

**Company announcement no. 9/2015**

**18 May 2015**

## **Interim financial report for 1 January – 31 March 2015 for FirstFarms A/S**

### **Summary**

The Board of Directors and Management of FirstFarms A/S have today reviewed and adopted the un-audited interim financial accounts for the period 1 January – 31 March 2015.

### **Result in Q1 as expected**

- FirstFarms has in the accounting period achieved a turnover of DKK 17.1 million, an EBIT result of DKK 2.1 million and a pre-tax result of DKK 1.1 million.
- In Q1, the milk price has been significantly lower than last year and also lower than assumed. The milk price is still low. The milk price was very high in Q1 of 2014, where after it decreased significantly to Q2.
- The prices on grain products and oilseeds are still expected on par with the budgeted.
- In both Slovakia and Romania, the winter crops are satisfactory and in general the spring crops have had a positive start.
- FirstFarms maintains the 2015-expectations of an EBIT result of DKK 6-11 million.

Timisoara, 18 May 2015

**FirstFarms A/S**

For further information:

Please visit our website [www.firstfarms.com](http://www.firstfarms.com) or contact CEO Anders H. Nørgaard on telephone +45 75 86 87 87.

## Main and key ratios

| DKK 1,000                                  | The Group<br>Q1 2015 | The Group<br>Q1 2014 | The Group<br>2014 |
|--|----------------------|----------------------|-------------------|
| <b>Main figures</b>                        |                      |                      |                   |
| Turnover                                   | 17,072               | 20,578               | 125,008           |
| Gross profit/loss                          | 3,680                | 9,499                | 22,862            |
| Profit/loss of primary operations          | 2,058                | 6,850                | 19,172            |
| Net financial items                        | -929                 | -1,613               | -7,673            |
| Pre-tax result                             | 1,129                | 5,237                | 11,499            |
| Net profit                                 | 689                  | 4,037                | 8,827             |
| Non-current assets                         | 400,852              | 401,487              | 393,584           |
| Current assets                             | 115,398              | 108,601              | 112,264           |
| Total assets                               | 516,250              | 510,088              | 505,848           |
| Share capital                              | 47,122               | 47,122               | 47,122            |
| Equity                                     | 330,658              | 325,010              | 328,730           |
| Non-current liabilities                    | 57,734               | 94,353               | 96,985            |
| Current liabilities                        | 130,858              | 90,725               | 80,133            |
| Cash flow from primary operations          | 2,668                | -6,686               | 4,382             |
| Cash flow from operations                  | 1,540                | -8,841               | -3,785            |
| Cash flow for investment, net              | -8,459               | -13,333              | -6,341            |
| Of which for investment in tangible assets | 11,618               | -11,536              | -49,375           |
| Cash flow from financing                   | 6,682                | 4,555                | -2,593            |
| Total cash flow                            | -237                 | -17,619              | -12,745           |
| <b>Key figures</b>                         |                      |                      |                   |
| Gross margin                               | 21.6                 | 46.2                 | 18.2              |
| Operating margin                           | 12.1                 | 33.3                 | 15.3              |
| Solvency ratio                             | 64                   | 64                   | 65                |
| Earnings per share, DKK                    | 0.17                 | 0.86                 | 1.87              |
| Diluted earnings per share, DKK            | 0.12                 | 0.68                 | 1.50              |
| Return on shareholders' equity             | 0.8                  | 5.0                  | 2.7               |
| Average number of employees                | 212                  | 201                  | 204               |

## **Management report for the period 1 January – 31 March 2015**

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In the accounting period, FirstFarms realised a turnover of DKK 17.1 million, an EBIT result of DKK 2.1 million and a pre-tax result of DKK 1.1 million.

In Q1, the equity has increased with DKK 1.9 million, which is composed by a result of DKK 0.7 million and an exchange rate adjustment of DKK 1.2 million.

In Q1, the milk price has been significantly lower than last year and also lower than assumed. The milk price is still low. The milk price was very high in Q1 of 2014, where after it decreased significantly to Q2.

The prices on grain products and oilseeds are still expected on par with the budgeted.

