campo El Tigre S.A.	Argentina	0 %	100 %
Clovelly Tasmania Pty. Ltd.	Australia	0 %	100 %
Bowood Pastoral Pty. Ltd.	Australia	0 %	100 %
Felton Pastoral WA Pty. Ltd.	Australia	0 %	100 %
Mt. Elephant Pty. Ltd.	Australia	0 %	100 %
AKL SIA	Latvia	0 %	100 %
Ingleby Latvia Agro SIA	Latvia	0 %	100 %
Ingleby Dobeles Agro SIA	Latvia	0 %	100 %
Elaco SIA	Latvia	0 %	100 %
Jaunagra SIA	Latvia	0 %	100 %
SIA JAUNBERZE AGRA	Latvia	0 %	100 %
SIA Log & S	Latvia	0 %	100 %
SIA Terraco	Latvia	0 %	100 %
Ingleby Lithuania Holding UAB	Lithuania	0 %	100 %
Ingleby Lithuania Agro UAB	Lithuania	0 %	100 %
Ingleby Lithuania 1 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 2 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 3 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 4 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 5 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 6 UAB	Lithuania	0 %	100 %
Ingleby New Zealand Holding Ltd.	New Zealand	0 %	100 %
Ingleby Peru Holding S.A.C.	Peru	0 %	100 %
Plantaciones del Sol S.A.C.	Peru	0 %	100 %
Ingleby Romania S.R.L.	Romania	0 %	100 %
Campo D'Oro S.R.L.	Romania	0 %	100 %
Ocolul Silvic Ingleby	Romania	0 %	100 %
Ingleby Uruguay S.R.L.	Uruguay	0 %	100 %
CA3 Holding S.A.	Uruguay	0 %	100 %
CAH 4 S.A.	Uruguay	0 %	100 %
Chamizal S.R.L.	Uruguay	0 %	100 %
Maria Elena Holding 2 S.A.	Uruguay	0 %	100 %
Maria Elena S.R.L.	Uruguay	0 %	100 %
ME Holding 1 S.A.	Uruguay	0 %	100 %
Brattalid Inc.	USA	0 %	100 %
Eriksson LLC	USA	0 %	100 %

NOTE 10 : CORPORATION TAX

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Corporation tax payable at 1 July	5,022,100	1,782,761	45,636	32,837
Acquisition of subsidiary	0	0	0	0
Tax on taxable income for the year	-8,788,599	1,980,492	173,262	-116,280
Corporation tax paid during the year	4,679,251	1,261,848	-213,377	130,055
Foreign exchange adjustment	2,009	-3,001	1,989	-976
Corporation tax at 30 June	914,761	5,022,100	7,510	45,636
Included in assets	1,987,219	5,724,232		
Included in liabilities	-1,072,458	-702,132		
Corporation tax at 30 June	914,761	5,022,100		

NOTE 11 : PREPAYMENTS - ASSETS

Prepayments consists of prepaid expenses concerning subsequent financial year, hereof prepaid insurance premium, prepaid lease payment etc.

NOTE 12 : DEFERRED TAX ASSET

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Deferred tax at 1 July	1,521,373	883,775	0	0
Foreign exchange adjustments	-27,753	-13,730	0	0
Adjustment of deferred tax	-704,220	651,328	152,280	0
Tax on equity transactions	28,928	0	28,928	0
Deferred tax at 30 June	818,328	1,521,373	181,208	0
Deferred tax asset relates to:				
Property, plant and equipment	-3,954,319	-1,515,741	0	0
Current assets	509,913	693,715	152,280	0
Liabilities other than provisions	-181,971	582,029	28,928	0
Tax loss carryforward	4,444,705	1,761,370	0	0
Total	818,328	1,521,373	181,208	0

Based on the budgets, Management considers it likely that there will be future taxable income against which non-utilised tax losses and tax deductions can be offset.

