FirstFarms

Annual report 2013

FirstFarms A/S
CVR: 28 31 25 04

Registered office: Billund

Summary

2013: EBIT-result as expected in FirstFarms

- In 2013, FirstFarms realised a turnover of DKK 114.1 million, an EBIT-result of DKK 11.2 million and a pre-tax result of DKK 4.5 million.
- The result is significantly improved compared to 2012, and the EBIT-result corresponds to the announced expectation.
- In Slovakia, the crop yields for maize were negatively influenced by drought in the growth period, whereas the other crops had good yields. In Romania, the crop yields were satisfactory. The crop prices were lower than expected and all in all it was only partly compensated by the higher yields.
- The milk price in 2013 corresponded to the expectations. The milk production per cow was better than expected whereas the average number of cows was lower that expected. The result in the milk production was all in all as expected.
- In November 2013, FirstFarms issued convertible bonds for DKK 50 million. As from November 2014, the bonds can be converted into shares at a price of 42.78. The bonds carry interest at 6 per cent p.a. and fall due in March 2016 unless they are converted into shares.
- In 2013, FirstFarms realised a positive cash flow from main activities of DKK 18 million.

2014: Expectations

In 2014, FirstFarms expects an EBIT-result of DKK 17-22 million.

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	2013	2012	2011	2010	2009
Net turnover	114,127	108,080	129,331	85,130	75,605
Gross profit/loss	21,405	-15,110	29,695	10,210	-29,954
Profit/loss from primary operations	11,172	-27,668	17,088	-7,932	-36,207
Net financial items	-6,674	-6,847	-6,327	-3,994	-5,971
Pre-tax result	4,498	-34,515	10,761	-11,926	-42,178
Net profit	2,791	-27,435	9,003	-9,268	-37,070
Non-current assets	390,977	388,706	401,149	414,400	388,116
Current assets	96,803	78,250	95,791	80,754	127,007
Total assets	487,780	466,956	496,940	495,154	515,123
Share capital	47,122	47,122	47,122	47,122	47,122
Equity	320,819	318,407	347,995	340,884	352,091
Non-current liabilities	89,843	42,641	44,365	52,936	71,157
Current liabilities	77,118	105,908	104,580	101,334	91,875
Cash flow from primary operation	18,302	1,972	18,501	19,847	-19,879
Cash flow from operating activities	9,329	-4,700	10,143	15,853	-26,183
Cash flow from investment, net	-16,414	-3,906	-13,771	-41,407	9,178
Of which for investment in tangible assets	-28,106	-13,230	-14,445	-33,576	-50,363
Cash flow from financing	30,733	2,147	1,662	-10,481	24,329
Total cash flow	23,648	-6,459	-1,966	-36,035	7,324
Key ratios for the Group					
Gross margin	18.8	-14.0	23.0	12.0	-0.4
Operating margin	9.8	-25.6	13.2	-9.3	-47.9
Solvency ratio	66	68	70	69	68
Earnings per share, DKK	0.59	-5.82	1.91	-1.97	-7.87
Diluted earnings per share, DKK	0.59	-5.82	1.91	-1.97	-7.87
Return on shareholders' equity	0.9	-8.2	2.6	-2.7	-9.9
Average number of employees	198	203	206	205	211

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
Solvency ratio	(Equity x 100) / Total assets
Return on equity	(Net profit x 100) / Average equity

Management review

In 2013, FirstFarms has stabilised and improved the operation by implementing a number of specific action plans in 2012 and 2013 to restore the foundation for a profitable operation. Thus, in 2013 a better foundation has been established for growth and development on basis of FirstFarms' business model.

FirstFarms has in 2013 been provided with proceeds of DKK 50 million from convertible bonds. This has allowed both certain activity expansions as utilisation of attractive investment opportunities in respect of operation optimisation etc. and also created a significant financial flexibility in the daily operation.

In 2013, FirstFarms realised a turnover of DKK 114.1 million (2012: DKK 108.1 million), an EBIT-result of DKK 11.2 million (2012: DKK -27.7 million) and a pre-tax result of DKK 4.5 million (2012: DKK -34.5 million).

The result is positively influenced by high milk price and improved efficiency in the milk production. At the same time the result is negatively influenced by bad yields primarily in maize in Slovakia despite record harvest in other crops in both Romania and Slovakia. The prices on crops have been decreasing, which the harvest yield however partly has compensated for with record yield on some crops.

The previously diagnosed mycoplasma[1] in the milk production is under control and the number of infected animals is significantly reduced. At the beginning of 2013, clearance for the herd was done one last time and thus set out of cows. The set out cows have resulted in a decrease of the stock value at the beginning of the year. The herd has again been increasing in the second half of 2013, where the disease was stabilised.

The management considers the result as less satisfactory, however significantly improved compared to 2012.

FirstFarms now considers the operation to be stabilised and again works with growth within the frames of the previous business model.

Goals

Locality	2013	2014	Goal
Field Slovakia	8,000 hectares	9,300 hectares	12-15,000 hectares
Cattle Slovakia	2,400 cows 20,000 tons of milk	2,400 cows 22,800 tons of milk	3,300 cows 35,000 tons of milk
Field East Romania	4,350 hectares	4,400 hectares	5-8,000 hectares
Field West Romania	0 hectares	2,000 hectares	5-8,000 hectares

The long-term goals for the field production in FirstFarms are 2 operation centers of each 5-8,000 hectares in East and West Romania, respectively; a total of 10-16,000 hectares (operation in 2013/214 is 6,400 hectares) and 12-15,000 hectares in Slovakia (operation in 2013/2014 is 9,300 hectares).

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[1] Mycoplasma Bovis (MB) is a bacteria-like organism that is transmitted by direct contact from one animal to another. Infection occurs primarily through snot and saliva. This means through feed, water troughs, milking of the cow and through milk.

MB is in particular the cause of mastitis, but there can also be seen an increased incidence of pneumonia and especially arthritis in front leg of cows. In calves it causes pneumonia and an increased incidence of otitis media and arthritis. The treatment effect is poor, as MB is a bacterium without a cell wall and resistant to antibiotics.

MB is sensitive to drying and disinfection. Therefore, a good stable hygiene and good milking routines are the best recommendations to avoid infection within the herd. The disease is not harmful to humans but is solely contagious from cattle to cattle.

FirstFarms focuses on improving the compactation in present areas and expansion in areas with good compactation and quality. The land that FirstFarms owns in areas with bad quality, where we do not wish to develop, the farm is marketed for sale and proceeds will be used for further development of FirstFarms.

FirstFarms' primary focus will be expansion through lease contracts on agricultural land, as land lease with the present market conditions is estimated to have the largest earning potential in the operation. There will to a limited extent be bought land in present areas, in case it improves the possibilities for compacting of our land and FirstFarms' future purchase possibilities of land or land lease contracts.

The goal for the animal production of dairy cattle is an expected running expansion from the present 2,400 cows to 3,300 cows with an expected increase in the delivery of milk from 22,000 tons to 35,000 tons within the present operational frames and only through a few investments.

FirstFarms will continuously evaluate possibilities for expansion of the business volume within present business model through acquisitions or mergers.

Field production

The prices on grain and oilseed peaked at the end of 2012 and decreased in 2013. FirstFarms had chosen to sell a part of this year's harvest in 2012 and in the spring 2013, and it ensured that the price decrease was not fully realised on the crop prices in Slovakia. FirstFarms expects that the prices in 2014 will correspond to the prices in harvest 2013.

FirstFarms realised a very satisfactory harvest in Romania in 2013. In Slovakia, FirstFarms realised a very satisfactory harvest for rape, wheat and beets, whereas the maize harvest was unsatisfactory due to a long drought period over the summer.

In the growth season 2013/14, all winter crops in Slovakia and Romania are well-established and there has been satisfactory amounts of rain until the end of 2013. A satisfactory yield is therefore expected in the field production in 2014, as long as we get acceptable growth conditions in spring and summer in 2014. 6,650 hectares are seeded in the autumn 2013 compared to 5,575 hectares in the autumn 2012.

Milk production

In 2013, FirstFarms has produced 21.2 million kg milk compared to 20.9 million kg in 2012, and in 2014 a production of 23.8 million kg is expected.

The milk price has increased during 2013 and it has been in the range DKK 2.44 to DKK 2.90. The average sales price in 2013 constituted DKK 2.63 per kg compared to DKK 2.22 per kg in 2012.

In 2013, FirstFarms has sold milk to 5 different buyers. Sale is partly made directly to the dairies and partly through middlemen. The contracts primarily run with fixed prices in 3 months ahead with weekly settlement from the buyer. The milk is sold both locally in Slovakia and to export.

The company expects to maintain the strategy of continuous negotiation with more buyers to ensure a satisfactory milk price and expects an average settled milk price of DKK 2.85 per kg in 2014.

Mission

- **Investments in agriculture in Eastern Europe, characterised by high competence and delivery of quality products to consumers, focusing on CSR and animal welfare**
  - *Employees in FirstFarms must continuously improve their qualifications and develop*
  - *The work environment must be optimal and the work well planned*
  - *Stewardship of the environment and good fellowship towards our community are key ingredients of success*
  - *Profitability is essential, without profit no other objectives can be obtained*

Grants
FirstFarms receives EU-grant to the milk production in Slovakia. The grant in 2013 is on par with 2012.

Hectare grant is given for cultivating the land in both Slovakia and Romania. The EU-grants are expected to be increased on the basis of the new frames from EU. The regional distribution of the EU-grants is not yet published. FirstFarms has received grants to investments in Slovakia from EU's structural funds. The grants are credited concurrently as the assets are depreciated.

The total public grants constituted DKK 21.4 million in 2013.

Balance and cash flow
In 2013, the return on FirstFarms' equity was 0.9 percent compared to -8.2 percent in 2012.

Cash flow from primary operation constitutes DKK 18 million in 2013 compared to DKK 2 million in 2012.

Investments
In 2013, FirstFarms has carried out maintenance- and profitability improving investments in existing operating systems. Land has been sold from the areas, which FirstFarms do not cultivate, and in smaller scale land has been purchased in our focus areas.

Construction of office building at site in East Romania

Land and building has been bought for establishment of site in East Romania, and the work with establishing storage- and machine facilities and building office on the site has started. The work continues in 2014. 5,000 m2 of storage- and machine halls, 10,000 m2 concrete site along with platform scale and office are expected to be finished at the end of 2014.

In December2013/January 2014, land lease contracts in Slovakia have been bought, so the cultivated area is expanded with 1,300 hectares in the harvest season 2013/20104.

In 2014, maintenance- and profitability improving investments will also be done in operating equipment. There will also be invested further in land and land lease contracts as part of the future goal.

Interest-bearing debt
The interest-bearing debt in FirstFarms is DKK 97.7 million and thus constitutes 30 percent of the equity and 20 percent of the balance sheet total.

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

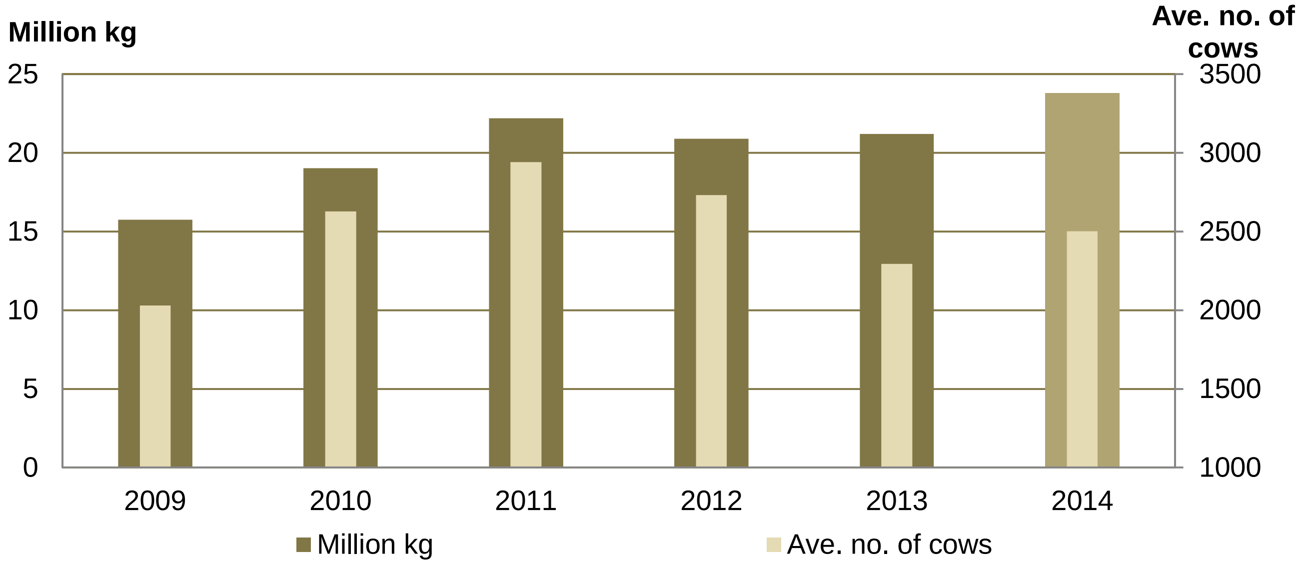
During 2013 the RON has decreased approx. 0.7 percent compared to DKK.

