Annual report 2009

FirstFarms A/S
CVR: 28 31 25 04

Registered office: Billund

Summary

2009

- In 2009, FirstFarms realised a turnover of DKK 75.6 million, an EBIT-result of DKK -36.2 million and a pre-tax result of DKK -42.2 million.
- In 2009, the terms of trade were very bad, as the prices on milk, oil seed and grain products were low.
- In 2009, the yields were lower than expected due to a wet spring and drought at the end of the growth season. In Eastern Romania there were also great damages in the crops due to storm and hail.
- In Western Romania, land and companies were sold with a pre-tax profit of DKK 13.9 million.
- In 2009, the construction of cattle stables in Slovakia was delayed and entailed that a part of the assumed rationalisation gains in connection with completion of the new plant could not be realised. The construction is expected to be finished in the middle of 2010.

Expectations for 2010

In 2010, FirstFarms expects a turnover of DKK 90-95 million, an EBIT-result of DKK 0-5 million and a pre-tax result of DKK -5-0 million. The result is based on the following assumptions:

- An average settlement price on milk of DKK 2.24 per kg.
- An oil seed price of DKK 1,750-1,800 per tonne.
- A grain price in the level of DKK 745-895 per tonne.

FirstFarms A/S

FirstFarms A/S is a listed public limited company, who invests in agriculture and land in Eastern Europe. In Slovakia, FirstFarms operates 8,300 hectares of agricultural land, mainly leased, and has today a milk production consisting of 5,000 livestock, hereof 2,650 cows. In Romania the company owns 7,143 hectares of agricultural land. Large scale farming is operated in the two countries using Danish agricultural management and know-how, so future production of agricultural produce will be competitive in terms of price and quality.

Contents

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

Financial highlights and key ratios

Financial highlights for the Group DKK 1,000	**2009**	**2008**	**2007**	**2006**	**2005**
Turnover	75,605	59,490	58,213	9,183	0
Gross profit/loss	-29,954	1,404	11,520	1,129	0
Profit/loss from primary operations	-36,207	-25,710	-6,273	-1,971	-29
Net financial items	-5,971	2,273	10,154	-474	170
Pre-tax result of continued operations	-42,178	-23,437	3,881	-2,445	141
Net profit of continued operations	-37,070	-21,227	2,706	-1,961	67
Result of discontinued operations	0	-791	-301	0	0
Net profit	-37,070	-22,018	2,405	-1,961	67
Non-current assets	388,116	400,953	224,105	102,890	18,175
Current assets	127,007	128,131	267,645	403,073	81
Total assets	515,123	529,084	491,750	505,963	18,255
Share capital	47,122	471,224	471,224	471,224	128
Equity	352,091	394,785	421,605	423,445	211
Non-current liabilities	71,157	40,571	19,357	10,798	17,841
Current liabilities	91,875	93,728	50,788	71,720	203
Cash flow from operations	-26,183	-19,997	-3,524	-16,499	281
Cash flow for investment, net	9,178	-178,203	-129,461	-801	-10
Of which for investment in tangible assets	-50,363	-148,022	-85,774	-5,363	0
Cash flow from financing	24,329	14,220	-12,291	358,670	-334
Total cash flow	7,324	-180,184	-145,647	341,370	-63
Key ratios for the Group					
Gross margin	-0.4	2.4	19.8	12.3	-
Operating margin	-47.9	-43.2	-10.8	-21.5	-
Assets/equity	1.5	1.3	1.2	1.2	86.4
Earnings per share, DKK	-7.87	-4.67	0.51	-0.42	-
Diluted earnings per share, DKK	-7.87	-4.67	0.51	-0.42	-
Return on shareholders’ equity	-9.9	-5.4	0.6	-0.4	-
Average number of employees	211	219	208	194	0

Key ratios for the Group

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/loss x 100) / Turnover
Operating margin	(Profit/loss from primary operations x 100) / Turnover
Assets/equity	Total assets / Total equity
Return on equity	(Net profit x 100) / Average equity

The year 2009

2009 was a difficult year for FirstFarms and the year was particularly characterised by very low prices on agricultural products. The milk prices on the world market were also very low and in a period in 2009 the price in Slovakia was significant lower than the price in Denmark and other Western European countries.

The company is still constructing the cattle stables in Slovakia and in the summer 2010 the new modern facility will be finished. The construction has been underway for a long time and was delayed in the past year. Due to the delay of the construction, the milk production in 2009 was lower than expected because the purchase of the new cows was carried through later than the company had expected.

In 2009 the harvest in Europe was in general good and along with the lower demand that the financial crisis caused, it entailed that the prices on crops were very low. Due to local weather conditions FirstFarms' yields were lower than expected. For a longer period a significant part of the cultivated area in Eastern Romania had lied fallow. In connection with the re-cultivation of the land the crops were affected by the very severe drought that occurred in the cultivation area. The harvest was therefore bad even though the company's yields were higher than the average in the area.

In 2009, the company sold land and activities in Western Romania to centralise the activities in Romania in one operation centre. The company achieved a reasonable profit from the sale and at the same time the company secured its financial resources.

In the recent years, FirstFarms' growth strategy has been curbed by the fact that it has not been possible to achieve the financing that was expected when the company was listed in 2006. The company had established platforms in Slovakia and Romania that were able to generate the expected investments, productions and yields but due to i.e. the financial crisis it was necessary in 2009 to sell off the operation centre in Western Romania. In 2009 the company implemented cost savings that will also continue in 2010.

Due to the bad results in 2009, the Board of Directors chose to replace the CEO Kim Stokholm with me as the new, temporary CEO in FirstFarms A/S in February 2010. I have a strong professional foundation with over 25 years of experience as a farmer. I have a special veneration for FirstFarms A/S, given that I was one of the founders of the company in 2005. Since the listing I have been a member of FirstFarms' Advisory Board and in 2009 I entered the Board of Directors. In the same way as the company's other investors, it is in my interest that the company achieves its goals and I have a very good feeling about the company and fully believe in the concept. I have no doubt that the goals will be achieved. There are many tasks to be solved but my motto is: "Difficult tasks are solved right away while impossible tasks take a little longer".

2010 will be the year where FirstFarms will optimise the existing operation, completes the constructions in Slovakia and achieves a satisfactory level in the milk production. From 2011 and forth the company expects new challenges in Eastern Europe and with the new modern cattle stables there will be a strong basis for satisfactory earnings in the future.

Per Villumsen
CEO and board member

Management review

In 2009, FirstFarms realised a turnover of DKK 75.6 million, an EBIT-result of DKK -36.2 million and a pre-tax result of DKK -42.2 million. In 2009, the terms of trade were very bad, as the prices on milk, oil seed and grain products were low.

In 2009, the yields were lower than expected due to a wet spring and drought at the end of the growth season. In Eastern Romania there were also great damages in the crops due to storm and hail.

In Western Romania, land and companies were sold with a pre-tax profit of DKK 13.9 million.

The construction of cattle stables in Slovakia was delayed in 2009, which entailed that a part of the assumed rationalisation gains in connection with the completion of the new plant could not be realised. The construction is expected to be finished in the middle of 2010.

Commodity prices
In the period from 2007 to 2009 the price on raw milk showed very large fluctuations. The average settlement price for FirstFarms' milk in Slovakia was in 2007 DKK 2.27, in 2008 DKK 2.64 and in 2009 DKK 1.69. From December 2008 to May 2009 the settlement price decreased with 32 percent and reached a low ebb, which was significant lower than in Denmark and most of the Western European countries. In July 2009 the settlement prices began to increase again and at the end of December 2009 they reached a level of approx. DKK 2.08, which almost corresponded to the level in December 2008. The low milk prices have entailed significant production losses for the whole milk sector, but Slovakia was particularly afflicted resulting in production decrease, as the Slovakian farmers are not very consolidated and have poor opportunity of financing. In Slovakia, it is therefore expected that the national milk quota allotted by EU cannot by utilised with more than 80 percent. The expectations in EU for the milk market in 2010 are in general a steadier development with minor increasing prices through the summer.

In 2009, the prices on grain and oilseed also decreased worldwide. This was among other things caused by the financial crisis, low prices on crude oil and two years in a row with record-breaking yields worldwide, especially for wheat. The world's transition stock for wheat, measured in consumption in days, increased from 71 days in 2007 to 108 days in 2009, corresponding to a stock increase of 37 percent in 2008 and 16 percent in 2009. For oilseed the fluctuations were smaller with a stock increase of 23 percent from 2008 to 2009. The prices have stabilised after a decrease of 35-45 percent in 2009 compared to the period from the middle of 2007 to the middle of 2008. Structural problems in Eastern Europe also entail significant lower actual market prices when selling crops compared to the Western European markets. The expectations for the market prices on agricultural products in 2010 are very uncertain, but it is expected to be unlikely that considerable increases will be seen in the short run.

Exchange rate adjustment
As per 1 January 2009 Slovakia transferred its currency to euro and it is therefore estimated that exchange rate risk compared to the activities in Slovakia is limited.

The Romanian currency, lei, decreased with approx. 5.5 percent in 2009, which had a negative influence on the equity of approx. DKK 6 million.

Grants
The EU grant for the milk production in Slovakia is a non-connected grant, which constituted DKK 5.1 million in 2009. The grant is expected to continue unchanged until the present agricultural support schemes shall be renewed in 2015. Both Slovakia and Romania are commissioning the agricultural schemes after enrolment in EU. For 2010 FirstFarms also expects hectare grant of DKK 11.5 million in Slovakia along with ecology grant of DKK 1.8 million. In Romania, grants for DKK 2.9 million are expected.

There is also possibility to achieve grant for investments from EU's structural funds.

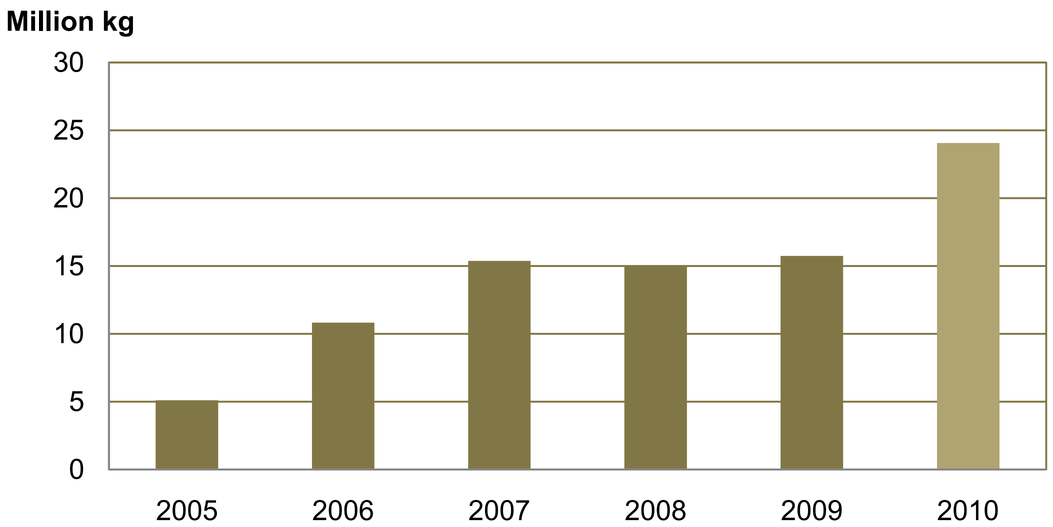
Slovakia

Milk production

In 2009, the milk prices were lower than expected resulting in lower revenue in the company. FirstFarms succeeded in reducing the costs for fodder and salaries, due to lower fodder prices and a significant effort for further efficiency improvement. In spite of the savings, the low settlement price however entailed that the contribution margin was negative as average for the whole year. In Q2 and Q3 2009, the economical losses were significant, as the settlement price on milk in this period was historical low and under pressure due to the large price decreases on raw milk on the world market. In Q3 the milk prices began to increase but the settlement price in Slovakia was far below level compared to Western Europe.

The construction of cattle stables was delayed in 2009, which is why FirstFarms did not purchase the expected number of cows for the new production facility. Among other things, this was also why the company's milk production in 2009 was lower than expected. FirstFarms' total milk quota constitutes 19.3 million kg, corresponding to approx. 2 percent of Slovakia's total EU quota. At the end of the year, FirstFarms delivered approx. 42 tons of milk on a daily basis to the Slovakian dairy company RAJO, whereas the company in total delivered 16 million kg raw milk in 2009. RAJO is a subsidiary of the large German dairy group Meggle, and due to the fact that the buyer was a major producer, FirstFarms had no problems in selling or getting payment for the milk in 2009. At the end of the year, FirstFarms obtained licence to export raw milk. So there is now an alternative possibility to export the raw milk to the nearest countries, i.e. Germany, Austria and North Italy, if the company should wish to sell to other buyers than the Slovakian dairy.

Development in FirstFarms' sale of milk in Slovakia



Construction of cattle stables

In 2009, the construction of cattle stables in Slovakia was delayed, due to the difficult climate conditions in the winter and the spring and also due to the contractor's technical problems. However, FirstFarms expects that the stables will be completed in the middle of 2010. The new milking centre with two milking parlours, each with 40 milking spaces, was taken into use in July 2009. The cows are being milked twice a day in the two separate milking parlours, which help to secure a better milking of the cows and at the same time makes the milking process more efficient. In the autumn 2009, slurry lagoons, slurry separation plant, waterworks and calving city were completed. Hence only a single cow section and a calving- and treatment department with appurtenant separate milking parlour are to be build.

At the end of the year, the number of dairy cows was 2,200 pcs., but just after New Year, in January 2010, more cows and heifer calves were bought, so that the herd now consists of 2,650 dairy cows and appurtenant breeding.

