

**Interim financial report for 1 January – 31 March 2016 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 2016.

**Result in Q1 as expected**

- FirstFarms has in the accounting period achieved a turnover of DKK 25.4 million, an EBIT result of DKK 0 and a pre-tax result of DKK -1.9 million.
- In Q1, the milk price has been lower than assumed, but is in mainly compensated by a higher production. The milk price is still very low, and it is difficult to estimate when the trend will turn.
- The prices on grain products and oilseeds are expected on par with previously announced.
- In both Slovakia and Romania, the crops are satisfactory for the season.
- FirstFarms maintains the announced expectations of an EBIT result of DKK 0, and after final due diligence and implementation of 2/3 of the agreement with AP Pension an EBIT-result of DKK 26 million, cf. FirstFarms' company announcement 4/2016 published 21 April 2016.

Billund, 24 May 2016

**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 Q1 2016	The Group Q1 2015	The Group 2015
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### Main figures

Turnover	25,415	17,072	111,841
Gross profit/loss	3,875	3,680	-5,547
Profit/loss of primary operations	1	2,058	-14,657
Net financial items	-1,923	-929	-7,806
Pre-tax result	-1,922	1,129	-22,463
Net profit	-1,334	689	-21,977

Non-current assets	405,604	400,852	402,254
Current assets	127,249	115,398	123,692
Total assets	532,853	516,250	525,946
Share capital	47,122	47,122	47,122
Equity	304,101	330,658	306,173
Non-current liabilities	44,648	54,734	70,137
Current liabilities	184,104	130,858	149,636

Cash flow from primary operations	2,511	2,668	-4,937
Cash flow from operations	326	1,540	-12,916
Cash flow for investment, net	-6,252	-8,459	-21,034
Of which for investment in tangible assets	-7,412	-11,618	-38,493
Cash flow from financing	4,128	6,682	-14,332
Total cash flow	-1,798	-237	-48,282

### Key figures

Gross margin	15.2	21.6	-5.0
Operating margin	0.0	12.1	-13.1
Solvency ratio	57	64	58
Earnings per share, DKK	-0.28	0.15	-4.66
Diluted earnings per share, DKK	-0.24	0.12	-4.00
Return on shareholders' equity	-1.7	0.8	-6.9

Average number of employees	212	212	211
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## **Management report for the period 1 January – 31 March 2016**

In the accounting period, FirstFarms realised a turnover of DKK 25.4 million, an EBIT result of DKK 0 and a pre-tax result of DKK -1.9 million.

In Q1, the equity has decreased with DKK 2.0 million, which is composed by a negative result of DKK 1.3 million and an exchange rate adjustment of DKK 0.7 million.

In Q1, the milk price has been lower than assumed, but is in mainly compensated by a higher production. The milk price is still very low, and it is difficult to estimate when the trend will turn.

The prices on grain products and oilseeds are expected on par with previously announced.

In both Slovakia and Romania, the crops are satisfactory for the season.

### **Risk assessment**

FirstFarms has in the annual report for 2015 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 2015, to which is referred.

FirstFarms A/S has implemented the standards and interpretations, which become effective for 2016. None of these standards have affected recognition and measurement in 2016.

The consolidated financial statement and annual report for 2015 contains the full description of accounting policies.

## **Expectations for 2016**

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FirstFarms maintains the announced expectations of an EBIT result of DKK 0, and after final due diligence and implementation of 2/3 of the agreement with AP Pension an EBIT-result of DKK 26 million, cf. FirstFarms' company announcement 4/2016 published 21 April 2016.

## **Financial calendar for 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 – 31 March 2016.

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 2016 and of the results of the Group’s operations and cash flows for the period 1 January – 31 March 2016.

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 May 2016

## **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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Bent Juul Jensen

## Income statement

	The Group	The Group	The Group
DKK 1,000	Q1 2016	Q1 2015	2015
<b>Net turnover</b>	25,415	17,072	111,841
Value adjustment of biological assets	5,733	3,615	-15,953
Production costs	-35,585	-24,112	-131,688
Grants	8,312	7,105	30,253
<b>Gross profit/loss</b>	<b>3,875</b>	<b>3,680</b>	<b>-5,547</b>
Other operating income	32	1,243	908
Administration costs	-3,790	-2,865	-9,540
Other operating costs	-116	0	-478
<b>EBIT-result</b>	<b>1</b>	<b>2,058</b>	<b>-14,657</b>
Financial income	33	699	602
Financial costs	-1,956	-1,628	-8,408
<b>Pre-tax result</b>	<b>-1,922</b>	<b>1,129</b>	<b>-22,463</b>
Tax on net profit	588	-440	486
<b>Net profit</b>	<b>-1,334</b>	<b>689</b>	<b>-21,977</b>
Earnings per share, DKK	-0.28	0.15	-4.66
Diluted earnings per share, DKK	-0.24	0.12	-4.00

## Total income statement

	The Group	The Group	The Group
DKK 1,000	Q1 2016	Q1 2015	2015
Net profit	-1,334	689	-21,977
<b>Other total income</b>			
Items, which can be re-classified to the income statement:			
- Exchange rate adjustments by conversion of foreign units	-738	1,239	-650
- Tax of other total income	0	0	0
<b>Other total income after tax</b>	<b>-738</b>	<b>1,239</b>	<b>-650</b>
<b>Total income</b>	<b>-2,072</b>	<b>1,928</b>	<b>-22,627</b>

