Annual report 2011

FirstFarms A/S
CVR: 28 31 25 04

Registered office: Billund

Summary

2011: Significant improvements in 2011 and profit corresponding to the expectations

- In 2011, FirstFarms realised a turnover of DKK 129.3 million, an EBITDA-result of DKK 35.4 million, an EBIT-result of DKK 17.1 million and a pre-tax result of DKK 10.8 million.
- The result corresponded to the expectations and is a significant improvement compared to 2010, and thus the EBIT-result was improved by DKK 25.0 million and the pre-tax result was improved by DKK 22.7 million.
- Crop yields and settlement prices were very satisfactory in both Slovakia and Romania.
- The milk price corresponded to the expectations.
- The milk production has been significant lower than assumed at the beginning of the year. The total production is however increased with 17 percent from 19.0 million kg in 2010 to 22.2 million kg in 2011.
- In 2011, FirstFarms realised a positive cash flow from main activities of DKK 18.5 million.

2012: Expectations

In 2012, FirstFarms expects a turnover and an EBIT-result on par with 2011.

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	**2011**	**2010**	**2009**	**2008**	**2007**
Turnover	129,331	85,130	75,605	59,490	58,213
Gross profit/loss	29,695	10,210	-29,954	1,404	11,520
Profit/loss from primary operations	17,088	-7,932	-36,207	-25,710	-6,273
Net financial items	-6,327	-3,994	-5,971	2,273	10,154
Pre-tax result of continued operations	10,761	-11,926	-42,178	-23,437	3,881
Net profit of continued operations	9,003	-9,268	-37,070	-21,227	2,706
Result of discontinued operations	0	0	0	-791	-301
Net profit	9,003	-9,268	-37,070	-22,018	2,405
Non-current assets	401,149	414,400	388,116	400,953	224,105
Current assets	95,791	80,754	127,007	128,131	267,645
Total assets	496,940	495,154	515,123	529,084	491,750
Share capital	47,122	47,122	47,122	471,224	471,224
Equity	347,995	340,884	352,091	394,785	421,605
Non-current liabilities	44,365	52,936	71,157	40,571	19,357
Current liabilities	104,580	101,334	91,875	93,728	50,788
Cash flow from operations	10,143	15,853	-26,183	-19,997	-3,524
Cash flow for investment, net	-13,771	-41,407	9,178	-178,203	-129,461
Of which for investment in tangible assets	-14,445	-33,576	-50,363	-148,022	-85,774
Cash flow from financing	1,662	-10,481	24,329	14,220	-12,291
Total cash flow	-1,966	-36,035	7,324	-180,184	-145,647
Key ratios for the Group					
Gross margin	23.0	12.0	-0.4	2.4	19.8
Operating margin	13.2	-9.3	-47.9	-43.2	-10.8
Assets/equity	1.4	1.5	1.5	1.3	1.2
Earnings per share, DKK	1.91	-1.97	-7.87	-4.67	0.51
Diluted earnings per share, DKK	1.91	-1.97	-7.87	-4.67	0.51
Return on shareholders' equity	2.6	-2.7	-9.9	-5.4	0.6
Average number of employees	206	205	211	219	208

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

Management review

In 2011, FirstFarms realised a turnover of DKK 129.3 million, an EBITDA-result of DKK 35.4 million, an EBIT-result of DKK 17.1 million and a pre-tax result of DKK 10.8 million.

The result corresponded to the expectations and is a significant improvement compared to 2010. Thus the EBIT-result was improved by DKK 25.0 million and the pre-tax result was improved by DKK 22.7 million. This is an addition to a significant improvement from 2009 to 2010.

Higher prices and yields from crops have affected positively whereas a lower milk production than expected has affected negatively; partly due to a lower number of cows and partly due to a lower production per cow.

FirstFarms has carried out significant parts of the turnaround, which the company has been working with over the last couple of years, and will now focus on realising the company's original objectives of becoming a large and effective listed agricultural company with focus on initially Slovakia and Romania, where the present activities are.

In that connection, the company has appointed Anders H. Nørgaard as new CEO, who commences on 1 June. FirstFarms will among other things work on growing through mergers with other Danish agricultural projects in Eastern Europe.

The completion of the new stables in 2011 indicates that optimal production environments for the milk are now established, which entails that focus can be on the ongoing improvements of the production. In third quarter the milk production took a plunge but is again in an increasing trend, so the production during 2012 will reach a satisfactory level.

In 2011, FirstFarms decided to convert a part of the parent company's loan in Slovakia to share capital in the subsidiaries to secure an appropriate financing structure internal in the Group.

The interest-bearing debt in FirstFarms is DKK 83 million and thus represents 24 percent of the equity and 16 percent of the balance sum, so the company has still a low share of external financing.

In 2011, FirstFarms realised a positive cash flow from main activities of DKK 18.5 million.

Prices on grain and oilseed
The prices on grain and oilseed increased during 2011 and very satisfactory prices on the products have been realised in 2011. FirstFarms expects that the prices in 2012 will be on a reasonable level.

Eastern Europe has been hit by drought in the autumn of 2011 and this will become important for the harvest in 2012 and depending on how the crops have been overwintered, it will affect the value of grains in 2012. In the autumn of 2011, FirstFarms' sprout has been satisfactory in Slovakia whereas Romania has been negatively influenced by drought.

Milk prices
In 2011, the milk price has been fairly constant with a price level of approx. DKK 2.53 per kg. (4.05 percent fat, 3.98 percent protein).

FirstFarms has in 2011 to a greater extent than previously sold milk to various dairies after negotiations of prices. It is partly sold directly to dairies but a part of the milk is also sold to brokers who then sell the milk to the dairies.

FirstFarms has an agreement with the dairy Rajo about delivery of milk, which means that FirstFarms can always sell the milk. The price is negotiated ongoing for a month.

The company expects to maintain the strategy of continuously negotiating with several buyers to secure a satisfactory milk price. FirstFarms expects an average milk price in 2012 of DKK 2.58 per kg. The price is inclusive extra charge for fat and protein.

Exchange rate adjustment
FirstFarms operates in Slovakia and Romania and is therefore influenced by fluctuations in the exchange rates on EUR and Lei. Denmark has a fixed exchange rate policy in correlation to EUR, so it only varies within a fixed margin and the uncertainty on EUR is thus limited.

The exchange rate fluctuations on the Romanian Lei have been somewhat larger the latest years and the Romanian Lei has decreased approx. 1.5 percent compared to the Danish kroner during 2011.

The negative adjustment of the exchange rate has given a decrease in the company's equity of approx. DKK 2 million.

Grants
FirstFarms receives grant to the milk production in Slovakia. The grant is paid partly by EU and partly by the Slovakian state. There is still some uncertainty about the size of the grant in 2012 in regards to the part paid by the Slovakian state.

Hectare grant is given for cultivating the land in both Slovakia and Romania. The EU-grants in Eastern Europe are under phase-in until 2015.

FirstFarms has received grants to investments in Slovakia from EU's structural funds, but the company has not succeeded to get grants in Romania. The grants in Slovakia are credited concurrently as the assets are depreciated.

The public grants constituted DKK 23.4 million in 2011, compared to DKK 32.3 million in 2010, which is mostly due to revenue recognition in 2010 of an ecology grant.

Slovakia

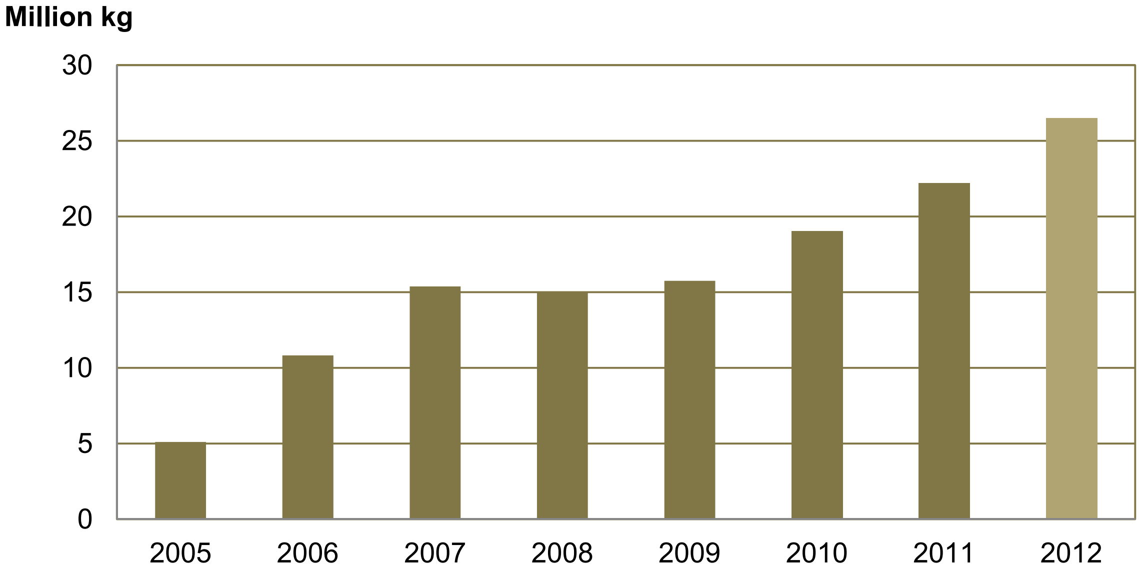
Milk production
The milk production has increased with 3.2 million kg in 2011, which is an increase of 17 percent, and thus 22.2 million kg of milk was delivered from FirstFarms in 2011. The production per cow increased compared to 2010 but it did not reach the expected at the entering of the year.

