

24 August 2011**Half year report for 1 January – 30 June 2011 for FirstFarms A/S**

Summary

The Board of Directors and Management of FirstFarms A/S have today reviewed and adopted the un-audited half year report for the period 1 January – 30 June 2011.

Result in first half year better than expected

- FirstFarms has in the accounting period realised a turnover of DKK 32.0 million, an EBIT result of DKK 3.8 million and a pre-tax result of DKK 1.6 million. The results are better than the expectations.
- In the first half year, the milk price has been on level with the assumed. There is a great volatility in the milk prices at the moment and the market is under pressure and therefore a lower milk price is expected in the second half year.
- The milk production has in the first half year been lower than assumed. The milk production per cow is increased but in a lower pace than assumed. It is decided to close old and uneconomic stables, and therefore the total number of cows and the milk production will be lower than originally assumed in the second half year.
- The sales prices on grain and oil seed are higher than expected.
- The harvest in Romania and Slovakia has been better than expected, and the crops not yet harvested are also estimated to give a higher yield than expected.
- In the light of the above, however specifying that the expectations are in the upper range of the intervals, FirstFarms maintains the expectations of a turnover of DKK 125-130 million, and EBIT result of DKK 17-22 million and a pre-tax result of DKK 10-15 million.

Billund, 24 August 2011

FirstFarms A/SFor further information:

Please visit our website www.firstfarms.com or contact Managing Director Per Villumsen on telephone +45 75 86 87 87.

FIRSTFARMS A/S

Aastvej 10B
DK-7190 Billund

Tel.: +45 7586 8787
Fax.: +45 7586 8783

www.firstfarms.dk
www.firstfarms.com
info@firstfarms.dk

CVR nr.: 28312504
Registered office: Billund

Main and key ratios

	The Group Q1+Q2 2011	The Group Q1+Q2 2010	The Group Q2 2011	The Group Q2 2010	The Group 2010
DKK 1,000					

Main figures

Turnover	32,965	24,955	17,958	11,942	85,130
Gross profit/loss	11,582	7,452	8,468	5,730	10,210
Profit/loss of primary operations	3,847	-2,411	4,828	1,506	-7,932
Net financial items	-2,204	-1,641	-1,255	-1,479	-3,994
Pre-tax result	1,643	-4,052	3,573	27	-11,926
Net profit	1,359	-3,585	2,899	-221	-9,268

Non-current assets	413,766	395,482	413,766	395,482	414,400
Current assets	118,447	118,481	118,447	118,481	80,754
Total assets	532,207	513,963	532,207	513,963	495,154
Share capital	47,122	47,122	47,122	47,122	47,122
Equity	343,730	346,452	343,730	346,452	340,884
Non-current liabilities	50,286	64,611	50,286	64,611	52,936
Current liabilities	138,191	102,600	138,191	102,900	101,334

Cash flow from operations	-7,672	-9,969	5,926	1,289	15,853
Cash flow for investment, net	-12,048	-16,190	-10,887	-5,216	-41,407
Of which for investment in tangible assets	-5,765	-11,371	-957	-5,701	-33,576
Cash flow from financing	11,995	-7,973	3,687	-5,474	-10,481
Total cash flow	-7,725	-34,132	-1,274	-9,402	-36,035

Key figures

Gross margin	35.1	29.9	47.2	48.0	12.0
Operating margin	11.7	-9.7	26.8	12.6	-9.3
Assets/equity	1.5	1.5	1.5	1.5	1.5
Earnings per share, DKK	0.29	-0.76	0.61	-0.05	-1.97
Diluted earnings per share, DKK	0.29	-0.76	0.61	-0.05	-1.97
Return on shareholders' equity	0.8	-2.1	3.4	-0.25	-2.7

Average number of employees	201	201	201	204	205
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Management report for the period 1 January – 30 June 2011

FirstFarms has in the accounting period realised a turnover of DKK 32.0 million, an EBIT result of DKK 3.8 million and a pre-tax result of DKK 1.6 million. The results are better than the expectations.

The equity is increased with DKK 2.8 million in the first half year, which is composed by a result after tax of DKK 1.4 million and an exchange rate adjustment of DKK 1.4 million. This is especially in consequence of the Romanian lei being a little stronger than at the turn of the year, but however a little weaker than at the end of the first quarter.

In the first half year, the milk price has been on level with the assumed. There is a great volatility in the milk prices at the moment and the market is under pressure and therefore a lower milk price is expected in the second half year.

