FirstFarms

Annual report 2008

FirstFarms A/S
CVR: 28 31 25 04

Financial highlights and key ratios

Financial highlights	Group				Parent company			
DKK 1,000	2008	2007	2006	2005	2008	2007	2006	2005
Turnover	59,490	58,213	9,183	0	1,017	890	0	0
Gross profit/loss	1,404	11,520	1,129	0	1,017	890	0	0
Profit/loss from primary operations	-25,710	-6,273	-1,971	-29	-9,375	-9,136	-1,231	-29
Net financial items	2,273	10,154	-474	170	22,586	18,141	153	170
Pre-tax result of continued operations	-23,437	3,881	-2,445	141	13,211	9,005	-1,078	141
Net profit of continued operations	-21,227	2,706	-1,961	67	9,876	6,678	-740	67
Result of discontinued operations	-791	-301	0	0	0	0	0	0
Net profit	-22,018	2,405	-1,961	67	9,876	6,678	-740	67
Non-current assets	400,953	224,105	102,890	18,175	457,310	249,695	93,843	18,175
Current assets	128,131	267,645	403,073	81	7,595	181,625	346,561	81
Total assets	529,084	491,750	505,963	18,255	464,905	431,320	440,404	18,255
Share capital	471,224	471,224	471,224	128	471,224	471,224	471,224	128
Equity	394,785	421,605	423,445	211	439,930	428,684	421,801	211
Non-current liabilities	40,571	19,357	10,798	17,841	13	21	0	17,841
Current liabilities	93,728	50,788	71,720	203	24,962	2,615	18,603	203
Cash flow from operations	-19,997	-3,524	-16,499	281	-5,517	1,878	-537	281
Cash flow for investment, net	-178,203	-129,461	-801	-10	-42	-1,077	-11,594	-10
Of which for investment in tangible assets	-148,022	-85,774	-5,363	0	-42	-951	0	0
Cash flow from financing	14,220	-12,291	358,670	-334	-167,763	-166,514	358,113	-334
Total cash flow	-180,184	-145,647	341,370	-63	-173,322	-165,713	345,982	-63
Key ratios								
Gross margin	2.4	19.8	12.3	-	100	100	-	-
Operating margin	-43.2	-10.8	-21.5	-	-922	-1,027	-	-
Assets/equity	1.3	1.2	1.2	86.4	1.1	1.0	1.0	86.4
Earnings per share, DKK	-4.67	0.51	-0.42	-	-	-	-	-
Diluted earnings per share, DKK	-4.67	0.51	-0.42	-	-	-	-	-
Return on shareholders' equity	-5.4	0.6	-0.4	-	2.2	1.6	-0.1	-
Average number of employees	219	208	194	0	5	5	1	0

Financial ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33. Other financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2005"

The financial ratios stated in the consolidated financial statements and in the annual report have been calculated as follows:	
Gross margin	(Gross profit x 100) / Turnover
Operating margin	(EBIT-result x 100) / Turnover
Assets/equity	Total assets / Total equity
Return on equity	(Net profit x 100) / Average equity

Company information

Company
FirstFarms A/S
Aastvej 10B
DK-7190 Billund

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Fax: +45 75 86 87 83

Website: www.firstfarms.com
E-mail: info@firstfarms.dk

CVR: 28 31 25 04
Established: 22 December 2004
Registered office: Billund, Denmark
ISIN code: DK0060056166
Short name: FFARMS
Sector: Consumer staples

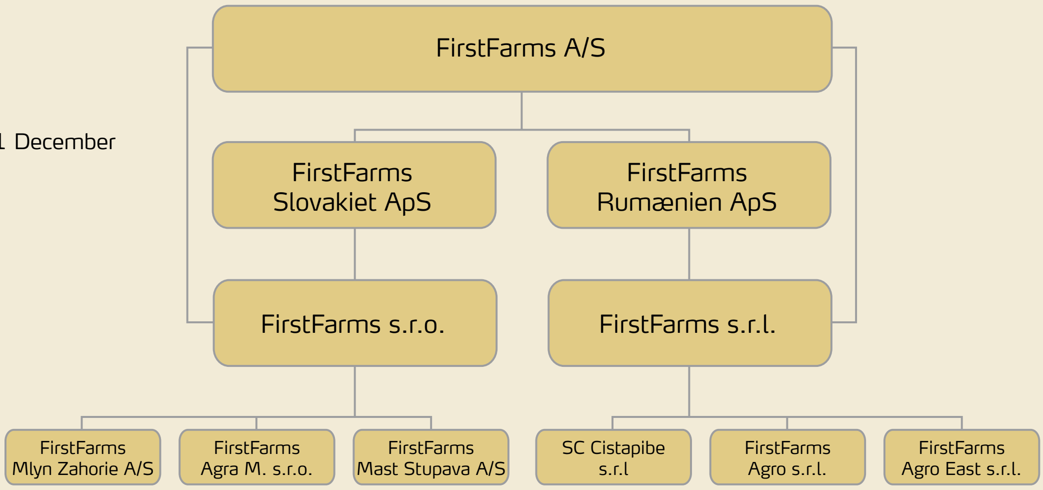
Financial year: 1 January – 31 December

Board of Directors
Henrik Hougaard (Chairman)
Stig Axel Andersson
Kjeld Lindberg Iversen
Jens Møller
Lars Thomassen

Management
Kim Abildgaard Stokholm

Auditors
KPMG
Værkmestergade 25
Postbox 330
DK-8100 Århus C.

Annual general meeting
The annual general meeting is held on Tuesday 21 April 2009 at 5.00 p.m. at the Conference Centre, Hotel Legoland, Aastvej 10B, DK-7190 Billund.



This annual report is composed in Danish and in English. In case of doubt, the Danish version takes precedence.

Contents

Summary

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.
- Significant drops in the commodity prices on the world market affected Firstfarms in 2008, as the price of milk as well as crops dropped drastically in the last part of 2008. The company decided to put the crops in stock.
- Due to these price conditions FirstFarms has carried out significant depreciations at fair value of stock and biological assets.
- 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, whilst the harvest in Romania was lower than expected due to 6 weeks of drought and heat wave.
- Ownership of land in Romania reached 8,791 hectares at the end of the year.

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 a composition 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.

Investment strategy

FirstFarms considers that there is currently, and will be for a number of years in the future, good potential to acquire and run farming companies and land in Eastern Europe with a satisfactory balance between dividend and risk. In connection with its investments, FirstFarms will:

- Acquire capital share and invest equity capital in agricultural companies and land, i.e. in connection with merger or establishment of joint ventures.
- Invest further shareholders' capital and subordinated loan capital in the consolidation, structuring, operation and development.
- Assist with the acquisition of external capital from external credit institutes for financing.
- Supplement and/or renew the management in the subsidiary companies and continue to complement these.
- Realise capital gains in connection with partial or total exit from portfolio investments.

Investment criteria

- FirstFarms invests in agriculture and land in Eastern European EU countries.
- FirstFarms invests in both worn-down and modern agriculture companies when it is evaluated, that FirstFarms can run an effective primary production in the company taken over.
- FirstFarms is primary producer and may therefore run different kinds of primary production, including milk-, cattle- and pig production.
- FirstFarms acquires and operates land in Eastern Europe and may in that connection establish both vegetable and animal production or both.
- FirstFarms carries out investments alone or in conjunction with local partners or other financial partners.
- FirstFarms tries to diversify its agricultural portfolio on different product areas in different countries to spread the risk in the company.
- FirstFarms is a primary producer but in some cases it may be necessary, due to competitive or sales reasons to include the next link in the supply chain.

The year 2008

2008 was a very challenging and economical hard year due to the big changes in the terms of trade within agriculture. In the first half of the year, the costs of input factors in both field production and dairy production rose significantly. Energy, seed corn, manures and protein fodder went up more than the prices of sales crops could cover. The situation was further deteriorated, when the prices on the commodity exchanges almost collapsed in the second half of the year and left the producers with goods, produced at high costs but with a very low sales value. At the end of 2008, the costs adjusted a little and the terms of trade are therefore expected to improve in 2009.

FirstFarms was as primary producer affected by the deteriorated terms of trade in 2008. In the 1st quarter, the company achieved a positive EBIT-result but during the summer, the milk price fell steeply for which reason the turnover for the company during the year was lower than expected. In 2008, FirstFarms achieved 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. The EBIT-result was DKK 19 million lower than expected in 3rd quarterly account, which mainly was due to continued very considerable drops in commodity prices that are of high importance to the fair value of the company's stock of crops and biological assets.

2008 was marked by an extremely good harvest in Slovakia, where the yields were record high on the 8,300 hectares of land that the company cultivates. In Romania, FirstFarms harvested 1,500 hectares of cash crops for the first time, with yields a little below expected, due to 6 weeks of drought and heat wave in Western Romania. Jointly, the field production in the Group in 2008 was satisfactory, but due to the decrease in the commodity prices in the second half of the year, FirstFarms decided to put the harvest in stock. Therefore, the turnover in 2008 was also lower than expected.

In the past year, FirstFarms further developed its platform in Romania. The company SC Agrisole including 1,400 hectares of agricultural land was purchased in July 2008 in Eastern Romania. During the year, a total of 4,215 hectares were purchased. In the autumn 2008, agricultural operation was started-up in Eastern Romania so that FirstFarms in 2009 will run 4,100 hectares of land in Romania on two different farms in Western and Eastern Romania.

The majority of the company's land in Romania is owned and as per 31 December 2008, FirstFarms had purchased a total of 8,791 hectares of agricultural land in Romania.

In Slovakia, the company has a cattle herd of 4,241, of which 2,087 are dairy cows. As part of the large extension of the dairy cattle herd, which was started at the beginning of 2008, the first two new cattle stables were completed in October and December. At the end of 2009, the large construction of cattle stables is expected to be finished. The construction of cattle stables will make the milk production more effective and will imply that FirstFarms becomes one of the largest and most modern milk producers in Europe with a delivery of 3 percent of Slovakia's milk per year.

In 2009, FirstFarms still expects great volatility in the commodity markets, which means that the company will be facing a challenging year. With the investments and initiatives taken, FirstFarms expects an EBIT-result in 2009 of DKK 6-11 million (+34 million).

Yours sincerely

Henrik Hougaard   Kim Stokholm

Management statement

Management statement

The Board of Directors and the Management have today discussed and approved the annual report of FirstFarms A/S for the financial year 2008.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2008.

Further, in our opinion the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters, the results of the Group's and the parent company's operations and financial position as a whole and describes the significant risks and uncertainties pertaining to the Group and the parent company.

We recommend the annual report to be approved at the annual general meeting.

Billund, 31 March 2009

Management:

Kim Stokholm
CEO

Board of Directors:

Henrik Hougaard
Chairman

Kjeld Iversen

Jens Møller

Lars Thomassen

Stig Andersson

Independent auditors' report

To the shareholders of FirstFarms A/S

We have audited the annual report of FirstFarms A/S for the financial year 1 January - 31 December 2008, which comprises Management statement, Management's review, income statement, balance sheet, statement of recognised income and expense, cash flow statement and notes for the Group as well as for the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Aarhus, 31 March 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Ivan Berthelsen
State Authorised
Public Accountant

Jens Weiersøe Jakobsen
State Authorised
Public Accountant

Management review

In 2008, FirstFarms realised 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. The low turnover in 2008 was due to the fact that the company did not sell a considerable part of the harvested crops, and therefore they were put in stock because the prices decreased considerably in the last part of 2008.

The EBIT-result was DKK 19 million lower compared to the expectations at rendering the account for 3rd quarter of 2008. The lower result is due to a write-down of stock at fair value per 31 December 2008 with DKK 10 million because of continued price drops, write-down of cattle stock at fair value with DKK 4 million because of lower milk prices, less EU-grants for cultivation and cattle of DKK 2.5 million and lower milk revenue of DKK 1 million. In addition the company changed its accounting policy so the value of the milk quota is depreciated until 2015, which has meant an additional depreciation in 2008 of DKK 2 million.

The results are unsatisfactory but shall be seen in the light of the significant decrease in the commodity prices, which has entailed great losses to FirstFarms and in the sector in general.

Commodity prices

The milk price started to decrease in Q2 2008, decreased further over the year so that at the end of 2008 and at the beginning of 2009 there were very low milk prices. The price of external fodder, especially soya bean crush and rape cakes, was however high until the end of 2008.

The grain prices decreased considerably in the second half of 2008, after being historically high, decreased with approx. 50 percent. The input prices on grain that was harvested in 2008 were high as there were considerable price increases on fertilizer, fuel and chemicals. It is not until 2009 that these prices have decreased again.

Exchange rate adjustment

FirstFarms operates in Slovakia and Romania where 2008 showed significant exchange rate fluctuations, which had significance for the company's finances. The Slovak koruna revaluated considerably with the effect that the salary and depreciation costs, measured in Danish kroner, increased. As per 1 January 2009 Slovakia has transferred its currency to euro and it is therefore expected that the adjustments in Slovakia in future will be considerably lower. The Romanian lei decreased considerably during the last two months of 2008.

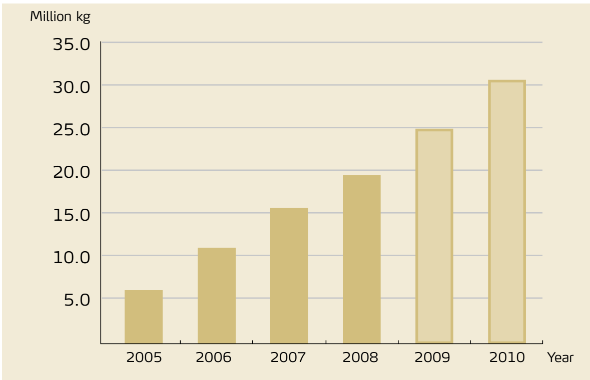
Slovakia

Milk production

On a daily basis, FirstFarms delivers approx. 40 tons of milk to the Slovak dairy company RAJO, a subsidiary of the large German dairy group Meggle. FirstFarms' total milk quota is approx. 20 million kg, corresponding to approx. 2 percent of Slovakia's total production.

In the accounting period, the milk production has been lower than expected, mainly due to the preparation for expansion of the herd. The price on raw milk decreased significantly in the period, which had a negative effect on the turnover, and the earnings from the milk production were also negatively affected by the high costs for energy and fodder.

Development in FirstFarms' milk production in Slovakia

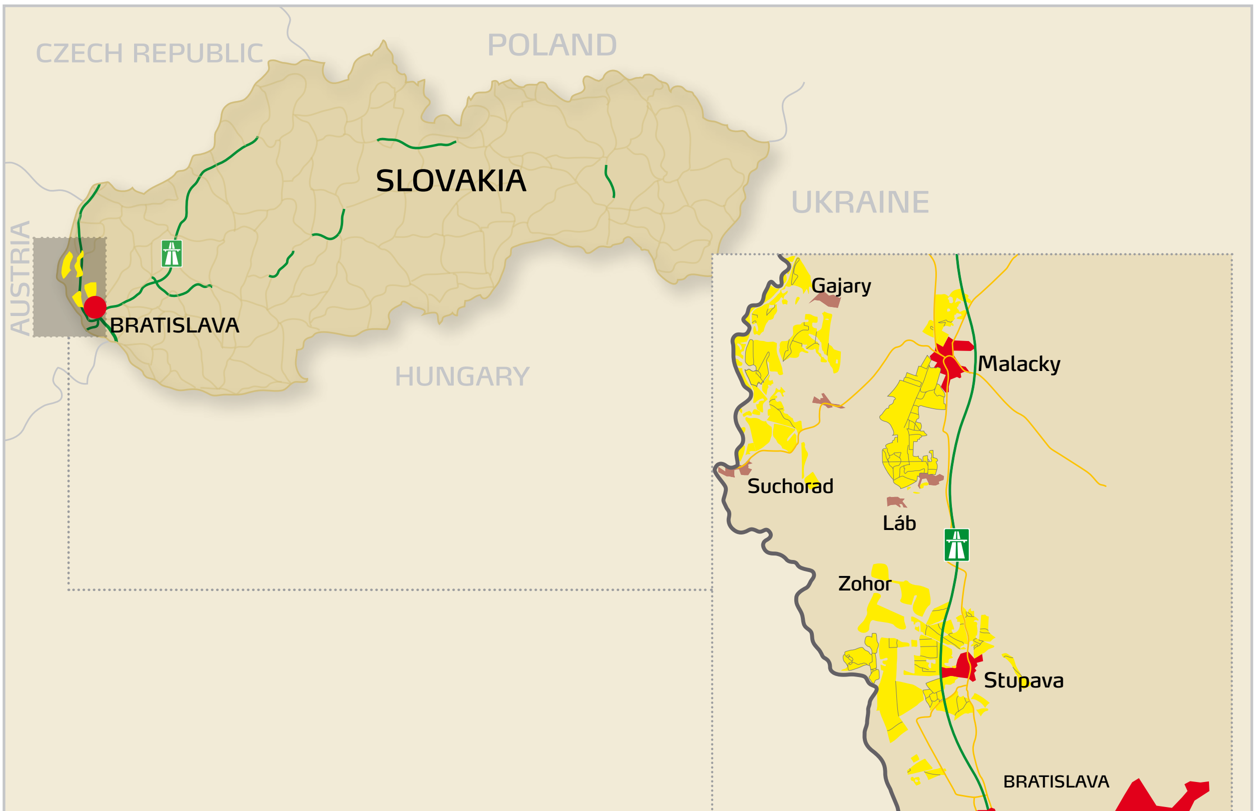


Construction of cattle stables

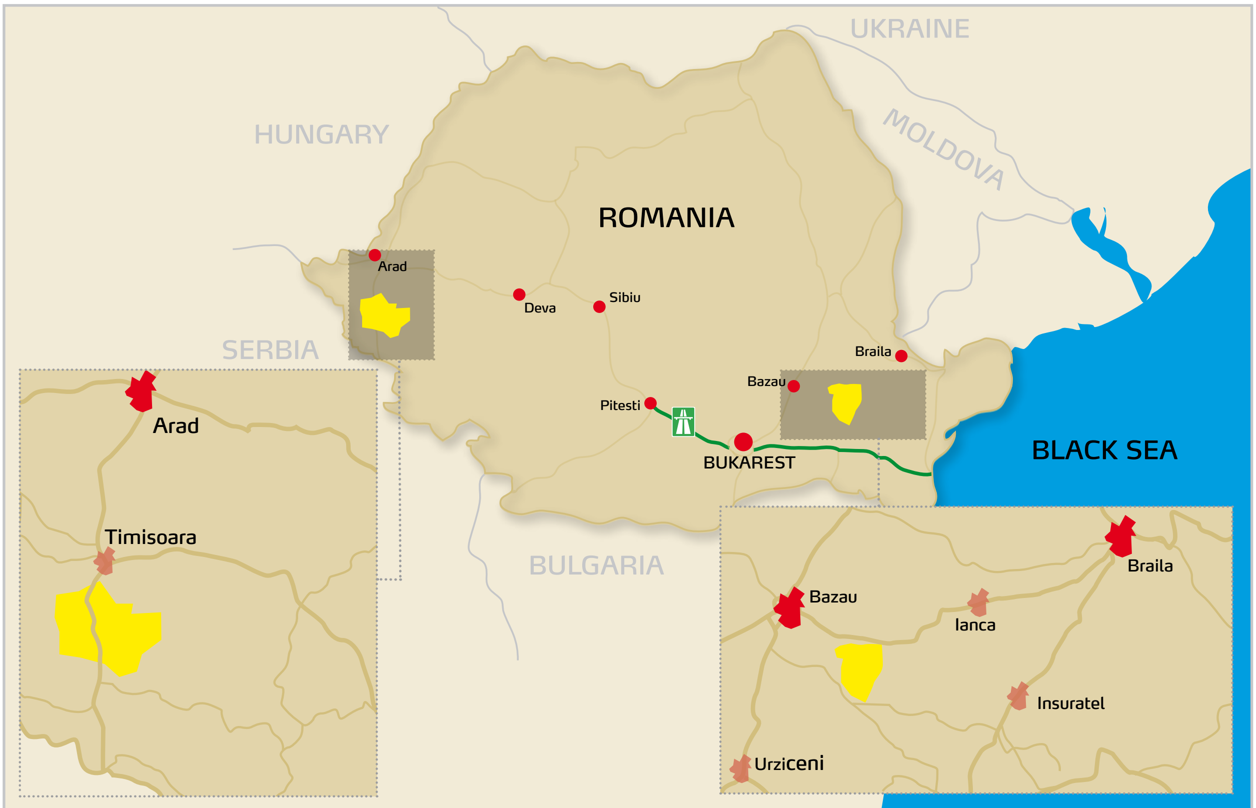
The construction of cattle stables, which will expand the cattle herd with 60 percent to a total of 3,400 dairy cows, is proceeding as planned and is still expected to be completed at the end of 2009. The expansion of the stables in Slovakia will imply that FirstFarms becomes one of the largest and most modern milk producers in Europe. The first stable section with room for 540 cows was taken into use in October and a similar one was taken into use in December 2008. A productivity and efficiency improvement can be seen as the new stables are taken into use.

The milking parlour with 2x40 milking sections is under construction and is expected to be finalised in May 2009 together with the next stable section for 540 cows. The milking parlour will give a rational and effective routine and contribute to a uniform milking, which at the same time contributes to a better udder health. The productivity gain on the new stable facility is decisive for the future economy in FirstFarms' livestock.