The negative adjustment of the exchange rate has given a decrease in the company's equity of approx. DKK 0.8 million.

Slovakia

Milk production
The milk production has increased by 0.3 million kg in 2013 compared to 2012, and thus 21.2 million kg of milk was delivered from FirstFarms in 2013. The increase must also be seen on the basis that the average number of cows has been reduced in the period. The herd was reduced in connection with the disease outbreak but has increased again during the last half year of 2013.

Development in FirstFarms' sale of milk in Slovakia



Source: FirstFarms

The production per cow has increased through 2013 and at the end of 2013 it is close to a satisfactory level, even though FirstFarms still expects an increase in 2014. The stock of milking cows was at the end of 2013 2,358 compared to 2,454 at the end of 2012.

In 2014, a total delivery of 23.8 million kg milk is expected from FirstFarms, which is an increase of 12 percent. The increase is composed of an expected increase in the number of cows and a progress in yield.

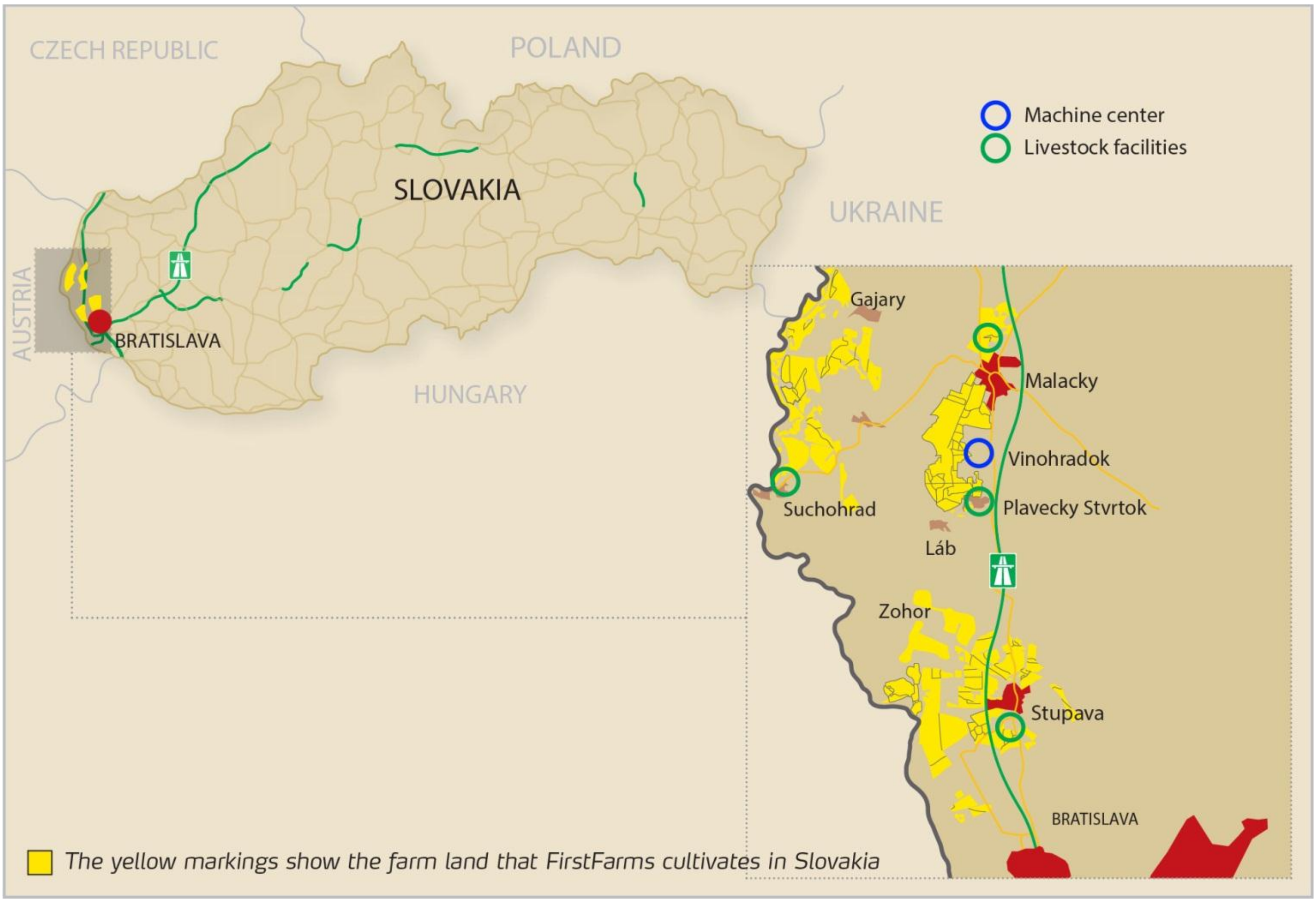
Field production
In 2013, the harvest in Slovakia was very satisfactory for wheat, rape and beets, whereas it was disappointing for maize, which was negatively influenced by a very dry period in July and August. The maize area in 2013 constituted over 3,000 hectares, which is 38 percent of the cultivated area in Slovakia, and it has therefore great importance for the company.

Land
Approx. 8,000 hectares of land was cultivated in Slovakia, of which FirstFarms owns 473 hectares. FirstFarms has only to a limited extent traded agricultural land in Slovakia in 2013.

At the end of 2013 and in the beginning of 2014, FirstFarms has purchased lease contracts of 1,300 hectares of land, thus the company will cultivate 9,300 hectares of land in 2014.

In FirstFarms' opinion, the land price in Slovakia in 2013 has been constant.

FirstFarms in Slovakia



The main part of the cultivated land in Slovakia is leased land, and the leasing periods are between 1 and 15 years. The approx. 5,600 lease contracts are renewed 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 still 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

In 2014, the total cultivated area in Romania will constitute 6,400 hectares compared to 4,350 hectares in 2013.

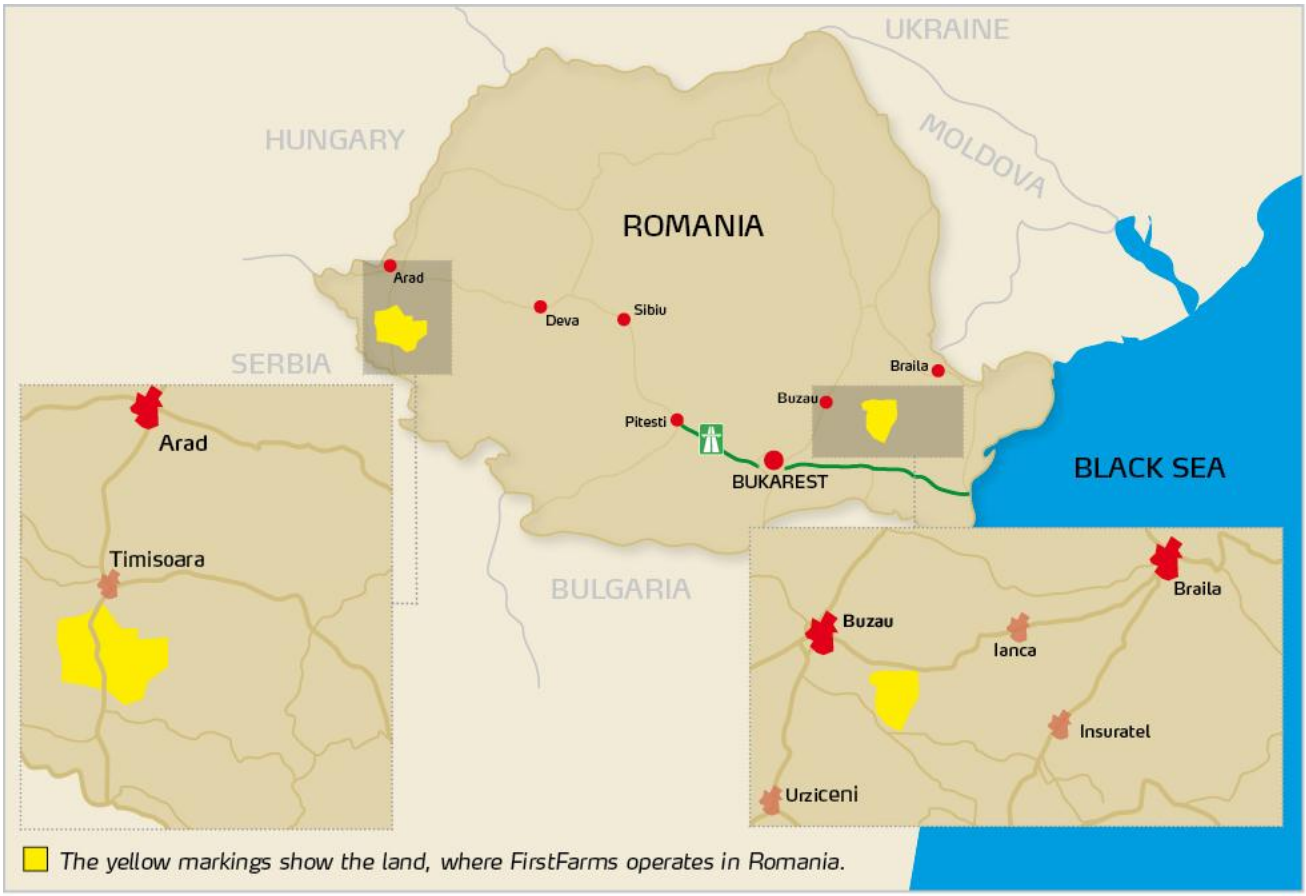
Field production - East
The harvest in Romania has been very satisfactory, but the realised sales prices have been lower than expected at the beginning of the year. The higher yields have more than compensated for the lower sales prices.

In 2013, 4,350 hectares were cultivated and the area is expected to be expanded to 4,400 hectares in 2014.

The sprout in the autumn 2013 has been satisfactory.

Field production - West
FirstFarms has decided to start cultivation of the owned land near Timisoara, 1,600 hectares. At the same time, FirstFarms expects to expand the cultivated area in the district with leased land. The total cultivated area in the district is expected to be 2,000 hectares in 2014. In case the goal of a profitable operation is achieved in 2014, the operating centre is expected to be significantly expanded the coming years.

FirstFarms in Romania



Land
In 2013, FirstFarms has worked on compacting the owned land in the cultivation areas. FirstFarms has sold the main part of the land in the Alexandria-area, whereas land has been bought in the core area near Buzau. At the end of 2013, FirstFarms owns 6,792 hectares of land in Romania.

Trends in land prices
It is FirstFarms' assessment that the land prices in Romania in 2013 have been increasing. The number of trades is however still on a low level. 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.

At the turn of the year 2013/2014, FirstFarms has conducted land evaluation of a part of the land in Romania and this has been complemented with the company's own experiences with land prices to calculate the value of the company's land. The total value is in the range of DKK 145 million compared to a booked value of DKK 106.3 million.

For the moment, FirstFarms has 1,800 hectares outside the primary cultivation area which in the long term are to be divested. These areas are expected to be sold at prices above book value.

