

Interim financial report for 1 January – 30 June 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 – 30 June 2016.

EBIT result in first half year as expected

- FirstFarms has in the accounting period realised a turnover of DKK 38.8 million, an EBIT result of DKK 2.1 million and a pre-tax result of DKK -2.3 million. The result corresponds to the expectation, but it is significantly affected by the low milk price, which is partly compensated by cost savings.
- In the first half year, the milk price has been lower than expected, but it is estimated that the decrease in the milk price is curbed and there are trends to price increases. The milk production has in the first half year been better than expected.
- The sales prices on grain have been lower than budgeted, whereas the prices on oilseeds have been higher than budgeted. A negative income effect from the sales prices compared to the budget is expected for the whole year.
- The harvest yields for the autumn crops have been higher than budgeted, and yields above budget for the spring crops are also expected. All in all, the crops look significantly better compared to same period in 2015.
- 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.

Best regards,
FirstFarms A/S

For further information:

Please visit our website www.firstfarms.com or contact CEO Anders H. Nørgaard on telephone +45 75 86 87 87.

Main and key ratios

	The Group Q1+Q2 2016	The Group Q1+Q2 2015	The Group Q2 2016	The Group Q2 2015	The Group 2015
DKK 1,000					

Main figures

Turnover	38,848	32,328	13,433	15,256	111,841
Gross profit/loss	8,132	7,316	4,257	3,636	-5,547
Profit/loss of primary operations	2,116	3,713	2,115	1,655	-14,657
Net financial items	-4,403	-3,016	-2,480	-2,087	-7,806
Pre-tax result	-2,287	697	-365	-432	-22,463
Net profit	-1,577	540	-243	-149	-21,977

Non-current assets	400,443	405,460	400,443	405,460	402,254
Current assets	156,583	153,301	156,583	153,301	123,692
Total assets	557,026	558,761	557,026	558,761	525,946
Share capital	47,122	47,122	47,122	47,122	47,122
Equity	303,784	330,955	303,784	330,955	306,173
Non-current liabilities	79,478	48,260	79,478	48,260	70,137
Current liabilities	173,764	179,546	173,764	179,546	149,636

Cash flow from primary operations	-3,039	-12,760	-5,550	-15,428	-4,937
Cash flow from operations	-7,704	-15,761	-8,030	-17,301	-12,916
Cash flow for investment, net	-8,997	-19,221	-2,745	-10,762	-21,034
Of which for investment in tangible assets	-11,644	-26,158	-4,232	-14,540	-38,493
Cash flow from financing	12,026	3,452	7,898	-3,230	-14,332
Total cash flow	-4,675	-31,530	-2,877	-31,293	-48,282

Key figures

Gross margin	20.9	22.6	31.7	23.8	-5.0
Operating margin	5.4	11.5	15.7	10.8	-13.1
Solvency ratio	55	59	55	59	58
Earnings per share, DKK	-0.33	0.11	-0.05	-0.03	-4.66
Diluted earnings per share, DKK	-0.25	0.09	-0.04	-0.03	-4.00
Return on shareholders' equity	-1.0	0.3	-0.3	-0.2	-6.9

Average number of employees	214	214	217	214	211
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Management report for the period 1 January – 30 June 2016

FirstFarms has in the accounting period realised a turnover of DKK 38.8 million, an EBIT result of DKK 2.1 million and a pre-tax result of DKK -2.3 million. The result corresponds to the expectation, but it is significantly affected by the low milk price, which is partly compensated by cost savings.

In the first half year, the equity is reduced by DKK 2.4 million, in consequence of a result of DKK -1.6 million and an exchange rate adjustment of DKK -0.8 million.

In the first half year, the milk price has been lower than expected, but it is estimated that the decrease in the milk price is curbed and there are trends to price increases. The milk production has in the first half year been better than expected.

The sales prices on grain have been lower than budgeted, whereas the prices on oilseeds have been higher than budgeted. A negative income effect from the sales prices compared to the budget is expected for the whole year.

The harvest yields for the autumn crops have been higher than budgeted, and yields above budget for the spring crops are also expected. All in all, the crops look significantly better compared to same period in 2015.

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.

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

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

29 November 2016 Interim financial report 1 January – 30 September 2016

Management statement

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 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 30 June 2016 and of the results of the Group’s operations and cash flows for the period 1 January – 30 June 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, 30 August 2016

Management

Anders H. Nørgaard
CEO

Board of directors

Henrik Hougaard
Chairman

Asbjørn Børsting

Jens Bolding Jensen

Bent Juul Jensen

Income statement

	The Group	The Group	The Group	The Group	The Group
	Q1+Q2	Q1+Q2	Q2	Q2	2015
DKK 1,000	2016	2015	2016	2015	2015
Turnover	38,848	32,328	13,433	15,256	111,841
Value adjustment of biological assets	10,608	9,184	4,875	5,569	-15,953
Production costs	-60,198	-47,402	-24,613	-23,290	-131,688
Grants	18,874	13,206	10,562	6,101	30,253
Gross profit/loss	8,132	7,316	4,257	3,636	-5,547
Other operating income	212	1,541	180	298	908
Administration costs	-5,909	-5,144	-2,119	-2,279	-9,540
Other operating costs	-319	0	-203	0	-478
EBIT-result	2,116	3,713	2,115	1,655	-14,657
Financial income	112	355	79	-344	602
Financial costs	-4,515	-3,371	-2,559	-1,743	-8,408
Pre-tax result	-2,287	697	-365	-432	-22,463
Tax on net profit	710	-157	122	283	486
Net profit	-1,577	540	-243	-149	-21,977
Earnings per share, DKK	-0.33	0.11	-0.05	-0.03	-4.66
Diluted earnings per share, DKK	-0.25	0.09	-0.04	-0.03	-4.00