## Balance

	The Group	The Group	The Group
	Q1 2016	Q1 2015	2015
DKK 1,000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	16,043	16,082	16,067
Land lease contracts	4,608	6,330	4,967
<b>Total intangible assets</b>	<b>20,651</b>	<b>22,412</b>	<b>21,034</b>
<b>Tangible assets</b>			
Land and buildings	261,815	254,662	261,251
Plant and machinery	72,989	83,524	73,870
Fixtures and fittings, tools and equipment	1,025	1,129	1,253
Fixed assets under construction	12,049	3,558	8,466
<b>Total tangible assets</b>	<b>347,878</b>	<b>342,873</b>	<b>344,840</b>
<b>Biological assets</b>			
Basic herd	24,818	23,954	23,693
<b>Total biological assets</b>	<b>24,818</b>	<b>23,954</b>	<b>23,693</b>
<b>Other non-current assets</b>			
Deferred tax asset	12,257	11,613	12,687
<b>Total other non-current assets</b>	<b>12,257</b>	<b>11,613</b>	<b>12,687</b>
<b>Total non-current assets</b>	<b>405,604</b>	<b>400,852</b>	<b>402,254</b>
<b>Current assets</b>			
Inventories	32,470	34,921	38,192
Biological assets – breeding and crops	65,693	57,141	45,091
Receivables	4,540	3,990	8,512
Other receivables	22,223	15,614	29,251
Accruals and deferred expenses	1,386	360	1,463
Cash at bank and in hand	937	3,372	1,183
<b>Total current assets</b>	<b>127,249</b>	<b>115,398</b>	<b>123,692</b>
<b>TOTAL ASSETS</b>	<b>532,853</b>	<b>516,250</b>	<b>525,946</b>

	The Group	The Group	The Group
DKK 1,000	Q1 2016	Q1 2015	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	47,122	47,122	47,122
Reserve for exchange rate adjustment	-22,973	-20,235	-22,124
Transferred result	279,952	303,771	281,175
Proposed dividend	0	0	0
<b>Total equity</b>	<b>304,101</b>	<b>330,658</b>	<b>306,173</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	7,468	10,106	8,472
Credit institutions	37,180	44,628	30,651
Convertible bonds	0	0	31,014
<b>Total non-current liabilities</b>	<b>44,648</b>	<b>54,734</b>	<b>70,137</b>
<b>Current liabilities</b>			
Credit institutions	81,478	33,999	79,914
Convertible bonds	31,014	49,724	18,934
Trade payables and other payables	58,388	33,095	37,424
Corporation tax	381	210	262
Accruals and deferred income	12,843	13,830	13,102
<b>Total current liabilities</b>	<b>184,104</b>	<b>130,858</b>	<b>149,636</b>
<b>Total liabilities</b>	<b>228,752</b>	<b>185,592</b>	<b>219,773</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>532,853</b>	<b>516,250</b>	<b>525,946</b>



## Equity statement (Condensed)

DKK 1,000	The Group Q1 2016	The Group Q1 2015
<b>EQUITY STATEMENT</b>		
Equity 1 January	306,173	328,730
Result of the period	-738	689
Other total income	-1,334	1,239
Total income for the period	-2,072	1,928
<b>Equity 31 March</b>	<b>304,101</b>	<b>330,658</b>

## Cash flow statement

DKK 1,000	The Group Q1 2016	The Group Q1 2015
<b>Pre-tax result</b>	-1,922	1,129
<b>Cash generated from operations (operating activities) before changes in working capital</b>	1,646	4,147
<b>Cash flow from primary activities</b>	2,511	2,668
<b>Cash flow from operating activities</b>	326	1,540
<b>Cash flow from investing activities</b>	-6,252	-8,459
<b>Cash flow from financing activities</b>	<u>4,128</u>	<u>6,682</u>
<b>Total cash flow</b>	-1,798	-237
Available, at the beginning	-78,731	-30,404
Exchange rate adjustment of available	-12	14
<b>Available at closing</b>	-80,541	-30,627
<b>Available at closing is recognised as follows:</b>		
Available funds	937	3,372
Current bank debt	-81,478	-33,999
Available at closing	-80,541	-30,627

## Segment information

### Q1 2016

DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	5,271	20,144	25,415
Grants	2,756	5,556	8,312
Value adjustment of biological assets	2,000	3,733	5,733
Financial income	33	0	33
Depreciations	1,825	4,052	5,877
Segment result before tax	-436	-121	-557
Segment assets	195,508	337,061	532,569
Plant investments *)	4,156	3,256	7,412
Segment liabilities	148,238	223,387	371,625

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

### 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.

### Reconciliation of report compulsory segments result

DKK 1,000	Q1 2016	Q1 2015
Segment result before tax for report compulsory segments	-557	2,587
Non-allocated result, Group function	-1,365	-1,458
<b>Result of continued operations before tax, cp. income statement</b>	<b>-1,922</b>	<b>1,129</b>