Annual report 2010

Wheat harvest Romania 2010

FirstFarms A/S
CVR: 28 31 25 04

Registered office: Billund

Summary

2010: Significant improvement of the operation in 2010

- In 2010, FirstFarms realised a turnover of DKK 85 million, an EBIT-result of DKK -7.9 million and a pre-tax result of DKK -11.9 million.
- The result was lower than expected and was due to larger regulations of stocks than assumed at presentation of the accounts for Q3 2010.
- In the result an extraordinary loss of approx. DKK 10 million is included due to flooding in Slovakia.
- Cash flow from operations entailed DKK 15.9 million, which was an improvement of DKK 42 million compared to 2009.
- The crop yields in Romania were satisfactory and the settlement prices were higher than assumed.
- The construction of cattle stables in Slovakia was delayed which entailed that the revenue was lower. The milk production per cow has not met the expectations, but in 2010 the production was however more than 20 percent higher than in 2009, among other things due to an expansion of the herd. The construction of cattle stables is now completed.
- The result was a significant improvement compared to 2009. The EBIT result was hence improved with DKK 28.3 million and pre-tax result was improved with DKK 30.3 million in spite of loss of DKK 10 million due to flooding. In the 2009-result, a profit of DKK 14 million was included regarding sale of land in Romania.

2011: Expectation for continued significant improvement of operation in 2011

In 2011, FirstFarms expects a turnover of DKK 125-130 million, an EBIT-result of DKK 17-22 million and a pre-tax result of DKK 10-15 million, which is an improvement of the revenue of approx. DKK 25 million.

The result is based on the following assumptions:

- An average milk price of DKK 2.53 per kg (2010: DKK 2.19 per kg).
- A milk production of 29.8 million kg (2010: 19.0 million kg).
- An oil seed price of DKK 2,600-2,900 per tonne (2010: DKK 2,350-2,400 per tonne).
- A grain price of DKK 1,050-1,350 per tonne (2010: DKK 900-1,400 per tonne).

Content

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	**2010**	**2009**	**2008**	**2007**	**2006**
Turnover	85,130	75,605	59,490	58,213	9,183
Gross profit/loss	10,210	-29,954	1,404	11,520	1,129
Profit/loss from primary operations	-7,932	-36,207	-25,710	-6,273	-1,971
Net financial items	-3,994	-5,971	2,273	10,154	-474
Pre-tax result of continued operations	-11,926	-42,178	-23,437	3,881	-2,445
Net profit of continued operations	-9,268	-37,070	-21,227	2,706	-1,961
Result of discontinued operations	0	0	-791	-301	0
Net profit	-9,268	-37,070	-22,018	2,405	-1,961
Non-current assets	414,400	388,116	400,953	224,105	102,890
Current assets	80,754	127,007	128,131	267,645	403,073
Total assets	495,154	515,123	529,084	491,750	505,963
Share capital	47,122	47,122	471,224	471,224	471,224
Equity	340,884	352,091	394,785	421,605	423,445
Non-current liabilities	52,936	71,157	40,571	19,357	10,798
Current liabilities	101,334	91,875	93,728	50,788	71,720
Cash flow from operations	15,853	-26,183	-19,997	-3,524	-16,499
Cash flow for investment, net	-41,407	9,178	-178,203	-129,461	-801
Of which for investment in tangible assets	-33,576	-50,363	-148,022	-85,774	-5,363
Cash flow from financing	-10,481	24,329	14,220	-12,291	358,670
Total cash flow	-36,035	7,324	-180,184	-145,647	341,370
Key ratios for the Group					
Gross margin	12.0	-0.4	2.4	19.8	12.3
Operating margin	-9.3	-47.9	-43.2	-10.8	-21.5
Assets/equity	1.5	1.5	1.3	1.2	1.2
Earnings per share, DKK	-1.97	-7.87	-4.67	0.51	-0.42
Diluted earnings per share, DKK	-1.97	-7.87	-4.67	0.51	-0.42
Return on shareholders' equity	-2.7	-9.9	-5.4	0.6	-0.4
Average number of employees	205	211	219	208	194

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 2010".

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 2010

FirstFarms faced a great challenge in 2010 in turning the development in the company after the large deficit in 2009. The company has succeeded in turning the development and FirstFarms has realised a result just short of the expected.

The commodity prices increased significantly in 2010. Among others the commodity prices increased due to large areas in Russia and Ukraine were hit by drought, so the harvest in these areas was significantly lower than usual. Furthermore, there were flooding in other parts of Eastern Europe, and FirstFarms was in Slovakia hit by these flooding where approx. 1,100 hectares was under water.

In Romania, FirstFarms had a very satisfactory harvest with higher yields than expected.

The construction of cattle stables in Slovakia has been significantly delayed, but the facility is now completed and it will in the coming year be a substantial asset to ensure a high and constant milk production. The challenge at the moment is to get the production up at a satisfactory level but the trend in the milk production is on the rise. Finally, there will be possibility to get the company's capacity costs for the milk production divided on a larger production, so that the unit costs can be reduced.

In 2010, the milk production did not meet the expectation. Firstly the construction was completed later than expected and secondly the production per cow was not satisfactory. The price on milk increased during 2010 but the average price on milk for whole year was a little lower than assumed.

2010 has been used to trim and streamline the activities previously implemented. Also 2011 will be concentrated on optimising the operation, so the company at the end of 2011 will be able to shift the focus back on realisation of the structural growth goals within the company's mission and vision.

Per Villumsen
CEO and board member

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 2,700 cows. In Romania the company owns 7,604 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.

Management review

In 2010, FirstFarms realised a turnover of DKK 85 million, an EBIT-result of DKK -7.9 million and a pre-tax result of DKK -11.9 million.

The result was lower than expected and was due to larger regulations of stocks than assumed at presentation of the accounts for Q3 2010. In the result an extraordinary loss of approx. DKK 10 million is included due to flooding in Slovakia.

Cash flow from operations entailed DKK 15.9 million, which was an improvement of DKK 42 million compared to 2009.

The crop yields in Romania were satisfactory and the settlement prices were higher than assumed.

The construction of cattle stables in Slovakia was delayed which entailed that the revenue was lower. The milk production per cow has not met the expectations, but in 2010 the production was however more than 20 percent higher than in 2009, among other things due to an expansion of the herd. The construction of cattle stables is now completed.

The result was a significant improvement compared to 2009. The EBIT result was hence improved with DKK 28.3 million and pre-tax result was improved with DKK 30.3 million in spite of loss of DKK 10 million due to flooding. In the 2009-result, a profit of DKK 14 million was included regarding sale of land in Romania.

Commodity prices
The commodity prices increased in 2010 and they were still on this high level at the end of the year and in 2011 commodity prices are expected to be on or a little above the level in 2010.

The commodity prices have during the latest years shown larger fluctuations than it was the case earlier. It is considered that the financial crisis and a larger element of speculation in the market have contributed to these fluctuations.

Prices on grain and oilseed
The prices on grain increased from a low level in the beginning of 2010 up to a level of DKK 1,300-1,400 per tonne at the end of the year, and the price has increased further in the first months of 2011.

The development in the prices on grain in 2010 is due to a significant lower harvest than usual. Especially Russia and Ukraine was hit by drought, which entailed significant lower yields and has resulted in closing down their export. Furthermore, parts of Poland, Czech Republic and Slovakia were hit by flooding which has also affected the harvest negatively.

In the beginning of 2011, there has been significant flooding in Australia, which has also lifted the prices on grain.

During the latest years the prices on grain was negatively influenced by the financial crisis where the demand decreased significantly. A part of the increase in the price in 2010 is thus considered to be a return to a more permanent price level, even though the present prices are considered to be higher than what is normal for crops.

The price on oilseed has increased similar during 2010.

Milk prices
In the period from 2007 to 2010, there have been significant fluctuations in the milk price. In 2010 the average settlement price for FirstFarms' milk in Slovakia was DKK 2.19, while in 2009 it was DKK 1.69, in 2008 DKK 2.64 and in 2007 DKK 2.27. The price has increased during 2010, but the average price did not reach the expected level of DKK 2.24.

In 2010, FirstFarms has decided to invite more buyers to make an offer on part of the produced milk. In the company's opinion this changed strategy has contributed to increase the earnings in the company.

In 2011, the company expects an average milk price of DKK 2.53.

Exchange rate adjustment
FirstFarms is exposed in euro and Romanian lei. Slovakia operates in euro and there is a limited margin between Danish kroner and euro. During the recent years there have been larger fluctuations in the Romanian lei and this can still happen in the future. However, in 2010 no large fluctuations appeared in the exchange rate. At the end of 2010, the exchange rate was 1.1 percent lower that at the beginning of the year, which entailed a negative adjustment on the company's equity with DKK 2.0 million.

Grants
FirstFarms receives grant for the milk production in Slovakia. The grant is a so-called non-connected grant which means that it is not dependent on the present production. The grant is paid by the Slovakian state and the grant is reduced in 2011.

Hectare grant for cultivating the areas are given. There is difference on the size of the grant in Slovakia and Romania respectively. FirstFarms has received grant for ecological cultivation of approx. 1,000 hectares in Slovakia, and 2010 is the last year this grant is given as the 5-year period has expired.

The grants in Eastern Europe are under phase-in until the review of the support schemes in 2015.

It is possible in Eastern Europe to apply for grant for investments from EU's structural funds.

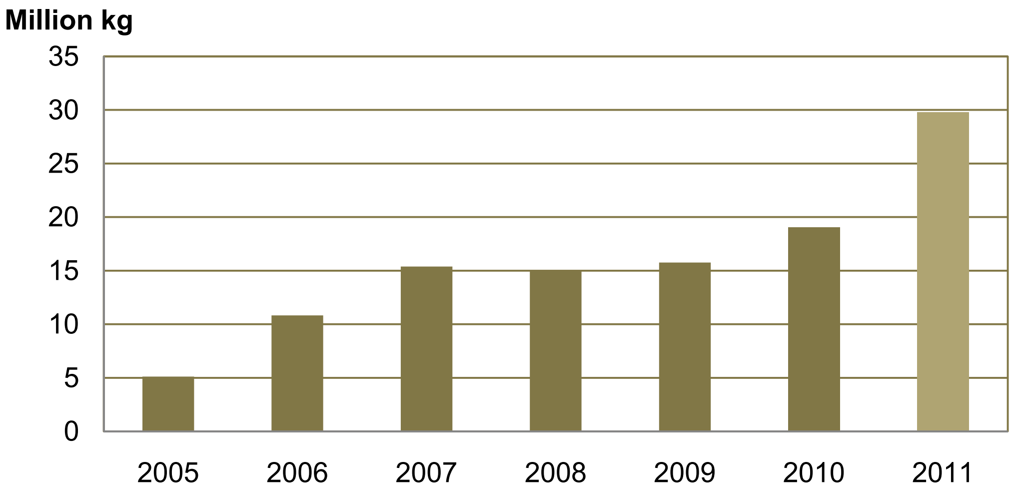
Slovakia

Milk production
The milk production has increased in 2010, both the total production and the production per cow. The production per cow is however still not on a satisfactory level, but at the moment good increases are observed in the production, and it is expected that the completion of the stables and more stability in the production environments will entail that this trend can be maintained.