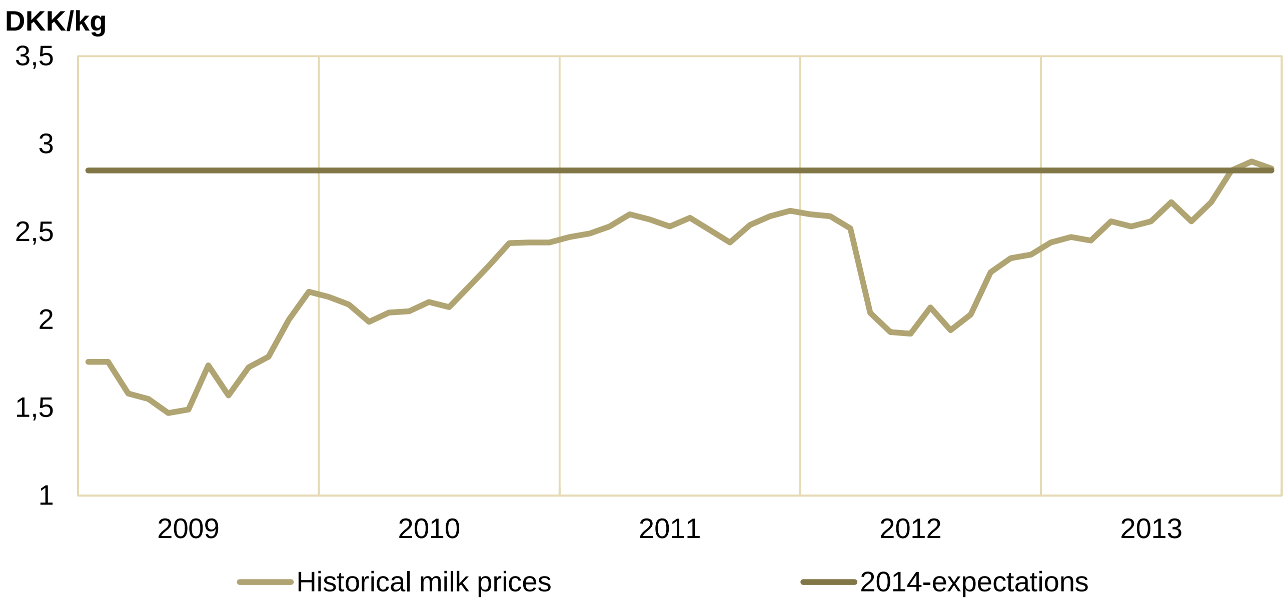
Expectations for 2014

In 2014, FirstFarms expects an EBIT-result of DKK 17-22 million.

Milk production and price
In 2014, FirstFarms expects to deliver 23.8 million kg milk. The milk production per cow is now close to a satisfactory level, whereas the number of cows is not on full capacity in 2014 after the decrease in connection with the disease outbreak. The number of cows decreased at the beginning of 2013 but has increased again in the last part of 2013, and a continued increase is expected in 2014. Due to the wish for a high protection against contamination, no supply of purchased animals from external herds is carried out.

An average milk price of DKK 2.85 per kg is expected.

Development in milk price



Source: FirstFarms

Production and prices on crops
In 2014, the prices on crops are expected to be on par with the prices in the harvest 2013. It is lower than the prices in 2012 and the realised prices in 2013.

The cultivated area in Romania is expected to increase with approx. 2,050 hectares to 6,400 hectares, whereas the cultivated area in Slovakia is expected to increase with approx. 1,300 hectares to totally 9,300 hectares.

In 2014, the settlement prices for grain (wheat, rye, maize and barley) are expected in the level of DKK 1,100 – 1,200 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 2,300 – 2,700 per tonne.

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

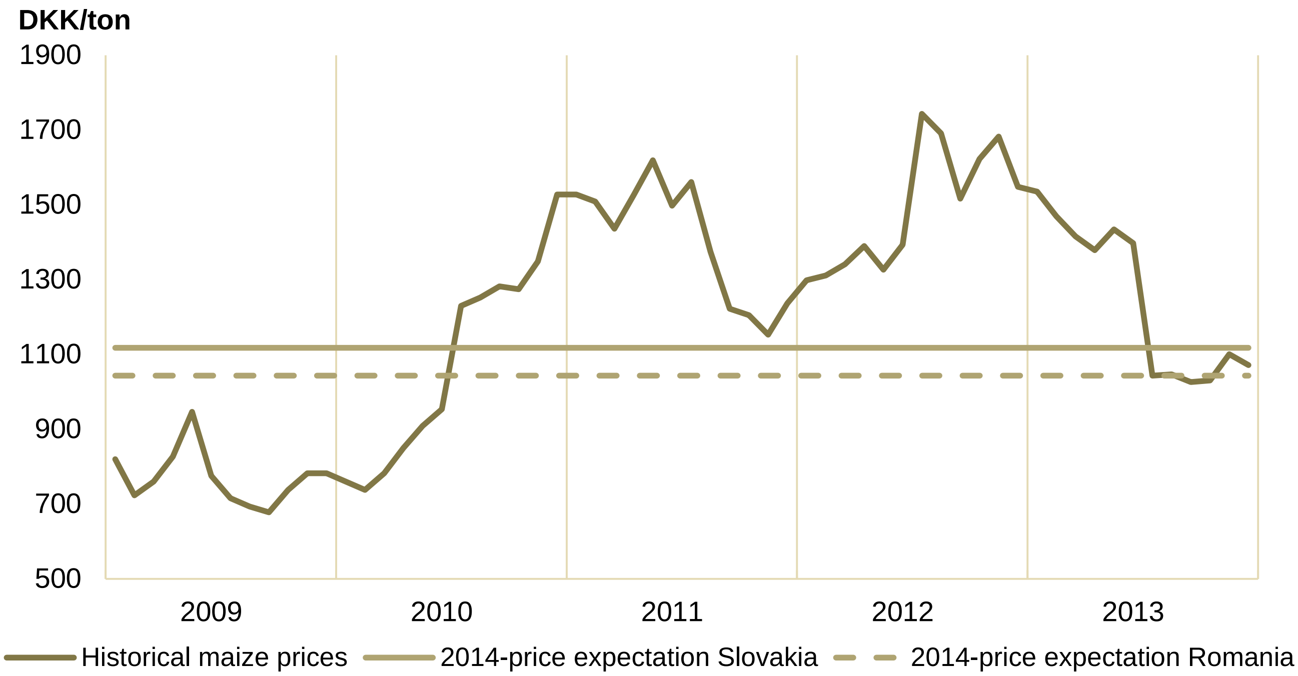
Development in wheat price

Source: Matif (adjusted to local market conditions)

Vision

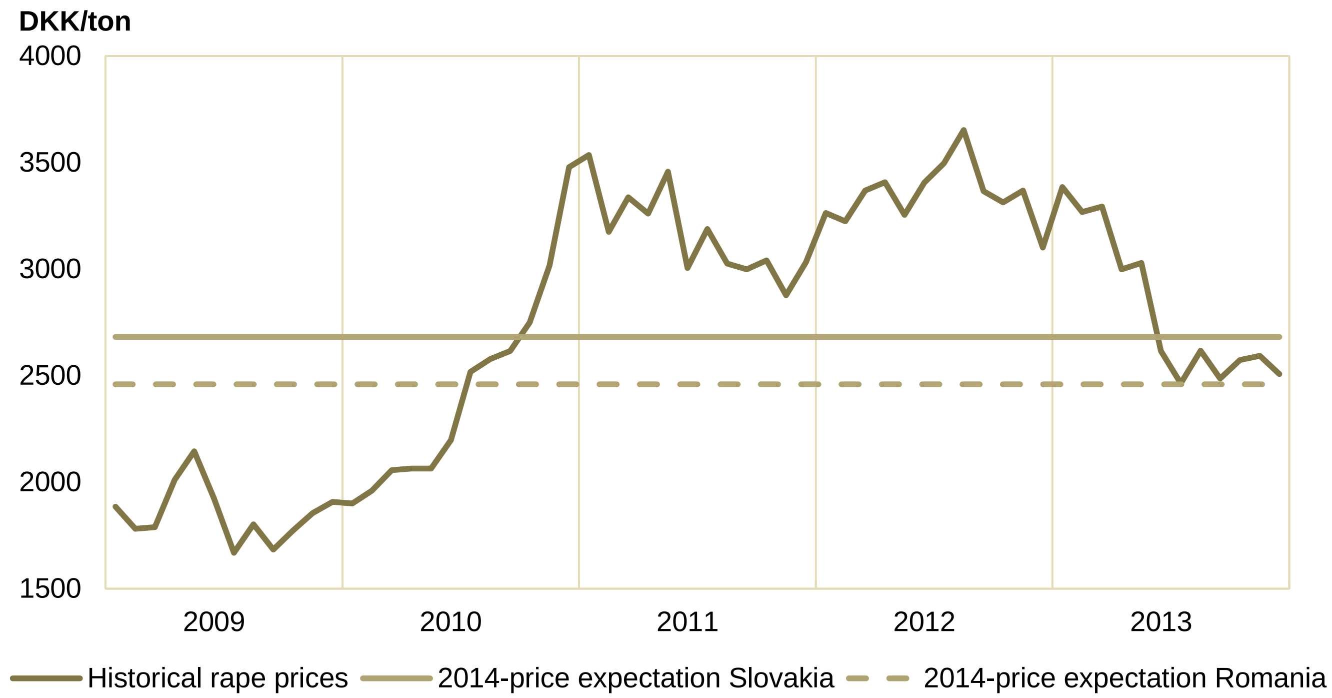
- **FirstFarms wants to be in the top 10 among large scale farming in EU in terms of return on equity (ROE)**
  - State-of-the-art management of animals, fields and machines
  - Never stop improving
  - Have a team of honest & considerate people
  - Operate clean, environmentally sound farming
  - Better farming company to work for
  - Treat employees with respect – promote talents
  - Everyone does their job as good as possible
  - We give employees a valuable education and introduction
  - Growth provide opportunity for all of us

Development in maize price



Source: Matif (adjusted to local market conditions)

Development in rape price



Source: Matif (adjusted to local market conditions)

Cash flow
In 2013, FirstFarms was provided with proceeds of DKK 50 million from convertible bonds. This has allowed both certain activity expansions as utilisation of attractive investment opportunities in respect of operation optimisation etc. and also created a significant financial flexibility in the daily operation.

A satisfactory cash flow from the operation is expected in 2014, as the production is running with acceptable utilisation of capacity and mainly investments of maintenance and profitability improving character or with short payback period are carried out.

FirstFarms has entered agreements with banks in Slovakia, Romania and Denmark regarding credit lines. There are substantial free credit facilities on the credit lines in 2014. Deposit and drawings on bank overdrafts are evened out regularly.

Investments
The investments in 2014 are expected to be maintenance- and profitability improving investments in existing plants and machines. Investments in construction land for future projects according to the strategy plan are also expected.

There are plans to secure own storage capacity in Romania and establishment of the first phase is expected in 2014.

Machine strategies for Slovakia and Romania and master plan for the animal production for the next 5 years have been prepared, including investment plans, which support the long-term goals for FirstFarms.

Values

- Growth – scale the business with better bottom line
- Seriousness – no detail is too small, no effort is too big
- Expertise – but keep it simple
- Control of risks – take care of today, actively prepare for tomorrow

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 seeks 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 where FirstFarms operates 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 crops or livestock makes up potential risks for FirstFarms as the company has a considerable livestock and a large crop production. The livestock is exposed to diseases. 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 livestock, FirstFarms may also be affected by diseases from farms nearby. According to EU's "Zoonoses Directive", diseases in livestock 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' livestock. FirstFarms has taken out insurances on animals affected by disease. However, the insurance does not cover operating losses resulting from diseases in the herd. To minimise risk, the company has prepared an infection protection plan.

FirstFarms is also exposed to diseases in the crops including fungus and pests. The company seeks 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 the company operates in 3 climatic zones, FirstFarms can as an agricultural company be influenced by the weather conditions in Slovakia and East and West 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 and Slovakia, the company has taken out insurances on wide damages in the crops at expected sales prices, including 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, municipalities 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, and FirstFarms wants to utilise this.

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

Purchase of land in Romania takes place in different ways, i.e. in form of titles (parcels) which subsequently are land registered and joined together. Until the land is fully registered, there is a minor uncertainty connected with the ownership of the land. In 2013, FirstFarms has purchased 71 hectares and sold 390 hectares.

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. 300 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 473 hectares of land in Slovakia and in Romania the company owns 6,792 hectares of land. The value of the purchased land is today estimated to be higher than the accounting value. The development in the price of land is affected by a number of factors including supply, demand, loan possibilities, land reforms and national measures which are all outside FirstFarms' control.

Feed mixer for cattle in Slovakia

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 to invest 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 was 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 their quota permits. The quota is depreciated up to 31 March 2015, where the quota system will terminate according to the present decisions in EU.

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. FirstFarms assesses that EU's agricultural reform will have a positive effect for FirstFarms.

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 than 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 a 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 affected by political measures.

Exchange rate

By investment in 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.

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 are under pressure and increasing payrolls are expected in the coming years. FirstFarms uses widely modern technology and machinery 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 accidents. 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 2013, FirstFarms had 3,528 shareholders. The majority is Danish investors, whereas 80 shareholders are registered outside Denmark. As per 31 December 2013, the name register share in the company's owner book was 96.60 percent. Only 1 shareholder owns more than 5 percent of the share capital.

