

**Interim financial report for 1 January – 30 June 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 – 30 June 2015.

**EBIT result in first half year as expected**

- FirstFarms has in the accounting period realised a turnover of DKK 32.3 million, an EBIT result of DKK 3.7 million and a pre-tax result of DKK 0.7 million.
- In the first half year, the milk price has been lower than budget and significantly lower than first half year of 2014. The milk price is still low. The milk production corresponds to the expectation. Compared to first half year 2014, the same quantity of milk has been delivered whereas the income from the milk is approx. DKK 11 million lower.
- The sales prices on grain and oil seed are expected a little higher than budgeted.
- The harvest yields have been satisfactory for the part of the harvest which has been completed. Harvest of the spring crops; primarily sunflower, maize and beets still remains. As it has been dry and hot in Eastern Europe, there is an uncertainty about this part of the harvest and the final settlement prices.
- As a result of the low milk prices, the 2015-expectations are adjusted downwards with DKK 6 million, thus an EBIT result of DKK 0 to 5 million is now expected.

Billund, 27 August 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

	The Group Q1+Q2 2015	The Group Q1+Q2 2014	The Group Q2 2015	The Group Q2 2014	The Group 2014
DKK 1,000					

### Main figures

Turnover	32,328	38,969	15,256	18,391	125,008
Gross profit/loss	7,316	13,997	3,636	4,498	22,862
Profit/loss of primary operations	3,713	10,493	1,655	3,643	19,172
Net financial items	-3,016	-3,667	-2,087	-2,054	-7,673
Pre-tax result	697	6,826	-432	1,589	11,499
Net profit	540	5,514	-149	1,477	8,827

Non-current assets	405,460	399,405	405,460	399,405	393,584
Current assets	153,301	137,897	153,301	137,897	112,264
Total assets	558,761	537,302	558,761	537,302	505,848
Share capital	47,122	47,122	47,122	47,122	47,122
Equity	330,955	328,220	330,955	328,492	328,730
Non-current liabilities	48,260	104,919	48,260	104,646	96,985
Current liabilities	179,546	104,163	179,546	104,164	80,133

Cash flow from primary operations	-12,760	-29,106	-15,428	-22,420	4,382
Cash flow from operations	-15,761	-33,241	-17,301	-24,400	-3,785
Cash flow for investment, net	-19,221	-13,642	-10,762	-309	-6,341
Of which for investment in tangible assets	-26,158	-23,957	-14,540	-12,421	-49,375
Cash flow from financing	3,452	13,284	-3,230	8,729	-2,593
Total cash flow	-31,530	-33,599	-31,293	-15,980	-12,745

### Key figures

Gross margin	22.6	35.9	23.8	24.5	18.2
Operating margin	11.5	26.9	10.8	19.8	15.3
Solvency ratio	59	61	59	61	65
Earnings per share, DKK	0.11	1.17	-0.03	0.31	1.87
Diluted earnings per share, DKK	0.09	0.94	-0.03	0.31	1.50
Return on shareholders' equity	0.3	3.4	-0.2	1.8	2.7

Average number of employees	214	204	214	207	204
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## **Management report for the period 1 January – 30 June 2015**

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FirstFarms has in the accounting period realised a turnover of DKK 32.3 million, an EBIT result of DKK 3.7 million and a pre-tax result of DKK 0.7 million.

In the first half year, the equity has increased with DKK 2.2 million, due to a result after tax of DKK 0.5 million and an exchange rate adjustment of DKK 1.7 million.

In the first half year, the milk price has been lower than budgeted and significantly lower than first half year of 2014. The milk price is still low. The milk production corresponds to the expectation. Compared to first half year 2014, the same quantity of milk has been delivered whereas the income from the milk is approx. DKK 11 million lower.

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

The harvest yields have been satisfactory for the part of the harvest which has been completed. Harvest of the spring crops; primarily sunflower, maize and beets still remains. As it has been dry and hot in Eastern Europe, there is an uncertainty about this part of the harvest and the final settlement prices.

### **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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As a result of the low milk prices, the 2015-expectations are adjusted downwards with DKK 6 million, thus an EBIT result of DKK 0 to 5 million is now expected.

