

25 August 2010**Half year report for 1 January – 30 June 2010 for FirstFarms A/S**

Summary

The Board of Directors and Management of FirstFarms A/S have today reviewed and adopted the un-audited half year report for the period 1 January – 30 June 2010.

Highlights

- FirstFarms has in the accounting period realised a turnover of DKK 25.0 million, an EBIT result of DKK -2.4 million and a pre-tax result of DKK -4.1 million. The results correspond to the expectations. The result is a significant improvement of EBIT compared to the same period last year with DKK 13.9 million.
- In the first half year, the milk price has been lower than assumed, but the present milk price generally corresponds to the assumption. It is expected that the milk price will continue to increase in the remaining part of the year.
- The milk production has in the first half year been lower than assumed, as placement of new cows happened a little later than assumed. However, the total milk production in the first half year is approx. 44 percent higher than in the same period last year.
- The sales prices on grain are higher than assumed and this will give an additional income. After the accounting period, a part of the cash crops have been sold at prices higher than assumed.
- The harvest in Romania has been good with higher yields than expected. Slovakia was hit by flooding as mentioned in the company announcement in May. Thus 1,100 hectares have been flooded, which effects the result negatively with approx. DKK 7 million, this is however more than compensated for with the improved prices on crops.
- In the light of the above, FirstFarms maintains the expectations of a turnover of DKK 90-95 million, an EBIT result of DKK 0-5 million and a pre-tax result of DKK -5-0 million.

Malacky, 25 August 2010

FirstFarms A/SFor further information:

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Main and key ratios

	The Group Q1+Q2 2010	The Group Q1+Q2 2009	The Group Q2 2010	The Group Q2 2009	The Group 2009
DKK 1,000					

Main figures

Turnover	24,955	30,354	11,942	18,783	75,605
Gross profit/loss	7,452	-3,048	5,730	-4,278	-29,954
Profit/loss of primary operations	-2,410	-16,304	1,506	-8,699	-36,207
Net financial items	-1,641	-2,614	-1,479	-1,635	-5,971
Pre-tax result of continued operations	-4,052	-18,918	27	-10,334	-42,178
Net profit of continued operations	-3,585	-14,783	-221	-7,514	-37,070
Result of discontinued operations	0	0	0	0	0
Net profit	-3,585	-14,783	-221	-7,514	-37,070

Non-current assets	395,482	419,095	395,482	419,095	388,116
Current assets	118,481	123,594	118,481	123,594	127,007
Total assets	513,963	542,689	513,963	542,689	515,123
Share capital	47,122	47,122	47,122	47,122	47,122
Equity	346,452	367,110	346,452	367,110	352,091
Non-current liabilities	64,611	56,055	64,611	56,055	71,157
Current liabilities	102,231	119,524	102,231	119,524	91,875

Cash flow from operations	-9,969	10,860	1,289	13,961	-26,183
Cash flow for investment, net Of which for investment in tangible assets	-16,190	-32,645	-5,216	-17,366	9,178
Cash flow from financing	-7,973	15,795	-5,474	4,900	24,329
Total cash flow	-34,132	-5,990	-9,402	1,495	7,324

Key figures

Gross margin	29.9	-10.1	48.0	-22.7	-0.4
Operating margin	-9.7	-53.7	12.6	-46.3	-47.9
Assets/equity	1.5	1.4	1.5	1.4	1.5
Earnings per share, DKK	-0.76	-3.13	-0.05	-1.59	-7.87
Diluted earnings per share, DKK	-0.76	-3.13	-0.05	-1.59	-7.87
Return on shareholders' equity	-2.1	-7.4	-0.25	-8.0	-9.9

Average number of employees	201	212	204	211	211
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Management report for the period 1 January – 30 June 2010

FirstFarms has in the accounting period realised a turnover of DKK 25.0 million, an EBIT result of DKK -2.4 million and a pre-tax result of DKK -4.1 million. The results correspond to the expectations. The result is a significant improvement of EBIT compared to the same period last year with DKK 13.9 million.

The equity is reduced with DKK 5.6 million in the first half year, which is composed by a result after tax of DKK -3.6 million and an exchange rate adjustment of DKK -2.1 million, due to a decrease in the Romanian currency as per 30 June 2010. After the accounting period, the currency is at the same level as at the turn of the year.