NOTE 13 : SHARE CAPITAL

The share capital consists of 164,200 shares of nominal DKK 1 each. No shares have been ascribed special rights. The company's share capital has increased in the following way during the last 5 years:

USD	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Balance at the beginning of the year	25,686	25,200	24,439	24,435	30,000
Capital increase	0	0	44	44	60
Foreign currency translation adjustment	-650	486	717	-40	-5,625
Balance at the end of the year	25,036	25,686	25,200	24,439	24,435

NOTE 14 : DEFERRED TAX

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Deferred tax at 1 July	34,721,977	41,465,291	11,804	11,580
Foreign exchange adjustments	-34,865	-2,151		224
Additions on acquisition of subsidiary	56,496	0	0	0
Adjustment of deferred tax	-1,408,521	-6,741,163	-11,804	0
Deferred tax at 30 June	33,335,087	34,721,977	0	11,804
Deferred tax asset relates to:				
Property, plant and equipment	26,283,912	23,495,313	0	11,804
Current assets	-548	-41,891	0	0
Liabilities other than provisions	7,097,946	11,733,183	0	0
Tax loss carryforward	-46,223	-464,628	0	0
Total	33,335,087	34,721,977	0	11,804

NOTE 15 : MORTGAGE CREDIT INSTITUTIONS AND BANKS

USD	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Credit institutions:				
0-1 year	792,963	2,367,141	61,284	103,804
1-5 years	114,081,032	76,930,980	113,677,814	75,995,354
> 5 years	0	0	0	0
Total	114,873,995	79,298,121	113,739,098	76,099,158
Lease payments:				
0-1 year	1,805,617	1,984,354	0	0
1-5 years	2,296,004	3,166,215	0	0
> 5 years	0	0	0	0
Total	4,101,621	5,150,569	0	0
Specified as follows:				
Long-term	116,377,036	80,097,195	113,677,814	75,995,354
Short-term portion of long-term	2,598,580	4,351,495	61,284	103,804
Total	118,975,616	84,448,690	113,739,098	76,099,158

NOTE 16 : PREPAYMENTS - LIABILITIES

Prepayments under liabilities consists of received subsidies concerning subsequent financial year.

NOTE 17 : CONTRACTUAL LIABILITIES AND CONTINGENCIES, ETC.

Parent company:

The parent company has signed lease contracts with non-termination periods until 30 August 2030. Total obligation is USD 4,271 thousands.

The parent company is jointly taxed with Ingleby Denmark 1 A/S, Ingleby Denmark 2 A/S and AKL Holding 2018 ApS. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties amounting to USD 0.

Group:

In connection with disposal of property a deferred tax liability amounting to USD 34,439 thousand should be recognised.

The group has signed lease contracts with non-termination periods until 30 August 2030. The total obligation is USD 5,343 thousand.

For a number of years, Ingleby's subsidiary Brattalid Inc., USA has had a management agreement with certain farm managers in place concerning the subsidiary's pistachio orchard in California. In September 2018, Brattalid Inc., through its operating subsidiary, initiated arbitration proceedings to terminate the agreement.

NOTE 18 : MORTGAGES AND SECURITY

USD'000	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
The following assets have been placed as security for the Group's bank debt:				
Shares in subsidiaries	0	0	104,713 ¹	104,713
Land, buildings, plantings and forests with a carrying amount of	958 ²	1,976	0	0
Plant and machinery with a carrying amount of	729 ³	1,211	0	0
Cash at bank and in hand	1,900 ⁴	2,100	0	0

- Shares in Ingleby Australia Holding Pty Ltd. has been provided as security for an amount of USD 175,610 thousand. Additionally the shares in Ingleby Latvia Agro, SIA, Ingleby Dobeles Agro, SIA and Ingleby Lithuania Holding UAB have been provided as security for an amount of USD 6,248 thousand towards parent company's bank debt. This collateral has been provided by Ingleby Denmark 1 A/S.
- Provided as collateral for a mortgage of USD 483 thousand in Latvia.
- Provided as collateral for chattel mortgages of USD 394 thousand in Australia.
- Of the assets recognised as "cash at bank and in hand", USD 1.9 million are deposited in respect to purchase of shares in a subsidiary company.