Shareholders	No. of shares (pcs.)	Capital (%)
Henrik Hougaard	553,937	11.8
Other registered shareholders	3,997,602	84.8
Non-registered shareholders	160,702	3.4
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 on-going 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 23 April 2013, authority was given to the company to acquire up to 10 percent of own shares. The authority was not used in 2013. 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.

In 2013, FirstFarms has issued convertible bonds for total nominal DKK 50 million. The bonds expire in March 2016 and carry interest at 6 percent p.a. As from 11 November 2014, the bonds can be converted into shares at a rate of 42.78 per share corresponding to the value of share at the time of issue.

Shareholdings of Management and Board of Directors

As on 31 December 2013 the Management and the Board of Directors of FirstFarms A/S held, direct or indirect, nominally 614,366 shares which are divided as follows:

Name	No. of shares
Henrik Hougaard	553,937 pcs.
Jens Bolding Jensen	5,161 pcs.
Lars Thomassen	24,668 pcs.
Bent Juul Jensen	3,600 pcs.
Anders H. Nørgaard	27,000 pcs.

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

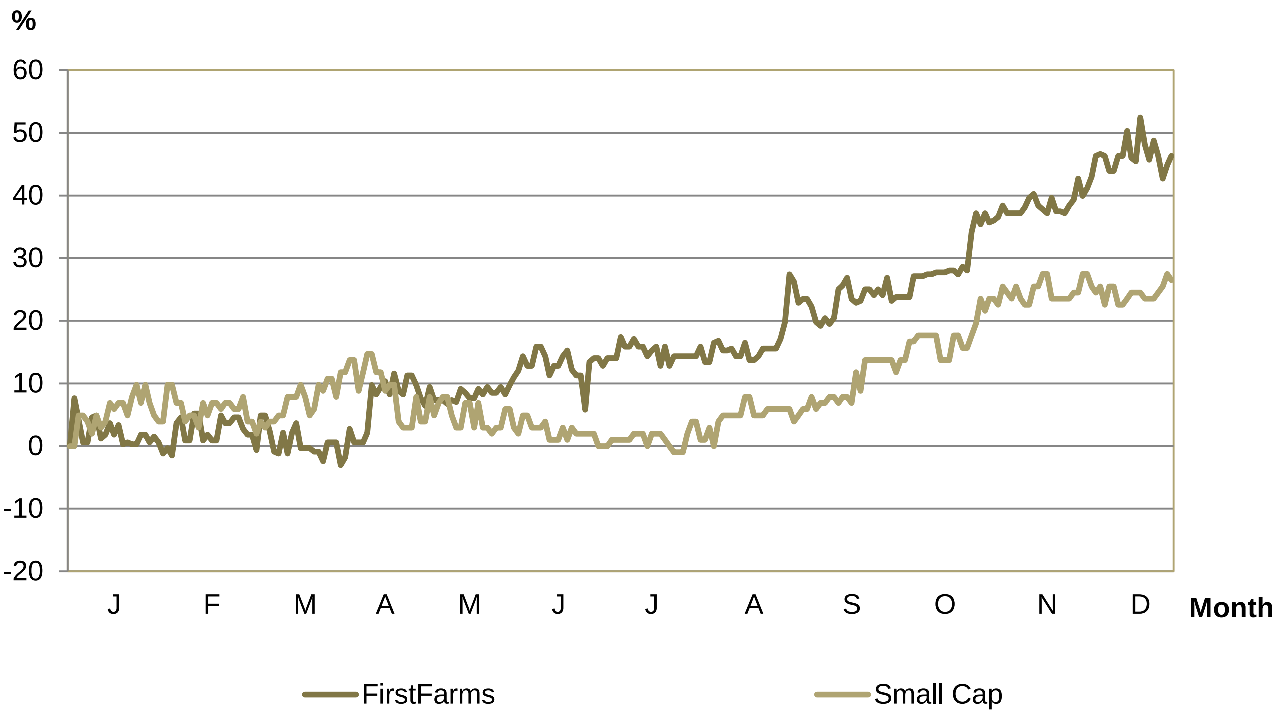
Dividend

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.

The FirstFarms share

As per 1 January 2013 the share price was 32.80 and the FirstFarms share closed at price 48.00 at 30 December 2013. At the end of the year the market value was DKK 226.2 million and the share price increased by 46 percent. In the same period the Danish smallcap-index, in which the FirstFarms share is traded, increased by 26 percent. In 2013, the average share turnover was DKK 155,427 per business day.

Share price development 2013



Source: Nasdaq OMX

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 2014	
25 March 2014	Annual report 2013
30 April 2014	Annual general meeting
27 May 2014	Interim financial report for 1 January – 31 March 2014
26 August 2014	Interim financial report for 1 January – 30 June 2014
25 November 2014	Interim financial report for 1 January – 30 September 2014

Annual general meeting

FirstFarms' annual general meeting is held on Wednesday 30 April 2014 at 3.00 p.m. at Jysk Landbrugsrådgivning, Majsmarken 1, 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 of 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 **jos@firstfarms.com** or on telephone +45 75 86 87 87.

Company announcements from FirstFarms A/S

Published company announcements in 2013

Date	Number	Announcement
6 March 2013	1	Downgrading of expectations to the result by DKK 10 million for 2012
26 March 2013	2	Annual report 2012
2 April 2013	3	Notice to convene the annual general meeting in FirstFarms A/S
9 April 2013	4	Report on insiders trade with FirstFarms A/S' shares
9 April 2013	5	Shareholder announcement – Skiold Holding ApS
9 April 2013	6	Shareholder announcement – Henrik Hougaard
10 April 2013	7	Report on insiders trade with FirstFarms A/S' shares
17 April 2013	8	Report on insiders trade with FirstFarms A/S' shares
23 April 2013	9	Progress of annual general meeting in FirstFarms A/S
28 May 2013	10	Interim financial report for 1 January – 31 March 2013 for FirstFarms A/S
31 May 2013	11	Report on insiders trade with FirstFarms A/S' shares
3 June 2013	12	Report on insiders trade with FirstFarms A/S' shares
5 June 2013	13	Report on insiders trade with FirstFarms A/S' shares
13 June 2013	14	Report on insiders trade with FirstFarms A/S' shares
27 August 2013	15	Interim financial report for 1 January – 30 June 2013 for FirstFarms A/S
28 August 2013	16	Report on insiders trade with FirstFarms A/S' shares
29 August 2013	17	Report on insiders trade with FirstFarms A/S' shares
2 September 2013	18	Report on insiders trade with FirstFarms A/S' shares
4 October 2013	19	Notice to convene extraordinary general meeting in FirstFarms A/S
28 October 2013	20	Progress of extraordinary general meeting in FirstFarms A/S
28 October 2013	21	FirstFarms A/S issues convertible bonds of minimum nominal DKK 25 million and up to DKK 50 million
7 November 2013	22	Issuance of convertible bonds in FirstFarms A/S
26 November 2013	23	Interim financial report for 1 January – 30 September 2013 for FirstFarms A/S
26 November 2013	24	Financial calendar 2014 for FirstFarms A/S

Published company announcements in 2014

Date	Number	Announcement
23 January 2014	1	Increase of cultivation activities in Romania and Slovakia
25 March 2014	2	Annual report 2013

Expected company announcements in 2014

Date	Number	Announcement
30 April 2014		Annual general meeting
27 May 2014		Interim financial report for 1 January – 31 March 2014
26 August 2014		Interim financial report for 1 January – 30 June 2014
25 November 2014		Interim financial report for 1 January – 30 September 2014

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 Skovselskabet Rumænien 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
Jens Bolding Jensen *Born 1963, entered 2013*	BPI A/S	HP Schou A/S HP Schou Holding A/S Jørgen Schou Holding A/S Schou USA Ltd. Toldbodgade Finans Schou Ejendomme A/S Schou Invest Kolding A/S Royal Oak K/S Schou Golf K/S Schou Holding A/S Schou Absolute Horses A/S Schou I/S
John Christian Aasted *Born 1961, entered 2013*	Aasted Consult - Aalborg	Sv. Aage Christensen A/S *(BF)* Graintec A/S System Cleaners A/S Nørresundby Bank A/S SKIOLD A/S Gisselfeld Kloster
Bent Juul Jensen *Born 1953, entered 2013*		

CH = Chairman of the Board
VC = Vice Chairman

Company information

Company
FirstFarms A/S
Majsmarken 1
DK-7190 Billund

Tel.: +45 75 86 87 87

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

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

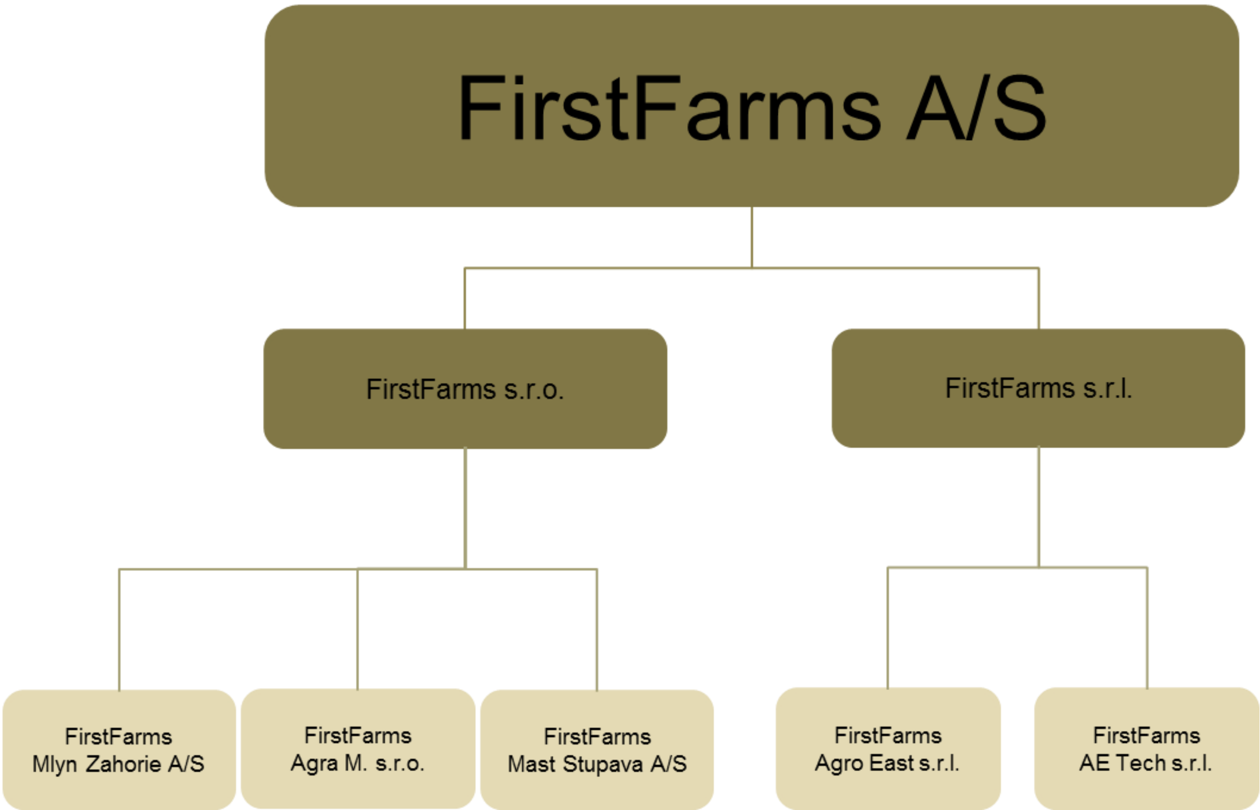
Board of Directors
Henrik Hougaard (Chairman)
Lars Thomassen
Jens Bolding Jensen
John Chr. Aasted
Bent Juul Jensen

Management
Anders H. Nørgaard

Auditors
KPMG
Værkmestergade 25
DK-8100 Aarhus C.

Annual general meeting
The annual general meeting is held on Wednesday 30 April 2014 at 3.00 p.m. at Jysk Landbrugs-rådgivning, Majsmarken 1, DK-7190 Billund

Group structure



Statement for corporate social responsibility

This statement for corporate social responsibility for FirstFarms A/S covers the accounting period 1 January – 31 December 2013.

FirstFarms aims to produce agricultural products of high quality. The production must be done in a way, so that focus is maintained on environment and animal welfare. Through the local production FirstFarms also contributes to streamline the agriculture in the concerned regions and to generate production with benefit to the local population.

FirstFarms thus continuously operates 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. Fewer pesticides are used and the yields are increasing.