In both Slovakia and Romania, the winter crops are satisfactory and in general the spring crops have had a positive start.

### **Risk assessment**

FirstFarms has in the annual report for 2014 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](http://www.firstfarms.com).

### **Accounting policies**

The interim financial report is prepared in accordance with IAS 34 "Presentation of interim financial reports" as adopted by the EU and Danish disclosure requirements for listed companies.

Accounting policies are, except for the below mentioned, unchanged compared to the consolidated financial statement and annual report for 2014, to which is referred.

FirstFarms A/S has implemented the standards and interpretations, which become effective for 2015. None of these standards have affected recognition and measurement in 2015.

The consolidated financial statement and annual report for 2014 contains the full description of accounting policies.

## **Expectations for 2015**

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FirstFarms maintains the 2015-expectations of an EBIT result of DKK 6-11 million

## **Financial calendar for 2015**

27 August 2015            Interim financial report 1 January – 30 June 2015

26 November 2015       Interim financial report 1 January – 30 September 2015

## **Management statement**

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The Management and Board of Directors of FirstFarms have today discussed and approved the interim financial report of FirstFarms A/S for the period 1 January – 31 March 2015.

The interim financial accounts, 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 interim financial accounts gives a true and fair view of the Group’s assets, liabilities and financial position at 31 March 2015 and of the results of the Group’s operations and cash flows for the period 1 January – 31 March 2015.

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.

Timisoara, 18 May 2015

### **Management**

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Anders H. Nørgaard  
CEO

### **Board of directors**

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Henrik Hougaard  
Chairman

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Asbjørn Børsting

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Jens Bolding Jensen

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John Christian Aasted

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Bent Juul Jensen

## Income statement

|                                       | The Group    | The Group    | The Group     |
|---------------------------------------|--------------|--------------|---------------|
| DKK 1,000                             | Q1 2015      | Q1 2014      | 2014          |
| <b>Net turnover</b>                   | 17,072       | 20,578       | 125,008       |
| Value adjustment of biological assets | 3,615        | 2,453        | 13,407        |
| Production costs                      | -24,112      | -20,405      | -146,245      |
| Grants                                | 7,105        | 6,873        | 30,692        |
| <b>Gross profit/loss</b>              | <b>3,680</b> | <b>9,499</b> | <b>22,862</b> |
| Other operating income                | 1,243        | 346          | 7,445         |
| Administration costs                  | -2,865       | -2,995       | -10,295       |
| Other operating costs                 | 0            | 0            | ,840          |
| <b>EBIT-result</b>                    | <b>2,058</b> | <b>6,850</b> | <b>19,172</b> |
| Financial income                      | 699          | 0            | 80            |
| Financial costs                       | -1,628       | -1,613       | -7,753        |
| <b>Pre-tax result</b>                 | <b>1,129</b> | <b>5,237</b> | <b>11,499</b> |
| Tax on net profit                     | -440         | -1,200       | -2,672        |
| <b>Net profit</b>                     | <b>689</b>   | <b>4,037</b> | <b>8,827</b>  |
| Earnings per share, DKK               | 0.17         | 0.86         | 1.87          |
| Diluted earnings per share, DKK       | 0.12         | 0.68         | 1.50          |

## Total income statement

|  | The Group    | The Group    | The Group    |
|--|--------------|--------------|--------------|
| DKK 1,000  | Q1 2015      | Q1 2014      | 2014         |
| Net profit   | 689          | 4,037        | 8,827        |
| <b>Other total income</b>                                  |              |              |              |
| Items, which can be re-classified to the income statement: |              |              |              |
| - Exchange rate adjustments by conversion of foreign units | 1,239        | 154          | -916         |
| - Tax of other total income                                | 0            | 0            | 0            |
| <b>Other total income after tax</b>                        | <b>1,239</b> | <b>154</b>   | <b>-916</b>  |
| <b>Total income</b>  | <b>1,928</b> | <b>4,191</b> | <b>7,911</b> |