In Q4 in 2008 FirstFarms had an undertaking to receive EU subsidy for the ongoing investment in the construction of cattle stables in Slovakia. The subsidy constitutes approx. DKK 11 million and is a part of the funds that EU provides for structural development in i.e. the agriculture in Eastern Europe. Furthermore, the company received approx. DKK 5 million in subsidy for modernisation of stables



The yellow markings show the land, where FirstFarms operates in Slovakia.



The yellow markings show the land, where FirstFarms operates in Romania.

and slurry systems along with machinery for the livestock. The subsidies are creditted concurrently with the depreciations of the belonging assets.

Field production

As always the company had great focus on the production and quality of the fodder in Slovakia, as this production is essential to the profitability of the company due to the large size of the herd. In 2008, a total of 3,719 hectares were allocated to fodder production. The growth and harvest season was favourable with sufficient rainfall and no heat wave, which had a positive effect on the volumes of the fodder production. The yields in the fodder production, consisting of beets, maize, alfalfa and grass silage were very high and are the highest yields harvested under the ownership of FirstFarms. Own production of fodder for the milk production in 2009 was therefore secured. The value of the fodder stock is calculated after analysis of the fodder value, which was characterized as good.

Besides the fodder production FirstFarms also harvested 2,885 hectares of cash crops in 2008 mainly consisting of wheat, rape and rye. The yields were higher than expected due to the good conditions in the spring and over the summer. The harvest was put in stock and was at harvest time valued at harvest time were valued at fair value and subsequently impaired as consequence of the significant decreases in crop prices. The prices on sales crops (corn and oil seed) showed great volatility in 2008 and dropped markedly over the summer (see commodity price graphs on page 13). The rape was sold on contract in the spring 2008 before the prices on the world market dropped drastically, whereas other sales crops were put in stock valued at fair value.

For the first time in FirstFarms' history the company cultivated and harvested 1,000 hectares of organic crops, mainly cash crops consisting of peas, triticale, alfalfa, oat, horse beans and rye, with higher yield than expected.

The remaining fields, that amounted to 1,622 hectares, were used for permanent grass, an orchard and other elements. Most of the areas fully qualified for hectare subsidy and part of the area was covered by the agreement on "Organic Farming", after which some of the land was cultivated. This special scheme expired at the end of 2008.

Purchase and lease of land

At the end of the accounting period, FirstFarms had purchased totally 395 hectares of agricultural land in Slovakia, which is entered in the account at DKK 9.3 million, corresponding to an average price of DKK 23,590 per hectare. No certified valuation has been prepared of the company's land in Slovakia.

The price on agricultural land in the area FirstFarms' activities are sited, has rosen considerably over the past years, because the land is in the Bratislava region, where a lot of land is being parcelled out for dwellings and manufacture at very high prices.

All land which FirstFarms does not own is cultivated based on land lease contracts. These contracts have a life of 5, 10 or 15 years and are being renewed on an ongoing basis. The rent for the land is graduated to match the life of the lease contract and the quality of the soil and the annual rent is approx. DKK 300 per hectare. Because of the rather low rent, the company does not wish to pay an excess price for purchasing land in the Bratislava region, as there is a great certainty when renting the land. This is due to structural and legal conditions. In the period under review no land has been divested for parcelling out or for any other purposes. One third of the rented land, approx. 2,500 hectares, is administered by the state through a land foundation. It is expected that this land will be offered for sale within 2-3 years after a land reform. The users, i.e. FirstFarms, are expected to be granted a pre-emptive right to the land.

Sale of flour mill

When purchasing Mlyn Zahorie A/S in the autumn 2007, a flour mill came with the purchase, which FirstFarms afterwards decided to sell off. In December 2008 an agreement was made to sell the mill, which was taken over by the buyer as at 1 January 2009. In 2008, the mill incl. loss at sale entailed a result of DKK -0.8 million. All employees at the mill were passed on to the buyer at take over.

Romania

In July 2008 FirstFarms bought the Romanian agriculture company SC Agrisole s.r.l., which owns 1,400 hectares of land in the Eastern Romanian approx. 80 km from Bucharest. The farm is sited nearby the region, where FirstFarms already buys up land in smaller parcels. The land is sited in the black earth region where the land is of high quality.

Due to the already compacted land in the Agrisole company, FirstFarms has prepared 1,080 hectares of the land in the autumn 2008 to be able to cultivate the land concerning harvest of cash crops in 2009. This will be the second area in Romania where FirstFarms establishes agriculture. The land which FirstFarms is operating in the two regions in Romania will then make a total cultivated area of 4,100 hectares.

Furthermore, FirstFarms has started to buy up land in a new area of Romania, near the town Alexandria. In 2008, a total number of 710 hectares were purchased. The land is sited in the black earth region approx. 80 km from Bucharest.

Field production

In 2008, the company harvested a total of 1,521 hectares of cash crops in Romania. Spring barley with a yield as expected and maize, sunflower, soya and sorgum which was influenced by 6 weeks of drought and heat wave just before harvest. Despite a good plant development the yields of the last-mentioned crops were lower than expected, due to poor development of grains and seeds. However, the yields were on level with well-run companies in Romania despite the fact that it was the company's first cultivation season after take over and also after a long fallow period. The quality of the crops was good and the harvest was put in stock at fair value.

As in Slovakia the sowing of winter crops in the autumn 2008 was completed with satisfactory sprout. In Romania it is very essential, that a considerable part of next year's crops is winter crops, as these are sturdier to drought and heat in the growth season. In 2008, the crops in Romania solely consisted of spring crops as the land was taken over too late to establish winter crops.

Purchase of land

At the end of the accounting period, FirstFarms had purchased a total of 8,791 hectares of land in Romania at an average price of DKK 15,993 per hectare. During the year, a total of 3,847 hectares was purchased.

The purchases are distributed in three regions; One in Western Romania, close to the Hungarian and Serbian border and the other two in Eastern Romania, close to the capital Bucharest and the Bulgarian border. In the three regions most of the soil has high quality, sited in the black soil belt and at the same time located in areas with relative good infrastructure. In addition, it was deemed important to select areas that have the best climatic conditions for plant production in Romania.

The purchase in the regions is carried out according to two different methods. In Western Romania, most of the land is purchased in rather large lots, where the soil has already been combined prior to the purchase. This means that the land can be cultivated quite soon after takeover, but it also means that the land is more expensive. In Eastern Romania, purchase happens in very small parcels of land which, when combined, become areas of 100-200 hectares each, but all within the same geographical area. The price for this land is much lower, but there are higher administrative costs for combining the parcels. It also means that it takes longer time before the land can be cultivated and get entitled to hectare subsidy. In 2009, FirstFarms expects to cultivate a total of 4,100 hectares of cash crops in Eastern and Western Romania.

Trends in land price

Due to the financial crisis, 2008 was an unusual year especially for the land prices particularly in Romania; in the first half of the year a significant price increase occured on the agricultural land in the attractive black earth areas in

New building - free stalls in Slovakia

Romania. When the financial crisis began in the autumn 2008 it entailed a sudden stop in trading land and the land trade in the area has subsequently been at a low level.

There are no official statistics of purchase and sale of agricultural land in neither Slovakia nor Romania. Therefore it is not possible to compare prices with public registrations. The land prices are to a great extent dependent on regional differences, the quality of the land, the local climate conditions and whether the land is cultivated or the buyer must expect costs to adjust the land structure and the use of fertilizer and weed. In addition there is a large price difference dependent on whether the land is purchased in smaller parcels or in larger combined areas which at the time of purchase is ready to cultivate.

In lack of public registrations regarding land prices FirstFarms has in Romania, where the company owns most of its land, appraised its land by an impartial certified valuation company. The valuation has been prepared in February 2009.

As per 31 December 2008 FirstFarms owned 8,791 hectares of agricultural land in Romania, which in the accounts is entered at DKK 140 million corresponding to an average price of DKK 15,993 per hectare. The certified valuation states a value of DKK 185 million corrresponding to an average price of DKK 21,044 pr hectare, which is DKK 45 million higher than the entered value.

Russia and Ukraine

Due to the increased commercial and political risk in Ukraine and Russia, FirstFarms decided in 2008 not to invest in these countries and only to invest in Eastern European EU-countries. Therefore, the investment criteria regarding maximum to invest 40 percent of the equity in a single country, no longer apply, as FirstFarms at the moment only invests in Romania and Slovakia.

Expectations for 2009

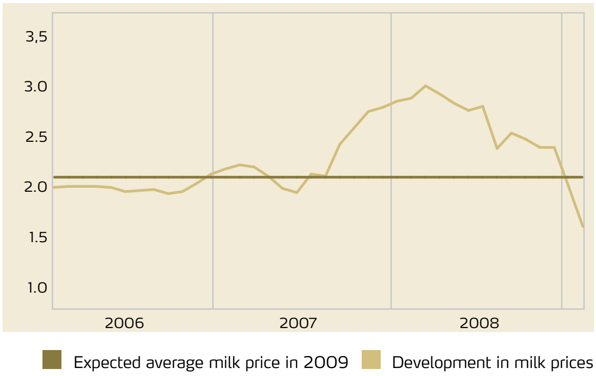
In 2009, FirstFarms will have focus on running the agricultural activities in Slovakia and Romania. Considerable cost optimisations have been carried out which means lower unit costs compared to 2008. The company expects to realise a cost saving of 30 percent in the milk production based on efficiency and lower fodder prices. Correspondingly, savings are expected in the plant cultivation of 5-20 percent dependent on choice of crop, because of lower costs for seed corn, fertilizer, fuel and chemicals.

In 2009, the company expects to achieve a turnover of DKK 100-105 million (+43 mill.), and EBIT-result of DKK 6-11 million (+34 mill.) and a pre-tax result of DKK 0-3 million (+25 mill.). 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).

Assumptions

As a consequence of the gradually increase of the stock in 2009, a milk production of 22 million kg milk is expected compared to 15 million kg in 2008. The average settlement price is expected to be DKK 2.09 per kg compared to DKK 2.64 in 2008, which is a decrease of 21 percent. In the figure FirstFarms' expected average milk price in 2009 can be seen and compared to the historical milk price development.

Development in milk prices (DKK/kg)



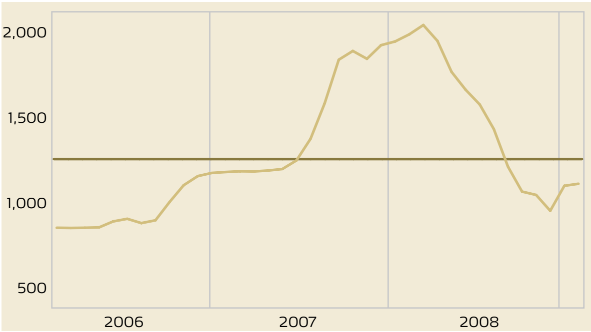
A change in the milk price of 10 percent will entail a change in the EBIT-result of DKK 5 million.

In 2009 the focus in Slovakia will be optimising and improving operations and ensuring the best possible utilisation of the increased production capacity, as the new cattle stalls are completed and taken into use. Therefore more cows shall be purchased to the milk production and the new stables. The cows are expected bought in Slovakia.

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 corresponding to an increase of 27 percent of the company's total cultivated area. In the 2008/09 farming season in Romania, it is the first year, where the company operates in two areas.

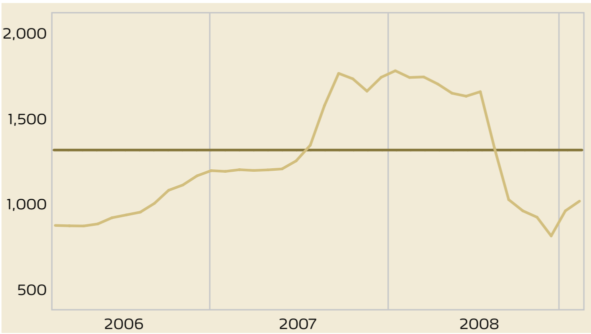
In 2009, the settlement prices for grain (wheat, rye, maize and barley) are expected to be DKK 1,200-1,300 per tonne and for oil seed the expected price is DKK 2,300-2,500 per tonne.

Wheat (DKK/ton)



Expected average wheat price in 2009 Development in wheat prices in EU

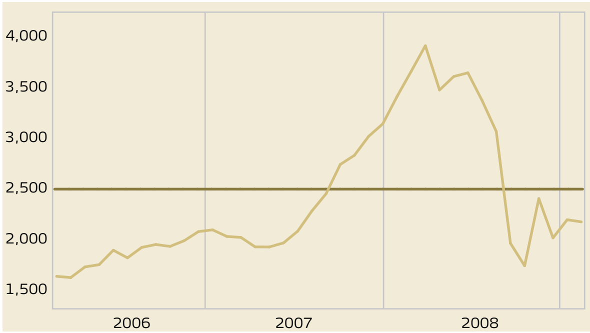
Maize (DKK/ton)



Expected average maize price in 2009 Development in maize prices in EU

A change in the sales prices and quantities with 10 percent will entail a change in the EBIT-result with DKK 5 million.

Rape (DKK/ton)



Expected average rape price in 2009 Development in rape prices in EU

Because FirstFarms did not sell a considerable part of the crops in 2008, there will be a higher turnover in 2009.

Exchange rates

As per 1 January 2009, Slovakia has transferred its currency to euro and it is estimated that the biggest exchange rate risk is connected to the Romanian currency, lei. In 2009 an average exchange rate of DKK 1.90 per lei is assumed.

Investments

The construction of cattle stables in Slovakia shall be completed in 2009 and investments will be made in further cows to be able to utilize the high capacity in the new modern stables.

Also machinery investments and renewals are expected in Slovakia and Romania as well as investments in buildings for storing of grain etc.

Beet field in Slovakia - June 2008

FirstFarms' start-up in Romania

In May 2007 FirstFarms started up in Romania where everything had to be started from scratch. The first period was spent on establishing partnership with lawyer and establishment of FirstFarms' subsidiary company FirstFarms s.r.l. The last-mentioned was an important milestone, as in Romania one cannot do much without a company certificate. An office was established and administrative routines were defined just like a Romanian accountant was hired, which was a necessity in proportion to the Romanian accounting law. Later on an accounting department was established.

When the organisation was in place, the resources were used on establishing contacts and finding potential purchase areas and companies in FirstFarms' new country, which is the poorest in EU. It was surprising to see the big difference between rich and poor and to see how farming was operated in Romania. It is really old-fashioned and some places still takes place with horse-drawn carriage and pickaxe so there was and still is really great possibilities for running effective large-scale farming in Romania.

Farming

In September 2007 FirstFarms purchased the first Romanian company SC Cistapibe along with a large piece of land in Eastern Romania, close to the city Timisoara. With this purchase, foundation for operations was established.

A takeover of a company is considerably more complicated than just buying up land, as it was done so far. Suddenly there was land, buildings and employees in the company taken over. A Danish field production manager was hired to be responsible for the actual operations and by means of rented machines and machine pool, 1,500 hectares were ploughed before the winter came. At the takeover of Cistapibe it was too late to establish winter crops, and there was therefore plenty of time to compile reasonable machinery, mainly from Denmark, as only a tractor and a dish harrow was included in the purchase. In Romania it is difficult to import tractors registered to drive legally in Romania and the solution was therefore to purchase machines locally in Romania, as the price level is the same as in Denmark. The service however is far from Danish standard, which can be difficult to get use to.

The growth year 2007/08 took its course and the first crops were harvested in July 2008 (100 hectares of barley). The harvest went as planned and therefore there was a great excitement at harvesting the late crops (maize, sunflower, soya and sorgum), which at that point looked outstanding. However the following period was very hot, which is one of the characteristics of the continental climate in Romania. Almost 6 weeks with 40 degrees of heat and consequently drought, left clear marks on the crops and the lack of water and the extreme drying meant that the harvest was missing specific gravity in the individual crops. Therefore the first harvest was not as expected but still satisfactory because a great part of the land was fallow.

In July 2008 the company, SC Agrisole was purchased, sited near Buzau in Eastern Romania, which is FirstFarms' second purchase area in Romania. The purchase resulted in operations that once again should be started up in a new area. A Danish field production manager and Romanian agricultural workers were hired and machinery was established. As it was not possible to get machines delivered for the autumn season, it was decided to take over the machines from the site in Timisoara and also from the affiliated companies in Slovakia. The solution worked fine but in the 2008/09 season it is necessary to purchase further machines for operation of 1,500 hectares of land.

One of the things that are positively surprising in the areas where FirstFarms operates in Romania, is the possibility to get qualified manpower. One could easily assume that workers, who formerly carried out field work by means of horses or old equipments, did not have the necessary abilities to handle the modern equipment, which the company introduces on its farms. However this has shown not to be the case as many employees already at this point can drive with GPS-controlled tractors, almost at the same level as a Danish tractor driver.

Future

It should be remembered that Romania is an Eastern European country where things do not always take place in the same pace, as we are used to in Denmark. However FirstFarms has come really far in a short time, where the company has established an administration and started up operations on two sites in Romania. Establishment of operation in two geographically spread areas is an advantage to FirstFarms, who this way reduces the operational risk in proportion to the differences in weather conditions etc. At the same time, it lives up to the company's overall strategy concerning diversifying on different productions in different regions. It demands great managerial resources to administrate and manage two operations with such a large distance between the areas (800 km), but we look forward to the next phase in Romania where the idea is to establish animal production. This can be done by purchasing existing productions or starting up from scratch. No matter which solution is chosen it will be a great challenge, which also involves great possibilities of the company in the future.

Risk management

Market conditions

Settlement prices in the agriculture (grain, milk and cattle) and the company's operating costs (feed, fuel, energy and fertilizer) are affected by factors outside FirstFarms' control including global and local supply and demand conditions, storage volume and speculation in commodities. FirstFarms tries to a certain extent to freeze settlement prices and operating costs by entering contracts of longer duration.

If the terms of trade are deteriorated in a period with decreasing settlement prices and where the operating costs are not decreasing correspondingly or are increasing, FirstFarms' earnings will be under pressure.

Farm operation, including demand and prices of commodities and meat, is exposed to the economical development in the countries that FirstFarms operates in and also towards the development in the global economy. Economical decline or recession can therefore affect the demand for the company's goods.

Disease in crops and livestock

Disease in the livestock or crops make up potential risks for FirstFarms as the company has a considerable livestock and a large crop production.

The livestock is exposed to diseases, i.e. foot-and-mouth disease. FirstFarms comply with the veterinary rules at all times in the countries where FirstFarms is represented, including the use of a supervising veterinary, and in addition to that the company has an animal manager and a Group employed cattle specialist, who frequently inspects the livestock.

Besides diseases in the company's own stock, FirstFarms may also be affected by diseases from farms nearby. According to EU's "Zoonoses Directive", diseases in stock nearby FirstFarms' facilities can entail that the company can be subject to zone restrictions, which have the purpose to dike the disease which among other things could cause slaughtering of FirstFarms' stock.

FirstFarms has written insurances on animals affected by disease. However, the insurance does not cover operating losses resulting from diseases in the herd.

FirstFarms is also exposed to diseases in the crops, including fungus and pests. The company tries to minimise the risk for diseases in the crops through an active and good management of the field production with consideration to special conditions in each individual country and using the correct pesticides. At present no insurance has been written on diseases in the crops.

Climate

As an agricultural company FirstFarms is affected by the weather conditions in Slovakia and Romania. Periods with drought, large precipitations or other unfavourable weather conditions can affect the crops in both the growth season and harvest period. Bad or unusual weather conditions can result in lower quantity of crops produced or that specific areas cannot be harvested. In Romania the company has written insurances on widely damages in the crops, whereas the company in Slovakia has written insurances on fire- and storm damages in the crops.

Bad weather conditions can also have a negative impact on the productivity in the animal production as cattle can get heat stress, for which reason a lower quantity of milk is produced.

Purchase of agriculture and land

Changes in legislation

In Slovakia a considerable part of the agricultural land is owned by institutions such as churches, municipality and SPF; a Slovakian land foundation, who administrates land with unknown owners. These institutions rent land to a range of agricultural companies, including FirstFarms, as they are not allowed to sell their land. There is a wide political support to change the present legislation so it among other things will be possible for the above mentioned land owners to sell their land. If this happens there will, without doubt, arise a more transparent and liquid market but at the same time there is a risk that an oversupply of land will occur, which can contribute to lower pricing on land. In case the legislation is changed, FirstFarms expects to get preemptive right to the land rented.

FirstFarms owns almost all its land in Romania. Through a number of years considerable purchases of agricultural land have been made, primarily by foreign investors, for speculation purposes. It has not been reported that changes will occur in the present legislation regarding agricultural operation and/or land conditions, which may affect FirstFarms. It is however the company's expectation that if the present purchases of land from foreigners in Romania continues, there is a risk that political measures will be taken, which could contribute to limit or stop these purchases.

Renting of land

All land not owned by FirstFarms is farmed based on land lease contracts. In Slovakia the company has leased approx. 8,000 hectares of land, whereas almost all land in Romania is owned by FirstFarms. The leasing contracts have a life of 5-15 years and are entered into over a number of years, but there are no large amounts of contracts that are due in a single year.

It is the company's expectation that there is a limited risk, that the land cannot be re-rented or alternatively

bought as a result of the limited alternatives to the present owners. So far FirstFarms has not experienced that rent agreements could not be prolonged.