FirstFarms cattle stable in Slovakia with appurtenant capacity to handle manure fulfil the present requirements from EU and the Slovakian authorities. The modern plant with manure separation gives a better utilisation of the manure and a more proper environmental handling.

Our self-monitoring and the supervision from the authorities have shown that FirstFarms complies with regulatory requirements.

Young cattle stable in Slovakia (under renovation)

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.

FirstFarms has not determined a policy for respect for human rights and for reduction of the climate impact.

Goals for the underrepresented sex
Today, the company has no women on the Board of Directors. It is the company's goal over the next 4 years that at least one board member must be a woman.

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

The statement is divided in three sections:

- A statement for FirstFarms A/S' work with Recommendations for good corporate governance
- A description of the main elements in FirstFarms A/S' internal control- and risk management systems in connection with the presentation of accounts
- A description of the composition of FirstFarms A/S' management bodies, their committees and their duties

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 relation 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 May 2013, 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.

The complete statement can be downloaded from the company's website:

http://www.firstfarms.com/investor-relations/firstfarms-corporate-governance/corporate-governance-annual-report-2013/.

Below is an excerpt from the statement.

FirstFarms has chosen not to appoint a vice-chairman for the Board of Directors, and it is also decided that the Board of Directors handles the tasks of the audit committee.

In 2013, FirstFarms' Board of Directors has held 11 board 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 Group's risk management and internal controls in connection with the process of presentation of the accounts has been adjusted for the Group's limited staff in the finance department and can only generate fair, but not absolute, certainty that misappropriation of assets, loss or considerable errors or defects in connection with the process of presentation of the accounts is avoided.

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

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

Risk assessment
At least once a year, the Board of Directors 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 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 of the Group's control activities is to secure that the defined goals, policies and procedures outlined by the Management are fulfilled and in time so that any errors, deviations and defects can be discovered and remedied. The control activities include manual and physical controls and general IT-controls and automatic application controls in the applied IT-systems etc.

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

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

FirstFarms' managing director is also managing director 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 his/her 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 on-going 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 Board of Directors 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.

Composition of the Groups management bodies, their committees and duties
Information about the company's Board of Directors is found on p. 22. Furthermore, reference is made to corporate governance, which can be seen or downloaded on the company's website.

Wheat in Romania

Management statements

Management statement

Today the Board of Directors and the Management have discussed and approved the annual report for 2013 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 2013 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 2013.

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

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

Billund 25 March 2014

Management

Anders H. Nørgaard
CEO

Board of Directors

Henrik Hougaard Chairman	*Jens Bolding Jensen*	*Lars Thomassen*
John Chr. Aasted	*Bent Juul Jensen*	

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 2013. The consolidated financial statements and the parent company financial statements comprise 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' judgment, 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 2013 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 2013 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, 25 March 2014

KPMG

Statsautoriseret Revisionspartnerselskab

Jes Lauritzen	*Søren Jensen*
State Authorised	State Authorised
Public Accountant	Public Accountant

Income statement

DKK 1,000	Note	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Net turnover	3,4	114,127	108,080	250	270
Value adjustments of biological assets	5	18,511	-3,323	0	0
Production costs	6	-132,349	-141,299	0	0
Grants	7	21,405	21,432	0	0
Gross profit/loss		**21,694**	**-15,110**	**250**	**270**
Other operating income	8	365	247	0	0
Administration costs	6	-10,442	-12,478	-5,191	-6,219
Other operating costs	9	-445	-327	0	0
EBIT-result		**11,172**	**-27,668**	**-4,941**	**-5,949**
Financial income	10	76	787	5,715	7,528
Financial costs	11	-6,750	-7,634	-2,879	-49,516
Pre-tax result		**4,498**	**-34,515**	**-2,105**	**-47,937**
Tax on net profit	12	-1,707	7,080	187	210
Net profit		**2,791**	**-27,435**	**-1,918**	**-47,727**
Earnings per share	13	0.59	-5.82	-	-
Diluted earnings per share	13	0.59	-5.82	-	-

Total income statement

DKK 1,000	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Net profit	2,791	-27,435	-1,918	-47,727
Other total income				
Items that can be reclassified to the income statement:				
- Exchange rate adjustments by conversion of foreign units	-806	-2,153	0	0
- Tax of other total income	0	0	0	0
Other total income after tax	**-806**	**-2,153**	**0**	**0**
Total income	**1,985**	**-29,588**	**-1,918**	**-47,727**

Balance sheet

DKK 1,000	Note	Group 2013	Group 2012	Parent company 2013	Parent company 2012
ASSETS					
Non-current assets					
Intangible assets	14				
Goodwill		16,060	16,062	0	0
Land lease contracts		1,127	0	0	0
Milk quota		2,452	4,412	0	0
Total intangible assets		**19,639**	**20,474**	**0**	**0**
Tangible assets	15				
Land and buildings		254,969	258,236	0	0
Plant and machinery		65,782	60,904	0	0
Fixtures and fittings, tools and equipment		1,982	2,126	162	206
Assets under construction and prepayments		9,163	6,472	0	0
Total tangible assets		**331,896**	**327,738**	**162**	**206**
Biological assets	5				
Basic herd		23,704	25,137	0	0
Total biological assets		**23,704**	**25,137**	**0**	**0**
Other non-current assets					
Investments in subsidiaries	16	0	0	249,174	234,595
Amount owed by affiliated companies	18	0	0	198,358	200,337
Deferred tax asset	20	15,738	15,357	0	
Total other non-current assets		**15,738**	**15,357**	**447,532**	**434,932**
Total non-current assets		**390,977**	**388,706**	**447,694**	**435,138**
Current assets					
Inventories	17	27,637	25,990	0	0
Biological assets -breeding and crops	5	37,335	34,285	0	0
Receivables	18	9,677	7,675	0	0
Other receivables	7,18	6,091	7,449	243	195
Accruals an deferred expenses		2,206	2,014	44	54
Cash at bank and in hand	28	13,857	837	11,317	3
Total current assets		**96,803**	**78,250**	**11,604**	**252**
TOTAL ASSETS		**487,780**	**466,956**	**459,298**	**435,390**

DKK 1,000	Note	Group 2013	Group 2012	Parent company 2013	Parent company 2012
EQUITY AND LIABILITIES					
Equity					
Share capital	19	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		-20,558	-19,688	0	0
Transferred result		-129,847	-133,129	-69,879	-65,082
Proposed dividend		0	0	0	0
Total equity		**320,819**	**318,407**	**401,345**	**406,142**
Liabilities					
Non-current liabilities					
Deferred tax	20	10,467	10,509	6,464	7,967
Credit institutions	22	30,007	32,132	0	0
Convertible bonds	21	49,369	0	49,369	0
Total non-current liabilities		**89,843**	**42,641**	**55,833**	**7,967**
Current liabilities					
Credit institutions	22	31,504	42,184	0	2,034
Trade payables and other payables	23	30,009	46,159	2,120	19,247
Corporation tax	24	604	639	0	0
Accruals and deferred income	7	15,001	16,926	0	0
Total current liabilities		**77,118**	**105,908**	**2,120**	**21,281**
Total liabilities		**166,961**	**148,549**	**57,953**	**29,248**
TOTAL EQUITY AND LIABILITIES		**487,780**	**466,956**	**459,298**	**435,390**

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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 2012	**47,122**	**424,102**	**-17,535**	**-105,694**	**0**	**347,995**
Total income 2012						
Net profit	0	0	0	-27,435	0	-27,435
Other total income						
Exchange rate adjustment re. con-version of foreign currency	0	0	-2,153	0	0	-2,153
Tax of other total income	0	0	0	0	0	0
Other total income	**0**	**0**	**-2,153**	**0**	**0**	**-2,153**
Total income	**0**	**0**	**-2,153**	**-27,435**	**0**	**-29,588**
Transactions with owners						
Share based remuneration	0	0	0	0	0	0
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**
Equity 31 December 2012	**47,122**	**424,102**	**-19,688**	**-133,129**	**0**	**318,407**
Equity 1 January 2013	**47,122**	**424,102**	**-19,688**	**-133,129**	**0**	**318,407**
Total income 2013						
Net profit	0	0	0	2,791	0	2,791
Other total income						
Exchange rate adjustment re. con-version of foreign currency	0	0	-870	0	0	-870
Tax of other total income	0	0	0	0	0	0
Other total income	**0**	**0**	**-870**	**0**	**0**	**-870**
Total income	**0**	**0**	**-870**	**2,791**	**0**	**1,921**
Transactions with owners						
Issuance of convertible bonds						
- Fair value of right to convert	0	0	0	655	0	655
- Tax of transactions with owners	0	0	0	-164	0	-164
Total transactions with owners	**0**	**0**	**0**	**491**	**0**	**491**
Equity 31 December 2013	**47,122**	**424,102**	**-20,558**	**-129,847**	**0**	**320,819**

Parent company DKK 1,000	**Share capital**	**Reserve for decrease of share capital**	**Transferred result**	**Proposed dividend**	**Total**
Equity 1 January 2012	**47,122**	**424,102**	**-17,355**	**0**	**453,869**
Total income 2012					
Net profit	0	0	-47,727	0	-47,727
Other total income	0	0	0	0	0
Total income	**0**	**0**	**-47,727**	**0**	**-47,727**
Transactions with owners					
Share based remuneration	0	0	0	0	0
Total transactions with owners	**0**	**0**	**0**	**0**	**0**
Equity 31 December 2012	**47,122**	**424,102**	**-65,082**	**0**	**406,142**
Equity 1 January 2013	**47,122**	**424,102**	**-65,082**	**0**	**406,142**
Total income 2013					
Net profit	0	0	-1,918	0	-1,918
Other total income	0	0	0	0	0
Total income	**0**	**0**	**-1,918**	**0**	**-1,918**
Transactions with owners					
Merger with subsidiaries	0	0	-3,370	0	-3,370
Issuance of convertible bonds					
- Fair value of right to convert	0	0	655	0	655
- Tax of transactions with owners	0	0	-164	0	-164
Total transactions with owners	**0**	**0**	**-2,879**	**0**	**-2,879**
Equity 31 December 2013	**47,122**	**424,102**	**-69,879**	**0**	**401,345**

Cash flow statement

DKK 1,000	Note	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Pre-tax result		4,498	-34,515	-2,105	-47,937
Adjustments for non-monetary operating items etc.:					
Depreciation/amortisation and impairment	6	17,121	21,344	44	49
Reversal of profit, sale of companies and activities, net	8,9	251	-37	0	0
Value adjustment of biological assets	5	-3,227	-666	0	0
Financial income	10	-76	-787	-5,715	-7,529
Financial costs	11	6,750	7,634	2,879	49,516
Cash generated from operations (operating activities) before changes in working capital		**25,317**	**-7,027**	**-4,897**	**-5,901**
Changes in working capital	26	-7,015	8,999	-55	-195
Cash flow from main activities		**18,302**	**1,972**	**-4,952**	**-6,096**
Interest received		76	787	0	0
Interest paid		-6,726	-7,249	-2,855	-2,429
Paid corporation tax	24	-2,323	-210	0	0
Cash flow from operating activities		**9,329**	**-4,700**	**-7,807**	**-8,525**
Acquisition and sale of biological assets, net	5	5,077	6,367	0	0
Disposal of material assets, paid		7,742	2,957	0	5
Acquisition of intangible assets		-1,127	0	0	
Acquisition of tangible assets	27	-28,106	-13,230	0	-231
Acquisition of financial assets	16	0	0	0	0
Cash flow from investing activities		**-16,414**	**-3,906**	**0**	**-226**
Proceeds from loans	27	30,733	2,147	32,890	2,584
Loan to affiliated businesses		0	0	-11,735	4,009
Cash flow from financing activities		**30,733**	**2,147**	**21,155**	**6,593**
Cash flow of the year		**23,648**	**-6,459**	**13,348**	**-2,158**
Available, at the beginning		-41,347	-34,796	-2,031	127
Exchange rate adjustment of available		52	-92	0	0
Available at closing	28	**-17,647**	**-41,347**	**11,317**	**-2,031**
Available at closing is recognised as follows:					
Available funds		13,857	837	11,317	3
Current bank debts		-31,504	-42,184	0	-2,034
Available at closing		**-17,647**	**-41,347**	**11,317**	**-2,031**

Notes

1. Accounting policies

FirstFarms A/S is a public limited company domiciled in Denmark. The annual report for 2013 comprises both the consolidated financial statement of FirstFarms A/S and its subsidiaries for the period 1 January – 31 December 2013 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 25 March 2014 discussed and approved the annual report for 2013 of FirstFarms A/S. The annual report is presented to FirstFarms A/S' shareholders for approval on the annual general meeting 30 April 2014.

