

Report by the Chairman of the Board

at FirstFarms' annual general meeting 28 April 2011

Dear shareholders,

Welcome to FirstFarms' annual general meeting which is an important event for the company. I am pleased to see so many shareholders and interested parties in attendance here in Billund today to hear about FirstFarms. We are a total of 115 present.

The year 2010

2010 became a transition year for FirstFarms with focus on adjustment of costs and safeguarding the company's liquidity after a very difficult year in 2009. FirstFarms achieved a turnover of DKK 85 million, an EBIT result of DKK -7.9 million and a pre-tax result of DKK -11.9 million.

We did not reach the goal in 2010 but a range of initiatives was carried out during 2010 to right the company after the very large deficit in 2009. A part of these initiatives will not be realised until 2011 where we look forward to a profit in the company.

If the result is compared with 2009, there are significant improvements. The result is improved with approx. DKK 30 million, and moreover a profit of DKK 14 million, when selling of companies and activities, was included in 2009.

The construction of a large cattle stable in Slovakia has been delayed several times and this has had a negative influence in 2010, and I am therefore happy to note that the stables are now finished. So we can now get the full utilisation of the investment and realise the economics of scale which the plant allows.

The administration costs in the company are decreased further in 2010, and I expect an ongoing decrease in 2011. A part of the adjustments carried out in 2010 will not be realised until 2011.

The milk prices have been increasing during 2010 but the average price was however a little lower than originally assumed. The milk prices have continued to increase in the first part of 2011, so we are positive on the development.

FirstFarms has in 2010 and in the beginning of 2011 changed the sale of the milk, so tenders of milk are put to more buyers. Earlier all the milk was sold to one customer, Rajo, who is owned by the German dairy Meggle. It is the company's assessment that this changed strategy for sale has helped the company to ensure a better settlement price.

The price negotiations with Rajo have become more and more difficult, and by ensuring more buyers of the milk it has been possible to realise a higher price.

Today a large part of the milk is delivered to Danone in Hungary but we still have more buyers.

In 2010, the milk production did not reach the expected level, partly because the construction was delayed but also as a result of the production per cow not reaching a satisfactory level.

The company has absolute focus on righting this but the rate of increase has not been as quick as desirable. In 2011, it is the most essential for the operation to ensure that the production reaches a satisfactory level. Per Villumsen will account further for this in his presentation later during the meeting.

In Slovakia, the company's harvest was negatively influenced by flooding. It is of course a risk operating in agriculture that nature comes into play, but especially in 2010 where the prices were high on our crops it had a large negative influence for the company's result.

The harvest of fodder in 2010 was lower than assumed, even though the area for harvesting maize was used for ensiling. FirstFarms has however sufficient fodder for the cows up until the coming harvest of fodder.

In Romania, satisfactory yields were realised, but the settlement prices in Romania are a little lower than in Slovakia, because there is a large grain production in the area compared to the demand, and a significant part of the harvest is thus transported out of the area. Nevertheless, the earning in Romania was satisfactory.

In 2010, FirstFarms expanded the cultivated area in Eastern Romania, and an evident difference could be seen on the yields on fields operated for two years in a row and the fields operated for the first year. The higher yields on the fields operated for two years indicate well for the future. A further 1,200 hectares are expected to be operated in 2011 in Eastern Romania, so we operate a total of 4,100 hectares in Romania.

FirstFarms has hedged the prices on some of the crops in Slovakia with fixed price contracts for the coming harvest and at good prices. It is however far from all the harvest that has been hedged. The company emphasises that there must be security for the agreed quantity to be delivered, even though the yields should be lower than assumed, and therefore contracts are entered for a maximum of half the expected harvest in each country.

In Romania, it has not yet been possible for the company to enter contracts for the coming harvest at satisfactory prices.

FirstFarms is thus still dependent on the development in price on grain and oilseed.

FirstFarms has only to a minor degree purchased land in 2010. Only areas fitting immediate in the operation in FirstFarms' operating area have been purchased. Besides having increased the possibility for operation through purchase of minor areas, the company has also had the possibility

to cultivate a larger area, as a result of combining acres and by swopping acres with other owners in the area. Per Villumsen will in his presentation later account for this development. A net of 461 hectares has been purchased, so at the end of 2010 FirstFarms owns 7,604 hectares in Romania and 401 hectares in Slovakia.

The net interest bearing debt in FirstFarms is only on 23 percent of the equity, so FirstFarms is still very much equity financed. It has been difficult to borrow money in recent years due to the financial crisis, and it is my opinion that the agriculture business has been one of the places, where it has been most difficult.

The development in the agriculture in 2010

The agriculture in general has been in a positive development in 2010 with higher prices on the field crops. The milk price has also increased but it did also come from a very low level. In the period 2007 to 2010, the milk prices have shown great fluctuations with low ebb in 2009. FirstFarms expects that 2011 will be a year with satisfactory milk prices and that is also what we see on the markets today.