Development in land prices

FirstFarms owns 395 hectares of land in Slovakia, which is bought in the period 2006-2008. In Romania the company has purchased 8,791 hectares of land in the period 2007-2008. The value of the purchased land is today estimated to be higher than the purchase price but can decrease in the long term.

The development in the price of land is affected by a number of factors including larger supply, decreasing demand, loan possibilities, land reforms and national measures, which is beyond FirstFarms' control.

Environment

FirstFarms' activities, including agricultural operation, storage of fertilizers and chemicals and delivery and use of fertilizers and chemicals, are subject to a number of environmental legislation and rules. The company has written insurances on environmental pollution and runs agricultural operation according to rules in force in EU and at national level.

As a result of the company's activities with agricultural operations and even though FirstFarms observes legislation and rules in force, there is no guarantee that land and buildings are not/will not be polluted. Before takeover of new agricultural companies, FirstFarms enters into dialogue with the relevant authorities, which contribute to limit the risk of environmental affairs before the plan of action is carried out.

It can involve a risk to the company, if changes in the respective countries, are made in environmental requirements to production or operation and demands for animal welfare. Changes or tightening of the environmental requirements can i.e. involve a need of change for operations or investments in environmental improvements.

Milk quota and support schemes

Milk quota

Milk producers in EU countries are subordinated quota regulation in the milk production, which determine a national limit for the amount of milk each EU country may produce. The national authorities allocate the milk quota between the milk producers according to the production as the quota is allocated. If the national production exceeds the national milk quota a penalty can be given to those milk producers, who have produced more than the milk quota permit.

As per 31 December 2008 FirstFarms has an annual milk quota of 19.3 million kg in Slovakia. Changes in the quota regulation and the admission to achieve production rights can influence FirstFarms' ability to optimise the operation in accordance to the company's strategy of utilising economies of scale. Intervention in existing quota allocation can also contribute to an operational risk for the company and can occur as a consequence of national or EU-controlled structural changes within milk production. FirstFarms has not yet had problems in obtaining the milk quota requested.

EU's agricultural support schemes

FirstFarms applies for and has continuously received EU grants, which includes direct grants given in proportion to objective criteria (including hectare subsidy) as well as discretionary support schemes (structural grants) which typically are distributed by the national authorities. No guarantee can be given that grants from the discretionary support schemes can be obtained, just as an obligation to pay the grant back is normally attached to these if the company does not fulfil a number of conditions.

EU's agricultural reform runs until 2013 when Slovakia after the present reform will receive full farm subsidy. Romania will be fully incorporated from 2016. After 2013 a new agricultural reform will be effective.

Legal conditions

Both Romania and Slovakia are members of EU and are therefore subject to the same risk as any other agricultural production in EU. The legal systems in these countries are however on several areas quite different and less developed that in i.e. Denmark and other Western European countries. FirstFarms is therefore exposed to legal risks in Romania and Slovakia, also in connection with purchase, investments, rent of land and entering purchase and sales contracts. There is thus risk of delays in implementation of EU directives which can create uncertainty concerning law in force especially by interaction with local authorities. Furthermore lack of land registers and weak administrative systems in general in both Romania and Slovakia mean that uncertainty concerning ownership of, or rights to, land areas can occur.

Contracts entered in connection with purchases and investments are typically subject to local legislation and the contracts are often entered in local language. FirstFarms is thus very dependent on its local advisors, including their qualifications and the relation to these.

Political conditions

The political systems in Romania and Slovakia are considerably different than in the more developed EU countries as i.e. Denmark and other Western European countries. Foreign companies operating in these countries are exposed to political interventions, initiatives and actions that can affect their operation and business concept. Also conditions like disturbances in the labour market, corruption in system of justice and official and political unrest, can affect companies operating in Eastern European countries.

FirstFarms has so far not been negatively affected by political measures and it is the company's opinion that the present governments are working for an increased internationalisation in the agricultural area.

Working conditions

Qualified employees

To be able to achieve and maintain an effective agricultural operation, FirstFarms is dependent on appointing and maintaining qualified employees. The company seeks to appoint leaders with agricultural knowledge from either Western farms or larger Eastern European farms in the purchased agricultural companies, whereas the production workers are local. FirstFarms aims at having the production companies sited near good infrastructure and larger cities to ensure that the management finds it attractive to move to the area.

Payroll costs

The main part of the employees in FirstFarms is local employed in the production in Slovakia and Romania. Payroll costs to these employees have historical been considerably low in proportion to more developed countries including Western Europe, but has been put under pressure lately in Slovakia and Romania and is increasing due to a general increased payroll level in the countries.

FirstFarms uses modern technology and machinery widely which entails that the number of employees in the production is relatively low.

Industrial injury

FirstFarms' activities involve amongst others the use of chemicals, machinery, vehicles and other agricultural equipment, which can cause industrial accident. The company has in general great focus on securing that the employees are receiving the statutory information and other training and education that FirstFarms and local advisors find necessary. Education is held on a running basis, at least once a year, at the request of the company.

To minimize the risk in the company, FirstFarms has written insurances on the necessary public liability and industrial injury.

Sorgum field in Romania - June 2008

Corporate Social Responsibility

FirstFarms focuses on sustainable development and assumes corporate social responsibility (CSR) in connection with its acquisition of land and companies in Eastern European countries and in particular in connection with the subsequent operations. Social responsibility is for FirstFarms about how the company acts towards customers and suppliers, how the employees are treated and especially how the company enters into the local community in Eastern Europe where FirstFarms is present. FirstFarms' policy is for the subsidiaries to comply with all environmental and animal welfare requirements such as the various working-environment and training requirements in force in the country, where the respective farms are placed.

Environment

FirstFarms does not wish to harm the nature or the environment as a result of the company's activities in the Eastern European countries and so the company wishes to ensure compliance with environmental rules.

In compliance with legislation in the countries where FirstFarms operates, the company monitors the use of pesticides and fertilisers. Pesticides which are not approved in the country in which the company carries out agricultural activities are not used by the company. The company complies with legislation in respect of the quantities and use of both organic and non-organic fertilisers.

In some areas, special environmental agreements must be observed; in these areas, which are cultivated under EU environmental consideration rules, the rules are monitored in regards to field plans, crop rotation and spraying restrictions.

In 2007, FirstFarms acquired the Slovakian agricultural company Mlyn Zahorie A/S, a company with over 2,000 hectares of leased land. Approx. half of this land is certified for organic production, which means that FirstFarms is able to offer organic farm produce for sale.

To avoid that the employees are involved in environmental accidents the company ensures that the employees have the requisite, statutory training in how to use the different sprays. Such training is provided on an ongoing basis and is refreshed at least once a year upon the company's initiative.

Animal welfare

FirstFarms wishes to improve efficiency and operate profitable farms, but not at the expense of animal welfare. That is why the company seeks to ensure that the animals do not suffer any distress or injury from the activities pursued by the company in Eastern Europe.

To avoid animal abuse and negligence during transport of the company's animals, buyers and carriers of FirstFarms' animals have documented that they are in compliance with applicable animal transport legislation. FirstFarms thus ensures its compliance with all applicable animal transport legislation in the countries where the company operates. In the EU the regulation of animal transport is specified in exactly the same manner in all member states in the form of Council Regulation.

FirstFarms complies with local country rules in regard to medication and retention deadlines; consequently, the only medicine stock kept are known by the authorities and inspected on a regular basis. The company collaborates closely with the veterinary authorities in the countries where the company operates. FirstFarms is also providing supplementary training to local vets with the assistance of their Danish counterparts. This ensures optimal treatment of the animals.

FirstFarms seeks to avoid supplying milk with medication residue to the dairies and thus to the consumers. This is done by milking cows that have received medical treatment separately, so that this milk is not accidentally mixed with the milk supplied to the dairies.

In addition to retraining of local veterinarians, the company also assists with education and retraining of hoof trimmers in order to ensure proper treatment of hooves and to avoid leg injuries. This means that the highest possible regard is paid to animal welfare at the same time as loss of productivity is avoided. Local staffs are also trained in animal welfare in order to ensure that the animals enjoy optimum conditions. The employees follow the programme: "COW signals – cow behaviour and welfare", which enables them to observe whether the animals enjoy optimum conditions.

Genesis of FirstFarms' stable project

The Slovakian agricultural company Agra M was taken over by Danish investors in 2005 and a goal of 3,400 dairy cows was at that time agreed and that required a lot i.e. on logistics in the cattle production on the largest farm Plavecky Stvrtok. When the project is finalised at the end of 2009 there will be room for 2,750 dairy cows at this farm. Such a large stock requires over 4,600 milkings per day, a daily feed consumption of 127 tons and room for a production of 157 tons of manure per day!

Requirements to the stable project

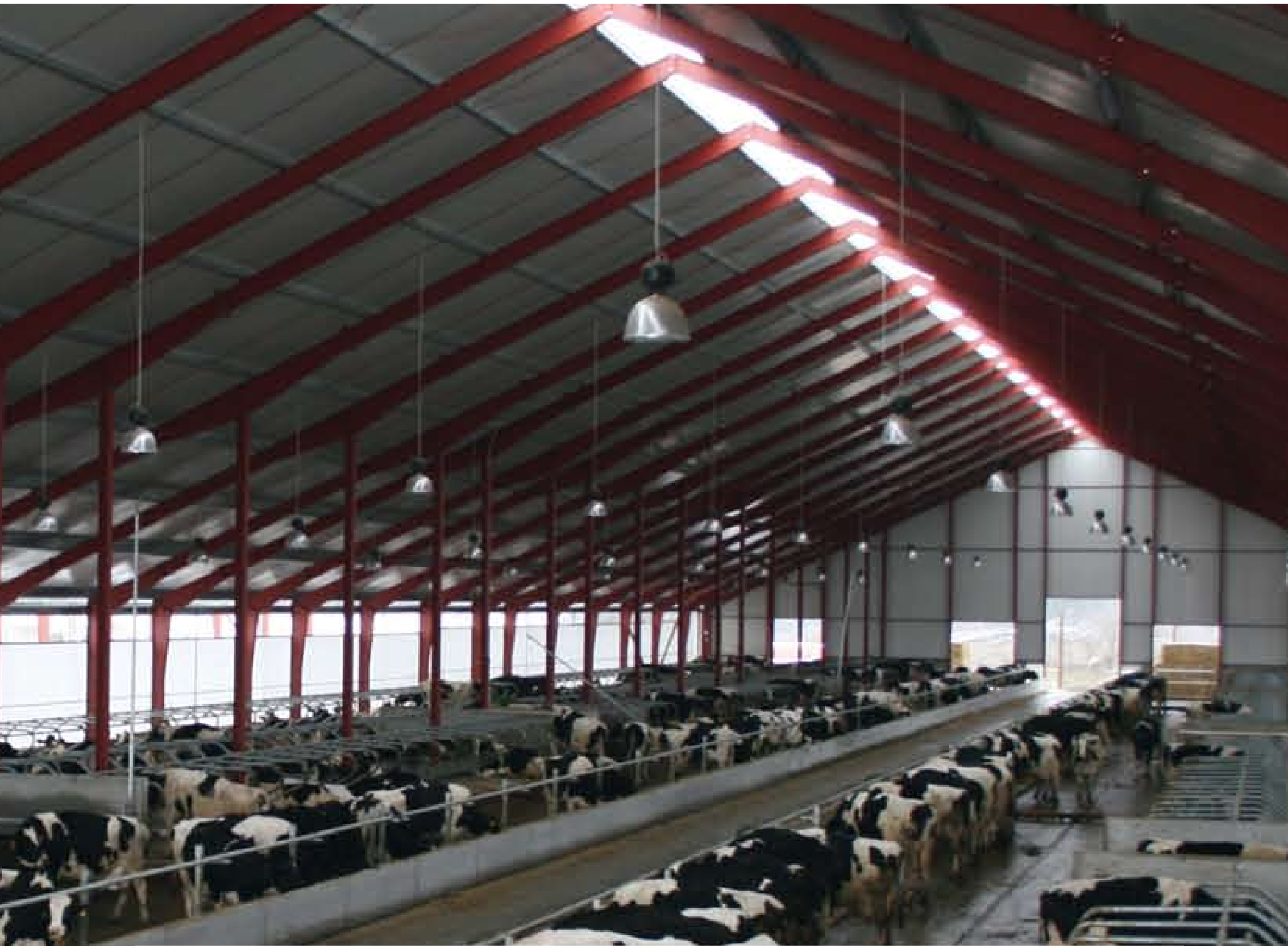
Modern milk production and especially the price conditions on milk and meat requires effective and future secured production machinery. This applies particularly within logistics and efficiency and also cow-welfare and behaviour.

Although manpower is cheaper in Eastern Europe compared to Danish level, it is important that the production facilities live up to the lowest possible manpower requirements in order to achieve profitability in the production. This is obtained by good logistics at feeding, moving of animals, automatic separation at sickness treatment, hoof cutting and in connection with dry cowing, calving and stalling of calves.

High milk yields and health level can only be achieved by fulfilling the cattle's natural need for quality feed, room in corridors and laying- and feeding space, fresh air and protection against heat in the summer period.

In the building project the animals' needs have been taken into consideration and made sure that the arrangement of the stables is flexible because of any later adjustment to new demands.

Other standards, thoughts and business methods are a natural part of running a company in another country. At the same time it is a gigantic challenge just in connection with new buildings. For FirstFarms it was important that the building activities as far as possible should be offered in an all-inclusive contract. Furthermore, the company had a high priority to enter an agreement with a company with experience within building in Slovakia but also where one could combine the contract with Danish and Slovakian guarantee schemes.



Building process

Preparation of drawings etc. was due to legal Slovakian demand very slow, but secured FirstFarms that stricter standards and statutory requirements which is different in Denmark for i.e. protection against seepage, snow pressure, wind influence, lightning defection etc. were taken into account. It was therefore of great importance that the construction of cattle stables and the project material was prepared without errors and deficiencies on grounds of the processing time at the different authorities, which normally is shorter than in Denmark (3-8 months).

The building process becomes instinctively longer when the new stable, according to statutory requirement, must be at the same place as the original stable. Especially, when the daily production must be maintained in the building period and there is no possibility to move the milk production from approx. 800 cows to other sites.

The building sequence has been a giant puzzle as the existing facilities usually were in the way of the new. Compromises had to be reached regarding economy and animal welfare at certain decisions. In periods, larger stock density had to be accepted but it was tried equalised by moving calving heifers into the dry cows section 1-2 weeks later than normally.

A construction of cattle stable in the size that FirstFarms started in the autumn 2007, requested that the timetables are kept, as 1,400-1,500 cows/calving heifers must be purchased at the same time. Both in Slovakia and the other European countries, where large milk producers have expanded the production, it was at some point difficult to purchase animals. But the sudden economical recession in 2008 made it cheaper to purchase animals as the demand stagnated.

It is required that animals from other stock must be in quarantine for 30 days. In that connection FirstFarms had very good cooperation with the veterinary authorities to solve this task, which especially is due to the fact that the veterinaries, when inspecting the first stable section for 540 cows, were very enthusiastic about the considerations made towards animal welfare when building the stables.

The first stable is completed

It was a great day in FirstFarms' history, when 520 cows gradually were moved into the first new stable on 16 October 2008.

The first 14 cows went calmly into the new stable early in the morning. The moment was chosen because the cows are hungry when coming from the milking and therefore go straight to the feeding table. No restlessness was observed in the herd when all cows were in place, and less than 5 minutes after the first cows had entered the stable, the cow-brushes were in use – a facility the cows had never seen before! After eating for approx. one hour the cows went to the water vessels and hereafter directly to the sleeping boxes and settled down within two minutes. The sleeping boxes live up to the behaviour of the cows and the path areas give room or passage for low hierarchy cows. No dominance is seen which is due to the fact that there are no bottlenecks in the stable which prevent the cows in doing their daily work; to be able to move unhindered directly to the feed table, water vessel and sleeping box when they have the need for it.

Craftsmen and visitors have all expressed astonishment to how calm the cows are despite continuous large building activity close to the stable and the cows, when they walk through temporary corridors to milking. The employees are also satisfied and will in the future experience an easier and more satisfying way to take care of the cows when the whole project is completed at the end of 2009.

On 11 December 2008 another section for 540 cows was taken into use. The cows from the rented stables were moved over two days and it was expected that these cows would be more troubled at moving, as they are not used to sleeping boxes. It was a very positive experience especially because the cows previously had a large joint area and now had to adjust to sleeping boxes, path areas and cross passages. Again it was proved that the stable pays regard to the cows' natural behaviour.

......There is still something to look forward to

The new everyday life with two new stable sections has given renewed energy to get through the last building stage. In the spring 2009 the new milking centre will be finished, and it will lighten the daily work immense, as there now is being milked 24 hours a day. At the same time another stable section with room for 540 cows will be ready for the cows to move in to.

In the beginning of 2009 it is expected that the first half of the calving city will be completed. It is designed to protect the calves against infection as it is section divided, and at the same time take consideration to the calves' natural behaviour. Later in 2009 the new calving department can be taken into use and separation department and department for hoof cutting and treated cows will be finished as well. Facilities that will contribute to constant care can be shown on all areas and prepare the way for FirstFarms, so that the company can become one of the largest and most modern milk producers in Europe.

Milking parlour in the new milking center in Slovakia

EU support schemes

Over the past 15 years EU's common agricultural policy (CAP) has changed fundamentally, not least with the reforms in 2003 and 2004, when non-connected direct payments were introduced and when the policy for development of rural districts was strengthened. In November 2008, in connection with a "health check" of CAP, the European agricultural ministers decided the final conditions for the CAP until 2013.

The decisions of the agricultural ministers entailed increased market information, higher focus on environment and innovation and a reduction of the direct farm subsidy. At the same time a phasing-out of the milk quota system and the fallowing system takes place along with an increased non-connection of the agricultural subsidies. A further 5 percent of the direct agricultural subsidy shall be transferred to the rural district policy, the so-called modulation, which can be used for environment, climate, renewable energy and innovative solutions. To this comes the possibility to voluntarily to use up to 10 percent on i.e. environment and ecology.

Milk

At the moment EU wants to secure a flexible transition to a more market-oriented dairy policy before the milk quota system expires on 31 March 2015. In this context it was decided in 2008 by the EU agricultural ministers to make a gradual quota increase to secure the dairy sector a "soft landing" when the quota system expires. The milk quota system is therefore gradually increased with 1 percent per year in 5 years from 2009 and will be completely out-phased in 2015. In addition to that technical adjustments of the fat regulation in the milk will occur.

The changes will give larger price fluctuation because the world market price will have a great influence and therefore the competitiveness on production costs will be of great importance. FirstFarms is in that connection able to take advantage of having relatively low investment costs per animal unit and economies of scale.

Crops

Effective competition on the agricultural markets is one of CAP's main objects, and therefore the different EU support schemes shall assist in an effective and competitive agricultural operation in the EU.

The agricultural ministers' decision in November 2008 entails an increased market orientation through phase-out and modernization of a number of support schemes. The intervention possibilities in i.e. the grain sector are limited in the future as intervention for i.e. rice, durum wheat, barley, maize and sorgum is set at 0. In addition to that the purchase of soft bread wheat at fixed intervention price is limited to 3 million tons a year. The changes will probably entail that the farmers get larger stimulus to adjust to the expected risks on i.e. rearrangement of production to more profitable products.

As from 2012 the support for i.e. field seeds, protein crops and dried fodder is non-connected and the member countries must non-connect the remaining hectare subsidy completely. Further changes are that the production limitation fallow scheme is removed and grant for energy crops is dropped from 2010.

It is expected that the changes in the agricultural support scheme to field crops will imply price fluctuations on the cash crops in line with the world market, as the world market prices are under influence of consumption, energy policies and speculation. FirstFarms therefore expects that sale of crops will be more volatile due to the fluctuations on the world market for raw materials. The company also expects to obtain advantages of the recent EU initiatives as the company runs large scale operations and in that way obtain advantages on the cost- and sales side.

Mission

By virtue of its business concept, FirstFarms wishes to utilise favorable market opportunities to invest in a diversified agricultural portfolio in Eastern Europe to optimise operations and assure its investors an attractive ongoing return and capital gains on land and tangible assets.

Vision

FirstFarms must be respected, because the company undertakes investments in agriculture in Eastern Europe in a competent and trustworthy manner, characterised by a professional business approach. Through its activities, the company must contribute the provision of high quality agricultural produce to consumers, keeping its focus on maintaining the environment and protecting animal welfare.

The aim is to secure an attractive long-term dividend for FirstFarms' shareholders and at the same time assure shareholders that the company is spreading its risk via its investment strategy in different countries and over different types of production.

Commodity price trends

2008 was influenced by very large fluctuations on the commodity market. In first half of the year the prices rose to a very high level. In the bright light of the post-rationalisation there is hardly any doubt that the element of speculation in this period was very high. Due to the growth, which at the beginning was driven by the physical markets, tremendous investments were made in the commodity industry and in different commodity indexes. In particular the hedge funds speculated in the commodity prices, but also ordinary investors speculated in securities based on commodity indexes. The speculation caused an increase in the price fluctuations, as the speculators went out of the market or started to speculate in decreases instead of in increases.