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 2013. In addition, the Group has early adopted amendments to IAS 36.

None of the new standards and interpretations has affected or is expected to affect recognition and measurement and 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 recognised in the income statement as financial income or financial expenses.

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

On recognition in the consolidated financial statements of enterprises with another functional currency than 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 recognised 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 recognised 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 recognised 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

Net turnover
Net turnover from the sale of commodities and finished products, comprising crops, animals and related products, is recognised in the income statement provided that delivery and transfer of significant risks and rewards to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Government grants
Government grants include the following:

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

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

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

Grants for ecological cultivation are received annually and are recognised in the balance sheet as deferred income. The amount is transferred to public grants in the income statement at the end of the 5-year period where a final right for the grant is achieved.

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 on-going 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 recognised as income in the parent company's income statement in the financial year when they are adopted at the annual general meeting (declaration date). Similarly, decreases in value are expensed according to impairment test. Borrowing costs are activated as part of larger investments.

FirstFarms' stables in Slovakia

Tax on profit/loss for the year
FirstFarms A/S has chosen international joint taxation 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 recognised 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.

Land lease contracts are amortised on the expected lease period.

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 recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are de-recognised in the balance sheet and recognised as an expense in the income statement. Other costs incurred for ordinary repairs and maintenance is recognised 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 recognised prospectively as a change in accounting estimates. Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses to the extent that 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 recognised 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 recognised 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 recognised in a separate line item in the income statement. Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be 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 recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs and administrative expenses, respectively. However, impairment of goodwill is recognised in a separate line item in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after 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, crops are transferred from biological assets to inventories at fair value less selling cost, which then reflect cost.

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

Receivables
Receivables are measured at 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 recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity. Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Milking parlour in Slovakia

Own shares

Cost of acquisition, consideration received and dividends received from own shares are recognised directly as retained earnings in equity. Capital reductions from the cancellation of own shares are deducted from the share capital in an amount corresponding to the nominal value of the shares. Proceeds from the sale of own shares and issue of shares, respectively, in FirstFarms A/S in connection with the exercise of share options or employee shares are recognised directly in equity.

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 or transferred to free equity reserves 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 recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the balance sheet as other payables.

Warrant programme

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

FirstFarms A/S only has equity-settled programmes for which the share options are measured at the fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The set-off item is recognised directly in equity. On initial recognition of the share options, the company estimates the number of options expected to vest. That estimate is subsequently revised for changes in the number of options expected to vest. Accordingly, recognition is based on the number of options ultimately vested. The fair value of granted options is estimated using an option pricing model, taking into account the terms and conditions upon which the options were granted.

Corporation tax and deferred tax

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

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised under other non-current assets at the expected value of their 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 unrealised intra-group profits and losses. Deferred tax is measured on the basis of the tax rules and the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to be realised as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

The company has chosen international joint taxation.

Provisions
Provisions are recognised when, as a result of events arising before or at the balance sheet date, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

On measurement of 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 recognised as financial expenses. The amount recognised as a provision is Management’s best estimate of the expenses required to settle the obligation. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of estimated future costs.

Convertible bonds
Convertible bonds are regarded as combined instruments consisting of a financial obligation measured at amortised cost price and an equity instrument in form of the integrated right to convert. At the date of issuance the fair value of the financial obligation is determined by use of a market interest corresponding to a similar non-convertible debt instrument. The difference between the proceeds at issuance of the convertible bond and the fair value of the financial obligation, corresponding to the integrated option to convert the obligation to equity, is recognised directly on the equity. The fair value of the financial obligation is recognised as long-term debt and afterwards measured at amortised cost price.

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

Financial liabilities also include the 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 recognised in the income statement on a straight-line basis over the lease term.

Deferred income
Deferred income comprises payments received concerning income in subsequent years, mostly concerning 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 recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

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

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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash 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.

Rape in Slovakia

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.

2. 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.

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, herds, breeding and crops are valued at fair value with deduction of realisation costs. The value of the biological assets totals DKK 61.0 million as per 31 December 2013 (2012: 59.4 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 on the European market, also cp. note 5.

3. Segment information

2013 DKK 1,000	**Romanian activities**	**Slovakian activities**	**Total report compulsory segments**
Total segment turnover	32,963	81,201	114,164
Grants	5,192	16,213	21,405
Value adjustments of biological assets	15,791	2,720	18,511
Financial income	69	7	76
Depreciations and impairments	2,441	12,676	15,117
Segment result before tax	14,639	-8,605	6,034
Segment assets	147,079	328,936	476,015
Plant investments *)	8,730	19,376	28,106
Segment liabilities	104,492	202,873	307,365

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

2012 DKK 1,000	Romanian activities	Slovakian activities	Total report compulsory segments
Total segment turnover	20,010	88,070	108,080
Grants	4,597	16,835	21,432
Value adjustments of biological assets	-1,334	-1,989	-3,323
Financial income	1,232	345	1,577
Depreciations	3,442	17,853	21,295
Segment result before tax	-3,641	-32,114	-35,755
Segment assets	141,108	326,837	467,945
Plant investments *)	1,768	11,231	12,999
Segment liabilities	110,511	210,576	321,087

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

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

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

DKK 1,000	2013	Romania 2012	2013	Slovakia 2012
Milk production	0	0	61,025	55,318
Field production	29,300	17,261	17,265	31,452
Other	3,663	2,749	2,911	1,300
Total	**32,963**	**20,010**	**81,201**	**88,070**

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 consists of loans 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 geographical location, whereas information about the assets allocation on geographical segments is constituted based on the assets physical location.

Turnover and non-current assets is specified as:

DKK 1,000	Turnover	2013 Non-current assets	Turnover	2012 Non-current assets
Denmark	250	447,694	270	435,139
Slovakia	81,201	264,337	88,070	264,177
Romania	32,963	126,478	20,010	125,770
Elimination	-287	-447,532	-270	-436,380
Total	**114,127**	**390,977**	**108,080**	**388,706**

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

DKK 1,000	2013	2012
Turnover		
Segment turnover for report compulsory segments	114,164	108,080
Group function	250	270
Elimination of internal turnover	-287	-270
Total turnover, cp. income statement	**114,127**	**108,080**
Result		
Segment result before tax for report compulsory segments	6,034	-35,755
Non-allocated result, Group function	-1,536	1,240
Result before tax, cp. income statement	**4,498**	**-34,515**
Assets		
Total assets for report compulsory segments	476,015	467,945
Other non-allocated	11,765	-989
Total assets, cp. balance sheet	**487,780**	**466,956**
Liabilities		
Total liabilities for report compulsory segments	307,365	316,087
Elimination of debt to parent company	-198,358	-200,337
Other non-allocated liabilities	57,954	32,599
Total liabilities, cp. balance sheet	**166,961**	**148,349**

4. Turnover

DKK 1,000	Group 2013	2012	Parent company 2013	2012
Sale of milk	55,948	46,420	0	0
Sale of meat	5,077	8,898	0	0
Sale of corn etc.	46,529	48,713	0	0
Other turnover	6,573	4,049	250	270
Total	**114,127**	**108,080**	**250**	**270**

5. Value adjustments of biological assets

Group 2013 DKK 1,000	**Basic herd [1)]**	**Breeding [2)]**	**Crops [2)]**	**Total**
Opening	25,137	16,507	17,778	59,422
Addition	0	0	73,114	73,114
Value adjustment of the year recog-nised in the income statement	-7,706	10,933	15,284	18,511
Transfer	9,916	-9,916	0	0
Disposal	-3,643	-1,434	-84,844	-89,921
Exchange rate adjustment	0	0	-87	-87
Accounting value 31 December 2013	**23,704**	**16,090**	**21,245**	**61,039**

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

Non-current assets consist of a herd of 2,358 cows at the end of 2013. Breeding consist of 2,353 heifers and calves, whereas crops are the value of the sowed fields. At the end of 2013 the sowed fields mainly consist of 450 hectares of alfalfa/grass, 1,800 hectares of wheat, 600 hectares of rye and 800 hectares of rape in Slovakia. In Romania the fields consisted of 2,200 hectares of wheat and 800 hectares of rape. The land itself is valued at cost price under tangible assets as far as the land is not leased, cp. note 15.

The fair value for basic herd and breeding is estimated with basis in what similar animals are traded for at the European market. By estimation of the fair value of cows a valuation of the cows' performance, age composition etc. is carried out. By estimation of breeding age, quality etc. is accounted for.

The fair value of crops is estimated on basis of the cost price for seeding, fertiliser etc. attributed changes due to the biological transformation, from the time of seeding to 31 December 2013. As the biological change for crops seeded in the autumn is limited, the fair value corresponds in all essential to the costs incurred for seeding etc. Furthermore, it is reviewed whether the crops are satisfactory compared to the season.

The fair value of biological assets enters level 3 in the fair value hierarchy.

Group 2012 DKK 1,000	**Basic herd** [1)]	**Breeding** [2)]	**Crops** [2)]	**Total**
Opening	30,101	17,244	15,707	63,052
Addition	16,498	2,086	52,432	71,016
Value adjustment of the year recognised in the income statement	-14,337	15,003	-3,989	-3,323
Disposal	-7,125	-17,826	-46,303	-71,254
Exchange rate adjustment	0	0	-69	-69
Accounting value 31 December 2012	**25,137**	**16,507**	**17,778**	**59,422**

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

Non-current assets consist of a herd of 2,454 cows at the end of 2012. Breeding consist of 2,519 heifers and calves, whereas crops are the value of the sowed fields. At the end of 2012 the sowed fields mainly consist of 475 hectares of alfalfa/grass, 1,700 hectares of wheat and 750 hectares of rape in Slovakia. In Romania the fields consisted of 1,950 hectares of wheat and 700 hectares of rape. The land itself is valued at cost price under tangible assets as far as the land is not leased, cp. note 15.

6. Costs

DKK 1,000	**Group** **2013**	**2012**	**Parent company** **2013**	**2012**
Cost of sales for the period	71,107	70,765	0	0
Reversed write-down on inventories	0	0	0	0

At transition, in connection with harvest, the stock of crops is valuated at market value less point-of-sale costs. By a subsequent decrease in the value, the amount is credited in production costs.

Staff costs				
Fees to the Board of Directors in the parent company	477	550	477	550
Accounting committee	50	150	50	150
Wages and salaries	20,759	20,589	2,114	3,059
Defined contribution plans	269	189	269	189
Other social security costs	7,088	6,682	18	23
Other staff costs	2,817	3,678	416	480
Total staff costs	**31,460**	**31,838**	**3,344**	**4,451**

Staff costs:

Production	26,737	25,979	0	0
Administration	4,723	5,859	3,344	4,451
Total	**31,460**	**31,838**	**3,344**	**4,451**
Average number of employees	198	203	3	3

At the end of the year, the number of employees was 198 of which 3 are sited on the headquarter in Denmark, 175 in Slovakia and 20 in Romania.

Executive Board remuneration of the parent company

DKK 1,000	2013 Board of Directors	2013 Accounting committee	2013 Management	2012 Board of Directors	2012 Accounting committee	2012 Management
Wages and salaries	477	50	1,182	550	150	1,325
Pension	0	0	120	0	0	40
Share based remuneration	0	0	0	0	0	0
Total	**477**	**50**	**1,302**	**550**	**150**	**1,365**

Warrant programme
As per 31 December 2013, the company has a total of 2,500 outstanding warrants, which gives the warrant owner right to buy 2,500 shares in the company at a price of approx. 169. The FirstFarms-share closed on 30 December 2013 in 48.00. The warrants expire January 2014.

Depreciations and impairments

DKK 1,000	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Depreciations, intangible assets	1,960	1,960	0	0
Depreciations, property, plant and equipment	15,161	15,783	44	49
Impairments, property, plant and equipment	0	3,601	0	0
Total depreciations and impairments	**17,121**	**21,344**	**44**	**49**
Depreciations and impairments are recognised as follows:				
Production	16,558	20,704	0	-
Administration	563	640	44	49
Total	**17,121**	**21,344**	**44**	**49**

Fee to the auditors appointed at the general meeting

DKK 1,000	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Audit	570	577	269	260
Other declarations	16	0	16	0
Tax and VAT services	22	25	22	25
Other non-audit services	207	111	50	100
Total	**815**	**713**	**357**	**385**

The consolidated accounts and the annual accounts of 2013 and 2012 have been audited by KPMG.