The crop markets showed increases in 2010 – not least caused by large areas in especially Russia and Ukraine were hit by drought and areas in Australia were hit by flooding. The transition stocks are relatively low and due to that we are also expecting good crop prices in 2011. The forward prices on the financial grain markets also point in that direction.

FirstFarms does not have pig production and it is considered that especially the pig producers have been under pressure on the terms of trade in 2010. The settlement prices on pigs have not increased according to the significant increase in grain prices.

Organisation

FirstFarms has trimmed the executive organisation in the company and this means that the company's managing director is also director and manager of our divisions in both Slovakia and Romania. Since autumn, Per Villumsen has lived in Bratislava in Slovakia, and he often travels to Romania from there. He is therefore only to a limited degree at the company's office in Denmark.

This means that the cattle- and field managers in Slovakia and the field managers in Romania refer directly to Per Villumsen. The country managers in Slovakia and Romania are therefore gone and Per Villumsen has a more direct contact to the responsible persons for the operation.

The company has after the rearrangements a small organisation, particularly in Denmark and Romania.

The board member's fees and my own fee will be reduced. The Board of Directors has thus examined all items to find savings, especially in the company's administrations costs. In our eagerness to save costs, we have in our notice to convene also proposed that the number of board members are reduced from 5 to 4, but we have had some enquiries from shareholders who assess

that the expertise of the Board of Directors hereby is not constituted widely enough, and we have decided to take note of these comments.

The Board of Directors will hence propose that the number of board members is maintained on 5 members, and the Board of Directors proposes new election of milk producer Peder Mouritsen, but I will return to this matter under the item regarding election of board members.

Risk management

There are a range of uncertainty factors connected with agricultural operation and with investment in and running of business abroad.

FirstFarms has described these risks in a separate paragraph in the Annual Report 2010 and explained what FirstFarms does to limit these risks. I refer to the annual report for a closer description hereof.

The FirstFarms share

As per 1 January 2010 the share price was 54 and after a year without major fluctuations, the FirstFarms share closed at price 60 at 31 December 2010. At the end of the year the market value was DKK 282.7 million and share thus increased with 11 percent. In the same period the Danish smallcap-index, in which the FirstFarms share is traded, remained flat. In 2010, the average share turnover was DKK 219,160 per business day.

The future for FirstFarms

In 2011, FirstFarms will move on trimming and optimising the company's operation. From 2012, there will be more space to work with the company's vision and mission.

In 2011, FirstFarms expects to produce approx. 30 million kg milk compared to a production of approx. 19 million kg in 2010. This increased production is achieved by investment in more cows and by an increase in the production per cow.

All in all, a turnover of DKK 125-130 million, an EBIT result of DKK 17-22 million and a pre-tax result of DKK 10-15 million are expected in 2011.

FirstFarms has not yet reached the critical mass, which will help getting the share of the administration costs down on a satisfactory level.

The company is continually looking at options for growth. Many Danish farmers have started projects in Eastern Europe, also close to FirstFarms' present activities.

FirstFarms has ongoing contact with a range of the other Danish projects in the company's communities, and in 2011 the company will work on growing through mergers with other Danish companies in Eastern Europe. It is the company's assessment that FirstFarms in mergers with other Danish companies will be able to reach the necessary critical mass to able to deliver a satisfactory return to the shareholders.

It is also assessed that FirstFarms' share, when the company's market value becomes larger, will be interesting for a larger shareholder sphere, and that it will be of benefit to both present and future shareholders.

FirstFarms assesses that other Danish companies will have a great interest in merger with FirstFarms, as it in this way will make it possible to sell the activities and carry out any generational changes. It is furthermore considered that it will be easier to get Danish banks to grant loans to the owners of these companies, if the equity interest is exchanged to a transferable share in FirstFarms.

FirstFarms' strategy has been slowed down, as it has not been possible to borrow as much money as assumed from the beginning. In connection with the financial crisis, it may have been a blessing in disguise, that we have not had too large a debt. As previously mentioned the company's net interest bearing debt is only 23 percent of the equity.

In the light of this, it is also assessed to be a good possibility that the company grows through mergers with other Danish companies. In that connection, payment can be done by a combination of taken over debt and issue of new shares.

Conclusion

FirstFarms looks forward to a 2011, in which the company realises a profit for the first time.

The completion of the cattle stables gives possibility to optimise the operation and realise the production potential in this plant. Focus will be on getting the milk production up on a satisfactory level. This can not be reached from one day to the other but over the year an increase will be realised.

Let me finish by thanking the company's staff who has helped turning the negative development in FirstFarms. We did not come all the way in 2010 but we did come a great part of the way, and further work will be done to realise the company's goal in 2011.

Additionally, I would like to thank my colleagues in the Board for a good cooperation. 2010 was a busy year for the Board, where 10 meetings were held in the Board and 5 meetings were held in the accounting committee. Focus has been on trimming the company and getting fewer levels of management. Resources have also been used on contacting other Danish investors in Eastern Europe with a view to ensure that the company will be able to grow to a satisfactory level through collaborations and mergers with other companies.

Finally, I would like to thank the company's shareholders and others for the interest you are showing towards the company.

Thank you for your attention.