

**Company announcement no. 17/2011**

**23 November 2011**

## **Quarterly statement for 1 January – 30 September 2011 for FirstFarms A/S**

### **Summary**

The Board of Directors and Management of FirstFarms A/S have today reviewed and adopted the un-audited quarterly accounts for the period 1 January – 30 September 2011.

### **FirstFarms maintains the expectations**

- FirstFarms has in the accounting period realised a turnover of DKK 91.0 million, an EBIT result of DKK 13.9 million and a pre-tax result of DKK 9.4 million. The results are significantly above the expectations, as both realised yields and prices on crops have been above the assumed.
- In the first three quarters, the milk price has corresponded to the expectations and this is also expected in Q4.
- The milk production has in the first three quarters been significantly lower than assumed. As mentioned in the company announcement for Q2, the company has decided to close old and uneconomic stables. Moreover, the milk production per cow is below the expected in Q3, and therefore the total milk production for the year is expected to be significantly lower.
- In the light of the above, FirstFarms maintains the ranges of the expectations of a turnover of DKK 125-130 million, and EBIT result of DKK 17-22 million and a pre-tax result of DKK 10-15 million.

Billund, 23 November 2011

### **FirstFarms A/S**

#### For further information:

Please visit our website [www.firstfarms.com](http://www.firstfarms.com) or contact Managing Director Per Villumsen 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)

CVR nr.: 28312504  
Registered office: Billund

## Main and key ratios

	The Group Q1-Q3 2011	The Group Q1-Q3 2010	The Group Q3 2011	The Group Q3 2010	The Group 2010
DKK 1,000					

### Main figures

Turnover	91,002	58,130	58,037	33,175	85,130
Gross profit/loss	25,314	16,419	13,732	8,967	10,210
Profit/loss of primary operations	13,858	3,571	10,011	5,982	-7,932
Net financial items	-4,420	-4,487	-2,216	-2,846	-3,994
Pre-tax result	9,438	-916	7,795	3,136	-11,926
Net profit	7,976	-1,073	6,617	2,512	-9,268

Non-current assets	411,948	406,722	411,948	406,722	414,400
Current assets	116,296	108,739	116,296	108,739	80,754
Total assets	528,244	515,461	528,244	515,461	495,154
Share capital	47,122	47,122	47,122	47,122	47,122
Equity	347,187	351,537	347,187	351,537	340,884
Non-current liabilities	52,009	64,625	52,009	64,625	52,936
Current liabilities	129,048	99,299	129,048	99,299	101,334

Cash flow from operations	9,166	5,533	17,848	15,502	15,853
Cash flow for investment, net	-13,533	-22,740	-2,495	-6,550	-41,407
Of which for investment in tangible assets	-10,266	-16,182	-4,501	-4,811	-33,576
Cash flow from financing	2,998	-9,252	-8,997	-1,279	-10,481
Total cash flow	-1,369	-26,459	6,356	7,673	-36,035

### Key figures

Gross margin	27.8	28.2	23.7	27.0	12.0
Operating margin	15.2	6.1	17.2	18.0	-9.3
Assets/equity	1.5	1.5	1.5	1.5	1.5
Earnings per share, DKK	1.69	-0.23	1.40	0.53	-1.97
Diluted earnings per share, DKK	1.69	-0.23	1.40	0.53	-1.97
Return on shareholders' equity	3.1	-0.4	7.7	2.9	-2.7

Average number of employees	204	201	205	200	205
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## **Management report for the period 1 January – 30 September 2011**

FirstFarms has in the accounting period realised a turnover of DKK 91.0 million, an EBIT result of DKK 13.9 million and a pre-tax result of DKK 9.4 million. The results are significantly above the expectations, as both realised yields and prices on crops have been above the assumed.

In the period, the equity has increased with DKK 6.3 million, which is composed by a result after tax of DKK 8.0 million and an exchange rate adjustment of DKK -1.7 million. The exchange rate adjustment is mainly due to a decrease in the Romanian lei of approx. 1.8 percent.

In the first three quarters, the milk price has corresponded to the expectations and this is also expected in Q4.

The milk production has in the first three quarters been significantly lower than assumed. As mentioned in the company announcement for Q2, the company has decided to close old and uneconomic stables. Moreover, the milk production per cow is below the expected in Q3, and therefore the total milk production for the year is expected to be significantly lower.

The sales prices on grain have been higher than expected.