The production increased closed to the expected in the first half year but there was a plunge in the third quarter after which the production has been increasing again. In the first months of 2012, the production also increased and it is particularly satisfactory that the cows which recently have calved have reached an acceptable level.

In 2012, a total delivery of 26.5 million kg milk from FirstFarms is expected, which is an increase of 19 percent.

At the end of the year the livestock will in general be able to reproduce itself by own breeding.

Development in FirstFarms' sale of milk in Slovakia



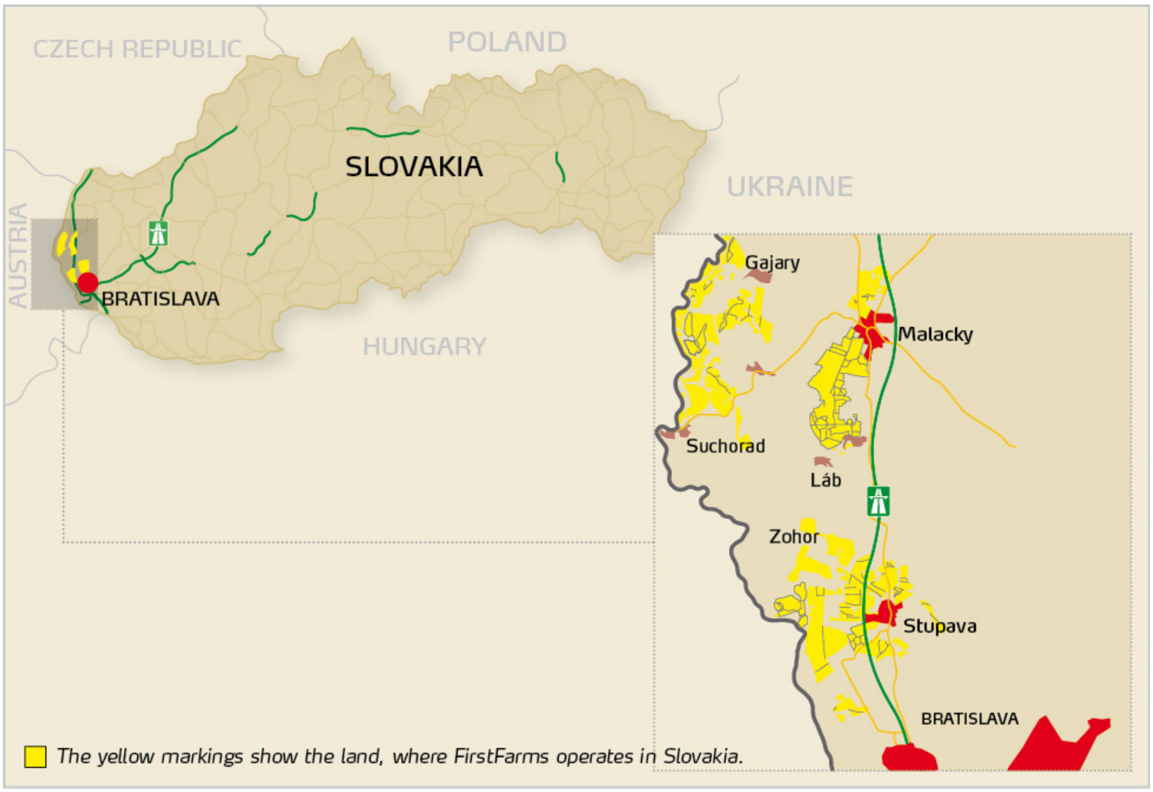
Construction of cattle stables
The construction of cattle stables was completed in 2011, so that the company now has a modern stable on the big site with room for approx. 2,750 cows.

Besides this plant, FirstFarms has another plant with room for approx. 350 cows, which is situated 15 kilometres from the main farm. In 2011, FirstFarms decided to close down old uneconomic stables at this plant, so that the number of cows was reduced by 400.

Field production
In 2011, FirstFarms has realised good yields and good prices on the crops from the fields in Slovakia.

The sprout in the autumn 2011, that is the preparations for the harvest in 2012, has gone satisfactory and the winter crops have had a good start.

FirstFarms in Slovakia



Land
FirstFarms owns 401 hectares of agricultural land in Slovakia. FirstFarms has only to a limited degree traded agricultural land in Slovakia in 2011.

In FirstFarms' opinion, the land price in Slovakia in 2011 has been reasonable constant.

The main part of the land cultivated in Slovakia is leased land, and the leasing periods are 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. one 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

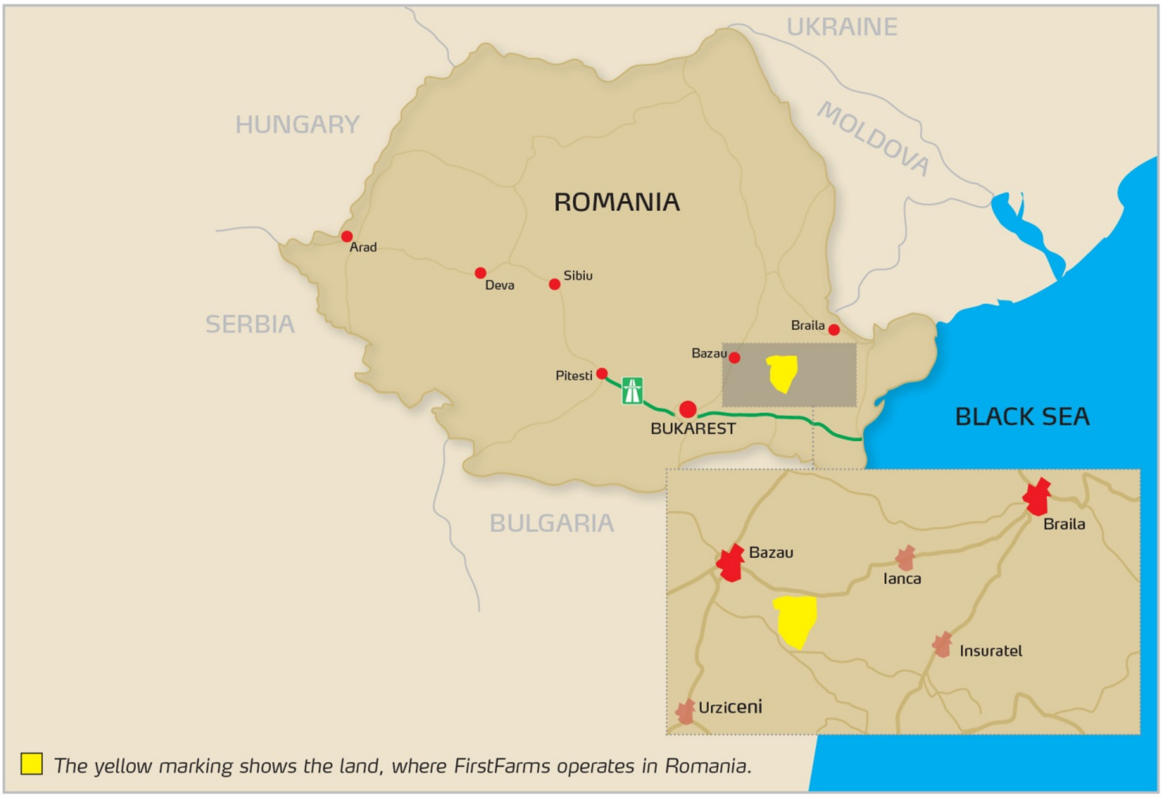
Field production
The harvest in Romania has in general been very satisfactory, and the realised sales prices have also been better than expected at the beginning of the year.

FirstFarms can observe that the yields on the areas that have been cultivated for some years are higher than on the new areas taking in for cultivation. The land is thus improved which will enhance the yields in the coming years.

In 2010/2011, approx. 4,100 hectares were cultivated and the area is expected to be expanded to approx. 4,250 hectares in 2011/2012.

The sprout in the autumn 2011 has been poorer than earlier, as it has been very dry.

FirstFarms in Romania



Land
At the end of 2011, FirstFarms owns 7,495 hectares of land in Romania. During the year 176 hectares were sold and the company has bought 67 hectares.

Trends in land prices
It is FirstFarms' assessment that the land prices in Romania in 2011 have had a minor increase. The number of trades is however still on a low level after the financial crisis. The value of the land in Romania varies from area to area and according to quality and climatic conditions plus degree of compacting.

There are no official statistics for purchase and sale of agricultural land and there is no official evaluation of the land. It is therefore difficult to obtain confident comparable information about land prices and the development in the land prices.

FirstFarms has ordered a valuation report for the land that the company owns. The report shows that the value of the land is higher than the book value. The book value is DKK 110.7 million.