7. Grants

DKK 1,000	Group 2013	2012	Parent company 2013	2012
Grant for investments	1,924	2,857	0	0
EU hectare subsidy	17,589	15,940	0	0
Grant for milk production	1,507	1,861	0	0
Government grant etc.	385	774	0	0
Total	**21,405**	**21,432**	**0**	**0**

FirstFarms can apply for grants for investments from EU. Investment grants are given under the condition that the assets are kept in the company for at least 5 years. Otherwise there are no specific conditions attached to the grants. 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.

2013 DKK 1,000	Hectare grant	Milk grant	Government grant	Investment grant etc.	Total
Grants calculated in accruals	0	0	0	15,001	15,001
Period of crediting	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	-
Grants calculated in "Other receivables"	627	0	0	0	627

2012 DKK 1,000	Hectare grant	Milk grant	Government grant	Investment grant etc.	Total
Grants calculated in accruals	0	0	0	16,926	16,926
Period of crediting	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	-
Grants calculated in "Other receivables"	3,617	0	279	0	3,896

8. Other operating income

DKK 1,000	Group 2013	2012	Parent company 2013	2012
Profit from sale of fixed assets	174	104	0	0
Other secondary income	191	143	0	0
Total	**365**	**247**	**0**	**0**

9. Other operating costs

DKK 1,000	Group 2013	2012	Parent company 2013	2012
Loss from sale of fixed assets	425	67	0	0
Other secondary costs	20	260	0	0
Total	**445**	**327**	**0**	**0**

10. Financial income

DKK 1,000	2013	Group 2012	2013	Parent company 2012
Interest, cash at bank and in hand	9	41	0	0
Interest income from affiliated companies	0	0	5,495	7,086
Other financial income	67	746	220	443
Total	**76**	**787**	**5,715**	**7,529**

11. Financial costs

DKK 1,000	2013	Group 2012	2013	Parent company 2012
Interest, bank loans	3,418	3,648	171	0
Other financial costs	3,332	3,986	2,708	2,429
Impairment of capital shares in subsidiaries	0	0	0	47,087
Total	**6,750**	**7,634**	**2,879**	**49,516**

12. Tax on net profit/loss

DKK 1,000	2013	Group 2012	2013	Parent company 2012
Tax on net profit/loss	-1,707	7,080	187	210
Tax on other total income	0	0	0	0
Total	**-1,707**	**7,080**	**187**	**210**
Tax on net profit/loss is specified as:				
Current tax	-2,288	-634	0	0
Deferred tax	581	7,714	187	210
Total	**-1,707**	**7,080**	**187**	**210**
Tax on net profit/loss can be explained as:				
Calculated tax of net profit/loss before tax (25 %)	-1,125	9,151	520	210
Reduction in tax rate in Denmark and Slovakia	-519	0	-133	0
Other adjustments, net	-63	-2,071	-200	0
Total	**-1,707**	**7,080**	**187**	**210**
Effective tax rate	38	21	9	0

13. Earnings per share

Group DKK 1,000	2013	2012
Net profit	2,791	-27,435
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)	0.59	-5.82
Diluted earnings per share (EPS-D)	0.59	-5.82

14. Intangible assets

Group 2013 DKK 1,000	Goodwill	Lease contracts	Milk quota	Total
Cost price 1 January	16,062	0	16,201	32,263
Addition	0	1,127	0	1,127
Disposal	0	0	0	0
Exchange rate adjustment	-2	0	0	-2
Cost price 31 December	**16,060**	**1,127**	**16,201**	**33,388**
Depreciations and impairments 1 January	0	0	-11,789	-11,789
Depreciations	0	0	-1,960	-1,960
Impairments	0	0	0	0
Exchange rate adjustment	0	0	0	0
Depreciations and impairments 31 December	**0**	**0**	**-13,749**	**-13,749**
Accounting value 31 December	**16,060**	**1,127**	**2,452**	**19,639**

FirstFarms' Management has carried out impairment test of the accounting value of intangible assets of DKK 19.6 million, which mostly can be assigned to agricultural activities in Slovakia. The recoverable amount is based on the capital value (the value in use), which is determined based on expectations to the future cash flow in the coming 5 years. Significant assumptions worked in the impairment test is a growth in the terminal period of 1.5 percent, a return (WACC) of 8.5 percent after tax (before tax 10.4 percent) and milk prices of DKK 2.70 per kg. In the impairment test carried out normal harvest yield and settlement prices are assumed as stated in the management review, p. 10-12. Furthermore, it is assumed that the disease outbreak in the livestock is over, and that the milk production continues to increase to the expected level.

The budget is 2,700 milk-producing dairy cattle and cultivation of 9,300 hectares of land.

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 Group has assessed that a change in the key assumptions could entail an impairment. Provided that other variables are unchanged, a reduction in the milk prices in the region of DKK 0.35 per kg will entail that the recoverable amount corresponds to the accounting value.

The parent company has no intangible assets.

Group 2012 DKK 1,000	Goodwill	Milk quota	Total
Cost price 1 January	16,006	16,145	32,151
Addition	0	0	0
Disposal	0	0	0
Exchange rate adjustment	56	56	112
Cost price 31 December	**16,062**	**16,201**	**32,263**
Depreciations and impairments 1 January	0	-9,795	-9,795
Depreciations	0	-1,960	-1,960
Impairments	0	0	0
Exchange rate adjustment	0	-34	-34
Depreciations and impairments 31 December	**0**	**-11,789**	**-11,789**
Accounting value 31 December	**16,062**	**4,412**	**20,474**

FirstFarms' Management has carried out impairment test of the accounting value of intangible assets of DKK 20.5 million, which can be assigned to agricultural activities in Slovakia. The recoverable amount is based on the capital value (the value in use), which is determined based on expectations to the future cash flow in the coming 5 years. Significant assumptions worked in the impairment test is a growth in the terminal period of 1.5 percent, a return (WACC) of 8.5 percent (after tax) and milk prices of DKK 2.60 per kg. In the impairment test carried out normal harvest yield and settlement prices are assumed as stated in the management review, p. 9-11. Furthermore, it is assumed that the disease outbreak in the livestock is over, and that the milk production thus can be brought back on a normal level.

The budget is 2,700 milk-producing dairy cattle and cultivation of 8,000 hectares of land.

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 Group has assessed that a change in the key assumptions could entail an impairment. Provided that other variables are unchanged, a reduction in the milk prices in the region of DKK 0.40 per kg will entail that the recoverable amount corresponds to the accounting value.

The parent company has no intangible assets.

15. Tangible assets

Group 2013 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 2013	283,068	93,005	3,258	6,472	385,803
Addition	7,506	16,870	18	3,712	28,106
Transfer between categories	231	64	0	-295	0
Disposal	-5,369	-5,650	-157	-631	-11,807
Exchange rate adjustment	-649	-28	-2	-95	-774
Cost price 31 December 2013	**284,787**	**104,261**	**3,117**	**9,163**	**401,328**
Depreciations and impairments 1 January 2013	-24,832	-32,101	-1,132	0	-58,065
Depreciations	-5,727	-9,328	-106	0	-15,161
Impairment	0	0	0	0	0
Disposal	774	2,947	93	0	3,814
Transfer between categories	0	0	0	0	0
Exchange rate adjustment	-33	3	10	0	-20
Depreciations and impairments 31 December 2013	**-29,818**	**-38,479**	**-1,135**	**0**	**-69,432**
Accounting value 31 December 2013	**254,969**	**65,782**	**1,982**	**9,163**	**331,896**
- assets held under finance lease	0	28,849	0	0	28,849
Depreciation period	15-30 years	5-10 years	3-7 years	-	-

As per 31.12.2013 to secure bank and leasing debts of DKK 49.5 million (2012: DKK 63.6 million) in the Slovakian subsidiaries, a security in the company's activities in Slovakia was given.

Group 2012 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 2012	280,390	97,218	3,099	8,273	388,980
Addition	4,805	7,658	375	392	13,230
Transfer between categories	0	1,795	0	-1,795	0
Disposal	0	-13,560	-214	-134	-13,908
Exchange rate adjustment	-2,127	-106	-2	-264	-2,499
Cost price 31 December 2012	**283,068**	**93,005**	**3,258**	**6,472**	**385,803**
Depreciations and impairments 1 January 2012	-17,842	-30,702	-1,147	0	-49,691
Depreciations	-5,873	-9,727	-183	0	-15,783
Impairment	-1,251	-2,350	0	0	-3,601
Disposal	0	10,789	199	0	10,988
Transfer between categories	0	0	0	0	0
Exchange rate adjustment	134	-111	-1	0	22
Depreciations and impairments 31 December 2012	**-24,832**	**-32,101**	**-1,132**	**0**	**-58,065**
Accounting value 31 December 2012	**258,236**	**60,904**	**2,126**	**6,472**	**327,738**
- assets held under finance lease	0	24,583	0	0	24,583
Depreciation period	15-30 years	5-10 years	3-7 years	-	-

Book value of purchased farm land DKK 1,000		**2013**		**2012**
Farm land in Slovakia	473 hectares	11,401	429 hectares	10,169
Farm land in Romania	6,792 hectares	106,314	7,111 hectares	108,707

2013

At the turn of the year 2013/2014, FirstFarms has conducted land evaluation of a part of the land in Romania and this has been complemented with the company's own experiences with land prices to calculate the value of the company's land. The total value is in the range of DKK 145 million, corresponding to an average price of approx. DKK 21,650 per hectare. The average booked value in Romania at the end of 2013 is DKK 15,652 per hectare and the average booked value in Slovakia is DKK 24,104 per hectare.

2012

At the turn of the year 2012/2013, FirstFarms has conducted land evaluation of a part of the land in Romania and this has been complemented with the company's own experiences with land prices to calculate the value of the company's land. The total value is in the range of DKK 140 million, corresponding to an average price of approx. DKK 20,000 per hectare. The average booked value in Romania at the end of 2012 is DKK 15,464 per hectare and the average booked value in Slovakia is DKK 23,705 per hectare.

Parent company 2013 DKK 1,000.	Fixtures and fittings, tools and equipment
Cost price 1 January 2013	463
Addition	0
Disposal	0
Cost price 31 December 2013	**463**
Depreciations and impairments 1 January 2013	-257
Depreciations	-44
Disposal	0
Depreciations and impairments 31 December 2013	**-301**
Accounting value 31 December 2013	**162**
- assets held under finance lease	0
Depreciation period	3-7 years

Parent company 2012 DKK 1,000.	Fixtures and fittings, tools and equipment
Cost price 1 January 2012	438
Addition	231
Disposal	-206
Cost price 31 December 2012	**463**
Depreciations and impairments 1 January 2012	-407
Depreciations	-49
Disposal	199
Depreciations and impairments 31 December 2012	**-257**
Accounting value 31 December 2012	**206**
- assets held under finance lease	0
Depreciation period	3-7 years

16. Capital shares in subsidiaries

Parent company DKKK 1,000	2013	2012
Cost price 1 January	281,682	281,682
Addition in the period	0	0
Addition by merger	17,804	0
Cost price 31 December	299,486	281,682
Impairment 1 January	47,087	0
Impairment in the period	0	47,087
Disposal by merger	3,225	0
Impairment 31 December	50,312	47,087
Accounting value 31 December	**249,174**	**234,595**

Impairment of capital shares in Slovakia has been carried out in the accounts for 2012 due to impairment test, cf. also note 14.

Company	Domicile
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 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.

17. Inventories

		Group		Parent company
DKK 1,000	**2013**	**2012**	**2013**	**2012**
Raw materials and other materials	14,964	12,628	0	0
Manufactured goods and commodities, grain, fodder etc.	12,673	13,362	0	0
Total	**27,637**	**25,990**	**0**	**0**
Accounting value of inventories included at fair value	12,673	13,362	0	0
Write-downs	0	0	0	0
Reversed write-downs	0	0	0	0

At transition, in connection with harvest, the stock of crops is valuated at market value less point-of-sale costs. By a subsequent decrease in the value, the amount is credited in production costs.

18. Receivables

		Group		Parent company
DKK 1,000	**2013**	**2012**	**2013**	**2012**
Receivables from sales	9,677	7,675	0	0
Other receivables	6,091	7,449	243	195
Receivables from associated companies	0	0	198,358	200,337
Total	**15,768**	**15,124**	**198,601**	**200,532**

Impairments, contained in the receivables above, developed as follows:	**2013**	**2012**
1 January	2,156	2,198
Impairments in the year	107	55
Implemented in the year	-58	-103
Reversed	0	0
Exchange rate adjustments	0	6
31 December	**2,205**	**2,156**

In 2013 and 2012, no securities have been received from sales.