The harvest in both Slovakia and Romania has been significantly better than assumed. Compared to the estimate at the half year report, the harvest of sunflower has however been lower just as the value of the maize silage has been lower than assumed.

In the light of the above, FirstFarms maintains the ranges of the expectations of a turnover of DKK 125-130 million, and EBIT result of DKK 17-22 million and a pre-tax result of DKK 10-15 million.

### **Risk assessment**

FirstFarms has in the annual report for 2010 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).

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## **Expectations for 2011**

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### **Assumptions**

FirstFarms maintains the ranges of the expectations of a turnover of DKK 125-130 million, and EBIT result of DKK 17-22 million and a pre-tax result of DKK 10-15 million.

The expectations are based on the following assumptions:

- An average settlement price for the year on milk of DKK 2.50 per kg (previously 2.53)
- An oil seed price of DKK 2,450-3,700 per tonne (previously 2,600-2,900).
- A grain price in the level of DKK 1,000-1,500 per tonne (previously 1,050-1,350).

### **Financial calendar for 2012**

27 March 2012	Annual report 2011
24 April 2012	Annual general meeting
22 May 2012	Quarterly report – Q1 2012
21 August 2012	Half year report 2012
20 November 2012	Quarterly report – Q3 2012

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## **Management statement**

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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 September 2011.

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 September 2011 and of the results of the Group’s operations and cash flows for the period 1 January – 30 September 2011.

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, 23 November 2011

## **Management**

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Per Villumsen  
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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Peder Mouritsen

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## Income statement

	The Group	The Group	The Group	The Group	The Group
	Q1-Q3	Q1-Q3	Q3	Q3	2010
DKK 1,000	2011	2010	2011	2010	2010
<b>Turnover</b>	91,002	58,130	58,037	33,175	85,130
Value adjustment of biological assets	-3,033	2,279	-12,713	-332	-599
Production costs	-82,074	-66,984	-37,998	-30,762	-106,653
Grants	19,419	22,994	6,406	6,886	32,332
<b>Gross profit/loss</b>	<b>25,314</b>	<b>16,419</b>	<b>13,732</b>	<b>8,967</b>	<b>10,210</b>
Other operating income	1,144	1,230	27	704	1,212
Administration costs	-12,568	-14,064	-3,728	-3,689	-18,395
Other operating costs	-32	-14	-20	0	-959
<b>EBIT-result</b>	<b>13,858</b>	<b>3,571</b>	<b>10,011</b>	<b>5,982</b>	<b>-7,932</b>
Financial income	674	351	12	-764	1,021
Financial costs	-5,094	-4,838	-2,228	-2,082	-5,015
<b>Pre-tax result</b>	<b>9,438</b>	<b>-916</b>	<b>7,795</b>	<b>3,136</b>	<b>-11,926</b>
Tax on net profit	-1,462	-157	-1,178	-624	2,658
<b>Net profit</b>	<b>7,976</b>	<b>-1,073</b>	<b>6,617</b>	<b>2,512</b>	<b>-9,268</b>

## Total income statement

	The Group	The Group	The Group	The Group	The Group
	Q1-Q3	Q1-Q3	Q3	Q3	2010
DKK 1,000	2011	2010	2011	2010	2010
Net profit	7,976	-1,073	6,617	2,512	-9,268
<b>Other total income</b>					
- Exchange rate adjustments by conversion of foreign units	-1,673	519	-3,160	2,573	-1,974
- Tax of other total income	0	0	0	0	0
<b>Other total income after tax</b>	<b>-1,673</b>	<b>519</b>	<b>-3,160</b>	<b>2,573</b>	<b>-1,974</b>
<b>Total income</b>	<b>6,303</b>	<b>-554</b>	<b>3,457</b>	<b>5,085</b>	<b>-11,242</b>

