

**25 November 2009****Quarterly report for 1 January – 30 September 2009 for FirstFarms A/S****Summary**

The Board of Directors and the Management of FirstFarms A/S have today reviewed and adopted the un-audited quarterly account for the period 1 January – 30 September 2009.

**Highlights**

- FirstFarms has in the accounting period achieved a turnover of DKK 48.8 million, an EBIT result of DKK -31.6 million and a pre-tax result of DKK -36.4 million. The result is DKK 7.7 million lower than expected and is primarily due to a negative value adjustment of the biological assets of DKK 4.6 million and a lower settlement price on crops of DKK 3.4 million.
- In Q3, the milk price increased and is also expected to increase further in Q4. For the rest of the year the average milk price is expected to be DKK 1.85 - 2.00 per kg.
- In Q3 and Q4 2009, crops in Slovakia and Romania were harvested and sold. The result of the harvest was a little lower than expected, especially in Eastern Romania due to drought.
- In the period, the sales price on grain 20 - 40 percent lower than assumed in the half year report, whilst the price on oil seed was 16 percent lower.
- In Q4, the settlement prices on grain are expected to be unchanged compared to the current low prices, which will have a negative effect on the result with DKK 6.9 million compared to the expectations.
- As mentioned in the company announcement no. 8/2009, FirstFarms has entered a conditional agreement regarding sale of the operation centre in Western Romania. The positive accounting effect of the sale constitutes DKK 18 million before tax and at the same time increases the financial resources with DKK 50 million.
- In Q4, FirstFarms expects that the price on cattle will increase as a result of the higher milk prices and therefore expects a positive adjustment of the biological assets in Q4 of DKK 3 million.
- With the mentioned conditions, FirstFarms adjusts the previously announced expectations to the results in the half year report upwards with DKK 6 million to a turnover of DKK 57-62 million, an EBIT result of DKK -8 to -13 million and a pre-tax result of DKK -16 to -21 million.

Billund 25 November 2009

**FirstFarms A/S**For further information:

Please visit our website [www.firstfarms.com](http://www.firstfarms.com) or contact Managing Director Kim Stokholm on telephone +45 75 86 87 87.

**FIRSTFARMS A/S**

Aastvej 10B  
DK-7190 Billund

Tel.: +45 7586 8787  
Fax.: +45 7586 8783

[www.firstfarms.dk](http://www.firstfarms.dk)  
[www.firstfarms.com](http://www.firstfarms.com)  
[info@firstfarms.dk](mailto:info@firstfarms.dk)

## Main and key ratios

	The Group Q1-Q3 2009	The Group Q1-Q3 2008	The Group Q3 2009	The Group Q3 2008	The Group 2008
DKK 1,000					

### Main figures

Turnover	48,837	41,111	18,483	13,938	59,490
Gross profit/loss	-13,134	8,342	-10,086	-532	1,404
Profit/loss of primary operations	-31,592	-4,762	-15,288	-5,385	-25,710
Net financial items	-4,832	2,506	-2,218	731	2,273
Pre-tax result of continued operations	-36,424	-2,256	-17,506	-4,654	-23,437
Net profit of continued operations	-27,767	-2,301	-12,984	-4,325	-21,227
Result of discontinued operations	0	-166	0	110	-791
Net profit	-27,767	-2,467	-12,984	-4,215	-22,018

Non-current assets	426,202	378,382	426,202	378,382	400,953
Current assets	115,358	176,558	115,358	176,558	128,131
Total assets	541,560	554,970	541,560	554,970	529,084
Share capital	47,122	471,224	47,122	471,224	471,224
Equity	350,970	430,308	350,970	430,308	394,785
Non-current liabilities	51,421	29,096	51,421	29,096	40,571
Current liabilities	139,169	95,566	139,169	95,566	93,728

Cash flow from operations	-6,163	-20,369	-17,023	2,562	-19,997
Cash flow for investment, net	-44,525	-151,683	-11,880	-96,769	-178,203
Cash flow from financing	20,785	9,846	4,990	7,912	14,220
Total cash flow	-29,903	-162,206	-23,913	-86,295	-180,184