Parent company:

The Company has provided a guarantee for a subsidiary's liabilities, amounting to maximally USD 38 thousand.

Negative pledges has been registered in respect of shares in Ingleby Denmark 1 A/S and Ingleby Denmark 2 A/S.

Group:

In Romania there have been issued commitments amounting to USD 1,338 thousand.

NOTE 19 : CURRENCY AND INTEREST RATE RISKS AND USE OF DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses hedging instruments such as interest swaps to hedge non-recognised transactions.

Interest rate risks:

The Group uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

USD'000	2018/19				2017/18			
	Notional principal	Value adjustment recognised in equity	Fair value	Term to maturity (months)	Notional principal	Value adjustment recognised in equity	Fair value	Term to maturity (months)
Interest rate swaps	53,560	68	-131	13	54,868	-199	-199	25

The hedged cash flows are expected to be realised and will affect results of operations over the term to maturity of the interest rate swap.

NOTE 20 : RELATED PARTIES

The ultimate shareholder is The Ingleby Trust, represented by:

Dr. Johannes Burger, Rötibergstrasse 2, 9442 Berneck, Switzerland
 Dr. Markus Summer, Stelzagass 17, 9487 Gamprin, Principality of Liechtenstein
 Geoffrey Richards, Landstrasse 33, 9491 Ruggell, Principality of Liechtenstein

The company has not had transactions covered by ÄRL § 98c, 7

NOTE 21 : PROPOSED DISTRIBUTION OF PROFIT/LOSS

USD	Consolidated	Parent company	
		2018/19	2017/18
Retained earnings		6,173,666	-714,618
Total		6,173,666	-714,618

NOTE 22 : ADJUSTMENT FOR NON-CASH OPERATING ITEMS

USD	Consolidated	Consolidated	
		2018/19	2017/18
Depreciation, amortisation and impairment		22,682,149	17,088,259
Changes in basic herds and animals at fair value		-1,963,339	0
Tax on loss for the year		8,138,236	-9,436,824
Financial income		-6,570,072	-4,687,411
Financial expenses		11,575,915	7,476,822
Total		33,862,889	10,440,846

NOTE 23 : CHANGES IN WORKING CAPITAL

USD	Consolidated	Consolidated	
		2018/19	2017/18
Change in inventories		-3,724,504	-4,001,911
Change in receivables		-6,119,916	-2,903,115
Change in prepayments and trade and other payables		4,543,729	994,477
Total		-5,300,691	-5,910,549

NOTE 24 : ACCOUNTING POLICIES

The annual report of Ingleby Farms & Forests ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are the following.

REPORTING CURRENCY

The financial statements are presented in USD, as the entity's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6.55852 (2017/18: 6.39261).

CONSOLIDATED FINANCIAL STATEMENTS

Control

The consolidated financial statements comprise the Parent Company Ingleby Farms & Forests ApS and subsidiaries controlled by Ingleby Farms & Forests ApS.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

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 as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements.

Business combinations

Newly acquired entities are recognised in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities.

The acquisition date is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Upon the acquisition of enterprises who possess farm land or forest and who do not comply with the accounting definition of an enterprise, any excess values are recognised as costs of the assets and liabilities acquired. On initial recognition, any differences between the accounting and tax values of assets and liabilities which do not relate to the acquisition of enterprises must not be recognised in the balance sheet, but are to be recognised as contingent liabilities.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

NOTE 24 : ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSLATION

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the ex-change rates at the transaction date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost 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 together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables 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 recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

INCOME STATEMENT

REVENUE

Revenue from the sale of goods and services is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

COSTS OF RAW MATERIALS

Costs for raw materials and consumables comprise costs incurred to achieve the year's revenue.

OTHER OPERATING INCOME

Other operating income comprises items secondary to the activities of the enterprises.

OTHER EXTERNAL COSTS

Other operating expenses include the costs of distribution, sales, marketing, administration, facilities, bad debt, operating leases, etc.

STAFF COSTS

Staff costs comprise wages and salaries, remuneration, pensions and other staff costs to the company's employees.