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## Balance

	The Group	The Group	The Group
DKK 1,000	Q3 2011	Q3 2010	2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	16,058	16,028	16,050
Milk quota	6,863	8,794	8,333
<b>Total intangible assets</b>	<b>22,921</b>	<b>24,822</b>	<b>24,383</b>
<b>Tangible assets</b>			
Land and buildings	260,272	253,880	244,624
Plant and machinery	72,870	66,015	68,834
Fixtures and fittings, tools and equipment	2,107	2,364	2,395
Fixed assets under construction	6,293	23,242	30,055
<b>Total tangible assets</b>	<b>341,542</b>	<b>345,501</b>	<b>345,908</b>
<b>Biological assets</b>			
Basic herd	30,065	25,097	26,689
<b>Total biological assets</b>	<b>30,065</b>	<b>25,097</b>	<b>26,689</b>
<b>Other non-current assets</b>			
Deferred tax asset	17,420	11,302	17,420
<b>Total other non-current assets</b>	<b>17,420</b>	<b>11,302</b>	<b>17,420</b>
<b>Total non-current assets</b>	<b>411,948</b>	<b>406,722</b>	<b>414,400</b>
<b>Current assets</b>			
Inventories	25,754	22,709	23,671
Biological assets – breeding and crops	44,855	36,963	30,393
Receivables	12,589	11,307	6,196
Other receivables	23,656	32,616	16,249
Accruals and deferred expenses	811	1,183	994
Cash at bank and in hand	8,631	3,961	3,251
<b>Total current assets</b>	<b>116,296</b>	<b>108,739</b>	<b>80,754</b>
<b>TOTAL ASSETS</b>	<b>528,244</b>	<b>515,461</b>	<b>495,154</b>

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	The Group	The Group	The Group
	Q3 2011	Q3 2010	2010
DKK 1,000			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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	-17,298	-13,132	-15,625
Transferred result	-106,739	-106,555	-114,715
Proposed dividend	0	0	0
<b>Total equity</b>	<b>347,187</b>	<b>351,537</b>	<b>340,884</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	22,725	17,995	21,263
Credit institutions	29,284	46,630	31,673
<b>Total non-current liabilities</b>	<b>52,009</b>	<b>64,625</b>	<b>52,936</b>
<b>Current liabilities</b>			
Credit institutions	42,937	27,449	36,091
Trade payables and other payables	65,549	50,088	43,509
Corporation tax	0	0	0
Accruals and deferred income	20,562	21,762	21,734
<b>Total current liabilities</b>	<b>129,048</b>	<b>99,299</b>	<b>101,334</b>
<b>Total liabilities</b>	<b>181,057</b>	<b>163,924</b>	<b>154,270</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>528,244</b>	<b>515,461</b>	<b>495,154</b>

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## Equity development

DKK 1,000	The Group Q1-Q3 2011	The Group Q1-Q3 2010
<b>EQUITY DEVELOPMENT</b>		
Equity 1 January	340,884	352,091
Reserve for exchange rate adjustment	-1,673	519
Result of the period	7,976	-1,073
<b>Equity at closing</b>	<b>347,187</b>	<b>351,537</b>

## Cash flow statement

DKK 1,000	The Group Q1-Q3 2011	The Group Q1-Q3 2010
<b>Pre-tax result</b>	9,438	-916
<b>Cash generated from operations (operating activities) before changes in working capital</b>	28,931	2,970
<b>Cash flow from operating activities</b>	9,166	5,533
<b>Cash flow from investing activities</b>	-13,533	-22,740
<b>Cash flow from financing activities</b>	2,998	-9,252
<b>Total cash flow</b>	-1,369	-26,459
Available, at the beginning	-32,840	3,326
Exchange rate adjustment of available	-97	-355
<b>Available at closing</b>	-34,306	-23,488
<b>Available at closing is recognised as follows:</b>		
Available funds	8,631	3,961
Current bank debt	-42,937	-27,449
Available at closing	-34,306	-23,488

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## Segment information

<b>Q1-Q3 2011</b>			
DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	28,468	62,534	91,002
Grants	4,518	14,901	19,419
Value adjustment of biological assets	0	-3,033	-3,033
Financial income	673	1	674
Depreciations	-1,606	-12,813	-14,419
Segment result before tax	11,875	-3,948	7,927
Segment assets	157,204	369,992	527,196
Plant investments *)	1,421	8,845	10,266
Segment liabilities	119,971	231,112	351,083

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

<b>Q1-Q3 2010</b>			
DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	11,210	46,920	58,130
Grants	3,742	19,252	22,994
Value adjustment of biological assets	0	2,279	2,279
Financial income	339	1	340
Depreciations	-1,414	-10,415	-11,829
Segment result before tax	-1,734	-4,560	-6,294
Segment assets	168,167	364,165	532,332
Plant investments *)	3,025	13,157	16,182
Segment liabilities	134,204	367,891	502,095

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

### Reconciliation of report compulsory segments result

DKK 1,000	Q1-Q3 2011	Q1-Q3 2010
Segment result before tax for report compulsory segments	7,927	-6,294
Non-allocated result, Group function	1,511	5,378
<b>Result of continued operations before tax, cp. income statement</b>	<b>9,438</b>	<b>-916</b>

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