The milk production has in the first half year been lower than assumed. The milk production per cow is increased but in a lower pace than assumed. It is decided to close old and uneconomic stables, and therefore the total number of cows and the milk production will be lower than originally assumed in the second half year.

The sales prices on grain and oil seed are higher than expected.

The harvest in Romania and Slovakia has been better than expected, and the crops not yet harvested, are also estimated to give a higher yield than expected.

In the light of the above, however specifying that the expectations are in the upper range of the intervals, FirstFarms maintains the expectations of a turnover of DKK 125-130 million, and EBIT result of DKK 17-22 million and a pre-tax result of DKK 10-15 million.

Risk assessment

FirstFarms has in the annual report for 2010 described the most essential risks for the company, and it is the management's opinion that this description is still adequate. The annual report and the risk assessment can be found on the company's website www.firstfarms.com.

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Expectations for 2011

Assumptions

In the light of the above, however specifying that the expectations are in the upper range of the intervals, FirstFarms maintains the expectations of a turnover of DKK 125-130 million, an EBIT result of DKK 17-22 million and pre-tax result of DKK 10-15 million.

The expectations are based on the following assumptions:

- An average settlement price for the year on milk of 2.48 per kg (previously 2.53).
- An oil seed price of DKK 2,450-3,700 per tonne (previously 2,600-2,900).
- A grain price in the level of DKK 1,100-1,500 per tonne (previously 1,050-1,350).

Financial calendar for 2011

23 November 2011

Quarterly report – Q3 2011

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Management statement

The Management and Board of Directors of FirstFarms have today discussed and approved the quarterly account of FirstFarms A/S for the period 1 January – 30 June 2011.

The account, which has not been audited or reviewed by the independent auditors of the Company, has been prepared in accordance with IAS 34 – “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion the quarterly account gives a true and fair view of the Group’s assets, liabilities and financial position at 30 June 2011 and of the results of the Group’s operations and cash flows for the period 1 January – 30 June 2011.

Further, in our opinion the Management’s review gives a true and fair overview of the development in the Group’s operations and financial matters, the results of the Group’s operations and the Group’s financial position as a whole.

Billund, 24 August 2011

Management

Per Villumsen
Managing Director

Board of Directors

Henrik Hougaard
Chairman

Kjeld Iversen

Jens Møller

Lars Thomassen

Peder Mouritsen

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Income statement

	The Group	The Group	The Group	The Group	The Group
	Q1+Q2	Q1+Q2	Q2	Q2	2010
DKK 1,000	2011	2010	2011	2010	2010
Turnover	32,965	24,955	17,958	11,942	85,130
Value adjustment of biological assets	9,680	2,611	9,091	3,538	-599
Production costs	-44,076	-36,222	-25,121	-18,356	-106,653
Grants	13,013	16,108	6,540	8,606	32,332
Gross profit/loss	11,582	7,452	8,468	5,730	10,210
Other operating income	1,117	526	573	187	1,212
Administration costs	-8,840	-10,375	-4,209	-4,399	-18,395
Other operating costs	-12	-14	-4	-12	-959
EBIT-result	3,847	-2,411	4,828	1,506	-7,932
Financial income	662	1,115	-33	186	1,021
Financial costs	-2,866	-2,756	-1,222	-1,665	-5,015
Pre-tax result	1,643	-4,052	3,573	27	-11,926
Tax on net profit	-284	467	-674	-248	2,658
Net profit	1,359	-3,585	2,899	-221	-9,268

Total income statement

	The Group	The Group	The Group	The Group	The Group
	Q1+Q2	Q1+Q2	Q2	Q2	2010
DKK 1,000	2011	2010	2011	2010	2010
Net profit	1,359	-3,585	2,899	-221	-9,268
Other total income					
- Exchange rate adjustments by conversion of foreign units	1,487	-2,054	-2,458	-5,404	-1,974
- Tax of other total income	0	0		0	0
Other total income after tax	1,487	-2,054	-2,458	-5,404	-1,974
Total income	2,846	-5,639	441	-5,625	-11,242