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

DKK 1,000	**2013**	**2012**
Period of decadence:		
Up to 30 days	358	402
Between 30 and 90 days	30	60
Over 90 days	321	355

19. Share capital

Issued shares	**Amount (pcs.)**		**Nominal value (DKK)**	
	2013	**2012**	**2013**	**2012**
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 2013, the share capital consisted of 4,712,241 shares at nominal DK 10. No shares are attributed special rights.

The Group's result of DKK 2.8 million and the parent company's result of DKK -1.9 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. 19 concerning profit and p. 14 for risk management.

The realised equity return for 2013 was 0.9 percent (2012: -8.2 percent).

Capital structure
The company's Management reviews FirstFarms' ownership and capital structure on an on-going 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 23 April 2013, authority was given to the company to acquire up to 10 percent of the company's own shares. The authority was not used in 2013, 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.

In 2013, convertible bonds are issued for DKK 50 million, which gives right to convert to 1,168,770 shares. This corresponds to approx. 25 percent of the present share 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.

20. Deferred tax

Group DKK 1,000	**2013**	**2012**
Deferred tax 1 January	-4,848	2,893
Tax recognised in the equity	164	0
Exchange rate adjustment	-6	-27
Deferred tax of the year calculated in net profit/loss	-581	-7,714
Deferred tax 31 December	**-5,271**	**-4,848**
How deferred tax is calculated in the balance sheet:		
Deferred tax (asset)	-15,738	-15,357
Deferred tax (liability)	10,467	10,509
Deferred tax 31 December, net	**-5,271**	**-4,848**
Deferred tax concerns:		
Intangible assets	-1,771	-1,401
Tangible assets	5,465	7,688
Biological assets	4,347	4,775
Other accounting items	121	-236
Deficits with right to put forward	-21,213	-23,641
Re-taxation balance	7,780	7,967
Total	**-5,271**	**-4,848**

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 approx. 3 years.

Change in interim differences in 2013

DKK 1,000	**Balance 1/1-2013**	**Included in net profit/loss, net**	**Recognised in the equity**	**Exchange rate adjustments**	**Balance 31/12-2013**
Intangible assets	-1,401	-370	0	0	-1,771
Tangible assets	7,688	-2,212	0	-11	5,465
Biological assets	4,775	-429	0	1	4,347
Other accounting items	-236	193	164	0	121
Deficits with right to put forward	-23,641	2,424	0	4	-21,213
Re-taxation balance	7,967	-187	0	0	7,780
Total	**-4,848**	**-581**	**164**	**-6**	**-5,271**

Change in interim differences in 2012

DKK 1,000	**Balance 1/1-2012**	**Included in net profit/loss, net**	**Exchange rate adjustments**	**Balance 31/12-2012**
Intangible assets	-789	-612	0	-1,401
Tangible assets	13,925	-6,328	91	7,688
Biological assets	4,326	451	-2	4,775
Other accounting items	-106	-130	0	-236
Deficits with right to put forward	-22,640	-885	-116	-23,641
Re-taxation balance	8,177	-210	0	7,967
Total	**2,893**	**-7,714**	**-27**	**-4,848**

Parent company DKK 1,000	2013	2012
Deferred tax 1 January	7,967	8,177
Deferred tax of the year calculated in net profit/loss	-187	-210
Tax recognised in the equity	164	0
Transferred at merger	-1,480	0
Deferred tax 31 December	**6,464**	**7,967**
How deferred tax is calculated in the balance sheet:		
Deferred tax (asset)	0	0
Deferred tax (liability)	6,464	7,967
Deferred tax 31 December, net	**6,464**	**7,967**

The deferred tax at the end of 2013 and 2012 is mainly allocation of deferred tax of re-taxation balances as a result of international joint taxation.

21. Convertible bonds

DKK 1,000	2013	Group 2012	2013	Parent company 2012
Proceeds from issuance of convertible bonds	50,000	0	50,000	0
Fair value of right to convert at date of issuance recognised in the equity	-655	0	-655	0
Fair value of financial obligation at the date of issuance	**49,345**	**0**	**49,345**	**0**
Amortisation for the year	24	0	24	0
Accounting value of financial obligation 31 December	**49,369**	**0**	**49,369**	**0**

In 2013, FirstFarms has issued convertible bonds for total nominal DKK 50 million. The bonds expire in March 2016 and carry interest at 6 percent p.a. As from 11 November 2014, the bonds can be converted into shares at a rate of 42.78 per share corresponding to the value of share at the time of issue.

The fair value of the financial obligation is at the date of issuance calculated using a market interest of 6.63 percent corresponding to the interest for a similar non-convertible debt instrument. The difference between the proceeds at issuance of the convertible bonds and the fair value of the financial obligation constitutes the fair value of the right to convert at the date of issuance which is recognised directly in the equity (level 3 in the fair value hierarchy)

22. Debts to credit institutions

Liabilities are recognised in the balance as follows:

DKK 1,000	2013	Group 2012	2013	Parent company 2012
Non-current liabilities	30,007	32,132	0	0
Current liabilities	31,504	42,184	0	2,034
Total	**61,511**	**74,316**	**0**	**2,034**
Fair value	61,511	74,316	0	2,034
Nominal value	61,511	74,316	0	2,034
- 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 0.6 million (2012: DKK 0.9 million).

Current maturity:	2013	2012
Within 1 year	31,504	42,184
1-5 years	28,952	26,999
> 5 years	1,055	5,133
Total accounting value	**61,511**	**74,316**

The company's bank- and leasing debt is mainly placed in Slovakia and Romania. The debt in Slovakia is taken out in euro with an average interest rate at 3-5 percent (2012: 5-6 percent). In Romania, the majority of the debt is taken out in the local currency or EUR, and the interest is 6-7 percent (2012: 10-11 percent).

In both 2013 and 2012, 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 are carried with variable interests and estimated in euro.

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

Group 2013 DKK 1,000	**Minimum-contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	4,598	-550	4,048
1-5 years	9,212	-724	8,488
> 5 years	0	0	0
Total	**13,810**	**-1,274**	**12,536**

Group 2012 DKK 1,000	**Minimum-contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	3,788	-407	3,381
1-5 years	4,552	-278	4,274
> 5 years	0	0	0
Total	**8,340**	**-685**	**7,655**

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

23. Supplier debts and other debt obligations

		Group		**Parent company**
DKK 1,000	**2013**	**2012**	**2013**	**2012**
Loan	0	17,110	0	17,110
Supplier debts	17,932	21,313	308	309
Other debt obligations	12,077	7,736	1,812	1,828
Total	**30,009**	**46,159**	**2,120**	**19,247**

24. Corporation tax

		Group		**Parent company**
DKK 1,000	**2013**	**2012**	**2013**	**2012**
Corporation tax 1 January	-639	-210	0	0
Current tax of the year	-2,288	-639	0	0
Paid corporation tax	2,323	210	0	0
Corporation tax 31 December	**-604**	**-639**	**0**	**0**

25. 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 298.3 million (2012: DKK 294.3 million). In Romania, security has been given in 1,437 hectares of land with an accounting value of DKK 31.6 million (2012: DKK 31.9 million).

The parent company has guaranteed for the subsidiaries' debt in credit institutions with an accounting value of DKK 61.5 million (2012: DKK 72.3 million).

26. Change in working capital

DKK 1,000		Group		Parent company
	2013	**2012**	**2013**	**2012**
Change in biological assets and inventories	-5,114	5,385	0	0
Change in receivables etc.	-861	10,944	-38	59
Change in supplier debts, other debt obligations and accruals	-1,040	-7,330	-17	-258
Total	**-7,015**	**8,999**	**-55**	**-199**

27. Non-cash transactions

DKK 1,000	**2013**	**2012**
Acquisition of tangible assets, cp. note 15	28,106	13,230
Of this financial leased assets	0	0
Paid regarding acquisition of tangible assets	**28,106**	**13,230**
Proceeds at raising financial debt liabilities	30,733	2,147
Of this leasing debt	0	0
Received at raising financial debt liabilities	**30,733**	**2,147**

28. Cash and cash equivalents

DKK 1,000		Group		Parent company
	2013	**2012**	**2013**	**2012**
Available funds	13,857	837	11,317	3
Current debt for credit institutions	-31,504	-42,184	0	-2,031
Available 31 December	**-17,647**	**-41,347**	**11,317**	**-2,031**

29. Risk management

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 2012.

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 to 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 2014.

FirstFarms' activities are placed in Slovakia and Romania. A change in the Romanian lei of 1 percent will - all things being equal - affect EBIT with approx. DKK 0.1 million (2012: 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 percent will – all things being equal - entail a change in the financial expenses with DKK 0.6 million (2012: DKK 0.9 million). The convertible bond has a fixed interest and thusit is not affected.

FirstFarms' result will mainly be affected by changes in the milk price, where a change in the milk price of 1 percent will – all things being equal - cause a change in the EBIT-result of DKK 0.7 million (2012: DKK 0.6 million). In addition to this, a value adjustment on biological assets (the 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 – all things being equal - entail a change in the EBIT-result of DKK 0.7 million (2012: DKK 0.6 million).

Regarding credit risk, reference is made to note 18 regarding receivables.

Liquid funds
FirstFarms has entered agreements with banks in Slovakia and Romania regarding credit lines, which, together with the present financing in the company, is assessed to cover the company's cash needs in 2014.

The Group's liabilities fall due as follows:

2013 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	48,975	52,191	28,709	22,387	1,095
Financial leasing liabilities	12,536	13,810	4,598	9,212	0
Trade payables	17,932	19,932	19,932	0	0
Loans	49,369	56,750	3,000	53,750	0
Derivative financial instruments	0	0	0	0	0
31 December 2013	**128,812**	**142,683**	**56,239**	**85,349**	**1,095**

2012 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	66,661	70,996	39,688	26,047	5,261
Financial leasing liabilities	7,655	8,340	3,788	4,552	0
Trade payables	21,313	21,213	21,213	0	0
Loans	17,110	17,110	17,110	0	0
Derivative financial instruments	0	0	0	0	0
31 December 2012	**112,739**	**117,659**	**81,799**	**30,599**	**5,261**

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

30. Operational leasing

Minimum irredeemable operational leasing payments are as follows:

Group DKK 1,000	**2013**	**2012**
0-1 year	4,821	2,934
1-5 years	5,257	2,641
> 5 years	401	456
Total	**10,479**	**6,031**

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 2013 DKK 1.9 million was put to cost regarding land lease (2012: DKK 1.7 million) Higher costs are expected in 2014, as the leased area is expanded with 1,700 hectares.

Per 31 December 2013, FirstFarms has leased an area of 7,600 hectares in Slovakia, distributed on 5,600 land lease contracts with a currency of 1-15 years (2012: 7,600 hectares distributed on 5,600 land lease contracts). Subsequently, lease contracts have been taken over for another 1,300 hectares.

In Romania leasing contracts have been entered of approx. 550 hectares of land to cultivate in 2013/2014 (2012/2013: 300 hectares).

Furthermore, FirstFarms has entered agreement about operational leasing of machines with an annual cost of approx. DKK 2.8 million (2012: DKK 1.6 million).

The parent company has entered agreement about operational leasing with yearly contributions of DKK 0.1 million (2012: DKK 0.1)

31. Related parties

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

FirstFarms A/S' related parties with determinative influence include the management and the Board of Directors of the company. Related parties also include the company where the above mentioned persons have considerable interests. Besides remuneration, cp. note 6 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 10 and 11 as regards to returns on accounts.

FirstFarms' chairman of the Board of Directors Henrik Hougaard is also shareholder and chairman of the Board of Directors in a company, with whom FirstFarms has entered loan agreement with in 2013. The loan has ranged between DKK 0 and DKK 22 million over the year and as per 31 December 2013 the loan is fully terminated. The interest has during the year constituted DKK 2.0 million.

In 2013, FirstFarms A/S has invoiced group contributions etc. of DKK 0.3 million (2012: 0.3 million).

Anders Holger Invest ApS, closely related to CEO Anders H. Nørgaard, has subscribed convertible bonds for DKK 1,351,648. Thoraso ApS, closely related to Chairman Henrik Hougaard, has subscribed for DKK 4,505,495 and board member Bent Juul Jensen has subscribed for DKK 1,802,198.

All transactions are made on market terms.

32. Subsequent events

After the balance day 31 December 2013, no essential events on the presentation of FirstFarms' account have occurred.

33. New accounting regulations

A number of new standards and interpretations, that are not mandatory for FirstFarms A/S for the preparation of the Annual Report for 2013, are published. None of them is expected to have significant impact on recognition and measurement at the financial reporting of FirstFarms A/S.