In 2010, 19.0 million kg milk was produced. This number is expected to increase to 29.8 million kg in 2011 and additionally in 2012. In the spring 2011, the last cows are placed after the expansion, and the capacity in the facility will then be fully utilised.

However, there will still be a period with running-in the new cows etc., and therefore the maximum production on the facility will not be reached until sometime during 2012.

Development in FirstFarms' sale of milk in Slovakia



Construction of cattle stables
FirstFarms has in Slovakia established a modern stable with room for 2,700 cows. The facility has a modern milking centre with two milking parlours, each with 40 milking spaces, and a calving city for the newborn calves.

Furthermore, FirstFarms has a stable approx. 15 km from here with room for 750 cows and the milking centre at this site was replaced a few years ago. Therefore the total production will reach 3,450 cows.

The facility was delayed, but it is now completed and taken into use.

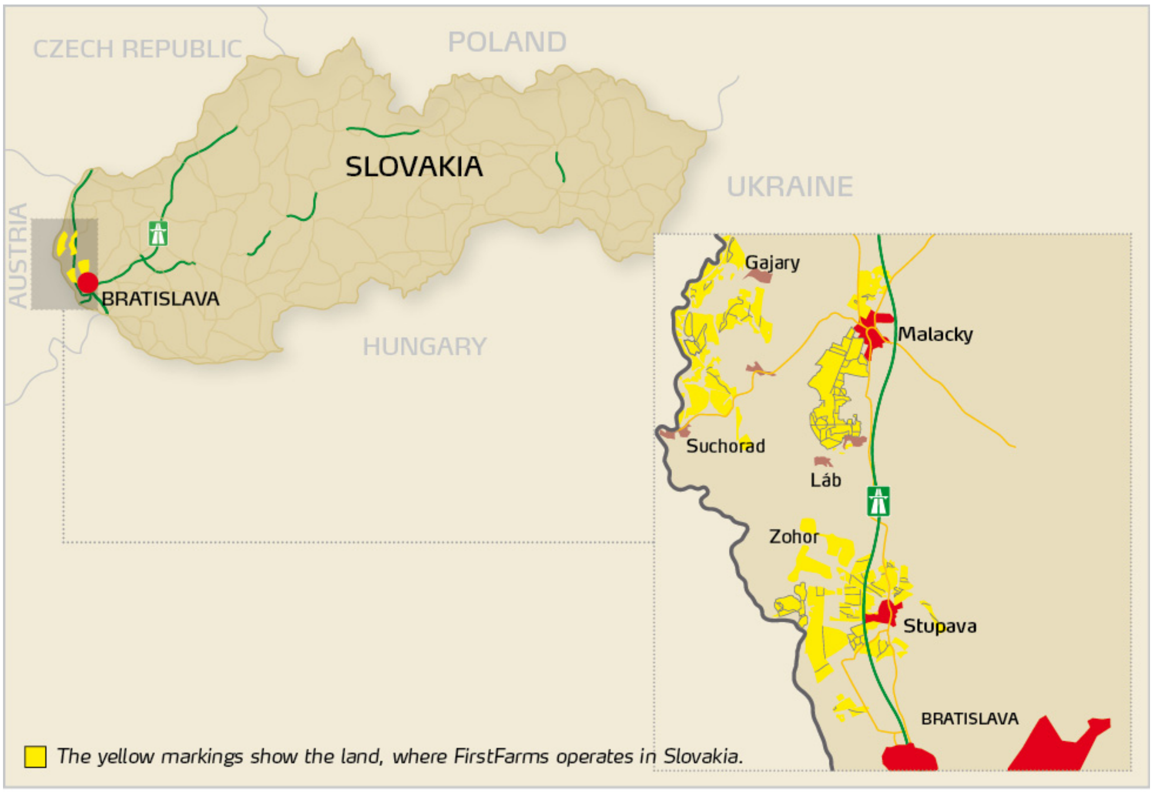
Field production
In 2010, the field production is Slovakia was difficult due to flooding and very moist climate. In the spring approx. 1,100 hectares was flooded and had a significant negative affect on the yields. On some areas the crops disappeared completely whereas on other areas there were significant lower yields.

The most severe affected crops were alfalfa and maize. The company has sufficient fodder until next harvest, but it was not possible to sell maize, as a larger area, than originally assumed, was used for fodder

The autumn was also very moist and it complicated the harvest and the seeding of winter crops. For that reason the rape plants did not become as powerful in the autumn as desirable. FirstFarms expects it will be obtained during the spring 2011.

Consequently, lesser rape has been seeded in the autumn 2010 compared to the previous years.

FirstFarms in Slovakia



Land
FirstFarms owns 401 hectares of land in Slovakia and there have not been any changes in 2010.

The main part of the land which the company operates in Slovakia is leased land, and is leased on contracts running between 1 and 15 years. The lease contracts are prolonged on an ongoing basis. The lease fee in Slovakia is on a relatively low level of approx. DKK 300 per hectare and thus it is more beneficial to lease the land than to buy it.

Approx. a third of the land is administrated by the state through a land fund. It is considered that, over time, this land will be offered for sale with pre-emptive rights for the users.

Romania

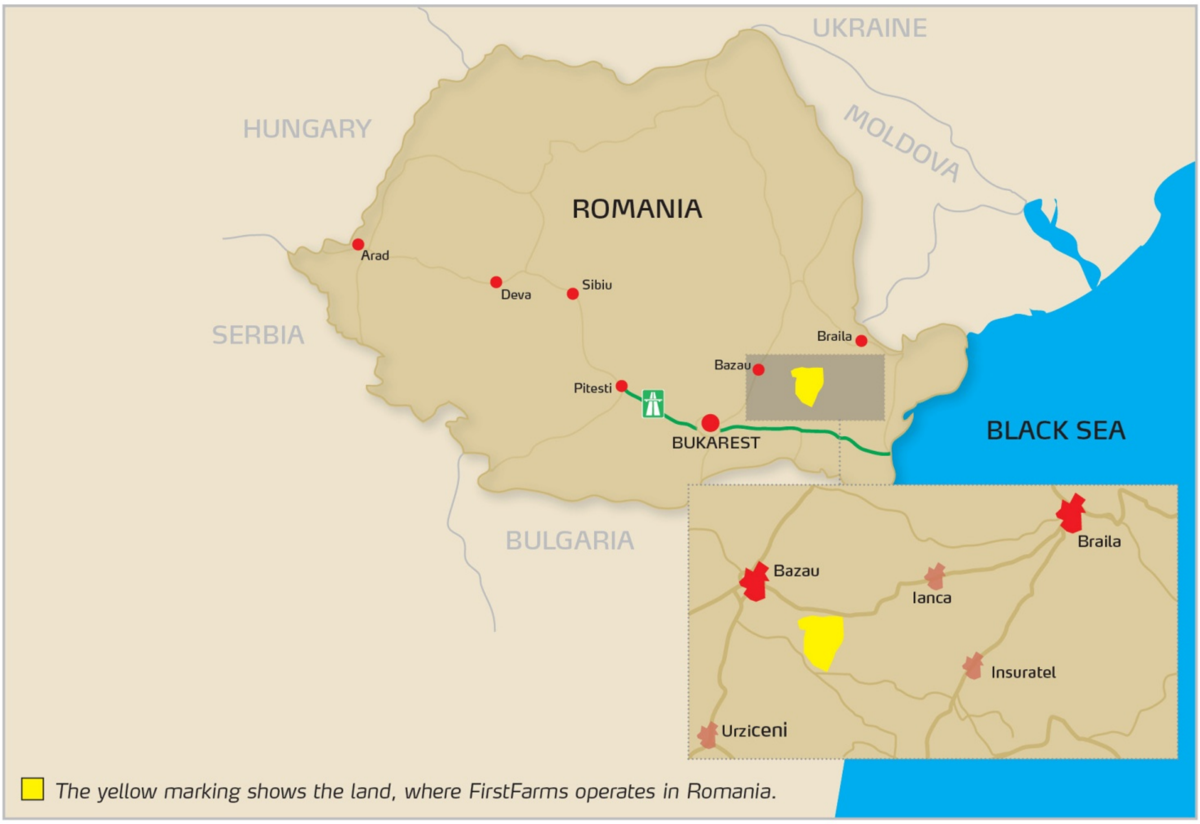
Field production
It was the second year that FirstFarms had agricultural production in the Buzau-area, and the harvest in 2010 was satisfactory with yields above the expected.

FirstFarms can also register that the yields are better in the areas where the land is cultivated for the second year, whereas the yields on the land expanded in the year have been lower. By cultivation of the land, improvement of the land is thus realised for cultivation in the coming years.

In 2009/2010, approx. 3,000 hectares was cultivated, and approx. 4,200 hectares are expected to be cultivated in 2010/2011.

The sprout in the autumn 2010 for crops to harvest in 2011 is satisfactory, and the winter crops have thus got a satisfactory start.

FirstFarms in Romania



Land
In 2010, FirstFarms has purchased smaller parcels in the area, where the company operates in the Buzau-area. At the beginning of the year, the company had 7,143 hectares of land. At the end of 2010 the company owns a total of 7,604 hectares.

Trends in land prices
After the financial crisis in 2010 the land sale began slowly in Romania, even though it is still on a low level. 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. It is however estimated that the interest from buyers is increasing.