Field production
In Slovakia, significant savings were achieved by means of rationalisations and lower costs for especially salaries, fertilizer, chemicals and fuel in the field production. However, these savings could far from compensate the bad settlement prices on the cash crops.

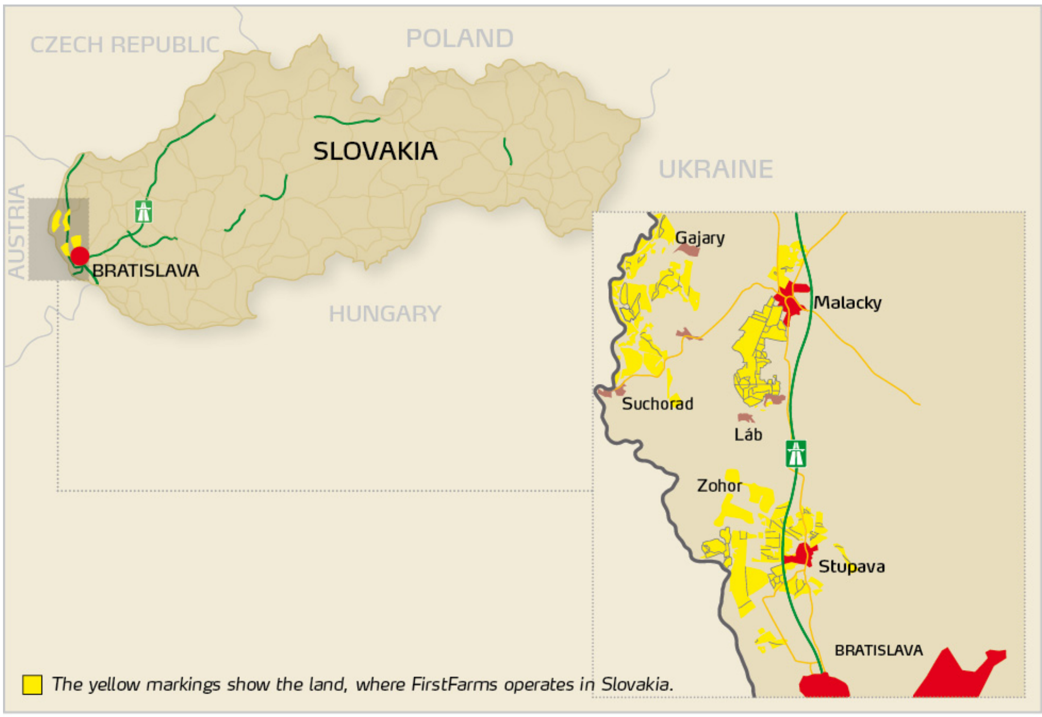
The yields for rape, wheat, rye, triticale, maize and barley were a little under the expectations in Slovakia due to a very wet spring, which was followed by an early drought period and also much rain in the harvest period. At the half-year report in August 2009, FirstFarms changed its expectations to the result of the year due to the lower yields and the decreasing world market prices on agricultural products. At that point the sales prices on grain were 40 percent lower on average than originally expected and the prices on oil seed were 20 percent lower on average.

In 2009, FirstFarms also sold the last part of the harvest from 2008, which was put in stock at the turn of the year 2008/2009. This entailed a larger turnover in 2009 for the company, but the crops were sold at the value they were accounted for in the accounts for 2008, so the larger turnover had therefore no effect on the results.

Besides the cash crops, the company has a large production of fodder for the cattle herd in Slovakia. The fodder consists mainly of maize and alfalfa for silage and also beets and hay. The yields, measured in feed units, in especially the silage for maize and alfalfa, were lower than expected and the quality was not at the same high level as the previous years. This meant a more unfavourable financial situation in the period's production than expected. However sufficient quantities of fodder of satisfactory quality were harvested. The fodder consumption for the herd in 2010 was secured, despite the lower yields.

Land
In Slovakia, FirstFarms operates 8,300 hectares of land, of which the company owns 401 hectares. The remaining area is leased on 5, 10 or 15 years land lease contracts, which are being renewed on an ongoing basis. The lease fee constitutes approx. DKK 300 per hectare per year. In 2009 no land has been purchased in Slovakia. Due to the financial situation it is uncertain whether there will be any general price increase on land in the area. The land that the company owns is booked at DKK 9.5 million, corresponding to an average price of DKK 23,733 per hectare.

FirstFarms in Slovakia



Romania

Field production

In 2009, FirstFarms operated 4,352 hectares of land in Eastern and Western Romania. The crops consisted solely of cash crops, as the company has not yet established an animal production in Romania.

In Western Romania, where it was the second cultivation season, a total of 2,559 hectares of land was cultivated with crops fairly equal divided between rape, wheat, sunflower and maize. The cultivation season was affected by a wet spring with consequent late sowing of parts of especially the maize crop. In the growth period, a part of the crops was severe damaged by hail and in general it was very dry at the end of growth period where the grains are developed. A great difference could be seen on the cultivated land that had been cultivated in the second year compared to land that had only been cultivated for one year. This is due to the fact that especially the land structure and the nutrient availability is poor the first operating year, just as the plants on new-cultivated land are more exposed to drought damages. The difference in yield between first- and second years fields lies in the scale 1-1.5 tons per hectare for the advantage of the second year fields.

In Eastern Romania, it was the first operating season for FirstFarms. A total of 1,793 hectares was cultivated dispersed on rape, wheat, spring barley, sunflower, maize and sorgum. The area was very afflicted by extreme weather with great damages due to storm and hail and historical severe drought and heat at the end of the growth season. Thus the yields were 40-80 percent below the expectations. In the coming years, the company will have great focus on securing more constant yields by establishing irrigation systems in larger scale. The opportunities for this are present in the area, as the channel system with water from Donau is still intact and functional.

Company sale

In November 2009, FirstFarms signed a conditional agreement regarding sale of the company's operation centre in Western Romania close to Timisoara. On 23 December 2009 the sale was carried out and comprised sale of the shares in the companies FirstFarms Agro s.r.l. and S.C. Cistapibe s.r.l., including the land owned by the companies (approx. 1,983 hectares), buildings and approx. 50 percent of the companies' machinery. The part of the machinery that was not included in the agreement was entrusted to other companies in the FirstFarms Group. The decision on the sale was substantiated in centralising and expanding the operation in the company's existing centre in Eastern Romania. Thus, the established organisation can be concentrated in Eastern Romania and thereby be optimised and streamlined. The sale also strengthened the financial resources so that the possibilities for beneficial investments can be utilised and sufficient financial resources to secure necessary room for fluctuating prices on cash crops in a volatile market.

The selling price constituted DKK 61 million, of which DKK 58 million was paid cash at the completion of the transaction. The positive accounting effect of the sale constituted DKK 14 million before tax and at the same time the financial resources increased with DKK 55 million.

Land

In 2009, FirstFarms purchased 335 hectares of land in Romania, whereas 1,983 hectares were sold off in connection with the sale of the operation centre in Western Romania. The company is working on consolidating the land holdings to optimise the agricultural operation in combined areas. As per 31 December 2009, FirstFarms owned a total of 7,143 hectares of land in Romania, which is entered into the account at an average price of DKK 14,118 per hectare.

Purchase of land in Romania consists of two very different principles. Either the land is purchased in larger combined lots, which are fully registered and ready to cultivate, or the land is purchased in smaller parcels, which later is combined in larger pieces and in that connection a complete registration of land is carried out. The price is significant different depending on the method of purchase.

In 2009, FirstFarms has only to a lesser extent purchased land, and only in connection with consolidation of existing land areas.

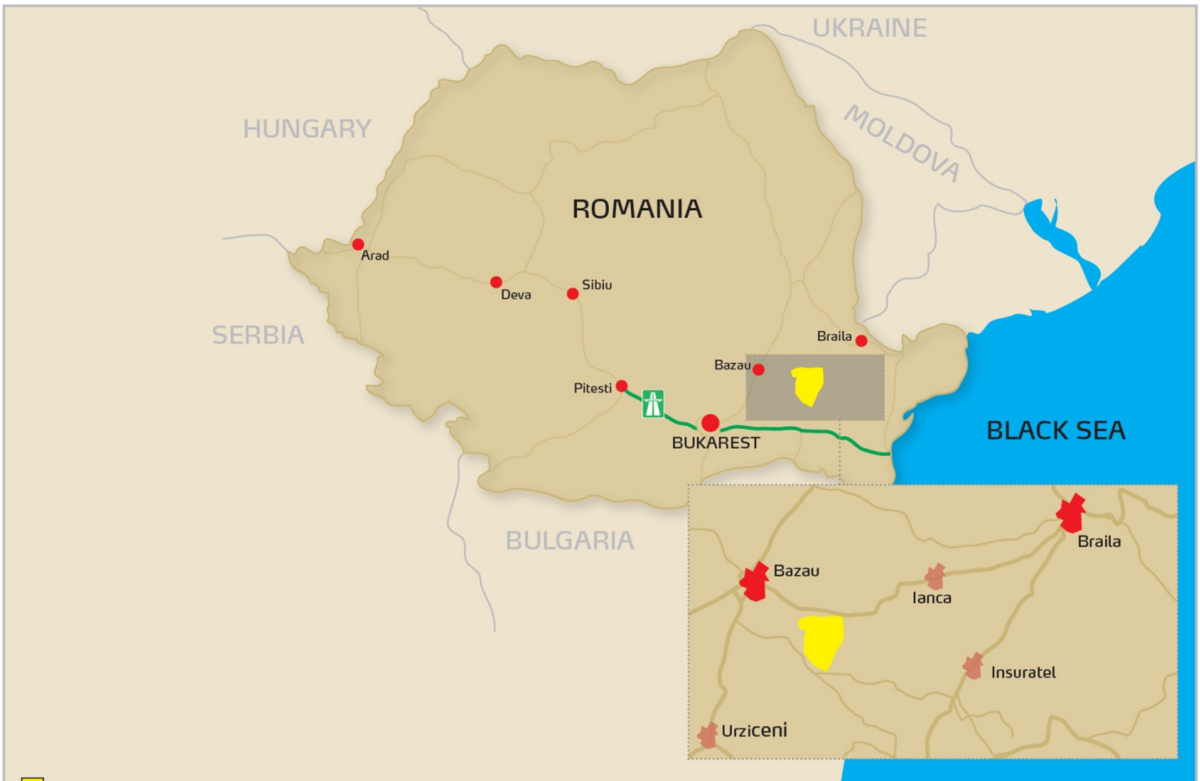
Trends in land prices
2009 was a special year for land prices due to the financial crisis, as practically no land in FirstFarms' areas was traded during the year. Therefore it is also difficult to give a real impression of the land prices. The general impression in the market is that there are many potential buyers and sellers, but only very few trades are completed.

There are no official statistics for purchase and sale of agricultural land in neither Slovakia nor Romania. Therefore it is not possible to compare prices with public registrations. Besides the market effect from the financial crisis and lack of liquidity, the land price is to a great extent dependent on regional differences, the quality of the land, the local climatic conditions and whether the land is cultivated or buyer must expect costs to adjust 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.

In lack of public registrations of 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 was prepared in February 2010.

As per 31 December 2009 FirstFarms owned 7,143 hectares of agricultural land in Romania, which in the accounts is entered at DKK 100 million, corresponding to an average price of DKK 14,118 per hectare. The certified valuation states a value of DKK 115 million, corresponding to an average price of DKK 16,100 per hectare, which is DKK 15 million higher than the entered value.

FirstFarms in Romania



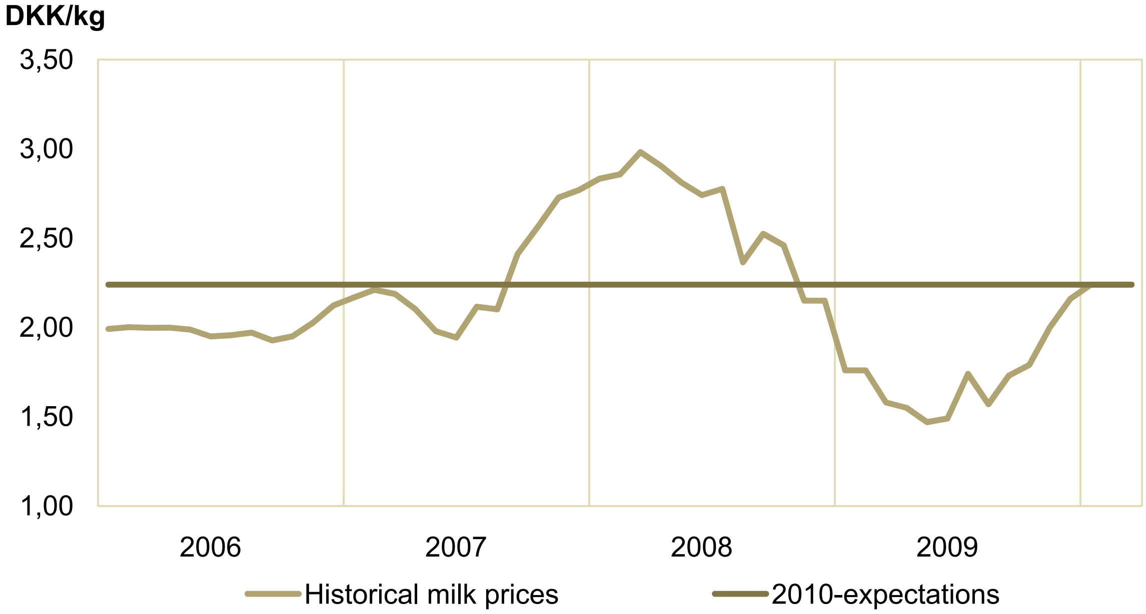
The yellow marking shows the land, where FirstFarms operates in Romania.