Expectations for 2012

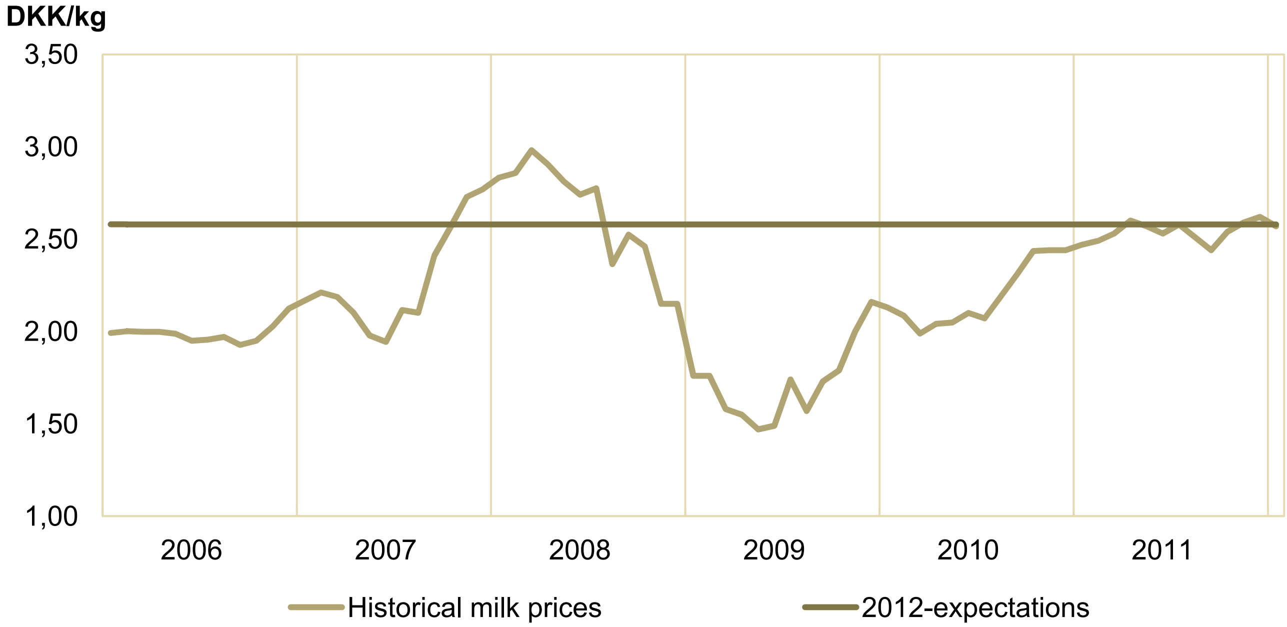
In 2012, FirstFarms expects a turnover and an EBIT-result on par with 2011.

Milk production and price
In 2012, FirstFarms expects that the milk production is getting back on a satisfactory level after completion of the stables in 2011. Entering 2012, the level is not satisfactory but the production is increasing and is expected to get closer to the requested level at the end of the year.

In 2012, there will be focus on continued efficiency measures and cost adjustments. A total milk delivery of 26.5 million kg is expected in 2012 compared to 22.2 million kg in 2011 – an increase of 19 percent.

An average milk price of DKK 2.58 per kg is expected, inclusive extra charge for fat and protein.

Development in milk price



Production and prices on crops
In 2012, the prices on crops are still expected to be on a satisfactory level, even though little lower prices are assumed than the prices realised in 2011.

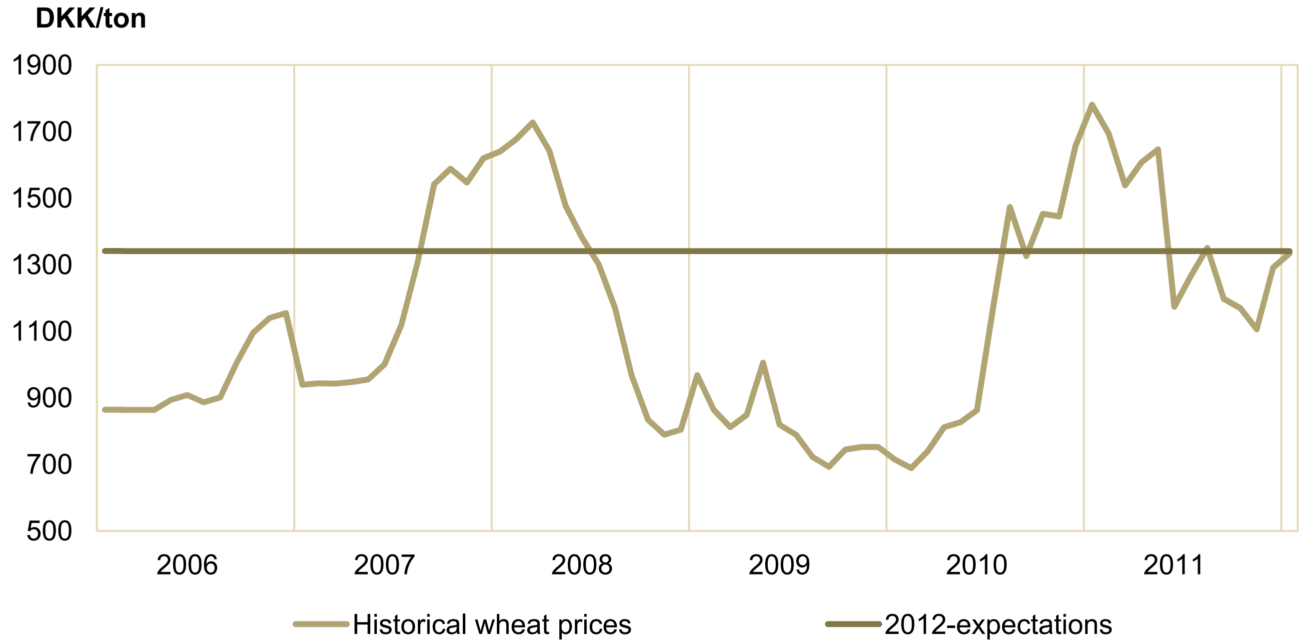
The cultivated area in Romania is expected to be increased with approx. 150 hectares to approx. 4,250 hectares, whereas the cultivated area in Slovakia is expected to be on the same level as in 2011, namely 8,300 hectares.

In 2012, the settlement prices for grain (wheat, rye maize and barley) is expected in the level of DKK 1,100 – 1,400 per tonne depending on product and whether it is sold in Slovakia or Romania. A little lower price is expected in Romania.

The settlement prices for oilseed are expected in the level of DKK 2,000 – 3,300 per tonne.

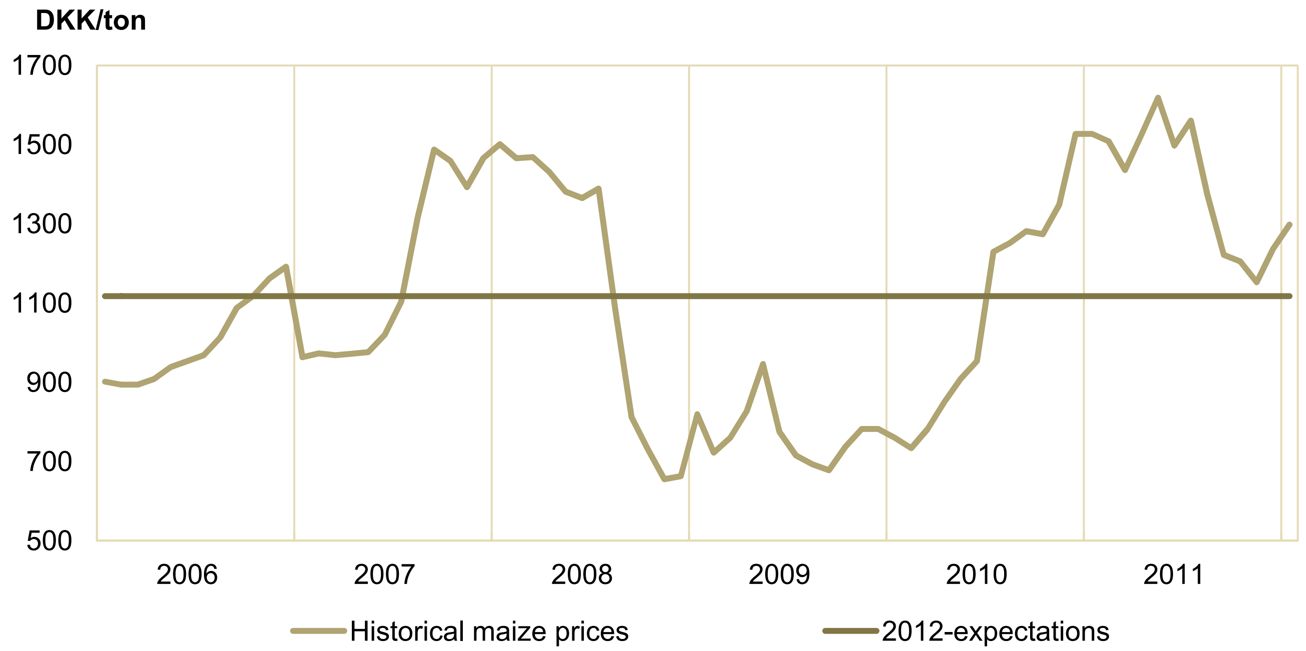
The development in the price for some of the company's main products is shown on the next pages.