### Key figures

Gross margin	-26.9	20.3	-54.6	-3.8	2.4
Operating margin	-64.7	-11.6	-82.7	-38.6	-43.2
Assets/equity	1.5	1.3	1.5	1.3	1.3
Earnings per share, DKK.	-5.89	-0.52	-2.75	-0.89	-4.67
Diluted earnings per share, DKK	-5.89	-0.52	-2.75	-0.89	-4.67
Return on shareholders' equity	-9.9	-7.0	-14.5	-3.9	-5.4

Average number of employees	215	215	215	225	219
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### FIRSTFARMS A/S

Aastvej 10B  
DK-7190 Billund

Tel.: +45 7586 8787  
Fax.: +45 7586 8783

www.firstfarms.dk  
www.firstfarms.com  
info@firstfarms.dk

## **Management report for the period 1 January – 30 September 2009**

In the accounting period, FirstFarms has realized a turnover of DKK 48.8 million, an EBIT result of DKK -31.6 million and a pre-tax result of DKK -36.4 million. The result is DKK 7.7 million lower than the company expected at the announcement of the half year report in August 2009, which primarily is due to a negative value adjustment of the biological assets with DKK 4.6 million and a lower settlement price on crops with DKK 3.4 million.

In Q4, FirstFarms expects that the price on cattle will increase as a result of the higher milk prices and the company's studies of the market. Therefore, the company expects that there will be a positive adjustment of the biological assets in Q4 of DKK 3 million.

In the accounting period, the company has harvested rape, wheat, rye, triticale and barley. The result of the harvest was a little lower than expected, especially in Eastern Romania, as it was the first operating season for the company and the area was also affected by extreme drought at the end of the growth season. Beets, maize, sunflower, sorghum and ecological crops were harvested after the accounting period, where the yield of maize was below the expected, especially in Eastern Romania due to drought. In Q3, the lower settlement price from crops constituted DKK 3.4 million, of which the negative effect of the lower sales prices constituted DKK 2.7 million. The sales price on grain was in the period 20 – 40 percent lower than expected in the half year report, whilst the price on oil seed was 16 percent lower. This price level and the lower yield in especially maize also entail an expected negative influence on the result in Q4 of DKK 6.9 million. At present, a significant part of the crops are sold.

In Q3, the milk price increased with a little rise in July and August. Since October the price has been increasing continuously and therefore a milk price of DKK 1.85 - 2.00 per kg milk has been included in the expectations for the rest of the year. The delay of the construction of cattle stables to mid 2010 has entailed that the company has purchased fewer cows than expected in 2009.

In the accounting period, FirstFarms has completed the expected efficiency measures and savings in the milk production and field production of a total of DKK 12 million, which was calculated in the expectations in the half year report. Sale of crops, that were produced and put in stock in 2008, meant a larger turnover for the company in the accounting period. The crops were sold at the price they were valued for in the accounts for 2008, and the additional turnover has therefore no effect on the result.

In the accounting period, the equity decreased with DKK 44 million. The decrease is composed of the result of the period of DKK -28 million and an exchange rate adjustment of DKK -16 million, which is due to a decrease in the Romanian currency of approx. 5 percent in Q1. The exchange rate has since stabilized on a lower level.

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In company announcement no. 8/2009, FirstFarms announced to have entered a conditional agreement regarding sale of the operation centre in Western Romania close to Timisoara. The agreement includes sale of two subsidiaries, 1,991 hectares of land and appurtenant machinery and buildings. The sale is expected to be carried out at the latest 31 December 2009 and is substantiated in a decision of centralizing and expanding the operation in the company's existing centre in Eastern Romania. The positive accounting effect of the sale enters the expectations under other income with DKK 18 million before tax and at the same time increases the financial resources with DKK 50 million.

### **Risk assessment**

In the annual report 2008, FirstFarms has described the essential risks for the company, and it is the Management's opinion that this description continues to be adequate. The annual report and risk assessment can be found on the company's homepage [www.firstfarms.com](http://www.firstfarms.com).