The development in second half of 2008 and in the beginning of 2009 was highly influenced by the world-wide financial crisis. The crisis turned out to have an unexpected large negative effect on the economical growth in the world and has caused recession in many economies. During such a crisis it must be expected that a decrease in consumption will occur while the stock is reduced. All experience from former crises however shows that the decrease in the consumption of food is limited even though a changed consumption pattern will be seen towards discount products.

In 2009 it is expected that the markets to a greater extent will adapt to the fundamental market mechanisms with a lesser extent of speculation. It is therefore expected that the individual commodities will have a more individual price fluctuation than in 2008.

Grain and oilseed

From January to December 2008 the price of wheat dropped with over 40 percent on the Matif-exchange. Rapeseed decreased in the same period with 36 percent, whilst maize showed a decrease of 16 percent on the CBOT-exchange and soya beans experienced of decrease of 20 percent.

When evaluating the decrease in the crop prices it is necessary to look at the physical markets to estimate a future development and not only focus on the influence of the financial crisis. The world stock of grain are, despite a few regional surpluses i.e. in Europe, on a very low level. The present crisis may have the impact that a smaller area in the time to come will be sowed and fewer possibilities for financing fertilizers and pesticides can be expected. A situation like this will entail, that there in the coming years will be focus on lack of food and give the subsequent effect that the commodity prices will rise again. The valuation of the prices must therefore be seen in the light of the downward consumption, the size of the expected harvest and the low stock on the world market.

It is FirstFarms' expectation that the world's harvest will be lower in 2009 due to the abovementioned considerations. The lower harvest will entail smaller stock of food and mean that the probability of price increases is higher whilst the consumption will stabilise at the level there was before the financial crisis began.

Another element of uncertainty in the commodity market is the production of energy crops for i.e. bio fuel. If the production of bioethanol, for political reasons or in terms of prices, once again becomes essential, the prices will have an upward tendency. Especially the prices of maize will be adjusted and it will at the same time have an effect on wheat.

The price on oilseed is directly dependent on the price of crude oil and therefore this price development has great importance for the price of rape, which is one of FirstFarms' most important cash crops.

Milk

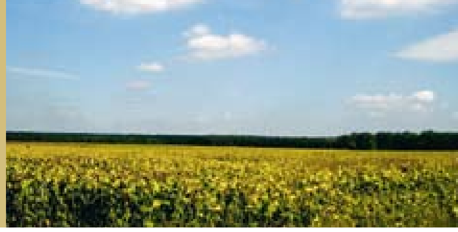
The price on raw milk showed, like the crop prices, large fluctuations in 2008. In March, the price reached a record height and later decreased with 40 percent until January 2009. From the beginning and to the end of 2008, the price of raw milk decreased with 30 percent.

In the beginning of 2008, the market was still influenced by an expectation of larger demands for milk due to increased consumption in China, India and Eastern Europe. During 2008, several events occurred which had negative effects on the milk price. Among other things; EU expanded the national milk quota system and with that the production, consumption of milk powder decreased in China due to the melamine scandal and the financial crisis caused furthermore a decrease in the consumption of dairy products. The market was also influenced by the fact that there was no spillover effect on the consumers of ordinary dairy products such as milk, cheese and butter.

In 2008 the terms of trade for raw milk were influenced by a steep decrease in the settlement price. The costs did not decrease until the end of 2008 in form of decreasing feeding costs and energy prices, and it caused deteriorated terms of trade for most of the year.

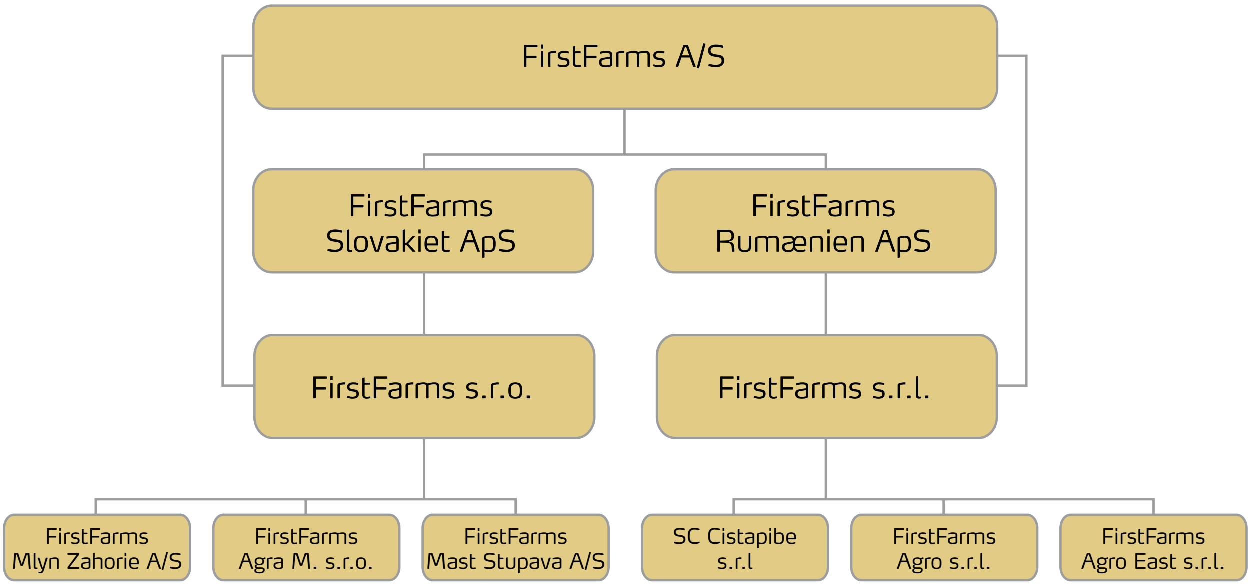
FirstFarms still expects a difficult year in 2009 for the milk production but is however expecting an improvement in the year, as the costs are now being adjusted. The company anticipates that the consumption in the long term will increase again with a further improvement of the terms of trade as result.

Corporate Matters



FirstFarms was established in the autumn 2004 and listed in December 2006. Since 2005 FirstFarms has purchased at least one Eastern European company every year.

Consequently, the corporate structure is changing constantly and at present the structure is as follows:



In July 2008 FirstFarms purchased the Romanian agricultural company SC Agrisole s.r.l., which since has changed its name to FirstFarms Agro East s.r.l. In 2008 FirstFarms also stablished the operating company FirstFarms Agro s.r.l. where the field production in Western Romania is operated.

To uniform the companies in the Group, FirstFarms has in 2008 changed the name of the Slovakian subsidiaries so they all start with “FirstFarms”. Besides the purchase of the Romanian company, the name changes are the only thing in the corporate structure that has changed.

Dairy cattle in Slovakia

Corporate Governance

Corporate Governance is the frames and guidelines for the management of companies including overall principles and structures, which adjust the proportion between the management organs in the company. The purpose is to establish good corporate governance i.e. by creating transparency and openness, so that the companies' interested parties receive relevant, true and fair information about the company.

FirstFarms is a Danish public listed limited company, subject to regulation of i.e. the stock exchange legislation in Denmark. "Recommendations for good corporate governance", prepared in 2005 and revised and updated in December 2008, is a part of the code of practice for listing on NASDAQ OMX Copenhagen. FirstFarms has, according to the "comply-or-explain" principle, obligation to comply with the recommendations or explain why the recommendations are not complied with completely or partly.

In general FirstFarms comply with the recommendations for good corporate governance, but in the following areas the company has chosen to follow a different praxis:

- The Board of Directors has not established special Board committees i.e. within nomination and remuneration due to the relatively limited complexity of the company's activities. However the company expects, due to the amendments in the Danish Accounting Act in 2008 (section 31), to set up an accounting committee after the ordinary general meeting on 21 April 2009. The committee is expected to consist of Kjeld Iversen and Jens Møller, who are independent board members and have great experience within accounting and auditing.
- FirstFarms has not appointed a Vice-Chairman but the Articles of Association allow such appointment.
- Two of the company's present board members, Chairman Henrik Hougaard and board member Stig Andersson, are not independent according to the recommendations, as they each hold 25 percent of the shares of Farm Invest Holding A/S, which has 16.4 percent ownership of FirstFarms.
- The procedure for the internal evaluation of the Board of Directors is prepared in a way, so that it ensures that the composition of the Board of Directors always lives up to the strategic tasks and demands, which the company is facing.

In 2008, FirstFarms' Board of Directors held 10 board meetings.

FirstFarms has prepared a complete description of the company's attitudes in regard to Corporate Governance, based on the recommendations of the Nørby Committee. The description can be seen or downloaded from the company's website: **www.firstfarms.com** under the item "Investor Relations".

FirstFarms' Board of Directors (from left):
Jens Møller, Lars Thomassen, Kjeld Iversen, Henrik Hougaard (chairman) and Stig Andersson.

Other leadership functions of the Board of Directors

Name	Management functions	Board functions
Henrik Hougaard *(CH)* *Born 1958, entered 2004*	Thoraso ApS SKIOLD Holding ApS	SKIOLD A/S *(CH)* Graintec A/S *(CH)* Engsko A/S *(CH)* United Milling Systems A/S *(CH)* SKIOLD Mullerup A/S Acemo SAS Damas A/S DK-TEC A/S *(CH)* Roblon A/S Fortin Madrejon A/S Thoraso ApS Farm Invest Holding A/S
Lars Thomassen *Born 1953, entered 2006*	Lars Thomassen Holding ApS White Star Development	Fireball ApS Birger Christensen A/S Holm Kommunikation A/S Weco Transport A/S
Jens Møller *Born 1950, entered 2006*	Jens Møller Ledelsesrådgivning ApS	Logimatic Software A/S *(CH)* Bilwinco A/S *(CH)* Bilwinco Holding A/S *(CH)* Bramidan A/S *(CH)* Bramidan Holding A/S *(CH)* Aalborg Maskinforretning A/S *(CH)* OMØ A/S *(CH)* OMØ Holding A/S *(CH)* Almas Holding A/S *(CH)* A/S Chr. Boldsen A/S Chr. Boldsen Holding Intego A/S *(CH)* Proniq Holding A/S *(CH)* Nowaco A/S *(VC)* Løvbjerg Supermarked A/S Timberman Denmark A/S
Kjeld Iversen *Born 1952, entered 2006*	Kjeld Iversen ApS	AC Sikring A/S *(CH)* R. Riisfort A/S *(CH)* Investeringsforeningen Gudme Raaschou Health Care Investeringsforeningen Gudme Raaschou Unit Gruppen A/S Unik IT A/S Unik Pine Tree A/S Unik System Design A/S ACI A/S Stibo A/S *(CH)* Stibo Holding A/S *(CH)*
Stig Andersson *Born 1941, entered 2004*	Hagesholm Gods ApS Hagesholm Holding ApS Condito ApS Stig Andersson Holding ApS Dan Mark Skov A/S	Offerdal Holding ApS Biogasbranchens Fællesindkøb A/S *(VC)* Farstrup Nørregaard ApS Overgaard Gods A/S Farm Invest Holding A/S

CH = Chairman of the Board
VC = Vice Chairman

Shareholder information

Share capital
FirstFarms' nominal share capital is DKK 471,224,100.00 and is divided into 4,712,241 shares of DKK 100, corresponding to 4,712,241 voting rights.

Basic data	
Stock exchange	NASDAQ OMX Copenhagen
Index	SmallCap+
Sector	Consumer staples
ISIN code	DK0060056166
Short name	FFARMS
Share capital	DKK 471,224,100
Nominal denomination	DKK 100
Number of shares	4,712,241
Negotiable securities	Yes
Voting right restriction	No
Share classes	One

To improve the company's flexible capital structure the nominal denomination was decreased from DKK 100 to DKK 10 on an extraordinary general meeting on 11 December 2008. The share capital was therefore decreased with DKK 424 million to DKK 47,122,410, which in the accounts was a reallocation under the equity. The change of the denomination for the company's shares did not change the number of shares and every share therefore still has the same owner share of FirstFarms and its capital as before the share capital decrease.

The changes in the company's share capital and denomination will not be in force until April 2009.

Shareholders
Shareholder composition as at 31 December 2008:

	No. of shares (pcs.)	Capital (%)
Farm Invest Holding A/S	773,000	16.4
Other registered shares	3,688,550	78.3
Non-registered shares	250,691	5.3
Own shares	0	0.0
Total	**4,712,241**	**100.0**

As per 31 December 2008 4,021 shareholders were listed in FirstFarms' shareholder register corresponding to a name register share of approx. 95 percent. Of the 4,021 shareholders 54 were foreigners.

Share price development 2008

The FirstFarms share

The market value of the company's shares was DKK 282.7 million as at 31 December 2008 and the average share turnover was in 2008 approx. DKK 1.6 million per business day. The share turnover was lowest in Q4, where the market price also dropped below 100. As at 1 January 2008 the market price was 138.00 and peaked at price 193.00 at the beginning of June 2008. After the company's readjustment in connection with the Q3 Interim Report, where the commodity prices suddenly nosedived, the market price on the FirstFarms share dropped and closed at price 60 as at 31 December 2008. From 1 January 2008 to 31 December 2008 the FirstFarms share has dropped with approx. 56 percent, whereas the Danish SmallCap+-index in comparison has dropped with 62 percent in the same period.

Share key figures	2008	2007
Average number of outstanding shares (1,000 pcs.)	4,712	4,712
Earnings per share (EPS basis), DKK	-4.67	0.51
Diluted earnings per share (EPS-D), DKK	-4.67	0.51
Cash Flow Per Share (CFPS), DKK	-1.73	-0.9
Equity ratio per share, DKK	84	89
Share price at the end of the year, DKK	60	139
Profit per share, DKK	0	0
Payout ratio in %	0	0
Price/Earnings Basic (P/E Basic)	-13	273
Price/equity ratio (P/D)	0.72	1.55

Capital structure

The company's Management reviews FirstFarms' ownership and capital structure on an ongoing basis. The company does not hold any of its own shares, which is why the percentage of negotiable FirstFarms shares, or the free float, is 100 percent. On the ordinary general meeting on 22 April 2008, authority was given to the company to acquire up to 10 percent of own shares. The authority was not used in 2008, but in connection with the issuance of warrants for the company's Management and for employees in Denmark and abroad, FirstFarms' Board of Directors is authorised to carry out the capital increase associated with the warrants. Until 31 August 2011, the Board of Directors has authority to issue 72,500 share options corresponding to nominal DKK 7,250,000.

Warrant programme

FirstFarms' warrant programme covers Management and a few staff members in Denmark and in foreign subsidiaries and has a limited proportion. The total number of warrants was 32,500 as on 31 December 2008. Further information is available in note 5.

Shareholdings of Management and Board of Directors

The Management of FirstFarms A/S nominally held 2,700 shares as on 31 December 2008.

The Board of FirstFarms A/S nominally held 423,400 shares as on 31 December 2008.

Dividend

FirstFarms' goal is to secure the necessary equity to finance the operation of the company and that surplus capital is distributed to the shareholders through dividend. The shareholders shall have a return on their investments in the form of share price increases and dividends, and it is therefore the company's long-term goal to allocate a percentage of the profit for the year as dividend, whilst the remaining profit is to be re-invested in the company. Allocation of dividend is not expected to be paid out for the next 2-3 years since significant investments have to be made in new agricultural companies and other assets together with investments in development and efficiency enhancements of current agricultural companies.

Insider register

In accordance with the Danish Securities Trading Act and other rules and regulations that apply to issuing companies at NASDAQ OMX Copenhagen, FirstFarms keeps an insider register of persons who have access to internal knowledge regarding the company. The insider register comprises the Board of Directors, Management and other key staff in Denmark and in foreign subsidiaries, as well as advisors in the FirstFarms Group. These persons are subject to internal rules which specify among other things that they are only allowed to trade FirstFarms shares for a period of four weeks after the publication of planned company announcements on the company's accounts, provided that they do not have any knowledge of confident information that could have influence on the price of the company's shares.

Financial calendar for 2009	
31 March 2009	Annual report 2008
21 April 2009	Annual general meeting
28 May 2009	Interim report Q1 2009
26 August 2009	Half-year report 2009
25 November 2009	Interim report Q3 2009

Company announcements from FirstFarms A/S

Published company announcements in 2008

Date	Number	Announcement
1 February 2008	1	Allocation of warrants and alteration of Articles of Association
27 March 2008	2	Annual report 2007
4 April 2008	3	Notice for ordinary general meeting
22 April 2008	4	Extract from minutes of the annual general meeting
29 May 2008	5	Interim report Q1 2008
3 July 2008	6	Alteration of Articles of Association approved by the Danish Commerce and Companies Agency
24 July 2008	7	Purchase of company and land in Romania
28 August 2008	8	Half-year report 2008
25 November 2008	9	Interim report Q3 2008
27 November 2008	10	Notice for extraordinary general meeting
5 December 2008	11	Receipt of EU-subsidy
11 December 2008	12	Extract from minutes of extraordinary general meeting
12 December 2008	13	Financial calendar 2009

Published company announcements in 2009

Date	Number	Announcement
31 March 2009	1	Annual report 2008

Expected company announcements in 2009

Date	Number	Announcement
21 April 2009		Annual general meeting
28 May 2009		Interim report Q1 2009
26 August 2009		Half-year report 2009
25 November 2009		Interim report Q3 2009

Annual general meeting

FirstFarms' annual general meeting is held on Tuesday 21 April 2009 at 5.00 p.m. at the Conference Centre, Hotel Legoland, Aastvej 10B, DK-7190 Billund.

Investor Relations

FirstFarms' goal is to maintain an open, continuous and service oriented dialogue with current shareholders, potential investors, analysts, the media and other stakeholders. Through this dialogue and by passing on open and relevant information, FirstFarms tries to secure the best possible conditions for correct pricing on the share.

The company's website is an important tool and FirstFarms thus urges its investors and other stakeholders to visit the company's website **www.firstfarms.com** where shareholders' portal, company announcements, financial calendar, webcasts, presentations and other investor-related information, but also information about FirstFarms' history, organisation, values and objectives can be found.

Quiet period

FirstFarms follows the recommendations of the Nørby Committee on participation in investor meetings which is why the company does not participate in such meetings three weeks prior to the publication of planned company announcements. This quiet period helps secure compliance with the information obligations pertaining to listed companies.

Dialogue and contact

Visit the company's website: **www.firstfarms.com** under »Investor Relations«, which contains information to shareholders and other stakeholders, or contact us for questions, comments and inquiries regarding Investor Relations:

IR-Manager: Betina Præstiin
E-mail: bp@firstfarms.dk

Tel.: +45 75 86 87 87
Fax: +45 75 86 87 83

Accounting policies

FirstFarms A/S is a public limited company domiciled in Denmark. The annual report for 2008 comprises both the consolidated financial statements of FirstFarms A/S and its subsidiaries for the period 1 January – 31 December 2008 and separate parent company financial statements. The annual report of FirstFarms A/S has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, see the NASDAQ OMX Copenhagen's disclosure requirements for annual reports of listed companies and the statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act issued pursuant to the Danish Financial Statements Act. In addition, the annual report has been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

Basis for preparation

The annual report has been presented in DKK, rounded to the nearest thousand. The annual report has been prepared on the historical cost basis except for biological assets and financial instruments which are measured at fair value. The accounting policies set out below have been used consistently in respect of the financial year and to comparative figures.

Changes to accounting policies

In 2008, FirstFarms has implemented the changes to IAS 39/IFRS 7 regarding reclassification of financial assets. As from 1 January 2008, FirstFarms has also implemented IFRIC 11 and 14. The new accounting standards and interpretations have not affected recognition and measurement, and the accounting policies are therefore not changed consequently.

The Danish Securities Council has completed an accounting control of the company's annual report for 2006 and interim report per 30 June 2007 and has on 26 November 2008 decided the following:

- Alteration of accounting policy for milk quota and cattle herds, so that the value of milk quota is isolated at acquisition and afterwards treated as an intangible asset which is depreciated in the expected economic life.
- FirstFarms has in the Group account for 2006 and in the interim report per 30 June 2007 not shown comparative figures for the period prior the Group establishment on 21 September 2006. The comparative figures should according to the Danish Securities Council only consist of the parent company's figures, as the "Group" at that time only consisted of the parent company.

FirstFarms has in conformity herewith changed the accounting policy retrospective to the time of Group establishment where the accounting items in question entered FirstFarms' accounts for the first time and chosen to include two years comparative figures in the annual report, just as the financial highlights and key ratios in the 5 year review has been adjusted, cp. table below. The consequences of the decision of the Danish Securities Council are further described in note 31.

In the following description of the accounting policy, minor verbal alterations have been made, which are not an expression of changes in the accounting policy compared to the 2007 accounts.

Consolidated financial statements

The consolidated financial statements comprise the parent company FirstFarms A/S and subsidiaries in which FirstFarms A/S has control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is obtained when the company directly or indirectly holds more than 50 percent of the voting rights in the subsidiary or which it, in some other way, controls.

Enterprises over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20 percent of the voting rights but less than 50 percent. When assessing whether FirstFarms A/S exercises control or significant influence, potential voting rights which are exercisable at the balance sheet date are taken into account.