## Balance

|  | The Group      | The Group      | The Group      |
|--|----------------|----------------|----------------|
|  | Q1 2015        | Q1 2014        | 2014           |
| DKK 1,000                                  |                |                |                |
| <b>ASSETS</b>                              |                |                |                |
| <b>Non-current assets</b>                  |                |                |                |
| <b>Intangible assets</b>                   |                |                |                |
| Goodwill                                   | 16,082         | 16,062         | 16,026         |
| Land lease contracts                       | 6,330          | 5,189          | 6,413          |
| Milk quota                                 | 0              | 1,962          | 490            |
| <b>Total intangible assets</b>             | <b>22,412</b>  | <b>23,213</b>  | <b>22,929</b>  |
| <b>Tangible assets</b>                     |                |                |                |
| Land and buildings                         | 254,662        | 257,864        | 253,469        |
| Plant and machinery                        | 83,524         | 72,376         | 78,076         |
| Fixtures and fittings, tools and equipment | 1,129          | 2,013          | 1,183          |
| Fixed assets under construction            | 3,558          | 7,121          | 2,002          |
| <b>Total tangible assets</b>               | <b>342,873</b> | <b>339,374</b> | <b>334,730</b> |
| <b>Biological assets</b>                   |                |                |                |
| Basic herd                                 | 23,954         | 24,487         | 23,230         |
| <b>Total biological assets</b>             | <b>23,954</b>  | <b>24,487</b>  | <b>23,230</b>  |
| <b>Other non-current assets</b>            |                |                |                |
| Deferred tax asset                         | 11,613         | 14,413         | 12,695         |
| <b>Total other non-current assets</b>      | <b>11,613</b>  | <b>14,413</b>  | <b>12,695</b>  |
| <b>Total non-current assets</b>            | <b>400,852</b> | <b>401,487</b> | <b>393,584</b> |
| <b>Current assets</b>                      |                |                |                |
| Inventories                                | 34,921         | 32,520         | 40,024         |
| Biological assets – breeding and crops     | 57,141         | 55,939         | 38,905         |
| Receivables                                | 3,990          | 5,577          | 7,733          |
| Other receivables                          | 15,614         | 11,465         | 18,008         |
| Accruals and deferred expenses             | 360            | 225            | 2,488          |
| Cash at bank and in hand                   | 3,372          | 2,875          | 5,106          |
| <b>Total current assets</b>                | <b>115,398</b> | <b>108,601</b> | <b>112,264</b> |
| <b>TOTAL ASSETS</b>                        | <b>516,250</b> | <b>510,088</b> | <b>505,848</b> |

|                                       | The Group      | The Group      | The Group      |
|---------------------------------------|----------------|----------------|----------------|
| DKK 1,000                             | Q1 2015        | Q1 2014        | 2014           |
| <b>EQUITY AND LIABILITIES</b>         |                |                |                |
| <b>Equity</b>                         |                |                |                |
| 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  | -20,235        | -20,404        | -21,474        |
| Transferred result                    | 303,771        | -125,810       | -121,020       |
| Proposed dividend                     | 0              | 0              | 0              |
| <b>Total equity</b>                   | <b>330,658</b> | <b>325,010</b> | <b>328,730</b> |
| <b>Liabilities</b>                    |                |                |                |
| <b>Non-current liabilities</b>        |                |                |                |
| Deferred tax                          | 10,106         | 10,360         | 9,315          |
| Credit institutions                   | 44,628         | 34,556         | 38,021         |
| Convertible bonds                     | 0              | 49,437         | 49,649         |
| <b>Total non-current liabilities</b>  | <b>54,734</b>  | <b>94,353</b>  | <b>96,985</b>  |
| <b>Current liabilities</b>            |                |                |                |
| Credit institutions                   | 33,999         | 38,163         | 35,510         |
| Convertible bonds                     | 49,724         | 0              | 0              |
| Trade payables and other payables     | 33,095         | 37,786         | 30,202         |
| Corporation tax                       | 210            | 0              | 411            |
| Accruals and deferred income          | 13,830         | 14,776         | 14,010         |
| <b>Total current liabilities</b>      | <b>130,858</b> | <b>90,725</b>  | <b>80,133</b>  |
| <b>Total liabilities</b>              | <b>185,592</b> | <b>185,078</b> | <b>177,118</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>516,250</b> | <b>510,088</b> | <b>505,848</b> |