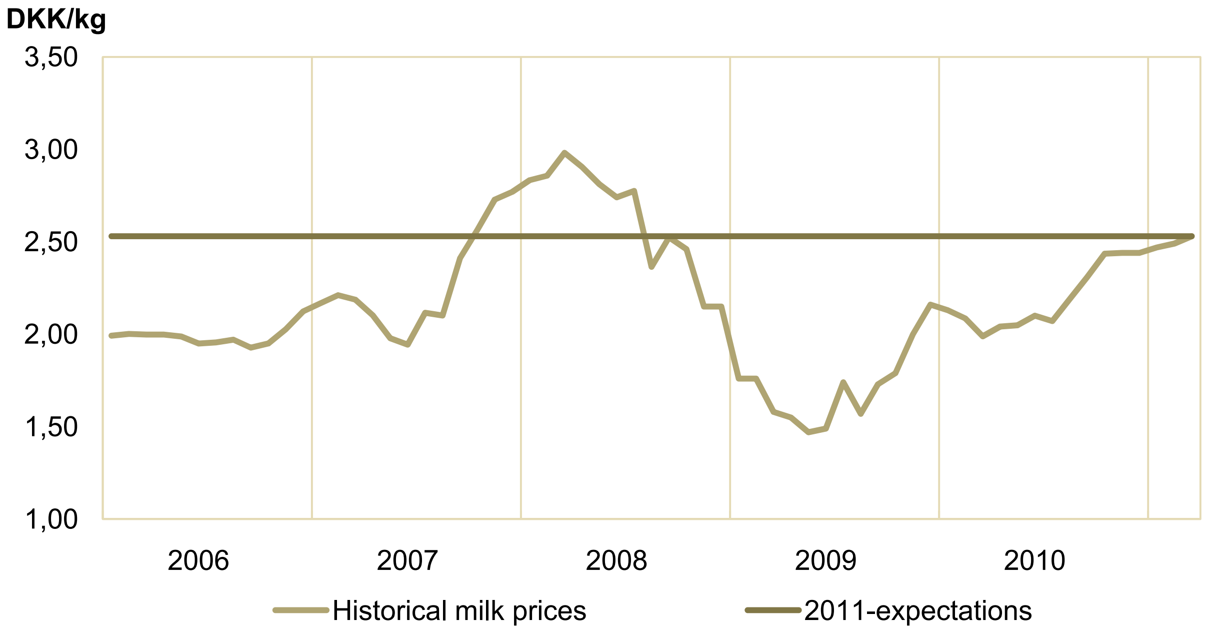
There are no official statistics for purchase and sale of agricultural land in neither Slovakia nor Romania. Therefore it is not possible to compare prices with public registrations. Besides the market effect from the financial crisis and lack of liquidity, the land price is to a great extent dependent 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 March 2011.

As per 31 December 2010 FirstFarms owned 7,604 hectares of agricultural land in Romania, which in the accounts is entered at DKK 113.4 million, corresponding to an average price of DKK 14,907 per hectare. The certified valuation states a value of DKK 122.3 million, corresponding to an average price of DKK 16,110 per hectare.

Expectations for 2011
In 2011, FirstFarms will have focus on the milk production after completion of the cattle stables. The plant is now completed and we can hence get full utilisation of the new plant. Therefore, focus shall be on carrying out the rationalisations and get the milk production up to a higher level. In 2011, a production of 29.8 million kg milk is expected compared to 19.0 million kg in 2010.

Development in milk price



In 2011, higher prices on grain and oil seed are expected. There will however also be higher prices on seed corn, manures and chemicals compared to 2010. The higher prices on crops will also entail that the feeding costs will increase compared to 2010.

The cultivated area in Romania will be increased with more than 1,000 hectares compared to 2010. The increase is partly because the company has purchased smaller parcels in connection with the cultivated area. Additionally, the company has had the possibility to cultivate a larger part of the purchased land, by swopping land to larger combined parcels and thereby achieving a combination of the land in larger parcels.

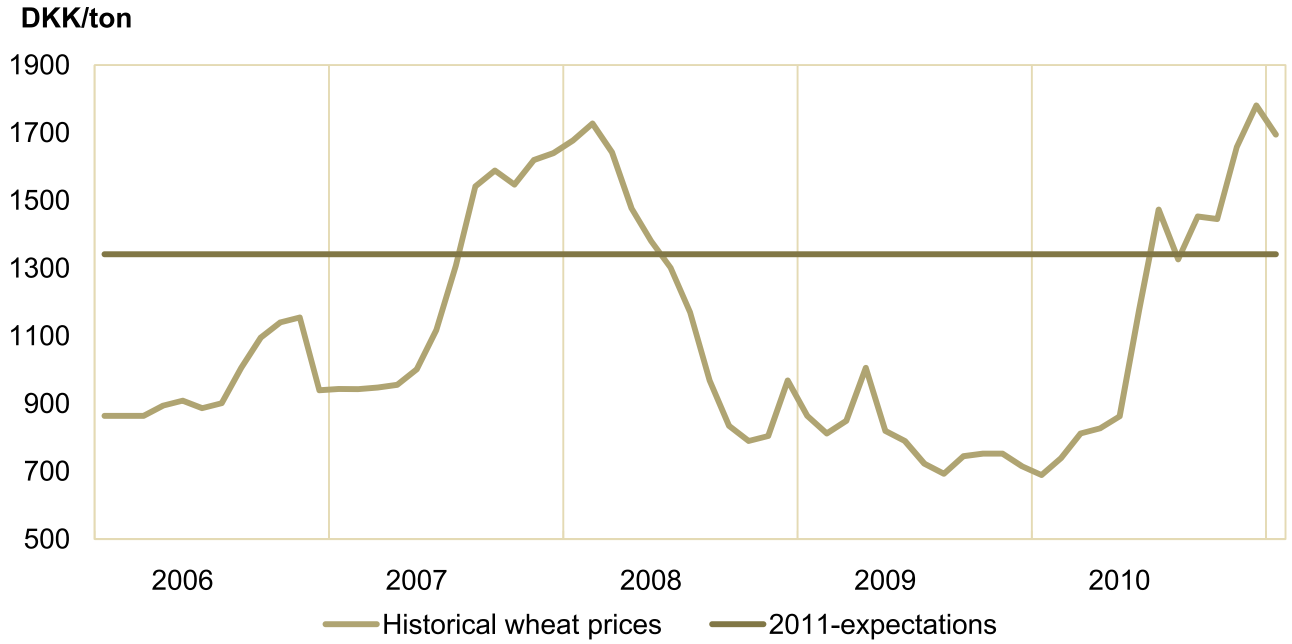
In 2011, the company expects to achieve a turnover of DKK 125-130 million, an EBIT result of DKK 17-22 million and a pre-tax result of DKK 10-15 million.

Assumptions
A higher price for milk is expected in 2011, so that the average price for the year is assumed at DKK 2.53 per kg. Generally, this corresponds to the price paid today.

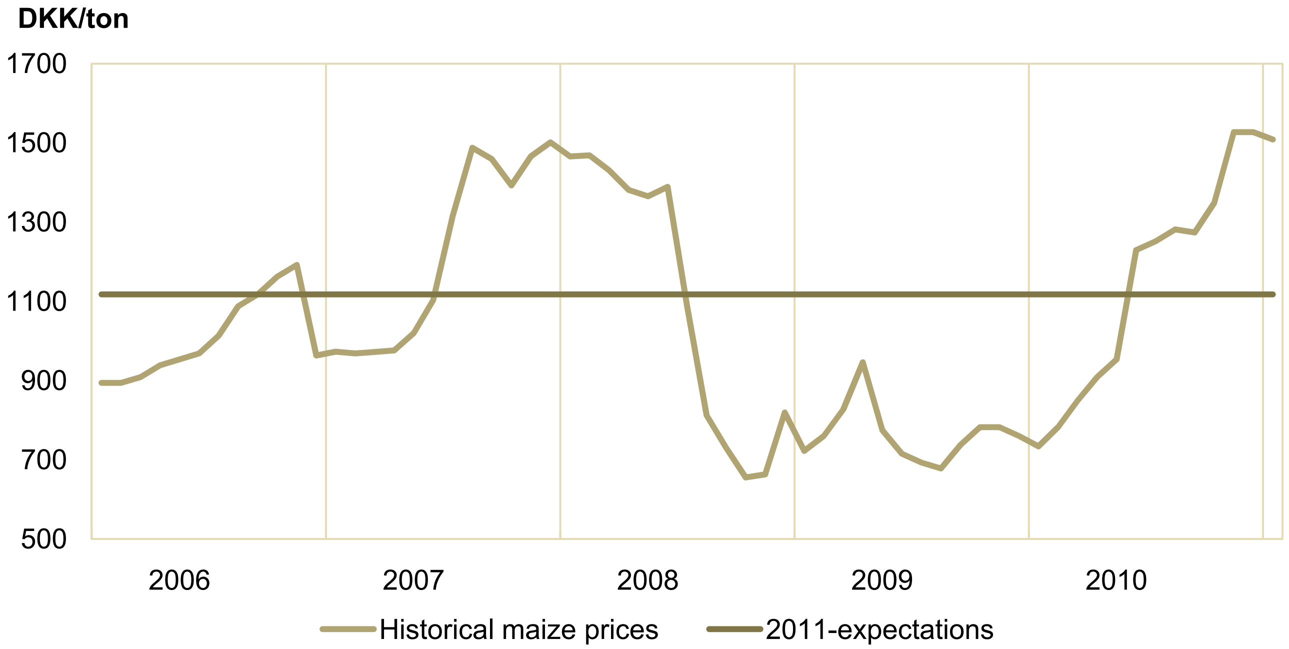
In 2011, the settlement prices for grain (wheat, rye, maize and barley) are expected in the level of DKK 1,050-1,350 per tonne, depending on product and whether it is produced in Slovakia or Romania. A little lower price is expected in Romania than in Slovakia.

A price for oil seed is expected in the level of DKK 2,600-2,900 per tonne.