Consequence of changed	2008		2007		2006	
accounting policies	Result	Equity	Result	Equity	Result	Equity
DKK 1,000	1/1-30/9	30/9	1/1-31/12	31/12	1/1-31/12	31/12
Earlier announced	-1,316	434,848	4,678	425,099	-509	424,632
Consequences of changed accounting policies	-1,151	-4,540	-2,272	-3,494	-1,178	-1,187
Further comparative figures	-	-	-	-	-274	-
Adjusted	-2,467	430,308	2,405	421,605	-1,961	423,445
Adjusted earnings per share (DKK)	-0.52	-	0.51	-	-0.42	-
Adjusted diluted earnings per share (DKK)	-0.52	-	0.51	-	-0.42	-

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared according to the Group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed off are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions.

For acquisitions of new enterprises in which FirstFarms A/S is able to exercise control over the acquired enterprise, the purchase method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on revaluations is recognised.

The acquisition date is the date when FirstFarms A/S effectively obtains control of the acquired enterprise.

For business combinations any excess of the cost over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised but is tested annually for impairment. The first impairment test is performed within the end of the acquisition year. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the presentation currency used in the FirstFarms A/S' financial statements are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. Negative differences (negative goodwill) is recognised in the income statement at the acquisition date.

The cost of a business combination comprises the fair value of the consideration agreed upon and costs directly attributable to the acquisition. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment is included in the cost of the combination if the adjustment is probable and can be measured reliably. If uncertainties regarding measurement of identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have different fair value at the acquisition date than first assumed, goodwill is adjusted up until twelve months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase considerations, except in cases of material error.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal plus anticipated disposal costs.

Foreign currency translation

For each of the reporting enterprises in the Group, a functional currency is determined. The functional currency is the currency used in the primary economic environment in which the reporting enterprise operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises with another functional currency than DKK, the income statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Foreign exchange adjustment of balances which are considered part of the investment in enterprises with another functional currency than DKK are recognised in the consolidated financial statements directly in equity under a separate translation reserve. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in such enterprises and efficiently hedge against corresponding foreign exchange gains and losses on the investment in the enterprise are also recognised directly in a separate translation reserve in equity.

On complete or partial disposal of a foreign operation or on repayment of balances which constitute part of the net investment in the foreign operation, the share of the cumulative amount of the exchange differences recognised directly in equity relating to that foreign operation is recognised in the income statement when the gain or loss on disposal is recognised.

Derivative financial instruments

Derivative financial instruments are recognised at the date a derivative contract is entered into and recognised in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and set-off of positive and negative values is only made when the company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Hedging of future cash flows according to agreement (firm commitment), except for foreign currency hedges, is treated as a fair value hedge of a recognised asset or liability.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of the hedged item are recognised in equity under a separate hedging reserve until the hedged transaction is realised. If the hedged transaction results in gains or losses, amounts previously recognised in equity are transferred to the same item as the hedged item. Gains or losses from hedges of proceeds from future borrowings are, however, transferred from equity over the term of the loan.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries or associates that are effective hedges of currency fluctuations in these enterprises are recognised directly in a separate translation reserve in equity.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods, comprising produce, animals and related products, is recognised in the income statement provided that delivery and transfer of significant risks and rewards to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Government grants

Government grants include the following:
Hectare grants are recognised on a regular basis in the income statement concurrently as the right of grants is obtained.

Until the grants have been received, typically at the end of the financial year or in the beginning of the subsequent financial year, these are recognised as other receivables in the balance sheet.

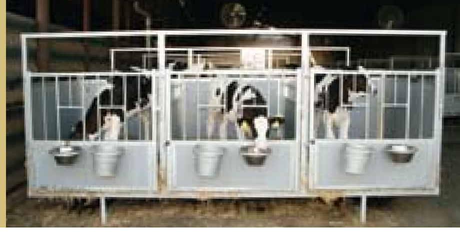
Grants for milk production are recognised on a regular basis in the income statement concurrently as the right of grants is obtained. Until the grants have been received, typically at the end of the financial year or in the beginning of the subsequent financial year, these are recognised as other receivables in the balance sheet.

Grants for investments/acquisition of assets are recognised in the balance sheet as deferred income and transferred to public grants in the income statement as the assets for which grants were awarded are amortised.

Grants for "Organic Farming" are operating grants for a careful and environmental cultivation. To obtain the grant, it is a condition that the type of cultivation is carried through for a 5-year period. The grants are received at a yearly basis and are recognised in the balance sheet as deferred income. The amount is transferred to public grants in the income statement at the end of the 5-year period where a final right for the grant is achieved.

Grants for ecological cultivation are received yearly and are recognized in the balance sheet as deferred income.

The amount is transferred to public grants in the income statement at the end of the 5-year period where a final right for the grant is achieved.



Special grants for cultivation of bad farm land are given for cultivation of special areas. The grants are received at a yearly basis and are recognized in the balance sheet as deferred income. The amount is transferred to public grants in the income statement at the end of the 5-year period where a final right for the grant is achieved.

Value adjustments of biological assets
Value adjustments of biological assets comprise value adjustment at fair value less point-of-sale costs. Value adjustments are made for both livestock (non-current assets) and breeding and crops (current assets).

Production costs
Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, depreciation and impairment of production plant and milk quota.

Administrative expenses
Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment losses.

Other operating income and costs
Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on ongoing disposal and replacement of intangible assets and property, plant and equipment and government grants. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the selling date.

Financial income and expenses
Financial income and expenses comprise interest income and expense, gains and losses on securities and impairment of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including finance leases, as well as surcharges and refunds under the on-account tax scheme.

Dividends relating to investments in subsidiaries are recognised as income in the parent company's income statement in the financial year when they are adopted at the annual general meeting (declaration date). The cost is written down to the extent that dividends received exceed accumulated earnings after the date of acquisition. Interest expenses are not capitalised.

Tax on profit/loss for the year
FirstFarms A/S is jointly taxed with FirstFarms Slovakiet ApS and FirstFarms Rumænien ApS. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies that use tax losses in other companies pay the joint tax contribution to the parent company at an amount corresponding to the tax base of the used tax losses. Companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax base of the used losses (full absorption). The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets
Goodwill
Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

Other intangible assets
Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight line basis over the expected useful life. However, intangible assets with an indefinite useful life are not amortised but are tested for impairment annually.

Milk quota is depreciated on a straight line basis from acquisition time to 31 March 2015, where the quota system will terminate.

Tangible assets
Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets com-

prises direct and indirect costs of materials, components, sub suppliers, and wages and salaries. The present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset is located are added to the cost of self-constructed assets. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The cost of assets held under finance leases is stated at the lower of fair value of the assets or the present value of the future minimum lease payments. For the calculation of the net present value, the interest rate implicit in the lease or an approximation thereof is used as discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are de-recognised in the balance sheet and recognised as an expense in the income statement. Other costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

Buildings	15-30 years
Plant and machinery	5-10 years
Fixtures and fittings, other plant and equipment	3-7 years

Land is not depreciated.

The basis of depreciation is calculated on the basis of the residual value less impairment losses. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses to the extent that depreciation is not included in the cost of self-constructed assets.

Biological assets – non-current assets

Biological assets comprise basic herd of animals recognised as non-current assets are measured at fair value less point-of-sale costs.

Investments in subsidiaries and associates in the parent company financial statements

Investments in subsidiaries are recognised as the cost price. If the cost price exceeds the recoverable amount, write-down is made to this lower value. Cost is reduced by dividends received exceeding the accumulated earnings after the date of acquisition.

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, initially before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows from the enterprise or activity (cash generating unit) to which goodwill is allocated. Impairment of goodwill is recognised in a separate line item in the income statement.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs and administrative expenses, respectively. However, impairment of goodwill is recognised in a separate line item in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery

costs. Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

The value of inventories is measured at cost with the addition of indirect production overheads. At the harvest date, produce is transferred from biological assets to inventories at fair value less selling cost, which then reflect cost.

Biological assets – current assets

Biological assets comprising animals held for stock and crops recognised as current assets are measured at fair value less point-of-sale costs.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Accruals

Accruals comprise costs incurred concerning subsequent financial years and are measured at cost.

Assets held for sale

Assets held for sale comprises non-current assets and disposal groups held for sale. Disposal groups are defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities associated with assets classified as held for sale are those liabilities directly associated with the assets that well be transferred in the transaction. Assets are classified as held for sale if the carrying amount will be recovered principally through a sale within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell. Assets are not depreciated or amortised from the date when they are reclassified as held for sale.

Impairment losses on initial recognition as held for sale and gains and losses on subsequent remeasurement at the lower of carrying amount and fair value less costs to sell are recognised in the income statement in the items to which they relate. Gains and losses are disclosed in the notes.

Assets and liabilities are recognised separately on the balance sheet and amin tiems are specified in the notes.

Presentation of discontinued operations

Discontinued operations comprise a major unit whose activities and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the other business areas and where the unit either has been disposed of or is held for sale and where the sale is expected to be carried out within twelve months in accordance with a formal plan.

The profit/loss after tax of discontinued operations and value adjustments after tax of related assets and liabilities are presented in a separate line in the income statement with comparative figures. Revenue, costs, value adjustments and tax of discontinued operations are disclosed in the notes. Assets and liabilities for discontinued operations are presented in separate lines on the balance sheet wit-

Harvest of barley in Romania - June 2008 hout restatement of comparative figures, see the section »Assets held for sale«, and main items are specified in the notes.

Net cash flows from discontinued operations are disclosed in a note.

Equity

Translation reserve

The translation reserve in the financial statements comprises foreign exchange difference arising on translation of financial statements of foreign entities from their functional currencies into the presentation currency used by the FirstFarms Group (Danish kroner).

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement. The reserve is distributable.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Own shares

Cost of acquisition, consideration received and dividends received from own shares are recognised directly as retained earnings in equity. Capital reductions from the cancellation of own shares are deducted from the share capital in an amount corresponding to the nominal value of the shares.

Proceeds from the sale of own shares and issue of shares, respectively, in FirstFarms A/S in connection with the exercise of share options or employee shares are recognised directly in equity.

Employee benefits

Pension obligations

The Group has entered into pension schemes with some of the Group's employees. The group has no defined benefit plans.

Contributions to defined contribution plans where the Group currently pays fixed pension payments to independent pension funds are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the balance sheet as other payables.

Warrant programme

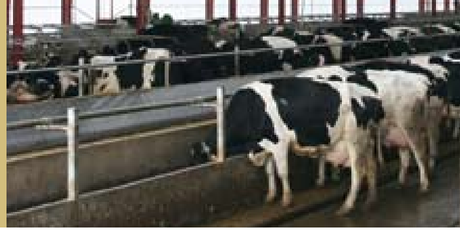
The value of services received in exchange for granted options is measured at the fair value of the options granted.

FirstFarms A/S only has equity-settled programmes for which the share options are measured at the fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The set-off item is recognised directly in equity.

On initial recognition of the share options, the company estimates the number of options expected to vest. That estimate is subsequently revised for changes in the number of options expected to vest. Accordingly, recognition is based on the number of options ultimately vested.

The fair value of granted options is estimated using an option pricing model, taking into account the terms and conditions upon which the options were granted.

Spreading of fertilizer in Romania



Corporation tax and deferred tax

Current tax payable and receivable are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured on the basis of the tax rules and the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to be realised as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Provisions

Provisions are recognised when, as a result of events arising before or at the balance sheet date, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. A pre-tax discount factor is used that reflects the current market interest rate level plus risks specific to the liability. Changes in present values during the year are recognised as financial expenses.

The amount recognised as a provision is Management's best estimate of the expenses required to settle the obligation.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of estimated future costs.

Financial liabilities

Amounts owed to mortgage credit institutions etc. are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised under financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Leases

For accounting purposes lease obligations are divided into finance and operating leases.

Leases are classified as finance leases if they transfer substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease obligations is described under "Property, plant and equipment" and "Financial liabilities", respectively.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognized up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated after the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest, dividends and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of own shares and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the date of acquisition and with an insignificant risk of changes in value.

Cash flows in other currencies than the functional currency are translated at average exchange rates unless they deviate materially from the exchange rates at the transaction date.

Segment information

Information is provided on business segments, which also represent the Group's primary reporting format, and geographical markets. Segment information is based on the Group's risks, management and internal financial management. Segment information is provided in accordance with the Group's accounting policies.

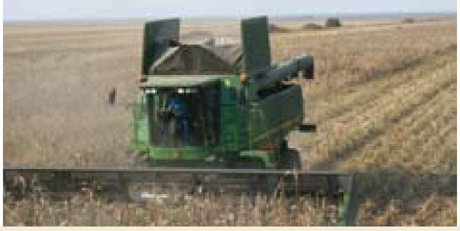
Segment revenue and costs and segment assets and liabilities comprise items which are directly attributable to the individual segment and the items which can be allocated to the individual segment on a reliable basis. Unallocated items primarily comprise assets and liabilities and income and costs related to the Group's administrative functions, investment activities, income taxes, etc.

Non-current segment assets comprise non-current assets used directly in the operating activities of the segment, including intangible assets, property, plant and equipment, and investments in associates.

Current segment assets comprise current assets used directly in the operating activities of the segment, including inventories, trade receivables, other receivables, prepayments, and cash at bank and in hand.

Segment liabilities comprise liabilities resulting from the operating activities of the segment, including trade payables and other payables.

Sunflower field in Romania - June 2008



Income statement

DKK 1,000	Note	Group 2008	Group 2007	Group 2006	Parent Company 2008	Parent Company 2007	Parent Company 2006
Turnover	2,3	59,490	58,213	9,183	1,017	890	0
Value adjustments of biological assets	4	1,069	9,189	79	0	0	0
Production costs	5	-81,839	-68,374	-11,483	0	0	0
Grants	6	22,684	12,492	3,350	0	0	0
Gross profit/loss		**1,404**	**11,520**	**1,129**	**1,017**	**890**	**0**
Other operating income	7	611	611	731	0	21	0
Administration costs	5	-27,023	-17,884	-2,932	-10,392	-10,047	-1,231
Other operating costs	8	-702	-520	-899	0	0	0
EBIT-result		**-25,710**	**-6,273**	**-1,971**	**-9,375**	**-9,136**	**-1,231**
Financial income	9	4,567	12,094	1,421	22,798	18,173	1,512
Financial costs	10	-2,294	-1,940	-1,895	-212	-32	-1,359
Pre-tax result of continued operations		**-23,437**	**3,881**	**-2,445**	**13,211**	**9,005**	**-1,078**
Tax on net profit of continued operations	11	2,210	-1,175	484	-3,335	-2,327	338
Net profit of continued operations		**-21,227**	**2,706**	**-1,961**	**9,876**	**6,678**	**-740**
Result of discontinued operations	32	-791	-301	0	0	0	0
Net profit		**-22,018**	**2,405**	**-1,961**	**9,876**	**6,678**	**-740**
Proposal to result disposal							
Proposed dividend		0	0	0	0	0	0
Transferred result		-22,018	2,405	-1,961	9,876	6,678	-740
Total		**-22,018**	**2,405**	**-1,961**	**9,876**	**6,678**	**-740**
Earnings per share		-4.67	0.51	-0.42	-	-	-
Diluted earnings per share		-4.67	0.51	-0.42	-	-	-
Earnings of continued operations per share		-4.50	0.57	-0.42	-	-	-
Diluted earnings of continued operations per share		-4.50	0.57	-0.42	-	-	-

Balance sheet

DKK 1,000	Note	Group 2008	Group 2007	Group 2006	Parent Company 2008	Parent Company 2007	Parent Company 2006
ASSETS							
Non-current assets							
Intangible assets	13						
Goodwill		16,048	14,406	3,727	0	0	0
Milk quota		12,254	12,726	7,239	0	0	0
Total intangible assets		**28,302**	**27,132**	**10,966**	**0**	**0**	**0**
Tangible assets	14						
Land and buildings		221,081	117,439	47,822	0	0	0
Plant and machinery		58,653	38,315	31,681	0	0	0
Fixtures and fittings, tools and equipment		2,036	1,621	375	617	800	0
Fixed assets under construction		68,000	19,589	0	0	0	0
Total tangible assets		**349,770**	**176,964**	**79,878**	**617**	**800**	**0**
Biological assets	4						
Basic herd		19,827	19,309	10,250	0	0	0
Total biological assets		**19,827**	**19,309**	**10,250**	**0**	**0**	**0**
Other non-current assets							
Investments in associated companies	15	0	0	0	0	0	0
Investments in subsidiaries	16	0	0	0	22,720	22,720	22,594
Amount owed by affiliated companies	18	0	0	0	433,973	226,175	69,611
Amount owed by associated company		0	0	0	0	0	0
Deferred tax asset	20	3,054	700	1,796	0	0	1,638
Total other non-current assets		**3,054**	**700**	**1,796**	**456,693**	**248,895**	**93,843**
Total non-current assets		**400,953**	**224,105**	**102,890**	**457,310**	**249,695**	**93,843**
Current assets							
Inventories	17	45,069	18,173	14,884	0	0	0
Biological assets – breeding and crops	4	40,013	31,877	15,844	0	0	0
Receivables	18	9,837	10,160	5,136	0	0	0
Other receivables	18	16,853	20,033	18,886	440	1,161	498
Accruals and deferred expenses		3,071	1,225	527	127	114	0
Cash at bank and in hand		13,288	186,177	347,796	7,028	180,350	346,063
Total current assets		**128,131**	**267,645**	**403,073**	**7,595**	**181,625**	**346,561**
TOTAL ASSETS		**529,084**	**491,750**	**505,963**	**464,905**	**431,320**	**440,404**

DKK 1,000	Note	Group 2008	Group 2007	Group 2006	Parent Company 2008	Parent Company 2007	Parent Company 2006
EQUITY AND LIABILITIES							
Equity							
Share capital	19	471,224	471,224	471,224	471,224	471,224	471,224
Reserve for exchange rate adjustment		-7,810	-1,638	2,812	0	0	0
Transferred result		-68,629	-47,981	-50,591	-31,294	-42,540	-49,423
Proposed dividend		0	0	0	0	0	0
Total equity		**394,785**	**421,605**	**423,445**	**439,930**	**428,684**	**421,801**
Liabilities							
Non-current liabilities							
Deferred tax	20	13,406	13,141	10,798	13	21	0
Credit institutions	21	27,165	6,216	0	0	0	0
Total non-current liabilities		**40,571**	**19,357**	**10,798**	**13**	**21**	**0**
Current liabilities							
Credit institutions	21	18,769	10,295	25,628	0	0	0
Trade payables and other payables	22	49,354	23,996	33,008	21,238	2,005	18,603
Corporation tax	23	4,057	821	205	3,724	610	0
Accruals and deferred income	6	21,548	15,676	12,879	0	0	0
Total current liabilites		**93,728**	**50,788**	**71,720**	**24,962**	**2,615**	**18,603**
Total liabilities		**134,299**	**70,145**	**82,518**	**24,975**	**2,636**	**18,603**
TOTAL EQUITY AND LIABILITIES		**529,084**	**491,750**	**505,963**	**464,905**	**431,320**	**440,404**

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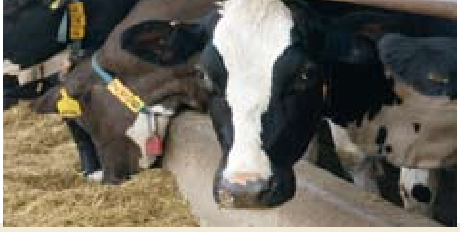
Equity statement

Group DKK 1,000	Share capital	Reserve for exchange rate adjustment	Trans-ferred result	Proposed dividend	Total
Equity 1 January 2006	**128**	**0**	**83**	**0**	**211**
Exchange rate adjustments re. foreign companies	0	2,812	1,146	0	3,958
Writing-up re. gradual company take-over	0	0	299	0	299
Correction re. gradual company take-over, cp. note 27	0	0	-1,392	0	-1,392
Result of the period	0	0	-1,961	0	-1,961
Total income	**0**	**2,812**	**-1,908**	**0**	**904**
Contribution	10,000	0	1,000	0	11,000
Bonus share issue	48,124	0	-48,124	0	0
Capital increase at stock-exchange listing	412,972	0	20,649	0	433,621
Costs at issue	0	0	-22,332	0	-22,332
Share based remuneration	0	0	41	0	41
Total other equity activities	**471,096**	**0**	**-48,766**	**0**	**422,330**
Equity 31 December 2006	**471,224**	**2,812**	**-50,591**	**0**	**423,445**
Equity 1 January 2007	**471,224**	**2,812**	**-50,591**	**0**	**423,445**
Exchange rate adjustments re. foreign companies	0	-4,450	0	0	-4,450
Result of the year	0	0	2,405	0	2,405
Total income	**0**	**-4,450**	**2,405**	**0**	**-2,045**
Tax correction at equity entries	0	0	40	0	40
Share based remuneration	0	0	165	0	165
Total other equity activities	**0**	**0**	**205**	**0**	**205**
Equity 31 December 2007	**471,224**	**-1,638**	**-47,981**	**0**	**421,605**
Equity 1 January 2008	**471,224**	**-1,638**	**-47,981**	**0**	**421,605**
Exchange rate adjustments re. foreign companies	0	-6,172	0	0	-6,172
Result of the year	0	0	-22,018	0	-22,018
Total income	**0**	**-6,172**	**-22,018**	**0**	**-28,190**
Tax correction at equity entries	0	0	-382	0	-382
Share based remuneration	0	0	225	0	225
Correction re. costs at issue	0	0	1,527	0	1,527
Total other equity activities	**0**	**0**	**1,370**	**0**	**1,370**
Equity 31 December 2008	**471,224**	**-7,810**	**-68,629**	**0**	**394,785**