## **Financial calendar for 2015**

26 November 2015      Interim financial report for 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 – 30 June 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 30 June 2015 and of the results of the Group’s operations and cash flows for the period 1 January – 30 June 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.

Billund, 27 August 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	The Group	The Group
	Q1+Q2	Q1+Q2	Q2	Q2	2014
DKK 1,000	2015	2014	2015	2014	2014
<b>Turnover</b>	32,328	38,969	15,256	18,391	125,008
Value adjustment of biological assets	9,184	6,032	5,569	3,579	13,407
Production costs	-47,402	-44,861	-23,290	-24,456	-146,245
Grants	13,206	13,857	6,101	6,984	30,692
<b>Gross profit/loss</b>	<b>7,316</b>	<b>13,997</b>	<b>3,636</b>	<b>4,498</b>	<b>22,862</b>
Other operating income	1,541	1,549	298	1,203	7,445
Administration costs	-5,144	-5,053	-2,279	-2,058	-10,295
Other operating costs	0	0	0	0	,840
<b>EBIT-result</b>	<b>3,713</b>	<b>10,493</b>	<b>1,655</b>	<b>3,643</b>	<b>19,172</b>
Financial income	355	0	-344	0	80
Financial costs	-3,371	-3,667	-1,743	-2,054	-7,753
<b>Pre-tax result</b>	<b>697</b>	<b>6,826</b>	<b>-432</b>	<b>1,589</b>	<b>11,499</b>
Tax on net profit	-157	-1,312	283	-112	-2,672
<b>Net profit</b>	<b>540</b>	<b>5,514</b>	<b>-149</b>	<b>1,477</b>	<b>8,827</b>
Earnings per share, DKK	0.11	1.17	-0.03	0.31	1.87
Diluted earnings per share, DKK	0.09	0.94	-0.03	0.25	1.50

## Total income statement

	The Group	The Group	The Group	The Group	The Group
	Q1+Q2	Q1+Q2	Q2	Q2	2014
DKK 1,000	2015	2014	2015	2014	2014
Net profit	540	5,514	-149	1,477	8,827
<b>Other total income</b>					
Items, which can be reclassified to the income statement:					
- Exchange rate adjustments by conversion of foreign units	1,685	1,887	446	1,733	-916
- Tax of other total income	0	0	0	0	0
<b>Other total income after tax</b>	<b>1,685</b>	<b>1,887</b>	<b>446</b>	<b>1,733</b>	<b>-916</b>
<b>Total income</b>	<b>2,225</b>	<b>7,401</b>	<b>297</b>	<b>3,210</b>	<b>7,911</b>

## Balance

	The Group	The Group	The Group
	Q1+Q2 2015	Q1+Q2 2014	2014
DKK 1,000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	16,062	16,052	16,026
Land lease contracts	6,561	4,943	6,413
Milk quota	0	1,470	490
<b>Total intangible assets</b>	<b>22,623</b>	<b>22,465</b>	<b>22,929</b>
<b>Tangible assets</b>			
Land and buildings	262,162	250,581	253,469
Plant and machinery	80,861	71,763	78,076
Fixtures and fittings, tools and equipment	1,213	1,952	1,183
Fixed assets under construction	4,038	11,495	2,002
<b>Total tangible assets</b>	<b>348,274</b>	<b>335,791</b>	<b>334,730</b>
<b>Biological assets</b>			
Basic herd	24,326	25,321	23,230
<b>Total biological assets</b>	<b>24,326</b>	<b>25,321</b>	<b>23,230</b>
<b>Other non-current assets</b>			
Deferred tax asset	10,237	15,828	12,695
<b>Total other non-current assets</b>	<b>10,237</b>	<b>15,828</b>	<b>12,695</b>
<b>Total non-current assets</b>	<b>405,460</b>	<b>399,405</b>	<b>393,584</b>
<b>Current assets</b>			
Inventories	23,578	18,737	40,024
Biological assets – breeding and crops	94,933	78,207	38,905
Receivables	5,985	15,311	7,733
Other receivables	27,574	23,016	18,008
Accruals and deferred expenses	120	2,112	2,488
Cash at bank and in hand	1,111	514	5,106
<b>Total current assets</b>	<b>153,301</b>	<b>137,897</b>	<b>112,264</b>
<b>TOTAL ASSETS</b>	<b>558,761</b>	<b>537,302</b>	<b>505,848</b>