Expectations for 2010

In 2010, FirstFarms will have focus on optimising the operations and on savings in the administration. In Slovakia the completion of the construction of cattle stables in the middle of 2010 will entail a significant increase of the size of the stock and thus the production. The company therefore expects to be able to carry out a cost reduction of 28 percent per kg milk produced compared to 2009. The main reason is lower unit price on fodder and the effect of the rationalisation in the new stables. In 2010 lower costs in the field production are expected, especially in Romania due to adjustment of input factors and lower prices on seed corn, manures and chemicals. Better prices are expected for both milk and cash crops in 2010 compared to 2009.

In 2010, the company expects to achieve a turnover of DKK 90-95 million (+16 million), an EBIT-result of DKK 0-5 million (+39 million) and a pre-tax result of DKK -5-0 million (+40 million). The increase in the result can be allocated with an improvement in the milk production with DKK 34 million and an improvement in the field production with approx. DKK 6 million.

Development in milk price



Assumptions

As a consequence of the gradually increase of the cattle herd in Slovakia, with expected completion in the middle of 2010, a milk production of 25 million kg milk is expected compared to a production of 16 million kg in 2009. In 2010, the settlement price is expected to be DKK 2.24 compared to DKK 1.69 in 2009, which is an increase of 28 percent.

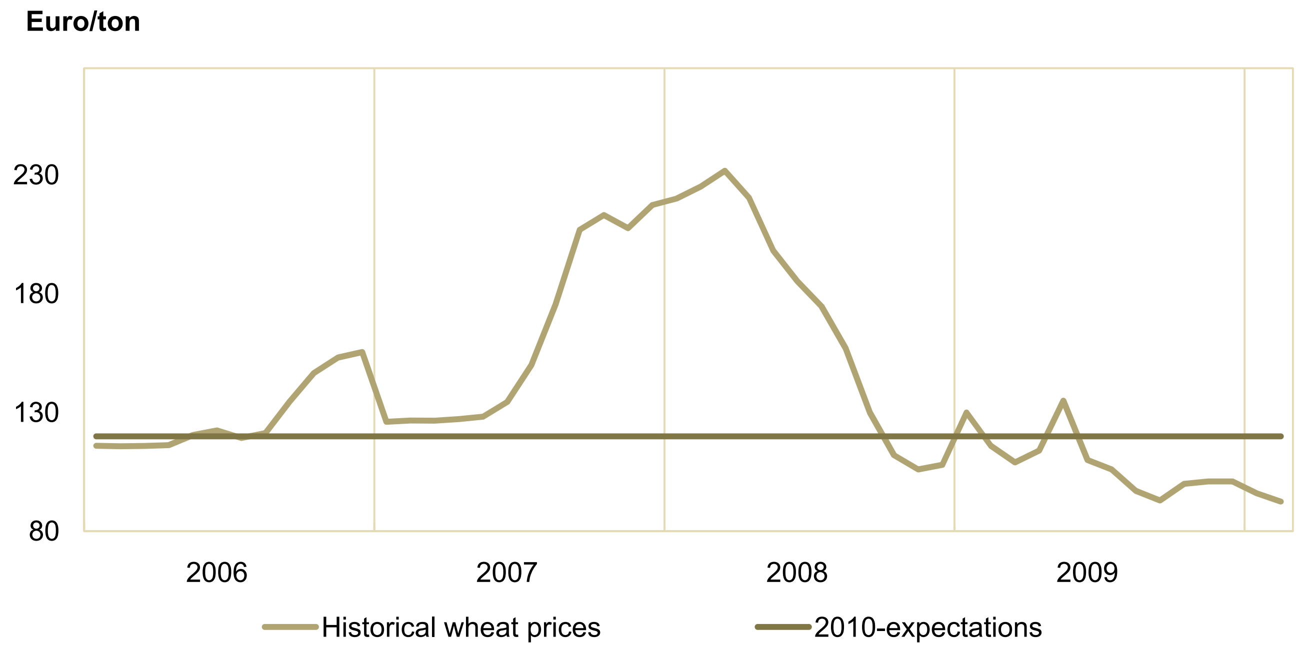
In the figure FirstFarms' expected average milk price in 2010 can be seen and compared to the historical milk price development. A change in the milk price of 10 percent in 2010 will entail a change in the EBIT-result of DKK 5.8 million.

In Slovakia full focus will be on efficiency improvements and productivity in the cattle production, which will show as the building process will be completed. The remaining cows are expected to be bought outside Slovakia as high yield cows to minimise the period before the expected yield is achieved.

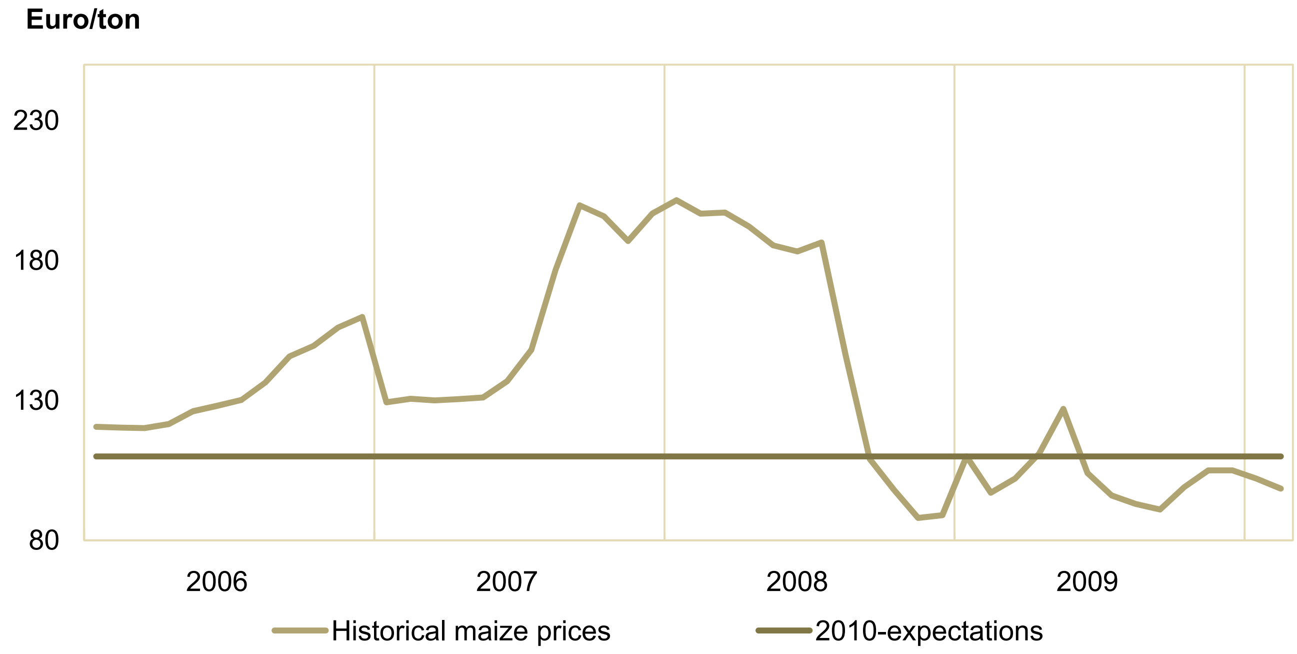
In 2010, the cultivated area in Romania is expected to constitute 2,300 hectares, which is 2,000 hectares less than in 2009 due to the sell off in Western Romania. There will be a further 600 hectares land in operation in Eastern Romania compared to the 2008/2009-season. In 2010, FirstFarms expects to establish irrigation on 3-400 hectares and at the same time the company is working on establishing irrigation in a larger scale, which in the long term is expected to be increased for a total of 1,000 hectares to prevent the risk of drought in the area.

In 2010 the settlement prices for grain (wheat, rye, maize and barley) are expected to be DKK 745-895 per tonne and for oil seed DKK 1,750-1,800 per tonne. A 10 percent change in the sales prices or quantities on grain and oil seed will entail a change in EBIT with DKK 3.3 million. Historical wheat, maize and rape prices are prices from Matif minus 30 euro. FirstFarms expects settlement prices which are 30 euro below the prices on the grain exchange in Paris (Matif).

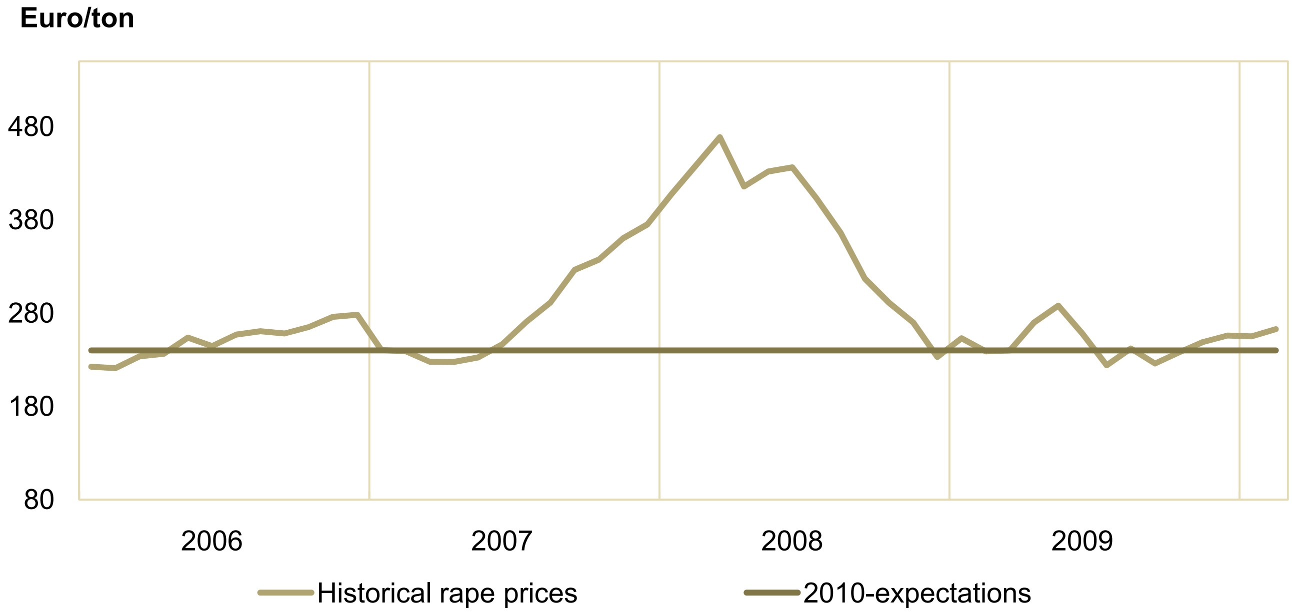
Development in wheat price



Development in maize price



Development in rape price



Investments

In 2010, FirstFarms expects to complete the construction of cattle stables in Slovakia. Investment in the last part of the extension of the cattle herd for the modern stable facility shall also be mad, so that large scale production can be carried out and the higher capacity can be utilised. Minor machinery investments and renewals are expected in Slovakia and Romania as well as investments in grain storages etc. Consequential investments are also expected in connection with final registration of land purchased in Romania. In total FirstFarms expects to invest DKK 31 million in 2010.

Mission

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

Vision

FirstFarms shall 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 shall 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 through its investment strategy in different countries and in different types of production.

Risk management

Market conditions

Settlement prices in the agriculture (grain, oilseed, 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 on 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 influence the demand for the company's products.

Disease in crops and livestock

Disease in the livestock or crops makes 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 who on a daily basis 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 taken out insurances on animals affected by disease. However, the insurance does not cover operating losses resulting from diseases in the herd, as this kind of insurance is not offered in Eastern Europe.

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. No insurance has been written on diseases in the crops.

Climate

As an agricultural company FirstFarms is under influence 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. This risk is larger in Central Europe than in i.e. Denmark. 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 taken out insurances on wide damages in the crops, whereas the company in Slovakia has taken out 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 political wish to change the present legislation so it among other things will be possible for the institutions/landowners to sell their land. When 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 pre-emptive right to the rented land.

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. However it is the company's expectation that if the present purchases of land from foreigners in Romania continue, there is a risk that political measures will be taken, which could contribute to limit or stop these purchases.

Purchase of land in Romania takes place in different ways, i.e. in form of titles (parcels) which subsequently are land registered and joined together. As long as the land is not fully land registered, there is a minor uncertainty connected with the ownership of the land, but FirstFarms has not yet experienced that ownership of the purchased land has not been transferred.

Lease 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 approx. 120 hectares of land is leased in Romania. 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 in Slovakia 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 400 hectares of land in Slovakia and in Romania the company has purchased 7,135 hectares of land. The value of the purchased land is today estimated to be higher than the accounting value 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 are all outside FirstFarms' control.

Investment strategy

Based on a strategy of diversification in both production areas and geographic markets, FirstFarms acquires agricultural establishments and land in Eastern Europe. Operation of these shall be optimised, to enable future production of agricultural produce that is competitive in price and quality and that can contribute to accommodating the local increasing purchasing power and demand in Eastern Europe. FirstFarms' investments are based on long-term and active ownership.

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 evaluate, 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 either 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 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.

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 taken out 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 and in connection with preparation and implementation of environmental plans of actions, 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 for change of operations or investments in environmental improvements.

Milk quota and support schemes

Milk quota

Milk producers in EU 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 when 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 milk than the quota permit.

As per 31 December 2009 FirstFarms had 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 optimize the operation in accordance to the company's strategy of utilizing economies of scale. Intervention in existing quota 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, which will entail an increasing EU subsidy compared to today. After 2013 a new agricultural reform will be effective.