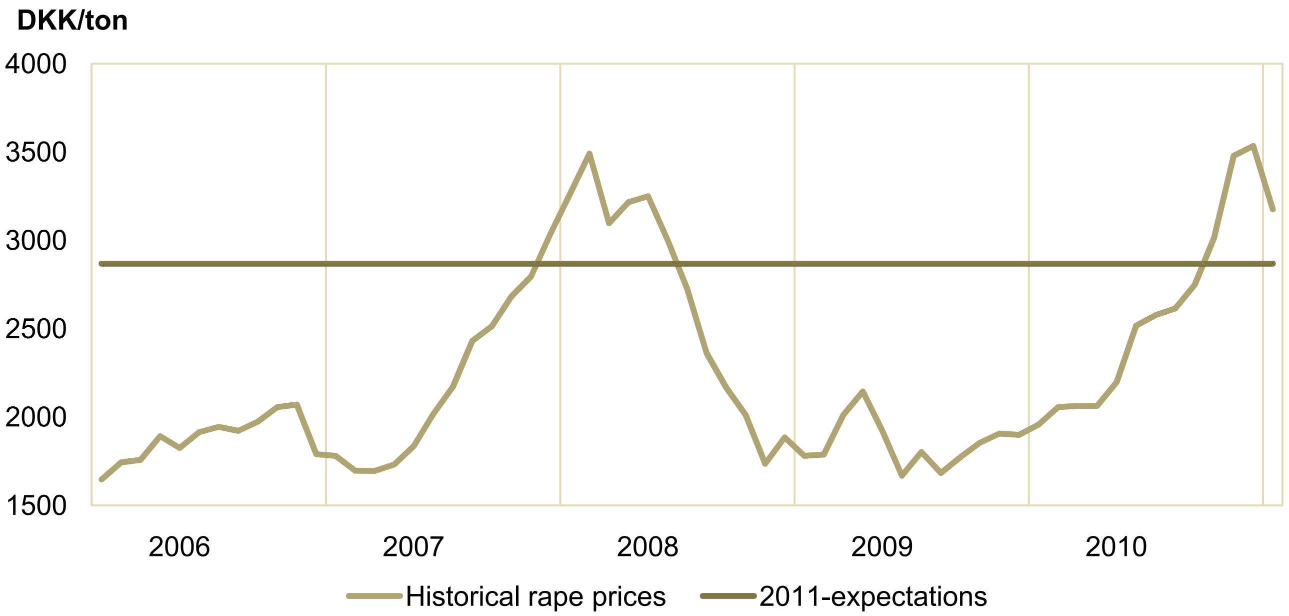
Development in wheat price



Development in maize price



Development in rape price



Investments
In 2011, the investments will mainly concern the completion of the cattle stables in the first quarter and purchase of cows in Slovakia. It is essential to get full utilisation of the new plant.

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 counteract these risks by freezing settlement prices and operating costs through 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 possibility 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 cultivated 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 cultivated 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 lease contracts have a life of 1-15 years and are entered into over a number of years. 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.

Development in land prices
FirstFarms owns approx. 400 hectares of land in Slovakia and in Romania the company has purchased 7,604 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 legislations 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.

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 risks 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 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.

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 2010, FirstFarms had 3,927 shareholders. The majority is Danish investors, whereas 74 shareholders are registered outside Denmark. As per 31 December 2010, the name register share in the company's owner book was approx. 96 percent.

Shareholders	No. of shares (pcs.)	Capital (%)
Henrik Hougaard	291,020	6,2
Other registered shareholders	4,252,037	90.2
Non-registered shareholders	169,184	3.6
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 20 April 2010, authority was given to the company to acquire up to 10 percent of own shares. The authority was not used in 2010, 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 92,500 share options corresponding to nominal DKK 925,000.

Warrant programme
FirstFarms' warrant programme covers a few staff members in Denmark and in foreign subsidiaries and has a limited proportion. The total allotment of warrants was 7,500 as on 31 December 2010. Further information is available in note 5.

Shareholdings of Management and Board of Directors

Name	No. of shares
Henrik Hougaard	291,020 pcs.
Per Villumsen (Management and Board of Directors)	201,099 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.

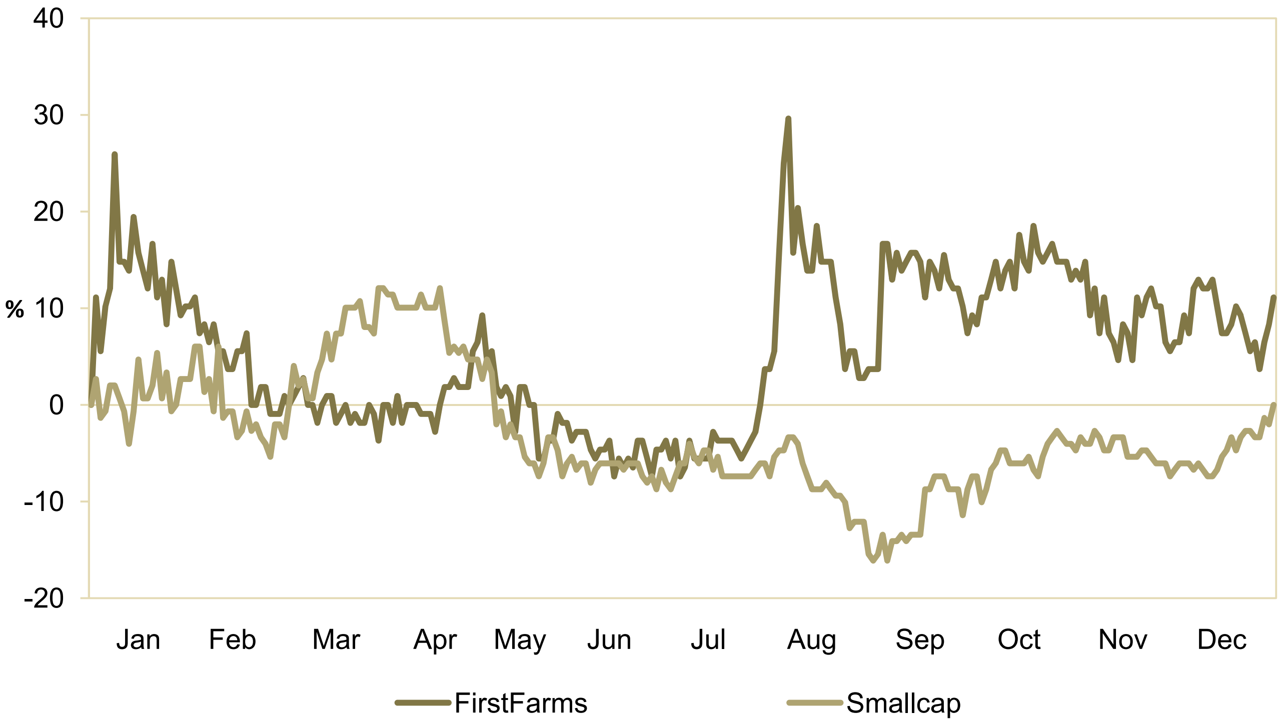
Dividend

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 2010 the share price was 54 and after a year without major fluctuations, the FirstFarms share closed at price 60 at 31 December 2010. At the end of the year the market value was DKK 282.7 million and share thus increased with 11 percent. In the same period the Danish smallcap-index, in which the FirstFarms share is traded, remained flat. In 2010, the average share turnover was DKK 219,160 per business day.

Share price development 2010



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 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 2011	
29 March 2011	Annual report 2010
28 April 2011	Annual general meeting
26 May 2011	Interim report Q1-2011
24 August 2011	Half-year report Q2-2011
23 November 2011	Interim report Q3-2011

Annual general meeting
FirstFarms' annual general meeting is held on Thursday 28 April 2011 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 address 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**.

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 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
6 April 2010	7	Notice for ordinary general meeting
20 April 2010	8	Progress of annual general meeting
21 April 2010	9	Report on insiders trade with FirstFarms A/S' shares
22 April 2010	10	Report on insiders trade with FirstFarms A/S' shares
27 May 2010	11	Interim report Q1 2009
6 July 2010	12	Shareholder announcement – Farm Invest Holding A/S
25 August 2010	13	Half-year report 2010
3 September 2010	14	Report on insiders trade with FirstFarms A/S' shares
24 November 2010	15	Interim report Q3 2009
30 November 2010	16	Report on insiders trade with FirstFarms A/S' shares
20 December 2010	17	Financial calendar 2011

Published company announcements in 2011

Date	Number	Announcement
29 March 201	1	Annual report 2010

Expected company announcements in 2011

Date	Number	Announcement
28 April 2011		Annual general meeting
26 May 2011		Interim report Q1-2011
24 August 2011		Half-year report Q2-2011
23 November 2011		Interim report Q3-2011

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)* Damas A/S DK-TEC A/S *(CH)* Roblon A/S Fortin Madrejon A/S Thoraso ApS
Lars Thomassen *Born 1953, entered 2006*	Lars Thomassen Holding ApS White Star Development Black Star ApS	Birger Christensen A/S Holm Kommunikation A/S Bark Group Inc. *(CH)*
Jens Møller *Born 1950, entered 2006* *Entered the accounting committee in April 2009*	Jens Møller Ledelsesrådgivning ApS	Bramidan A/S *(CH)* Bramidan Holding A/S *(CH)* Aalborg Maskinforretning A/S *(CH)* OMØ A/S *(CH)* OMØ Holding A/S *(CH)* Almas Holding A/S *(CH)* A/S Chr.Boldsen A/S Chr.Boldsen Holding Intego A/S *(CH)* Proniq Holding A/S *(CH)* Nowaco A/S *(VC)* Løvbjerg Supermarked A/S
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)* Stibo Ejendomme A/S *(CH)*
Per Villumsen *Born 1956, entered 2009* *Entered the management in February 2010*	Vipax A/S P. V. Holding ApS	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