Parent company DKK 1,000	**Share capital**	**Transferred result**	**Proposed dividend**	**Total**
Equity 1 January 2006	**128**	**83**	**0**	**211**
Result of the year	0	-740	0	-740
Total income	**0**	**-740**	**0**	**-740**
Contribution	10,000	1,000	0	11,000
Bonus share issue	48,124	-48,124	0	0
Subscription issue	412,972	20,649	0	433,621
Costs at issue	0	-22,332	0	-22,332
Share based remuneration	0	41	0	41
Total other equity activities	**471,096**	**-48,766**	**0**	**422,330**
Equity 31 December 2006	**471,224**	**-49,423**	**0**	**421,801**
Equity 1 January 2007	**471,224**	**-49,423**	**0**	**421,801**
Result of the year	0	6,678	0	6,678
Total income	**0**	**6,678**	**0**	**6,678**
Tax correction at equity entries	0	40	0	40
Share based remuneration	0	165	0	165
Total other equity activities	**0**	**205**	**0**	**205**
Equity 31 December 2007	**471,224**	**-42,540**	**0**	**428,684**
Equity 1 January 2008	**471,224**	**-42,540**	**0**	**428,684**
Result of the year	0	9,876	0	9,876
Total income	**0**	**9,876**	**0**	**9,876**
Tax correction at equity entries	0	-382	0	-382
Share based remuneration	0	225	0	225
Correction re. costs at issue	0	1,527	0	1,527
Total other equity activities	**0**	**1,370**	**0**	**1,370**
Equity 31 December 2008	**471,224**	**-31,294**	**0**	**439,930**

Cash flow statement

DKK 1,000	Note	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
Pre-tax result of continued activities		-23,437	3,881	-2,445	13,211	9,005	-1,078
Adjustments for non-monetary operating items							
Depreciation/amortisation and impairment	13,14	18,401	11,087	3,093	225	152	0
Value adjustment of biological assets	4	-1,069	-9,189	-79	0	0	0
Financial income	9	-4,567	-12,094	-1,421	-22,798	-18,173	-1,512
Financial costs	10	2,294	1,940	1,895	212	32	1,359
Share based remuneration		225	165	0	225	165	0
Cash generated from operations (operating activities) before changes in working capital		**-8,153**	**-4,210**	**1,043**	**-8,925**	**- 8,819**	**-1,231**
Changes in working capital	25	-13,296	-9,263	-16,439	-59	-1,274	1,072
Cash flow from main activities		**-21,449**	**-13,473**	**-15,396**	**-8,984**	**-10,093**	**-159**
Interest received	9	4,567	12,094	912	4,289	12,019	1,018
Interest paid	10	-2,294	-1,940	-1,895	-212	-32	-1,359
Paid corporation tax	23	-821	-205	-120	-610	-16	-37
Cash flow from operating activities		**-19,997**	**-3,524**	**-16,499**	**-5,517**	**1,878**	**-537**
Acquisition of companies	27	-23,876	-30,223	0	0	0	0
Acquisition of biological assets	4	-6,927	-14,965	0	0	0	0
Disposal of material assets, paid		622	1,501	4,562	0	0	0
Acquisition of material assets	26	-148,022	-85,774	-5,363	-42	-951	0
Acquisition of financial assets	16	0	0	0	0	-126	-11,594
Cash flow from investing activities		**-178,203**	**-129,461**	**-801**	**-42**	**-1,077**	**-11,594**
Capital increases		0	0	433,621	0	0	433,621
Paid costs at stock exchange listing		1,527	-16,101	-6,231	1,527	- 16,101	-6,231
Repayment of non-current debts		0	0	-68,720	0	0	-17,841
Proceeds from loans	26	12,693	3,810	0	20,000	0	0
Loan to affiliated businesses		0	0	0	-189,290	-150,413	-51,436
Cash flow from financing activities		**14,220**	**-12,291**	**358,670**	**-167,763**	**-166,514**	**358,113**
Cash flow from discontinued operations	32	**3,796**	**-371**	**0**	**0**	**0**	**0**
Cash flow of the year		-180,184	-145,647	341,370	-173,322	-165,713	345,982
Available, at the beginning		175,882	322,168	-17,694	180,350	346,063	81
Exchange rate adjustment of available		-1,179	-639	-1,508	0	0	0
Available at closing	28	**-5,481**	**175,882**	**322,168**	**7,028**	**180,350**	**346,063**
Available at closing is recognised as follows:							
Available funds		13,288	186,177	347,796	7,028	180,350	346,063
Current bank debt		-18,769	-10,295	-25,628	0	0	0
Available at closing		-5,481	175,882	322,168	7,028	180,350	346,063

Notes

1 Accounting estimates

As part of the utilisation of the Groups' accounting policy, the Management is making valuations, besides estimated valuations, which can have essential effect on the amounts given in the annual report.

In 2008, the Management made valuations regarding the following:

Purchase of live stock and milk quota
In connection with purchase of live stock with milk quota the Management carries out an estimated split-up of the cost price of the value of cattle and the value of the milk quota taken over. As there is no separate market for milk quota on the Eastern European markets where FirstFarms operates, the split-up is based on the Management's knowledge to and available information of traded dairy herds, fat stock, development in local milk prices, the cows' productivity and comparative prices for dairy cattle on other European markets.

Expected period of use for milk quota
EU has announced that the milk quota system ceases at 31 March 2015. The purchased milk quota is therefore depreciated from the time of the acquisition to 31 March 2015. The expected period of use is re-valued annually based on information of development in the milk quota system.

Measurement of biological assets
The biological assets, herd, breeding and crops, are valued at fair value with deduction of realisation costs. The value of the biological assets totals DKK 59.8 million as per 31 December 2008 (2007: 51.2 million).

A completely comparable market does not exist in Slovakia for cows with the yielding capacity that FirstFarms' cows achieve.
Due to this, the Management has chosen to value the cattle in the light of the prices in the international market with the necessary adjustments.

2 Segment information

In 2008, the FirstFarms Group ran agricultural production in Slovakia and purchased and operated 1,500 hectares of land in Romania.

2008 DKK 1,000	**Romanian activities**	**Slovakian activities**	**Group function**	**Elimination**	**Continued operations**	**Discontiued operations**	**Group total**
Turnover	5,176	54,314	1,017	-1,017	**59,490**	9,617	69,107
Gross profit/loss	-2,516	3,920	1,017	-1,017	**1,404**	335	1,739
EBIT-result	-7,061	-8,257	-9,375	-1,017	**-25,710**	-976	-26,686
Pre-tax result	-8,703	-6,666	13,211	-21,279	**-23,437**	-976	-24,413
Net profit	-5,964	-3,860	9,876	-21,279	**-21,227**	-791	-22,018
Segment assets	189,449	331,424	464,905	-456,694	**529,084**	0	529,084
Plant investments	119,793	79,153	42	0	**198,988**	0	198,988
Depreciations	1,508	16,668	225	0	**18,401**	0	18,401
Segment liabilities	227,959	315,337	24,975	-433,972	**134,299**	0	134,299
Average number of employees	20	183	5	-	**208**	11	219

Transactions between the segments are carried out on market terms. The elimination column is mainly an expression for accounts and interest hereof between the parent company and the activities in Slovakia and Romania.

In 2007, the FirstFarms Group operated agricultural production in Slovakia and bought up land in Romania. At the end of 2007, cultivation of 1,500 hectares agricultural land in Romania was started.

2007 DKK 1,000	**Romanian activities**	**Slovakian activities**	**Group function**	**Elimination**	**Continued operations**	**Discontiued operations**	**Group total**
Turnover	0	58,213	890	-890	**58,213**	538	58,751
Gross profit/loss	-41	11,561	890	-890	**11,520**	-371	11,149
EBIT-result	-968	4,721	-9,136	-890	**-6,273**	-371	-6,644
Pre-tax result	-2,293	4,213	9,005	-7,044	**3,881**	-371	3,510
Net profit	-1,926	4,998	6,678	-7,044	**2,706**	-301	2,405
Segment assets	74,334	230,347	431,320	-248,895	**487,106**	4,644	491,750
Plant investments	54,174	33,736	952	0	**88,862**	0	88,862
Depreciations	25	10,771	152	0	**10,948**	139	11,870
Segment liabilities	81,375	213,125	2,636	-226,991	**70,145**	0	70,145
Average number of employees	5	196	5	-	**206**	2	208

Transactions between the segments are carried out on market terms. The elimination column is mainly an expression for accounts and interest hereof between the parent company and the activities in Slovakia and Romania.

2006 DKK 1,000	**Slovakian activities**	**Group function**	**Elimination**	**Group total**
Turnover	9,183	0	0	9,183
Gross profit/loss	1,129	0	0	1,129
EBIT-result	-629	-1,342	0	-1,971
Pre-tax result of continued operations	-803	-1,079	-563	-2,445
Segment assets	157,764	440,404	-92,205	505,963
Plant investments	5,363	0	0	5,363
Depreciations	3,093	0	0	3,093
Segment liabilities	133,802	18,603	-69,887	82,518
Average number of employees	191	3	0	194

The elimination column is mainly an expression for accounts and interest hereof between the parent company and the activities in Slovakia.

3 Turnover

	Group			**Parent company**		
DKK 1,000	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Sale of milk	39,445	35,032	5,973	0	0	0
Sale of meat	3,130	3,876	965	0	0	0
Sale of corn etc.	9,392	15,302	1,335	0	0	0
Other turnover	7,523	4,003	910	1,017	890	0
Total	**59,490**	**58,213**	**9,183**	**1,017**	**890**	**0**

4 Value adjustment of biological assets

Group 2008				
DKK 1,000	**Herd[1)]**	**Breeding[2)]**	**Crops[2)]**	**Total**
Opening	19,309	17,512	14,365	51,186
Addition	0	0	59,458	59,458
Value adjustment of the period	559	-1,912	2,422	1,069
Disposal	-41	-6	-52,540	-52,587
Exchange rate adjustment	0	0	714	714
Accounting value 31 December 2008	**19,827**	**15,594**	**24,419**	**59,840**

[1)] Non-current assets *[2)] Current assets*

Non-current assets consist of a herd of 2,087 cows at the end of 2008. Breeding consist of 2,154 heifers and calves, whereas crops are the value of the sowed fields. At the end of 2008 the sowed fields mainly consist of 1,500 hectares alfalfa/grass, 1,500 hectares of wheat and 700 hectares of rape in Slovakia. In Romania the fields consist of 900 hectares wheat and 700 hectares of rape. The land itself is valued at cost price under material assets as far as the land is not leased, cp. note 30. Regarding estimation of fair value, please see note 1 and risk management on page 16.

Group 2007				
DKK 1,000	**Herd[1)]**	**Breeding[2)]**	**Crops[2)]**	**Total**
Opening	10,250	9,378	6,466	26,094
Addition at acquisition of company, cp. note 27	9	7	1,527	1,543
Addition	4,707	3,410	30,824	38,941
Value adjustment of the period	4,472	4,717	0	9,189
Disposal	-129	0	-24,698	-24,827
Exchange rate adjustment	0	0	246	246
Accounting value 31 December 2007	**19,309**	**17,512**	**14,365**	**51,186**

[1)] Non-current assets *[2)] Current assets*

Non-current assets consisted of a herd of 2,070 cows at the end of 2007. Breeding consisted of 2,280 heifers and calves, whereas crops were the value of the sowed fields. The land itself was valued at cost price under material assets as far as the land was not leased, cp. note 30. Regarding estimation of fair value, please see note 1 and risk management on page 16.

Group 2006				
DKK 1,000	**Herd[1)]**	**Breeding[2)]**	**Crops[2)]**	**Total**
Addition at Group establishment 21/9-2006	9,557	9,992	4,345	23,894
Value adjustment of the period	693	-614	0	79
Addition	0	0	1,561	1,561
Exchange rate adjustment	0	0	560	560
Account value 31 December 2006	**10,250**	**9,378**	**6,466**	**26,094**

[1)] Non-current assets *[2)] Current assets*

Non-current assets consisted of a herd of 1,300 cows. Breeding consisted of 1,380 calves and heifers, whereas crops were the value of sowed fields.

5 Costs

DKK 1,000	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
R&D costs incurred	0	55	0	0	0	0
Costs of sales for the period	29,387	29,795	2,734	0	0	0
Write-down on inventories	11,197	1,045	0	0	0	0
Reversed write-down on inventories	0	0	0	0	0	0
Staff costs						
Fees to the Board of Directors in the parent company	900	900	888	900	900	888
Advisory Board	0	73	75	0	73	75
Wages and salaries	21,847	17,602	2,981	3,501	3,457	250
Defined contribution plans	413	336	30	362	332	30
Other social security costs	6,345	4,907	967	29	29	1
Share based remuneration	225	165	41	225	165	41
Other staff costs	1,088	557	613	943	539	22
Total staff costs	**30,818**	**24,540**	**5,595**	**5,960**	**5,495**	**1,307**
Staff costs						
Production	18,032	16,202	3,710	0	0	0
Administration	12,786	8,338	1,150	5,960	5,495	697
Stock exchange costs recognised directly on the equity	0	0	735	0	0	610
Total	**30,818**	**24,540**	**5,595**	**5,960**	**5,495**	**1,307**
Average number of employees	219	208	194	5	5	1

The write-down on inventories is primarly regarding the stock of crops. At transition, in connection with harvest, the stock is valuated at market value. By a subsequent decrease in the value, the amount is creditted in production costs.

At the end of year, the number of employees was 208 of which 5 are sited in the headquarter in Denmark, 183 in Slovakia and 20 in Romania. Of the 208 employees 11 are Danish, 17 are Romanian and 180 are Slovakian.

Executive Board remuneration of the parent company

DKK 1,000	2008 Board of Directors	2008 Manage-ment	2007 Board of Directors	2007 Manage-ment	2006 Board of Directors	2006 Manage-ment
Wages and salaries	900	1,500	900	1,500	888	912
Pension	0	188	0	188	0	0
Share based remuneration	0	132	0	132	0	30
Total	**900**	**1,820**	**900**	**1,820**	**888**	**942**

According to the Management, the parent company and the Group do not have other managerial employees. In 2006 and in the first months of 2007, the CEO of the parent company was General Manager in the Slovakian coorporations, and in the above table the total salary payment is shown. In connection with the company's work with the stock exchange listing in 2006, a special fee was given to the Chairman of the Board of Directors.

Warrant programme
FirstFarms has a warrant programme which is equity settled. Specifications of outstanding warrants are shown below.

Outstanding at the end of 2008	Allotted Type 1	Allotted Type 2	Allotted Type 3	Allotted Type A	Allotted Type B	Allotted Type C	Total	No.[2]
The parent company's management board, pcs.	6,667	6,667	6,666	0	0	0	**20,000**	0
Other employees, pcs.	1,667	1,667	1,666	2,500	2,500	2,500	**12,500**	0
Total number, pcs.	8,334	8,334	8,332	2,500	2,500	2,500	**32,500**	0
Average utilisation per option, DKK	118.70	124.60	130.80	153.99	161.69	169.78	**143.26**	-
Fair value per option[1], DKK	22.70	25.90	28.70	22.99	26.51	29.58	**-**	-
Fair value in total[1], DKK 1,000	189	216	239	57	66	74	**-**	-

[1] At allotment time *[2] Options to be utilised at the end of the year*

FirstFarms' warrant programme covers Management and few staff members in Denmark and in foreign subsidiaries and has a limited proportion.

All types of options per 31 December 2008 are "out-of-money" but can potentially dilute in the future.

As per 31 December 2008, the average remaining currency for outstanding warrants is 2.1 years and the utilisation exchange rates are between 118-170. In 2008, the recognised cost in the income statement regarding warrants was DKK 225,000 (2007: DKK 165,000).

By allotment the calculated fair values are based on a Black-Scholes-model for valuation of options. Warrants are allotted in three different categories with assumption in year 2011, year 2012 and year 2013, respectively, provided that the conditions for assumption is fulfilled, which is continuous appointment.

As per 31 December 2008, the warrant programme includes totally 32,500 warrants. Every warrant entails the warrant owner right to buy 1 share of nominal DKK 100 in the company. The outstanding warrants correspond to 0.7 percent of the share capital, if all warrants are utilised. The warrant programme runs until 2013.

Specification of development in outstanding warrants

	Type 1	Type 2	Type 3	Type A	Type B	Type C	Total
Allotted 1/1-2006	0	0	0	0	0	0	**0**
Allotted in 2006	9,167	9,167	9,166	0	0	0	**27,500**
Allotted 1/1-2007	9,167	9,167	9,166	0	0	0	**27,500**
Disposals 2007	833	833	834	0	0	0	**2,500**
Allotted 31/12-2007	8,334	8,334	8,332	0	0	0	**25,000**
Allotted 1/1-2008	8,334	8,334	8,332	0	0	0	**25,000**
Allotted in 2008	0	0	0	4,167	4,167	4,166	**12,500**
Disposals in 2008	0	0	0	1,667	1,667	1,666	**5,000**
Allotted 31/12-2008	8,334	8,334	8,332	2,500	2,500	2,500	**32,500**

The basis for estimation of the fair value on the time of allotment

	Type 1	Type 2	Type 3	Type A	Type B	Type C
Utilisation rate (DKK)	118.70	124.60	130.80	153.99	161.69	169.78
Expected volatility	30 %	30 %	30 %	25 %	25 %	25 %
Expected currency	36 months	48 months	60 months	36 months	48 months	60 months
Expected profit per share	0	0	0	0	0	0
Risk-free interest (based on Danish government bond)	5 %	5 %	5 %	5 %	5 %	5 %

Outstanding at the end of 2007	Allotted Type 1	Allotted Type 2	Allotted Type 3	Total	No.[2)]
The parent company's management board, pcs.	6,667	6,667	6,666	**20,000**	0
Other employees, pcs.	1,667	1,667	1,666	**5,000**	0
Total number, pcs.	8,334	8,334	8,332	**25,000**	0
Average utilisation per option, DKK	118.70	124.60	130.80	**124.70**	-
Fair value per option[1)], DKK	22.70	25.90	28.70	-	-
Fair value in total[1)], DKK 1,000	189	216	239	-	-

[1)] *At allotment time* [2)] *Options to be utilised at the end of the year*

All types of options per 31 December 2007 were "out-of-money" but can potentially dilute in the future.

As per 31 December 2007, the average remaining currency for outstanding warrants was 2.8 years and the utilisation exchange rates were between 118-131.

In 2007, the recognised costs in the income statement regarding warrants were DKK 165,000. (2006: DKK 41,000) At the allotment time, calculated fair value per option was DKK 22.7 (type 1), DKK 25.9 (type 2) and DKK 28.7 (type 3) in 2006.

By allotment the calculated fair values are based on a Black-Scholes-model for valuation of options. Warrants are allotted in three different categories with assumption in October 2009, 2010 and 2011, respectively, provided that the conditions for assumption is fulfilled, which is continuous appointment.

Outstanding at the end of 2006	Allotted Type 1	Allotted Type 2	Allotted Type 3	Total	No.[2)]
The parent company's management board, pcs.	6,667	6,667	6,666	**20,000**	0
Other employees, pcs.	2,500	2,500	2,500	**7,500**	0
Total number, pcs.	9,167	9,167	9,166	**27,500**	0
Average utilisation per option, DKK	118.70	124.60	130.80	**124.70**	-
Fair value per option[1)], DKK	22.70	25.90	28.70	-	-
Fair value in total[1)], DKK 1,000	208	237	263	-	-

[1)] *At allotment time* [2)] *Options to be utilised at the end of the year*

Depreciations and impairments

	Group			Parent company		
DKK 1,000	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Depreciations, intangible assets	1,894	1,537	211	0	0	0
Depreciations, property, plant and equipment	16,507	9,550	2,882	225	152	0
Impairments, property, plant and equipment	0	0	0	0	0	0
Total depreciations and impairments	**18,401**	**11,087**	**3,093**	**225**	**152**	**0**
Depreciations and impairments are recognised as follows:						
Production	17,956	10,750	3,063	0	0	0
Administration	445	337	30	225	152	0
Total	**18,401**	**11,087**	**3,093**	**225**	**152**	**0**

Fee to the auditors appointed at the general meeting

DKK 1,000	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
Complete fee KPMG	1,584	1,360	1,356	706	982	1,356
Complete fee APX, Slovakia	0	59	73	0	0	0
Total	**1,584**	**1,419**	**1,429**	**706**	**982**	**1,356**
Of this ordinary audit fee						
KPMG	1,010	678	275	330	300	275
APX, Slovakia	0	0	73	0	0	0
Total	**1,010**	**678**	**348**	**330**	**300**	**275**
Of this fee for other non-audit services						
KPMG	574	682	1,081	376	682	1,081
APX, Slovakia	0	59	0	0	0	0
Total	**574**	**741**	**1,081**	**376**	**682**	**1,081**

The annual account for 2007 and 2008 has been audited by KPMG. The annual account for 2006 for the Slovakian activities has been audited by APX, Slovakia, whereas the annual account for FirstFarms A/S has been audited by KPMG. A significant part of other payments in 2006 is concerning payments in connection with FirstFarms' stock exchange listing, which is recognized directly under equity.