Legal conditions

Both Romania and Slovakia are members of EU and the countries are therefore subject to the same risk as any other agricultural production in EU. However the legal systems in these countries are 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 means 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.

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 influence their operation and business concept. Also conditions like disturbances in the labour market and political unrest can affect companies operating in Eastern European countries. So far FirstFarms has not been negatively affected by political measures and it is the company's opinion that the present governments are working towards an increased internationalisation in the agricultural area.

Exchange rate

By investment and operation of agricultural companies in Eastern Europe, FirstFarms is exposed in foreign currency. To minimise this exposure, the company takes out loans to a certain extent in the currency used in the country of investment.

There is exchange rate risk attached to sale of - and dividend from - the Eastern European subsidiaries, as the exchange rates are fluctuating. The exchange rate risk is lowest in Slovakia where the euro in January 2009 was implemented, whereas a larger risk is attached to the exchange rate in Romania.

Over time it is expected that the exchange rate risk will decrease. Romania is in a stabilising phase political as well as economical and will over time probably also enter the exchange rate cooperation in EU. However, it cannot be disregarded that the Romanian currency in the long-term will show large fluctuations compared to Danish kroner, and therefore constitutes a potential risk for the company's economic results and financial situation.

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 of these finds it attractive to move to the area.

Payroll costs

The main part of the employees in FirstFarms is locals who are 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 and increasing payrolls are expected in the coming years. FirstFarms uses modern technology and machinery widely which entails that the number of employees in the production is relatively low. However the productivity is still lower than in Denmark, but FirstFarms is continuously working on improving this and it is also expected to be carried out concurrently with the payroll increases.

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 and at least once a year at the request of the company. To minimize the risk in the company, FirstFarms has taken out insurances on the necessary public liability and industrial injury.

Shareholder information

Share capital

FirstFarms' nominal share capital is DKK 47,122,410 and is divided into 4,712,241 shares of DKK 10, corresponding to 4,712,241 voting rights. In April 2009, the changes in the company's share capital, which was decided on an extraordinary general meeting on 11 December 2008, came into force. These changes entailed a decrease of the nominal denomination from DKK 100 to DKK 10, and were substantiated in a wish to improve the company's flexible capital structure. Therefore the share capital was 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 as before the change.

Basic data	
Stock exchange	NASDAQ OMX Copenhagen
Index	SmallCap
Sector	Consumer staples
ISIN code	DK0060056166
Short name	FFARMS
Share capital	DKK 47,122,410
Nominal denomination	DKK 10
Number of shares	4,712,241
Negotiable securities	Yes
Voting right restriction	No
Share classes	One

Shareholder composition

As per 31 December 2009, FirstFarms had 4,033 shareholders. The majority is Danish investors, whereas 80 shareholders are registered outside Denmark. As per 31 December 2009, the name register share in the company's owner book was approx. 95 percent.

Shareholders	**No. of shares (pcs.)**	**Capital (%)**
Farm Invest Holding	736,172	15.6
Other registered shareholders	3,726,320	79.1
Non-registered shareholders	249,749	5.3
Own shares	0	0.0
Total	**4,712,241**	**100.0**

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 held on 21 April 2009, authority was given to the company to acquire up to 10 percent of own shares. The authority was not used in 2009, 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 authorized 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 725,000.

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 2009. Further information is available in note 5.

Shareholdings of Management and Board of Directors

As on 31 December 2009 the Management of FirstFarms A/S nominally held 2,700 shares, and the Board of Directors nominally held, direct or indirect, 409,386 shares, which are divided as follows:

Name	No. of shares
Henrik Hougard	188,443 pcs.
Per Villumsen	184,043 pcs.
Lars Thomassen	22,900 pcs.
Kjeld Iversen	10,000 pcs.
Jens Møller	4,000 pcs.

No special redundancy payment has been made for the Management and Board of Directors in FirstFarms A/S.

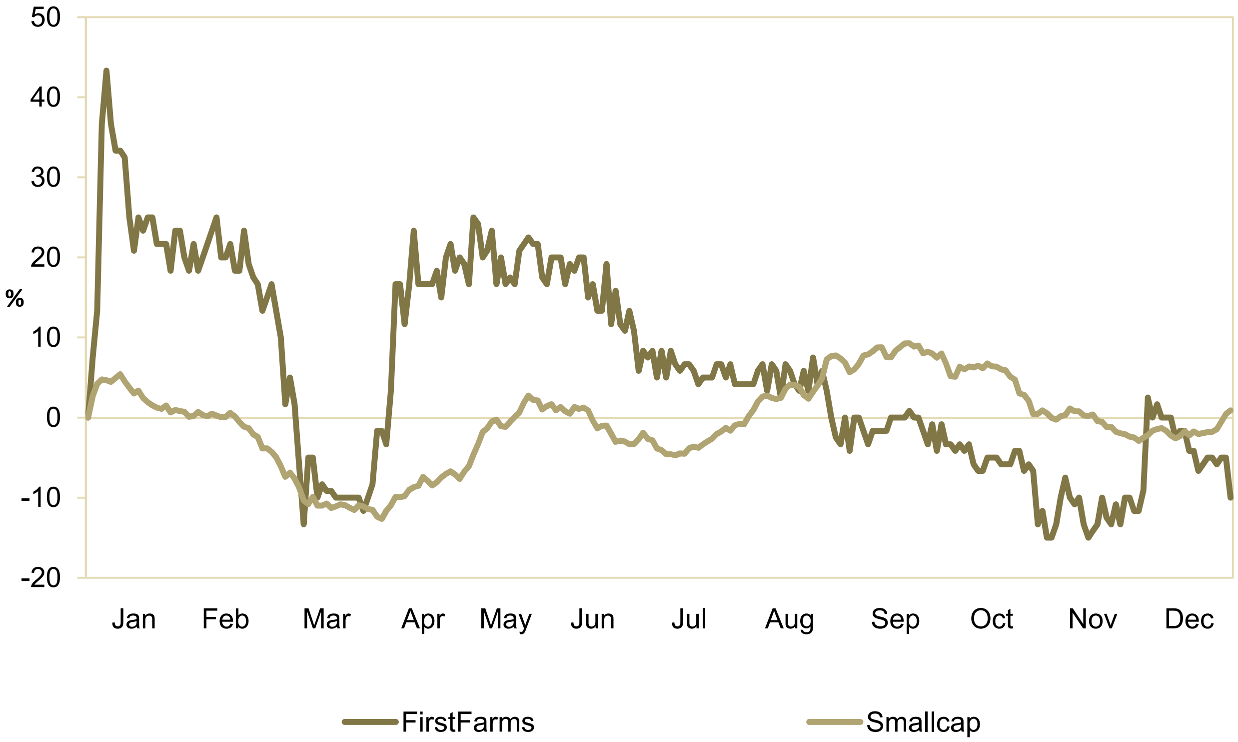
Dividend

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.

The FirstFarms share

As per 1 January 2009 the share price was 60.00 and after a year with major fluctuations, the FirstFarms share closed at price 54.00 at 31 December 2009. At the end of the year the market value was DKK 254.5 million and the share price decrease constituted 10 percent. In the same period the Danish smallcap-index, in which the FirstFarms share is traded, increased with 0.9 percent. In 2009, the share turnover was DKK 188,000 per business day.

Share price development 2009



Insider register

In accordance with the Danish Securities Trading Act and other rules and regulations that apply to listed 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, among other things, specify 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 (open window).

Financial calendar for 2010	
25 March 2010	Annual report 2009
20 April 2010	Annual general meeting
27 May 2010	Interim report Q1-2010
25 August 2010	Half-year report Q2-2010
24 November 2010	Interim report Q3-2010

Annual general meeting

FirstFarms' annual general meeting is held on Tuesday 20 April 2010 at 5.00 p.m. at the Conference Centre, Hotel Legoland, Aastvej 10B, DK-7190 Billund. The notice will be forwarded to all registered shareholders, who have given their e-mail addresse to the company. Furthermore, the notice will be forwarded to those who have signed up for FirstFarms news service, just as the notice will be available on the company's website **www.firstfarms.com**. The notice can also be seen in one national daily newspaper prior to the conduct of the general meeting.

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 stake holders 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.

Dialogue and contact

Visit the company's website **www.firstfarms.com** under the section "Investor Relations", which contains information to shareholders and other stakeholders, or sign up for the company's news service on **www.firstfarms.com/investor-relations/news-service/**. If any questions, comments or inquiries regarding Investor Relations, please contact CFO Jørgen Svendsen via **js@firstfarms.dk** or on telephone +45 75 86 87 87.

Company announcements from FirstFarms A/S

Published company announcements in 2009

Date	Number	Announcement
31 March 2009	1	Annual report 2008
3 April 2009	2	Notice for ordinary general meeting
21 April 2009	3	Extract from minutes of the annual general meeting
22 April 2009	4	Implementation of capital decrease
28 May 2009	5	Interim report Q1 2009
29 May 2009	6	Clarification of assumptions for the expectations in 2009
26 August 2009	7	Half-year report 2009
3 November 2009	8	Conditional agreement regarding sale of land and companies
25 November 2009	9	Interim report Q3 2009
27 November 2009	10	Report on insiders trade with FirstFarms A/S' shares
1 December 2009	11	Financial calendar 2010
18 December 2009	12	Final agreement on sale of land and companies in Romania
23 December 2009	13	Completion of sale of land and companies in Romania

Published company announcements in 2010

Date	Number	Announcement
21 January 2010	1	Shareholder announcement – Farm Invest Holding A/S
21 January 2010	2	Shareholder announcement – Henrik Hougaard
21 January 2010	3	Report on insiders trade with FirstFarms A/S' shares
18 February 2010	4	Adjusting downwards the expectations to 2009
18 February 2010	5	Change in management at FirstFarms A/S
25 March 2010	6	Annual report 2009

Expected company announcements in 2010

Date	Number	Announcement
20 April 2010		Annual general meeting
27 May 2010		Interim report Q1-2010
25 August 2010		Half-year report Q2-2010
24 November 2010		Interim report Q3-2010

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 listed limited company, subject to regulation of i.e. the stock exchange legislation and the Companies Act 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, however in the following areas the company has chosen to follow a different praxis:

- FirstFarms has not appointed a Vice-Chairman in the Board of Directors but the Articles of Association allow such appointment.
- Two of the company's present board members, Chairman Henrik Hougaard and board member and managing director Per Villumsen, are not independent according to the recommendations, as they today each hold 25 percent of the shares of Farm Invest Holding A/S, who is major shareholder in FirstFarms with an owner share of 6.45 percent. Due to Henrik Hougaard's owner share in Farm Invest Holding A/S and his other ownership; Henrik Hougaard is also major shareholder with an owner share of 5.61 percent of FirstFarms' shares.
- 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 2009, FirstFarms established an accounting committee, consisting of the board members Kjeld Iversen and Jens Møller. Due to the relatively limited complexity of the company's activities, the Board of Directors has not established other special Board committees.
- As per 19 February 2010, Per Villumsen has temporarily been constituted as Managing Director in the company, and will at the same time proceed with his tasks in the Board of Directors.

FirstFarms has prepared a complete description of the company's approach 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".

In 2009, FirstFarms' Board of Directors has held 11 board meetings.

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)* Scandinavian Farms Invest A/S *(CH)* Danagri-3S Ltd. *(CH)* SKIOLD Mullerup A/S 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	Birger Christensen A/S Holm Kommunikation A/S Weco Transport A/S
Jens Møller *Born 1950, entered 2006* *Entered the accounting committee in April 2009*	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 Maskingforretning 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* *Entered the accounting committee in April 2009*	Kjeld Iversen ApS	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 Unit System Design A/S Brøndum A/S Brøndum Holding A/S Stibo A/S *(CH)* Stibo Holding A/S *(CH)*
Per Villumsen *Born 1956, entered 2009* *Entered the management in February 2010*	Vipax A/S P. V. Holding ApS	Farm Invest Holding A/S Moravia Invest A/S K/S Bondön 11 og 12

CH = Chairman of the Board
VC = Vice Chairman

Company information

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

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

Internet: **www.firstfarms.com**
E-mail: **info@firstfarms.dk**

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

Financial year: 1 January – 31 December

Board of Directors
Henrik Hougaard (Chairman)
Per Villumsen
Kjeld Lindberg Iversen
Jens Møller
Lars Thomassen

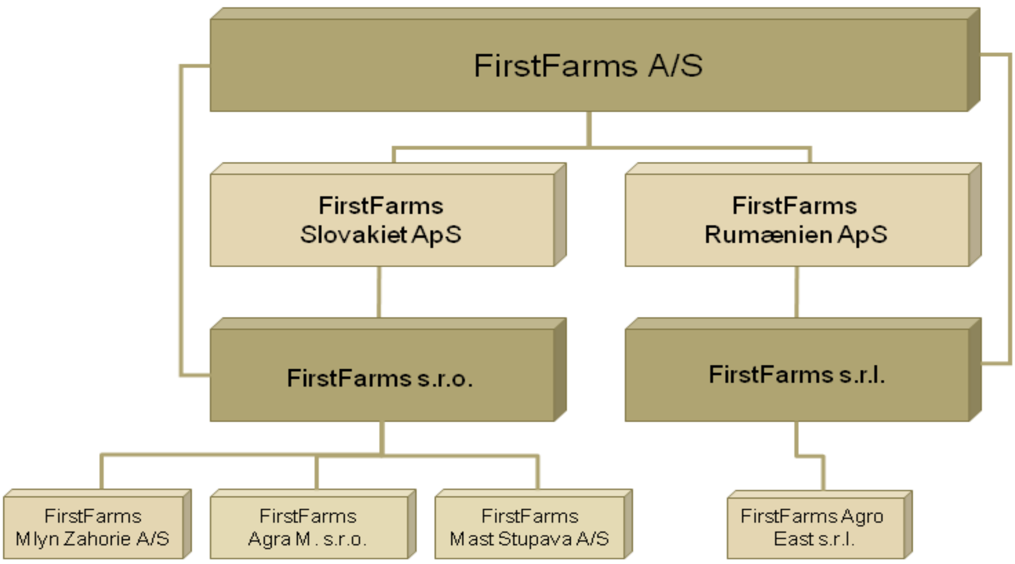
Accounting committee
Kjeld Lindberg Iversen (Chairman)
Jens Møller

Management
Per Villumsen

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

Annual general meeting
The annual general meeting is held on Tuesday 20 April 2010 at 5.00 p.m. at the Conference Centre, Hotel Legoland, Aastvej 10B, DK-7190 Billund

Group structure



Compulsory statement for corporate social responsibility

This compulsory statement for corporate social responsibility for FirstFarms A/S covers the accounting period 1 January – 31 December 2009.