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Balance

	The Group	The Group	The Group
	Q1+Q2 2011	Q1+Q2 2010	2010
DKK 1,000			
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	16,058	16,028	16,050
Milk quota	7,353	9,289	8,333
Total intangible assets	23,411	25,317	24,383
Tangible assets			
Land and buildings	259,604	239,242	244,624
Plant and machinery	75,215	66,593	68,834
Fixtures and fittings, tools and equipment	2,128	2,497	2,395
Fixed assets under construction	6,702	27,805	30,055
Total tangible assets	343,649	336,137	345,908
Biological assets			
Basic herd	29,287	22,726	26,689
Total biological assets	29,287	22,726	26,689
Other non-current assets			
Deferred tax asset	17,413	11,302	17,420
Total other non-current assets	17,413	11,302	17,420
Total non-current assets	413,760	395,482	414,400
Current assets			
Inventories	16,695	15,506	23,671
Biological assets – breeding and crops	71,640	51,227	30,393
Receivables	3,376	8,717	6,196
Other receivables	25,712	39,579	16,249
Accruals and deferred expenses	639	679	994
Cash at bank and in hand	385	2,773	3,251
Total current assets	118,447	118,481	80,754
TOTAL ASSETS	532,207	513,963	495,154

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	The Group	The Group	The Group
DKK 1,000	Q1+Q2 2011	Q1+Q2 2010	2010
EQUITY AND LIABILITIES			
Equity			
Share capital	47,122	47,122	47,122
Reserve for decrease of share capital	424,102	424,102	424,102
Reserve for exchange rate adjustment	-14,138	-15,705	-15,625
Transferred result	-113,356	-109,067	-114,715
Proposed dividend	0	0	0
Total equity	343,730	346,452	340,884
Liabilities			
Non-current liabilities			
Deferred tax	20,955	16,702	21,263
Credit institutions	29,331	47,909	31,673
Total non-current liabilities	50,286	64,611	52,936
Current liabilities			
Credit institutions	41,047	33,934	36,091
Trade payables and other payables	75,791	46,090	43,509
Corporation tax	0	0	0
Accruals and deferred income	21,353	22,876	21,734
Total current liabilities	138,191	102,900	101,334
Total liabilities	188,477	167,511	154,270
TOTAL EQUITY AND LIABILITIES	532,207	513,963	495,154

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Equity development

DKK 1,000	The Group Q1+Q2 2011	The Group Q1+Q2 2010
EQUITY DEVELOPMENT		
Equity 1 January	340,884	352,091
Reserve for exchange rate adjustment	1,487	-2,054
Result of the period	1,359	-3,585
Equity at closing	343,730	346,452

Cash flow statement

DKK 1,000	The Group Q1+Q2 2011	The Group Q1+Q2 2010
Pre-tax result	1,643	-4,052
Cash generated from operations (operating activities) before changes in working capital	3,851	3,111
Cash flow from operating activities	-7,672	-9,969
Cash flow from investing activities	-12,048	-16,190
Cash flow from financing activities	11,995	-7,973
Total cash flow	-7,822	-34,132
Available, at the beginning	-38,840	3,326
Exchange rate adjustment of available	-97	-355
Available at closing	-40,662	-31,161
Available at closing is recognised as follows:		
Available funds	385	2,773
Current bank debt	-41,047	-33,934
Available at closing	-40,662	-31,161

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Segment information

Q1+Q2 2011			
DKK 1,000	<u>Romanian activities</u>	<u>Slovakian activities</u>	<u>Total report compulsory segments</u>
Total segment turnover	682	32,283	32,965
Grants	2,955	10,058	13,013
Value adjustment of biological assets	4,000	5,680	9,680
Financial income	662	0	662
Depreciations	1,038	8,609	9,647
Segment result before tax	937	-2,507	-1,570
Segment assets	160,929	371,060	531,989
Plant investments *)	1,241	4,524	5,765
Segment liabilities	131,008	229,440	360,448

*) Plant investments are investments in machinery, land and buildings.

Q1+Q2 2010			
DKK 1,000	<u>Romanian activities</u>	<u>Slovakian activities</u>	<u>Total report compulsory segments</u>
Total segment turnover	656	24,299	24,955
Grants	2,466	14,343	16,809
Value adjustment of biological assets	1,111	1,500	2,611
Financial income	1,099	5	1,104
Depreciations	903	7,144	8,047
Segment result before tax	-4,732	-3,323	-8,055
Segment assets	156,937	352,280	509,217
Plant investments *)	3,015	8,356	11,371
Segment liabilities	127,280	365,076	492,356

*) Plant investments are investments in machinery, land and buildings.

Reconciliation of report compulsory segments result

DKK 1,000	<u>Q1+Q2 2011</u>	<u>Q1+Q2 2010</u>
Segment result before tax for report compulsory segments	-1,570	-8,055
Non-allocated result, Group function	3,213	4,003
Result of continued operations before tax, cp. income statement	1,643	-4,052

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