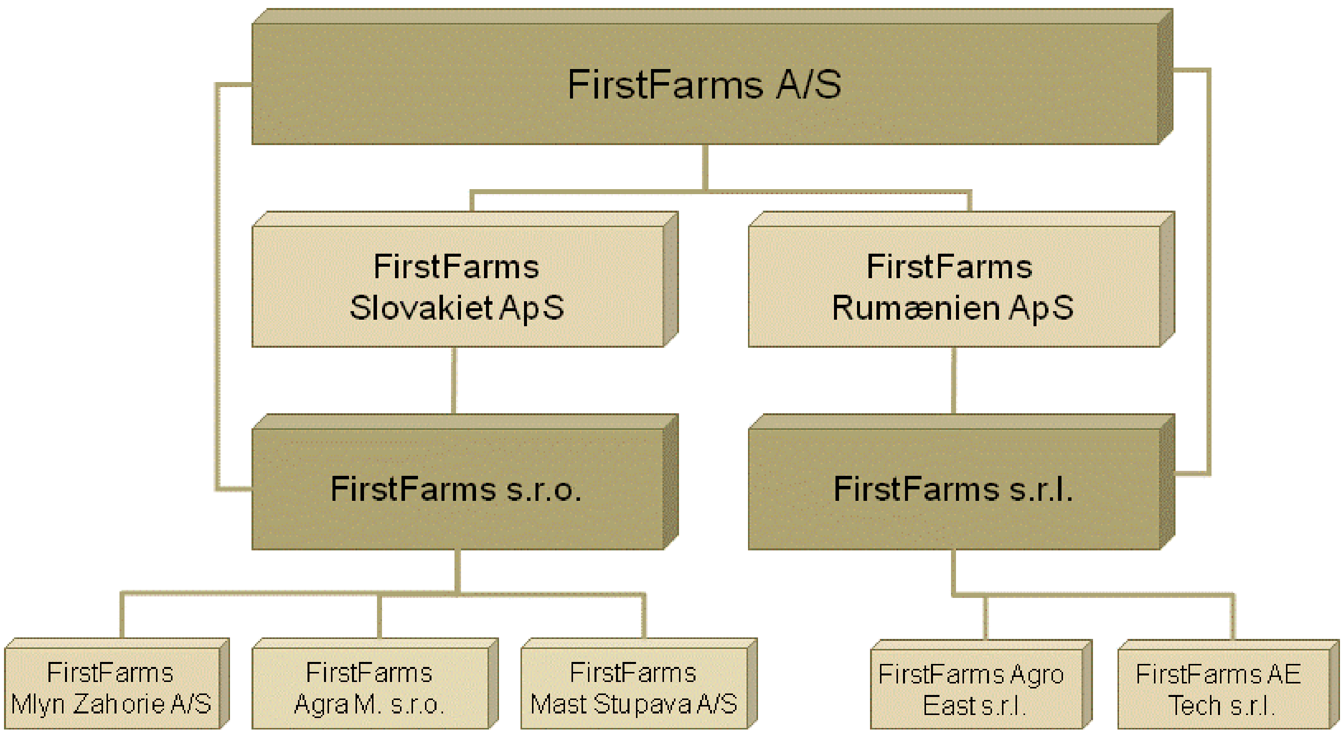
Accounting committee
Kjeld Lindberg Iversen (Chairman)
Jens Møller

Management
Per Villumsen

Auditors
KPMG
Værkmestergade 25
DK-8100 Aarhus C.

Annual general meeting
The annual general meeting is held on Thursday 28 April 2011 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 2010.

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 2010 and covers the accounting period 1 January – 31 December 2010.

Recommendations for good 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 April 2010, 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.

FirstFarms has prepared a complete description of the company's approach in regard to Corporate Governance based on the recommendations of the Committee. The description can be seen or downloaded from the company's website **www.firstfarms.com/investor-relations/firstfarms-corporate-governance/corporate-governance-annual-report-2010/.**

In 2010, FirstFarms' Board of Directors has held 10 board meetings and the accounting committee has held 5 meetings.

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.

The accounting committee consists of Kjeld Iversen (chairman) and Jens Møller, who both has great experience within accounting and auditing and thereby commands great know-how and experience with financial-, auditing- and accounting conditions.

The accounting committee go through the Management's draft to account reporting and company announcement in preparation to ensure that the Board of Directors gets a satisfactory basis for decision of the company announcements.

The accounting committee has in connection with the work in 2010 i.e. visited Slovakia to evaluate reporting and internal controls. The work was carried out with interviews with the responsible managers in Slovakia.

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.

FirstFarms' managing director is also country manager in the Slovakian and Romanian subsidiaries, and follow-up is hereby closely on the activities in the subsidiaries, where the Group's operations are.

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 discussed and approved the annual report for 2010 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 2010 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 2010.

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 29 March 2011

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 2010, pp. 29-64. 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 are 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 which is prepared in accordance with Danish disclosure requirements for listed companies and provided a statement thereon.

Management's responsibility

Management is responsible for the preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view 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 presentation of consolidated financial statements and parent company financial statements that give a true and fair view and 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. Management is also responsible for the preparation of a Management's review that includes 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 as to 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 presentation of consolidated financial statements and parent company financial statements that give a true and fair view 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 opinion.

Our audit has not resulted 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 2010 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 2010 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 further 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 provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aarhus 29 March 2011

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 2010 comprises both the consolidated financial statement of FirstFarms A/S and its subsidiaries for the period 1 January – 31 December 2010 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.

The Board of Director and the Management have 29 March 2011 discussed and approved the annual report for 2010 of FirstFarms A/S. The annual report is presented to FirstFarms A/S' shareholders for approval on the annual general meeting 28 April 2011.

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 from 1 January 2010 FirstFarms A/S has implemented the issued and effected accounting standards from IASB and the changes herein including IFRS1, IFRS 2, IFRS 3, IAS 27 and IAS 39, parts of improvement to IFRSs May 2008 and improvements to IFRS April 2009 and the interpretations IFRIC 9, 17 and 18.

For the FirstFarms A/S Group IFRS 3 (2008) and IAS 27 (2007) apply to transactions carried out 1 January 2010 or later. The standards contain a number of new requirements, of which the most essential are:

- Purchase costs and changes to conditional purchase fee are included directly in the income statement.
- Gradual takeovers entail value adjustment at fair value directly in the income statement of the previously owned capital shares.
- Profit/loss at sale of capital shares, by which control is lost, is included in the income statement. At the same time any capital shares kept in the company in questions are re-measured at fair value with value adjustment in the income statement.
- Purchase/sale of minority shares, without loosing control, is included directly on the equity.

The new standards and interpretations have not affected recognition and measurement in 2010.

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.

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 exchange rate adjustment 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 exchange rate adjustment reserve in equity.

On disposal of 100 percent owned foreign operations, the exchange rate adjustments accumulated in the equity through other total income, and which can be assigned to the unit, are reclassified from “Reserve for exchange rate adjustment” to the income statement together with any profit or loss at the disposal.

On disposal of partial owned foreign subsidiaries, the part of the exchange rate reserve that concerns minority interests, is not assigned to the income statement.

On partial disposal of foreign subsidiaries, without loosing control, a proportional part of the exchange rate adjustment reserve is transferred from the parent company shareholders part to the minority shareholders part of the equity.

On partial disposal of associated companies and joint ventures, the proportional part of accumulated exchange rate adjustment reserve, included in other total income, is reclassified to result of period.

Repayment of debts, considered to be a part of the net investment, is not itself considered to be partial disposal of the subsidiary.

Income statement

Revenue
Revenue from the sale of commodities and finished products, comprising crops, 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 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.

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. 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 price.

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 according to the present decisions in EU.

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 loan costs are activated.

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.

Equity

Exchange rate adjustment reserve
The exchange rate adjustment reserve in the financial statements comprises part of the shareholders of the parent company's foreign exchange differences arising from exchange rate adjustment of financial statements of foreign entities from their functional currencies into the presentation currency used by the FirstFarms Group (Danish kroner). 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.

The company has chosen international joint taxation.

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 2010	2009	Parent company 2010	2009
Turnover	2,3	85,130	75,605	384	569
Value adjustments of biological assets	4	-599	-17,818	0	0
Production costs	5	-106,653	-116,151	0	0
Grants	6	32,332	28,410	0	0
Gross profit/loss		**10,210**	**-29,954**	**384**	**569**
Other operating income	7	1,212	16,639	0	0
Administration costs	5	-18,395	-22,429	-9,234	-9,954
Other operating costs	8	-959	-463	0	0
EBIT-result		**-7,932**	**-36,207**	**-8,850**	**-9,385**
Financial income	9	1,021	1,748	16,381	21,975
Financial costs	10	-5,015	-7,719	-875	-4,013
Pre-tax result		**-11,926**	**-42,178**	**6,656**	**8,577**
Tax on net profit	11	2,658	5,108	-1,664	-2,194
Net profit		**-9,268**	**-37,070**	**4,992**	**6,383**
Earnings per share	12	-1.97	-7.87	-	-
Diluted earnings per share		-1.97	-7.87	-	-

Total income statement

DKK 1,000	Group 2010	2009	Parent company 2010	2009
Net profit	-9,268	-37,070	4,992	6,383
Other total income				
- Exchange rate adjustments by conversion of foreign units	-1,974	-5,841	0	0
- Tax of other total income	0	0	0	0
Other total income after tax	**-1,974**	**-5,841**	**0**	**0**
Total income	**-11,242**	**-42,911**	**4,992**	**6,383**

Balance sheet

DKK 1,000	Note	Group 2010	Group 2009	Parent company 2010	Parent company 2009
ASSETS					
Non-current assets					
Intangible assets	13				
Goodwill		16,050	16,028	0	0
Milk quota		8,333	10,279	0	0
Total intangible assets		**24,383**	**26,307**	**0**	**0**
Tangible assets	14				
Land and buildings		244,624	237,274	0	0
Plant and machinery		68,834	66,449	0	0
Fixtures and fittings, tools and equipment		2,395	2,774	189	389
Assets under construction and prepayments		30,055	26,912	0	0
Total tangible assets		**345,908**	**333,409**	**189**	**389**
Biological assets	4				
Basic herd		26,689	17,098	0	0
Total biological assets		**26,689**	**17,098**	**0**	**0**
Other non-current assets					
Investments in subsidiaries	15	0	0	181,771	122,227
Amount owed by affiliated companies	17	0	0	293,299	322,649
Deferred tax asset	19	17,420	11,302	0	0
Total other non-current assets		**17,420**	**11,302**	**475,070**	**444,876**
Total non-current assets		**414,400**	**388,116**	**475,259**	**445,265**
Current assets					
Inventories	16	23,671	23,810	0	0
Biological assets -breeding and crops	4	30,393	28,737	0	0
Receivables	17	6,196	8,222	0	0
Other receivables	6,17	16,249	35,490	107	67
Accruals an deferred expenses		994	2,179	39	39
Cast at bank and in hand	26	3,251	28,569	159	8,377
Total current assets		**80,754**	**127,007**	**305**	**8,483**
TOTAL ASSETS		**495,154**	**515,123**	**475,564**	**453,748**

