

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

- FirstFarms has in the accounting period realised a turnover of DKK 70.9 million, an EBIT result of DKK -5.9 million and a pre-tax result of DKK -10.9 million.
- There are two main reasons to the reduced result: 1) Drought in Eastern Europe has affected the maize harvest particularly severe and the yields in the other spring crops significantly negative, 2) In the first three quarters, the milk price has been significantly lower than expected and the milk price is still low.
- DKK 16 million less has been realised in milk sale in the accounting period compared to same period in 2014 despite an unchanged amount of sold milk.
- The harvest yields have been satisfactory for the winter crops. The sales prices on grain are expected on par with the budget, whereas the prices on oil seed have been a little higher than expected.
- There is realised a turnover of net DKK 9 million less in crop sales and value adjustments compared to same period in 2014. A large part of this years wheat harvest of good quality has not yet been sold, which decreases the turnover in Q3 2015.
- Due to the low milk prices and prospect to a period with a continued low milk price, FirstFarms has reduced the herd with the lowest producing cows.
- FirstFarms downgrades the expectation to an EBIT result of DKK -15 to -10 million, primarily due to the intense drought-stricken maize harvest and the lower milk price.
- As in 2015, 2016 is expected to be a challenging year on the earning side for milk production in EU. FirstFarms continuously adapts these framework conditions. The company will in 2016 still work on optimising the operation, including a decrease of cultivation uncertainty in dry periods, and expects an improved earning power.

Billund, 26 November 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-Q3 2015	The Group Q1-Q3 2014	The Group Q3 2015	The Group Q3 2014	The Group 2014
DKK 1,000					

### Main figures

Turnover	70,906	105,780	38,578	66,811	125,008
Gross profit/loss	2,304	23,667	-5,012	9,670	22,862
Profit/loss of primary operations	-5,940	19,063	-9,653	8,570	19,172
Net financial items	-4,947	-5,222	-1,931	-1,555	-7,673
Pre-tax result	-10,887	13,841	-11,584	7,015	11,499
Net profit	-8,486	11,149	-9,026	5,635	8,827

Non-current assets	405,460	401,612	405,460	401,612	393,584
Current assets	148,497	125,367	148,497	125,367	112,264
Total assets	553,957	526,979	553,957	526,979	505,848
Share capital	47,122	47,122	47,122	47,122	47,122
Equity	321,995	333,255	321,995	333,255	328,730
Non-current liabilities	47,524	104,618	47,524	104,618	96,985
Current liabilities	184,438	89,106	184,438	89,106	80,133

Cash flow from primary operations	-6,349	-135	6,411	28,971	4,382
Cash flow from operations	-11,431	-5,961	4,330	27,280	-3,785
Cash flow for investment, net	-24,389	-18,441	-5,168	-4,799	-6,341
Of which for investment in tangible assets	-32,720	-37,163	-6,562	-13,206	-49,375
Cash flow from financing	2,279	12,307	-1,173	-977	-2,593
Total cash flow	-33,541	-12,095	-2,011	21,504	-12,745

### Key figures

Gross margin	3.2	22.3	-13.0	14.5	18.2
Operating margin	-8.3	18.0	-25.0	12.8	15.3
Solvency ratio	58	63	58	63	65
Earnings per share, DKK	-1.80	2.37	-1.92	1.20	1.87
Diluted earnings per share, DKK	-1.43	2.37	-1.52	1.20	1.50
Return on shareholders' equity	-3.5	4.5	-11.1	7.4	2.7

Average number of employees	216	205	218	209	204
Average number of cows and young stock	4,732	4,789	4,782	4,891	4,783
Number of hectares operated	15,800	15,400	15,800	15,400	15,400

## **Management report for the period 1 January – 30 September 2015**

FirstFarms has in the accounting period realised a turnover of DKK 70.9 million, an EBIT result of DKK -5.9 million and a pre-tax result of DKK -10.9 million.

In 2015, the equity is reduced by DKK 6.7 million due to a result after tax of DKK -8.5 million and an exchange rate adjustment of DKK 1.8 million.

There are two main reasons to the reduced result: 1) Drought in Eastern Europe has affected the maize harvest particularly severe and the yields in the other spring crops significantly negative, 2) In the first three quarters, the milk price has been significantly lower than expected and the milk price is still low.

DKK 16 million less has been realised in milk sale in the accounting period compared to same period in 2014 despite an unchanged amount of sold milk.