Total income statement

	The Group	The Group	The Group	The Group	The Group
	Q1+Q2	Q1+Q2	Q2	Q2	2015
DKK 1,000	2016	2015	2016	2015	2015
Net profit	-1,577	540	-243	-149	-21,977
Other total income					
Items, which can be reclassified to the income statement:					
- Exchange rate adjustments by conversion of foreign units	-812	1.685	-74	446	-650
- Tax of other total income	0	0	0	0	0
Other total income after tax	-812	1.685	-74	446	-650
Total income	-2,389	2,225	-317	297	-22,627

Balance

	The Group	The Group	The Group
	Q1+Q2 2016	Q1+Q2 2015	2015
DKK 1,000			
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	16,017	16,062	16,067
Land lease contracts	4,250	6,561	4,967
Total intangible assets	20,267	22,623	21,034
Tangible assets			
Land and buildings	261,872	262,162	261,251
Plant and machinery	71,424	80,861	73,870
Fixtures and fittings, tools and equipment	931	1,213	1,253
Fixed assets under construction	9,808	4,038	8,466
Total tangible assets	344,035	348,274	344,840
Biological assets			
Basic herd	23,894	24,326	23,693
Total biological assets	23,894	24,326	23,693
Other non-current assets			
Deferred tax asset	12,247	10,237	12,687
Total other non-current assets	12,247	10,237	12,687
Total non-current assets	400,443	405,460	402,254
Current assets			
Inventories	19,539	23,578	38,192
Biological assets – breeding and crops	98,344	94,933	45,091
Receivables	5,397	5,985	8,512
Other receivables	26,465	27,574	29,251
Accruals and deferred expenses	2,395	120	1,463
Cash at bank and in hand	4,443	1,111	1,183
Total current assets	156,583	153,301	123,692
TOTAL ASSETS	557,026	558,761	525,946

	The Group	The Group	The Group
DKK 1,000	Q1+Q2 2016	Q1+Q2 2015	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	47,122	47,122	47,122
Reserve for exchange rate adjustment	-22,936	-19,789	-22,124
Transferred result	279,598	303,622	281,175
Proposed dividend	0	0	0
Total equity	303,784	330,955	306,173
Liabilities			
Non-current liabilities			
Deferred tax	7,287	6,787	8,472
Credit institutions	40,078	41,473	30,651
Convertible bonds	32,113	0	31,014
Total non-current liabilities	79,478	48,260	70,137
Current liabilities			
Credit institutions	87,837	62,920	79,914
Convertible bonds	3,901	49,799	18,934
Trade payables and other payables	69,444	52,979	37,424
Corporation tax	0	276	262
Accruals and deferred income	12,582	13,572	13,102
Total current liabilities	173,764	179,546	149,636
Total liabilities	253,242	227,806	219,773
TOTAL EQUITY AND LIABILITIES	557,026	558,761	525,946

Equity statement (Condensed)

DKK 1,000	The Group Q1+Q2 2016	The Group Q1+Q2 2015
EQUITY STATEMENT		
Equity 1 January	306,173	328,730
Result of the period	-1,577	540
Other total income	-812	1,685
Total income for the period	-2,389	2,225
Equity 31 March	303,784	330,955

Cash flow statement

DKK 1,000	The Group Q1+Q2 2016	The Group Q1+Q2 2015
Pre-tax result	-2,287	697
Cash generated from operations (operating activities) before changes in working capital	1,021	8,344
Cash flow from primary activities	-3,039	-12,760
Cash flow from operating activities	-7,704	-15,761
Cash flow from investing activities	-8,997	-19,221
Cash flow from financing activities	<u>12,026</u>	<u>3,452</u>
Total cash flow	-4,675	-31,530
Available, at the beginning	-78,731	-30,404
Exchange rate adjustment of available	12	125
Available at closing	-83,394	-61,809
Available at closing is recognised as follows:		
Available funds	4,443	1,111
Current bank debt	-87,837	-62,920
Available at closing	-83,394	-61,809

Segment information

Q1+Q2 2016

DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	6,572	32,276	38,848
Grants	5,617	13,257	18,874
Value adjustment of biological assets	4,000	6,608	10,608
Financial income	112	0	112
Depreciations	3,412	8,232	11,644
Segment result before tax	2,126	-1,395	731
Segment assets	205,871	350,403	556,274
Plant investments *)	7,395	4,269	11,664
Segment liabilities	156,697	238,003	394,700

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

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.

Reconciliation of report compulsory segments result

DKK 1,000	Q1+Q2 2016	Q1+Q2 2015
Segment result before tax for report compulsory segments	731	2,849
Non-allocated result, Group function	-3,018	-2,152
Result of continued operations before tax, cp. income statement	-2,287	697