In the first half year, the milk price has been lower than assumed, but the present milk price generally corresponds to the assumption of a price of DKK 2.24. It is expected that the milk price will continue to increase in the remaining part of the year. At present, it is expected that the average milk price for the whole year is approx. DKK 2.15 compared to a price earlier assumed of DKK 2.24.

The milk production has in the first half year been lower than assumed, as placement of new cows happened a little later than assumed. However, the total milk production in the first half year is approx. 44 percent higher than in the same period last year.

The sales prices on grain are higher than assumed and this will give an additional income. After the accounting period, a part of the cash crops have been sold at prices higher than assumed.

The harvest in Romania has been good with higher yields than expected. Slovakia was hit by flooding as mentioned in the company announcement in May. Thus 1,100 hectares have been flooded, which effects the result negatively with approx. DKK 7 million, this is however more than compensated for with the improved prices on crops.

The construction of cattle stables in Slovakia is drawing to a close, and only approx. 2 percent of the construction is uncompleted.

Risk assessment

FirstFarms has in the annual report for 2009 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.

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Expectations for 2010

Assumptions

In the light of the above, FirstFarms maintains the expectations of a turnover of DKK 90-95 million, an EBIT result of DKK 0-5 million and pre-tax result of DKK -5-0 million.

The expectations are based on the following assumptions:

- An average settlement price for the year on milk of 2.15 per kg (previously 2.24).
- An oil seed price of DKK 2,000-2,400 per tonne (previously 1,750-1,800).
- A grain price in the level of DKK 900-1,350 per tonne (previously 745-985).

Financial calendar for 2010

24 November 2010

Quarterly report – Q3 2010

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Management statement

The Management and Board of Directors of FirstFarms have today discussed and approved the quarterly account of FirstFarms A/S for the period 1 January – 30 June 2010.

The account, 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 quarterly account gives a true and fair view of the Group’s assets, liabilities and financial position at 30 June 2010 and of the results of the Group’s operations and cash flows for the period 1 January – 30 June 2010.

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.

Malacky, 25 August 2010

Management

Per Villumsen
Managing Director

Board of Directors

Henrik Hougaard
Chairman

Kjeld Iversen

Jens Møller

Lars Thomassen

Per Villumsen

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Income statement

	The Group	The Group	The Group	The Group	The Group
	Q1+Q2	Q1+Q2	Q2	Q2	2009
DKK 1,000	2010	2009	2010	2009	2009
Turnover	24,955	30,354	11,942	18,783	75,605
Value adjustment of biological assets	2,611	-1,609	3,538	-1,948	-17,818
Production costs	-36,222	-43,360	-18,356	-26,543	-116,151
Grants	16,108	11,567	8,606	5,430	28,410
Gross profit/loss	7,452	-3,048	5,730	-4,278	-29,954
Other operating income	526	1,222	187	767	16,639
Administration costs	-10,375	-13,327	-4,399	-4,976	-22,429
Other operating costs	-14	-1,151	-12	-212	-463
EBIT-result	-2,410	-16,304	1,506	-8,699	-36,207
Financial income	1,115	54	186	23	1,748
Financial costs	-2,756	-2,668	-1,665	-1,658	-7,719
Pre-tax result of continued operations	-4,052	-18,918	27	-10,334	-42,178
Tax on net profit of continued operations	467	4,135	-248	2,820	5,108
Net profit of continued operations	-3,585	-14,783	-221	-7,514	-37,070
Result of discontinued operations	0	0	0	0	0
Net profit	-3,585	-14,783	-221	-7,514	-37,070

Total income statement

	The Group	The Group	The Group	The Group	The Group
	Q1+Q2	Q1+Q2	Q2	Q2	2009
DKK 1,000	2010	2009	2010	2009	2009
Net profit	-3,585	-14,783	-221	-7,514	-37,070
Other total income					
- Exchange rate adjustments by conversion of foreign units	-2,054	-12,892	-5,404	-1,395	-5,841
- Tax of other total income	0	0	0	0	0
Other total income after tax	-2,054	-12,892	-5,404	-1,395	-5,841
Total income	-5,639	-27,675	-6,125	-8,909	-42,911