Development in wheat price

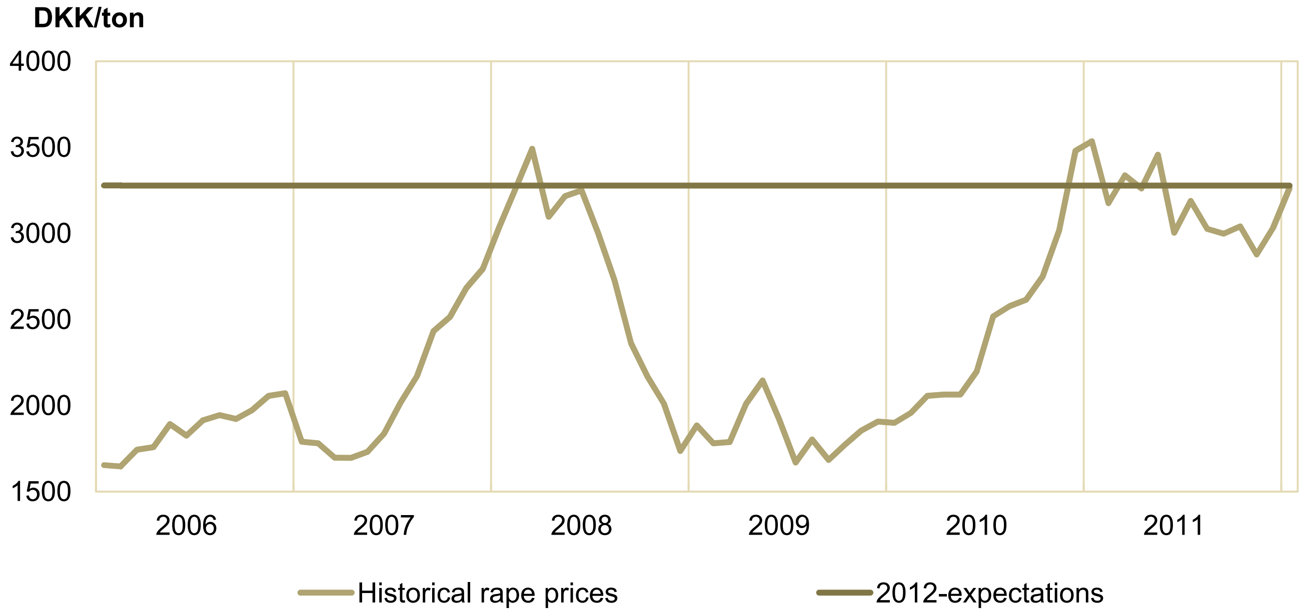


FirstFarms has sold 40 percent of the expected wheat harvest in Slovakia on par with expected prices for 2012.

Development in maize price



Development in rape price



Investments
Investments in 2012 are mainly expected to be maintenance investments in the existing plants and machines. Furthermore, preliminary investments must be made in storage capacity in Romania and extra possibility for storage of fodder in Slovakia.

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 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 adjuvant. 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.

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.

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. 250 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 401 hectares of land in Slovakia and in Romania the company has purchased 7,495 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.

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. 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 historically been considerably low in proportion to more developed countries including Western Europe, but have 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 2011, FirstFarms had 3,751 shareholders. The majority is Danish investors, whereas 77 shareholders are registered outside Denmark. As per 31 December 2011, the name register share in the company's owner book was approx. 96 percent.

Shareholders	No. of shares (pcs.)	Capital (%)
Henrik Hougaard	307,259	6.5
Other registered shareholders	4,216,492	89.5
Non-registered shareholders	188,490	4.0
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 28 April 2011, authority was given to the company to acquire up to 10 percent of own shares. The authority was not used in 2011. 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 28 April 2016, the Board of Directors has authority to issue 50,000 share options corresponding to nominal DKK 500,000.

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 2011. Further information is available in note 5.

Shareholdings of Management and Board of Directors

As on 31 December 2011 the Management of FirstFarms A/S nominally held 201,099 shares, and the Board of Directors nominally held, direct or indirect, 350,327 shares, which are divided as follows:

Name	No. of shares
Henrik Hougaard	307,259 pcs.
Peder Mouritsen	4,400 pcs.
Lars Thomassen	24,668 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 2011 the share price was 60 and the FirstFarms share closed at price 46.20 at 30 December 2011. At the end of the year the market value was DKK 217.7 million and the share price decreased with 23 percent. In the same period the Danish smallcap-index, in which the FirstFarms share is traded, decreased with 34 percent. In 2011, the average share turnover was DKK 237,561 per business day.

Share price development 2011

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 2012	
27 March 2012	Annual report 2011
24 April 2012	Annual general meeting
22 May 2012	Interim report Q1-2012
21 August 2012	Half-year report Q2-2012
20 November 2012	Interim report Q3-2012

Annual general meeting

FirstFarms' annual general meeting is held on Tuesday 24 April 2012 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 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 2011

Date	Number	Announcement
29 March 2011	1	Annual report 2010
6 April 2011	2	Notice for ordinary general meeting
28 April 2011	3	Progress of annual general meeting
26 May 2011	4	Interim report Q1 2011
24 August 2011	5	Half-year report 2011
26 August 2011	6	Report on insiders trade with FirstFarms A/S' shares
31 August 2011	7	Report on insiders trade with FirstFarms A/S' shares
1 September 2011	8	Report on insiders trade with FirstFarms A/S' shares
7 September 2011	9	Report on insiders trade with FirstFarms A/S' shares
8 September 2011	10	Report on insiders trade with FirstFarms A/S' shares
12 September 2011	11	Report on insiders trade with FirstFarms A/S' shares
13 September 2011	12	Report on insiders trade with FirstFarms A/S' shares
14 September 2011	13	Report on insiders trade with FirstFarms A/S' shares
15 September 2011	14	Report on insiders trade with FirstFarms A/S' shares
19 September 2011	15	Report on insiders trade with FirstFarms A/S' shares
20 September 2011	16	Report on insiders trade with FirstFarms A/S' shares
23 November 2011	17	Interim report Q3 2011
14 December 2011	18	New CEO
19 December 2011	19	Financial calendar 2012

Published company announcements in 2012

Date	Number	Announcement
20 February 2012	1	New CEO
27 March 2012	2	Annual report 2011

Expected company announcements in 2012

Date	Number	Announcement
24 April 2012		Annual general meeting
22 May 2012		Interim report Q1-2012
21 August 2012		Half-year report Q2-2012
20 November 2012		Interim report Q3-2012

Name	Management functions	Board functions
Henrik Hougaard (CH) *Born 1958, entered 2004*	Thoraso ApS SKIOLD Holding ApS Skaarupgaard Skov ApS Henrik Hougaard Invest A/S	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)* DK-TEC A/S *(CH)* Fortin Madrejon A/S *(CH)* Thoraso ApS Skiold Holding A/S
Lars Thomassen *Born 1953, entered 2006*	Purple Star ApS White Star Development, PL Black Star ApS Parking Poland ApS	Birger Christensen Trading A/S Holm Kommunikation A/S Weco Invest A/S
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)* 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 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)*
Peder Mouritsen *Born 1956, entered 2011*		Slægtsgårdsforeningen *(CH)* CIMA C & I A/S

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)
Peder Mouritsen
Kjeld Lindberg Iversen
Jens Møller
Lars Thomassen