DKK 1,000	Note	Group 2010	Group 2009	Parent company 2010	Parent company 2009
EQUITY AND LIABILITIES					
Equity					
Share capital	18	47,122	47,122	47,122	47,122
Reserve for decrease of share capital		424,102	424,102	424,102	424,102
Reserve for exchange rate adjustment		-15,625	-13,651	0	0
Transferred result		-114,715	-105,482	-19,667	-24,694
Proposed dividend		0	0	0	0
Total equity		**340,884**	**352,091**	**451,557**	**446,530**
Liabilities					
Non-current liabilities	19				
Deferred tax	20	21,263	15,275	7,403	5,739
Credit institutions		31,673	55,882	0	0
Total non-current liabilities		**52,936**	**71,157**	**7,403**	**5,739**
Current liabilities	20				
Credit institutions	21	36,091	25,243	0	0
Trade payables and other payables	22	43,509	37,094	16,604	1,479
Corporation tax	6	0	2,563	0	0
Accruals and deferred income		21,734	26,975	0	0
Total current liabilities		**101,334**	**91,875**	**16,604**	**1,479**
Total liabilities		**154,270**	**163,032**	**24,007**	**7,218**
TOTAL EQUITY AND LIABILITIES		**495,154**	**515,123**	**475,564**	**453,748**

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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 2009	**471,224**	**0**	**-7,810**	**-68,629**	**0**	**394,785**
Total income 2009						
Net profit	0	0	0	-37,070	0	-37,070
Exchange rate adjustment re. conversion of foreign currency	0	0	-5,841	0	0	-5,841
Total income	**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
Transactions with owners						
Share based remuneration	0	0	0	217	0	217
Total transactions with owners	**0**	**0**	**0**	**217**	**0**	**217**
Equity 31 December 2009	**47,122**	**424,102**	**-13,651**	**-105,482**	**0**	**352,091**
Equity 1 January 2010	**47,122**	**424,102**	**-13,651**	**-105,482**	**0**	**352,091**
Total income 2010						
Net profit	0	0	0	-9,268	0	-9,268
Exchange rate adjustment re. conversion of foreign currency	0	0	-1,974	0	0	-1,974
Total income	**0**	**0**	**-1.974**	**-9,268**	**0**	**-11,242**
Transactions with owners						
Share based remuneration	0	0	0	35	0	35
Total transactions with owners	**0**	**0**	**0**	**35**	**0**	**35**
Equity 31 December 2010	**47,122**	**424,102**	**-15,625**	**-114,715**	**0**	**340,884**

Parent company DKK 1,000	Share capital	Reserve for decrease of share capital	Transferred result	Proposed dividend	Total
Equity 1 January 2009	**471,224**	**0**	**-31,294**	**0**	**439,930**
Total income 2009					
Net profit	0	0	6,383	0	6,383
Other total income	0	0	0	0	0
Total income	**0**	**0**	**6,383**	**0**	**6,383**
Transfer to reserve for decrease of share capital	-424,102	424,102	0	0	0
Transactions with owners					
Share based remuneration	0	0	217	0	217
Total transactions with owners	**0**	**0**	**217**	**0**	**217**
Equity 31 December 2009	**47,122**	**424,102**	**-24,694**	**0**	**446,530**
Equity 1 January 2010	**47,122**	**424,102**	**-24,694**	**0**	**446,530**
Total income 2010					
Net profit	0	0	4,992	0	4,992
Other total income	0	0	0	0	0
Total income	**0**	**0**	**4,992**	**0**	**4,992**
Transactions with owners					
Share based remuneration	0	0	35	0	35
Total transactions with owners	**0**	**0**	**35**	**0**	**35**
Equity 31 December 2010	**47,122**	**424,102**	**-19,667**	**0**	**451,557**

In 2009, costs regarding the decrease of the share capital have constituted DKK 0.1 million.

Cash flow statement

DKK 1,000	Note	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Result before tax		-11,925	-42,178	6,656	8,577
Adjustments for non-monetary operating items etc.:					
Depreciation/amortisation and impairment	5	17,989	20,637	146	234
Reversal of profit, sale of companies and activities, net	7,8	-214	-16,176	0	0
Value adjustment of biological assets	4	-1,501	7,622	0	0
Financial income	9	-1,021	-1,748	-16,381	-21.975
Financial costs	10	5,015	7,719	875	4.013
Share based remuneration		35	217	35	217
Cash generated from operations (operating activities) before changes in working capital		**8,378**	**-23,907**	**-8,669**	**-8.934**
Changes in working capital	24	11,469	4,028	1,357	705
Cash flow from main activities		**19,847**	**-19,879**	**-7,312**	**-8.229**
Interest received	9	1,021	1,748	15	121
Interest paid	10	-5,015	-7,719	-554	-3.971
Paid corporation tax	22	0	-333	0	0
Cash flow from operating activities		**15,853**	**-26,183**	**-7,851**	**-12.079**
Acquisition of biological assets	4	-11,508	-1,221	0	0
Sale of companies and activities		0	57,932	0	0
Disposal of material assets, paid		3,677	2,830	66	0
Acquisition of material assets	25	-33,576	-50,363	-23	-12
Acquisition of financial assets	15	0	0	-59,544	-99.507
Cash flow from investing activities		**-41,407**	**9,178**	**-59,501**	**-99.519**
Proceeds from loans	25	-10,481	24,329	13,728	-20.000
Loan to affiliated businesses		0	0	45,406	132.947
Cash flow from financing activities		**-10,481**	**24,329**	**59,134**	**112.947**
Cash flow of the year		**-36,035**	**7,324**	**-8,218**	**1.349**
Available, at the beginning		3,326	-5,481	8,377	7.028
Disposal, sale of companies		0	1,405	0	0
Exchange rate adjustment of available		-131	78	0	0
Available at closing	27	**-32,840**	**3,326**	**159**	**8,377**
Available at closing is recognised as follows:					
Available funds		3,251	28,569	159	8,377
Current bank debts		-36,091	-25,243	0	0
Available at closing		**-32,840**	**3,326**	**159**	**8,377**

Notes

1. Accounting estimates

As part of application 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 57.1 million as per 31 December 2010 (2009: 45.8 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

2010 DKK 1,000	**Romanian activities**	**Slovakian activities**	**Total report compulsory segments**
Total segment turnover	14,872	70,258	85,130
Grants	4,152	28,180	32,332
Value adjustments of biological assets	2,519	-3,118	-599
Financial income	467	198	665
Depreciations	1,940	15,904	17,844
Segment result before tax	-3,478	-15,104	-18,582
Segment assets	146,171	346,776	492,947
Plant investments *)	20,244	13,309	33,553
Segment liabilities	119,272	304,290	423,562

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

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	478,480

*) 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:

		Romania		Slovakia
DKK 1,000	**2010**	**2009**	**2010**	**2009**
Milk production	0	0	46,303	29,447
Field production *)	13,435	15,993	23,250	25,640
Other	1,437	0	705	4,525
Total	**14,872**	**15,993**	**70,258**	**59,612**

*) Turnover from divested activity in Western Romania was included in the turnover in 2009 in Romania. In Slovakia, crops cultivated in 2008 were sold in 2009.

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:

		2010		2009
DKK 1,000	**Turnover**	**Non-current assets**	**Turnover**	**Non-current assets**
Denmark	384	475,259	569	496,394
Slovakia	70,258	281,821	59,612	210,779
Romania	14,872	130,677	15,993	125,818
Elimination	-384	-473,357	-569	-444,875
Total	**85,130**	**414,400**	**75,605**	**388,116**

Essential customers
Turnover from trade with a single customer, the dairy company Rajo in Slovakia, constitutes in total approx. DKK 33 million of the company's total turnover (2009: DKK 26.6 million). The dependency of Rajo has during 2010 become smaller, as a part of the milk has been sold to other buyers in the autumn 2010.

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

DKK 1,000	2010	2009
Turnover		
Segment turnover for report compulsory segments	85,130	75,605
Group function	384	569
Elimination of internal turnover	-384	-569
Total turnover, cp. income statement	**85,130**	**75,605**
Result		
Segment result before tax for report compulsory segments	-18,582	-50,755
Non-allocated result, Group function	6,656	8,577
Result before tax, cp. income statement	**-11,926**	**-42,178**
Assets		
Total assets for report compulsory segments	492,947	506,250
Other non-allocated	2,207	8,873
Total assets, cp. balance sheet	**495,154**	**515,123**
Liabilities		
Total liabilities for report compulsory segments	423,562	478,480
Elimination of debt to parent company	-293,299	-322,669
Other non-allocated liabilities	24,007	7,221
Total liabilities, cp. balance sheet	**154,270**	**163,032**

3. Turnover

		Group		Parent company
DKK 1,000	**2010**	**2009**	**2010**	**2009**
Sale of milk	41,752	26,556	0	0
Sale of meat	4,551	2,891	0	0
Sale of corn etc. *)	36,686	41,633	0	0
Other turnover	2,141	4,525	384	569
Total	**85,130**	**75,605**	**384**	**569**

*) *Turnover from divested activity in Western Romania was included in the turnover in 2009 in Romania. In Slovakia, crops cultivated in 2008 were sold in 2009.*

4. Value adjustments of biological assets

Group 2010 DKK 1,000	**Basic herd** 1)	**Breeding** 2)	**Crops** 2)	**Total**
Opening	17,098	11,922	16,815	45,835
Addition	9,807	1,701	45,430	56,938
Value adjustment of the year	-216	1,717	-2,100	-599
Disposal	0	0	-44,762	-44,762
Exchange rate adjustment	0	0	-330	-330
Accounting value 31 December 2010	**26,689**	**15,340**	**15,053**	**57,082**

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

Non-current assets consist of a herd of 2,706 cows at the end of 2010. Breeding consist of 2,297 heifers and calves, whereas crops are the value of the sowed fields. At the end of 2010 the sowed fields mainly consist of 800 hectares of alfalfa/grass, 1,200 hectares of wheat and 500 hectares of rape in Slovakia. In Romania the fields consist of 1,700 hectares wheat and 950 hectares of rape. The land itself is valued at cost price under material assets as far as the land is not leased, cp. note 14. Regarding estimation of fair value, please see note 1 and risk management on page 13.

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 14. Regarding estimation of fair value, please see note 1 and risk management on page 13.

5. Costs

DKK 1,000	**2010**	**Group** **2009**	**2010**	**Parent company** **2009**
Cost of sales for the period	50,005	50,797	0	0
Write-down on inventories	0	1,073	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	225	150	225	150
Wages and salaries	22,332	22,651	4,460	3,240
Defined contribution plans	371	375	371	375
Other social security costs	6,626	6,310	31	21
Share based remuneration	35	217	35	217
Other staff costs	3,106	2,370	367	843
Total staff costs	**33,595**	**32,973**	**6,389**	**5,746**

Staff costs:

Production	23,474	22,121	0	0
Administration	10,121	10,852	6,389	5,746
Total	**33,595**	**32,973**	**6,389**	**5,746**
Average number of employees	205	211	4	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 201 of which 3 are sited in the headquarter in Denmark, 184 in Slovakia and 14 in Romania. Of the 201 employees 5 are Danish, 14 are Romanian and 182 are Slovakian.