FirstFarms A/S wishes to meet the legislation and rules in the countries and local communities where the company operates. At present the company operates in Slovakia and Romania. No complete policy for voluntary integration of corporate social responsibility has been adopted as a part of the company's activities and strategy. Therefore the company does not submit a separate statement about corporate social responsibility, but incorporate corporate social responsibility as a part of the procedures, where ethics and moral is of great importance.

FirstFarms has on its website **www.firstfarms.com** a section about sustainability under which information about what the company does for i.e. the environment and animal welfare can be found. Read more at **www.firstfarms.com/about/objectives/sustainability/**.

Compulsory statement for corporate governance cp. the accounts act's section 107b

This compulsory statement for corporate governance for FirstFarms A/S is a part of the Management's review in the annual report 2009 and covers the accounting period 1 January – 31 December 2009.

Recommendations for good corporate governance

FirstFarms is covered by "Recommendations for good corporate governance", which was latest updated in 2008 and composed by the Committee for good corporate governance. In general the company complies with these recommendations but deviates on a few areas, cp. the section regarding Corporate Governance on page 21.

The main elements in the Group's internal control- and risk management systems in connection with the presentation of accounts

The Board of Directors and the Management have the overall responsibility for the Group's risk management and internal control in connection with the process of presentation of the accounts including the compliance with the relevant legislation and other regulation in relation to the presentation of the accounts.

The Board of Directors finds that good risk management and internal control in connection with the process of presentation of the accounts is important.

The Group's risk management and internal controls in connection with the process of presentation of the accounts has been adjusted for the Group's limited staff in the finance department and can only generate fair, but not absolute, certainty that misappropriation of assets, loss or considerable errors or defects in connection with the process of presentation of the accounts is avoided.

Control environment

At least once a year, the Board of Directors evaluates the Group's organisational structure and staff on essential areas.

The Board of Directors has adopted politics and procedures within essential areas in connection with presentation of the accounts. The procedures are communicated to the subsidiaries to secure the compliance of the guidelines and policies.

Risk assessment

At least once a year, the Board of Directors, the Accounting Committee and the Management carry out an overall risk assessment in connection with the process of presentation of the accounts.

As part of the risk assessment, the Board of Directors, the accounting committee and the Management commit themselves once a year to the risk of frauds and to the measures to be taken in regards to reducing or eliminating these risks. At significant acquisitions, an overall risk analysis is carried out for the newly purchased company. Immediately after the takeover and as part of due diligence the most significant procedures and internal controls in connection with the presentation of the accounts in the newly purchased companies are examined.

Control activities
The control activities have their basis in the risk assessment. The goal with the Group's control activities is to secure that the defined goals, policies and procedures outlined by the Management are fulfilled and in time so that any errors, deviations and defects can be discovered and remedied. The control activities include manual and physical controls and general IT-controls and automatic application controls in the applied IT-systems etc.

There are minimum requirements for proper protection of assets and to reconciliations and analytic financial audit including continuous evaluation of goal achievement.

The Management has established a formal process of Group reporting which includes continuous reporting. Besides income statement and balance sheet the reporting also includes notes and additional information. Information for the use of fulfilment of any note requirements and other information requirements is gathered continuously.

Information and communication
The Board of Directors has adopted an information and communication policy which among other things overall determines the demands for the presentation of the accounts and to the external financial reporting in accordance with the legislation and the regulations for this. One of the goals with the Board of Director's adopted information and communication policy is to secure that present information obligations are followed, and that the submitted information are adequate, complete and precise.

The Board of Directors emphasises that within the frames that applies to listed companies, there is an open communication in the company and that the individual employee knows their role in the internal control in the company.

Supervision
Every risk management and internal control system shall continuously be supervised, controlled and quality assured to safeguard that it is effective. The supervision takes place continuously. The extent and the frequency of the periodical evaluations depend primarily on the risk assessment for this and the efficiency of the ongoing controls. Any weak points are reported to the Management. Essential circumstances are also reported to the Board of Directors.

The auditors elected on the annual general meeting report essential weak circumstances in the Group's internal control system in connection with the process of presentation of the accounts in the audit report to the Board of Directors. The Accounting Committee supervises that the Management reacts efficiently on any weak points or defects and takes care that agreed initiatives in relation to strengthening risk management and internal controls in relation to the process of presentation of the accounts are implemented as planned.

Management statements

Management statement

Today the Board of Directors and the Management have today discussed and approved the annual report for 2009 of FirstFarms A/S.

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 report 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 2009 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 2009.

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 25 March 2010

Management

Per Villumsen
CEO

Board of Directors

Henrik Hougaard
Chairman

Kjeld Iversen

Jens Møller

Lars Thomassen

Per Villumsen

Independent auditors’ report

To the shareholders of FirstFarms A/S

We have audited the consolidated financial statements and the parent company financial statements of FirstFarms A/S for the financial year 1 January – 31 December 2009, pp. 29-65. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. In addition to our audit, we have read the Management's review prepared in accordance with Danish disclosure requirements for listed companies and issued a statement in this regard.

Management’s responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with Danish disclosure requirements for listed companies.

Auditors’ responsibility and basis of opinion

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements 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 consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, 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 consolidated financial statements and the parent company financial statements 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 consolidated financial statements and the parent company financial statements.

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 consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2009 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 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Statement on the Management's review
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Århus 25 March 2010

KPMG
Statsautoriseret Revisionspartnerselskab

Ivan Berthelsen	Jens Weiersøe Jakobsen
State Authorised	State Authorised
Public Accountant	Public Accountant

Accounting policies

FirstFarms A/S is a public limited company domiciled in Denmark. The annual report for 2009 comprises both the consolidated financial statement of FirstFarms A/S and its subsidiaries for the period 1 January – 31 December 2009 and separate parent company financial statements. The annual report of FirstFarms A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cp. the NASDAQ OMX Copenhagens' 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 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 policy set out below has been used consistently in respect of the financial year and to comparative figures.

Changes in accounting policies
As per 1 January 2009 FirstFarms A/S has implemented IAS 1 (updated), IAS 23 (updated), IFRS 8, IFRS 2 (updated), Amendments to IAS 32 and IAS 1, Amendments to IFRS 1 and IAS 27, Amendments to IFRS 7, parts of Improvements to IFRSs May 2008 and IFRIC 14-17.

None of the new standards and interpretations has affected recognition and measurement in 2009.

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 2008 annual accounts.

Consolidated financial statements
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 a 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.

The consolidated financial statements have been prepared as a consolidation of the parent company and the individual subsidiaries' financial statements prepared according to the Group's 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 recognized if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on revaluations is recognized.

The acquisition date is the date when FirstFarms A/S effectively obtains control of the acquired enterprise. Any excess of the cost over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognized as goodwill under intangible assets. Goodwill is not amortized 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 recognized 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. If 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 recognized 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 recognized 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 recognized in the latest annual report is recognized in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises with another functional currency than Danish kroner, 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 recognized 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 Danish kroner are recognized 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 recognized 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 recognized directly in equity relating to that foreign operation is recognized in the income statement when the gain or loss on disposal is recognized.

Derivative financial instruments
Derivative financial instruments are recognized at the date a derivative contract is entered into and recognized 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 recognized assets and liabilities are recognized 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 recognized 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 recognized in equity under a separate hedging reserve until the hedged transaction is realized. If the hedged transaction results in gains or losses, amounts previously recognized in equity are transferred to the same item as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized 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 recognized 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 recognized 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 recognized in revenue.

Government grants
Government grants include the following:

Hectare grants are recognized 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 recognized as other receivables in the balance sheet.

Grants for milk production are recognized 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 recognized as other receivables in the balance sheet.

Grants for investments/acquisition of assets are recognized 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 amortized.

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 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.

Grants for ecological cultivation are received annually 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 low quality soil 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, amortization 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 recognized as income in the parent company's income statement in the financial year when they are adopted at the annual general meeting (declaration date). Borrowing costs are activated as part of larger investments.

Tax on profit/loss for the year
FirstFarms A/S is jointly taxed with FirstFarms Slovakiet ApS and FirstFarms Rumænien ApS, and international joint taxation has been chosen for the whole Group. The actual corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. By utilisation of losses in other Danish jointly taxed companies, the joint tax contribution is paid by the company that uses the loss (full absorption). The jointly taxed companies are taxed under the on-account tax scheme.

By utilisation of deficit in foreign companies deferred tax is allocated in the balance sheet in the Danish company.

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 recognized in the balance sheet at cost as described under “Business combinations”.

Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized. 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 amortization and impairment losses.

Other intangible assets are amortized on a straight line basis over the expected useful life. However, intangible assets with an indefinite useful life are not amortized 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, production plants 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 comprises 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 recognized 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-recognized in the balance sheet and recognized as an expense in the income statement. Other costs incurred for ordinary repairs and maintenance is recognized in the income statement as incurred. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components:

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 of the residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates. Depreciation is recognized in the income statement as production costs, distribution costs and administrative expenses to the extent that the depreciation is not included in the cost of self-constructed assets.

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

Investments in subsidiaries in the parent company's financial statements
Investments in subsidiaries are recognized as the cost price. If the cost price exceeds the recoverable amount, write-down is made to this lower value.

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 recognized in a separate line item in the income statement. Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilized.

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 recognized 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 recognized in the income statement under production costs and administrative expenses, respectively. However, impairment of goodwill is recognized 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 amortization had the asset not been impaired.

Inventories
Inventories are measured at the lower of cost in accordance with the FIFO-method and the net realizable 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 realizable 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 recognized as current assets are measured at fair value less point-of-sale costs.

Receivables
Receivables are measured at amortized 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 will be transferred in the transaction. Assets are classified as held for sale if the carrying amount will be recovered principally through a sale within twelve 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 amortized 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 re-measurement at the lower of carrying amount and fair value less costs to sell are recognized in the income statement in the items to which they relate. Gains and losses are disclosed in the notes.

Assets and liabilities are recognized separately on the balance sheet and main items 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 without 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 realization of the net investment, the foreign exchange adjustments are recognized in the income statement. The reserve is distributable.

Dividends

Proposed dividends are recognized 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 recognized 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 recognized 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 recognized directly in equity.

Reserve for decrease of the share capital

Reserve for decrease of the share capital covers in full the decreased amount as a result of decrease of the nominal denomination from DKK 100 to DKK 10, decided on the extraordinary general meeting on 11 December 2008 and finally implemented 22 April 2009.

This is a free reserve, which can be allocated by decision hereof at the general meeting.

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 recognized in the income statement in the period to which they relate and any contributions outstanding are recognized 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 at the grant date and recognized in the income statement under staff costs over the vesting period. The set-off item is recognized 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.

Corporation tax and deferred tax

Current tax payable and receivables are recognized 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 recognized 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 recognized under other non-current assets at the expected value of their utilization; 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 unrealized 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 realized as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

After the presentation of accounts for 2008, the company has chosen international joint taxation. This means that adjustments have been made in the tax notes regarding 2008. With the choice of international joint taxation, the actual tax in Denmark for 2008 is reclassified to deferred tax.

Provisions

Provisions are recognized 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 provision, 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 recognized as financial expenses. The amount recognized as a provision is Management's best estimate of the expenses required to settle the obligation. A provision for onerous contracts is recognized 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 recognized corresponding to the present value of estimated future costs.

Financial liabilities

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

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

Other liabilities are measured at net realizable 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 recognized 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, mostly concerned grants.

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 recognized 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 recognized 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, financing conditions, 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. Segment liabilities comprise liabilities resulting from the operating activities of the segment, including bank debt, debt to parent company, trade payables and other payables.