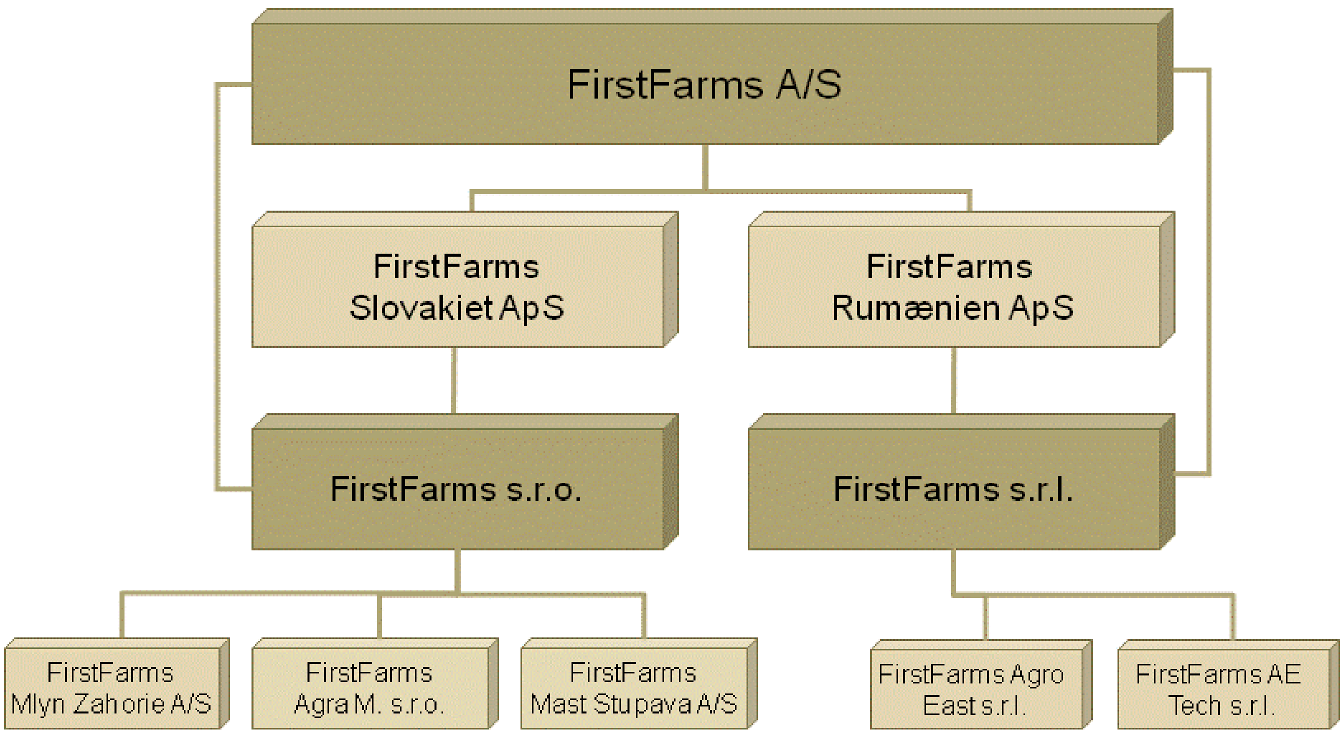
Accounting committee
Kjeld Lindberg Iversen (Chairman)
Jens Møller

Management
Per Villumsen

Auditors
KPMG
Værkmestergade 25
DK-8100 Aarhus C.

Annual general meeting
The annual general meeting is held on Tuesday 24 April 2012 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 2011.

FirstFarms' vision is to produce agricultural products of high quality to low prices to the consumers, and the production must be done in a way, so that focus is maintained on environment and animal welfare. Through the production local FirstFarms also contributes to streamline the agriculture in the concerned regions and to generate production with benefit to the local population. FirstFarms operates thus continuous commercial to increase the social advantages and minimize the liability of social resources.

Environment
At present, FirstFarms produces crops and milk. The production of crops is carried out according to the local rules and the rules in EU, as both Slovakia and Romania are members of EU. Hence there are a range of requirements regarding use of spray pesticides and fertiliser, both organic and non-organic fertiliser, which the company must meet. Logbooks are kept of the usage according to the local rules. The local employees are trained in correct handling of fertiliser and spray pesticides. FirstFarms experiences improvements of the land over time, when it has been cultivated for a number of years.

In 2011, FirstFarms has completed an entirely new cattle stable with appurtenant capacity to handle manure according to the present requirements from EU and the Slovakian authorities. The new and modern plant with manure separation gives a better utilisation of the manure and a more proper environmental handling.

Besides the abovementioned steps no comprehensive follow-up on the environment is carried out, which is why specific results cannot be accounted for.

Animal welfare
FirstFarms places great emphasis on animal welfare, and focus is on animal welfare in the daily established routines for the association with cows and young cattle. Focus is on correct transportation of the animals according to the rules in EU and requirements to external collaborators to comply with rules.

Medication is carried out according to the local rules, and the medicine is stored under the control of the inspecting veterinary. Cows treated with medicine are milked separately, so that no milk with medicine residues is delivered to the dairies.

Procedures for animal welfare are integrated in the daily routines, but a comprehensive report in this regard is not carried out, which is why specific results cannot be accounted for.

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 2011 and covers the accounting period 1 January – 31 December 2011.

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 August 2011, 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:
http://www.firstfarms.com/investor-relations/firstfarms-corporate-governance/corporate-governance-annual-report-2011/.

In 2011, FirstFarms' Board of Directors has held 9 board meetings and the accounting committee has held 6 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 extensive 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.

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 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 currently also country manager in the Slovakian and Romanian subsidiaries, and follow-up is hereby close to 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 2011 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 2011 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 2011.

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 27 March 2012

Management

Per Villumsen
CEO

Board of Directors

Henrik Hougaard Chairman	*Kjeld Iversen*	*Jens Møller*
Lars Thomassen	*Peder Mouritsen*	

Independent auditors' report

To the shareholders of FirstFarms A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements
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 2011. 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 Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation 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 Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
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 International Standards on Auditing and additional requirements under Danish audit regulation. This requires 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 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 2011 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 2011 in accordance with International Financial Reporting Standards as adopted by the EU and 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, 27 March 2012

KPMG

Statsautoriseret Revisionspartnerselskab

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

Accounting policies

FirstFarms A/S is a public limited company domiciled in Denmark. The annual report for 2011 comprises both the consolidated financial statement of FirstFarms A/S and its subsidiaries for the period 1 January – 31 December 2011 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 27 March 2012 discussed and approved the annual report for 2011 of FirstFarms A/S. The annual report is presented to FirstFarms A/S' shareholders for approval on the annual general meeting 24 April 2012.

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
FirstFarms A/S has implemented the standards and interpretations, which become effective for 2011.

None of the new standards and interpretations has affected or is expected to affect recognition and measurement and thus also not result and diluted result per share.

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 in other total income in a separate reserve for exchange rate adjustment. 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 in other total income in a separate reserve for exchange rate adjustment.

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.

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, 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 less short-term bank debt. 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 2011	Group 2010	Parent company 2011	Parent company 2010
Turnover	2,3	129,331	85,130	286	384
Value adjustments of biological assets	4	27,255	-599	0	0
Production costs	5	-150,371	-106,653	0	0
Grants	6	23,480	32,332	0	0
Gross profit/loss		**29,695**	**10,210**	**286**	**384**
Other operating income	7	1,436	1,212	24	0
Administration costs	5	-13,756	-18,395	-5,575	-9,234
Other operating costs	8	-287	-959	0	0
EBIT-result		**17,088**	**-7,932**	**-5,265**	**-8,850**
Financial income	9	959	1,021	11,288	16,381
Financial costs	10	-7,286	-5,015	-2,955	-875
Pre-tax result		**10,761**	**-11,926**	**3,068**	**6,656**
Tax on net profit	11	-1,758	2,658	-774	-1,664
Net profit		**9,003**	**-9,268**	**2,294**	**4,992**
Earnings per share	12	1.91	-1.97	-	-
Diluted earnings per share	12	1.91	-1.97	-	-

Total income statement

DKK 1,000	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Net profit	9,003	-9,268	2,294	4,992
Other total income				
- Exchange rate adjustments by conversion of foreign units	-2,217	-1,974	0	0
- Tax of other total income	307	0	0	0
Other total income after tax	**-1,910**	**-1,974**	**0**	**0**
Total income	**7,093**	**-11,242**	**2,294**	**4,992**

Balance sheet

DKK 1,000	Note	Group 2011	Group 2010	Parent company 2011	Parent company 2010
ASSETS					
Non-current assets					
Intangible assets	13				
Goodwill		16,006	16,050	0	0
Milk quota		6,350	8,333	0	0
Total intangible assets		**22,356**	**24,383**	**0**	**0**
Tangible assets	14				
Land and buildings		262,548	244,624	0	0
Plant and machinery		66,516	68,834	0	0
Fixtures and fittings, tools and equipment		1,952	2,395	31	189
Assets under construction and prepayments		8,273	30,055	0	0
Total tangible assets		**339,289**	**345,908**	**31**	**189**
Biological assets	4				
Basic herd		30,101	26,689	0	0
Total biological assets		**30,101**	**26,689**	**0**	**0**
Other non-current assets					
Investments in subsidiaries	15	0	0	281,682	181,771
Amount owed by affiliated companies	17	0	0	197,244	293,299
Deferred tax asset	19	9,403	17,420	0	0
Total other non-current assets		**9,403**	**17,420**	**478,926**	**475,070**
Total non-current assets		**401,149**	**414,400**	**478,957**	**475,259**
Current assets					
Inventories	16	33,480	23,671	0	0
Biological assets -breeding and crops	4	32,951	30,393	0	0
Receivables	17	13,929	6,196	0	0
Other receivables	6,17	13,342	16,249	311	107
Accruals an deferred expenses		906	994	39	39
Cast at bank and in hand	26	1,183	3,251	127	159
Total current assets		**95,791**	**80,754**	**477**	**305**
TOTAL ASSETS		**496,940**	**495,154**	**479,434**	**475,564**