	The Group	The Group	The Group
	Q1+Q2 2015	Q1+Q2 2014	2014
DKK 1,000			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	47,122	47,122	47,122
Reserve for decrease of share capital	0	424,102	424,102
Reserve for exchange rate adjustment	-19,789	-18,660	-21,474
Transferred result	303,622	-124,344	-121,020
Proposed dividend	0	0	0
<b>Total equity</b>	<b>330,955</b>	<b>328,220</b>	<b>328,730</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	6,787	12,123	9,315
Credit institutions	41,473	43,291	38,021
Convertible bonds	0	49,505	49,649
<b>Total non-current liabilities</b>	<b>48,260</b>	<b>104,919</b>	<b>96,985</b>
<b>Current liabilities</b>			
Credit institutions	62,920	51,764	35,510
Convertible bonds	49,799	0	0
Trade payables and other payables	52,979	37,886	30,202
Corporation tax	276	0	411
Accruals and deferred income	13,572	14,513	14,010
<b>Total current liabilities</b>	<b>179,546</b>	<b>104,163</b>	<b>80,133</b>
<b>Total liabilities</b>	<b>227,806</b>	<b>209,082</b>	<b>177,118</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>558,761</b>	<b>537,302</b>	<b>505,848</b>



## Equity statement (Condensed)

DKK 1,000	The Group Q1+Q2 2015	The Group Q1+Q2 2014
<b>EQUITY STATEMENT</b>		
Equity 1 January	328,730	320,819
Result of the period	540	5,514
Other total income	1,685	1,887
Total income for the period	2,225	7,401
<b>Equity 30 June</b>	<b>330,955</b>	<b>328,220</b>

## Cash flow statement

DKK 1,000	The Group Q1+Q2 2015	The Group Q1+Q2 2014
<b>Pre-tax result</b>	697	6,826
<b>Cash generated from operations (operating activities) before changes in working capital</b>	8,344	12,743
<b>Cash flow from primary activities</b>	-12,760	-29,106
<b>Cash flow from operating activities</b>	-15,761	-33,241
<b>Cash flow from investing activities</b>	-19,221	-13,642
<b>Cash flow from financing activities</b>	3,452	13,284
<b>Total cash flow</b>	-31,530	-33,599
Available, at the beginning	-30,404	-17,648
Exchange rate adjustment of available	125	-3
<b>Available at closing</b>	-61,809	-51,250
<b>Available at closing is recognised as follows:</b>		
Available funds	1,111	514
Current bank debt	-62,920	-51,764
Available at closing	-61,809	-51,250

## Segment information

### Q1+Q2 2015

DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	4,822	27,506	32,328
Grants	5,356	7,850	13,206
Value adjustment of biological assets	3,000	6,184	9,184
Financial income	1,615	0	1,615
Depreciations	3,051	8,691	11,742
Segment result before tax	4,488	-1,594	2,894
Segment assets	194,218	368,855	563,073
Plant investments *)	19,010	7,148	26,158
Segment liabilities	137,025	242,932	379,957

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

### Q1+Q2 2014

DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	1,682	37,287	38,969
Grants	4,576	9,281	13,857
Value adjustment of biological assets	3,500	2,532	6,032
Financial income	0	0	0
Depreciations	4,843	4,554	9,397
Segment result before tax	1,379	8,305	9,684
Segment assets	173,664	363,160	536,824
Plant investments *)	9,994	13,963	23,957
Segment liabilities	125,956	233,481	359,437

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

### Reconciliation of report compulsory segments result

DKK 1,000	Q1+Q2 2015	Q1+Q2 2014
Segment result before tax for report compulsory segments	2,849	9,397
Non-allocated result, Group function	-2,152	-2,571
<b>Result of continued operations before tax, cp. income statement</b>	<b>697</b>	<b>6,826</b>