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## **Expectations for 2009**

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FirstFarms adjusts the previously announced expectations to the results in company announcement no. 7/2009 upwards with DKK 6 million and expects a turnover of DKK 57-62 million, an EBIT result of DKK -8 to -13 million and a pre-tax result of DKK -16 to -21 million.

### **Assumptions**

The average milk price for Q4 2009 is expected to be DKK 1.85 - 2.00 per kg.

For Q4 2009, the settlement prices are expected to be unchanged compared to the current low prices on grain and oil seed.

### **Financial calendar for 2010**

25 March 2010	Annual report 2009
20 April 2010	Annual general meeting
27 May 2010	Quarterly report – Q1 2010
25 August 2010	Half year report 2010
24 November 2010	Quarterly report – Q3 2010

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## **Management statement**

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Today, the Board of Directors and the Management of FirstFarms have discussed and approved the quarterly account for the period 1 January - 30 September 2009.

The account, which has not been audited 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 quarterly account gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2009 and of the results of the Group's operations and cash flows for the period 1 January – 30 September 2009.

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 25 November 2009

## **Management**

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Kim Stokholm  
Managing Director

## **Board of directors**

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Henrik Hougaard  
Chairman

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Kjeld Iversen

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Jens Møller

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Lars Thomassen

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Per Villumsen

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## Income statement

	The Group				
	Q1-Q3	Q1-Q3	Q3	Q3	2008
DKK 1,000	2009	2008	2009	2008	2008
<b>Turnover</b>	48,837	41,111	18,483	13,938	59,490
Value adjustments of biological assets	-8,450	2,023	-6,841	-2,187	1,069
Production costs	-72,405	-50,549	-29,045	-17,791	-81,839
Grants	18,884	15,757	7,317	5,508	22,684
<b>Gross profit/loss</b>	-13,134	8,342	-10,086	-532	1,404
Other operating incomes	1,437	58	215	0	611
Administration costs	-18,563	-12,858	-5,236	-4,613	-27,023
Other operating costs	-1,332	-304	-181	-240	-702
<b>EBIT result</b>	-31,592	-4,762	-15,288	-5,385	-25,710
Financial income	73	4,223	19	947	4,567
Financial costs	-4,905	-1,717	-2,237	-216	-2,294
<b>Pre-tax result of continued operations</b>	-36,424	-2,256	-17,506	-4,654	-23,437
Tax on net profit of continued operations	8,657	-45	4,522	329	2,210
<b>Net profit of continued operations</b>	-27,767	-2,301	-12,984	-4,325	-21,227
Result of discontinued operations	0	-166	0	110	-791
<b>Net profit</b>	-27,767	-2,467	-12,984	-4,215	-22,018

## Total income statement

	The Group				
	Q1-Q3	Q1-Q3	Q3	Q3	2008
DKK 1,000	2009	2008	2009	2008	2008
Net profit	-27,768	-2,467	-12,985	-4,215	-22,018
Exchange rate adjustment	-16,047	11,170	-3,155	-6,198	-6,172
<b>Net profit</b>	-43,815	8,703	-16,140	-10,413	-28,190

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**Balance**

	The Group	The Group	The Group
	Q3 2009	Q3 2008	2008
DKK 1,000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	16,048	14,406	16,048
Milk quota	10,769	13,551	12,254
	<u>26,817</u>	<u>27,957</u>	<u>28,302</u>
<b>Tangible assets</b>			
Land and buildings	243,289	218,988	221,081
Plant and machinery	66,878	52,308	58,653
Fixtures and fittings, tools and equipment	1,851	2,126	2,036
Fixed assets under construction	66,286	55,325	68,000
	<u>378,304</u>	<u>328,747</u>	<u>349,770</u>
<b>Biological assets</b>			
Basic herd	17,794	20,918	19,827
	<u>17,794</u>	<u>20,918</u>	<u>19,827</u>
<b>Other non-current assets</b>			
Deferred tax asset	3,287	760	3,054
	<u>3,287</u>	<u>760</u>	<u>3,054</u>
<b>Total non-current assets</b>	<u>426,202</u>	<u>378,382</u>	<u>400,953</u>
<b>Current assets</b>			
Inventories	37,736	33,299	45,069
Biological assets – breeding and crops	44,595	58,258	40,013
Receivables	5,593	13,954	9,837
Other receivables	22,415	25,021	16,853
Accruals and deferred expenses	1,002	2,248	3,071
Cast at bank and in hand	4,017	43,808	13,288
	<u>115,358</u>	<u>176,588</u>	<u>128,131</u>
<b>Total current assets</b>	<u>115,358</u>	<u>176,588</u>	<u>128,131</u>
<b>TOTAL ASSETS</b>	<u>541,560</u>	<u>554,970</u>	<u>529,084</u>