## Equity statement (Condensed)

| DKK 1,000                   | The Group<br>Q1 2015 | The Group<br>Q1 2014 |
|-----------------------------|----------------------|----------------------|
| <b>EQUITY STATEMENT</b>     |                      |                      |
| Equity 1 January            | 328,730              | 320,819              |
| Result of the period        | 689                  | 4,037                |
| Other total income          | 1,239                | 154                  |
| Total income for the period | 1,928                | 4,191                |
| <b>Equity 31 March</b>      | <b>330,658</b>       | <b>325,010</b>       |

## Cash flow statement

| DKK 1,000  | The Group<br>Q1 2015 | The Group<br>Q1 2014 |
|--|----------------------|----------------------|
| <b>Pre-tax result</b>  | 1,129                | 5,237                |
| <b>Cash generated from operations (operating activities) before changes in working capital</b> | 4,147                | 8,179                |
| <b>Cash flow from primary activities</b>   | 2,668                | -6,686               |
| <b>Cash flow from operating activities</b>   | 1,540                | -8,841               |
| <b>Cash flow from investing activities</b>   | -8,459               | -13,333              |
| <b>Cash flow from financing activities</b>   | 6,682                | 4,555                |
| <b>Total cash flow</b>   | -237                 | -17,619              |
| Available, at the beginning  | -30,404              | -17,647              |
| Exchange rate adjustment of available  | 14                   | -22                  |
| <b>Available at closing</b>  | -30,627              | -35,288              |
| <b>Available at closing is recognised as follows:</b>  |                      |                      |
| Available funds  | 3,372                | 2,875                |
| Current bank debt  | -33,999              | -38,163              |
| Available at closing   | -30,627              | -35,288              |

## Segment information

### Q1 2015

| DKK 1,000                             | Romanian activities | Slovakian activities | Total report compulsory segments |
|---------------------------------------|---------------------|----------------------|----------------------------------|
| Total segment turnover                | 3,066               | 14,006               | 17,072                           |
| Grants                                | 2,610               | 4,495                | 7,105                            |
| Value adjustment of biological assets | 1,000               | 2,615                | 3,615                            |
| Financial income                      | 399                 | 0                    | 399                              |
| Depreciations                         | 1,579               | 4,717                | 6,296                            |
| Segment result before tax             | 3,562               | -975                 | 2,587                            |
| Segment assets                        | 165,857             | 353,746              | 519,603                          |
| Plant investments *)                  | 6,850               | 4,768                | 11,618                           |
| Segment liabilities                   | 109,383             | 228,049              | 337,432                          |

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

### Q1 2014

| DKK 1,000                             | Romanian activities | Slovakian activities | Total report compulsory segments |
|---------------------------------------|---------------------|----------------------|----------------------------------|
| Total segment turnover                | 0                   | 20,578               | 20,578                           |
| Grants                                | 2,240               | 4,633                | 6,873                            |
| Value adjustment of biological assets | 500                 | 1,953                | 2,453                            |
| Financial income                      | 0                   | 0                    | 0                                |
| Depreciations                         | 663                 | 4,046                | 4,709                            |
| Segment result before tax             | 374                 | 5,406                | 5,780                            |
| Segment assets                        | 162,088             | 350,926              | 513,014                          |
| Plant investments *)                  | 3,077               | 8,459                | 11,536                           |
| Segment liabilities                   | 119,179             | 220,724              | 339,903                          |

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

### Reconciliation of report compulsory segments result

| DKK 1,000  | Q1 2015      | Q1 2014      |
|--|--------------|--------------|
| Segment result before tax for report compulsory segments               | 2,587        | 5,780        |
| Non-allocated result, Group function                                   | -1,458       | -543         |
| <b>Result of continued operations before tax, cp. income statement</b> | <b>1,129</b> | <b>5,237</b> |