DKK 1,000	Note	Group 2011	2010	Parent company 2011	2010
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		-17,535	-15,625	0	0
Transferred result		-105,694	-114,715	-17,355	-19,667
Proposed dividend		0	0	0	0
Total equity		**347,995**	**340,884**	**453,869**	**451,557**
Liabilities					
Non-current liabilities					
Deferred tax	19	12,296	21,263	8,177	7,403
Credit institutions	20	32,069	31,673	0	0
Total non-current liabilities		**44,365**	**52,936**	**8,177**	**7,403**
Current liabilities					
Credit institutions	20	35,979	36,091	0	0
Trade payables and other payables	21	48,681	43,509	17,388	16,604
Corporation tax	22	210	0	0	0
Accruals and deferred income	6	19,710	21,734	0	0
Total current liabilities		**104,580**	**101,334**	**17,388**	**16,604**
Total liabilities		**148,945**	**154,270**	**25,565**	**24,007**
TOTAL EQUITY AND LIABILITIES		**496,940**	**495,154**	**479,434**	**475,564**

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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 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
Other total income						
Exchange rate adjustment re. conversion of foreign currency	0	0	-1,974	0	0	-1,974
Other total income	**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**
Equity 1 January 2011	**47,122**	**424,102**	**-15,625**	**-114,715**	**0**	**340,884**
Total income 2011						
Net profit	0	0	0	9,003	0	9,003
Other total income						
Exchange rate adjustment re. conversion of foreign currency	0	0	-2,217	0	0	-2,217
Tax of other total income	0	0	307	0	0	307
Other total income	**0**	**0**	**-1,910**	**0**	**0**	**-1,910**
Total income	**0**	**0**	**-1,910**	**9,003**	**0**	**7,093**
Transactions with owners						
Share based remuneration	0	0	0	18	0	18
Total transactions with owners	**0**	**0**	**0**	**18**	**0**	**18**
Equity 31 December 2011	**47,122**	**424,102**	**-17,535**	**-105,694**	**0**	**347,995**

Parent company DKK 1,000	Share capital	Reserve for decrease of share capital	Transferred result	Proposed dividend	Total
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**
Equity 1 January 2011	**47,122**	**424,102**	**-19,667**	**0**	**451,557**
Total income 2011					
Net profit	0	0	2,294	0	2,294
Other total income	0	0	0	0	0
Total income	**0**	**0**	**2,294**	**0**	**2,294**
Transactions with owners					
Share based remuneration	0	0	18	0	18
Total transactions with owners	**0**	**0**	**18**	**0**	**18**
Equity 31 December 2011	**47,122**	**424,102**	**-17,355**	**0**	**453,869**

Cash flow statement

DKK 1,000	Note	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Pre-tax result		10,761	-11,925	3,068	6,656
Adjustments for non-monetary operating items etc.:					
Depreciation/amortisation and impairment	5	18,327	17,989	60	146
Reversal of profit, sale of companies and activities, net	7,8	-1,432	-214	-24	0
Value adjustment of biological assets	4	-1,855	-1,501	0	0
Financial income	9	-959	-1,021	-11,288	-16,381
Financial costs	10	7,286	5,015	2,955	875
Share based remuneration	5	18	35	18	35
Cash generated from operations (operating activities) before changes in working capital		**32,146**	**8,378**	**-5,211**	**-8,669**
Changes in working capital	24	-13,645	11,469	-503	1,357
Cash flow from main activities		**18,501**	**19,847**	**-5,714**	**-7,312**
Interest received	9	959	1,021	1	15
Interest paid	10	-7,105	-5,015	-2,428	-554
Paid corporation tax	22	-2,212	0	0	0
Cash flow from operating activities		**10,143**	**15,853**	**-8,141**	**-7,851**
Acquisition and sale of biological assets, net	4	-3,462	-11,508	0	0
Disposal of material assets, paid		4,136	3,677	122	66
Acquisition of material assets	25	-14,445	-33,576	0	-23
Acquisition of financial assets	15	0	0	-99,911	-59,544
Cash flow from investing activities		**-13,771**	**-41,407**	**-99,789**	**-59,501**
Proceeds from loans	25	1,662	-10,481	1,241	13,728
Loan to affiliated businesses		0	0	106,657	45,406
Cash flow from financing activities		**1,662**	**-10,481**	**107,898**	**59,134**
Cash flow of the year		**-1,966**	**-36,035**	**-32**	**-8,218**
Available, at the beginning		-32,840	3,326	159	8,377
Disposal, sale of companies		0	0	0	0
Exchange rate adjustment of available		10	-131	0	0
Available at closing	26	**-34,796**	**-32,840**	**127**	**159**
Available at closing is recognised as follows:					
Available funds		1,183	3,251	127	159
Current bank debts		-35,979	-36,091	0	0
Available at closing		**-34,796**	**-32,840**	**127**	**159**

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 63.1 million as per 31 December 2011 (2010: 57.1 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

2011 DKK 1,000	**Romanian activities**	**Slovakian activities**	**Total report compulsory segments**
Total segment turnover	29,793	99,538	129,331
Grants	4,257	19,223	23,480
Value adjustments of biological assets	10,268	16,987	27,255
Financial income	730	98	828
Depreciations	2,478	15,789	18,267
Segment result before tax	8,507	-2,191	6,316
Segment assets	147,222	349,201	496,423
Plant investments *)	2,146	12,299	14,445
Segment liabilities	112,144	208,470	320,614

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

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.

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	**2011**	**2010**	**2011**	**2010**
Milk production	0	0	62,076	46,303
Field production	28,595	13,435	35,732	23,250
Other	1,198	1,437	1,730	705
Total	**29,793**	**14,872**	**99,538**	**70,258**

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:

		2011		2010
DKK 1,000	**Turnover**	**Non-current assets**	**Turnover**	**Non-current assets**
Denmark	286	478,957	384	475,259
Slovakia	99,538	269,843	70,258	281,821
Romania	29,793	131,266	14,872	130,677
Elimination	-286	-478,917	-384	-473,357
Total	**129,331**	**401,149**	**85,130**	**414,400**

Essential customers
Turnover from trade with the company's two largest customers in Slovakia constitutes approx. 40 percent of the turnover in Slovakia. The dependency of single dairies has during 2011 become smaller, as the milk has been sold to several buyers.

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

DKK 1,000	**2011**	**2010**
Turnover		
Segment turnover for report compulsory segments	129,331	85,130
Group function	286	384
Elimination of internal turnover	-286	-384
Total turnover, cp. income statement	**129,331**	**85,130**
Result		
Segment result before tax for report compulsory segments	6,316	-18,582
Non-allocated result, Group function	4,445	6,656
Result before tax, cp. income statement	**10,761**	**-11,926**
Assets		
Total assets for report compulsory segments	496,423	492,947
Other non-allocated	517	2,207
Total assets, cp. balance sheet	**496,940**	**495,154**
Liabilities		
Total liabilities for report compulsory segments	320,614	423,562
Elimination of debt to parent company	-197,244	-293,299
Other non-allocated liabilities	25,575	24,007
Total liabilities, cp. balance sheet	**148,945**	**154,270**

3. Turnover

		Group		**Parent company**
DKK 1,000	**2011**	**2010**	**2011**	**2010**
Sale of milk	56,313	41,752	0	0
Sale of meat	5,763	4,551	0	0
Sale of corn etc.	64,327	36,686	0	0
Other turnover	2,928	2,141	286	384
Total	**129,331**	**85,130**	**286**	**384**

4. Value adjustments of biological assets

Group 2011 DKK 1,000	**Basic herd** [1]	**Breeding** [2]	**Crops** [2]	**Total**
Opening	26,689	15,340	15,053	57,082
Addition	18,275	1,539	67,215	87,029
Value adjustment of the year	-10,622	12,478	25,399	27,255
Disposal	-4,241	-12,113	-92,058	-108,412
Exchange rate adjustment	0	0	98	98
Accounting value 31 December 2011	**30,101**	**17,244**	**15,707**	**63,052**

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

Non-current assets consist of a herd of 2,968 cows at the end of 2011. Breeding consist of 2,541 heifers and calves, whereas crops are the value of the sowed fields. At the end of 2011 the sowed fields mainly consist of 450 hectares of alfalfa/grass, 1,750 hectares of wheat and 950 hectares of rape in Slovakia. In Romania the fields consisted of 1,800 hectares of wheat and 550 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 12.

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 12.

5. Costs

DKK 1,000	**2011**	**Group** **2010**	**2011**	**Parent company** **2010**
Cost of sales for the period	61,713	50,005	0	0
Reversed write-down on inventories	0	0	0	0
Staff costs				
Fees to the Board of Directors in the parent company	667	900	667	900
Accounting committee	175	225	175	225
Wages and salaries	20,740	22,332	2,345	4,460
Defined contribution plans	164	371	164	371
Other social security costs	7,152	6,626	25	31
Share based remuneration	18	35	18	35
Other staff costs	2,564	3,106	232	367
Total staff costs	**31,480**	**33,595**	**3,626**	**6,389**
Staff costs:				
Production	24,796	23,474	0	0
Administration	6,684	10,121	3,626	6,389
Total	**31,480**	**33,595**	**3,626**	**6,389**
Average number of employees	206	205	3	4

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 205 of which 3 are sited in the headquarter in Denmark, 186 in Slovakia and 16 in Romania.