Executive Board remuneration of the parent company

DKK 1,000	2010 Board of Directors	2010 Accounting committee	2010 Management [1)]	2009 Board of Directors	2009 Accounting committee	2009 Management
Wages and salaries	900	225	3,498	900	150	1,500
Pension	0	0	188	0	0	188
Share based remuneration	0	0	0	0	0	121
Total	**900**	**225**	**3,686**	**900**	**150**	**1,809**

[1)] *The amount includes salary etc. to dismissed managing director in the notice period.*

Warrant programme

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

Outstanding at the end of 2010	Alloted Type 1	Alloted Type 2	Alloted Type 3	Alloted Type A	Alloted Type B	Alloted Type C	Total	No. [2)]
Other employees, pcs.	1,667	1,667	1,666	833	833	834	**7,500**	3,334
Total number, pcs.	1,667	1,667	1,666	833	833	834	**7,500**	0
Average utilisation per option, DKK	129.03	129.03	135.48	153.99	161.69	169.78	**141.39**	-
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 a few staff members in Denmark and in foreign subsidiaries and has a limited proportion.

All types of options per 31 December 2010 was "out-of-money" but can potentially dilute in the future.

As per 31 December 2010, the average remaining currency for outstanding warrants was 0.5 years and the utilisation exchange rates were between 129-170.

In 2010, the recognised cost in the income statement regarding warrants was DKK 35,000 (2009: DKK 217,000).

By allotment the calculated fair values are based on a Black-Scholes-model for valuation of options. Type 1, 2 and 3 are allotted in 2006 in three different categories with assumption in year 2009, 2010 and 2011, respectively, whereas type A, B and C are allotted in 2008 in three different categories with assumption in year 2011, 2012 and 2013, respectively, provided that the conditions for assumption is fulfilled, primary continuous appointment.

As per 31 December 2010, the warrant programme included totally 7,500 warrants. Every warrant entails the warrant owner right to by 1 share of nominal DKK 10 in the company. The outstanding warrants correspond to 0.2 percent of the share capital, if all warrants are utilised. The warrant programme runs until 2013.

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	135.48	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 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.

Specification of development in outstanding warrants.

	Type 1	Type 2	Type 3	Type A	Type B	Type C	Total
Allotted 1/1-2009	8,334	8,334	8,332	2,500	2,500	2,500	**32,500**
Allotted in 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**
Allotted 1/1-2010	8,334	8,334	8,332	2,500	2,500	2,500	**32,500**
Allotted in 2010	0	0	0	0	0	0	**0**
Disposals in 2010	6,667	6,667	6,666	1,667	1,667	1,666	**25,000**
Allotted 31/12-2010	1,667	1,667	1,666	833	833	834	**7,500**

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	**2010**	**2009**	**2010**	**2009**
Depreciations, intangible assets	1,960	1,960	0	0
Depreciations, property, plant and equipment	16,029	18,677	146	241
Impairments, property, plant and equipment	0	0	0	0
Total depreciations and impairments	**17,989**	**20,637**	**146**	**241**
Depreciations and impairments are recognised as follows:				
Production	17,166	19,719	0	0
Administration	823	918	146	241
Total	**17,989**	**20,637**	**146**	**241**

Fee to the auditors appointed at the general meeting

DKK 1,000	2010	Group 2009	Parent company 2010	2009
Audit	695	851	350	350
Other declarations	29	64	0	0
Tax and VAT services	83	254	30	159
Other non-audit services	345	271	263	169
Total	**1,152**	**1,440**	**643**	**678**

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

6. Grants

DKK 1,000	2010	Group 2009	Parent company 2010	2009
Grant for investments	3,326	2,982	0	0
Ecology grant	6,655	0		
EU hectare subsidy	14,924	17,828	0	0
Grant for milk production	6,868	5,116	0	0
Government grant etc.	559	2,484	0	0
Total	**32,332**	**28,410**	**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. 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.

2010 DKK 1,000	**Hectare grant**	**Milk grant**	**Government grant**	**Investment grant etc.**	**Ecology grant**	**Total**
Grants calculated in accruals	0	0	0	21,734	0	21,734
Period of crediting	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	Year 2010	-
Grants calculated in ”Other receivables”	5,622	0	812	2,931	1,788	11,153

Regarding investment grant; there is a demand that the asset must not be divested for 5 years after time of acquisition. Otherwise there are no specific conditions attached to the grants.

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

7. Other operating income

DKK 1,000	Group 2010	2009	Parent company 2010	2009
Profit from sale of fixed assets	1,031	2,711	0	0
Profit from sale of companies and land in Romania *)	0	13,928	0	0
Other income	181	0	0	0
Total	**1,212**	**16,639**	**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 2010	2009	Parent company 2010	2009
Loss from sale of fixed assets	817	463	0	0
Other costs	142	0	0	0
Total	**959**	**463**	**0**	**0**

9. Financial income

DKK 1,000	Group 2010	2009	Parent company 2010	2009
Interest, cash at bank and in hand	27	210	15	121
Interest income from affiliated companies	0	0	16,366	21,854
Other financial income	994	1,538	0	0
Total	**1,021**	**1,748**	**16,381**	**21,975**

10. Financial costs

DKK 1,000	Group 2010	2009	Parent company 2010	2009
Interest, bank loans	4,045	3,361	0	0
Other financial costs	970	4,358	875	4,013
Total	**5,015**	**7,719**	**875**	**4,013**

11. Tax on net profit/loss

DKK 1,000	Group 2010	2009	Parent company 2010	2009
Tax on net profit/loss	2,658	5,108	-1,664	-2,194
Tax on equity activities	0	0	0	0
Total	**2,658**	**5,108**	**-1,664**	**-2,194**
Tax on net profit/loss is specified as:				
Current tax	0	-2,563	0	0
Deferred tax	2,658	7,671	-1,664	-2,194
Total	**2,658**	**5,108**	**-1,664**	**-2,194**
Tax on net profit/loss can be explained as:				
Calculated tax of net profit/loss before tax (25 %)	2,988	10,544	-1,664	-2,194
Other adjustments, net	-330	-5,436	0	0
Total	**2,658**	**5,108**	**-1,664**	**-2,194**
Effective tax percentage	22	12	25	26

12. Earnings per share

Group DKK 1,000	**2010**	**2009**
Net profit	-9,268	-37,070
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)	-1.97	-7.87
Diluted earnings per share (EPS-D)	-1.97	-7.87

13. Intangible assets

Group 2010 DKK 1,000	**Goodwill**	**Milk quota**	**Total**
Cost price 1 January	16,028	16,167	32,195
Addition	0	0	0
Disposal	0	0	0
Exchange rate adjustment	22	22	44
Cost price 31 December	**16,050**	**16,189**	**32,239**
Depreciations and impairments 1 January	0	-5,888	-5,888
Depreciations	0	-1,960	-1,960
Impairments	0	0	0
Exchange rate adjustment	0	-8	-8
Depreciations and impairments 31 December	**0**	**-7,856**	**-7,856**
Accounting value 31 December	**16,050**	**8,333**	**24,383**

FirstFarms' Management has carried out impairment test of the accounting value of intangible assets of DKK 24.4 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 8.0 percent (after tax) and milk prices of DKK 2.50-2.60 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.

If the milk price changes with 1 percent compared to the assumed, the value of the activities – other things being equal – will change with approx. DKK 11 million. If the settlement prices change with 1 percent compared to the assumed, the value will change with approx. DKK 3 million.

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**

FirstFarms' Management carried out impairment test of the accounting value of intangible assets of DKK 26.3 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 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 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 2010 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	244,784	83,650	3,606	27,489	359,529
Addition	9,281	6,247	65	17,983	33,576
Transfer to other categories	7,204	7,841	0	-15,045	0
Disposal	-2,478	-3,913	-190	-60	-6,641
Exchange rate adjustment	-1,336	-91	-3	-312	-1,742
Cost price 31 December 2010	**257,455**	**93,734**	**3,478**	**30,055**	**384,722**
Depreciations and impairments 1 January 2010	-7,510	-17,201	-832	-577	-26,120
Depreciations	-4,719	-10,944	-366	0	-16,029
Disposal	8	3,283	113	0	3,404
Transfer to other categories	-578	0	0	578	0
Exchange rate adjustment	-32	-38	2	-1	-69
Depreciations and impairments 31 December 2010	**-12,831**	**-24,900**	**-1,083**	**0**	**-38,814**
Accounting value 31 December 2010	**244,624**	**68,834**	**2,395**	**30,055**	**345,908**
- assets held under finance lease	0	29,339	0	0	29,339
Depreciation period	15-30 years	5-10 years	3-7 years	-	-

As per 31.12.2010 to secure bank guarantees of DKK 34.9 million in the Slovakian subsidiaries, a security in the company's activities in Slovakia was given (2009: DKK 62.1 million). Commitment to acquire fixed assets regarding completion of the cattle stall project amounts to DKK 5 million (2009: DKK 10 million).

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	-	-

Book value of purchased farm land DKK 1,000		2010		2009
Farm land in Slovakia	401 hectares	9,512	401 hectares	9,517
Farm land in Romania	7,604 hectares	113,352	7,143 hectares	100,848

2010
In March 2011, FirstFarms has received a certified evaluation of the land in Romania that indicated the total value to be DKK 122.3 million, corresponding to an average price of DKK 16,110 per hectare. The average value in 2010 in Slovakia was DKK 23,721 per hectares, whilst the average price in 2010 in Romania was DKK 14,907 per hectare.

2009
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 was DKK 14,118 per hectare (2008: 15,993 per hectare).

Parent company 2010 DKK 1,000.	**Fixtures and fittings, tools and equipment**
Cost price 1 January 2010	992
Addition	23
Disposal	-190
Cost price 31 December 2010	**825**
Depreciations and impairments 1 January 2010	-603
Depreciations	-146
Disposal	113
Depreciations and impairments 31 December 2010	**-636**
Accounting value 31 December 2010	**189**
- assets held under finance lease	0
Depreciation period	3-7 years

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

15. Capital shares in subsidiaries

Parent company DKKK 1,000	2010	2009
Cost price 1 January	122,227	22,720
Addition in the period	59,544	99,507
Cost price 31 December	181,771	122,227
Accounting value 31 December	**181,771**	**122,227**

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
FirstFarms AE Tech s.r.l.	Romania

All companies are 100 percent owned by the FirstFarms Group.