6 Grants

DKK 1,000	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
Grant for investments	2,875	2,013	1,350	0	0	0
EU hectare subsidy	11,469	5,504	644	0	0	0
Grant for "Organic Farming"	4,854	0	534	0	0	0
Grant for milk production	3,282	4,589	0	0	0	0
Grant from the Slovakian government	204	386	822	0	0	0
Total	**22,684**	**12,492**	**3,350**	**0**	**0**	**0**

FirstFarms can apply for grants for investments from EU. Investment grants are given under the assumption that the assets are kept in the company for at least 5 years. The subsidy is credited concurrently as the assets are depreciated. EU hectare subsidy is a yearly subsidy, which is given to operation of farming. Grant for "Organic Farming" concerns subsidy for environmentally careful production. The cattle subsidy is a subsidy to milk production, which is permanent every year. Furthermore, there are some old subsidies from the Slovakian government that is credited concurrently as the assets are depreciated.

Subsidies form an essential part of the accruals and other receivables. Different subsidy schemes and calculations are shown below.

2008 DKK 1,000	**Hectare grant**	**Milk grant**	**Investment grant etc.**	**"Organic Farming"**	**Ecology grant**	**Special soil grant**	**Total**
Grants calculated in accruals	0	0	18,447	0	3,101	0	21,548
Period of crediting	Conti-nuously	Conti-nuously	Concurrently as the asset is depreciated	-	2010	-	-
Grants calculated in "other receivables"	0	0	3,908	0	1,764	0	5,672

2007 DKK 1,000	Hectare grant	Milk grant	Investment grant etc.	"Organic Farming"	Ecology grant	Special soil grant	Total
Grants calculated in accruals	0	0	11,586	2,232	366	1,492	15,676
Period of crediting	Conti-nuously	Conti-nuously	Concurrently as the asset is depreciated	2008	2010	2008	-
Grants calculated in "other receivables"	2,181	4,613	136	2,232	0	0	9,162

2006
At the end of 2006, accruals amounted to DKK 12.9 million which mainly related to investment grants. At the end of 2006, other receivables included receivables regarding EU subsidy of DKK 9.1 million.

7 Other operating income

	Group			Parent company		
DKK 1,000	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Income from sale of fixed assets	611	611	731	0	0	0
Other income	0	0	0	0	21	0
Total	**611**	**611**	**731**	**0**	**21**	**0**

8 Other operating costs

	Group			Parent company		
DKK 1,000	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Loss from sale of fixed assets	597	0	280	0	0	0
Other costs	105	520	619	0	0	0
Total	**702**	**520**	**899**	**0**	**0**	**0**

9 Financial income

	Group			Parent company		
DKK 1,000	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Interest, cash at bank and in hand	4,302	12,084	922	4,289	12,018	922
Interest income from affiliated companies	0	0	0	18,509	6,154	563
Exchange rate adjustment of currency loan	0	0	0	0	0	27
Other interest income	265	10	499	0	1	0
Total	**4,567**	**12,094**	**1,421**	**22,798**	**18,173**	**1,512**

10 Financial costs

DKK 1,000	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
Interest, bank loans	1,336	1,299	886	0	0	494
Foreign exchange loss	0	0	58	0	0	224
Other costs	958	641	951	212	32	641
Total	**2,294**	**1,940**	**1,895**	**212**	**32**	**1,359**

11 Tax on net profit/loss

DKK 1,000	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
Tax on net profit/loss	2,210	-1,175	484	-3,335	-2,327	338
Tax on equity activities	-382	40	1,300	-382	40	1,300
Total	**1,828**	**-1,135**	**1,784**	**-3,717**	**-2,287**	**1,638**
Tax on net profit/loss is specified as:						
Current tax	-3,670	-821	-205	-3,343	-628	0
Deferred tax	5,880	-354	689	8	-1,699	338
Total	**2,210**	**-1,175**	**484**	**-3,335**	**-2,327**	**338**
Tax on net profit/loss can be explained as:						
Calculated tax of net profit/loss before tax	5,859	-1,080	477	-3,303	-2,258	302
Adjustment re. change of tax percentage from 28 % to 25 %	0	-62	0	0	-36	0
Other adjustments, net	-3,649	-33	7	-32	-33	36
Total	**2,210**	**-1,175**	**484**	**-3,335**	**-2,327**	**338**
Effective tax percentage	9	30	20	25	26	31

12 Earnings per share

Group DKK 1,000	2008	2007	2006
Net profit	-22,018	2,408	-1,961
Number of shares	4,712,241	4,712,241	4,712,241
Average diluted effect of outstanding warrants	0	0	0
Diluted number of shares in circulation	4,712,241	4,712,241	4,712,241
Earnings per share (EPS)	-4.67	0.51	-0.42
Diluted earnings per share (EPS-D)	-4.67	0.51	-0.42

Earnings per share is calculated with continued and discontinued activities, respectively. They are calculated starting from the same financial highlights as for earnings per share.

13 Intangible assets

Group 2008 DKK 1,000	Milk quota	Goodwill	Total
Cost price 1 January	14,491	14,406	28,897
Addition	0	0	0
Disposal	0	0	0
Exchange rate adjustment	1,696	1,642	3,338
Cost price 31 December	**16,187**	**16,048**	**32,235**
Depreciations and impairments 1 January	-1,765	0	-1,765
Depreciations	-1,894	0	-1,894
Impairments	0	0	0
Exchange rate adjustment	-274	0	-274
Depreciations and impairments 31 December	-3,933	0	-3,933
Accounting value 31 December	**12,254**	**16,048**	**28,302**

The milk quota in 2008 was 19.3 million kg.

FirstFarms' Management has carried out impairment test of the accounting value of intangible assets of DKK 28.3 million, which mostly can be assigned to agricultural activities in Slovakia. The impaiment test has been prepared on grounds of expectations to the cashflow the next 5 years. Significant assumptions worked in the impairment test is a growth in the terminal period of 2 percent, a return (WACC) of 9 percent (after tax) and milk prices of DKK 2.1-2.7 per kg.

The impairment test carried out on the activities in Slovakia has shown that the value of the activities is above the accounting value of the assets (including intangible assets).

The parent company has no intangible assets.

Group 2007			
DKK 1,000	**Milk quota**	**Goodwill**	**Total**
Cost price 1 January	7,459	3,727	11,186
Addition	6,848	0	6,848
Addition, Mlyn, cp. note 27	0	10,667	10,667
Disposal	0	0	0
Exchange rate adjustment	184	12	196
Cost price 31 December	**14,491**	**14,406**	**28,897**
Depreciations and impairments 1 January	-220	0	-220
Depreciations	-1,537	0	-1,537
Impairments	0	0	0
Exchange rate adjustment	-8	0	-8
Depreciations and impairments 31 December	-1,765	0	-1,765
Accounting value 31 December	**12,726**	**14,406**	**27,132**

The milk quota in 2007 was 19.3 million kg.

FirstFarms' Management has carried out impairment test of the accounting value of intangible assets of DKK 27.1 million, which mostly can be assigned to agricultural activities in Slovakia. The impairment has been prepared on grounds of expectations to the cash flow the next 5 years, from an expectation of unchanged prices of milk, crops etc. For the impairment test a return of 10 percent (after tax) and a growth in the terminal period of 2 percent has been used.

The impairment test carried out on the activities in Slovakia has shown that the value of the activities is above the accounting value of the assets (including intangible assets).

The parent company had no intangible assets.

Group 2006			
DKK 1,000	**Milk quota**	**Goodwill**	**Total**
Cost price 1 January	0	0	0
Addition by establishment of Group	6,873	2,891	9,764
Correction, cp. note 27	0	836	836
Disposal	0	0	0
Exchange rate adjustment	586	0	586
Cost price 31 December	**7,459**	**3,727**	**11,186**
Depreciations and impairments 1 January	0	0	0
Depreciations	-211	0	-211
Impairments	0	0	0
Exchange rate adjustment	-9	0	-9
Depreciations and impairments 31 December	-220	0	-220
Accounting value 31 December	**7,239**	**3,727**	**10,966**

The milk quota in 2006 was 11.5 million kg.

The parent company has no intangible assets.

14 Tangible assets

Group 2008 DKK 1,000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Construction work under execution	Total
Cost price 1 January 2008	120,469	46,136	1,982	19,589	188,176
Addition from acquisition of companies, cp. note 27	40,179	0	0	0	40,179
Addition	76,740	33,150	717	48,202	158,809
Disposal	-5,461	-13,744	-9	0	-19,214
Exchange rate adjustment	-6,531	5,853	-46	791	67
Cost price 31 December 2008	**225,396**	**71,395**	**2,644**	**68,582**	**368,017**
Depreciations and impairments 1 January 2008	-3,030	-7,821	-361	0	-11,212
Depreciations	-2,841	-12,830	-249	-587	-16,507
Disposal	2,068	11,765	1	0	13,834
Exchange rate adjustment	-512	-3,856	1	5	-4,362
Depreciations and impairments 31 December 2008	-4,315	-12,742	-608	-582	-18,247
Accounting value 31 December 2008	**221,081**	**58,653**	**2,036**	**68,000**	**349,770**
- assets held under finance lease	0	18,185	0	0	18,185
Depreciation period	15-30 years	5-10 years	3-7 years	-	-

To secure bank guarantees of DKK 34.9 million in the Slovakian subsidiaries, a security in the company's activities in Slovakia was given. Commitment to acquire fixed assets regarding completion of the cattle stall project amounts to DKK 32 million.

Group 2007 DKK 1,000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Construction work under execution	Total
Cost price 1 January 2007	48,562	33,800	393	0	82,755
Addition from acquisition of companies, cp. note 27	19,891	2,120	0	0	22,011
Addition	56,188	11,566	1,625	19,483	88,862
Disposal	0	-2,228	0	0	-2,228
Exchange rate adjustment	-4,172	878	-36	106	-3,224
Cost price 31 December 2007	**120,469**	**46,136**	**1,982**	**19,589**	**188,176**
Depreciations and impairments 1 January 2007	-740	-2,119	-18	0	-2,877
Depreciations	-2,263	-6,949	-338	0	-9,550
Disposal	0	1,338	0	0	1,338
Exchange rate adjustment	-27	-91	-5	0	-123
Depreciations and impairments 31 December 2007	-3,030	-7,821	-361	0	-11,212
Accounting value 31 December 2007	**117,439**	**38,315**	**1,621**	**19,589**	**176,964**
- assets held under finance lease	0	3,939	95	0	4,034
Depreciation period	15-30 years	5-10 years	3-7 years	-	-

To secure bank guarantees in the Slovakian subsidiaries, a security in the company's activities in Slovakia was given. In 2007, an agreement of construction of new cattle stables in Slovakia was made, which is expected to be completed at the end of 2009. At the end of 2006, no commitments of fixed assets were made.

Group 2006 DKK 1,000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost price 1 January 2006	0	0	0	0
Addition from acquisition of companies, cp. note 27	49,179	28,328	345	77,852
Addition	603	4,740	20	5,363
Disposal	-5,012	-1,683	0	-6,695
Exchange rate adjustment	3,792	2,415	28	6,235
Cost price 31 December 2006	**48,562**	**33,800**	**393**	**82,755**
Depreciations and impairments 1 January 2006	0	0	0	0
Depreciations	-790	-2,075	-17	-2,882
Disposal	87	41	0	128
Exchange rate adjustment	-37	-85	-1	-123
Depreciations and impairments 31 December 2006	-740	-2,119	-18	-2,877
Accounting value 31 December 2006	**47,822**	**31,681**	**375**	**79,878**
- assets held under finance lease	0	2,316	330	2,646
Depreciation period	15-30 years	5-10 years	3-7 years	-

Book value of purchased farm land	2008		2007		2006	
DKK 1,000	Hectares	DKK	Hectares	DKK	Hectares	DKK
Farm land in Slovakia	395	9,318	238	4,270	98	1,525
Farm land in Romania	8,791	140,591	4,576	62,516	0	0

In February 2009, FirstFarms received a certified evaluation of the land in Romania that indicated the total value to be DKK 185 million, corresponding to an average price of DKK 21,044 per hectare. The average accounting value in 2008 in Slovakia is DKK 23,590 per hectares (2007: DKK 17,941 per hectare), whilst the average price in 2008 in Romania is DKK 15,993 per hectare (2007: DKK 13,662 per hectare).

Parent company 2008 DKK 1,000	Fixtures and fittings, tools and equipment
Cost price 1 January 2008	952
Addition	42
Disposal	0
Cost price 31 December 2008	**994**
Depreciations and impairments 1 January 2008	-152
Depreciations	-225
Disposal	0
Depreciations and impairments 31 December 2008	-377
Accounting value 31 December 2008	**617**
- assets held under finance lease	0
Depreciation period	3-7 years

Parent company 2007 DKK 1,000	Fixtures and fittings, tools and equipment
Cost price 1 January 2007	0
Addition	952
Disposal	0
Cost price 31 December 2007	**952**
Depreciations and impairments 1 January 2007	0
Depreciations	-152
Disposal	0
Depreciations and impairments 31 December 2007	-152
Accounting value 31 December 2007	**800**
- assets held under finance lease	0
Depreciation period	3-7 years

15 Capital shares in associated companies

Parent company 2007 DKK 1,000	2008	2007	2006
Cost price 1 January	0	0	0
Purchase of 50 % of FirstFarms Slovakiet ApS (Investeringsselskabet Slovagri ApS)	0	0	11,594
Purchase of further 50 % of FirstFarms Slovakiet ApS (Investeringsselskabet Slovagri ApS)	0	0	11,000
Transferred to capital shares in subsidiaries	0	0	-22,594
Cost price 31 December	0	0	0
Accounting value 31 December	**0**	**0**	**0**

16 Capital shares in subsidiaries

Parent company 2007 DKK 1,000	2008	2007	2006
Cost price 1 January	22,720	22,594	0
Addition by establishment of Group	0	0	22,594
Addition in the period	0	126	0
Cost price 31 December	22,720	22,720	22,594
Accounting value 31 December	**22,720**	**22,720**	**22,594**

Addition in the period in 2007 regarded establishment of FirstFarms Rumænien ApS.

Company	Domicile	Share
FirstFarms Slovakiet ApS	Denmark	100 %
- FirstFarms s.r.o.	Slovakia	
- FirstFarms Agra M. s.r.o.	Slovakia	
- FirstFarms Mast Stupava A/S	Slovakia	
- FirstFarms Mlyn Zahorie A/S	Slovakia	
FirstFarms Rumænien ApS	Denmark	100 %
- FirstFarms s.r.l.	Romania	
- SC Cistapibe s.r.l.	Romania	
- FirstFarms Agro s.r.l.	Romania	
- FirstFarms Agro East s.r.l.	Romania	

All companies are 100 percent owned by the FirstFarms Group.

17 Inventories

	Group			Parent company		
DKK 1,000	2008	2007	2006	2008	2007	2006
Raw materials and other materials	12,041	7,592	4,640	0	0	0
Manufactured goods and commodities, grain, fodder etc.	33,028	10,581	10,244	0	0	0
Total	**45,069**	**18,173**	**14,884**	**0**	**0**	**0**
Accounting value of inventories included at fair value	33,028	10,581	10,244	0	0	0
Write-downs	11,197	1,045	0	0	0	0
Reversed write-downs	0	0	0	0	0	0

The write-down on inventories is primarily regarding the stock of crops. At transition, in connection with harvest, the stock is valuated at market value. By a subsequent decrease in the value, the amount is creditted in production costs.

18 Receivables

DKK 1,000	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
Receivables from sales	9,837	10,160	5,136	0	0	0
Other receivables	13,392	20,033	18,886	440	1,161	498
Purchase price received, discontinued operations	3,461	0	0	0	0	0
Receivables from associated companies	0	0	0	433,973	226,175	69,611
Total	**26,690**	**30,193**	**24,022**	**434,413**	**227,336**	**70,109**

Impairments, contained in the receivables above, developed as follows:	2008	2007	2006
1 January	1,300	1,077	2,002
Addition as result of purchased subsidiary	0	201	0
Impairments in the year	554	0	0
Implemented in the year	0	0	-1,123
Reversed	0	0	0
Exchange rate adjustments	149	22	198
31 December	**2,003**	**1,300**	**1,077**

In 2007 and 2008, no securities have been received from receivables from sales. Most of the Group's receivables from sales can be assigned to the RAJO dairy.

Receivables, which per 31 December were over due, but not impaired, can be seen below.

DKK 1,000	2008	2007	2006
Period of decadence:			
Up to 30 days	550	1,292	8
Between 30 and 90 days	1,001	317	0
Over 90 days	342	1,967	0

19 Share capital

Issued shares	Amount (pcs.)			Nominal value (DKK)		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
1 January	4,712,241	4,712,241	1,280	471,224,100	471,224,100	128,000
Capital increase at the time of share conversion	0	0	100,000	0	0	10,000,000
Capital increase at the time of issuing bonus shares	0	0	481,244	0	0	48,124,400
Capital increase at the time of stock issue	0	0	4,129,717	0	0	412,971,700
31 December	**4,712,241**	**4,712,241**	**4,712,241**	**471,224,100**	**471,224,100**	**471,224,100**

The share capital consists of 4,712,241 shares at nominal DKK 100. No shares are attributed special rights. Until September 2006 the company's capital was registered as share capital.

On 11 December 2008, the company's shareholders decided on an extraordinary general meeting to decrease the share capital with DKK 424 million and also that the decreased amount is transferred to a special fond. After expiration of proclamation period, the share capital is thus expected to be decreased to DKK 47.1 million, whilst the number of shares is unchanged.

Capital management
The capital structure in FirstFarms is evaluated continuously. To see the Groups' policies on profit distribution, debt finance etc., see p. 29 concerning profit, p. 16 for risk management and p. 4 regarding investment strategy and –criteria. The realised equity return for 2008 was -5.4 percent (2007: 0.6 percent)

Capital structure
The company's Management reviews FirstFarms' ownership and capital structure on an ongoing basis. The company does not hold any of its own shares, which is why the percentage of negotiable FirstFarms shares, or the free float, is 100 percent. On the ordinary general meeting on 22 April 2008, authority was given to the company to acquire up to 10 percent of the company's own shares. The authority was not used in 2008, but in connection with the issuance of warrants for the company's Management and for employees in Denmark and abroad, FirstFarms' Board of Directors is authorised to carry out the capital increase associated with the warrants. Until 31 August 2011, the Board of Directors has the authority to issue 72,500 share options corresponding to DKK 7,250,000.

Dividend
It is FirstFarms' dividend policy that the shareholders shall have a return on their investements in the form of share price increases and dividends. The company does not expect to pay out dividend for the next 2-3 years, cp. the section »Shareholder information« on page 29.

20 Deferred tax

Group DKK 1,000	2008	2007	2006
Deferred tax 1 January	12,441	9,002	0
Addition from acquisition of companies	4,770	3,292	10,139
Exchange rate adjustment	-979	-167	852
Deferred tax of the year calculated in net profit/loss	-5,880	354	-689
Deferred tax - equity entries	0	-40	-1,300
Deferred tax 31 December	**10,352**	**12,441**	**9,002**
How deferred tax is calculated in the balance:			
Deferred tax (asset)	-3,054	-700	-1,796
Deferred tax (liability)	13,406	13,141	10,798
Deferred tax 31 December, net	**10,352**	**12,441**	**9,002**
Deferred tax concerns:			
Intangible assets	333	632	1,141
Tangible assets	10,540	10,514	8,457
Biological assets	4,404	4,314	1,305
Other liabilities	-638	-909	-105
Deficits with right to put forward	-4,287	-2,110	-1,796
Total	**10,352**	**12,441**	**9,002**

All deferred tax assets and obligations are included in the balance sheet. The fiscal deficits concern mostly the Group's foreign activities and are activated on the assumption that positive taxable income will be obtained within a peridod of 1-3 years.

2007
All deferred tax assets and obligations are included in the balance sheet. The fiscal deficits concern mostly the Slovakian companies and are activated on the assumption that a positive taxable income in 2008/09 will be obtained. The activated deficit in 2006 concerned mostly the parent company and was activated on the assumption that a positive taxable income in 2007 would be obtained due to a significant financial income.