Executive Board remuneration of the parent company

DKK 1,000	2011 Board of Directors	2011 Accounting committee	2011 Management	2010 Board of Directors	2010 Accounting committee	2010 Management [1)]
Wages and salaries	667	175	1,729	900	225	3,498
Pension	0	0	0	0	0	188
Share based remuneration	0	0	0	0	0	0
Total	**667**	**175**	**1,729**	**900**	**225**	**3,686**

[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 2011	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**	5,833
Total number, pcs.	1,667	1,667	1,666	833	833	834	**7,500**	0
Average utilisation per option, DKK	135.48	135.48	135.48	161.01	161.69	169.78	**145.04**	-
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 2011 was ”out-of-money” but can potentially dilute in the future.

As per 31 December 2011, the average remaining currency for outstanding warrants was under a year and the utilisation exchange rate was between 135-170.

In 2011, the recognised cost in the income statement regarding warrants was DKK 18,000 (2010: DKK 35,000).

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 2011, 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 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*

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 under a year and the utilisation exchange rates were between 129-170.

Specification of development in outstanding warrants.

	Type 1	Type 2	Type 3	Type A	Type B	Type C	Total
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**
Allotted 1/1-2011	1,667	1,667	1,666	833	833	834	**7,500**
Allotted in 2011	0	0	0	0	0	0	**0**
Disposals in 2011	0	0	0	0	0	0	**0**
Allotted 31/12-2011	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

DKK 1,000	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Depreciations, intangible assets	1,960	1,960	0	0
Depreciations, property, plant and equipment	16,367	16,029	60	146
Impairments, property, plant and equipment	0	0	0	0
Total depreciations and impairments	**18,327**	**17,989**	**60**	**146**
Depreciations and impairments are recognised as follows:				
Production	17,650	17,166	-	0
Administration	677	823	60	146
Total	**18,327**	**17,989**	**60**	**146**

Fee to the auditors appointed at the general meeting

DKK 1,000	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Audit	662	695	350	350
Other declarations	0	29	0	0
Tax and VAT services	43	83	35	30
Other non-audit services	124	345	124	263
Total	**829**	**1,152**	**509**	**643**

The consolidated accounts and the annual accounts of 2011 and 2010 have been audited by KPMG.

6. Grants

DKK 1,000	2011	Group 2010	2011	Parent company 2010
Grant for investments	3,463	3,326	0	0
Ecology grant	0	6,655	0	0
EU hectare subsidy	14,031	14,924	0	0
Grant for milk production	5,561	6,868	0	0
Government grant etc.	425	559	0	0
Total	**23,480**	**32,332**	**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.

2011 DKK 1,000	**Hectare grant**	**Milk grant**	**Government grant**	**Investment grant etc.**	**Ecology grant**	**Total**
Grants calculated in accruals	0	0	0	19,710	0	19,710
Period of crediting	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	-	-
Grants calculated in ”Other receivables”	3,651	0	1,221	1,904	0	6,776

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.

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

7. Other operating income

DKK 1,000	2011	Group 2010	2011	Parent company 2010
Profit from sale of fixed assets	1,432	1,031	24	0
Other income	4	181	0	0
Total	**1,436**	**1,212**	**24**	**0**

8. Other operating costs

DKK 1,000	Group 2011	2010	Parent company 2011	2010
Loss from sale of fixed assets	0	817	0	0
Other costs	287	142	0	0
Total	**287**	**959**	**0**	**0**

9. Financial income

DKK 1,000	Group 2011	2010	Parent company 2011	2010
Interest, cash at bank and in hand	81	27	1	15
Interest income from affiliated companies	0	0	11,262	16,366
Other financial income	878	994	25	0
Total	**959**	**1,021**	**11,288**	**16,381**

10. Financial costs

DKK 1,000	Group 2011	2010	Parent company 2011	2010
Interest, bank loans	4,092	4,045	0	0
Other financial costs	3,194	970	2,955	875
Total	**7,286**	**5,015**	**2,955**	**875**

11. Tax on net profit/loss

DKK 1,000	Group 2011	2010	Parent company 2011	2010
Tax on net profit/loss	-1,758	2,658	-774	-1,664
Tax on other total income	307	0	0	0
Total	**-1,451**	**2,658**	**-774**	**-1,664**
Tax on net profit/loss is specified as:				
Current tax	-2,422	0	0	0
Deferred tax	664	2,658	-774	-1,664
Total	**-1,758**	**2,658**	**-774**	**-1,664**
Tax on net profit/loss can be explained as:				
Calculated tax of net profit/loss before tax (25 %)	-2,690	2,988	-774	-1,664
Other adjustments, net	932	-330	0	0
Total	**-1,758**	**2,658**	**-774**	**-1,664**
Effective tax rate	16	22	25	25

12. Earnings per share

Group DKK 1,000	2011	2010
Net profit	9,003	-9,268
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)	1.91	-1.97
Diluted earnings per share (EPS-D)	1.91	-1.97

13. Intangible assets

Group 2011 DKK 1,000	Goodwill	Milk quota	Total
Cost price 1 January	16,050	16,189	32,239
Addition	0	0	0
Disposal	0	0	0
Exchange rate adjustment	-44	-44	-88
Cost price 31 December	**16,006**	**16,145**	**32,151**
Depreciations and impairments 1 January	0	-7,856	-7,856
Depreciations	0	-1,960	-1,960
Impairments	0	0	0
Exchange rate adjustment	0	21	21
Depreciations and impairments 31 December	**0**	**-9,795**	**-9,795**
Accounting value 31 December	**16,006**	**6,350**	**22,356**

FirstFarms' Management has carried out impairment test of the accounting value of intangible assets of DKK 22.4 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 10 million. If the settlement prices change with 1 percent compared to the assumed, the value will change with approx. DKK 3 million.

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.

14. Tangible assets

Group 2011 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 2011	257,455	93,734	3,478	30,055	384,722
Addition	6,955	7,060	16	414	14,445
Transfer between categories	20,143	1,847	0	-21,990	0
Disposal	-2,478	-4,903	-391	-127	-7,899
Exchange rate adjustment	-1,685	-520	-4	-79	-2,288
Cost price 31 December 2011	**280,390**	**97,218**	**3,099**	**8,273**	**388,980**
Depreciations and impairments 1 January 2011	-12,831	-24,900	-1,083	0	-38,814
Depreciations	-5,113	-10,900	-354	0	-16,367
Disposal	15	4,891	289	0	5,195
Transfer between categories	0	0	0	0	0
Exchange rate adjustment	87	207	1	0	295
Depreciations and impairments 31 December 2011	**-17,842**	**-30,702**	**-1,147**	**0**	**-49,691**
Accounting value 31 December 2011	**262,548**	**66,516**	**1,952**	**8,273**	**339,289**
- assets held under finance lease	0	26,111	0	0	26,111
Depreciation period	15-30 years	5-10 years	3-7 years	-	-

As per 31.12.2011 to secure bank and leasing debts of DKK 64.8 million (2010: DKK 34.9 million) in the Slovakian subsidiaries, a security in the company's activities in Slovakia was given. Security has also been given for other loans of DKK 15.0 million in the company's land in Romania. In 2011, building interests of DKK 0.4 million have been capitalised (2010: DKK 1.2 million) with an interest of 6 percent (2010: 6 percent).

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 2010	244,784	83,650	3,606	27,489	359,529
Addition	9,281	6,247	65	17,983	33,576
Transfer between 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 between 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	-	-

Book value of purchased farm land DKK 1,000		2011		2010
Farm land in Slovakia	401 hectares	9,485	401 hectares	9,512
Farm land in Romania	7,495 hectares	110,704	7,604 hectares	113,352

2011
In February 2012, FirstFarms has received a certified evaluation of the land in Romania that indicated the total value to be DKK 142.8 million, corresponding to an average price of DKK 19,060 per hectare. The average value in 2011 in Romania is DKK 14,771 per hectare, whilst the average price in 2011 in Slovakia is DKK 23,653 per hectare.

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.

Parent company 2011 DKK 1,000.	Fixtures and fittings, tools and equipment
Cost price 1 January 2011	825
Addition	0
Disposal	-387
Cost price 31 December 2011	**438**
Depreciations and impairments 1 January 2011	-636
Depreciations	-60
Disposal	289
Depreciations and impairments 31 December 2011	**-407**
Accounting value 31 December 2011	**31**
- assets held under finance lease	0
Depreciation period	3-7 years

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

15. Capital shares in subsidiaries

Parent company DKKK 1,000	**2011**	**2010**
Cost price 1 January	181,771	122,227
Addition in the period	99,911	59,544
Cost price 31 December	281,682	181,771
Accounting value 31 December	**281,682**	**181,771**

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	**2011**	**2010**	**2011**	**2010**
Raw materials and other materials	12,072	9,751	0	0
Manufactured goods and commodities, grain, fodder etc.	21,408	13,920	0	0
Total	**33,480**	**23,671**	**0**	**0**
Accounting value of inventories included at fair value	21,408	13,920	0	0
Write-downs	0	0	0	0
Reversed write-downs	0	0	0	0

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	**2011**	**2010**	**2011**	**2010**
Receivables from sales	13,929	6,196	0	0
Other receivables	13,342	16,249	311	107
Receivables from associated companies	0	0	197,244	293,299
Total	**27,271**	**22,445**	**197,555**	**293,406**

Impairments, contained in the receivables above, developed as follows:	2011	2010
1 January	2,042	2,040
Impairments in the year	162	0
Implemented in the year	0	0
Reversed	0	0
Exchange rate adjustments	-6	2
31 December	**2,198**	**2,042**

In 2011 and 2010, no securities have been received from sales.