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	The Group	The Group	The Group
	Q3 2009	Q3 2008	2008
DKK 1,000			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	47,122	471,224	471,224
Reserve for reduction of the share capital	424,102	0	0
Reserve for exchange rate adjustment	-23,857	9,575	-7,810
Transferred result	-96,397	-50,491	-68,629
Proposed dividend	0	0	0
<b>Total equity</b>	<b>350,970</b>	<b>430,308</b>	<b>394,785</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	8,573	13,044	13,406
Credit institutions	42,848	16,052	27,165
	51,421	29,096	40,571
<b>Current liabilities</b>			
Credit institutions	39,554	29,607	18,769
Trade payables and other payables	79,171	45,394	49,354
Corporation tax	0	821	4,057
Accruals and deferred income	20,444	19,744	21,548
	139,169	95,566	93,728
<b>Total liabilities</b>	<b>190,590</b>	<b>124,662</b>	<b>134,299</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>541,560</b>	<b>554,970</b>	<b>529,084</b>

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CVR nr.: 28312504

## Equity development

DKK 1,000	The Group Q3 2009	The Group Q3 2008
<b>EQUITY DEVELOPMENT</b>		
Equity 1 January	394,785	421,605
Reserve for exchange rate adjustment	-16,047	11,170
Result of the period	-27,768	-2,467
<b>Equity at closing</b>	<b>350,970</b>	<b>430,308</b>

## Cash flow adjustment

DKK 1,000	The Group Q3 2009	The Group Q3 2008
<b>Pre-tax result</b>	-36,424	2,256
<b>Cash generated from operations (operating activities) before changes in working capital</b>	-10,072	3,831
<b>Cash flow from operating activities</b>	-6,163	-20,369
<b>Cash flow from investing activities</b>	-44,525	-151,683
<b>Cash flow from financing activities</b>	20,785	9,846
<b>Total cash flow</b>	-29,903	-162,206
Available, at the beginning	-5,481	175,882
Exchange rate adjustment of available	-153	525
<b>Available at closing</b>	<b>-35,537</b>	<b>14,201</b>
<b>Available at closing is recognised as follows:</b>		
Available funds	4,017	43,808
Current bank debt	-39,554	-29,607
Available at closing	-35,537	14,201

### FIRST FARMS A/S

Aastvej 10B  
DK-7190 Billund

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info@firstfarms.dk

**Segment information**


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**Q1-Q3 2009**

<b>Turnover</b>	<b>Romanian activities</b>	<b>Slovakian activities</b>	<b>Group function</b>	<b>Elimination</b>	<b>Group total</b>
External turnover	9,101	39,736	0	0	48,837
Internal turnover	0	0	225	-225	0
<b>Total turnover</b>	<b>9,101</b>	<b>39,736</b>	<b>225</b>	<b>-225</b>	<b>48,837</b>
Result	-12,838	-18,617	4,514	-827	-27,768

**Q1-Q3 2008**

<b>Turnover</b>	<b>Romanian activities</b>	<b>Slovakian activities</b>	<b>Group function</b>	<b>Elimination</b>	<b>Group total</b>
External turnover	0	41,111	0	0	41,111
Internal turnover	0	0	4,425	-4,425	0
<b>Total turnover</b>	<b>0</b>	<b>41,111</b>	<b>4,425</b>	<b>-4,425</b>	<b>41,111</b>
Result	-5,098	-1,524	4,331	-176	-2,467

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