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Balance

	The Group	The Group	The Group
	Q1+Q2 2010	Q1+Q2 2009	2009
DKK 1,000			
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	16,028	16,048	16,028
Milk quota	9,289	11,264	10,279
Total intangible assets	25,317	27,312	26,307
Tangible assets			
Land and buildings	239,242	234,292	237,274
Plant and machinery	66,593	57,903	66,449
Fixtures and fittings, tools and equipment	2,497	1,840	2,774
Fixed assets under construction	27,805	74,923	26,912
Total tangible assets	336,137	368,958	333,409
Biological assets			
Basic herd	22,726	19,538	17,098
Total biological assets	22,726	19,538	17,098
Other non-current assets			
Deferred tax asset	11,302	3,287	11,302
Total other non-current assets	11,302	3,287	11,302
Total non-current assets	395,482	419,095	388,116
Current assets			
Inventories	15,506	25,519	23,810
Biological assets – breeding and crops	51,227	59,989	28,737
Receivables	8,717	9,306	8,222
Other receivables	39,579	15,997	35,490
Accruals and deferred expenses	679	2,678	2,179
Cash at bank and in hand	2,773	10,105	28,569
Total current assets	118,481	123,594	127,007
TOTAL ASSETS	513,963	542,689	515,123

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	The Group	The Group	The Group
	Q1+Q2 2010	Q1+Q2 2009	2009
DKK 1,000			
EQUITY AND LIABILITIES			
Equity			
Share capital	47,122	47,122	47,122
Reserve for decrease of share capital	424,102	424,102	424,102
Reserve for exchange rate adjustment	-15,705	-20,702	-13,651
Transferred result	-109,067	-83,412	-105,482
Proposed dividend	0	0	0
Total equity	346,452	367,110	352,091
Liabilities			
Non-current liabilities			
Deferred tax	16,702	13,095	15,275
Credit institutions	47,909	42,960	55,882
Total non-current liabilities	65,280	56,055	71,157
Current liabilities			
Credit institutions	33,934	21,593	25,243
Trade payables and other payables	45,521	76,824	37,094
Corporation tax	0	0	2,563
Accruals and deferred income	22,876	21,107	26,975
Total current liabilities	102,231	119,524	91,875
Total liabilities	167,511	175,579	163,032
TOTAL EQUITY AND LIABILITIES	513,933	542,689	515,123

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Equity development

DKK 1,000	The Group Q1+Q2 2010	The Group Q1+Q2 2009
EQUITY DEVELOPMENT		
Equity 1 January	352,091	394,785
Reserve for exchange rate adjustment	-2,054	-12,892
Result of the period	-3,585	-14,783
Equity at closing	346,452	367,110

Cash flow statement

DKK 1,000	The Group Q1+Q2 2010	The Group Q1+Q2 2009
Pre-tax result	-4,052	-18,918
Cash generated from operations (operating activities) before changes in working capital	3,111	-6,192
Cash flow from operating activities	-9,969	10,860
Cash flow from investing activities	-16,190	-32,645
Cash flow from financing activities	-7,973	15,795
Total cash flow	-34,132	-5,990
Available, at the beginning	3,326	-5,481
Exchange rate adjustment of available	-355	-17
Available at closing	-31,161	-11,488
Available at closing is recognised as follows:		
Available funds	2,773	10,105
Current bank debt	-33,934	-21,593
Available at closing	-31,161	-11,488

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Segment information

Q1+Q2 2010

DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	656	24,299	24,955
Grants	2,466	14,343	16,109
Value adjustment of biological assets	1,111	1,500	2,611
Financial income	1,099	5	1,104
Depreciations	903	7,144	8,047
Segment result before tax	-4,732	-3,323	-8,055
Segment assets	156,937	352,280	509,217
Plant investments *)	3,015	8,356	11,371
Segment liabilities	127,280	365,076	492,356

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

Q1+Q2 2009

DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	5,439	24,915	30,354
Grants	3,000	8,567	11,567
Value adjustment of biological assets	900	-2,509	-1,609
Financial income	16	1	17
Depreciations	1,811	6,495	8,306
Segment result before tax	-4,590	-15,434	-20,024
Segment assets	198,825	349,776	548,601
Plant investments *)	7,762	26,883	34,645
Segment liabilities	226,014	352,751	578,765

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

Reconciliation of report compulsory segments result

DKK 1,000	Q1+Q2 2010	Q1+Q2 2009
Segment result before tax for report compulsory segments	-8,055	-20,024
Non-allocated result, Group function	4,003	1,106
Result of continued operations before tax, cp. income statement	-4,052	-18,918

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