Income statement

DKK 1,000	Note	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Turnover	2,3	75,605	59,490	569	1,017
Value adjustments of biological assets	4	-17,818	1,069	0	0
Production costs	5	-116,151	-81,839	0	0
Grants	6	28,410	22,684	0	0
Gross profit/loss		**-29,954**	**1,404**	**569**	**1,017**
Other operating income	7	16,639	611	0	0
Administration costs	5	-22,429	-27,023	-9,954	-10,392
Other operating costs	8	-463	-702	0	0
EBIT-result		**-36,207**	**-25,710**	**-9,385**	**-9,375**
Financial income	9	1,748	4,567	21,975	22,798
Financial costs	10	-7,719	-2,294	-4,013	-212
Pre-tax result of continued operations		**-42,178**	**-23,437**	**8,577**	**13,211**
Tax on net profit of continued operations	11	5,108	2,210	-2,194	-3,335
Net profit of continued operations		**-37,070**	**-21,227**	**6,383**	**9,876**
Result of discontinued operations	30	0	-791	0	0
Net profit		**-37,070**	**-22,018**	**6,383**	**9,876**
Proposal to result disposal					
Proposed dividend		0	0	0	0
Transferred result		-37,070	-22,018	6,383	9,876
Total		**-37,070**	**-22,018**	**6,383**	**9,876**
Earnings per share	12	-7.87	-4.67	-	-
Diluted earnings per share		-7.87	-4.67	-	-
Earnings of continued operations per share		-7.87	-4.50	-	-
Diluted earnings of continued operations per share		-7.87	-4.50	-	-

Total income statement

DKK 1,000	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Net profit	-37,070	-22,018	6,383	9,876
Other total income				
- Exchange rate adjustments by conversion of foreign units	-5,841	-6,172	0	0
- Tax of other total income	0	0	0	0
Other total income after tax	**-5,841**	**-6,172**	**0**	**0**
Total income	**-42,911**	**-28,190**	**6,383**	**9,876**

Balance sheet

DKK 1,000	Note	Group 2009	Group 2008	Parent company 2009	Parent company 2008
ASSETS					
Non-current assets					
Intangible assets	13				
Goodwill		16,028	16,048	0	0
Milk quota		10,279	12,254	0	0
Total intangible assets		**26,307**	**28,302**	**0**	**0**
Tangible assets	14				
Land and buildings		237,274	221,081	0	0
Plant and machinery		66,449	58,653	0	0
Fixtures and fittings, tools and equipment		2,774	2,036	389	617
Assets under construction and prepayments		26,912	68,000	0	0
Total tangible assets		**333,409**	**349,770**	**389**	**617**
Biological assets	4				
Basic herd		17,098	19,827	0	0
Total biological assets		**17,098**	**19,827**	**0**	**0**
Other non-current assets					
Investments in subsidiaries	15	0	0	122,227	22,720
Amount owed by affiliated companies	17	0	0	322,649	433,973
Deferred tax asset	19	11,302	3,054	0	0
Total other non-current assets		**11,302**	**3,054**	**444,876**	**456,693**
Total non-current assets		**388,116**	**400,953**	**445,265**	**457,310**
Current assets					
Inventories	16	23,810	45,069	0	0
Biological assets -breeding and crops	4	28,737	40,013	0	0
Receivables	17	8,222	9,837	0	0
Other receivables	17	35,490	16,853	67	440
Accruals an deferred expenses		2,179	3,071	39	127
Cast at bank and in hand	27	28,569	13,288	8,377	7,028
Total current assets		**127,007**	**128,131**	**8,483**	**7,595**
TOTAL ASSETS		**515,123**	**529,084**	**453,748**	**464,905**

DKK 1,000	Note	Group 2009	Group 2008	Parent company 2009	Parent company 2008
EQUITY AND LIABILITIES					
Equity	18				
Share capital		47,122	471,224	47,122	471,224
Reserve for decrease of share capital		424,102	0	424,102	0
Reserve for exchange rate adjustment		-13,651	-7,810	0	0
Transferred result		-105,482	-68,629	-24,694	-31,294
Proposed dividend		0	0	0	0
Total equity		**352,091**	**394,785**	**446,530**	**439,930**
Liabilities					
Non-current liabilities	19				
Deferred tax	20	15,275	13,406	5,739	13
Credit institutions		55,882	27,165	0	0
Total non-current liabilities		**71,157**	**40,571**	**5,739**	**13**
Current liabilities	20				
Credit institutions	21	25,243	18,769	0	0
Trade payables and other payables	22	37,094	49,354	1,479	21,238
Corporation tax	6	2,563	4,057	0	3,724
Accruals and deferred income		26,975	21,548	0	0
Total current liabilities		**91,875**	**93,728**	**1,479**	**24,962**
Total liabilities		**163,032**	**134,299**	**7,218**	**24,975**
TOTAL EQUITY AND LIABILITIES		**515,123**	**529,084**	**453,748**	**464,905**

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Equity statement

Group DKK 1,000	Share capital	Reserve for decrease of share capital	Reserve for exchange rate adjustment	Trans-ferred result	Proposed dividend	Total
Equity 1 January 2008	**471,224**	**0**	**-1,638**	**-47,981**	**0**	**421,605**
Total income of the year	0	0	-6,172	-22,018	0	-28,190
Tax correction at equity entries	0	0	0	-382	0	-382
Share based remuneration	0	0	0	225	0	225
Correction re. costs at issue	0	0	0	1,527	0	1,527
Total other equity activities	**0**	**0**	**0**	**1,370**	**0**	**1,370**
Equity 31 December 2008	**471,224**	**0**	**-7,810**	**-68,629**	**0**	**394,785**
Equity 1 January 2009	**471,224**	**0**	**-7,810**	**-68,629**	**0**	**394,785**
Total income of the year	0	0	-5,841	-37,070	0	-42,911
Transfer to reserve for decrease of share capital	-424,102	424,102	0	0	0	0
Share based remuneration	0	0	0	217	0	217
Total other equity activities	**-424,102**	**424,102**	**-5,841**	**-36,853**	**0**	**-42,694**
Equity 31 December 2009	**47,122**	**424,102**	**-13,651**	**-105,482**	**0**	**352,091**

Costs regarding the decrease of the share capital have constituted DKK 0.1 million.

Parent company DKK 1,000	Share capital	Reserve for decrease of share capital	Transferred result	Proposed dividend	Total
Equity 1 January 2008	**471,224**	**0**	**-42,540**	**0**	**428,684**
Total income of the year	0	0	9,876	0	9,876
Tax correction at equity entries	0	0	-382	0	-382
Share based remuneration	0	0	225	0	225
Correction regarding 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**	**0**	**-31,294**	**0**	**439,930**
Equity 1 January 2009	**471,224**	**0**	**-31,294**	**0**	**439,930**
Total income of the year	0	0	6,383	0	6,383
Transfer to reserve for decrease of share capital	-424,102	424,102	0	0	0
Share based remuneration	0	0	217	0	217
Total other equity activities	**-424,102**	**424,102**	**6,600**	**0**	**6,600**
Equity 31 December 2009	**47,122**	**424,102**	**-24,694**	**0**	**446,530**

Cash flow statement

DKK 1,000	Note	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Result of continued activities before tax		-42,178	-23,437	8,577	13,211
Adjustments for non-monetary operating items etc.:					
Depreciation/amortisation and impairment	5	20,637	18,401	234	225
Reversal of profit, sale of companies and activities, net	7,8	-16,176	0	0	0
Value adjustment of biological assets	4	7,622	-1,069	0	0
Financial income	9	-1,748	-4,567	-21.975	-22,798
Financial costs	10	7,719	2,294	4.013	212
Share based remuneration		217	225	217	225
Cash generated from operations (operating activities) before changes in working capital		**-23,907**	**-8,153**	**-8.934**	**-8,925**
Changes in working capital	24	4,028	-13,296	705	-59
Cash flow from main activities		**-19,879**	**-21,449**	**-8.229**	**-8,984**
Interest received	9	1,748	4,567	121	4,289
Interest paid	10	-7,719	-2,294	-3.971	-212
Paid corporation tax	22	-333	-821	0	-610
Cash flow from operating activities		**-26,183**	**-19,997**	**-12.079**	**-5,517**
Acquisition of companies	26	0	-23,876	0	0
Acquisition of biological assets	4	-1,221	-6,927	0	0
Sale of companies and activities		57,932	0	0	0
Disposal of material assets, paid		2,830	622	0	0
Acquisition of material assets	25	-50,363	-148,022	-12	-42
Acquisition of financial assets	15	0	0	-99.507	0
Cash flow from investing activities		**9,178**	**-178,203**	**-99.519**	**-42**
Paid costs at stock exchange listing		0	1,527	0	1,527
Proceeds from loans	25	24,329	12,693	-20.000	20,000
Loan to affiliated businesses		0	0	132.947	-189,290
Cash flow from financing activities		**24,329**	**14,220**	**112.947**	**-167,763**
Cash flow from discontinued operations	30	**0**	**3,796**	**0**	**0**
Cash flow of the year		**7,324**	**-180,184**	**1.349**	**-173,322**
Available, at the beginning		-5,481	175,882	7.028	180,350
Disposal, sale of companies		1,405	0	0	0
Exchange rate adjustment of available		78	-1,179	0	0
Available at closing	27	**3,326**	**-5,481**	**8,377**	**7,028**
Available at closing is recognised as follows:					
Available funds		28,569	13,288	8,377	7,028
Current bank debts		-25,243	-18,769	0	0
Available at closing		**3,326**	**-5,481**	**8,377**	**7,028**

Notes

1. Accounting estimates

As part of the utilisations 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.

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 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 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 45.8 million as per 31 December 2009 (2008: 59.8 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.

2. Segment information

2009 DKK 1,000	**Romanian activities**	**Slovakian activities**	**Total report compulsory segments**
Total segment turnover	15,993	59,612	75,605
Grants	7,908	20,502	28,410
Value adjustments of biological assets	-4,524	-13,294	-17,818
Financial income	1,359	463	1,822
Depreciations	3,245	17,151	20,396
Segment result before tax	-2,623	-48,132	-50,755
Segment assets	162,865	343,385	506,250
Plant investments *)	44,124	14,620	58,744
Segment liabilities	130,854	347,626	478,460

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

2008 DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	5,176	54,314	59,490
Grants	542	22,142	22,684
Value adjustments of biological assets	-1,920	2,989	1,069
Financial income	28	2,038	2,066
Depreciations	1,508	16,668	18,176
Segment result before tax	-17,100	-19,548	-36,648
Segment assets	189,449	331,424	520,873
Plant investments *)	119,793	79,153	198,946
Segment liabilities	227,959	315,337	543,296

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

FirstFarms' report compulsory segments are constituted by the business units in Slovakia and Romania. Slovakia operates within milk- and field production, whereas Romania only operates within field production. The two business units are operated independently, as each unit has different management, activities and customers. The report compulsory segments are identified without aggregation of operation segments.

Products and services
FirstFarms' turnover primary concerns milk production and field production. The turnover is specified as:

DKK 1,000		Romania		Slovakia
	2009	**2008**	**2009**	**2008**
Milk production	0	0	29,447	43,045
Field production	15,993	4,107	25,640	5,275
Other	0	1,069	4,525	5,994
Total	**15,993**	**5,176**	**59,612**	**54,314**

Geographical information
FirstFarms operates in Romania and Slovakia. Services from the parent company to the subsidiaries are of a limited extent. Financing of the subsidiaries primary takes place by loan from the parent company. At presentation of the information regarding geographical areas, information about the turnovers allocation on geographical segments is constituted based on the customers geographical location, whereas information about the assets allocation on geographical segments is constituted based on the assets physical location.

Turnover and non-current assets is specified as:

DKK 1,000		2009		2008
	Turnover	**Non-current assets**	**Turnover**	**Non-current assets**
Denmark	569	496,394	1,017	509,266
Slovakia	59,612	210,779	54,314	186,301
Romania	15,993	125,818	5,176	166,599
Elimination	-569	-444,875	-1,017	-461,213
Total	**75,605**	**388,116**	**59,490**	**400,953**

Essential customers
Turnover from trade with a single customer, the dairy company RAJO in Slovakia, constitutes in total DKK 26.6 million of the company's total turnover. (2008: DKK 39.4 million)

Reconciliation of report compulsory segments turnover, result, assets, liabilities and other essential items

DKK 1,000	2009	2008
Turnover		
Segment turnover for report compulsory segments	75,605	59,490
Group function	569	1,017
Elimination of internal turnover	-569	-1,017
Total turnover, cp. income statement	**75,605**	**59,490**
Result		
Segment result before tax for report compulsory segments	-50,755	-36,648
Non-allocated result, Group function	8,577	13,211
Result of continued operations before tax, cp. income statement	**-42,178**	**-23,437**
Assets		
Total assets for report compulsory segments	506,250	520,873
Other non-allocated	8,873	8,211
Total assets, cp. balance sheet	**515,123**	**529,084**
Liabilities		
Total liabilities for report compulsory segments	478,460	543,296
Elimination of debt to parent company	-322,649	-433,973
Other non-allocated liabilities	7,221	24,976
Total liabilities, cp. balance sheet	**163,032**	**134,299**

3. Turnover

		Group		Parent company
DKK 1,000	**2009**	**2008**	**2009**	**2008**
Sale of milk	26,556	39,445	0	0
Sale of meat	2,891	3,130	0	0
Sale of corn etc. [1)]	41,633	9,392	0	0
Other turnover	4,525	7,523	569	1,017
Total	**75,605**	**59,490**	**569**	**1,017**

[1)] *Of this DKK 15 million is regarding realisation of inventory as per 31 December 2008.*

4. Value adjustments of biological assets

Group 2009 DKK 1,000	**Basic herd** [1)]	**Breeding** [2)]	**Crops** [2)]	**Total**
Opening	19,827	15,594	24,419	59,840
Addition	849	372	55,394	56,615
Value adjustment of the year	-3,578	-4,044	-10,196	-17,818
Disposal	0	0	-46,753	-46,753
Disposal at sale of companies and land in Romania	0	0	-5,755	-5,755
Exchange rate adjustment	0	0	-294	-294
Accounting value 31 December 2009	**17,098**	**11,922**	**16,815**	**45,835**

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

Non-current assets consist of a herd of 2,192 cows at the end of 2009. Breeding consist of 1,994 heifers and calves, whereas crops are the value of the sowed fields. At the end of 2009 the sowed fields mainly consist of 1,000 hectares of alfalfa/grass, 1,600 hectares of wheat and 1,000 hectare of rape in Slovakia. In Romania the fields consist of 1,000 hectares wheat and 500 hectares of rape. The land itself is valued at cost price under material assets as far as the land is not leased, cp. note 29. Regarding estimation of fair value, please see note 1 and risk management on page 13.