PROFITS/LOSSES FROM INVESTMENTS IN SUBSIDIARIES

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

INTEREST INCOME AND EXPENSES AND SIMILAR ITEMS

Interest income and expenses and similar items comprise interest income and expenses, market gains and losses in respect of payables and transactions denominated in foreign currencies.

TAX ON PROFIT/LOSS FROM ORDINARY ACTIVITIES

The company is covered by the Danish rules on compulsory joint taxation of the Ingleby Group's Danish entities.

The Company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

NOTE 24 : ACCOUNTING POLICIES

BALANCE SHEET

INTANGIBLE ASSETS

Intangible assets consist of IT-software and water rights, and are measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the expected economical lives of the assets. The expected depreciation periods do not exceed 10 years.

PROPERTY, PLANT AND EQUIPMENT

Land, buildings, plantings and forests assets consist of land and buildings, forests and bearer plants. Land and buildings assets, plant and machinery and fixtures and fittings, tools and equipment, are measured at cost less accumulated depreciation and impairment. Land, forests and assets under construction are not depreciated.

Livestock - basic herd consist of basic herds and useful animals. These are on initial recognition measured at cost. Basic herd and useful animals is measured at market value at year end. The market value is the value which the biological assets are expected to yield in a transaction between independent parties.

Change in fair value of Livestock - basic herd is included in Change in basic herds and animals at fair value in the income statement.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	50 years
Plant and machinery	3 - 25 years
Bearer plants	8-30 years
Fixtures and fittings, tools and equipment	3 - 10 years

Gains and losses on the disposal of equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as impairment and depreciations of fixed assets.

LEASES

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in the contingencies.

IMPAIRMENT OF ASSETS

The carrying amount of intangible assets and property, plant and equipment as well as in-vestments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net as-set values calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative net asset values are measured at USD 0 (nul), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under "Other provisions".

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Ingleby Farms & Forests ApS are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the purchase method is applied, see Consolidated financial statements above.

NOTE 24 : ACCOUNTING POLICIES

INVENTORIES

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence and development in expected selling price.

Inventories and stock at fair value comprise corn inventory, cut-down wood, straw, non-harvested crops on land and livestock held for sale.

Fair value is the market value which the assets are expected to yield in a transaction between independent parties.

The fair value of crops on land is computed at direct costs, such as seed, fertiliser, tractor station and crop protection (fences) and direct payroll costs, unless this value is deemed to differ from the fair value at the balance sheet date.

Livestock held for sale is on initial recognition measured at cost and subsequent measured at market value at year end. The market value is the value which the livestock held for sale are expected to yield in a transaction between independent parties.

Agriculture produce is initially recognised at fair value at the point of harvest less estimated costs to sell.

Value adjustments of inventories and stock at fair value are recognised as a change in inventories and stock at fair value in the income statement.

RECEIVABLES

Receivables are measured at the nominal value less write-down for bad debt losses based on an individual assessment.

PREPAYMENTS

Prepayments comprise costs incurred concerning subsequent financial years.

OTHER SECURITIES AND INVESTMENTS

Other securities and investments are measured at fair value based on a calculated capital value. To the extent fair value cannot be computed, other securities and investments are measured at cost.

EQUITY

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net re-valuation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

CORPORATION TAX AND DEFERRED TAX

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

LIABILITIES OTHER THAN PROVISIONS

Liabilities are measured at net realisable value.

DEFERRED INCOME

Deferred income, recognised under "Liabilities", comprises payments received concerning income in subsequent years.

NOTE 24 : ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents, as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

CASH FLOWS FROM FINANCING ACTIVITIES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

SEGMENT INFORMATION

Information is disclosed by activities and geographical markets. Segment information is based on the Group's accounting policies, risks and management control.

FINANCIAL RATIOS

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	=	Operating profit x 100 / Revenue
Gross margin	=	Gross profit x 100 / Revenue
Equity ratio	=	Equity at year end x 100 / Total equity and liabilities at year end
Return on equity	=	Profit from ordinary activities after tax x 100 / Average equity



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