Change in interim differences in 2008

DKK 1,000	Balance 1/1-2008	Included in net profit/loss, net	Addition as a result of purchased companies, cp. note 27	Exchange rate adjustments	Deferred tax – equity entries	Balance 31/12-2008
Intangible assets	632	-359	0	60	0	333
Tangible assets	10,514	-3,552	4,770	-1,192	0	10,540
Biological assets	4,314	270	0	-180	0	4,404
Other accounting items	-909	491	0	-220	0	-638
Deficits with right to put forward	-2,110	-2,730	0	553	0	-4,287
Total	**12,441**	**-5,880**	**4,770**	**-979**	**0**	**10,352**

Change in interim differences in 2007

DKK 1,000	Balance 1/1-2007	Included in net profit/loss, net	Addition as a result of purchased companies, cp. note 27	Exchange rate adjustments	Deferred tax – equity entries	Balance 31/12-2007
Intangible assets	1,141	-533	0	24	0	632
Tangible assets	8,457	-1,293	3,500	-150	0	10,514
Biological assets	1,305	3,050	0	-41	0	4,314
Other accounting items	-105	-596	-208	0	0	-909
Deficits with right to put forward	-1,796	-274	0	0	-40	-2,110
Total	**9,002**	**354**	**3,292**	**-167**	**-40**	**12,441**

Change in interim differences in 2006

DKK 1,000	Balance 21/9-2006	Included in net profit/loss, net	Exchange rate adjustments	Deferred tax – equity entries	Balance 31/12-2006
Intangible assets	1,306	-276	111	0	1,141
Tangible assets	7,743	61	653	0	8,457
Biological assets	1,177	22	106	0	1,305
Other accounting items	-87	0	-18	0	-105
Deficits with right to put forward	0	-496	0	-1,300	-1,796
Total	**10,139**	**-689**	**852**	**-1,300**	**9,002**

Parent company			
DKK 1,000	**2008**	**2007**	**2006**
Deferred tax 1 January	21	-1.638	0
Deferred tax of the year calculated in net profit/loss	-8	1.699	-338
Deferred tax – equity entries	0	-40	-1.300
Deferred tax 31 December	**13**	**21**	**-1.638**
How deferred tax is calculated in the balance:			
Deferred tax (asset)	0	0	-1.638
Deferred tax (liability)	13	21	0
Deferred tax 31 December, net	**13**	**21**	**-1.638**

2008
The deferred tax at the end of 2008 can mostly be assigned to tangible fixed assets.

2007
The deferred tax at the end of 2007 could mostly be assigned to tangible fixed assets.

2006
In 2006, the deferred tax assets concerned at the most deficits with right to put forward.

21 Debts to credit institutions

Liabilities are recognised in the balance as follows:

	Group			Parent company		
DKK 1,000	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Non-current liabilities	27,165	6,216	0	0	0	0
Current liabilities	18,769	10,295	25,628	0	0	0
Total	**45,934**	**16,511**	**25,628**	**0**	**0**	**0**
Fair value	45,934	16,511	25,628	0	0	0
Nominal value	45,934	16,511	25,628	0	0	0
- of this fixed interest	0	0	0	0	0	0

Current maturity:	**2008**	**2007**	**2006**
Within 1 year	18,769	10,295	25,628
1-5 years	27,165	6,216	0
Total accounting value	**45,934**	**16,511**	**25,628**

The fair value is calculated as present value of expected future repayments and interest payments. No specific terms or conditions are attached to the Group's loan including leasing obligations. The Group's debts to credit institutions were carried with variable interests and estimated in Slovak koruna (SKK).

Financial leases

Obligations regarding financial leased assets incur in debts to credit institutions:

2008 DKK 1,000	**Contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	4,351	-684	3,667
1-5 years	7,978	-648	7,330
> 5 years	0	0	0
Total	**12,329**	**-1,332**	**10,997**

2007 DKK 1,000	**Contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	1,732	-247	1,485
1-5 years	2,351	-167	2,184
> 5 years	0	0	0
Total	**4,083**	**-414**	**3,669**

2006 DKK 1,000	**Contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	1,135	-340	795
1-5 years	1,437	-207	1,230
> 5 years	0	0	0
Total	**2,572**	**-547**	**2,025**

22 Supplier debts and other debt obligations

DKK 1,000	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
Loan	20,000	0	0	20,000	0	0
Supplier debts	22,201	12,117	24,890	250	250	17,401
Other debt obligations	7,153	11,879	8,118	988	1,755	1,202
Total	**49,354**	**23,996**	**33,008**	**21,238**	**2,005**	**18,603**

23 Outstanding corporation tax

DKK 1,000	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
Outstanding corporation tax 1 January	821	205	0	610	0	73
Addition from acquisition of companies	0	0	120	0	0	0
Current tax of the year	4,057	821	205	3,724	626	0
Paid corporation tax	-821	-205	-120	-610	-16	-37
Adjustments	0	0	0	0	0	-36
Outstanding corporation tax 31 December	**4,057**	**821**	**205**	**3,724**	**610**	**0**

24 Contingent assets, liabilities and securities

Securities
Securities for bank debts of DKK 34.9 million in the Slovakian subsidiaries has been given as forfeit in the companies' assets (2007: DKK 16.5 million),

Security for the parent company's loan of DKK 20 million, forfeit has been given in the Romanian subsidiary FirstFarms Agro East s.r.l.

The parent company has guaranteed for the subsidiaries' liabilities.

25 Change in working capital

DKK 1,000	Group 2008	Group 2007	Group 2006	Parent company 2008	Parent company 2007	Parent company 2006
Change in biological assets and inventories	-32,220	-11,307	-6,235	0	0	0
Change in receivables etc.	5,261	-2,118	-4,4,57	708	-777	-498
Change in supplier debts, other debt obligations and accruals	13,663	4,162	-5,747	-767	-497	1,570
Total	**-13,296**	**-9,263**	**-16,439**	**-59**	**-1,274**	**1,072**

26 Non-cash transactions

DKK 1,000	2008	2007	2006
Acquisition of tangible assets, cp. note 14	158,809	88,862	5,363
Of this financial leased assets	-10,787	-3,088	0
Paid regarding acquisition of tangible assets	**148,022**	**85,774**	**5,363**
Proceeds at raising financial debt liabilities	19,601	6,216	0
Of this leasing debt	-6,908	-2,406	0
Received at raising financial debt liabilities	**12,693**	**3,810**	**0**

27 Purchase of companies and activities

2008

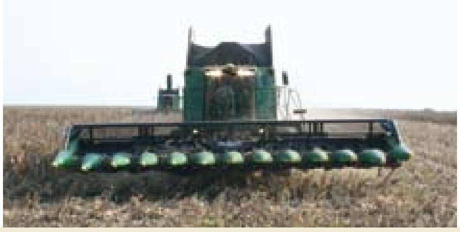
24 July 2008, FirstFarms A/S took over the Romanian company SC Agrisole s.r.l. which was paid cash with totally DKK 23.9 million.

A specification of fair values for the net assets taken over is shown below. The specification is temporary.

DKK 1,000	Fair value at takeover	Accounting value before takeover
Tangible assets	40,179	10,370
Current assets	454	454
Deferred tax, net	-4,770	0
Other liabilities	-11,987	-11,987
Net assets taken over	**23,876**	**-1,163**
Cost price	23,876	-

Since the takeover, SC Agrisole s.r.l. enters the turnover in the year and the result of continued operations with DKK 0 and DKK -0.7 million, respectively.

Before the takeover SC Agrisole s.r.l. purchased farm land. There was no operation in the company.



2007

In the financial year 2007, FirstFarms A/S took over two new companies and paid cash with a total amount of DKK 25.99 million. Current bank debt of DKK 4.23 million was taken over at the transactions.

A specification of fair values for the net assets taken over is shown below.

Mlyn Zahorie A/S

As per 25 October 2007, FirstFarms took over the Slovakian company Mlyn Zahorie A/S, which gave the following calculation:

DKK 1,000	**Fair value at takeover**	**Accounting value before takeover**
Plant and buildings	3,796	1,405
Machinery	2,120	2,587
Biological assets	1,543	1,543
Inventories	267	267
Receivables from sale	1,575	1,665
Outstanding amount of grants etc.	3,073	4,080
Current bank debt	-4,230	-4,230
Supplier debt	-3,069	-3,069
Deferred tax, net	-810	-653
Other liabilities	-1,208	-1,208
Net assets taken over	**3,057**	**2,387**
Goodwill	10,667	0
Cost price	13,724	2,387
- of this current bank debt	4,230	-
Cost price cash	17,954	-

In the period 25/10-31/12-2007, a turnover of DKK 0.7 million and a result of DKK -0.8 million were realised.

If the company had been owned for the whole of 2007, turnover and result would have amounted to DKK 9.2 million and DKK 1.6 million, respectively.

SC Cistapibe s.r.l.

As per 24 September 2007, FirstFarms took over the Romanian company SC Cistapibe s.r.l., which gave the following calculation:

DKK 1,000	**Fair value at takeover**	**Accounting value before takeover**
Tangible assets	16,095	580
Current assets	103	103
Deferred tax, net	-2,482	0
Other liabilities	-1,447	-1,447
Net assets taken over	**12,269**	**-764**
Cost price	12,269	-764

In the period 24/9-31/12-2007, a turnover of DKK 0.0 million and a result of DKK -0.1 million were realised.

If the company had been owned for the whole of 2007, turnover and result would have amounted to DKK 0.0 million and DKK -0.1 million, respectively.

Estimation of goodwill is temporary.

2006

At share conversion on 21 September 2006 the FirstFarms Group was established. At the time of Group establishment, estimation was made in accordance to IFRS 3 of all identifiable assets and liabilities concerning estimation of the fair value. A review of the consequences appears below.

DKK 1,000	**Net assets**	**Reassessment**	**Fair value at takeover**
Milk quota	0	6,873	6,873
Tangible assets	70,637	7,215	77,852
Biological assets – non-current	16,430	-6,873	9,557
Biological assets – current	16,565	0	16,565
Inventories	10,210	0	10,210
Other current assets	19,818	0	19,818
Non-current debt liabilities	-38,999	0	-38,999
Deferred tax, net	-8,768	-1,371	-10,139
Other liabilities	-72,686	0	-72,686
Net assets 100 %	**13,207**	**5,844**	**19,051**
Of this minority interests			-2,833
Total			**16,218**
Takeover share 50 %			8,109
Paid non-cash remuneration with own shares			11,000
Goodwill			2,891

As shown above, a reassessment has been made of the company's land and buildings. The basis for the assessment is expert estimates prepared in connection with the company's purchase of the operating companies etc.

In connection with the gradual takeover of the Slovakian activities, a net revaluation of DKK 0.299 million was found, which has been included direct in the Groups' equity. The revaluation is composed of a positive adjustment of approx. DKK 3 million regarding the original share part of 25 percent of Westpro s.r.o. and a negative adjustment of approx. DKK 3 million regarding the purchase of the first 50 percent of FirstFarms Slovakiet ApS. Goodwill has not been found at these acquisitions. Net turnover and result of the year would have amounted to DKK 48 million and DKK -1 million, respectively, if the Group had been established 1 January 2006.

Subsequently, a new assessment has been made of current biological assets of DKK -2.23 million, which caused an increase of the temporary calculated goodwill with DKK 0.84 million and a reduction of the equity with DKK 1.39 million.

28 Available

	Group			**Parent company**		
DKK 1,000	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Available funds	13,288	186,177	347,796	7,028	180,350	346,063
Current debt for credit institutions	-18,769	-10,295	-25,628	0	0	0
Available 31 December	**-5,481**	**175,882**	**322,168**	**7,028**	**180,350**	**346,063**

29 Risk of interests and exchange rates etc.

Due to the fact that FirstFarms operates, invests and finances abroad, the company is exposed to fluctuations in exchange rates and interest rates. FirstFarms' policy is not to make speculation. The financial control of the Group is made to control the financial risks, which are a consequence of the Group's operations and finance.

There are no significant changes in the Group's risk exposure or risk management compared to 2007.

To a large extent FirstFarms' foreign companies are not affected of exchange rate fluctuations because both revenues and costs are settled in domestic currency. The income statement in the Group accounts will therefore mainly be affected by conversion of the subsidiaries' result in DKK.

In the following, the consequences of changes in interest rates, exchange rates and other important factors are given to assess the company's expectations for 2008.

In 2008, FirstFarms' activities are be placed in Slovakia and Romania. By a 10 percent change in the euro and the Romanian lei, the EBIT-result for the Group will change by DKK 1 million and DKK 1 million, respectively. Furthermore, a direct effect on the equity will show due to a changed conversion of assets and liabilities.

Due to a low external financing, the Group is in less extent influenced by changes in the interest rate level. A change in the interest rate with 1 percentage point will entail a change of the financial items (net) with DKK -0.3 million.

FirstFarms' result will mainly be affected by changes in the milk price, where a change in the milk price of 10 percentage will cause a change in the EBIT-result of DKK 5 million. In addition to this, a value adjustment on biological assets (value of stock) as a result of changes in milk prices can occur.

A 10 percent change in the price or quantity of sales crops will entail a change in the EBIT-result of DKK 5 million.

Regarding credit risks, please see note 18 concerning receivables.

Liquid funds
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.

30 Operational leasing

Minimum irredeemable operational leasing payments are as follows:

	Group			Parent company		
DKK 1,000	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
0-1 year	0	0	1,198	0	0	0
1-5 years	0	0	3,138	0	0	0
> 5 years	0	0	0	0	0	0
Total	**0**	**0**	**4,336**	**0**	**0**	**0**

The Group has earlier leased work material in operational leasing contracts (2006) with a currency of 2-8 years. None of the leasing contracts comprised conditioned rental payments.

Agricultural activity in foreign subsidiaries is partly carried out by ownership of farm land and partly by making leasing contracts. In Slovakia, the yearly rent is determined by the official unit of land valuation and in Romania as per agreement. Payment of leasing contracts is not included in the table above.

2008
In the income statement for 2008 DKK 1.5 million was put to cost regarding land lease (2007: DKK 1.5 million). Costs at the same level is expected in 2009. In the following years, the amount is not expected to change significant by renting the same area.

Per 31 December 2008, FirstFarms has leased 7,850 hectares in total in Slovakia, distributed on 5,000 lease contracts with a currency of 1-15 years (2007: 8,000 hectares distributed on 5,200 lease contracts). The greater part has a currency of 5, 10 and 15 years, but with continuous renewal.

As per 31 December 2008, FirstFarms has in Slovakia entered leasing contracts with option to purchase of approx. 200 hectares.

In Romania leasing contracts have been entered of 400 hectares of land to cultivate in the 2008/09.

2007
In the income statement 2007 for the Group an operational leasing payment for work material of DKK 0.2 million is included (2006: DKK 0.3 million).

In the income statement for 2007 for the Group DKK 1.5 million was put to cost in regard to rent of land (2006: DKK 0.3 million).

Per 31 December 2007, FirstFarms leased 8,000 hectares in total, distributed on approx. 5,200 lease contracts with a currency of 1-15 years (2006: Approx. 6,200 hectares distributed on approx. 5,000 lease contracts). The greater part has a currency of 5, 10 and 15 years, but with continuous renewal.

Per 31 December 2007, FirstFarms had entered lease contracts with option to purchase approx. 225 hectares.

31 Accounting control of FirstFarms' annual report for 2006 and interim report per 30 June 2007

The Danish Securities Council has completed an accounting control of the company's annual report for 2006 and interim report per 30 June 2007. On 26 November 2008, the Danish Securities Council has decided the following:

Milk quota

In the Eastern European countries, that FirstFarms operates in the milk quota system is considerable different compared to the system in Denmark. In Slovakia it is not possible to trade milk quota separately. The milk quota is attributed to a stock of cattle and milk quota can only be acquired by buying the cows concerned. As a consequence that milk quota may not be traded separately in Slovakia and therefore no pricing exists, FirstFarms has until now handled the live stock with milk quota as one unified group of assets under biological assets. The Danish Securities Council states that FirstFarms shall isolate the value of milk quota at acquisition of live stock and treat the milk quota as intangible assets. The stock of cattle is still to be treated as biological assets. The Danish Securities Councils' decision entails that FirstFarms at acquisition of live stock with milk quota by estimation shall split up the cost price in separate cost prices for milk quota and dairy cattle in preparation for the subsequent accounting consideration. The milk quota must be included as intangible assets based on the estimated cost price. EU has announced that the milk quota system ceases per 31 March 2015. The acquired milk quota is therefore depreciated from acquisition to 31 March 2015. The stock of cattle is hereafter included at estimated fair value for dairy cattle with deduction of realization costs. As a result of that the cattle for milk production is treated including milk quota on the Eastern European markets, the running measurement of the live stock at sales value with deduction of realization costs demands for estimates starting from values in traded dairy herd, fat stock, development in local milk prices, the cows' productivity and comparative figures for dairy cattle on other European markets.

Comparative figures

The Danish Securities Council has pointed out that FirstFarms in the Group account for 2006 and in the interim report 30 June 2007 has not shown comparative figures for the period prior the Group establishment. The comparative figures should according to the Danish Securities Council only consist of the parent company's figures, as the "Group" at that time only consisted of the parent company.

Consequences for presentation of the accounts

FirstFarms has complied with the decision from the Danish Securities Council, even though it is the Managements opinion that the split up of cost price for livestock on milk quota and dairy cattle as a result of the rules on FirstFarms' markets is based on a high degree of estimations.

FirstFarms has changed the accounting policy retrospective to the time of Group establishment, where the accounting items in question entered FirstFarms' accounts for the first time. As a consequence of the decision, FirstFarms has chosen to include 2 years comparative figures in the annual report, just as the financial highlights and key ratios in the 5 year review have been adjusted.

The changes in accounting policy and comparative figures have affected the submitted reports for 2006, 2007 and interim report 30 September 2008:

	2008		2007		2006	
DKK 1,000	Result 1/1-30/9	Equity 30/9	Result 1/1-31/12	Equity 31/12	Result 1/1-31/12	Equity 31/12
Earlier announced	-1,316	434,848	4,678	425,099	-509	424,632
Depreciation of milk quota	-1,421	-1,421	-1,537	-1,537	-211	-211
Regulation of fair value for cattle stock due to changed accounting policy regarding milk quota	0	0	-1,269	-1,269	-1,243	-1,243
Tax effect	270	270	533	533	276	276
Further comparative figures	-	-	-	-	-274	-
Exchange rate effect at consolidation	-	105	-	-34	-	-9
Adjusted	**-2,467**	**433,802**	**2,405**	**422,792**	**-1,961**	**423,445**
Earlier regulation	0	-3,494	0	-1,187	0	0
Adjusted	**-2,467**	**430,308**	**2,405**	**421,605**	**-1,961**	**423,445**

The decision has not had an effect for the parent company's account.

32 Discontinued activities

Discontinued activities concern the flourmill that came with the purchase of the Slovakian company Mlyn in 2007. The mill is per 30 December 2008 sold at DKK 3.5 million. The amount is entered as a credit at the time of discontinuance.

Group DKK 1,000	2008	2007[1]	2006
Net turnover	9,617	538	-
Costs	-9,282	-909	-
Pre-tax result	335	-371	-
Tax of result	-64	70	-
Result after tax	271	-301	-
Pre-tax result of sale	-1,311	-	-
Tax effect of sale	249	-	-
Result of sale after tax	-1,062	-	-
Result of the year of discontinued activities	**-791**	**-301**	**-**
Earnings of discontinued activities per share, DKK	-0.17	-0.06	-
Diluted earnings of discontinued activities per share, DKK	-0.17	-0.06	-
Cash flow from operations	335	-371	-
Sales sum	3,461	-	-
Total cash flow	**3,796**	**-371**	**-**

[1] *25/10-31/12-2007*

In line with IFRS 5 FirstFarms A/S has not reclassified amounts in the balance regarding earlier periods, where assets and belonging obligations did not fulfill the criteria of being “intended for sale”.

As the mill is sold at the end of 2008 assets as well as obligations constitute DKK 0.

33 Related parties

FirstFarms A/S do not have shareholders with determinative influence on FirstFarms A/S.

FirstFarms A/S’ related parties with determinative influence include the Management and the Board of Directors in the company. Related parties also include the company where the above mentioned persons have considerable interests. Besides remuneration, cp. note 5, no transactions with the Board of Directors and Management have been made.

For a description of accounts between related companies, see the balance of the parent company and note 9 and 10 as regards to returns on accounts.

FirstFarms’ chairman of the Board of Directors Henrik Hougaard is also shareholder and chairman of the Board of Directors in a company, with whom FirstFarms has entered loan agreement of DKK 20 million, cp. note 24. The loan agreement is entered on market terms.

In 2008, FirstFarms A/S has invoiced group contributions etc. of DKK 1.02 million (2007: DKK 0.89 million, 2006: DKK 0)

34 Subsequent events

After the balance day 31 December 2008, no essential events on the presentation of FirstFarms' accounts have occurred.

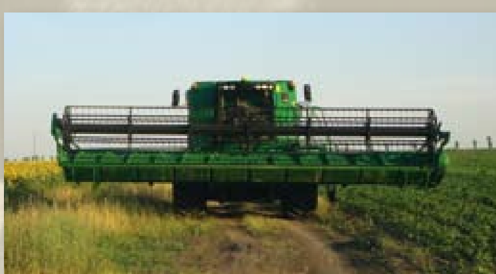
35 New accounting regulation

IASB has issued the following new accounting policies (IAS and IFRS) and interpretations (IFRIC), which are not compulsory for FirstFarms A/S at the time of preparation of the annual report 2008: IAS 1, 23 and 27, IFRS 2, 3 and 8, IFRIC 12 and 13 and 15-18 and "amendments to IAS 32 and IAS 1", "amendments to IAS 39" and "amendments to IFRS 1 and IAS 27" and "improvements to IFRSs May 2008". IFRS 3, IAS 27, the mentioned amendments and IFRIC 12, 15-18 have not yet been approved by EU.

FirstFarms A/S expects to implement the new accounting policies and interpretations when they become compulsory in 2009 and 2010, respectively. Policies and interpretations approved in EU with other in force dates than the proportional in force dates from IASBs will be implemented earlier, so that the implementation is following IASBs in force. None of the new policies or interpretations – except IAS 1 – are expected to have significant influence on FirstFarms A/S' presentation of accounts.

IAS 1(updated 2007) Presentation of Financial Statements applies to financial years starting 1 January 2009 or later. The standard changes the presentation of the primary statements in 2009.

Maize harvest in Romania - October 2008



FirstFarms

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