Group 2008 DKK 1,000	**Basic 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 year	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 consisted of a herd of 2,087 cows at the end of 2008. Breeding consisted of 2,154 heifers and calves, whereas crops were the value of the sowed fields. At the end of 2008 the sowed fields mainly consisted of 1,500 hectares alfalfa/grass, 1,500 hectares of wheat and 700 hectares of rape in Slovakia. In Romania the fields consisted of 900 hectares of wheat and 700 hectares of rape. The land itself was valued at cost price under material assets as far as the land was not leased.

5. Costs

DKK 1,000		**Group**		**Parent company**
	2009	**2008**	**2009**	**2008**
Cost of sales for the period	50,797	29,384	0	0
Write-down on inventories	1,073	11,197	0	0
Reversed write-down on inventories	0	0	0	0

Staff costs				
Fees to the Board of Directors in the parent company	900	900	900	900
Accounting committee	150	0	150	0
Wages and salaries	22,651	21,847	3,240	3,501
Defined contribution plans	375	413	375	362
Other social security costs	6,310	6,345	21	29
Share based remuneration	217	225	217	225
Other staff costs	2,370	1,088	843	943
Total staff costs	**32,973**	**30,818**	**5,746**	**5,960**

Staff costs:

Production	22,121	18,032	0	0
Administration	10,852	12,786	5,746	5,960
Total	**32,973**	**30,818**	**5,746**	**5,960**
Average number of employees	211	219	5	5

The write-down on inventories is 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 credited in production costs.

At the end of the year, the number of employees was 200 of which 4 are sited in the headquarter in Denmark, 173 in Slovakia and 23 in Romania. Of the 200 employees 8 are Danish, 22 are Romanian and 170 are Slovakian.

Executive Board remuneration of the parent company

DKK 1,000	2009 Board of Directors	2009 Accounting committee	2009 Management	2008 Board of Directors	2008 Accounting committee	2008 Management
Wages and salaries	900	150	1,500	900	0	1,500
Pension	0	0	188	0	0	188
Share based remuneration	0	0	121	0	0	132
Total	**900**	**150**	**1,809**	**900**	**0**	**1,820**

Warrant programme

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

Outstanding at the end of 2009	Alloted Type 1	Alloted Type 2	Alloted Type 3	Alloted Type A	Alloted Type B	Alloted Type C	Total	No. 2)
The parent company's management board, pcs.	6,667	6,667	6,666	0	0	0	**20,000**	6,667
Other employees, pcs.	1,667	1,667	1,666	2,500	2,500	2,500	**12,500**	1,667
Total number, pcs.	8,334	8,334	8,332	2,500	2,500	2,500	**32,500**	0
Average utilisation per option, DKK	122.92	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 2009 was "out-of-money" but can potentially dilute in the future.

As per 31 December 2009, the average remaining currency for outstanding warrants was 1.1 years and the utilisation exchange rates were between 122-170.

In 2009, the recognised cost in the income statement regarding warrants was DKK 217,000 (2008: DKK 225,000).

By allotment the calculated fair values are based on a Black-Scholes-model for valuation of options. Warrants in 2008 are allotted in three different categories with assumption in year 2001, year 2012 and year 2013, respectively, provided that the conditions for assumption is fulfilled, which is continuous appointment.

As per 31 December 2009, the warrant programme included totally 32,500 warrants. Every warrant entails the warrant owner right to by 1 share of nominal DKK 10 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.

Outstanding at the end of 2008	Alloted Type 1	Alloted Type 2	Alloted Type 3	Alloted Type A	Alloted Type B	Alloted 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*

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

As per 31 December 2008, the average remaining currency for outstanding warrants was 2.1 years and the utilisation exchange rates were between 118-170.

Specification of development in outstanding warrants.

	Type 1	Type 2	Type 3	Type A	Type B	Type C	Total
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**
Allotted 1/1-2009	8,334	8,334	8,332	2,500	2,500	2,500	**32,500**
Allotted i 2009	0	0	0	0	0	0	**0**
Disposals in 2009	0	0	0	0	0	0	**0**
Allotted 31/12-2009	8,334	8,334	8,332	2,500	2,500	2,500	**32,500**

The basis of 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 %

Depreciations and impairments

		Group		Parent company
DKK 1,000	**2009**	**2008**	**2009**	**2008**
Depreciations, intangible assets	1,960	1,894	0	0
Depreciations, property, plant and equipment	18,677	16,507	241	225
Impairments, property, plant and equipment	0	0	0	0
Total depreciations and impairments	**20,637**	**18,401**	**241**	**225**
Depreciations and impairments are recognised as follows:				
Production	19,719	17,956	0	0
Administration	918	445	241	225
Total	**20,637**	**18,401**	**241**	**225**

Fee to the auditors appointed at the general meeting

DKK 1,000	2009	Group 2008	2009	Parent company 2008
Audit	851	1,010	350	330
Other declarations	64	17	0	17
Tax and VAT services	254	160	159	95
Other non-audit services	271	397	169	264
Total	**1,440**	**1,584**	**678**	**706**

The consolidated accounts and the annual accounts of 2009 and 2008 have been audited by KPMG.

6. Grants

DKK 1,000	2009	Group 2008	2009	Parent company 2008
Grant for investments	2,982	2,875	0	0
EU hectare subsidy	17,828	11,469	0	0
Grant for ”Organic Farming”	0	4,854	0	0
Grant for milk production	5,116	3,282	0	0
Government grant etc.	2,484	204	0	0
Total	**28,410**	**22,684**	**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.

2009 DKK 1,000	**Hectare grant**	**Milk grant**	**Government grant**	**Investment grant etc.**	**Ecology grant**	**Total**
Grants calculated in accruals	0	0	0	22,088	4,887	26,975
Period of crediting	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	Year 2010	-
Grants calculated in ”Other receivables”	7,328	0	1,131	7,274	1.786	17,519

2008 DKK 1,000	**Hectare grant**	**Milk grant**	**Government grant**	**Investment grant etc.**	**Ecology grant**	**Total**
Grants calculated in accruals	0	0	0	18,447	3,101	21,548
Period of crediting	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	Year 2010	-
Grants calculated in ”Other receivables”	0	0	0	3,908	1,764	5,672

7. Other operating income

DKK 1,000	Group 2009	2008	Parent company 2009	2008
Profit from sale of fixed assets	2,711	611	0	0
Profit from sale of companies and land in Romania *)	13,928	0	0	0
Total	**16,639**	**611**	**0**	**0**

*) Profit concerns sale of the companies FirstFarms Agro s.r.l. and SC Cistapibe s.r.l., including approx. 1,983 hectares of agricultural land, buildings and approx 50 percent of the machinery in FirstFarms Agro s.r.l.

8. Other operating costs

DKK 1,000	Group 2009	2008	Parent company 2009	2008
Loss from sale of fixed assets	463	597	0	0
Other costs	0	105	0	0
Total	**463**	**702**	**0**	**0**

9. Financial income

DKK 1,000	Group 2009	2008	Parent company 2009	2008
Interest, cash at bank and in hand	210	4,302	121	4,289
Interest income from affiliated companies	0	0	21,854	18,509
Other interest income	1,538	265	0	0
Total	**1,748**	**4,567**	**21,975**	**22,798**

10. Financial costs

DKK 1,000	Group 2009	2008	Parent company 2009	2008
Interest, bank loans	3,361	1,336	0	0
Other costs	4,358	958	4,013	212
Total	**7,719**	**2,294**	**4,013**	**212**

11. Tax on net profit/loss

DKK 1,000	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Tax on net profit/loss	5,108	2,210	-2,194	-3,335
Tax on equity activities	0	-382	0	-382
Total	**5,108**	**1,828**	**-2,194**	**-3,717**
Tax on net profit/loss is specified as:				
Current tax	-2,563	-3,670	0	-3,343
Deferred tax	7,671	5,880	-2,194	8
Total	**5,108**	**2,210**	**-2,194**	**-3,335**
Tax on net profit/loss can be explained as:				
Calculated tax of net profit/loss before tax	10,544	5,859	-2,194	-3,303
Other adjustments, net	-5,436	-3,649	0	-32
Total	**5,108**	**2,210**	**-2,194**	**-3,335**
Effective tax percentage	12	9	26	25

12. Earnings per share

Group DKK 1,000	**2009**	**2008**
Net profit	-37,070	-22,018
Number of shares	4,712,241	4,712,241
Average diluted effect of outstanding warrants	0	0
Diluted number of shares in circulation	4,712,241	4,712,241
Earnings per share (EPS)	-7.87	-4.67
Diluted earnings per share (EPS-D)	-7.87	-4.67

Earnings per share are 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 2009 DKK 1,000	**Goodwill**	**Milk quota**	**Total**
Cost price 1 January	16,048	16,187	32,235
Addition	0	0	0
Disposal	0	0	0
Exchange rate adjustment	-20	-20	-40
Cost price 31 December	**16,028**	**16,167**	**32,195**
Depreciations and impairments 1 January	0	-3,933	-3,933
Depreciations	0	-1,960	-1,960
Impairments	0	0	0
Exchange rate adjustment	0	5	5
Depreciations and impairments 31 December	0	-5,888	-5,888
Accounting value 31 December	**16,028**	**10,279**	**26,307**

The milk quota in 2009 was 19.3 million kg.

FirstFarms' Management has carried out impairment test of the accounting value of intangible assets of DKK 26.3 million, which mostly can be assigned to agricultural activities in Slovakia. The impairment test has been prepared on grounds of expectations to the cash flow 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 8.5 percent (after tax) and milk prices of DKK 2.24-2.60 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 2008 DKK 1,000	**Goodwill**	**Milk quota**	**Total**
Cost price 1 January	14,406	14,491	28,897
Addition	0	0	0
Disposal	0	0	0
Exchange rate adjustment	1,642	1,696	3,338
Cost price 31 December	**16,048**	**16,187**	**32,235**
Depreciations and impairments 1 January	0	-1,765	-1,765
Depreciations	0	-1,894	-1,894
Impairments	0	0	0
Exchange rate adjustment	0	-274	-274
Depreciations and impairments 31 December	0	-3,933	-3,933
Accounting value 31 December	**16,048**	**12,254**	**28,302**

The milk quota in 2008 was 19.3 million kg.

FirstFarms' Management carried out impairment test of the accounting value of intangible assets of DKK 28.3 million, which mostly could be assigned to agricultural activities in Slovakia. The impairment test was prepared on grounds of expectations to the cash flow the next 5 years. Significant assumptions worked in the impairment test was a growth in the terminal period of 2 percent, a return (WACC) of 9 percent (after tax) and milk prices of DKK 2.10-2.70 per kg.

The impairment test carried out on the activities in Slovakia showed that the value of the activities was above the accounting value of the assets (including intangible assets). The parent company had no intangible assets.

14. Tangible assets

Group 2009 DKK 1,000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Construction work under execution and prepayments	Total
Cost price 1 January 2009	225,396	71,395	2,644	68,582	368,017
Addition	27,936	17,135	1,207	12,478	58,756
Transfer to other categories	35,888	15,971	-119	-51,740	0
Disposal	-38,588	-19,713	-100	0	-58,401
Exchange rate adjustment	-5,848	-1,138	-26	-1,831	-8,843
Cost price 31 December 2009	**244,784**	**83,650**	**3,606**	**27,489**	**359,529**
Depreciations and impairments 1 January 2009	-4,315	-12,742	-608	-582	-18,247
Depreciations	-6,408	-11,986	-283	0	-18,677
Disposal	3,089	7,419	57	0	10,565
Exchange rate adjustment	124	108	2	5	239
Depreciations and impairments 31 December 2009	**-7,510**	**-17,201**	**-832**	**-577**	**-26,120**
Accounting value 31 December 2009	**237,274**	**66,449**	**2,774**	**26,912**	**333,409**
- assets held under finance lease	0	20,738	0	0	20,738
Depreciation period	15-30 years	5-10 years	3-7 years	-	-

To secure bank guarantees of DKK 62.1 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 10 million.

Group 2008 DKK 1,000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Construction work under execution and prepayments	Total
Cost price 1 January 2008	120,469	46,136	1,982	19,589	188,176
Addition from acquisition of companies, cp. note 26	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 amounted to DKK 32 million.

Book value of purchased farm land DKK 1,000		**2009**		**2008**
Farm land in Slovakia	401 hectares	9,517	395 hectares	9,318
Farm land in Romania	7,143 hectares	100,848	8,791 hectares	140,591

In February 2010, FirstFarms has received a certified evaluation of the land in Romania that indicated the total value to be DKK 115 million, corresponding to an average price of DKK 16,100 per hectare. The average value in 2009 in Slovakia was DKK 23,733 per hectare (2008: 23,590 per hectare), whilst the average price in 2009 in Romania is DKK 14,118 per hectare (2008: 15,993 per hectare).

Parent company 2009 DKK 1,000.	**Fixtures and fittings, tools and equipment**
Cost price 1 January 2009	994
Addition	12
Disposal	-14
Cost price 31 December 2009	**992**
Depreciations and impairments 1 January 2009	-377
Depreciations	-234
Disposal	8
Depreciations and impairments 31 December 2009	**-603**
Accounting value 31 December 2009	**389**
- assets held under finance lease	0
Depreciation period	3-7 years

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 200	**617**
- assets held under finance lease	0
Depreciation period	3-7 years

15. Capital shares in subsidiaries

Parent company DKKK 1,000	2009	2008
Cost price 1 January	22,720	22,720
Addition in the period	99,507	0
Cost price 31 December	122,227	22,720
Accounting value 31 December	**122,227**	**22,720**

Company	Domicile
FirstFarms Slovakiet ApS	Denmark
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
FirstFarms s.r.l.	Romania
FirstFarms Agro East s.r.l.	Romania

All companies are 100 percent owned by the FirstFarms Group.