The harvest yields have been satisfactory for the winter crops. The sales prices on grain are expected on par with the budget, whereas the prices on oil seed have been a little higher than expected.

There is realised a turnover of net DKK 9 million less in crop sales and value adjustments compared to same period in 2014. A large part of this years wheat harvest of good quality has not yet been sold, which decreases the turnover in Q3 2015.

Due to the low milk prices and prospect to a period with a continued low milk price, FirstFarms has reduced the herd with the lowest producing cows.

As in 2015, 2016 is expected to be a challenging year on the earning side for milk production in EU. FirstFarms continuously adapts these framework conditions. The company will in 2016 still work on optimising the operation, including a decrease of cultivation uncertainty in dry periods, and expects an improved earning power.

### **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 downgrades the expectation to an EBIT result of DKK -15 to -10 million.

## **Financial calendar for 2016**

22 March 2016	Annual report 2015
26 April 2016	Annual general meeting
24 May 2016	Interim financial report 1 January – 30 March 2016
30 August 2016	Interim financial report 1 January – 30 June 2016
29 November 2016	Interim financial report 1 January – 30 September 2016

## **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 September 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 September 2015 and of the results of the Group’s operations and cash flows for the period 1 January – 30 September 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, 26 November 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-Q3	Q1-Q3	Q3	Q3	2014
DKK 1,000	2015	2014	2015	2015	2014
<b>Turnover</b>	70,906	105,780	38,578	66,811	125,008
Value adjustment of biological assets	-2,687	5,981	-11,871	-6,039	13,407
Production costs	-89,305	-109,675	-41,903	-58,826	-146,245
Grants	23,390	21,581	10,184	7,724	30,692
<b>Gross profit/loss</b>	<b>2,304</b>	<b>23,667</b>	<b>-5,012</b>	<b>9,670</b>	<b>22,862</b>
Other operating income	893	4,219	-648	2,670	7,445
Administration costs	-8,872	-8,823	-3,728	-3,770	-10,295
Other operating costs	-265	0	-265	0	-840
<b>EBIT-result</b>	<b>-5,940</b>	<b>19,063</b>	<b>-9,653</b>	<b>8,570</b>	<b>19,172</b>
Financial income	443	0	88	0	80
Financial costs	-5,390	-5,222	-2,019	-1,555	-7,753
<b>Pre-tax result</b>	<b>-10,887</b>	<b>13,841</b>	<b>-11,584</b>	<b>7,015</b>	<b>11,499</b>
Tax on net profit	2,401	-2,692	2,558	-1,380	-2,672
<b>Net profit</b>	<b>-8,486</b>	<b>11,149</b>	<b>-9,026</b>	<b>5,635</b>	<b>8,827</b>
Earnings per share, DKK	-1.80	2.37	-1.92	1.20	1.87
Diluted earnings per share, DKK	-1.43	2.37	-1.52	1.20	1.50

## Total income statement

	The Group	The Group	The Group	The Group	The Group
	Q1-Q3	Q1-Q3	Q3	Q3	2014
DKK 1,000	2015	2014	2015	2014	2014
Net profit	-8,486	11,149	-9,026	5,635	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	1,751	1,287	66	-600	-916
- Tax of other total income	0	0	0	0	0
<b>Other total income after tax</b>	<b>1,751</b>	<b>1,287</b>	<b>66</b>	<b>-600</b>	<b>-916</b>
<b>Total income</b>	<b>-6,735</b>	<b>12,436</b>	<b>-8,960</b>	<b>5,035</b>	<b>7,911</b>

## Balance

	The Group	The Group	The Group
	Q3 2015	Q3 2014	2014
DKK 1,000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	16,059	16,025	16,026
Land lease contracts	5,719	6,681	6,413
Milk quota	0	976	490
<b>Total intangible assets</b>	<b>21,778</b>	<b>23,682</b>	<b>22,929</b>
<b>Tangible assets</b>			
Land and buildings	262,945	247,805	253,469
Plant and machinery	78,091	75,333	78,076
Fixtures and fittings, tools and equipment	1,205	1,969	1,183
Fixed assets under construction	5,680	10,967	2,002
<b>Total tangible assets</b>	<b>347,921</b>	<b>336,074</b>	<b>334,730</b>
<b>Biological assets</b>			
Basic herd	22,818	26,132	23,230
<b>Total biological assets</b>	<b>22,818</b>	<b>26,132</b>	<b>23,230</b>
<b>Other non-current assets</b>			
Deferred tax asset	12,943	15,724	12,695
<b>Total other non-current assets</b>	<b>12,943</b>	<b>15,724</b>	<b>12,695</b>
<b>Total non-current assets</b>	<b>405,460</b>	<b>401,612</b>	<b>393,584</b>
<b>Current assets</b>			
Inventories	52,168	32,174	40,024
Biological assets – breeding and crops	49,087	46,646	38,905
Receivables	14,499	9,043	7,733
Other receivables	31,411	34,267	18,008
Accruals and deferred expenses	217	1,070	2,488
Cash at bank and in hand	1,115	2,167	5,106
<b>Total current assets</b>	<b>148,497</b>	<b>125,367</b>	<b>112,264</b>
<b>TOTAL ASSETS</b>	<b>553,957</b>	<b>526,979</b>	<b>505,848</b>