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

DKK 1,000	2011	2010
Period of decadence:		
Up to 30 days	728	1,400
Between 30 and 90 days	72	45
Over 90 days	206	1,171

18. Share capital

Issued shares		**Amount (pcs.)**		**Nominal value (DKK)**
	2011	**2010**	**2011**	**2010**
1 January	4,712,241	4,712,241	47,122,410	47,122,410
31 December	**4,712,241**	**4,712,241**	**47,122,410**	**47,122,410**

At the end of 2011, the share capital consists of 4,712,241 shares at nominal DK 10. No shares were attributed special rights.

The Group's result of DKK 9,003 million and the parent company's result of DKK 2,294 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. 12 for risk management and p. 13 regarding investment strategy and –criteria.

The realised equity return for 2011 was 2.6 percent (2010: -2.7 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 28 April 2011, authority was given to the company to acquire up to 10 percent of the company's own shares. The authority was not used in 2011, 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 28 April 2016, the Board of Directors has the authority to issue 50,000 share options corresponding to DKK 500,000 and corresponding to 1.1 percent of the nominal capital.

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	**2011**	**2010**
Deferred tax 1 January	3,843	3,973
Disposal from sale of companies	-307	0
Exchange rate adjustment	21	-35
Deferred tax of the year calculated in net profit/loss	-664	-2,658
Transferred from corporation tax	0	2,563
Deferred tax 31 December	**2,893**	**3,843**
How deferred tax is calculated in the balance sheet:		
Deferred tax (asset)	-9,403	-17,420
Deferred tax (liability)	12,296	21,263
Deferred tax 31 December, net	**2,893**	**3,843**
Deferred tax concerns:		
Intangible assets	-789	-415
Tangible assets	13,925	13,111
Biological assets	4,326	4,297
Other accounting items	-106	-100
Deficits with right to put forward	-22,640	-20,453
Re-taxation balance	8,177	7,403
Total	**2,893**	**3,843**

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 2011

DKK 1,000	**Balance 1/1-2011**	**Included in net profit/loss, net**	**Exchange rate adjustments**	**Tax of other total income**	**Balance 31/12-2011**
Intangible assets	-415	-372	-2	0	-789
Tangible assets	13,111	905	-91	0	13,925
Biological assets	4,297	31	-2	0	4,326
Other accounting items	-100	-6	0	0	-106
Deficits with right to put forward	-20,453	-1,996	116	-307	-22,640
Re-taxation balance	7,403	774	0	0	8,177
Total	**3,843**	**-664**	**21**	**-307**	**2,893**

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	-14,129	-8,892	5	2,563	-20,453
Re-taxation balance	5,739	1,664	0	0	7,403
Total	**3,973**	**-2,658**	**-35**	**2,563**	**3,843**

Parent company DKK 1,000	**2011**	**2010**
Deferred tax 1 January	7,403	5,739
Deferred tax of the year calculated in net profit/loss	774	1,664
Transferred from corporation tax	0	0
Other adjustments	0	0
Deferred tax 31 December	**8,177**	**7,403**
How deferred tax is calculated in the balance sheet:		
Deferred tax (asset)	0	0
Deferred tax (liability)	8,177	7,403
Deferred tax 31 December, net	**8,177**	**7,403**

The deferred tax at the end of 2011 and 2010 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	**2011**	**2010**	**2011**	**2010**
Non-current liabilities	32,069	31,673	0	0
Current liabilities	35,979	36,091	0	0
Total	**68,048**	**67,764**	**0**	**0**
Fair value	68,048	67,764	0	0
Nominal value	68,048	67,764	0	0
- of this fixed interest	0	0	0	0

A change in the interest with 1 percentage point will, incl. other loans, entail a change in the interest expenses of DKK 0.9 million.

Current maturity:	**2011**	**2010**
Within 1 year	35,979	36,091
1-5 years	22,909	21,929
> 5 years	9,160	9,744
Total accounting value	**68,048**	**67,764**

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

2011 DKK 1,000	**Minimum-contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	5,740	-599	5,141
1-5 years	5,868	-440	5,428
> 5 years	0	0	0
Total	**11,608**	**-1,039**	**10,569**

2010 DKK 1,000	**Minimum-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**

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

21. Supplier debts and other debt obligations

		Group		**Parent company**
DKK 1,000	**2011**	**2010**	**2011**	**2010**
Loan	14,994	13,728	14,994	13,728
Supplier debts	18,186	15,101	505	488
Other debt obligations	15,501	14,680	1,889	2,388
Total	**48,681**	**43,509**	**17,388**	**16,604**

22. Corporation tax

		Group		**Parent company**
DKK 1,000	**2011**	**2010**	**2011**	**2010**
Corporation tax 1 January	0	2,563	0	0
Transferred from outstanding corporation tax	0	-2,563	0	0
Current tax of the year	-2,422	0	0	0
Paid corporation tax	2,212	0	0	0
Corporation tax 31 December	**-210**	**0**	**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 349.2 million (2010: DKK 346.8 million). Security has also been given for other loans of DKK 15.0 million in the company's land in Romania.

The parent company has guaranteed for the subsidiaries' debt in credit institutions with an accounting value of DKK 68.0 million (2010: DKK 67.7 million).

24. Change in working capital

DKK 1,000	Group 2011	2010	Parent company 2011	2010
Change in biological assets and inventories	-10,465	1,571	0	0
Change in receivables etc.	-4,738	22,452	-204	-40
Change in supplier debts, other debt obligations and accruals	1,558	-12,554	-299	1,397
Total	**-13,645**	**11,469**	**-503**	**1,357**

25. Non-cash transactions

DKK 1,000	2011	2010
Acquisition of tangible assets, cp. note 14	14,445	33,576
Of this financial leased assets	0	0
Paid regarding acquisition of tangible assets	**14,445**	**33,576**
Proceeds at raising financial debt liabilities	1,662	-10,481
Of this leasing debt	0	0
Received at raising financial debt liabilities	**1,662**	**-10,481**

26. Cash and cash equivalents

DKK 1,000	Group 2011	2010	Parent company 2011	2010
Available funds	1,183	3,251	127	159
Current debt for credit institutions	-35,979	-36,091	0	0
Available 31 December	**-34,796**	**-32,840**	**127**	**159**

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 2010.

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 2012.

FirstFarms' activities are placed in Slovakia and Romania. 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 0.9 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 0.6 million.

Regarding credit risks, please see note 17 concerning receivables.

Liquid funds
FirstFarms A/S has entered loan agreements, which ensure the company's financing in 2012.

The Group's liabilities fall due as follows:

2011 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	57,479	64,154	32,436	21,458	10,260
Financial leasing liabilities	10,569	11,608	5,740	5,868	0
Trade payables	18,186	18,186	18,186	0	0
Loans	14,994	15,406	15,406	0	0
Derivative financial instruments	0	0	0	0	0
31 December 2011	**101,228**	**109,354**	**71,768**	**27,326**	**10,260**

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**

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	2011	2010
0-1 year	3,799	3,504
1-5 years	3,943	1,725
> 5 years	909	1,321
Total	**8,651**	**6,550**

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 2011 DKK 1.5 million was put to cost regarding land lease (2010: DKK 1.5 million) Costs at the same level is expected in 2012. In the following years, the amount is not expected to change significant by renting the same area.

Per 31 December 2011, FirstFarms has leased 7,900 hectares in total in Slovakia, distributed on 4,600 lease contracts with a currency of 1-15 years (2010: 7,900 hectares distributed on 4,600 lease contracts).

In Romania leasing contracts have been entered of approx. 250 hectares of land to cultivate in 2011/2012 (2010/2011: 200 hectares).

Furthermore, FirstFarms has entered agreement about operational leasing of machines with an annual cost of approx. DKK 2.3 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 sheet 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 2011. The loans have ranged between DKK 13.7 million and DKK 28.0 million over the year and as per 31 December 2011 the loans constitute DKK 15.0 million, and the interest has during the year constituted DKK 2.4 million.

In 2011, FirstFarms A/S has invoiced group contributions etc. of DKK 0.3 million (2010: 0.3 million).

All transactions are made on market terms.

30. Subsequent events

After the balance day 31 December 2011, no essential events on the presentation of FirstFarms' account have occurred.

31. New accounting regulations

IASB has issued a number of new accounting standards (IAS and IFRS) and interpretations (IFRIC), which are not compulsory for FirstFarms A/S at the preparation of the annual report for 2011: IFRIC 20, IFRS 9-13, IAS 27 (2011), IAS 28 (2011), amendments to IFRS 1 and several amendments to IFRS 7, amendments to IAS 1, 12, 19 and 32. Only amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets are approved by EU. FirstFarms A/S expects to implement the new accounting standards and interpretations, when they become compulsory according to the dates of commencement from IASB.

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