16. Inventories

		Group		Parent company
DKK 1,000	2009	2008	2009	2008
Raw materials and other materials	8,393	12,041	0	0
Manufactured goods and commodities, grain, fodder etc.	15,417	33,028	0	0
Total	**23,810**	**45,069**	**0**	**0**
Accounting value of inventories included at fair value	15,417	33,028	0	0
Write-downs	1,073	11,197	0	0
Reversed write-downs	0	0	0	0

The write-down on inventories is primary 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 credited in production costs.

17. Receivables

		Group		Parent company
DKK 1,000	2009	2008	2009	2008
Receivables from sales	8,222	9,837	0	0
Other receivables	35,490	13,392	67	440
Purchase price received, discontinued operations	0	3,461	0	0
Receivables from associated companies	0	0	322,649	433,973
Total	**43,712**	**26,690**	**322,716**	**434,413**

Impairments, contained in the receivables above, developed as follows:	2009	2008
1 January	2,003	1,300
Impairments in the year	39	554
Implemented in the year	0	0
Reversed	0	0
Exchange rate adjustments	-2	149
31 December	**2,040**	**2,003**

In 2008 and 2009, no securities have been received from sales. Most of the Group's receivables from sales can be assigned to the RAJO dairy. The management considers the credit risks regarding RAJO as low.

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

DKK 1,000	2009	2008
Period of decadence:		
Up to 30 days	1,444	550
Between 30 and 90 days	164	1,001
Over 90 days	1,174	342

18. Share capital

Issued shares	Amount (pcs.)		Nominal value (DKK)	
	2009	2008	2009	2008
1 January	4,712,241	4,712,241	471,224,100	471,224,100
Decrease of share capital	0	0	-424,101,690	0
31 December	**4,712,241**	**4,712,241**	**47,122,410**	**471,224,100**

At the end of 2009, the share capital consists of 4,712,241 shares at nominal DK 10. (2008: 4,712,241 shares at nominal DKK 100). No shares were attributed special rights.

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 was transferred to a special fond. After expiration of the proclamation period the share capital was thus decreased to DKK 47.1 million, whilst the number of shares was unchanged.

Capital management
The capital structure in FirstFarms is evaluated continuously. To see the Groups' policies on profit distribution, debt finance etc., see p. 18 concerning profit, p. 13 for risk management and p. 14 regarding investment strategy and –criteria.

The realised equity return for 2009 was -9.9 percent (2008: -5.4 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 21 April 2009, authority was given to the company to acquire up to 10 percent of the company's own shares. The authority was not used in 2009, 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 authorized 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 725,000.

Dividend
It is FirstFarms' dividend policy that the shareholders shall have a return on their investments 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 17.

19. Deferred tax

Group DKK 1,000	**2009**	**2008**
Deferred tax 1 January	10,352	12,441
Addition from acquisition of companies	0	4,770
Disposal from sale of companies	-2,083	0
Exchange rate adjustment	-113	-979
Deferred tax of the year calculated in net profit/loss	-7,671	-5,880
Transferred by choice of international joint taxation	3,488	0
Deferred tax 31 December	**3,973**	**10,352**
How deferred tax is calculated in the balance:		
Deferred tax (asset)	-11,302	-3,054
Deferred tax (liability)	15,275	13,406
Deferred tax 31 December, net	**3,973**	**10,352**
Deferred tax concerns:		
Intangible assets	-42	333
Tangible assets	10,233	10,540
Biological assets	3,159	4,404
Other liabilities	-987	-638
Deficits with right to put forward	-14,072	-4,287
Re-taxation balance	5,682	0
Total	**3,973**	**10,352**

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 period of 1-5 years.

Change in interim differences in 2009

DKK 1,000	**Balance 1/1-2009**	**Included in net profit/loss, net**	**Disposal as a result of sold companies**	**Exchange rate adjust-ments**	**Trans-ferred by choice of interna-tional joint taxation**	**Balance 31/12-2009**
Intangible assets	333	-372	0	-3	0	-42
Tangible assets	10,540	1,993	-2,083	-217	0	10,233
Biological assets	4,404	-1,236	0	-9	0	3,159
Other accounting items	-638	-338	0	-11	0	-987
Deficits with right to put forward	-4,287	-9,912	0	127	0	-14,072
Re-taxation balance	0	2,194	0	0	3,488	5,682
Total	**10,352**	**-7,671**	**-2,083**	**-113**	**3,488**	**3,973**

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 26	Exchange rate adjustments	Transferred by choice of international joint taxation	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**

Parent company DKK 1,000	**2009**	**2008**
Deferred tax 1 January	13	21
Deferred tax of the year calculated in net profit/loss	2,194	-8
Transferred by choice of international joint taxation	3,488	0
Other adjustments	44	0
Deferred tax 31 December	**5,739**	**13**
How deferred tax is calculated in the balance:		
Deferred tax (asset)	0	0
Deferred tax (liability)	5,739	13
Deferred tax 31 December, net	**5,739**	**13**

2009

The deferred tax at the end of 2009 is mainly allocation of deferred tax of re-taxation balances as a result of international joint taxation.

20. Debts to credit institutions

Liabilities are recognised in the balance as follows:

DKK 1,000	Group 2009	 2008	Parent company 2009	 2008
Non-current liabilities	55,882	27,165	0	0
Current liabilities	25,243	18,769	0	0
Total	**81,125**	**45,934**	**0**	**0**
Fair value	81,125	45,934	0	0
Nominal value	81,125	45,934	0	0
- of this fixed interest	0	0	0	0

A change in the interest with 1 percentage point will entail a change in the interest expenses of DKK 0.8 million.

Current maturity:	**2009**	**2008**
Within 1 year	25,243	18,769
1-5 years	55,882	27,165
> 5 years	0	0
Total accounting value	**81,125**	**45,934**

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 euro.

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

2009 DKK 1,000	**Contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	7,154	-1,046	6,108
1-5 years	10,855	-930	9,925
> 5 years	0	0	0
Total	**18,009**	**-1,976**	**16,033**

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**

At the termination of the leasing contracts, the Group has possibility to acquire the buildings and production plants and machinery at favourable prices.

21. Supplier debts and other debt obligations

		Group		**Parent company**
DKK 1,000	**2009**	**2008**	**2009**	**2008**
Loan	0	20,000	0	20,000
Supplier debts	25,305	22,201	643	250
Other debt obligations	11,789	7,153	836	988
Total	**37,094**	**49,354**	**1,479**	**21,238**

22. Corporation tax

		Group		**Parent company**
DKK 1,000	**2009**	**2008**	**2009**	**2008**
Corporation tax 1 January	4,057	821	3,724	610
Transferred from outstanding corporation tax to deferred tax in connection with international joint taxation	-3,488	0	-3,488	0
Other regulations	-236	0	-236	0
Current tax of the year	2,563	4,057	0	3,724
Paid corporation tax	-333	-821	0	-610
Corporation tax 31 December	**2,563**	**4,057**	**0**	**3,724**

23. Contingent liabilities, contingent assets and securities

Securities
For the Group's loan in Slovakia, security has been rendered in the Group's Slovakian assets with an accounting value of DKK 343.4 million (2008: DKK 331.4 million).

The parent company has guaranteed for the subsidiaries' debt in credit institutions with an accounting value of DKK 81.1 million (2008: DKK 45.9 million).

24. Change in working capital

DKK 1,000	2009	Group 2008	2009	Parent company 2008
Change in biological assets and inventories	23,997	-32,220	0	0
Change in receivables etc.	-23,684	5,261	461	708
Change in supplier debts, other debt obligations and accruals	3,715	13,663	244	-767
Total	**4,028**	**-13,296**	**705**	**-59**

25. Non-cash transactions

DKK 1,000	2009	2008
Acquisition of tangible assets, cp. note 14	58,756	158,809
Of this financial leased assets	-8,393	-10,787
Paid regarding acquisition of tangible assets	**50,363**	**148,022**
Proceeds at raising financial debt liabilities	32,722	19,601
Of this leasing debt	-8,393	-6,908
Received at raising financial debt liabilities	**24,329**	**12,693**

26. Purchase of companies and activities

2009
In 2009, no companies or activities have been purchased.

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.

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. entered 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.

27. Available

DKK 1,000	2009	Group 2008	2009	Parent company 2008
Available funds	28,569	13,288	8,377	7,028
Current debt for credit institutions	-25,243	-18,769	0	0
Available 31 December	**3,326**	**-5,481**	**8,377**	**7,028**

28. Risks of exchange rate and interest

The Groups' risk management policy
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 2008.

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 2010.

In 2010, FirstFarms' activities are placed in Slovakia and Romania. As the expected EBIT-result in Romania in 2010 is close to zero, a change in the Romanian lei will only have a limited effect on the result. 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 in the financial expenses with DKK 0.8 million.

FirstFarms' result will mainly be affected by changes in the milk price, where a change in the milk price of 1 percent will cause a change in the EBIT-result of DKK 0.6 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 1 percent change in the price or quantity of sales crops will entail a change in the EBIT-result of DKK 0.3 million.

Regarding credit risks, please see note 17 concerning receivables.

Liquid funds
The company has satisfactory financial resources.

The Group's liabilities fall due as follows:

2009 DKK 1,000	**Accounting value**	**Contractual cash flows**	**Within 1 year**	**1 to 5 years**	**After 5 years**
Non-derivative financial instruments					
Credit institutions and banks	65,092	73,937	22,466	51,471	0
Financial leasing liabilities	16,033	18,009	7,154	10,855	0
Trade payables	25,305	25,305	25,305	0	0
Derivative financial instruments	0	0	0	0	0
31 December 2009	**106,430**	**117,251**	**54,925**	**62,326**	**0**

2008 DKK 1,000	Accounting value	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
Non-derivative financial instruments					
Credit institutions and banks	34,937	38,960	16,745	22,215	0
Financial leasing liabilities	10,997	12,329	4,351	7,978	0
Trade payables	22,201	22,201	22,201	0	0
Derivative financial instruments	0	0	0	0	0
31 December 2008	**68,135**	**73,490**	**43,297**	**30,193**	**0**

The parent company has no significant liabilities, and all liabilities fall due with one year.

29. Operational leasing

Minimum irredeemable operational leasing payments are as follows:

Group DKK 1,000	2009	2008
0-1 year	1,504	1,505
1-5 years	1,714	1,397
> 5 years	1,304	1,037
Total	**4,522**	**3,939**

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.

In the income statement for 2009 DKK 1.5 million was put to cost regarding land lease (2008: DKK 1.5 million) Costs as the same level is expected in 2010. In the following years, the amount is not expected to change significant by renting the same area.

Per 31 December 2009, FirstFarms has leased 7,900 hectares in total in Slovakia, distributed on 4,600 lease contracts with a currency of 1-15 years (2008: 7,750 hectares distributed on 5,000 lease contracts). The greater part had a currency of 5 years, but with continuous renewal.

As per 31 December 2009, FirstFarms has in Slovakia entered leasing contracts with option to purchase approx. 200 hectares (2008: 200 hectares).

In Romania leasing contracts have been entered of 120 hectares of land to cultivate in 2009/2010 (2008/2009: 400 hectares).

30. Discontinued activities - 2008

Discontinued activities in 2008 concerned the flourmill that came with the purchase of the Slovakian company Mlyn in 2007. The mill was per 31 December 2008 sold at DKK 3.5 million. The amount was entered as a credit at the time of discontinuance. The Group has no discontinued activities as per 31 December 2009.

Group DKK 1,000	**2009**	**2008**
Net turnover	0	9,617
Costs	0	-9,282
Pre-tax result	0	335
Tax of result	0	-64
Result after tax	0	271
Pre-tax result of sale	0	-1,311
Tax effect of sale	0	249
Result of sale after tax	0	-1,062
Result of the year of discontinued activities	**0**	**-791**
Earnings of discontinued activities per share, DKK	0	-0.17
Diluted earnings of discontinued activities per share, DKK	0	-0.17
Cash flow from operations	0	335
Sales sum	0	3,461
Total cash flow	**0**	**3,796**

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 fulfil the criteria of being “intended for sale”.

As the mill was sold at the end of 2008 assets as well as obligations constituted DKK 0.

31. 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 companies, with whom FirstFarms has entered loan agreement with in 2009. As per 31 December 2009 the loans have been paid, and interests have during the year constituted DKK 4 million.

Board member Kjeld Iversen has, besides the board members’ remuneration, received DKK 119,000 as fee for tasks carried out on consultancy basis for FirstFarms A/S.

In 2009, FirstFarms A/S has invoiced group contributions etc. of DKK 0.6 million (2008: 1.0 million).

All transactions are made on market terms.

32. Subsequent events

After the balance day 31 December 2009, no essential events on the presentation of FirstFarms' account have occurred.

33. New accounting regulations

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 2009: IFRS 3, amendments to IAS 27, various amendments to IAS 32 and 39 and IFRIC 9, amendments to IFRS 2, amendments to IFRS 1, a few parts of ”improvements to IFRSs (May 2008), ”improvements to IFRSs (April 2009)”, IFRIC 17-19, amendment to IFRIC 14, revised IAS 24 and IFRS 9. Amendments to IFRS 2, amendments to IFRS 1, Improvements to IFRS (April 2009), IFRIC 19, amendment to IFRIC 14, revised IAS 24 and IFRS 9 has not yet been approved by EU.

FirstFarms A/S expects to implement the new accounting policies and interpretations, when they become compulsory. The policies and interpretations, which are approved with a different in force date in EU than the corresponding in force dates from IASB, will be implemented earlier, so that the implementation is following IASB's in force dates. None of the new policies or interpretations are expected to have significant influence on FirstFarms A/S' presentation of accounts.