	The Group	The Group	The Group
DKK 1,000	Q3 2015	Q3 2014	2014
<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	-19,723	-19,271	-21,474
Transferred result	294,596	-118,698	-121,020
Proposed dividend	0	0	0
<b>Total equity</b>	<b>321,995</b>	<b>333,255</b>	<b>328,730</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	7,224	12,935	9,315
Credit institutions	40,300	42,110	38,021
Convertible bonds	0	49,573	49,649
<b>Total non-current liabilities</b>	<b>47,524</b>	<b>104,618</b>	<b>96,985</b>
<b>Current liabilities</b>			
Credit institutions	64,933	31,882	35,510
Convertible bonds	49,889	0	0
Trade payables and other payables	56,282	42,977	30,202
Corporation tax	0	0	411
Accruals and deferred income	13,334	14,247	14,010
<b>Total current liabilities</b>	<b>184,438</b>	<b>89,106</b>	<b>80,133</b>
<b>Total liabilities</b>	<b>231,962</b>	<b>193,724</b>	<b>177,118</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>553,957</b>	<b>526,979</b>	<b>505,848</b>



## Equity statement (Condensed)

DKK 1,000	The Group Q1-Q3 2015	The Group Q1-Q3 2014
<b>EQUITY STATEMENT</b>		
Equity 1 January	328,730	320,819
Result of the period	-8,486	11,149
Other total income	1,751	1,287
Total income for the period	-6,735	12,436
<b>Equity 30 September</b>	<b>321,995</b>	<b>333,255</b>

## Cash flow statement

DKK 1,000	The Group Q1-Q3 2015	The Group Q1-Q3 2014
<b>Pre-tax result</b>	-10,887	13,841
<b>Cash generated from operations (operating activities) before changes in working capital</b>	9,340	29,570
<b>Cash flow from primary activities</b>	-6,349	-135
<b>Cash flow from operating activities</b>	-11,431	-5,961
<b>Cash flow from investing activities</b>	-24,389	-18,441
<b>Cash flow from financing activities</b>	2,279	12,307
<b>Total cash flow</b>	-33,541	-12,095
Available, at the beginning	-30,404	-17,648
Exchange rate adjustment of available	127	28
<b>Available at closing</b>	-63,818	-29,715
<b>Available at closing is recognised as follows:</b>		
Available funds	1,115	2,167
Current bank debt	-64,933	-31,882
Available at closing	-63,818	-29,715

## Segment information

### Q1-Q3 2015

DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	26,465	44,441	70,906
Grants	7,187	16,203	23,390
Value adjustment of biological assets	-1,119	-1,568	-2,687
Financial income	443	0	443
Depreciations	-4,428	-13,048	-17,476
Segment result before tax	3,544	-11,790	-8,246
Segment assets	190,661	368,387	559,048
Plant investments *)	17,640	9,681	27,321
Segment liabilities	134,007	250,435	384,442

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

### Q1-Q3 2014

DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	29,874	75,906	105,780
Grants	6,808	14,773	21,581
Value adjustment of biological assets	500	5,481	5,981
Financial income	0	0	0
Depreciations	-2,183	-12,720	-14,903
Segment result before tax	9,261	7,928	17,189
Segment assets	159,877	366,718	526,595
Plant investments *)	16,996	20,167	37,163
Segment liabilities	108,956	234,544	343,500

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

### Reconciliation of report compulsory segments result

DKK 1,000	Q1-Q3 2015	Q1-Q3 2014
Segment result before tax for report compulsory segments	-8,246	17,189
Non-allocated result, Group function	-2,641	-3,348
<b>Result of continued operations before tax, cp. income statement</b>	<b>-10,887</b>	<b>13,841</b>