16. Inventories

		Group	Parent company	
DKK 1,000	2010	2009	2010	2009
Raw materials and other materials	9,751	8,393	0	0
Manufactured goods and commodities, grain, fodder etc.	13,920	15,417	0	0
Total	**23,671**	**23,810**	**0**	**0**
Accounting value of inventories included at fair value	13,920	15,417	0	0
Write-downs	0	1,073	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	2010	2009	2010	2009
Receivables from sales	6,196	8,222	0	0
Other receivables	16,249	35,490	107	67
Receivables from associated companies	0	0	293,299	322,649
Total	**22,445**	**43,712**	**293,406**	**322,716**

Impairments, contained in the receivables above, developed as follows:	2010	2009
1 January	2,040	2,003
Impairments in the year	0	39
Implemented in the year	0	0
Reversed	0	0
Exchange rate adjustments	2	-2
31 December	**2,042**	**2,040**

In 2010 and 2009, no securities have been received from sales.

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

DKK 1,000	2010	2009
Period of decadence:		
Up to 30 days	1,400	1,444
Between 30 and 90 days	45	164
Over 90 days	1,171	1,174

18. Share capital

Issued shares	Amount (pcs.)		Nominal value (DKK)	
	2010	2009	2010	2009
1 January	4,712,241	4,712,241	47,122,410	471,224,100
Decrease of share capital	0	0	0	-424,101,690
31 December	**4,712,241**	**4,712,241**	**47,122,410**	**47,122,410**

At the end of 2010, the share capital consists of 4,712,241 shares at nominal DK 10. 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.

The Group's result of DKK -9,268 million and the parent company's result of DKK 4,992 million are proposed transferred to next year.

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 2010 was -2.7 percent (2009: -9.9 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 20 April 2010, authority was given to the company to acquire up to 10 percent of the company's own shares. The authority was not used in 2010, 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 92,500 share options corresponding to DKK 925,000.

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.

19. Deferred tax

Group DKK 1,000	**2010**	**2009**
Deferred tax 1 January	3,973	10,352
Disposal from sale of companies	0	-2,083
Exchange rate adjustment	-35	-113
Deferred tax of the year calculated in net profit/loss	-2,658	-7,671
Transferred from corporation tax	2,563	3,488
Deferred tax 31 December	**3,843**	**3,973**
How deferred tax is calculated in the balance:		
Deferred tax (asset)	-17,420	-11,302
Deferred tax (liability)	21,263	15,275
Deferred tax 31 December, net	**3,843**	**3,973**
Deferred tax concerns:		
Intangible assets	-415	-42
Tangible assets	13,111	10,233
Biological assets	4,297	3,159
Other accounting items	-100	-987
Deficits with right to put forward	-20,396	-14,072
Re-taxation balance	7,346	5,682
Total	**3,843**	**3,973**

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 1-3 years.

Change in interim differences in 2010

DKK 1,000	**Balance 1/1-2010**	**Included in net profit/loss, net**	**Exchange rate adjustments**	**Transferred from corporation tax**	**Balance 31/12-2010**
Intangible assets	-42	-372	-1	0	-415
Tangible assets	10,233	2,933	-55	0	13,111
Biological assets	3,159	1,135	3	0	4,297
Other accounting items	-987	874	13	0	-100
Deficits with right to put forward	-14,072	-8,892	5	2,563	-20,396
Re-taxation balance	5,682	1,664	0	0	7,346
Total	**3,973**	**-2,658**	**-35**	**2,563**	**3,843**

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	Ex-change rate adjust-ments	Transferred from corporation tax	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**

Parent company DKK 1,000	**2010**	**2009**
Deferred tax 1 January	5,739	13
Deferred tax of the year calculated in net profit/loss	1,664	2,194
Transferred from corporation tax	0	3,488
Other adjustments	0	44
Deferred tax 31 December	**7,403**	**5,739**
How deferred tax is calculated in the balance:		
Deferred tax (asset)	0	0
Deferred tax (liability)	7,403	5,739
Deferred tax 31 December, net	**7,403**	**5,739**

The deferred tax at the end of 2010 and 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:

		Group		**Parent company**
DKK 1,000	**2010**	**2009**	**2010**	**2009**
Non-current liabilities	31,673	55,882	0	0
Current liabilities	36,091	25,243	0	0
Total	**67,764**	**81,125**	**0**	**0**
Fair value	67,764	81,125	0	0
Nominal value	67,764	81,125	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 0.7 million.

Current maturity:	**2010**	**2009**
Within 1 year	36,091	25,243
1-5 years	21,929	55,882
> 5 years	9,744	0
Total accounting value	**67,764**	**81,125**

The company's bank- and leasing debt is in general placed in Slovakia and Romania. The debt in Slovakia is taken out in euro with an average interest rate at 5-6 percent. In Romania, the majority of the debt is taken out in the local currency, and the interest is 10-11 percent.

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:

2010 DKK 1,000	**Contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	6,071	-673	5,398
1-5 years	6,033	-386	5,647
> 5 years	0	0	0
Total	**12,104**	**-1,059**	**11,045**

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**

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	**2010**	**2009**	**2010**	**2009**
Loan	13,728	0	13,728	0
Supplier debts	15,101	25,305	488	643
Other debt obligations	14,680	11,789	2,388	836
Total	**43,509**	**37,094**	**16,604**	**1,479**

22. Corporation tax

		Group		**Parent company**
DKK 1,000	**2010**	**2009**	**2010**	**2009**
Corporation tax 1 January	2,563	4,057	0	3,724
Transferred from outstanding corporation tax	-2,563	-3,488	0	-3,488
Other regulations	0	-236	0	-236
Current tax of the year	0	2,563	0	0
Paid corporation tax	0	-333	0	0
Corporation tax 31 December	**0**	**2,563**	**0**	**0**

23. Contingent liabilities, contingent assets and securities

Contingent liabilities
The Group is involved in a few pending disputes. It is the Management's assessment that clarification will not have significant influence for the Group's financial position.

Securities
For the Group's loan in Slovakia, security has been rendered in the Group's Slovakian assets with an accounting value of DKK 346.8 million (2009: DKK 343.4 million).

The parent company has guaranteed for the subsidiaries' debt in credit institutions with an accounting value of DKK 67.7 million (2009: DKK 81.1 million).

24. Change in working capital

DKK 1,000	2010	Group 2009	2010	Parent company 2009
Change in biological assets and inventories	1,571	23,997	0	0
Change in receivables etc.	22,452	-23,684	-40	461
Change in supplier debts, other debt obligations and accruals	-12,554	3,715	1,397	244
Total	**11,469**	**4,028**	**1,357**	**705**

25. Non-cash transactions

DKK 1,000	2010	2009
Acquisition of tangible assets, cp. note 14	33,576	58,756
Of this financial leased assets	0	-8,393
Paid regarding acquisition of tangible assets	**33,576**	**50,363**
Proceeds at raising financial debt liabilities	-10,481	32,722
Of this leasing debt	0	-8,393
Received at raising financial debt liabilities	**-10,481**	**24,329**

26. Cash and cash equivalents

DKK 1,000	2010	Group 2009	2010	Parent company 2009
Available funds	3,251	28,569	159	8,377
Current debt for credit institutions	-36,091	-25,243	0	0
Available 31 December	**-32,840**	**3,326**	**159**	**8,377**

27. 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 2009.

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 2011.

In 2011, FirstFarms' activities are placed in Slovakia and Romania. As the expected EBIT-result in Romania in 2011 is approx. DKK 10 million, a change in the Romanian lei of 1 percent will affect EBIT with approx. DKK 0.1 million. 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 0.7 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 0.8 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 0.5 million.

Regarding credit risks, please see note 17 concerning receivables.

Liquid funds
FirstFarms A/S has entered a loan agreement which ensure the company's financing in 2011.

The Group's liabilities fall due as follows:

2010 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	56,719	65,291	34,096	20,574	10,621
Financial leasing liabilities	11,045	12,104	6,071	6,033	0
Trade payables	15,101	15,101	15,101	0	0
Loans	13,728	14,986	14,986	0	0
Derivative financial instruments	0	0	0	0	0
31 December 2010	**96,593**	**107,482**	**70,254**	**26,607**	**10,621**

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**

All the parent company's liabilities fall due with one year.

28. Operational leasing

Minimum irredeemable operational leasing payments are as follows:

Group DKK 1,000	2010	2009
0-1 year	3,504	1,504
1-5 years	1,725	1,714
> 5 years	1,321	1,304
Total	**6,550**	**4,522**

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 2010 DKK 1.5 million was put to cost regarding land lease (2009: 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 2010, FirstFarms has leased 7,900 hectares in total in Slovakia, distributed on 4,600 lease contracts with a currency of 1-15 years (2009: 7,900 hectares distributed on 4,600 lease contracts). The greater part had a currency of 5 years, but with continuous renewal.

As per 31 December 2010, FirstFarms has in Slovakia entered leasing contracts with option to purchase approx. 200 hectares (2009: 200 hectares).

In Romania leasing contracts have been entered of approx. 200 hectares of land to cultivate in 2010/2011 (2009/2010: 120 hectares).

Furthermore, FirstFarms A/S has entered agreement about operational leasing of machines with an annual cost of approx. DKK 2 million. The agreement is not bounded for more than the coming year.

29. 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 of the company. Related parties also include the company where the above mentioned persons have considerable interests. Besides remuneration, cp. note 5 and the loan conditions below, 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 2010. As per 31 December 2010 the loans constitute DKK 13.7 million, and interests have during the year constituted DKK 0.5 million.

In 2010, FirstFarms A/S has invoiced group contributions etc. of DKK 0.3 million (2009: 0.6 million).

All transactions are made on market terms.

30. Subsequent events

After the balance day 31 December 2010, no essential events on the presentation of FirstFarms' account have occurred.

31. New accounting regulations

IASB has issued a number of new and updated accounting standards (IFRS 1, IFRS 7, IFRS 9, IAS 12 og IAS 24) and interpretations (IFRIC 14 og 19) and improvement to IFRSs (May 2010), which are not compulsory for FirstFarms A/S at preparation of the annual report for 2010. IFRS 9, amendments to IFRS 1, IFRS 2 and IAS 12 have not yet been approved by EU.

The new standards are not expected to have significant influence on FirstFarms A/S' presentation of accounts.