

Annual report 2008 for FirstFarms A/S

Summary

The Board of Directors and Management of FirstFarms A/S has today reviewed and adopted the annual report for 2008.

Highlights in 2008

- In the period under review, a turnover of DKK 59.5 million, an EBIT-result of DKK -25.7 million and a pre-tax result of DKK -23.4 million were achieved. The EBIT-result was DKK 19 million lower compared to the expectations at rendering the account for 3rd quarter, which primarily is due to the continuous significant drops in the commodity prices, which have great importance to the fair value of the company's stock and biological assets. In total DKK 14 million has been impaired in relation to the expectations.
- Falling commodity prices on the world market affected FirstFarms in 2008, as the price of milk dropped drastically from 2nd quarter. Crop prices nosedived also in the autumn 2008, for which reason the company put the crops in stock.
- In 2008, the company changed its accounting policy regarding milk quota which entailed a depreciation increase of DKK 2 million.
- The Romanian company SC Agrisole s.r.l. which also included a land area of 1,400 hectares was purchased in July 2008.
- Two new cattle stables in Slovakia were completed and taken into use in October and December 2008.
- Very satisfactory yields in the field production in the Group, where Slovakia achieved a record harvest, whereas the result in Romania was a little lower due to six weeks of drought and heat wave.
- Ownership of land in Romania reached 8,791 hectares at the end of the year.

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Expectations for 2009

FirstFarms expects a turnover of DKK 100-105 million (+43 million), an EBIT-result of DKK 6-11 million (+34 million) and a pre-tax result of DKK 0-3 million (+25 million). The increase can mostly be assigned to an increased cultivated area and lower costs in the field production with DKK 26 million. The milk production contributes to the increase with DKK 8 million, which is combined of higher yield and lower fodder costs (+12 million), increased earnings due to more cows (4 million) and lower milk prices (-8 million).

The company has already obtained undertaking of credit to finish the cattle stall project in Slovakia and also of financing the running operations. Furthermore a positive cash flow from operations is expected in 2009.

Assumptions

A milk production of 22 million kg milk is expected (2008: 15 million kg). The average settlement price is expected to be DKK 2.09 per kg (2008: DKK 2.64), which is a decrease of 21 percent. A change in the milk price of 10 percent will entail a change in the EBIT-result of DKK 5 million.

In 2009, the cultivated area in Romania is expected to constitute 4,100 hectares and is thereby increased with 2,600 hectares compared to 2008. This corresponds to an increase of 27 percent of the company's total cultivated area.

In 2009, the settlement prices for grain (wheat, rye, maize and barley) are expected to be DKK 1,200-1,300 per tonne and for oilseed the expected price is DKK 2,300-2,500 per tonne. A change in the sales prices and quantities with 10 percent will entail a change in the EBIT-result with DKK 5 million.

FirstFarms' annual report can be seen in its full length in the attached document/link (76 pages).

Billund, 31 March 2009

Best regards,

FirstFarms A/S

For further information:

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